

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
811 South First St., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Cross Timbers Operating Company, 3000 N. Garfield, Suite 175, Midland, TX 79705
Address

Well No. #1 Unit Ltr. - Sec. - Twp. - Rge. Dewey I-5-20S-38E Lea County

OGRID NO. 005380 Property Code 018306 API NO. 30-025-27484 Spacing Unit Lease Types: (check 1 or more)
Federal State land/ri Fee X

| The following facts are submitted in support of downhole commingling: | Upper Zone | Intermediate Zones | Lower Zone |
|---|--|--------------------|----------------------------------|
| 1. Pool Name and Pool Code | Nadine Paddock, Blinebry, West 47400 | | Nadine Drinkard, West 47505 |
| 2. Top and Bottom of Pay Section (Perforations) | 5,960'-6,067' | | 6,877'-7,009' |
| 3. Type of production (Oil or Gas) | Oil | | Oil |
| 4. Method of Production (Flowing or Artificial Lift) | | | Flowing |
| 5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original | a. (Current) 1100 psig b. (Original) | a. b. | a. 1785 psig b. |
| 6. Oil Gravity (°API) or Gas BTU Content | 36.5 | | 34.5 |
| 7. Producing or Shut-In? | Shut-In | | Producing |
| Production Marginal? (yes or no) | Yes | | Yes |
| * If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data | Date: 6-8-97 Rates: 7/1/45 | Date: Rates: | Date: Rates: |
| * If Producing, give date and oil/gas/ water rates of recent test (within 60 days) | Date: Rates: | Date: Rates: | Date: 7-23-97 Rates: 5/25/258 |
| 8. Fixed Percentage Allocation Formula - % for each zone | Oil: 58 % Gas: 15 % | Oil: % Gas: % | Oil: 42 % Gas: 85 % |

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones?
If not, have all working, overriding, and royalty interests been notified by certified mail?
Have all offset operators been given written notice of the proposed downhole commingling?
Yes No
Yes No
Yes No

11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? Yes No

13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S).

16. ATTACHMENTS:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of all offset operators.
- Notification list of working, overriding, and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE E. Terry Perkins, Jr. TITLE Sr. Reservoir Eng. DATE 9.5.97

TYPE OR PRINT NAME E. TERRY PERKINS, JR. TELEPHONE NO. (817) 877-2360