

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. C. Cons.
P.O. Box 1980
Hobbs NM 88241

FORM APPROVED
Design Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Xeric Oil & Gas Corporation

3. Address and Telephone No.

PO Box 352, Midland, Texas 79702

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec. 24, T20S, R38E

5. Lease Designation and Serial No.

97163

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Capps Federal Lease

9. API Well No.

10. Field and Pool, or Exploratory Area

11. County or Parish, State

Lea County, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Surface Commingling

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

We hereby request administrative approval to commingle production from the Blinbry Formation on the Capps Federal #1 well and from the Abo Formation on the Capps Federal #2 well at the surface of the Capps Federal #1 lease. The gravity of the Blinbry oil is 39.9 and the Abo is 37. We currently get the same price for both. The expected gravity for the commingled production will be around 38.5. The field currently produces 50 BOPD from the Blinbry and 60 BOPD from the Abo. A well location plat and schematic diagram of the battery is attached. The value of the commingled oil will be the same as it currently is. The lease is all on federal acreage and is all 100% Xeric Oil & Gas Corporation operating interest. The use of a single battery will be more efficient due to less gas used at lease for burning heater treaters and fewer tanks that will have to be circulated.

14. I hereby certify that the foregoing is true and correct

Signed David R. Glass Title Production Manager

Date 10/7/98

(This space for Federal or State office use)

(ORIG. SGD.) DAVID R. GLASS

Approved by _____ Title PETROLEUM ENGINEER

Date OCT 29 1998

Conditions of approval, if any:

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statement or representations as to any matter within its jurisdiction.

*See instruction on Reverse Side

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Xeric Oil & Gas Corporation
P.O. Box 352
Midland, TX 79702

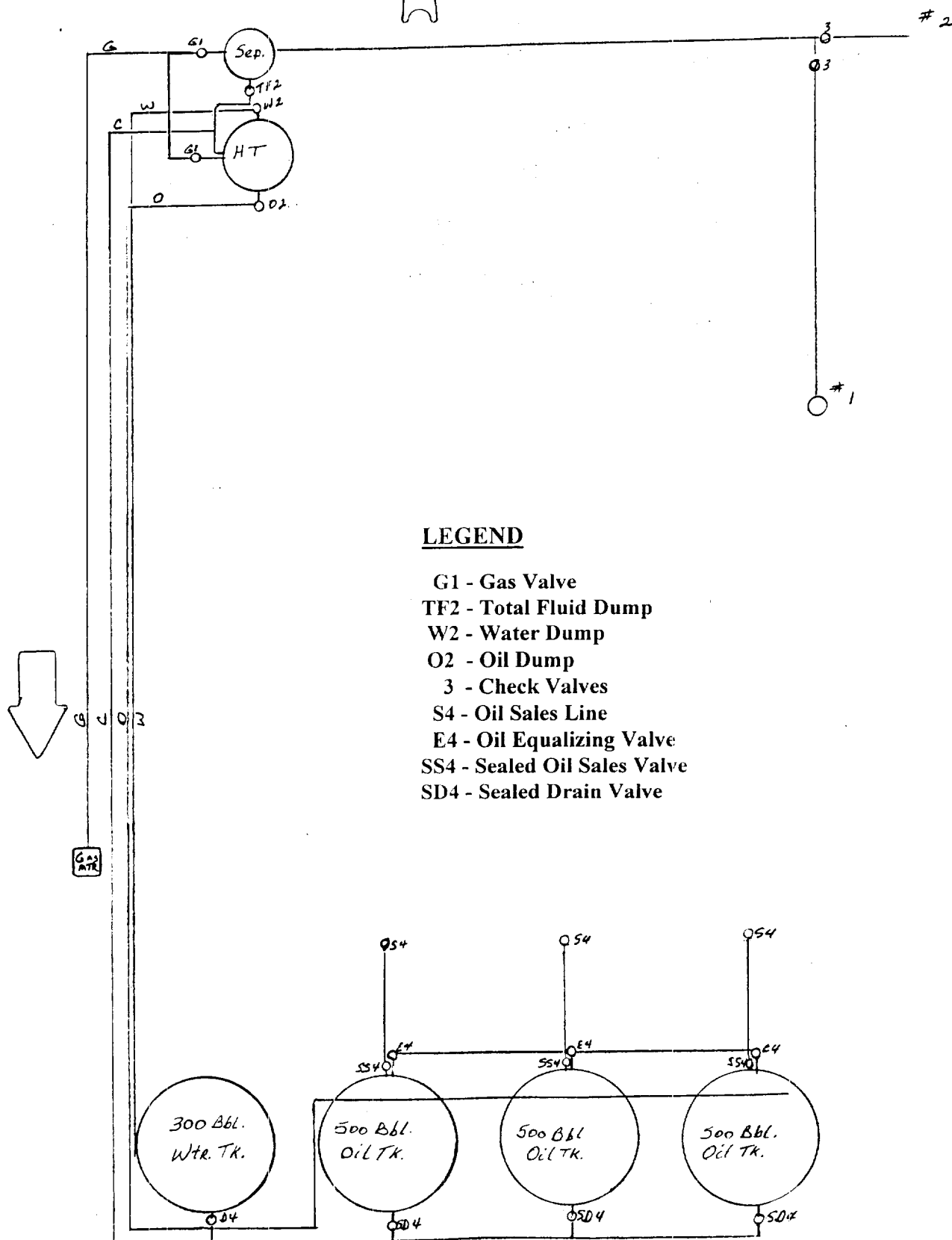
CAPPS FEDERAL LEASES
LEA COUNTY, NEW MEXICO

LEASE / PRODUCTION MAP

T-20-S - R-38-E
CAPPS FED. #1 NW/4 NW/4 SEC. 24
CAPPS FED #2 SW/4 SE/4 SEC. 13

XERIC - CAPPS FEDERAL #2
(ABO)

XERIC - CAPPS FEDERAL #1
(BLINEBRY)



LEGEND

- G1 - Gas Valve
- TF2 - Total Fluid Dump
- W2 - Water Dump
- O2 - Oil Dump
- 3 - Check Valves
- S4 - Oil Sales Line
- E4 - Oil Equalizing Valve
- SS4 - Sealed Oil Sales Valve
- SD4 - Sealed Drain Valve

XERIC OIL & GAS CORPORATION

CAPPS FEDERAL LEASE TANK BATTERY

Unit D - NW/4 NW/4 Sec. 24-T20S-R38E

LEA COUNTY, NEW MEXICO

LEASE - NM 97163

CRA BLM FORMAT

**APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

This format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88221-1778

Xeric Oil & Gas Corporation is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formations and wells on Federal Lease No. NM97163; Lease Name: Capps Federal

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>#1</u>	<u>B</u>	<u>24</u>	<u>20S</u>	<u>38E</u>	<u>Blinebry</u>

with hydrocarbon production from the following formation and well on Federal Lease No. NM97163; Lease Name: Capps Federal

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>#2</u>	<u>O</u>	<u>13</u>	<u>20S</u>	<u>38E</u>	<u>ABO</u>

Production from the wells involved is as follows:

<u>Well Name & No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Capps Federal #1</u>	<u>50</u>		<u>200</u>
<u>Capps Federal #2</u>	<u>60</u>		<u>50</u>

Continued....

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at NE-1/4, Sec 24, T20S, R38E, on lease No. NM97163, Lea County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

Monthly well tests will be used to determine production percentages allocated back to wells

The working interest owners have been notified of the proposal.

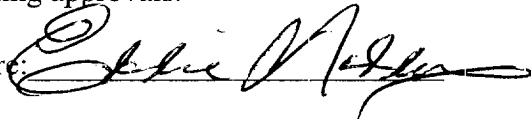
The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: _____



Name: Eddie Maddux

Title: Production Manager

Date: 10/8/98

APPLICATION FOR SURFACE COMMINGLING			
XERIC OIL & GAS CORPORATION			
CAPPS FEDERAL LEASE (NM97163)			
LEA COUNTY, NEW MEXICO			
WELL NAME AND NUMBER	UNIT LETTER	LOCATION	PRODUCING FORMATION
Capps Federal No. 1	B	660' FNL & 1980' FEL Sec. 24-T20S-R38E	Blinebry
Capps Federal No. 2	O	660' FSL & 1980' FEL Sec. 13-T20S-R38E	ABO