

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 87505-8429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator MYCO INDUSTRIES, INC. P.O. BOX 840, Artesia, NM 88211-0840
#1 H 7-23S-32E LEA
Well No. Unit Ltr. - Sec - Twp - Rge County
Case Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 015445 Property Code 018884 API NO. 30-025-33398 Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	EAST SAND DUNE DELAWARE 53817	SAND DUNE BONE SPRING 53800	SAND DUNE BONE SPRING 53800
2. Top and Bottom of Pay Section (Perforations)	8350-8499'	8679-91'	8978-9137'
3. Type of production (Oil or Gas)	NONE	OIL	OIL
4. Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT	ARTIFICIAL LIFT	ARTIFICIAL LIFT
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 2100# BHP ESTIMATED b. (Original)	a. 1865# BHP ESTIMATED b.	a. 2060# BHP ESTIMATED b.
6. Oil Gravity (° API) or Gas BTU Content	N/A	41°	41°
7. Producing or Shut-In?	SHUT-IN 5/9/97	SHUT-IN 5/9/97	SHUT-IN 5/9/97
Production Marginal? (yes or no)	PRODUCTION ON ONLY WATER (5-BWPD)	NO	NO
* 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: 5/8/97 Rates:	Date: MARCH '97 Rates: 11-BOPD + 1-BWPD + 82 MCFD	8679-91' & 8978-9137'
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: N/A Rates:	Date: N/A Rates: N/A	TESTED BOTH BONE SPRING ZONES TOGETHER
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 0 %	Oil: 100 % Gas: 100 %	

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? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No11. 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 ☐ No13. 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. NMOC 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. PER ATTACHED LETTER (6-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 Nelson Muncy TITLE OPER. MGR. DATE 6/4/97TYPE OR PRINT NAME NELSON MUNCY TELEPHONE NO. (505) 748-4274

THIS WELL WAS TESTED IN THE DELAWARE FROM 4/8/97 to 5/9/97 (8350-8499') & ACIDIZED BUT NOT FRAC'D. THE DELAWARE DOESN'T PRODUCE OIL & GAS - ONLY APPROX. 5-BWPD.

COPY