

DATE: 4/15/04	SUSPENSE: 5/17/04	ENGINEER: WVS	LOGGED IN: 4/15/04	TYPE: PLC III	APP NO.: 0415345249
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM *SURFACE COMMINGLING*

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>Paul Thompson</u> Print or Type Name	<u>Paul C. Thompson</u> Signature	<u>AGENT</u> Title	<u>4/14/04</u> Date
			<u>PAUL@WALSHENG.NET</u> e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Manana Gas, Inc.
OPERATOR ADDRESS: c/o Walsh Engineering, 7415 E. Main St., Farmington, NM 87402
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Basin Dakota 71599					
Basin Fruitland Coal 71629					
Aztec Pictured Cliffs 71280					

- (2) Are any wells producing at top allowables? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
 (4) Measurement type: Metering Other (Specify)
 (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code. Basin Dakota 71599, Basin Fruitland Coal 71629, Aztec Pictured Cliffs 71280
 (2) Is all production from same source of supply? Yes No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
 (4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
 (2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
 (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
 (3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Paul C. Thompson TITLE: Agent DATE: 4/13/04
 TYPE OR PRINT NAME Paul C. Thompson, P.E. TELEPHONE NO.: (505) 327-4892
 E-MAIL ADDRESS: paul@walsheng.net

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, New Mexico 87505

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

DISTRICT I
P.O. Drawer DD, Artesia, NM 88210

DISTRICT I
1000 Rio Brazons Rd., Aztec, NM 87410

WELL API NO. <p style="text-align: right;">30-045-32011</p>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
Manana Gas Company

3. Address of Operator
c/o Walsh Engineering, 7415 East Main Street, Farmington, NM 87402

4. Well Location
Unit Letter D : 1008' Feet From The North Line and 817' Feet From The West Line
Section 23 Township 30N Range 12W NMPM County

7. Lease Name or Unit Agreement Name

Hidden Assets

8. Well No.
#1

9. Pool name or Wildcat
Basin Fruitland Coal / Aztec Pictured Cliffs

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
5515' GR 5520' KB

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
<p>11. NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/></p> <p>OTHER: <u>Surface Commingle</u> <input checked="" type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
<p>PLUG AND ABANDON <input type="checkbox"/></p> <p>CHANGE PLANS <input type="checkbox"/></p>	<p>ALTERING CASING <input type="checkbox"/></p> <p>PLUG & ABANDONMENT <input type="checkbox"/></p>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent date, including estimated date of starting any proposed work).
SEE RULE 1103.

Manana Gas Company seeks administrative approval to surface commingle the production from the Aztec PC and Basin Fruitland Coal in the Hidden Assets #1 with the Basin Dakota in the Mary Wheeler #1. Ownership in the two wells is not common. All interest owners of both wells have been notified of this application by certified mail. A copy of the notification letter and a list of the interest owners is attached. The current El Paso meter on the Mary Wheeler #1 will become the CPD meter. Both wells will be equipped with allocation meters.

The actual commercial value of the commingled production will not be less than the sum of the values of the production from each well.

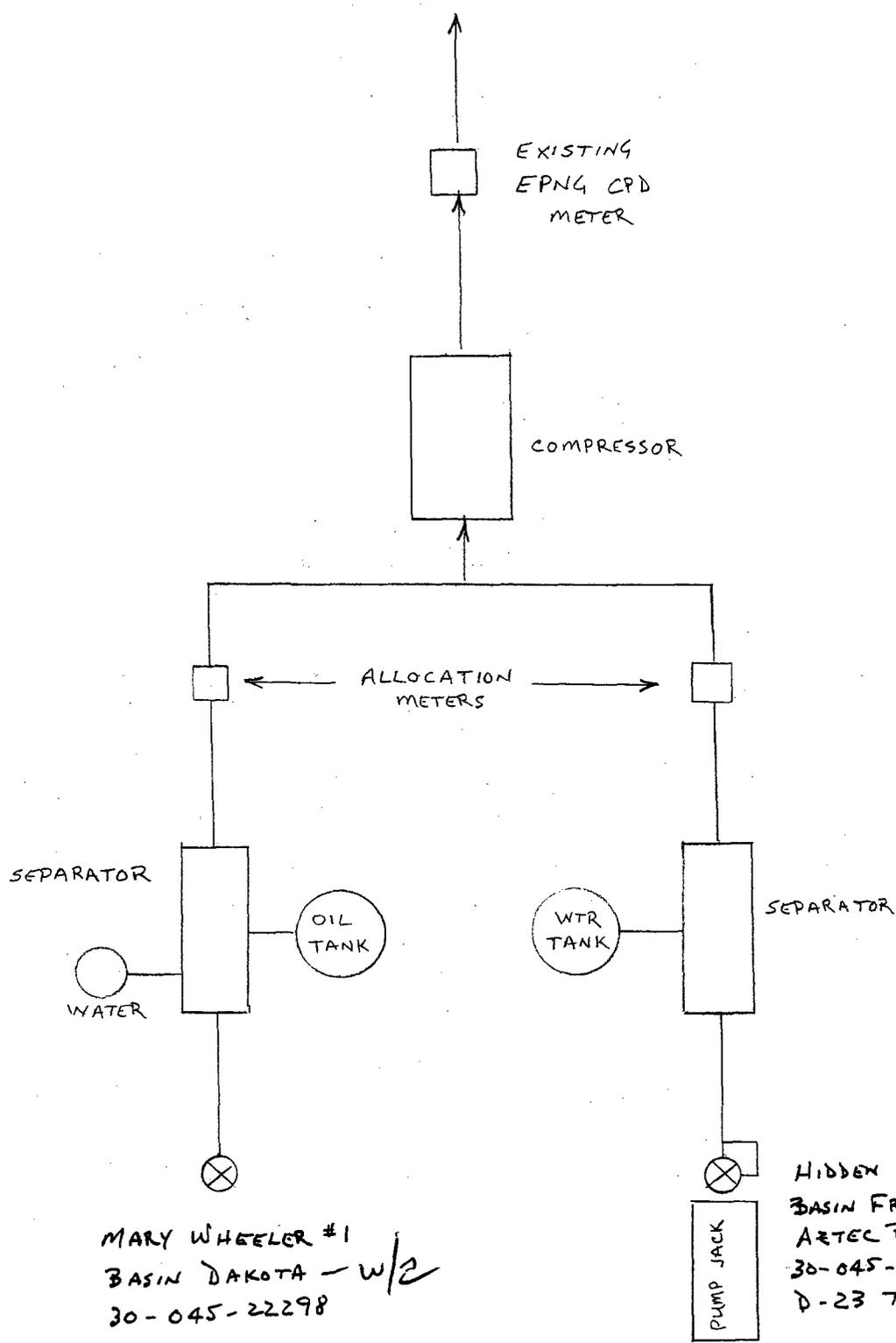
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Paul C. Thompson* TITLE Agent/Engineer DATE 04/14/04
 TYPE OR PRINT NAME Paul C. Thompson TELEPHONE NO. (505) 327-4892

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
 CONDITIONS OF APPROVAL, IF ANY: _____

100 SHEETS PER CASE 5 SQUARE
42-396 200 SHEETS PER CASE 5 SQUARE
42-397 100 RECYCLED WHITE 5 SQUARE
42-398 200 RECYCLED WHITE 5 SQUARE
42-399 200 RECYCLED WHITE 5 SQUARE
Made in U.S.A.



MARY WHEELER #1
BASIN DAKOTA - W/2
30-045-22298
D 23 T30N R12W

HIDDEN ASSETS #1
BASIN FRUITLAND COAL
ARTEC PICTURED CLIFFS
30-045-32011
D-23 T30N R12W

-W/2
-NW/4

Hidden Assets & Mary Wheeler #1 Interest Owners

Hurlington Resources Company
1 Cherry Street Ste 200
Ft Worth TX 76102

Diverse Group III
PO Box 2059
San Antonio TX 78297

The Kohl Group
4801 Woodway Suite 330-W
Houston TX 77056

Weststone Investments
50 S. Lewis Suite 301
Tulsa OK 74105

Manana Gas Inc
2520 Tramway Terrace Ct NE
Albuquerque NM 87122

Walter Allison
3453 Gladstone Lane
Amarillo TX 79121

Gene Cain Beezley
103 Foothill Dr
Amarillo TX 79124

Ed Hartman
1002 Tramway Lane NE
Albuquerque NM 87122

Betty Hartman QTIP Trust
1002 Tramway Lane NE
Albuquerque NM 87122

Hartman Oil & Gas LLC
20 Tramway Terrace Ct NE
Albuquerque NM 87122

Harvard & Lemay Exploration
PO Box 936
Roswell NM 88201

Lamp Investments
PO Box 85
Bronte TX 76933

Ivia Little
PO Box 1258
Amarillo NM 87499

Wesley Masters
PO Box 800
Amarillo TX 79105

Sherry Gail Rusk
PO Box 782463
San Antonio TX 78278

Edward Ryan
30 University Bld A Ste 103
Tulsa TX 79762

Cynthia Calvin
747 Newport St
Denver CO 80220

Edward Calvin
2380 Forest St
Denver CO 80207

Edmond C & John Julander Trustees
PO Box 2773
Ft Collins CO 80516

Christine Buvens Living Trust
4435 Cottonwood Road
Silver City NM 88061

Mary Werner
7409 Blue Holly Ct NE
Albuquerque NM 87113

Ma Watts Brown
PO Box 1378
Tulsa TX 75650

Niel & Wanda Buller
RT 7 Box 166
Jasper TX 75951

W.W. Chapman
PO Box 428
Flora Vista NM 87415

Ed Comer
22 Newlin Dr.
Amarillo TX 77469

JD & SLCrawford
RT 1 Box 354-B
Jay OK 74346

Denver & Rio Grande Western RR
PO Box 209711
Houston TX 77216

Robert Davis
PO Box 341
Amarillo TX 75165

Jo Ann Duncan
148 RD 2105
Aztec NM 87410

John Eaton
257 CT RD 6022
Dayton TX 77535

Hidden Assets & Mary Wheeler #1 Interest Owners

Wesley Eaton
3 Arriba
Aztec NM 87410

Wesley Eaton
HCR 17 Box 1000
Cuba NM 87013

Nancy Hartman
1002 Tramway Lane NE
Albuquerque NM 87122

Douglas Hartman
PO Box 928199
San Diego CA 92192

Phylliss Hartman
4105 Calle Mar De Ballenas
San Diego CA 92130

Everett Heaton
501 Gold
T or C NM 87901

Allen & EHKarlin
100 Paseo Deol Pueblo Sur
Los Alamos NM 87571

Barbara Kruse
29 Olive Rd
Sandia Park NM 87047

Debi Kruse
310 Round Tree Dr.
Anchorage AK 99507

Dorothy Munson Living Trust
PO Box 265
Flora Vista NM 87415

Susan Pierce Nelson
4901 Crestwood Dr
Farmington NM 87402

Al & JVN Newby
19 RD 3400
Aztec NM 87410

The Citizens Bank Agent for John
Pierce
PO Box 4140
Farmington NM 87499

John Pierce
325 S 400 W #57
Mt Pleasant UT 84647

Robin Pietsch
PO Box 750842
Houston TX 77275

Dwight & Margie Ray
PO Box 1330
Aztec NM 87410

Dirk Reemtsa
526 Crestwood Dr
Oceanside CA 92054

Lance Reemtsa
501 Grant St
Berkeley CA 94703

James & Sherrie Riebsomer
Star Route 3 Box 72
Aztec NM 87410

Louis Sanchez
31 Rd 3312 South Side
Aztec NM 87410

Laura Smith
5 RD 3312
Aztec NM 87410

OJ Seibert Grandchild Trust
7002 Secrest Ct.
Arvada CO 80007

Lawrence & Betty Swift
PO Box 282
Florata NM 87415

I&D Tewangoitew

Beulah Bell Thurston
#12 Rd 2720
Aztec NM 87410

Angelina Valencia
2110 N Butler
Farmington NM 87401

MaWoody
PO Box 2354
Bandera TX 78003

Edward & LHYardman

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

April 14, 2004

*Example*Burlington Resources Company
801 Cherry Street Ste 200
Fort Worth TX 76102Re: Surface Commingling Application
Manana Gas, Inc.
Mary Wheeler #1
Hidden Assets #1
Section 23, T30N R12W
San Juan County, NM
Basin Dakota and Aztec Pictured Cliffs/Basin Fruitland Coal

Dear Burlington Resources Company ,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to surface commingle the gas production from the two referenced wells. Commingling will allow the use of a single wellsite compressor and the existing El Paso meter. As an interest owner in one or both of these wells, you are being notified of this application pursuant to NMOC rules.

If you desire to submit remarks concerning the application, please send them to the New Mexico Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.