

Mirage Energy, Inc.
P.O. Box 860
Eunice, NM 88231

PMSO-625534975

2006 JUL 27 PM 2 19

July 24, 2006

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Stogner:

Application is made per Donna Mulls, District I Oil Conservation Commission, for a Non-Standard Gas Proration Unit for the following property operated by Mirage Energy, Inc. Currently the two wells listed below share an 80 acre gas proration unit in the Eumont Yates Seven Rivers Queen Gas pool.

017615 SHELL STATE COM
001 A-03-20S-37E
30.025.05879

*not an
oil well*

017615 SHELL STATE COM
014 H-03-20S-37E
30.025.TT312
05883

*gas well
also the subject of
NSP-869*

Mirage Energy, Inc. performed an acid job on well #1 that prompted an increase in oil production. Initial tests reduced the GOR limit to 36,000. The increase in oil production caused the well to reclassify to an oil well playing it in the Eumont Yates Seven Rivers Queen Oil pool. Therefore, your approval is required in order to split the 80 acres to two (2) 40 acre tracts as indicated on the attached C-102 Dedication Plats. Please note that there was no change to the Division of Interest in the well(s).

Should you require additional information in order to approve said application please do not hesitate to contact me at the following number. 505.394.2602.

Respectfully,



Larry D. Henson
Owner, Mirage Energy, Inc.

Xc: Donna Mulls - District I Oil Conservation Commission

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

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30.025.05883		² Pool Code 76480		³ Pool Name EUMONT YATES SRQ GAS	
⁴ Property Code 017615		⁵ Property Name SHELL STATE OCM			⁶ Well Number 14
⁷ OGRID No. 014995		⁸ Operator Name MIRAGE ENERGY, INC.			⁹ Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	20S	37E		1650	N	990	E	LRS

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16						¹⁷ OPERATOR CERTIFICATION	
						<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Larry D. Henson</i> Signature</p> <p>Larry D. Henson Printed Name</p> <p>Owner hensonqolf@leaco.net Title and E-mail Address</p> <p>07.11.06 Date</p>	
						¹⁸ SURVEYOR CERTIFICATION	
						<p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>	
						Certificate Number	

District I
1625 N. French Dr., Hobbs, NM 88240
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Form C-102
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1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30.025.05879		² Pool Code 22800		³ Pool Name EUMONT YATES SRQ OIL	
⁴ Property Code 014883		⁵ Property Name SHELL STATE COM			⁶ Well Number 1
⁷ OGRID No. 014995		⁸ Operator Name MIRAGE ENERGY, INC.			⁹ Elevation 3575' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	3	20S	37E		660	N	990	E	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County

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16				• #1	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Larry D. Henson</i> Signature
					Larry D. Henson Printed Name Owner hensongolf@leaco.net Title and E-mail Address 07.11.06 Date
					¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
					Date of Survey Signature and Seal of Professional Surveyer:
					Certificate Number



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

7/27/06

RECEIVED
Mark E. Fesmire, P.E.
Director 2006

Oil Conservation Division
1220 S. Francis Drive
Santa Fe, NM 87505

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Santa Fe, NM 87505

RE: Proposed:
MC _____
DHC _____
NSL _____
NSP X _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Mirage Energy Inc Shell State Com # 14-H-3-20s-37e
Operator Lease & Well No. Unit S-T-R API # 30-025-4342
05883

and my recommendations are as follows:

Recommend approval.

Yours very truly,

Chris Williams
Chris Williams
Supervisor, District 1