

Re-logged 2/9/06

DATE IN 9/7/06	SUSPENSE	ENGINEER D. BROOKS	LOGGED IN 9/8/06	TYPE NSL	APP NO. PTDSOLe25131588
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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



Mamona Gas
Crooked Seams #2
5575

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
- [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.

Print or Type Name

Signature

Title

Date

e-mail Address

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9634

January 30, 2007

Mr. David K. Brooks
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, NM 87505

RECEIVED

FEB 01 2007

Re: Manana Gas, Inc.
NSL Administrative Application
No. pTDS06-25131588
Crooked Seams #2
San Juan County

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

API No 30-045-33818

Dear Mr. Brooks,

Attached is my second attempt to seek administrative approval for the referenced NSL application. The Crooked Seams #2 will be drilled and completed as a downhole commingled Fruitland Coal and Pictured Cliffs well. XTO had some concerns with my first application but they were able to come to an agreement with Manana (please see the attached letter).

There is not currently a Pictured Cliffs well in the southeast quarter of Section 11, with is the direction that the Crooked Seams is encroaching upon. Manana was required to perform a title search to determine who owned the mineral interests in this quarter section. Please find attached notification letters to XTO, San Juan Resources, Four Star Oil and Gas, and ConocoPhillips (Burlington) who the title opinion determined the owned the Pictured Cliffs rights.

I am resubmitting the entire package for your consideration and approval. Please call if you have any questions or need additional information.

Sincerely,

Paul C. Thompson, P.E.
Agent for Manana Gas, Inc.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

RECEIVED NOV 03 2006

November 6, 2006

Mr. Paul C. Thompson, P.E.
Walsh Engineering & Production
7415 E. Main
Farmington, NM 87402

**Re: Manana Gas, Inc.
NSL Administrative Application No.
pTDS06-25131588
Crooked Seams #2
San Juan County**

Dear Mr. Thompson:

We received the referenced application on September 7, 2006. On September 19, 2006, I sent a letter (copy enclosed) requesting additional information.

Our file does not reflect receipt of any reply to the September 19 inquiry.

Accordingly, we herewith return the referenced application to you unprocessed.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks,
david.brooks@state.nm.us
Assistant General Counsel

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Río Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-1
Revised October 12, 2001
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL	71629
⁴ Property Code	⁵ Property Name CROOKED SEAMS		⁶ Well Number 2
⁷ OGRID No. 13931	⁸ Operator Name MANANA GAS INC.		⁹ Elevation 5681

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	14	30-N	12-W		420	NORTH	1090	EAST	SAN JUAN

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 E/2 320 ACRES	¹³ Joint or Infill Y	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	FD. 3 1/4" BC. B.L.M. LAT: 36.81839° N. (NAD 83) LONG: 108.06244° W. (NAD 83)	S 89-26-34 W. 2598.9' (M)	420' 1090'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Paul C. Thompson - 6/22/06 Signature Date PAUL C. THOMPSON, AGENT Printed Name
			FD. 3 1/4" BC. B.L.M.	
	14	S 00-19-42 W 5313.4' (M)		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 plat MAY 11, 2006 Signature JOHNA VUKOVICH, Surveyor NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 14831 130 Certificate Number
			FD. 3 1/4" BC. 2001 LS 6159	

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-10

Revised October 12, 2000

Submit to Appropriate District Office

State Lease - 4 Copie

Fee Lease - 3 Copie

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71280	³ Pool Name Wm AZTEC PICTURED CLIFFS	71280
⁴ Property Code	⁵ Property Name CROOKED SEAMS		⁶ Well Number 2
⁷ OGRID No. 13931	⁸ Operator Name MANANA GAS INC.		⁹ Elevation 5681

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	14	30-N	12-W		420	NORTH	1090	EAST	SAN JUAN

"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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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
NE/4 160 ACRES	Y		

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

<div>16</div>	<div>FD. 3 1/4" BC. B.L.M.</div> <div>LAT: 36.81839° N. (NAD 83) LONG: 108.06244° W. (NAD 83)</div>	<div>S 89-26-34 W 2598.9' (M)</div> <div>420'</div> <div>1090'</div> <div>FD. 3 1/4" BC. B.L.M.</div>	<div>17</div> <div>OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</div> <div><div>Paul C. Thompson</div><div>Signature</div><div>6/22/06</div><div>Date</div><div>Paul C. Thompson, Agent</div><div>Printed Name</div></div>
	<div>14</div>	<div>S 00-19-42 W 5313.4' (M)</div> <div>FD. 3 1/4" BC. 2001 LS 6159</div>	<div>18</div> <div>SURVEYOR CERTIFICATION</div> <div>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.</div> <div><div>MAY 14 2006</div><div>Date of Survey</div><div>JOHN A. VUKONICH</div><div>Signature</div><div>NEW MEXICO</div><div>14831</div><div>130</div><div>REGISTERED PROFESSIONAL SURVEYOR</div><div>Certificate Number</div></div>



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 19, 2006

Mr. Paul C. Thompson, P.E.
Walsh Engineering & Production
7415 E. Main
Farmington, NM 87402

**Re: Manana Gas, Inc.
Crooked Seams #2
San Juan County, NM**

Dear Mr. Thompson:

Reference is made to your administrative application dated September 5.

The proposed location encroaches to the north in both the Fruitland and the Pictured Cliffs. XTO is the operator of the unit to the north in the Fruitland. However, there is apparently not a well completed in the Pictured Cliffs in the unit to the north of this location.

Accordingly, notice is required to working interest owners in that unit. You have noticed several other companies, and these working interest owners, if other than XTO, may have been noticed, but they are not identified in the materials furnished.

Please advise us of the working interest owners in the Pictured Cliffs unit to the north of your proposed location (SE/4 Section 11) and notify them of your application if you have not already done so.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks,
Assistant General Counsel

**WALSH**

ENGINEERING & PRODUCTION CORP.

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

September 5, 2006

Mr. Mark Fesmire, P.E.
New Mexico Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87504

RECEIVED**SEP 07 2006**

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

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL, Section 14, T30N R12W
San Juan County, New Mexico
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Mr. Fesmire,

This is a re-application for administrative approval for a non-standard location in the Basin Fruitland Coal and Aztec Pictured Cliffs pools. The Crooked Seams #2 will be drilled and completed as a downhole commingled Fruitland Coal and Pictured Cliffs well. XTO energy protested the original application. Manana Gas and XTO have come to an agreement and XTO has dropped their objection. Please see the attached letter from Mr. Christopher Spencer with XTO. Since all other aspects of the application remain the same, no additional notices were given to the other offset operators.

Thank you for your consideration and approval of this application.
If you have any questions please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.
Agent for
Manana Gas, Inc.

08/29/2006 12:12 FAX 817 885 1854

XTO ENERGY-LAND DEPT.

0001



August 29, 2006

VIA FAX (505) 856-1036

Mr. Ed Hartman
Manana Gas, Inc.
2520 Tramway Terrace Ct NE
Albuquerque NM 87122

Re: Settlement Agreement
Case 13761 – Application for Unorthodox Location
Crooked Seams No. 2
Sec. 14, T30N, R12W
San Juan County, New Mexico

Dear Mr. Hartman:

This letter shall serve to evidence the agreement between XTO Energy Inc. (XTO) and Manana Gas, Inc. (Manana), as follows:

XTO hereby agrees to drop protest of Manana's application for an unorthodox location for the Crooked Seams No. 2 Well, located in Section 14, T30N, R12W, San Juan County, New Mexico, said application for unorthodox location being set for hearing on August 31, 2006 at the offices of the New Mexico Oil Conservation Division.

In exchange for XTO's approval of the unorthodox location for the Crooked Seams No. 2 Well, Manana agrees to grant mutually acceptable well pad agreements with XTO for the Manana Bonnie No. 1 Well, located in Sec. 7 of T30N, R11W and the Manana Herrera No. 1 Well, located in Sec. 4 of T30N, R11W. The well pad agreements will provide that XTO will make any needed extensions or conditioning of the well pads at XTO's own expense. Additionally, the well pad agreements will provide for indemnification of Manana from any surface, equipment or other damages caused by XTO.

Additionally, Manana agrees not to protest any future application by XTO for an unorthodox location for a Fruitland Coal or Pictured Cliffs well location in Section 11, Township 30 North, Range 12 West, San Juan County, New Mexico, as long as any future application for unorthodox location by XTO is greater than 420' from the south line of Section 11.

08/29/2006 12:13 FAX 817 885 1854

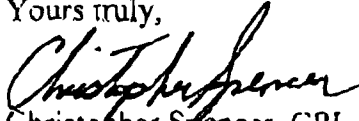
XTO ENERGY-LAND DEPT.

002

*Manana Gas, Inc.
Case 13761 - Application for Unorthodox Location
Crooked Seams No. 2
Settlement Agreement
Page Two*

If the above correctly sets-out the agreement between XTO and Manana, please signify Manana's acceptance of the agreement by signing and returning one copy of this letter to my attention at the address below.

Yours truly,



Christopher Spencer, CPL
Landman

/cks

cc: James Bruce, Attorney at Law

AGREED to and ACCEPTED this _____ day of August, 2006.

MANANA GAS, INC.



By: Ed Hartman, President



The offset operators of the Basin Fruitland Coal and Aztec Pictured Cliffs pools are being notified of this application by certified return receipt mail. Copies of these letters are enclosed.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

A handwritten signature in black ink, reading "Paul C. Thompson" with a horizontal line extending from the end of the name.

Paul C. Thompson, P.E.
Agent for
Manana Gas, Inc.

**WALSH**

ENGINEERING & PRODUCTION CORP.

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

June 30, 2006

Mr. Mark Fesmire, P.E.
New Mexico Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87504

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL, Section 14, T30N R12W
San Juan County, New Mexico
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Mr. Fesmire,

This is a request for administrative approval for a non-standard location in the Basin Fruitland Coal and Aztec Pictured Cliffs pools. The Crooked Seams #2 will be drilled and completed as a downhole commingled Fruitland Coal and Pictured Cliffs well. The proposed location is on a bench approximately 60' above a level area between the well pad and Highway 516 that is to be developed as a trailer park. The offset property owner requested that the well not be placed in the trailer park for aesthetic and safety reasons. Mr. Hartman, the owner of Manana Gas Company, purchased a four acre tract of land in this residential area for this well location. The proposed location is as far south as possible while still staying on the upper bench. Please refer to the attached topo map and cross section.

I have attached for your review, a C-102 for the Fruitland Coal and Pictured Cliffs formations, outlining the dedicated acreage. I have also prepared a plat identifying the existing Fruitland Coal and Pictured Cliffs wells in the area and the offset operators.

**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

January 29, 2007

Mr. Jerry McHugh
San Juan Resources Inc.
1499 Blake Street, #7K
Denver, CO 80202

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Mr. McHugh,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to drill and produce the referenced well in a non-standard location. The non-standard location is the result of topography and an attempt to conform to current land uses. Our research indicates that you own an interest in the Pictured Cliffs formation in the SE/4 of Section 11, T30N R12W. You are being notified of this application pursuant to NMOCD 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.

**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

January 29, 2007

Mr. Ben Malone
ConocoPhillips
Burlington Resources
P.O. Box 4289
Farmington, NM 87499-4289

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Mr. Malone,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to drill and produce the referenced well in a non-standard location. The non-standard location is the result of topography and an attempt to conform to current land uses. Our research indicates that you own an interest in the Pictured Cliffs formation in the SE/4 of Section 11, T30N R12W. You are being notified of this application pursuant to NMOCD 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.

**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

January 29, 2007

Four Star Oil & Gas
P.O. Box 845896
Dallas, TX 75284-5896Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Gentlemen,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to drill and produce the referenced well in a non-standard location. The non-standard location is the result of topography and an attempt to conform to current land uses. Our research indicates that you own an interest in the Pictured Cliffs formation in the SE/4 of Section 11, T30N R12W. You are being notified of this application pursuant to NMOCD 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.

**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

January 29, 2007

Mr. Chris Spencer
XTO Energy
810 Houston Street
Fort Worth, TX 76102-6298Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Mr. Spencer,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to drill and produce the referenced well in a non-standard location. The non-standard location is the result of topography and an attempt to conform to current land uses. Our research indicates that you own an interest in the Pictured Cliffs formation in the SE/4 of Section 11, T30N R12W. You are being notified of this application pursuant to NMOCD 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.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Four Star Oil - Gas
P.O. Box 845896
Dallas, TX 75284-5896

2. Article Number
(Transfer from service label)

7006 0100 0003 2150 1011

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Jerry McHugh
San Juan Resources
1499 Blake St. #7K
Denver, CO 80202

2. Article Number
(Transfer from service label)

7006 0100 0003 2150 1004

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; font-family: cursive;">Mr. Chris Spencer XTO Energy 810 Houston St. Fort Worth, TX 76102-6298</p>	<p>B. Received by (Printed Name) C. Date of Delivery</p> <hr/> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input type="checkbox"/> Express Mail</p> <p> <input checked="" type="checkbox"/> Certified Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Registered <input type="checkbox"/> C.O.D. <input type="checkbox"/> Insured Mail </p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>7006 0100 0003 2150 1028</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; font-family: cursive;">Mr. Ben Malone ConocoPhillips Burlington Resources PO Box 4289 Farmington, NM 87499 - 4289</p>	<p>B. Received by (Printed Name) C. Date of Delivery</p> <hr/> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input type="checkbox"/> Express Mail</p> <p> <input checked="" type="checkbox"/> Certified Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Registered <input type="checkbox"/> C.O.D. <input type="checkbox"/> Insured Mail </p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>7006 0100 0003 2150 1035</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

**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

June 28, 2006

Mr. Chris Spencer
XTO Energy
810 Houston Street
Fort Worth, TX 76102-6298

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Mr. Chris Spencer,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to drill and produce the referenced well in a non-standard location. The non-standard location is the result of topography and an attempt to conform to current land uses. As an offset operator in the Basin Fruitland Coal and/or the Aztec Pictured Cliffs pools, you are being notified of this application pursuant to NMOCD 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.

**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

June 28, 2006

Mr. Tucker Bayless
R.L. Bayless Producer
368 Hwy. 170
Farmington, NM 87401

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

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Sincerely,

Paul C. Thompson, P.E.

**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

June 28, 2006

Mr. T. Greg Merrion
Merrion Oil and Gas
610 Reilly Ave.
Farmington, NM 87401

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

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Sincerely,

Paul C. Thompson, P.E.

**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

June 28, 2006

Mr. A.M. O'Hare
P.O. Box 338
Ignacio, CO 81137Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Mr. A.M. O'Hare,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to drill and produce the referenced well in a non-standard location. The non-standard location is the result of topography and an attempt to conform to current land uses. As an offset operator in the Basin Fruitland Coal and/or the Aztec Pictured Cliffs pools, you are being notified of this application pursuant to NMOC rules.

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Sincerely,

Paul C. Thompson, P.E.

**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

June 28, 2006

Ms. Dorothy A. Brelih
Four Star Oil and Gas
11111 South Wilcrest
Houston, TX 77099

Re: Non-Standard Location Application
Manana Gas, Inc.
Crooked Seams #2
420' FNL & 1090' FEL
Section 14, T30N R12W
San Juan County, NM
Basin Fruitland Coal and Aztec Pictured Cliffs

Dear Ms. Dorothy A. Brelih,

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Sincerely,

Paul C. Thompson, P.E.

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL

7004 1350 0002 0320 5992
7004 1350 0002 0320 5992

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$.63
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.68

Postmark
Here

marked
6130100

Sent To Mr. A.M. O'Hare
 Street, Apt. No.,
 or PO Box No. P.O. Box 338
 City, State, ZIP+4 Ignacio, CO 81137.

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. A.M. O'Hare
P.O. Box 338
Ignacio, CO 81137

2. Article Number
(Transfer from service label)

7004 1350 0002 0320 5992

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



7004 1350 0002 0320 5985
7004 1350 0002 0320 5985

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com
OFFICIAL USE

Postage	\$.63
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.68

Postmark
Here
marked
6/30/06

Sent To Mr. Chris Spencer
 Street, Apt. No.,
 or PO Box No. 810 Houston Street
 City, State, ZIP+4 Fort Worth, TX 76102-6298
 PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Chris Spencer
 XTO Energy
 810 Houston Street
 Fort Worth, TX
 76102-6298

2. Article Number

(Transfer from service label)

7004 1350 0002 0320 5985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



7004 1350 0002 0320 6043
7004 1350 0002 0320 6043

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.63
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.68
Postmark Here <i>mailed 6/30/06</i>	
Sent To <i>Mr. Tucker Bayless</i>	
Street, Apt. No., or PO Box No. <i>368 Hwy. 170</i>	
City, State, Zip+4 <i>Farmington, NM 87401</i>	
PS Form 3800, June 2002 See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Mr. Tucker Bayless
R. L. Bayless Producer
368 Hwy. 170
Farmington, NM
87401*

2. Article Number
(Transfer from service label)

7004 1350 0002 0320 6043

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



7004 1350 0002 0320 6036
7004 1350 0002 0320 6036

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$.63
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.68

Postmark
Here

mailed
6/30/06

Sent To Mr. T. Greg Merrion
Street, Apt. No.,
or PO Box No. 610 Reilly Ave.
City, State, ZIP+4 Farmington, NM 87401

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. T. Greg Merrion
Merrion Oil and Gas
610 Reilly Ave.
Farmington, NM
87401

2. Article Number

(Transfer from service label)

7004 1350 0002 0320 6036

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL

7004 1350 0002 0320 6005
7004 1350 0002 0320 6005

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$.63
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.68
Sent To Ms. Dorothy A. Brelih Street, Apt. No., or PO Box No. 1111 South Wilcrest City, State, ZIP+4 Houston, TX 77099	
PS Form 3800, June 2002 See Reverse for Instructions	

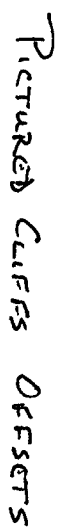
Postmark
Here
mailed
6/30/06

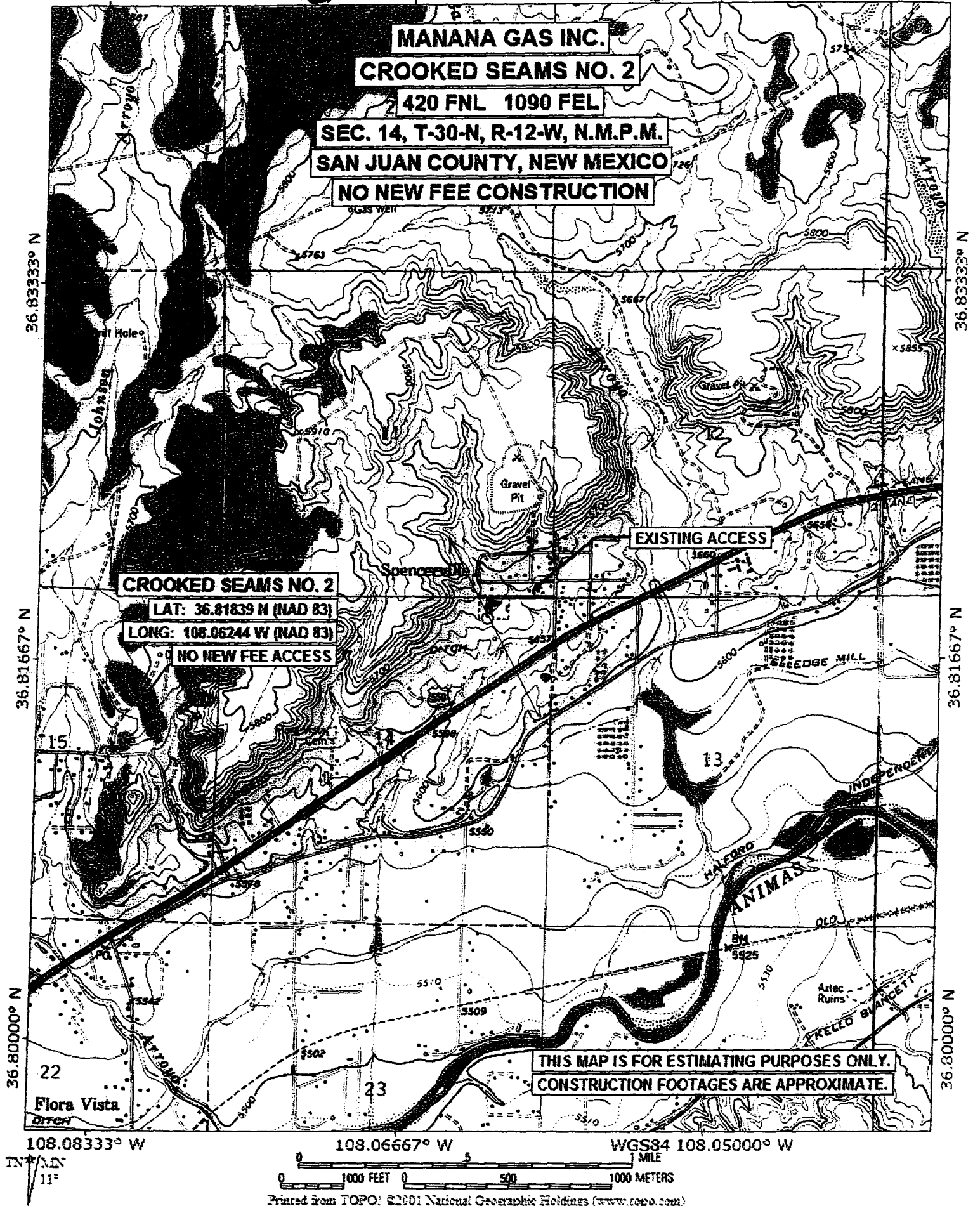
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to: Ms. Dorothy A. Brelih Four Star Oil and Gas 1111 South Wilcrest Houston, TX 77099	B. Received by (Printed Name) C. Date of Delivery
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
2. Article Number (Transfer from service label)	7004 1350 0002 0320 6005

Date: 6/27/2006
Time: 2:58 PM



Date: 6/27/2006
Time: 2:57 PM





SECTION 11

SECTION 14

NW

CROOKED
SEAMS #2

FUTURE
RAILROAD PARK

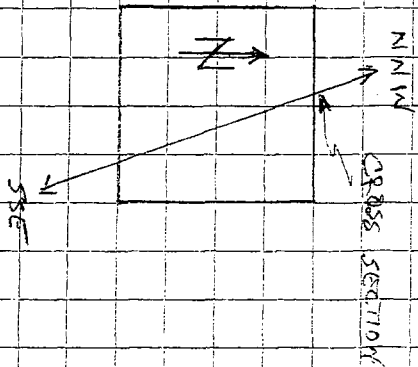
STEEL MILL

DRAINAGE

EXISTING HOUSES

HWY
516

CROSS SECTION
MANANA GAS CO
CROOKED SEAMS #2
NE 14 30W 12W



SSE

SCALE: 1/4" = 1000'