

ABOVE THIS LINE FOR DIVISION USE ONLY

PTG-W  
Manana Gas Inc.

## ADMINISTRATIVE APPLICATION CHECKLIST

Lucky Lindy #2  
30-045-33819

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 \_\_\_\_\_

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F-13-300-12W

- [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

Son Juan / Fel

[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  
Paul C. Thompson

Signature  
*Paul C. Thompson*

Title  
AGENT

Date  
1/25/12

e-mail Address  
PAUL@WALSHENG.NET

District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

**Oil Conservation Division**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

**Manana Gas, Inc**

c/o Walsh Engineering, 7415 E. Main St., Farmington, NM 87402

DHG-4509

Operator **Lucky Lindy #2** Address **F 13 T30N R12W** **San Juan**

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 13931 Property Code \_\_\_\_\_ API No. 30-045-33819 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Aztec Pictured Cliffs
Pool Code	71629		71280
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1858' - 1882' Proposed		1898' - 1910' Proposed
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New Zone		New Zone
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: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0 % Gas 87.3 %	Oil % Gas %	Oil 100 % Gas 12.7 %

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes \_\_\_\_\_ No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No \_\_\_\_\_

Are all produced fluids from all commingled zones compatible with each other? Yes  No \_\_\_\_\_

Will commingling decrease the value of production? Yes \_\_\_\_\_ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes \_\_\_\_\_ No \_\_\_\_\_

NMOCD Reference Case No. applicable to this well: R-11363

**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 working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

**PRE-APPROVED POOLS**

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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 1/26/12

TYPE OR PRINT NAME Paul C. Thompson, P.E. TELEPHONE NO. (505) 327-4892

E-MAIL ADDRESS paul@walsheng.net

Submit 1 Copy To Appropriate District Office  
 District I - (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II - (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III - (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV - (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised August 1, 2011

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)		WELL API NO. 30-045-33819
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator MANANA GAS INC.		6. State Oil & Gas Lease No.
3. Address of Operator c/o Walsh Engineering 7415 E. Main St., Farmington, NM 87402		7. Lease Name or Unit Agreement Name Lucky Lindy
4. Well Location Unit Letter <u>F</u> : <u>1350</u> feet from the <u>North</u> line and <u>1640</u> feet from the <u>West</u> line Section <u>13</u> Township <u>30N</u> Range <u>12W</u> NMPM County <u>San Juan</u>		8. Well Number <u>2</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5586' GR		9. OGRID Number <u>13931</u>
		10. Pool name or Wildcat Basin FTC & Aztec PC

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <u>Downhole Commingle</u> <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Manana Gas Company seeks administrative approval to down hole commingle the production from the Basin Fruitland Coal (71629) and the Aztec Pictured Cliffs (71280) pools. The two pools were pre-approved in Division Order R-11363. The Pictured Cliffs perforations will be from 1898' - 1910'. The Fruitland Coal perforations will be from 1858' - 1882'. Based on the calculated ultimate gross reserves from all of the Pictured Cliffs and Fruitland Coal wells in the adjacent nine sections, 12.7% of the gas production and 100% of any liquid hydrocarbons will be allocated to the Pictured Cliffs and the remaining 87.3% of the gas production will be allocated to the Fruitland Coal formation. Commingling will not reduce the value of the total remaining production. Ownership in the two pools is not common. All of the interest owners have notified of this application by certified mail. A copy of The notification letter and a list of the interest owners are attached.

Spud Date: 07/18/06 Rig Release Date: 07/26/06

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 1/25/12

Type or print name Paul C. Thompson, P.E. E-mail address: paul@walsheng.net PHONE: (505) 327-4892  
**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of Approval (if any): \_\_\_\_\_

DISTRICT I  
1025 N. French Dr., Hobbs, N.M. 88240

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

DISTRICT III  
1000 Rio 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-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-045-33819		<sup>2</sup> Pool Code 71280	<sup>3</sup> Pool Name AZTEC PICTURED CLIFFS
<sup>4</sup> Property Code 33158	<sup>5</sup> Property Name LUCKY LINDY		<sup>6</sup> Well Number 2
<sup>7</sup> GRID No. 13931	<sup>8</sup> Operator Name MANANA GAS INC.		<sup>9</sup> Elevation 5586

<sup>10</sup> Surface Location

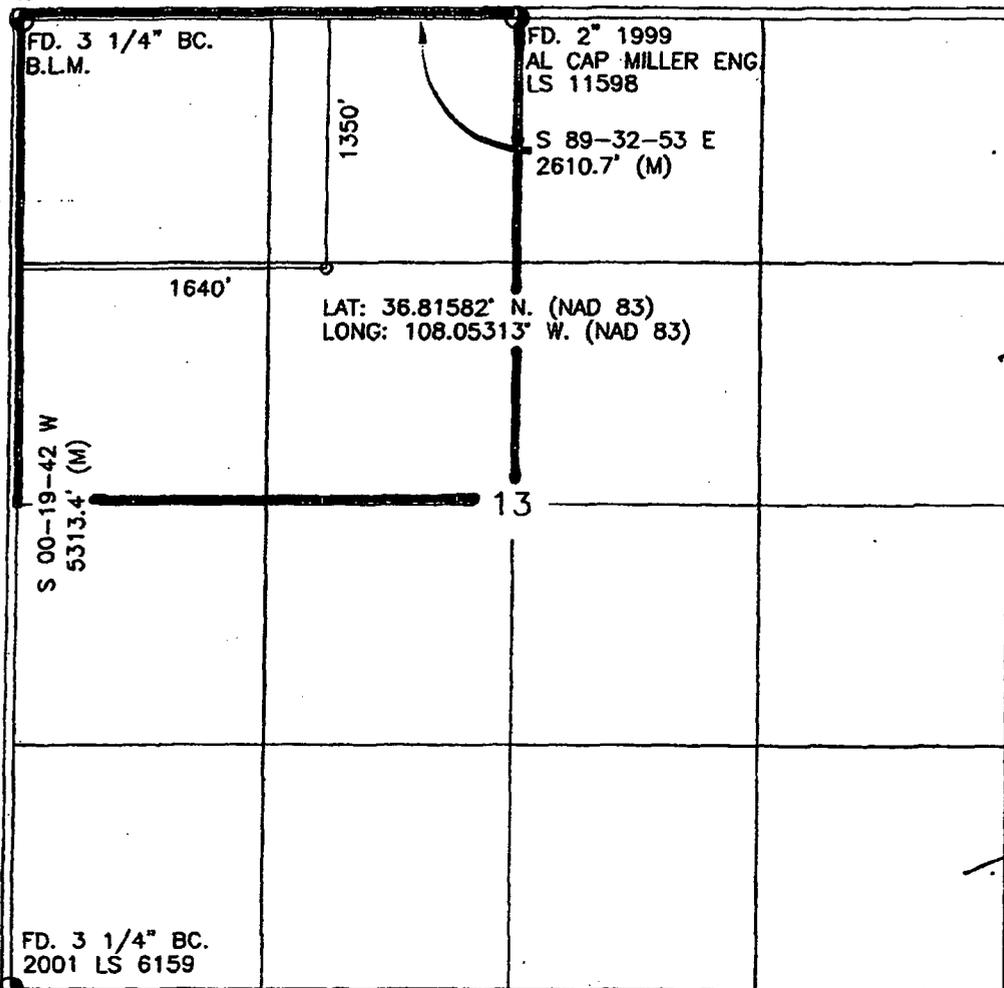
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	13	30-N	12-W		1350	NORTH	1640	WEST	SAN JUAN

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres NW/4 160 ACRES					<sup>13</sup> Joint or Infill Y		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.

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



<sup>17</sup> 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

<sup>18</sup> 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.

MAY 22, 2006

Date of Survey  
Signature of Surveyor  
**JOHN VUKONICH**  
NEW MEXICO  
REGISTERED PROFESSIONAL SURVEYOR  
14831  
Certificate Number

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

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

DISTRICT III  
1000 Rio 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-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-045-33819		<sup>2</sup> Pool Code 71629	<sup>3</sup> Pool Name BASIN FRUITLAND COAL
<sup>4</sup> Property Code 33158	<sup>5</sup> Property Name LUCKY LINDY		<sup>6</sup> Well Number 2
<sup>7</sup> GRID No. 13931	<sup>8</sup> Operator Name MANANA GAS INC.		<sup>9</sup> Elevation 5586

<sup>10</sup> Surface Location

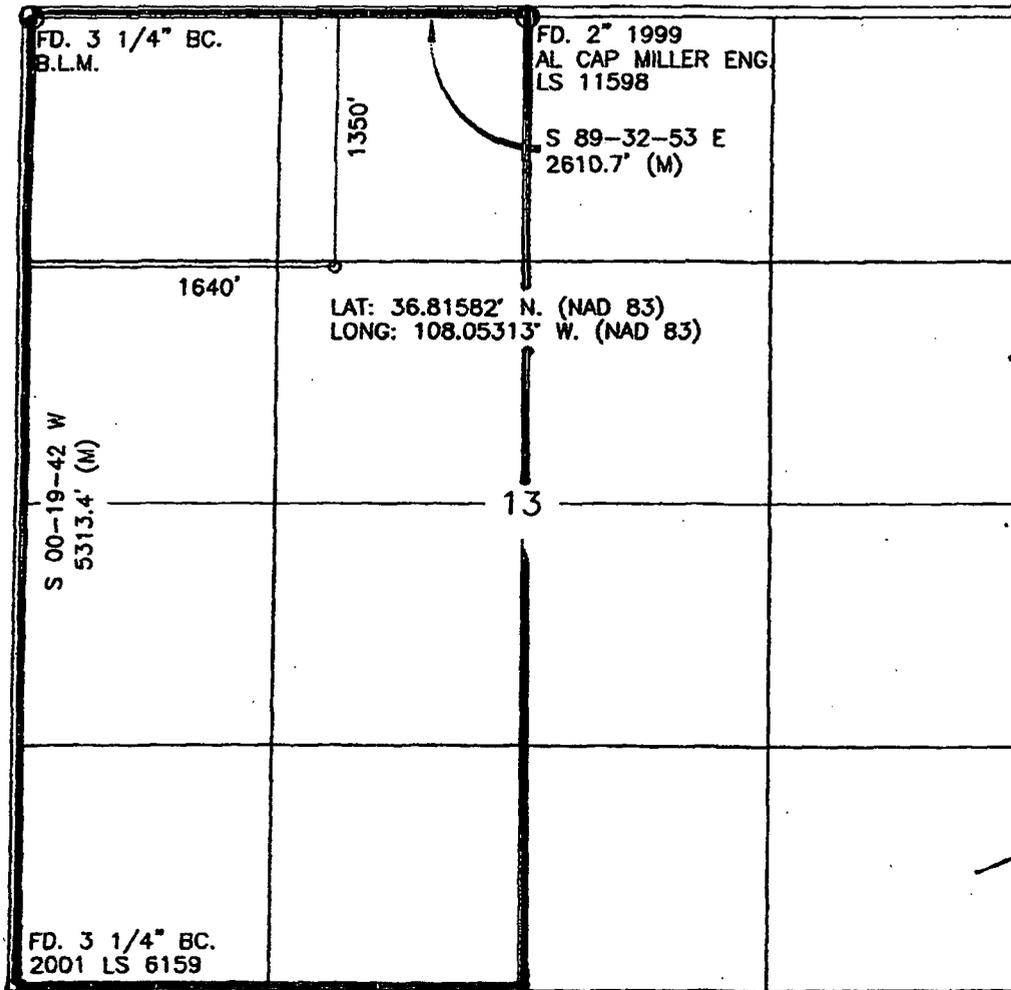
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	13	30-N	12-W		1350	NORTH	1640	WEST	SAN JUAN

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres W/2 320 ACRES			<sup>13</sup> Joint or Infill Y		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.		

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



<sup>17</sup> 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

<sup>18</sup> 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.

MAY 22, 2006

Date of Survey  
Signature of Professional Surveyor:



Certificate Number

Lucky Lindy #2  
Downhole Commingling Application

Allocation Formula

The Lucky Lindy #2 will be completed soon as a new Aztec Pictured Cliffs and Basin Fruitland Coal well. Since the well has not yet been first delivered there is no production information available. However, there are several other downhole commingled Pictured Cliffs - Fruitland Coal wells in the nine adjacent sections and these pools have been pre-approved for downhole commingling. For this reason it is reasonable to expect the bottom hole pressures to be similar and the wellbore fluids to be compatible. Neither zone is expected to make any appreciable amount of liquid hydrocarbons.

There are currently 23 Aztec Pictured Cliffs wells in the nine adjacent sections. Using current economic parameters, the 23 wells should have ultimate gross reserves of 415,700 MCF/well. The 33 current Fruitland Coal wells in the same adjacent nine sections should have 2,867,200 MCF/well of ultimate gross reserves. Please refer to the attached cash-flow forecasts that were used to calculate the ultimate gross reserves for each pool. Using the averages from the offset wells in the two proposed commingled pools, Manana Gas, Inc., **proposes to allocate 12.7% of the gas production to the Aztec Pictured Cliffs pool and the remaining 82.3% of the gas production to the Basin Fruitland Coal pool.** In the unlikely event that the well produces some liquid hydrocarbons, then 100% of the liquids production will be allocated to the Pictured Cliffs.

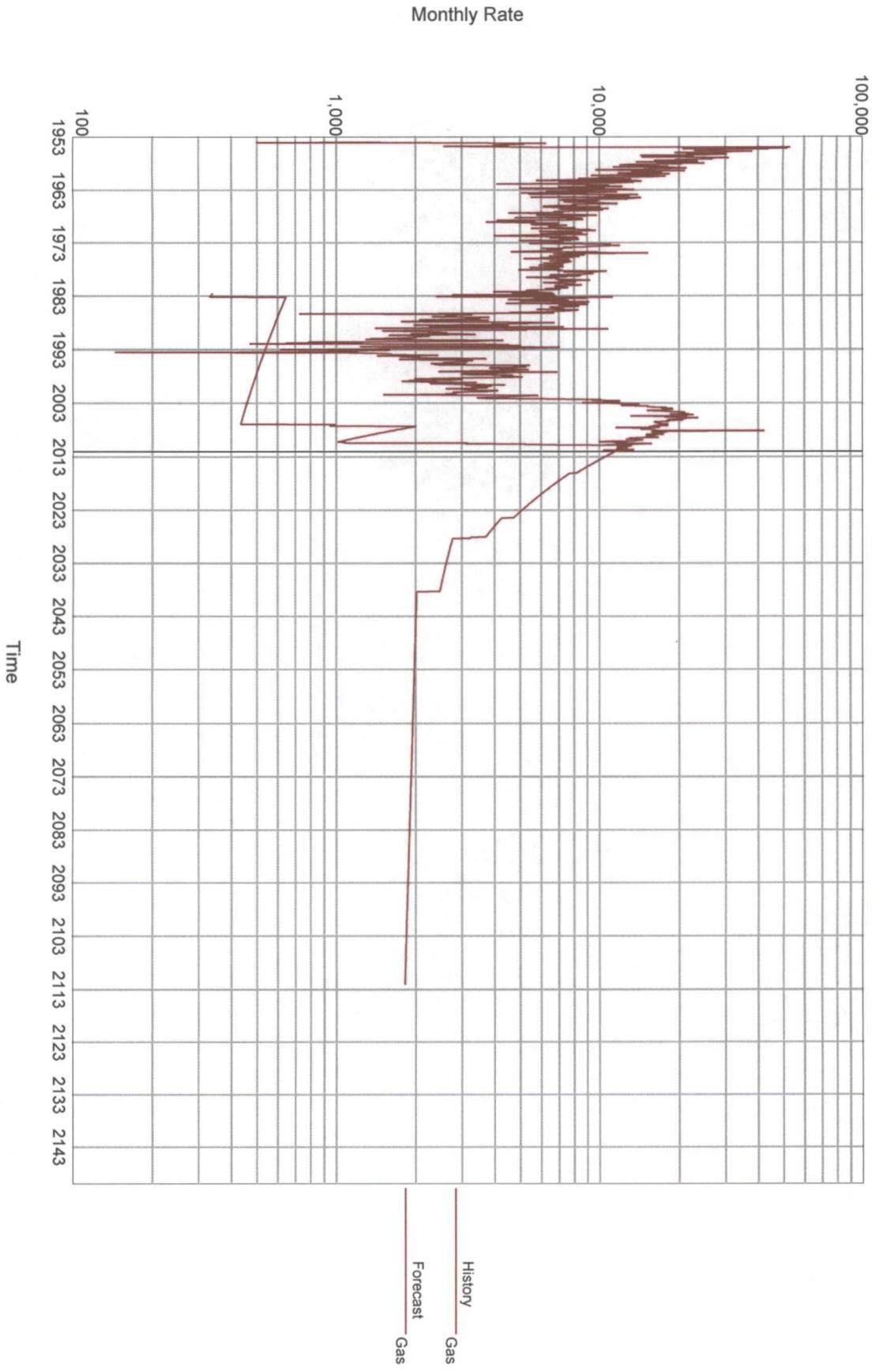
# Rate/Time Graph

Summary Lease Report

Project: c:\users\paul\documents\lms\powertools\projects v9. 1\lucky\lindy #2.mdb

Date: 1/25/2012  
Time: 4:17 PM

## Offset Pictured Cliffs Production



# Annual CashFlow Report

Project: C:\Users\Paul\Documents\IHS\PowerTools\Projects v9.1\LuckyLindy #2.mdb

Summary Lease Report **PICTURED CLIFFS.**

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/2012	6	0	132,139	0	105,711	0.00	3.00	317,134
12/2013	6	0	120,953	0	96,763	0.00	3.00	290,288
12/2014	6	0	111,142	0	88,913	0.00	3.00	266,740
12/2015	6	0	102,505	0	82,004	0.00	3.00	246,013
12/2016	5	0	90,365	0	72,292	0.00	3.00	216,876
12/2017	5	0	84,198	0	67,358	0.00	3.00	202,075
12/2018	5	0	79,022	0	63,218	0.00	3.00	189,653
12/2019	5	0	74,325	0	59,460	0.00	3.00	178,381
12/2020	5	0	70,062	0	56,049	0.00	3.00	168,148
12/2021	5	0	66,189	0	52,951	0.00	3.00	158,853
12/2022	5	0	62,669	0	50,135	0.00	3.00	150,406
12/2023	5	0	59,469	0	47,575	0.00	3.00	142,726
12/2024	5	0	53,902	0	43,122	0.00	3.00	129,366
12/2025	4	0	48,999	0	39,199	0.00	3.00	117,596
12/2026	4	0	47,076	0	37,660	0.00	3.00	112,981
Remainder:		0	2,070,206	0	1,656,165	0.00	3.00	4,968,494
Grand Total:		0	3,273,221	0	2,618,577	0.00	3.00	7,855,730

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
12/2012	72,000	25,180	219,954	0	219,954	219,954	209,163
12/2013	72,000	23,049	195,239	0	195,239	415,193	168,780
12/2014	72,000	21,179	173,561	0	173,561	588,754	136,399
12/2015	72,000	19,533	154,479	0	154,479	743,233	110,365
12/2016	61,000	17,220	138,657	0	138,657	881,889	90,041
12/2017	60,000	16,045	126,030	0	126,030	1,007,919	74,401
12/2018	60,000	15,058	114,594	0	114,594	1,122,514	61,500
12/2019	60,000	14,163	104,217	0	104,217	1,226,731	50,846
12/2020	60,000	13,351	94,797	0	94,797	1,321,528	42,045
12/2021	60,000	12,613	86,240	0	86,240	1,407,768	34,773
12/2022	60,000	11,942	78,464	0	78,464	1,486,232	28,761
12/2023	60,000	11,332	71,394	0	71,394	1,557,626	23,791
12/2024	54,000	10,272	65,094	0	65,094	1,622,720	19,718
12/2025	48,000	9,337	60,259	0	60,259	1,682,979	16,593
12/2026	48,000	8,971	56,011	0	56,011	1,738,990	14,020
Remainder:	1,185,000	394,498	3,388,995	0	3,388,995	5,127,985	112,138
Grand Total:	2,104,000	623,745	5,127,985	0	5,127,985	5,127,985	1,193,334

**Discount Present Worth:**

0.00 %	5,127,985
10.00 %	1,193,334
20.00 %	794,327
30.00 %	615,441
40.00 %	510,252
50.00 %	440,306
60.00 %	390,202
70.00 %	352,433
80.00 %	322,878
90.00 %	299,076
100.00 %	279,465

**Economic Dates:**

Effective Date	01/2012
Calculated Limit	12/2111
Economic Life	1200 Months
	100 Years 0 Months

**Economics Information:**

Net Payout Date:	01/2012
Rate of Return:	>100 %
Return on Investment:	0.00
Disc Return on Invest:	0.00

**Economics Summary:**

	Bbl Oil	Mcf Gas
Ultimate Gross	1,469	9,560,980
Historic Gross	1,469	6,260,910
Gross at Eff Date	1,469	6,287,759
Remaining Gross	0	3,273,221
Remaining Net	0	2,618,577

9,560,980 / 23 WELLS = 415,700 MCF/WELL

# Annual CashFlow Report

Project: C:\Users\Paul\Documents\IHS\PowerTools\Projects v9.1\LuckyLindy #2.mdb

Summary Lease Report **FRUITLAND COAL**

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/2012	31	0	2,181,241	0	1,744,993	85.00	3.00	5,234,990
12/2013	31	0	1,965,768	0	1,572,614	85.00	3.00	4,717,848
12/2014	31	0	1,791,182	0	1,432,946	85.00	3.00	4,298,839
12/2015	28	0	1,634,993	0	1,307,994	85.00	3.00	3,923,984
12/2016	28	0	1,514,394	0	1,211,515	85.00	3.00	3,634,546
12/2017	28	0	1,408,158	0	1,126,526	85.00	3.00	3,379,579
12/2018	28	0	1,313,625	0	1,050,900	85.00	3.00	3,152,701
12/2019	28	0	1,229,315	0	983,452	85.00	3.00	2,950,355
12/2020	27	0	1,146,547	0	917,237	85.00	3.00	2,751,713
12/2021	26	0	1,075,586	0	860,469	85.00	3.00	2,581,406
12/2022	25	0	1,012,853	0	810,283	85.00	3.00	2,430,848
12/2023	25	0	960,324	0	768,259	85.00	3.00	2,304,777
12/2024	25	0	912,435	0	729,948	85.00	3.00	2,189,845
12/2025	24	0	865,155	0	692,124	0.00	3.00	2,076,372
12/2026	24	0	827,156	0	661,725	0.00	3.00	1,985,174
Remainder:		0	35,563,421	0	28,450,736	0.00	3.00	85,352,209
Grand Total:		0	55,402,152	0	44,321,722	11.07	3.00	132,965,186

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
12/2012	375,000	415,658	4,444,332	0	4,444,332	4,444,332	4,226,284
12/2013	372,000	374,597	3,971,251	0	3,971,251	8,415,583	3,432,737
12/2014	370,000	341,328	3,587,511	0	3,587,511	12,003,094	2,818,923
12/2015	338,000	311,564	3,274,420	0	3,274,420	15,277,514	2,338,795
12/2016	336,000	288,583	3,009,963	0	3,009,963	18,287,477	1,954,410
12/2017	336,000	268,339	2,775,240	0	2,775,240	21,062,717	1,638,145
12/2018	336,000	250,324	2,566,377	0	2,566,377	23,629,094	1,377,112
12/2019	336,000	234,258	2,380,097	0	2,380,097	26,009,191	1,161,024
12/2020	319,000	218,486	2,214,227	0	2,214,227	28,223,418	981,891
12/2021	309,000	204,964	2,067,442	0	2,067,442	30,290,860	833,433
12/2022	300,000	193,009	1,937,839	0	1,937,839	32,228,699	710,148
12/2023	300,000	182,999	1,821,778	0	1,821,778	34,050,476	606,911
12/2024	299,000	173,874	1,716,971	0	1,716,971	35,767,447	519,986
12/2025	288,000	164,864	1,623,508	0	1,623,508	37,390,955	446,969
12/2026	288,000	157,623	1,539,551	0	1,539,551	38,930,507	385,316
Remainder:	10,247,000	6,776,965	68,328,244	0	68,328,244	107,258,750	2,796,532
Grand Total:	15,149,000	10,557,436	107,258,750	0	107,258,750	107,258,750	26,228,615

**Discount Present Worth:**

0.00 %	107,258,750
10.00 %	26,228,615
20.00 %	16,941,947
30.00 %	12,911,302
40.00 %	10,602,828
50.00 %	9,094,330
60.00 %	8,026,458
70.00 %	7,228,245
80.00 %	6,607,505
90.00 %	6,109,995
100.00 %	5,701,655

**Economic Dates:**

Effective Date	01/2012
Calculated Limit	12/2111
Economic Life	1200 Months
	100 Years 0 Months
<b>Economics Information:</b>	
Net Payout Date:	01/2012
Rate of Return:	>100 %
Return on Investment:	0.00
Disc Return on Invest:	0.00

**Economics Summary:**

	Bbl Oil	Mcf Gas
Ultimate Gross	116	94,618,865
Historic Gross	116	38,736,757
Gross at Eff Date	116	39,216,713
Remaining Gross	0	55,402,152
Remaining Net	0	44,321,722

94,618,865 / 33 WELLS = 2,867,200/WELL

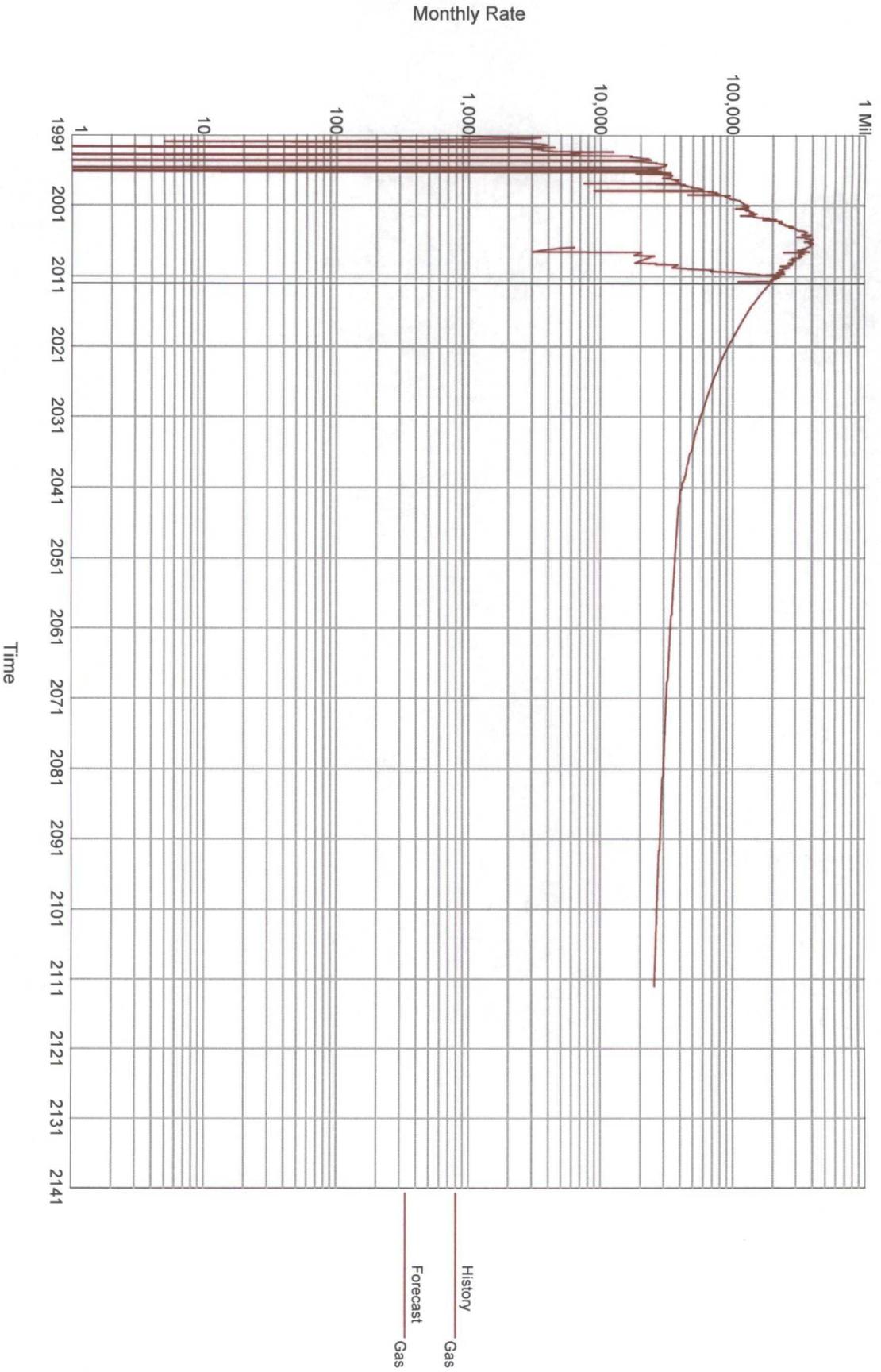
# Rate/Time Graph

Summary Lease Report

Project: c:\users\paul\documents\ih\power\tools\projects v9: 1\lucky\lindy #2.mdb

Date: 1/25/2012  
Time: 4:16 PM

## Offset Fruitland Coal Production



FRUITLAND COAL  
SAN JUAN  
BASIN

BAYLESS ROBERT L PRODUCER LLC

TRINITY (1)

TRINITY (2)

BURLINGTON RESOURCES O&G CO LP

JOSE JAQUEZ (1)

JOSE JAQUEZ (1S)

SCOTT (103)

SCOTT (103S)

UTTON (100)

UTTON (100S)

COLEMAN OIL & GAS INCORPORATED

CAPT H W SAWYER (1)

CAPT H W SAWYER (1S)

ENERGEN RESOURCES CORPORATION

FLORA VISTA 19 (2)

FLORA VISTA 19 (3)

MANANA GAS INCORPORATED

BONNIE (1)

BONNIE (2)

CROOKED SEAMS (1)

CROOKED SEAMS (2)

HIDDEN ASSETS (1)

HIDDEN ASSETS (2)

LUCKY LINDY (1)

MARALEX RESOURCES INCORPORATED

BLANCETT FC (1)

BLANCETT FC (2A)

BRIMHALL 30-11-18 (2)

BRIMHALL 30-11-18 (2A)

CECIL CAST (1)

CECIL CAST (2A)

SCOTT (1)

SCOTT (2A)

MERRION OIL & GAS CORPORATION

CHUCKY (2)

CHUCKY (3)

XTO ENERGY INCORPORATED

CHRISMAN GAS COM (2)

L C KELLY (6A)

LITTLE STINKER (1)

LITTLE STINKER (2)

PICTURED CLIFFS

SAN JUAN

AZTEC

BURLINGTON RESOURCES O&G CO LP

MCGRATH (1)

SUTTON (1)

C & E OPERATORS INCORPORATED

JENSEN (1)

COLEMAN OIL & GAS INCORPORATED

BLANCETT (2R)

ENERGEN RESOURCES CORPORATION

JONES (1)

UTTON (1)

GILBREATH NORMAN L & LORETTA E

WRIGHT (1)

KEYES B H & KEYES M N T A

BRIMHALL (1)

MANANA GAS INCORPORATED

CHARLIE (1)

CROOKED SEAMS (1)

CROOKED SEAMS (2)

LUCKY LINDY (1)

MARY ACKROYD (2)

33 FTC WELLS

MARALEX RESOURCES INCORPORATED  
BLANCETT (1)  
SCOTT (1)  
MERRION OIL & GAS CORPORATION  
CHUCKY (2)  
MOYA JOHN J  
JONES (1PI)  
MOYA GOODE (1)  
POLOKOFF JOHN G  
BLANCETTE 2 (1)  
THOMPSON ENGINEERING & PRODUCTION CORP  
BLANCETT (2)  
XTO ENERGY INCORPORATED  
FEE (12)  
FEE (12A)  
FEE (7A)

123 RC WELLS



**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834Mc Mulliss Resources Co., Inc.  
P.O Box 3248  
Littleton, CO 80161-3248EXAMPLECERTIFIED- RETURN RECEIPT

January 30, 2012

Re: Downhole Commingling Application  
Manana Gas, Inc.  
Lucky Lindy #2  
Section 13, T30N R12W  
San Juan County, NM  
Aztec Pictured Cliffs/Basin Fruitland Coal.

Dear Sirs,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to downhole commingle the gas production from the Aztec Pictured Cliffs and Basin Fruitland Coal pools in the Lucky Lindy #2. Based on offset production, Manana proposes to allocate 12.7% of the gas and 100% of any liquid hydrocarbons to the Pictured Cliffs and 87.3% of the gas production to the Fruitland Coal. As an interest owner in one or both of these 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.

# MANANA GAS, INC.

## Property DOI Report

For Selected Wells  
All Acquisition Codes

For Selected Leases  
All Prospects

For JB DOI Types Only  
Sorted On: Lease/Well

For All Counties

DOI #	Owner	Tax ID	Int. Type	Net	Hold	Exempt	Acc	Royalty	Override	Working
-------	-------	--------	-----------	-----	------	--------	-----	---------	----------	---------

Property: 044-04403  
 LUCKY LINDY  
 LUCKY LINDY #2 - FC  
 State: NM County: SJ

### Duplicated Deck

JB 6	1165 / BURLINGTON RESOURCES OIL & GAS CO	41-1400579	W	N	N	N				
	ATTN: CHERYLENE CHARLEY P.O. BOX 4289 FARMINGTON, NM 87499-4289									
JB 6	1405 / CHEVRON SERVICES COMPANY	51-0078813	W	N	N	N				
	FOUR STAR OIL & GAS COMPANY P.O. BOX 9043, SECTION 732 CONCORD, CA 94524-9043									
JB 6	3482 / EDWARD M. HARTMAN, TRUSTEE	302-07-2950	W	N	N	N				
	EDWARD M. HARTMAN TRUST 10/13/04 1002 TRAMWAY LANE NE ALBUQUERQUE, NM 87122									
JB 6	3483 / NANCY H. HARTMAN, TRUSTEE	513-24-1195	W	N	N	N				
	NANCY H. HARTMAN TRUST 10/13/04 1002 TRAMWAY LANE NE ALBUQUERQUE, NM 87122									
JB 6	3484 / BETTY M. HARTMAN QTIP TRUST	85-6093283	W	N	N	N				
	1002 TRAMWAY LANE NE ALBUQUERQUE, NM 87122									
JB 6	3485 / HARTMAN OIL & GAS, L.L.C.	85-0475307	W	N	N	N				
	2520 TRAMWAY TERRACE CT. NE ALBUQUERQUE, NM 87122									
JB 6	3495 / HARVARD & LEMAY EXPLORATION	85-0248904	W	N	N	N				
	LTD SERIES 1976 P.O. BOX 936 ROSWELL, NM 88201									
JB 6	5282 / SYLVIA LITTLE	450-48-4233	W	N	N	N				
	TRUSTEE UTA 5-25-90 PO BOX 1258 FARMINGTON, NM 87499									
JB 6	5450 / MANANA GAS, INC.	85-6010712	W	N	N	N				
	2520 TRAMWAY TERRACE CT NE ALBUQUERQUE, NM 87122									
JB 6	5558 / MCCULLISS RESOURCES CO., INC.	84-1075057	W	N	N	N				
	P.O. BOX 3248 LITTLETON, CO 80161-3248									
JB 6	5711 / MERRION OIL & GAS CORPORATION	85-0232430	W	N	N	N				
	610 REILLY AVE. FARMINGTON, NM 87499									
JB 6	9012 / GEORGE G. VAUGHT, JR.	429-06-9279	W	N	N	N				
	P.O. BOX 13557									

Date: 1/26/2012

*Denver, CO*  
*80201*

**MANANA GAS, INC.**  
**Property DOI Report**

*For Selected Wells*  
*All Acquisition Codes*

*For Selected Leases*  
*All Prospects*

*For All DOI Types*  
*Sorted On: Lease/Well*

*For All Counties*

DOI #	Owner	Tax ID	Int. Type	Net	Hold	Exempt	Acq	Royalty	Override	Working
-------	-------	--------	-----------	-----	------	--------	-----	---------	----------	---------

Property: 044-04404  
LUCKY LINDY  
LUCKY LINDY #2 - PC  
State: NM County: SJ

**Duplicated Deck**

JB	6	3482 / EDWARD M. HARTMAN, TRUSTEE EDWARD M. HARTMAN TRUST 10/13/04 1002 TRAMWAY LANE NE ALBUQUERQUE, NM 87122	302-07-2950	W	N	N	N			✓
JB	6	3483 / NANCY H. HARTMAN, TRUSTEE NANCY H. HARTMAN TRUST 10/13/04 1002 TRAMWAY LANE NE ALBUQUERQUE, NM 87122	513-24-1195	W	N	N	N			✓
JB	6	3484 / BETTY M. HARTMAN QTIP TRUST 1002 TRAMWAY LANE NE ALBUQUERQUE, NM 87122	85-6093283	W	N	N	N			✓
JB	6	3485 / HARTMAN OIL & GAS, L.L.C. 2520 TRAMWAY TERRACE CT. NE ALBUQUERQUE, NM 87122	85-0475307	W	N	N	N			✓
JB	6	3495 / HARVARD & LEMAY EXPLORATION LTD SERIES 1976 P.O. BOX 936 ROSWELL, NM 88201	85-0248904	W	N	N	N			✓
JB	6	5282 / SYLVIA LITTLE TRUSTEE UTA 5-25-90 PO BOX 1258 FARMINGTON, NM 87499	450-48-4233	W	N	N	N			
JB	6	5450 / MANANA GAS, INC. 2520 TRAMWAY TERRACE CT NE ALBUQUERQUE, NM 87122	85-6010712	W	N	N	N			
JB	6	5711 / MERRION OIL & GAS CORPORATION 610 REILLY AVE. FARMINGTON, NM 87499	85-0232430	W	N	N	N			

Active Date: 1/1/2004

DOI Total	0.000000
Header Total	1.00000000
Deck Variance	0.000000

**G. SMITH TO DAUGHTERS**

RD	3	1165 / BURLINGTON RESOURCES OIL & GAS CO 22205 NEWPORT AVE CHINA, CO, 80602	41-1400579	W	N	N	N			
RD	3	1405 / CHEVRON SERVICE COMPANY	51-0078813	W	N	Y	N			

Date: 1/26/2012

7009 2250 0001 5075 4355

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City, State, ZIP+4 Concord, Ca 94524-9043  
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Street, Apt. No. or PO Box No. PO Box 3248  
City, State, ZIP+4 Littleton, CO 80161-3248  
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Sent To  
Burlington Resources Oil & Gas  
Street, Apt. No. or PO Box No. PO Box 4289  
City, State, ZIP+4 Farmington, NM 87499  
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Sylvia Little  
Street, Apt. No. or PO Box No. P.O. 1258  
City, State, ZIP+4 Farmington, N.M. 87499  
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Sent To  
Manana Gas Inc.  
Street, Apt. No. or PO Box No. 2520 Tramway Terrace  
City, State, ZIP+4 Alb, NM 87122  
PS Form 3800, August 2006 See Reverse for Instruction

7009 2250 0001 5075 4362

7009 2620 0001 5075 4391

7009 2250 0001 5075 4409

7009 2820 0000 5757 2413

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Sent To: Merrion Oil + Gas Corp.  
 Street, Apt. No., or PO Box No. 610 Reilly Ave.  
 City, State, ZIP+4 Farmington NM 87499

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Sent To: George G. Vaughn Jr.  
 Street, Apt. No., or PO Box No. PO Box 13557  
 City, State, ZIP+4 Denver CO 80201

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Sent To: Hartman Oil & Gas, LLC  
 Street, Apt. No., or PO Box No. 2520 Tramway Terrace Ct.  
 City, State, ZIP+4 Albuq, N.M. 87122

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Restricted Delivery Fee (Endorsement Required)		
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Sent To: Betty M. Hartman  
 Street, Apt. No., or PO Box No. 1002 Tramway Lane NE  
 City, State, ZIP+4 Alb NM 87122

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Restricted Delivery Fee (Endorsement Required)		
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Sent To: Edward & Nancy Hartman  
 Street, Apt. No., or PO Box No. 1002 Tramway Ln NE  
 City, State, ZIP+4 Alb NM 87122

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