

DATE IN 10/19/12	SUSPENSE	ENGINEER E. E. E. E. E. E.	LOGGED IN 10/22/12	TYPE PC	APP NO PKVR1229646516
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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



Logos Capital Management LLC
Fair #s 1,2
Logos #s 1,2

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.

Kristy Graham
Print or Type Name

Kristy Graham
Signature

Dir. of Admin & Eng Support 10/15/12
Title Date

Kgraham@logosresourcesLLC.com
e-mail Address

PC-1249

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., 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 August 1, 2011

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

RECEIVED
2012 OCT 19 10 15 AM
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: Logos Capital Management, LLC
OPERATOR ADDRESS: 4001 North Butler, Building 7101 Farmington, NM 87401
APPLICATION TYPE:

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

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
Venado Mesa Verde 62490	Est. 46°/1300	41° API		This will change each	
WC22N5W5;Gallup(O) 97968	Est. 38°/1300	1300 BTU		time a well is added	
WC22N5W5;Dakota(O) 97977	Est. 40°/1300			to the battery.	

- (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) Allocation based on well testing.
(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.
(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 B.

(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: David Gonzales TITLE: Vice President of Operations

DATE: 10/01/2012

TYPE OR PRINT NAME: David Gonzales

TELEPHONE NO.: 505-436-2626

E-MAIL ADDRESS: dgonzaless@logosresourcesllc.com



4001 N. Butler Ave
Farmington, NM 87401
Phone: (505) 215-8215
Fax: (303) 974-1767

Date: October 1, 2012

To: New Mexico Oil Conservation Division

Re: Surface Commingling of Pools on Jicarilla Lease 424

Dear NMOCD,

Logos Capital Management, LLC (OGRID 287123) is proposing to surface commingle three pools on the Jicarilla Lease 424. Logos Capital Management, LLC has constructed a battery that will serve as a central delivery point for oil, gas, and water production. The oil and gas will be sold at this single delivery point and water will be hauled off from this single delivery point.

Logos proposes to surface commingle fluids from three pools, Venado Mesaverde (62490), Wildcat Gallup WC22N5W5;Gallup(O) (97968), and Wildcat Dakota WC22N5W5;Dakota(O) (97977). These three producing pools are located on Jicarilla Lease 424 and all producing intervals have the exact same ownership for working interest and mineral interest.

Logos expects the commingling of the pools to have a long term positive impact on the value of the lease. The commingling will save future gas connection costs by having a single delivery point at the battery which will save money by eliminating future gas pipeline construction and connection costs on new drilled wells. The commingling will also eliminate the need for batteries at each new drill location and will minimize trucking costs for the sale of oil. This configuration also creates an option for future waterflooding operations by sending the produced water to a single gathering point.

The wells producing on the lease currently do not sell gas. The commingling of gas from all of the wells and all of the pools is expected to make the installation of a gas sales line economic which would not be economic otherwise. Logos does not expect material dilution of gas BTU factors from the commingling of pools or wells on the lease. The gas BTU factor from each zone is difficult to estimate due to the lack of gas sales data in this region; however Logos anticipates the BTU factors to range from 1200 to 1350 BTU/SCF based on data from Logos operated wells in 23N-6W and 24N-6W.

The volumes will be allocated using well test data. The battery has two (2) separators with meters that will be used to test the wells at a frequency of 1 test per month or greater. Each well test will last for 24 hours or greater and will test the oil, gas, and water production using meters. Each test separator can be isolated to produce into either oil production tank so that the meters can be calibrated against a tank gauge to ensure

accuracy. The well tests will be used to allocate each wells contribution to the total oil, gas, and water produced each month.

The expected oil gravity will have a small variance between all pools. The oil gravity between all producing pools ranges from 38 degrees API to 46 degrees API in this region based on offset producing wells. The Gallup and Dakota Wildcat pools have limited API gravity information in this region due to a lack of wells drilled nearby. The oil gravity measured from the sale of oil from Logos #1 was 38 degrees API and was a combination of Gallup Oil and Dakota Oil from flowback operations after initial completion. The oil gravity from the producing Venado Mesaverde wells is 46 degrees API.

The key points of the request to commingle are:

- The working interest and mineral interest on Jicarilla Lease 424 is the same in all pools.
- We expect no material dilution to gas BTU
- Commingling may allow for economic development of a gas sales line
- Commingling should reduce the operating cost structure of the leases and extend the economic life of the properties
- Commingling sets the lease up for secondary recovery which will extend the life and reserves of the wells on the lease.

Please see the attached basic schematics for the proposed commingle. Please let me know if you have further questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "David Gonzales", with a stylized flourish at the end.

David Gonzales
Vice President of Operations



4001 N. Butler Blvd. Bldg 7101
Farmington, NM 87401
Phone: (832) 794-1355
Fax: (303) 974-1767

October 15, 2012

To whom it may concern,

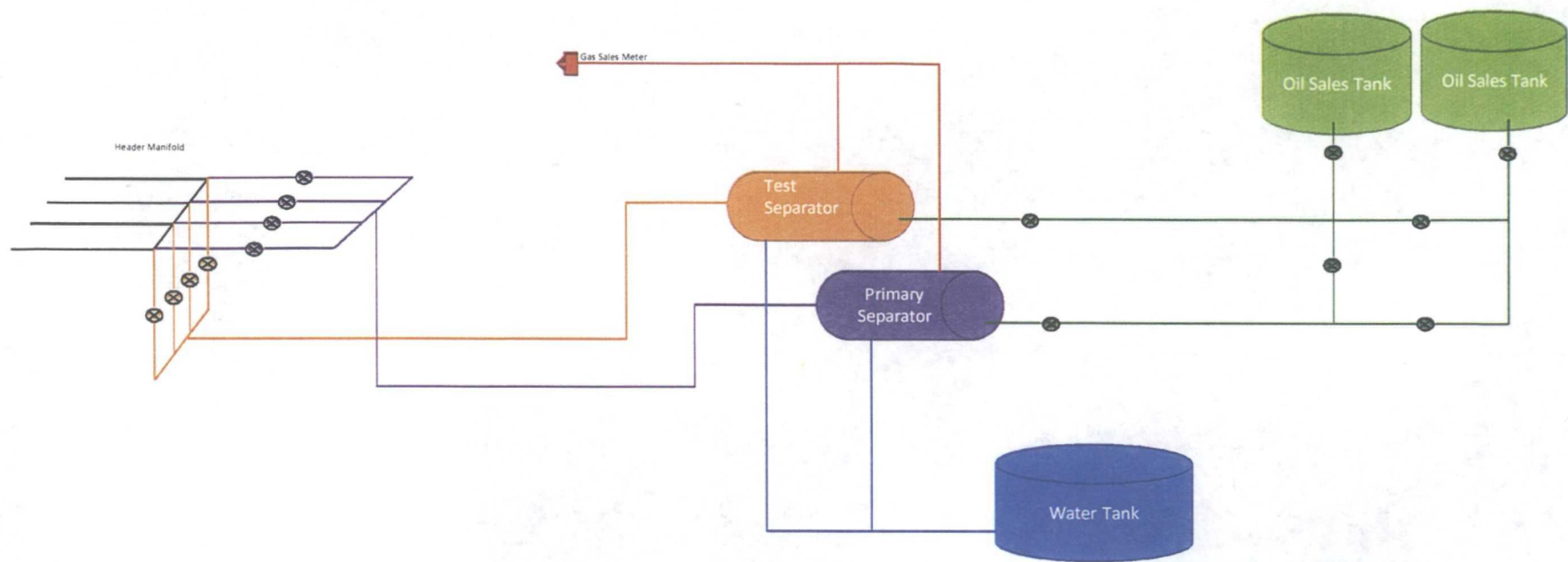
Be it known that as of October 15, 2012, based on the title research of licensed New Mexico attorneys as well as the title work of Logos Resources, LLC and its consultants, Jicarilla Lease 424 covering sections 5-8 in Township 22 North, Range 5 West, NMPM has identical ownership throughout the lease (all depths and all acreage) being Logos Resources, LLC- 100% WI and Jicarilla Apache Nation- 16.666666% RI.

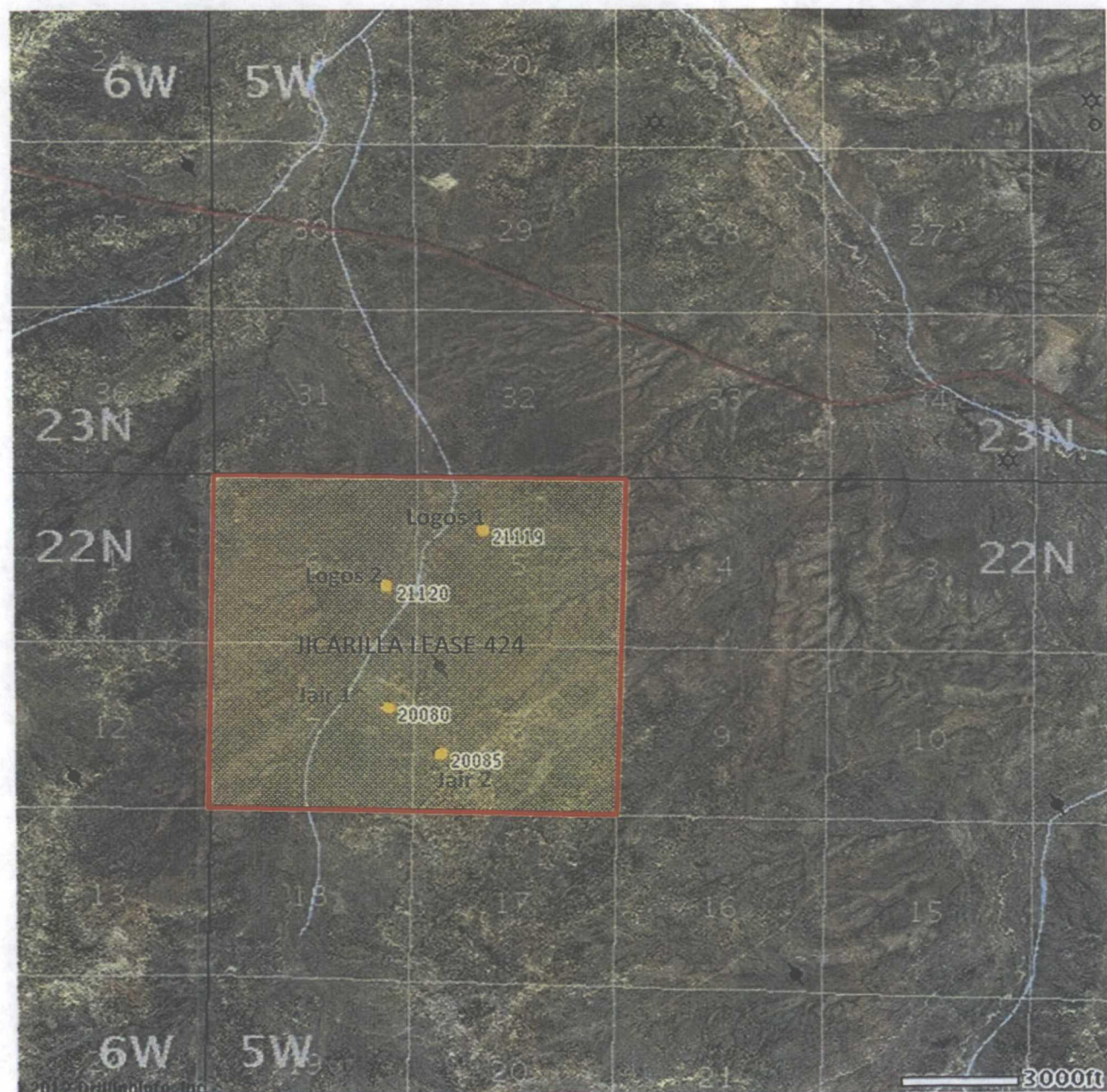
Should you have any questions or concerns regarding this letter, please feel free to contact me at 303-550-1877.

Very truly yours,

A handwritten signature in black ink, appearing to read "John Akers", with a long horizontal flourish extending to the right.

John Austin Akers
Vice President of Land
Logos Resources, LLC







4001 N. Butler Ave
Farmington, NM 87401
Phone: (505) 215-8215
Fax: (303) 974-1767

Date: September 27, 2012

Re: Application for Surface Gas Commingle – Form C-107-B, Section E, 3 Attachment

<u>Lease Name</u>	<u>Well Number</u>	<u>Lease</u>	<u>API</u>
Jair	1	Jicarilla Tribal #424	30-043-20080
Jair	2	Jicarilla Tribal #424	30-043-20085
Logos	1	Jicarilla Tribal #424	30-043-21119
Logos	2	Jicarilla Tribal #424	30-043-21120

BUREAU OF LAND MANAGEMENT
 1615 North Central Avenue, Suite 100
 Albuquerque, NM 87102
 (505) 241-2100
 FAX (505) 241-2101
 www.blm.gov

STATE OF NEW MEXICO
 Energy, Land and Natural Resources Department

Date: 11/11/2011
 Time: 10:00 AM
 Location: Santa Fe, NM

III. CONSERVATION DIVISION
 1230 SOUTH SE. FREDERIS DRIVE
 SANTA FE, NM 87505

X AND HONORARY

WELL LOCATION AND ACREAGE CERTIFICATION PLAT

Well Number: 30 043 2107		Tract: 12.490		Verano Mesa VERME		County: SANTA FE	
Section: 36		Twp: 12N		Range: 10E		Operator: LOGES CAPITAL MANAGEMENT, LLC	
Acres: 2.87123		Location: 12.490		Direction: NORTH		Depth: 1710	
Well Name: 30 043 2107		Well Type: OIL		Well Status: ACTIVE		Well Depth: 1710	
Well Location: 12.490		Well Direction: NORTH		Well Depth: 1710		Well Status: ACTIVE	
Well Name: 30 043 2107		Well Type: OIL		Well Status: ACTIVE		Well Depth: 1710	
Well Location: 12.490		Well Direction: NORTH		Well Depth: 1710		Well Status: ACTIVE	

THIS CERTIFICATE IS A TRUE AND CORRECT COPY OF THE ORIGINAL AS KEPT IN THE OFFICE OF THE DIVISION.

101 101 101 101		101 101 101 101		101 101 101 101		101 101 101 101	
101 101 101 101		101 101 101 101		101 101 101 101		101 101 101 101	
101 101 101 101		101 101 101 101		101 101 101 101		101 101 101 101	
101 101 101 101		101 101 101 101		101 101 101 101		101 101 101 101	

Will be 40 acres 0.12

JASON C. EDWARDS
 Director

JASON C. EDWARDS
 Director

~~SECRET~~ ~~CONFIDENTIAL~~ REPORT

<p>101 4</p> <p>101 3</p> <p>101 2</p> <p>101 1</p>	<p>5,000.00</p>	<p>FORM OF RESUME FOR</p> <p>101 36.167424</p> <p>101 107.387410</p> <p>DATE 10/1/10</p> <p>Will have 40 acre oil</p>	<p>"OPERATION CERTIFICATION"</p> <p>I hereby certify that the information contained herein is true and accurate to the best of my knowledge and belief, and that this signature is mine and a working interest is reflected in the land relating to the information contained herein. I am a signatory to this well as the land interest is a contract with an owner of such a working interest, or to a voluntary pooling agreement or a compulsory pooling agreement entered into by the interest.</p> <p>Signature: <i>Paul C. Edwards</i> Date: <i>5/1/10</i></p> <p>Printed Name: <i>Paul C. Edwards</i></p> <p>Address: <i>Paul C. Edwards, Inc.</i></p> <p>"SURVEYOR CERTIFICATION"</p> <p>I hereby certify that the well location shown on this plan was obtained from the owner of the land, and that the same is true and correct to the best of my belief.</p> <p>Survey Date: <i>JANUARY 11, 2010</i></p> <p>Signature and Seal of Registered Professional Surveyor:</p> <div style="text-align: center;"> </div> <p>JASON C. EDWARDS Certificate Number: <i>15269</i></p>
---------------------------------------------------------------------	-----------------	-----------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

~~SECRET~~ ~~SECRET~~

[illegible]

District I
162 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0722

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-4283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6170 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Bureau of Land Management

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-043-21120	2 Pool Code	3 Pool Name DAKOTA
4 Property Code	5 Property Name LOGOS	6 Well Number 2
7 GRID No. 287123	8 Operator Name LOGOS CAPITAL MANAGEMENT, LLC	9 Elevation 6901'

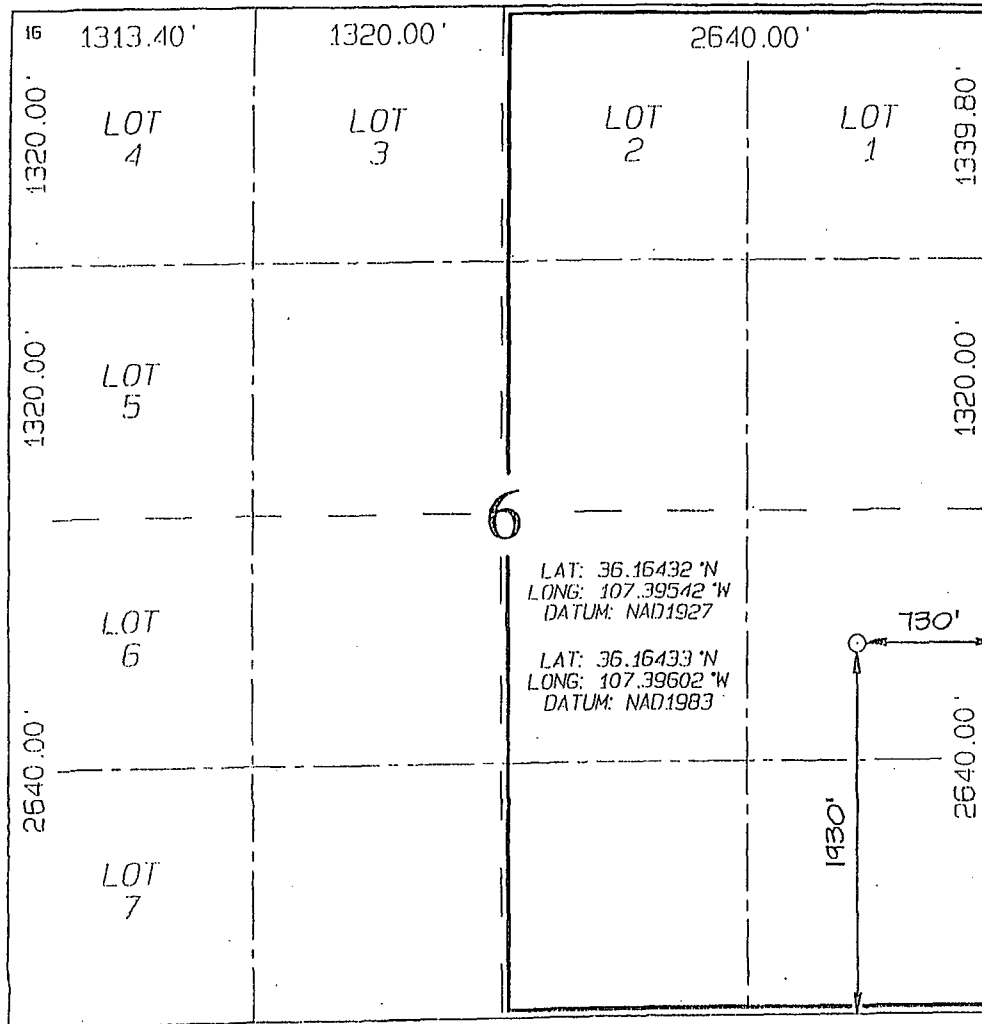
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	6	22N	5W		1930	SOUTH	730	EAST	SANDOVAL

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 320.85 Acres - (E/2)					13 Joint or Infill N	14 Consolidation Code	15 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



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 2/2/12
Signature Date

PAUL C. THOMPSON
Printed Name

PAUL C. WALSHENG, NET
E-mail Address

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.

Survey Date: JANUARY 11, 2012

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator Delaware Apache Corporation			Lease Jair		Well No. 1
Unit Letter H	Section 7	Township 22 North	Range 5 West	County Sandoval	
Actual Footage Location of Well: 1980 feet from the North line and 660 feet from the East line					
Ground Level Elev. 6959	Producing Formation Gallup MV		Pool Venado-Mesaverde		Dedicated Acreage: 30 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

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

Name
L.D. Somers **L.D. Somers**
Position
Regional Production Manager
Company
Delaware Apache Corporation

Date
February 3, 1972

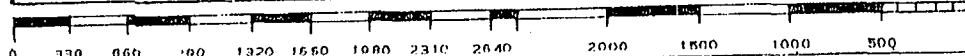
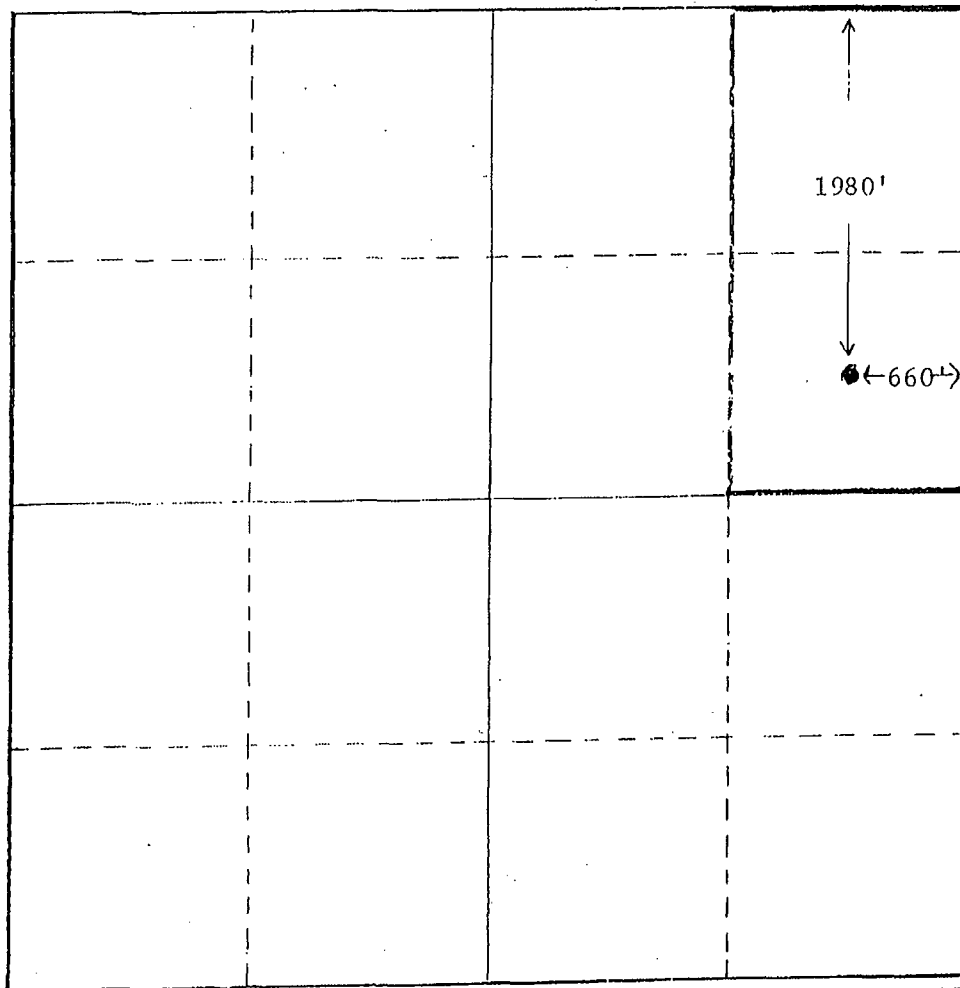
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
November 2, 1971

Registered Professional Engineer and/or Land Surveyor

E. V. Echovar.

Certificate No.
3602



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-12B
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator Delaware Apache Corporation			Lessee Jair		Well No. 2
Unit Letter L	Section 8	Township 22N	Range 5W	County Sandoval	
Actual Footage Location of Well: 660 feet from the W line and 1980 feet from the S line					
Ground Level Elev. 7026	Producing Formation Mesaverde		Pool Uradado Undesignated Mesaverde		Dedicated Acreage: 80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

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

Name *Raymond S. Somers*
Position **Regional Production Manager**
Company **Delaware Apache Corporation**
Date **February 24, 1972**

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 knowledge and belief.

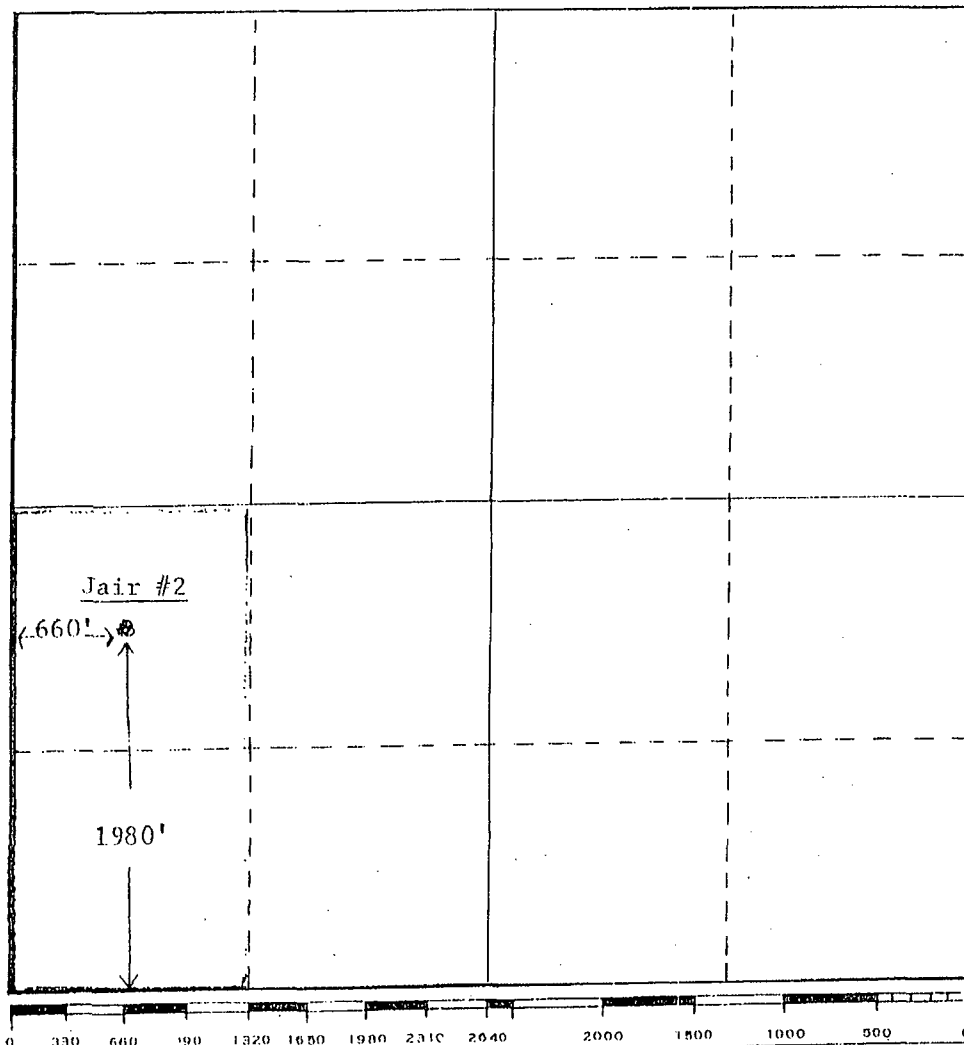
Date Surveyed **December 21, 1971**

Registered Professional Engineer and/or Land Surveyor

E. V. Echolhawk

Certificate No.

3802





4001 N. Butler Ave
Farmington, NM 87401
Phone: (505) 215-8215
Fax: (303) 974-1767

Date: October 1, 2012

To: New Mexico Oil Conservation Division

Re: Surface Commingling of Pools on Jicarilla Lease 424

Dear NMOCD,

Logos Capital Management, LLC (OGRID 287123) is proposing to surface commingle three pools on the Jicarilla Lease 424. Logos Capital Management, LLC has constructed a battery that will serve as a central delivery point for oil, gas, and water production. The oil and gas will be sold at this single delivery point and water will be hauled off from this single delivery point.

Logos proposes to surface commingle fluids from three pools, Venado Mesaverde (62490), Wildcat Gallup WC22N5W5;Gallup(O) (97968), and Wildcat Dakota WC22N5W5;Dakota(O) (97977). These three producing pools are located on Jicarilla Lease 424 and all producing intervals have the exact same ownership for working interest and mineral interest.

Logos expects the commingling of the pools to have a long term positive impact on the value of the lease. The commingling will save future gas connection costs by having a single delivery point at the battery which will save money by eliminating future gas pipeline construction and connection costs on new drilled wells. The commingling will also eliminate the need for batteries at each new drill location and will minimize trucking costs for the sale of oil. This configuration also creates an option for future waterflooding operations by sending the produced water to a single gathering point.

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The volumes will be allocated using well test data. The battery has two (2) separators with meters that will be used to test the wells at a frequency of 1 test per month or greater. Each well test will last for 24 hours or greater and will test the oil, gas, and water production using meters. Each test separator can be isolated to produce into either oil production tank so that the meters can be calibrated against a tank gauge to ensure

accuracy. The well tests will be used to allocate each wells contribution to the total oil, gas, and water produced each month.

The expected oil gravity will have a small variance between all pools. The oil gravity between all producing pools ranges from 38 degrees API to 46 degrees API in this region based on offset producing wells. The Gallup and Dakota Wildcat pools have limited API gravity information in this region due to a lack of wells drilled nearby. The oil gravity measured from the sale of oil from Logos #1 was 38 degrees API and was a combination of Gallup Oil and Dakota Oil from flowback operations after initial completion. The oil gravity from the producing Venado Mesaverde wells is 46 degrees API.

The key points of the request to commingle are:

- The working interest and mineral interest on Jicarilla Lease 424 is the same in all pools.
- We expect no material dilution to gas BTU
- Commingling may allow for economic development of a gas sales line
- Commingling should reduce the operating cost structure of the leases and extend the economic life of the properties
- Commingling sets the lease up for secondary recovery which will extend the life and reserves of the wells on the lease.

Please see the attached basic schematics for the proposed commingle. Please let me know if you have further questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "David Gonzales", with a stylized flourish at the end.

David Gonzales
Vice President of Operations