

DATE IN 5-18-05	SUSPENSE 6-7-05	ENGINEER MS	LOGGED IN 5-18-05	TYPE WJL	ASE NO. APP NO. 513851260
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [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.

PAUL C. THOMPSON Paul C. Thomp AGENT 5/12/05
 Print or Type Name Signature Title Date
PAUL@WALSHENG.NET
 e-mail Address

RECEIVED

MAY 18 2005



WALSH

ENGINEERING & PRODUCTION CORP.

OIL CONSERVATION
Petroleum Engineering, Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

May 12, 2005

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.
Hidden Assets #2
938' FSL, 635' FWL, Section 23, 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 well was located on an existing well pad and placed as close to the Animas River as was possible. The well could not be placed in a legal location on the east side of the Animas River because there is not a gathering pipeline located in the SW/4 on the east side of the river. Please refer to the attached topo map. The Hidden Assets #2 will be drilled and completed as a downhole commingled Fruitland Coal and Pictured Cliffs well.

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.



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 that reads "Paul C. Thompson" with a horizontal line extending to the right.

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

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II,
P.O. Drawer DD, Artesia, N.M. 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32880		² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 33160	⁵ Property Name HIDDEN ASSETS		⁶ Well Number 2
⁷ GRID No. 13931	⁸ Operator Name MANANA GAS, INC.		⁹ Elevation 5506.08

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
m	23	30N	12W		937.79	SOUTH	635.46	WEST	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 320 1/2	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 * Manana Gas Inc. Hidden Assets #1 (30-045-32880) 1008' FNL - 817' FNL Coal Gas Completion		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
		Paul C. Thompson Signature PAUL C. THOMPSON Printed Name AGENT Title 2/19/05 Date
SECTION 23 Standard 640-acre Section		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.
635.46' 		JANUARY 22, 2005 Date of Survey Signature and Seal of Professional Surveyor
		Certificate Number

DISTRICT II,
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
P.O. Box 2088, Aztec, N.M. 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30045-32880	² Pool Code 71280	³ Pool Name AZTEC PICTURED CLIFFS
⁴ Property Code 33160	⁵ Property Name HIDDEN ASSETS	
⁷ OGRID No. 13931	⁸ Operator Name MANANA GAS, INC.	⁶ Well Number 2
		⁹ Elevation 5506.08

¹⁰ Surface Location

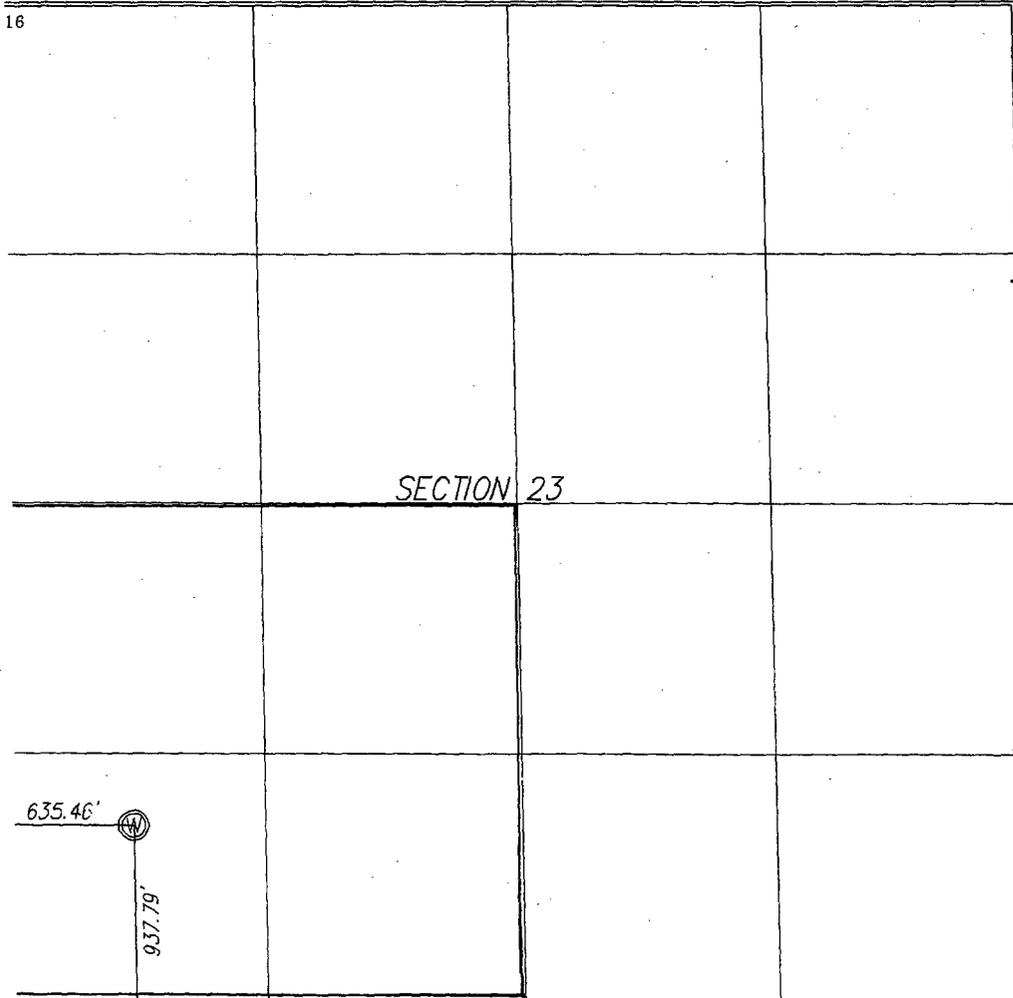
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	23	30N	12W		937.79	SOUTH	635.46	WEST	SAN JUAN

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 160 SW/4	¹³ Joint or Infill Y	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

Paul C. Thompson

 Signature
PAUL C. THOMPSON
 Printed Name
AGENT
 Title
2/9/05
 Date

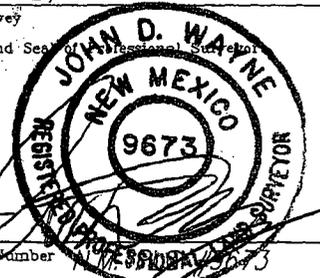
¹⁸ SURVEYOR CERTIFICATION

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

JANUARY 22, 2005

Date of Survey

Signature and Seal

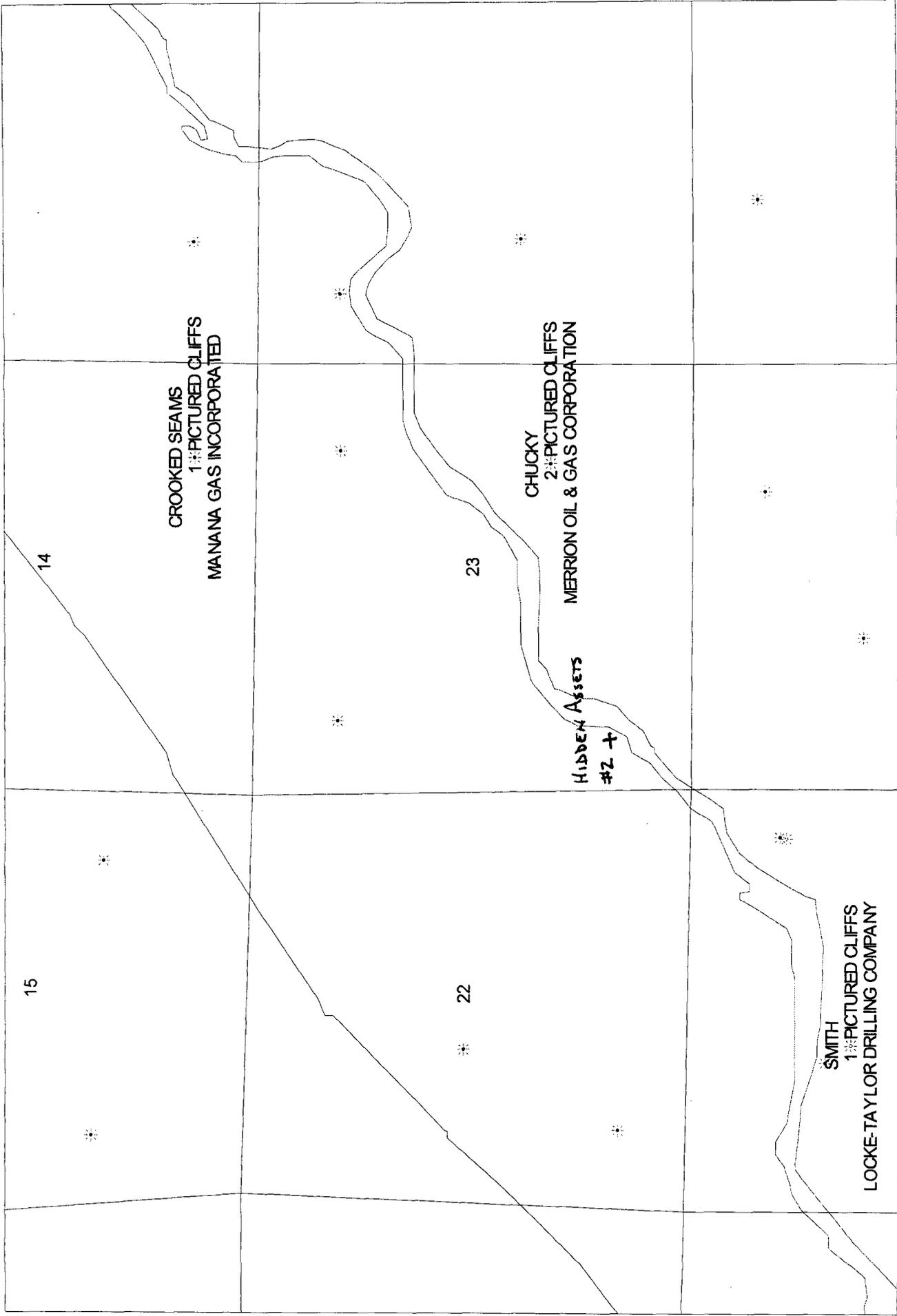


Certificate Number

PowerTools Map

Project: C:\Program Files\IHS Energy\PowerTools v7.0\Projects\HiddenAssets#2 NSL.MDB

Date: 5/12/2005
Time: 3:23 PM



PICTURED CLIFFS OFFSETS

**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

May 12, 2005

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

Re: Non-Standard Location Application
Manana Gas, Inc.
Hidden Assets #2
938' FSL and 635' FWL
Section 23, T30N R10W
San Juan County, NM

Dear Mr. Spencer,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. Mark Fesmire, Director, New Mexico Oil Conservation Division, 1220 S. St Francis Dr., Santa Fe, New Mexico 87504, 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.



CERTIFIED- RETURN RECEIPT

May 12, 2005

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

Re: Non-Standard Location Application
Manana Gas, Inc.
Hidden Assets #2
938' FSL and 635' FWL
Section 23, T30N R10W
San Juan County, NM

Dear Mr. Bayless,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. Mark Fesmire, Director, New Mexico Oil Conservation Division, 1220 S. St Francis Dr., Santa Fe, New Mexico 87504, 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

May 12, 2005

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

Re: Non-Standard Location Application
Manana Gas, Inc.
Hidden Assets #2
938' FSL and 635' FWL
Section 23, T30N R10W
San Juan County, NM

Dear Mr. Merrion,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. Mark Fesmire, Director, New Mexico Oil Conservation Division, 1220 S. St Francis Dr., Santa Fe, New Mexico 87504, 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:

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature 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

2. Article Number (Transfer from service label) **7004 1350 0002 0320 5602**

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature 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

2. Article Number (Transfer from service label) **7004 1350 0002 0320 5596**

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature 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

2. Article Number (Transfer from service label) **7004 1350 0002 0320 5589**