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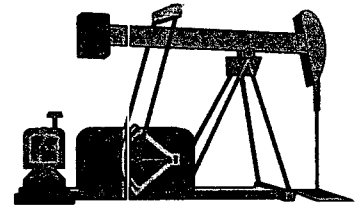
QUAY VALLEY, INC.

1608 N. BIG SPRING STREET
P.O. BOX 10280
MIDLAND, TEXAS 79702

RECEIVED

SEP 04 2003

OIL CONSERVATION
DIVISION



WVS

August 28, 2003

Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87505

Re: Form C-107-B
Huston Lease
Lea County, NM

Gentlemen:

Enclosed please find the subject form and required attachments, along with a copy of the letter sent by certified mail to all interest owners.

If further information is need please advise.

Sincerely,

Nancy Getz
Prod. Tech.

Ng

enclosure

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, 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
March 31, 2003

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

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: QUAY VALLEY, INC.

OPERATOR ADDRESS: P. O. BOX 10280, Midland, Texas 79702

APPLICATION TYPE:

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

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	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes
<u>EUMONT-YATES 7 R 76480</u>	1.338	1.2646	\$2010.00	\$2200.00	447
<u>EUNICE MONUMENT 23000</u>	1.1222	1.2646	\$4860.00	\$5080.00	1142
<u>GSA 614</u>					

- (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)
(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 E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attach 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.

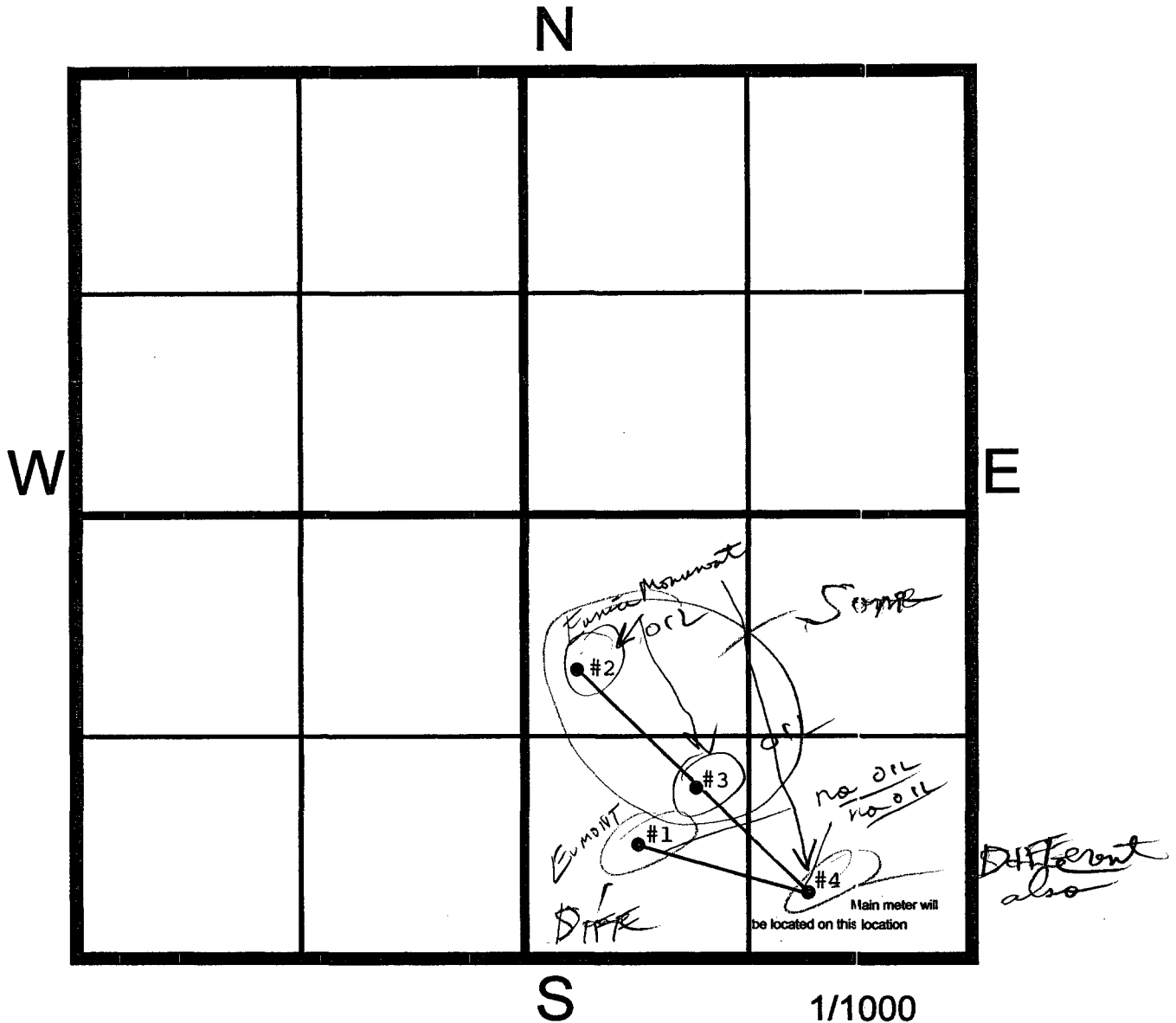
SIGNATURE Nancy Getz TITLE Prod. Tech.

DATE: 08/28/2003

TYPE OR PRINT NAME Nancy Getz

TELEPHONE NO.: (432)687-4220

NM PLAT



There will be a meter left at Well No. 1 and a meter at Well Nos. 2&3 and the main sales meter will be placed Well No. 4.

Section 8, 19S-37E, Lea County, New Mexico

API #3002525873 - R. H. Huston, Jr. No. 1

660' FSL - 1980' FEL - Unit O

API #3002526417 - R. H. Huston, Jr. No. 2

1650' FSL - 2310' FEL - Unit J

API #3002526470 - R. H. Huston, Jr. No. 3

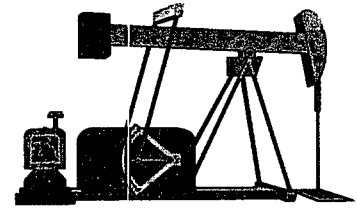
990' FSL - 1650' FEL - Unit O

API #3002526739 - R. H. Huston, Jr. No. 4

330' FSL - 990' FEL - Unit P

QUAY VALLEY, INC.

1608 N. BIG SPRING STREET
P.O. Box 10280
MIDLAND, TEXAS 79702



(432) 687-4220 FAX (432) 687-4288

August 28, 2003

TO ALL INTEREST OWNERS

RE: Section 8, 19S-37E, Lea County, New Mexico
 API #3002525873 - R. H. Huston, Jr. No. 1
 API #3002526417 - R. H. Huston, Jr. No. 2
 API #3002526470 - R. H. Huston, Jr. No. 3
 API #3002526739 - R. H. Huston, Jr. No. 4

QUAY VALLEY, INC., as operator of the referenced wells, proposes to surface commingle the gas from said wells and place one main sales meter at the No. 4 Well tank battery. This will increase the contract price from 77.5/75% to 78/78% and alleviate an \$125 low volume fee for wells that produce less than 450 mcf per month.

Enclosed is a Plat depicting the proposal and the OCD C-107-b form. If you have any questions or comments, please feel free to contact Nancy Getz or Stella Swanson.

Sincerely,

Nancy Getz

ng

enclosures

Smooth Feed Sheets™

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Robert H. Hannifin
P.O. Box 218
Midland, TX 79702

Jeannine Hooper Byron
P.O. Box 1562
Roswell, NM 88202-1562

Etz Oil Properties Ltd.
P.O. Box 35
Payson, AZ 85547-0035

Max W. Coll, II
1430 Canyon Road
Santa Fe, NM 87501-6134

Elyse S. Patterson Trust B
c/o Bank of Oklahoma, Agent
P.O. Box 1588
Tulsa, OK 74101-1588

Southwest Foundation for
Biomedical Research
P.O. Box 760549
San Antonio, TX 78245-0549

Jerry L. Hooper
P.O. Box 509
Socorro, NM 87801-0509

Jimmy J. Hooper
Box 817
Roswell, NM 88202-0817

Marie Fletcher, separate property
c/o Sue Wilson A/I/F
P.O. Box 70
Midland, TX 79702-0070

Richard Tide Coiner, III
35 Haverhill Way
San Antonio, TX 78209

William Lanier Coiner
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San Antonio, TX 78212

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Cross Plains, TX 76443

Nuevo Seis LP
P.O. Box 2588
Roswell, NM 88202-2588

Blue Moon Resources LLC
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Suite 1290
Dallas, TX 75206

Nancy Coiner Grothe
P.O. Box 821
Hayward, WI 54843-0821

Beverly Nix Coiner
375 Morningside Drive
San Antonio, TX 78209-2801

Emily Christine Coiner
22503 Sierra Lake Ct.
Katy, TX 77494

Laramie Plains Museum
Association Inc.
603 East Iverson Avenue
Laramie, WY 82070-3243

San Antonio Symphony
P.O. Box 658
San Antonio, TX 78293-0658

Susan Jean Bistline
956 Selkirk Rd.
Sandpoint, ID 83864

Diana M. Bistline
863 Middle Burnt Fork Rd.
Stevensville, MT 59870

Claire Bistline
P.O. Box 1328
Sandpoint, ID 83864

Erin Broughton Hughes
5512 W. Rifle Club Road
Spokane, WA 99208

Stephen Patrick Bistline
P.O. Box 151
Hope, ID 83836

Y. M. Cross
16006 Conners Ace Dr.
Spring, TX 77379

Raymon D. Sharp
P.O. Box 10280
Midland, TX 79702

Swanco Resources
1912 Winddrift
Midland, TX 79707-9773

Texas Tech University
P.O. Box 41081
Lubbock, TX 79409-1081

The Toles Company LLC
P.O. Box 1300
Roswell, NM 88202-1300

Sally Rodgers
152 B Arroyo Hondo Road
Santa Fe, NM 87508



Address Labels

Laser 5960™

Smooth Feed Sheets™

Use template for 5160®

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5918

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Highlands, NC 28741

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Roswell, NM 88201-3407

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Belen, NM 87002

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3009 Diamond A Drive
Roswell, NM 88201

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Casper, WY 82609

New Mexico Junior College ✓
5317 Lovington Highway
Hobbs, NM 88240

Douglas Golder ✓
116 Round Cove Road
Chatham, MA 02633-1245

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Arvada, CO 80003

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Roswell, NM 88201

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Dover, OH 44622

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c/o Rodman Rosenberger Esq.
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Philadelphia, PA 19118

Fran Hogan ✓
50 Sunset Road
Santa Fe, NM 87505

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Morris Plains, NJ 07950

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Texarkana, TX 75501

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Phillip C. Klingsmith, Jr. ✓
1050 Camino Del Rio No. 8
Gunnison, CO 81230

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Roswell, NM 88201

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Roswell, NM 88201-1121

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Roswell, NM 88202-1818

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San Antonio, TX 78250-5242

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Bingham, NM 87832

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