

DATE	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APPROVING
		RE	9/22	CTB	100/250784 DANK 592651474 JW



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

Dakota Rosonka

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

CTB - 605

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			

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
Revised June 10, 2003

OIL CONSERVATION DIVISION

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

2009 SEP 21 PM 1 28

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: Dakota Resources

OPERATOR ADDRESS: 4912 N. Midkiff, Midland, Texas 79705

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		Calculated Value of Commingled Production	Volumes

(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 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: Robert G. Turner TITLE: Operation Engineer DATE: 9/7/2009
TYPE OR PRINT NAME Robert G. Turner TELEPHONE NO.: (432) 697-3420
E-MAIL ADDRESS: bobt@dakotares.com

Dakota Resources _____ is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s):

Federal Lease No. LC-029512 (c) _____

Well Name	API No.	Loc: 1/4 1/4 Sec. Twp. Rng.	Formation	BOPD	Oil Gravity	MCFPD	BTU
Federal #1	30-025-08463	NWSE Sec 18, T20S-R34E	Yates (7-R)	3	35	1	1000 ✓

With hydrocarbon production from:

Federal Lease No. LC-029512 (a) _____

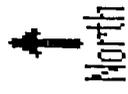
Well Name	API No.	Loc: 1/4 1/4 Sec. Twp. Rng.	Formation	BOPD	Oil Gravity	MCFPD	BTU
Wallen Federal #1	30-025-25200 ²³⁸⁶	NWNW Sec 20, T20S-R34E	Yates (7-R)	4	35	2	1000 ✓
Wallen Federal #3	30-025-24129	NENE Sec 19, T20S-R34E	Yates (7-R)	7	35	3	1000
Wallen Federal #4	30-025-24526 ²⁴²⁴	SWSW Sec 17, T20S-R34E	Yates (7-R)	8	35	4	1000
Wallen Federal #5	30-025-25019	SESE Sec 18, T20S-R34E	Yates (7-R)	6	35	3	1000
Wallen Federal #6	30-025-24311	SENE Sec 18, T20S-R34E	Yates (7-R)	3	35	1	1000
Wallen Federal #7	30-025-24526	SWNE Sec 18, T20S-R34E	Yates (7-R)	4	35	2	1000
Wallen Federal #8Y	30-025-25200	NESW Sec 18, T20S-R34E	Yates (7-R)	3	35	1	1000

Same #'s

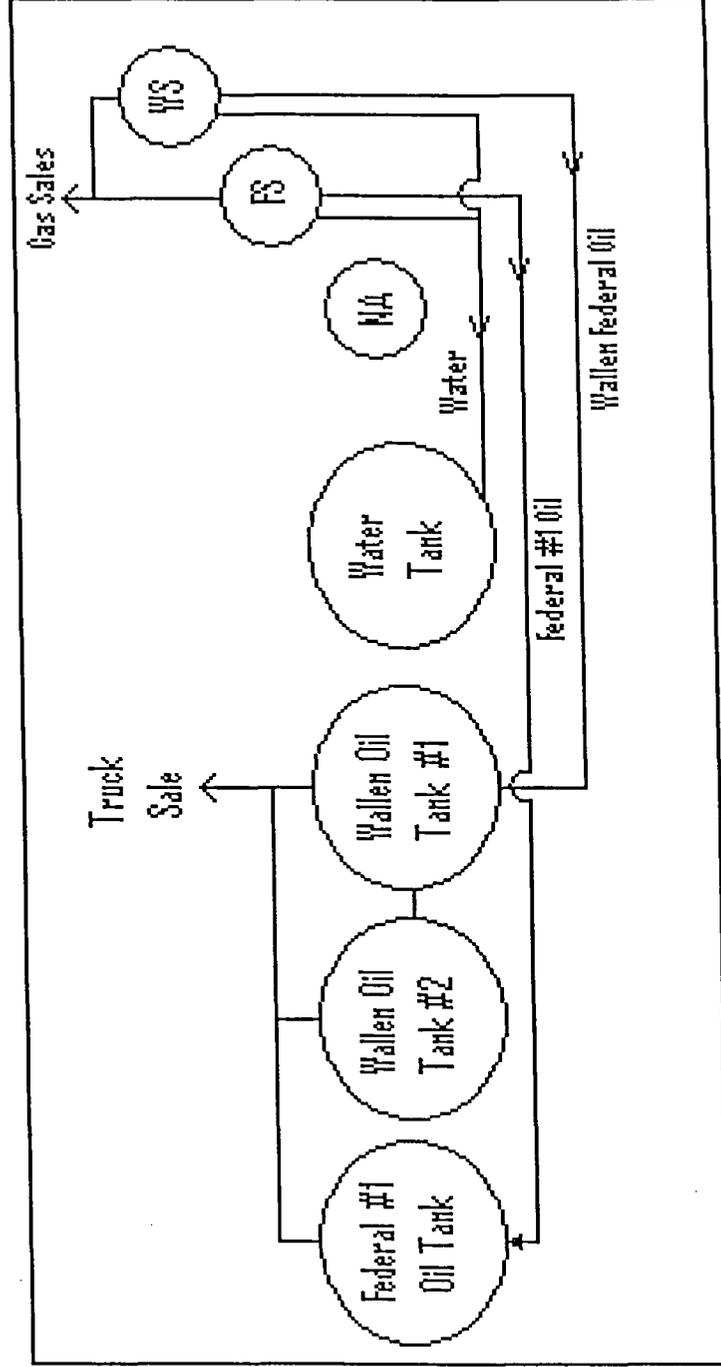
The storage and measuring facility is located at NW 1/4, Sec. 20, T 20, S, R 34 E, on Lease No. LC-029512 (a) _____, New Mexico. BLM will be notified if there is any future change in the facility location.

It is proposed to have a dedicated separator which has only one direct inlet into the 3-phase separator. No other wells will be piped to the inlet. This 3-phase separator will separate the oil phase and have a meter on the oil outlet which will measure the oil production rate. The oil will then flow to a dedicated oil tank. Oil sales will be conducted via truck transport. A gas meter will be installed on the 3 phase separator to measure gas production, it is anticipated that the gas rate may be too small to measure at +/- 2 mcf/d. Gas from the dedicated Federal #1 separator will then be commingled and sold at the Existing DCP Midstream meter. Water will be unmeasured but will be commingled down stream of the separator into the water tank for the injection well.

Dakota Resources Wallen Federal Tank Battery Schematic



NW 1/4 NW 1/4 Sec 20 T20S R34E



WS - Wallen Separator for Wallen Fed #1, #3, #4, #5, #6, #7, #8y

FS - Federal #1 Separator (exclusively)

MA - Separator Not-In-Service

T20S R34E

18

17

WALLEN FEDERAL

6

7

SPARGER

8 8Y

1

FEDERAL
LC029512(c)

WALLEN FEDERAL

5

4

3

1

LC029512(a)

19

20

.....

4914 N. Midkiff
Midland, Texas 79701
(432) 697-3420-Phone
(432) 697-3400-Fax

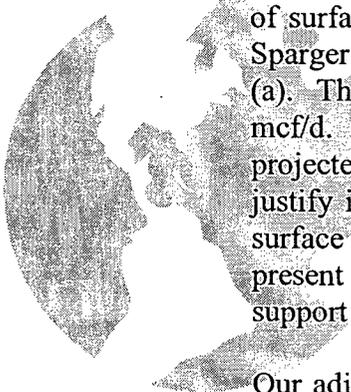
Dakota Resources, Inc.

September 8, 2009

Bureau of Land Management
Oil Conservation District
State of New Mexico

Surface Commingling & Off Lease Storage
Federal #1 and Wallen Federal Leases

Dear Sirs,



Dakota Resources has initiated a request with both BLM and OCD for the purpose of surface commingling and off-lease storage of production from the Federal (aka Sparger Federal) lease #LC-029512(c) with the Wallen Federal lease #LC-029512 (a). The last production rate for the Federal #1 well was 1 bopd, 10 bwpd, and 0 mcf/d. We plan to acidize the well to stimulate production. However, even at the projected post stimulation production of 3 bopd, the economics for the well will not justify installation of surface separation and storage facilities. Estimated cost for surface handling and storage is +/-60,000. Our economics, based on 3 bopd, place a present discounted value of the well at only \$51,000. Obviously, this well will not support a large capital investment for surface facilities.

Our adjacent Wallen Federal lease already has an existing, currently unused, spare separator and tank. Our proposal, to surface commingle and off-lease store production from the Sparger Federal lease will enable us to economically produce the well an estimated five more years. Without approval of the application to commingle and off-lease store production the Sparger Federal #1 will be uneconomical to produce and subsequently plugged. This proposal will ensure the well is efficiently produced to its economic limit and will enhance royalties to both the federal and state agencies.

Should you have any questions regarding this letter please do not hesitate to call our office at the letterhead number. Thank you in advance for your assistance.

Very truly yours,

Robert G. Turner
Operation Engineer



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4914 N. Midkiff
Midland, Texas 79701
(432) 697-3420-Phone
(432) 697-3400-Fax

Dakota Resources, Inc.

September 3, 2009

**Sparger Federal Lease
Wallen Federal Lease
Off-Lease Measurement &
Surface Commingling Application**

To: Interest Owners
Sparger Federal & Wallen Federal Leases



This letter is to inform each of the interest owners of the subject leases of our intent to off-lease measure and then surface commingle production from the Sparger Federal #1 at the existing Wallen Federal battery facilities. By commingling production at our existing facilities, we will significantly reduce the capitalization costs associated with producing the Sparger Federal #1 well in an attempt to complete a commercially viable well.

The Wallen Federal battery currently has an extra vertical separator and tank that are not currently in use. The Wallen lease is a direct offset to the Sparger Federal lease and is physically located approximately 1/2 of a mile to the southeast of the Sparger lease. This change should require only minor facility modifications to ensure proper measuring and handling of the separate flow streams. On your behalf, I will be filing the regulatory required documentation with both the Federal and State agencies to facilitate legislative approval.

Should you have any questions regarding this letter please do not hesitate to call our office at the letterhead number. Thank you for your patience with us.

Very truly yours,

Bob Turner
Operation Engineer
Dakota Resources



.....

Selma Andrews Trust #5188-01
F/B/O Peggy Barrett
Nations Bank of Texas, Trustee
P.O. Box 840738
Dallas, TX 75284-0738

Selma Andrews Perpetual
Charitable Trust #5188-02
Nations Bank of Texas, Trustee
P.O. Box 840738
Dallas, TX 75284-0738

Bob Blundell
PO BOX 386
Carlsbad, NM 88221

Braille Institute of America Agency
c/o Bank of America, N.A agent
PO BOX 840738
Dallas, TX 75284-0738

John W. Bockman
PO BOX 68
Stockdale, TX 78160

James E. Burr
PO BOX 8050
Midland, TX 79708-8050

Joe & Jessie Crump-Fund
c/o Team Bank (Acct#2312)
PO BOX 99084
Ft. Worth, TX 76199

Jesse Belvins Crump
Nations Bank of Texas, N.A Trust#1069
PO BOX 840738
Dallas, TX 75284-0738

Enerstar Resources O&G LLC
PO BOX 606
Carlsbad, NM 88221

Davis Finley
PO BOX 370111
Las Vegas, NV 89137-0111

John Finley
12382 Kingspine Ave.
San Diego, CA 92131

Richard Finley
4529 Avenue H
Austin, TX 78751

Timothy Finley
PO BOX 2086
Austin, TX 78768-2086

Jack Fletcher
4715 W. Wadley Ave. #511
Midland, TX 79707-5211

John H. Hendrix Corp.
PO BOX 3040
Midland, TX 79702-3040

Michael L Klein – Special
500 W. Texas Suite 1230
Midland, TX 79701-4271

Kendrick Oil & Gas
Attn: Dr. C. Ray Holbrook
PO BOX 87-4400
Kansas City, MO 64187-4400

Marshall Winston, Inc.
PO BOX 50880
Midland, TX 79710-0880

Ruth Sutton
2826 Moss
Midland, TX 79705

Ronald O. Walker Estate
Avery B. Walker, Trustee
40 Forrest Trail
Basing Ridge, NJ 07920

Ronnie Westbrook
2809 Haynes
Midland, TX 79705

Wheat Company
Margery W. Huyck Trustee
441 Baltusrol Drive
Aptos, CA 95003

Barbara W. Winston
7627 River Point Dr.
Houston, TX 77063-1508

Larry A. Nermyr
NC 37, BOX 4106
Sidney, MT 59270

Oxy USA WTP Limited Partnership
Lock Box 841735
Dallas, TX 75284-1735

Plantation Operating, LLC
2203 Timberloch Place Suite 229
The Woodlands, TX 77380

W. T. Probandt
415 W. Wall St. #2206
Midland, TX 79701

Quanah Exploration
Limited Partnership
PO BOX 494
Midland, TX 79702

C.A. & Diane Roberts
PO BOX 2036
Granite Shoals, TX 78654

Sabine Royalty Trust
Bank of America, N.A.
Escrow Agent
LBX 840887
Dallas, TX 75284-0887

Everett R. Stanley Estate
c/o United California Bank
Trust Dept.
600 S. Spring St.
Los Angeles, CA 90054

Roy G. Barton & Opal Barton
Revocable Trust
Roy G. Barton Jr. Trustee
1919 N. Turner St.
Hobbs, NM 88240-2712

Minerals Management Service
Royalty Management Service
PO BOX 5810 T.A.
Denver, CO 80217

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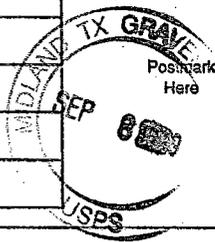
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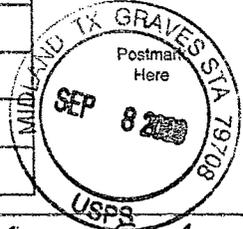
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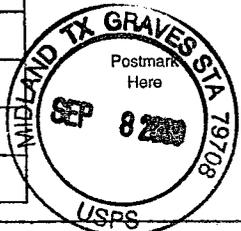
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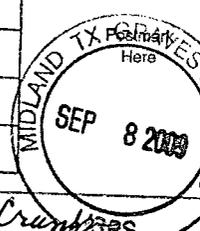
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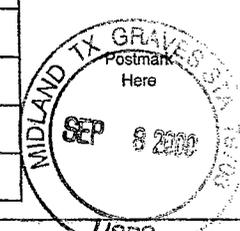
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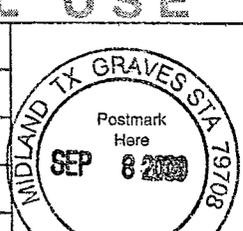
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 City, State, ZIP+4 *Austin, TX 78768-2086*

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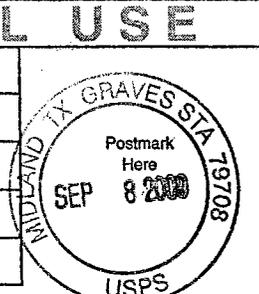
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 Street, Apt. No., or PO Box No. *P.O. Box 87-4400*
 City, State, ZIP+4 *Kansas City, MO 64187-4400*

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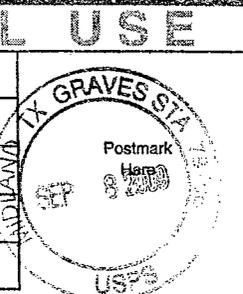
7009 0820 0001 1982 6214

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Sent To *Jack Fletcher*
 Street, Apt. No., or PO Box No. *4715 W. Wadley Ave. #501*
 City, State, ZIP+4 *Midland, TX 79707*

PS Form 3800, August 2006 See Reverse for Instructions

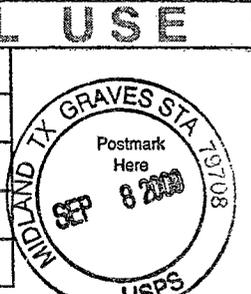
7009 0820 0001 1982 1578

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Total Postage & Fees	\$



Sent To *Marshall Winton*
 Street, Apt. No., or PO Box No. *P.O. Box 50880*
 City, State, ZIP+4 *Midland, TX 79710-0880*

PS Form 3800, August 2006 See Reverse for Instructions

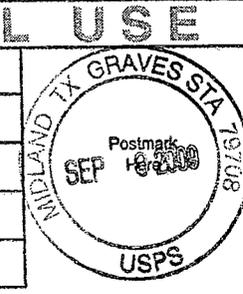
7009 0820 0001 1982 6047

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Total Postage & Fees	\$



Sent To *John H. Hendrix Corp.*
 Street, Apt. No., or PO Box No. *P.O. Box 3040*
 City, State, ZIP+4 *Midland, TX 79702-3040*

PS Form 3800, August 2006 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Wheat Company
 Street, Apt. No.; or PO Box No. 441 Bautusol Dr.
 City, State, ZIP+4 Optos, CA 95003

PS Form 3800, August 2006 See Reverse for Instructions

7009 0820 0001 1982 6030

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Total Postage & Fees	\$



Sent To Ruth Sutton
 Street, Apt. No.; or PO Box No. 2826 Moss
 City, State, ZIP+4 Midland, TX 79705

PS Form 3800, August 2006 See Reverse for Instructions

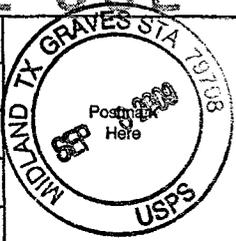
7009 0820 0001 1982 5996

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Barbara W. Winston
 Street, Apt. No.; or PO Box No. 7627 River Point Dr.
 City, State, ZIP+4 Houston, TX 77063-1508

PS Form 3800, August 2006 See Reverse for Instructions

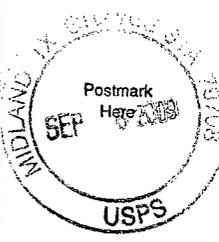
7009 0820 0001 1982 6016

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Ronald Walker Estate
 Street, Apt. No.; or PO Box No. 40 Forrest Trail
 City, State, ZIP+4 Basing Ridge, NJ 07920

PS Form 3800, August 2006 See Reverse for Instructions

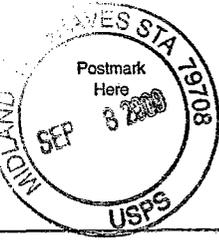
7009 0820 0001 1982 5989

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Larry A. Nermys
 Street, Apt. No.; or PO Box No. NC 37, Box 406
 City, State, ZIP+4 Sidney, MT 59270

PS Form 3800, August 2006 See Reverse for Instructions

7009 0820 0001 1982 6028

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Total Postage & Fees	\$



Sent To Ronnie Westbrook
 Street, Apt. No.; or PO Box No. 2809 Haynes
 City, State, ZIP+4 Midland, TX 79705

PS Form 3800, August 2006 See Reverse for Instructions

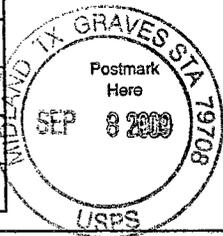
7009 0820 0001 1982 5941

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Quana Exploration
 Street, Apt. No.; or PO Box No. P.O. Box 494
 City, State, ZIP+4 Midland, TX 79702

PS Form 3800, August 2006 See Reverse for Instructions

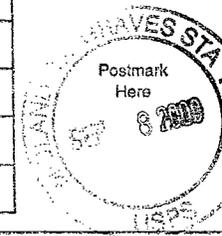
7009 0820 0001 1982 5972

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Oxy USA WTP Limited Partnership
 Street, Apt. No.; or PO Box No. Lock Box 841735
 City, State, ZIP+4 DALLAS, TX 75284-1735

PS Form 3800, August 2006 See Reverse for Instructions

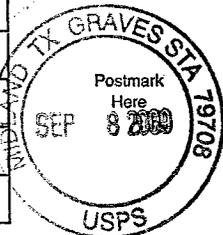
7009 0820 0001 1982 5965

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To C.A + Diane Roberts
 Street, Apt. No.; or PO Box No. P.O. Box 2036
 City, State, ZIP+4 Granite Shoals, TX 78654

PS Form 3800, August 2006 See Reverse for Instructions

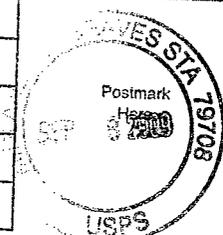
7009 0820 0001 1982 5965

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Sent To Plantation Operating LLC
 Street, Apt. No.; or PO Box No. 2203 Timberloch Pl. Suite 22
 City, State, ZIP+4 The Woodlands, TX 77380

PS Form 3800, August 2006 See Reverse for Instructions

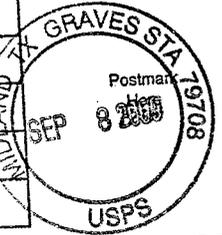
7009 0820 0001 1982 5927

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Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Sabine Royalty Trust
 Street, Apt. No.; or PO Box No. LBX 840897
 City, State, ZIP+4 DALLAS, TX 75284

PS Form 3800, August 2006 See Reverse for Instructions

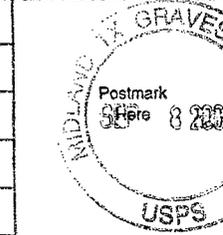
7009 0820 0001 1982 5958

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OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To W.T. Probandt
 Street, Apt. No.; or PO Box No. 415 W. Wall St. # 2206
 City, State, ZIP+4 Midland, TX 79701

PS Form 3800, August 2006 See Reverse for Instructions

7009 0820 0001 1982 5897

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To *Everett R. Stanley Estate*

Street, Apt. No., or PO Box No. *600 S. Spring St*

City, State, ZIP+4 *Los Angeles, CA 90054*

PS Form 3800, August 2006 See Reverse for Instructions

7009 0820 0001 1982 5903

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To *Roy G. Barton & Opel Barton*

Street, Apt. No., or PO Box No. *1919 N. Turner St.*

City, State, ZIP+4 *Hobbs, NM 88240*

PS Form 3800, August 2006 See Reverse for Instructions

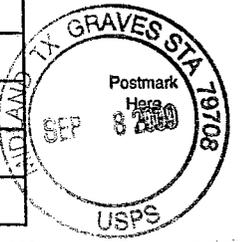
7009 0820 0001 1982 5911

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Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To *Mauris Mgmt. Svc.*

Street, Apt. No., or PO Box No. *P.O. Box 5810*

City, State, ZIP+4 *Denver, CO 80217*

PS Form 3800, August 2006 See Reverse for Instructions

Ezeanyim, Richard, EMNRD

From: Bob Turner [bobt@dakotares.com]
Sent: Thursday, September 24, 2009 4:50 PM
To: Ezeanyim, Richard, EMNRD
Subject: Commingling Application

Richard,

Thanks for the e-mail.

- 1) Dakota's OGRID number is 5691
- 2) The API numbers were copied from the Well Diagram and had an error and should be as follow:

Wallen Federal #1 – API# 30-025-23861

Wallen Federal #4 – API# 30-025-24291



- 3) All of the wells are from the Teas Yates Pool (both Wallen Federal wells and Federal #1 well).
These wells have a different federal lease and mineral interest owners only.
We were concerned about transport off-lease and subsequent measurement.

I will begin working on the checklist and get it to you expeditiously.

Thanks,

Bob Turner
Dakota Resources
Office (432)697-3420
Mobile (432) 631-4659

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4912 N Midkiff
Midland, Texas
(432) 697-3420
Fax - (432) 697-3400



Fax

To: Richard Ezeanyin From: Bob Turner
 Fax: 505-476-3462 Pages: 2
 Phone: _____ Date: 9/25/09
 Re: _____ cci: _____

- Urgent For Review Please Comment Please Reply Please Recycle

• **Comments:** Select this text and delete it or replace it with your own. To save changes to this template for future use, choose Save As from the File menu. In the Save As Type box, choose Document Template. Next time you want to use it, choose New from the File menu, and then double-click your template.

Administrative Checklist as per your request. Proof of notification submitted w/ prior application for commingling.

Thanks
Bob T.

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

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.

Robert G. Turner
Print or Type Name

Signature

Operations Engineer
Title

9/24/2009
Date

bobt@dakotares.com
e-mail Address

Ezeanyim, Richard, EMNRD

From: Bob Turner [bobt@dakotares.com]
Sent: Thursday, September 24, 2009 5:02 PM
To: Ezeanyim, Richard, EMNRD
Subject: fax?

Richard,

I have the Administrative Checklist Completed.

Do you have a fax or should I mail it to you?

Bob Turner
Dakota Resources
Office (432)697-3420
Mobile (432) 631-4659

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

Ezeanyim, Richard, EMNRD

From: Bob Turner [bobt@dakotares.com]
Sent: Thursday, September 24, 2009 4:50 PM
To: Ezeanyim, Richard, EMNRD
Subject: Commingling Application

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59090

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We were concerned about transport off-lease and subsequent measurement.

I will begin working on the checklist and get it to you expeditiously.

Thanks,

Bob Turner
Dakota Resources
Office (432)697-3420
Mobile (432) 631-4659

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Ezeanyim, Richard, EMNRD

From: Bob Turner [bobt@dakotares.com]
Sent: Wednesday, October 21, 2009 3:11 PM
To: Ezeanyim, Richard, EMNRD
Subject: Federal #1 Commingling

Richard,

I just wanted to give you an update.

I talked to the BLM today, the lead engineering tech that is working on the commingling application.

He asked for a couple more pieces of information.

I have already put them in the mail, today.

Hopefully, this will get the ball rolling again.

I will follow up with him early next week.

Thanks for your patience.

Bob Turner
Dakota Resources
Office (432)697-3420
Mobile (432) 631-4659

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

OPERATOR'S COPY

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

<p>1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other</p> <p>2. Name of Operator Dakota Resources</p> <p>3a. Address 4912 N. Midkiff, Midland, Texas 79705</p> <p>3b. Phone No. (include area code) 432-697-3420</p> <p>4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980 FSL & 1980 FEL, Sec 18 T20S-R34E</p>	<p>5. Lease Serial No. Fed LC-029512(C)</p> <p>6. If Indian, Allottee or Tribe Name</p> <p>7. If Unit or CA/Agreement, Name and/or No.</p> <p>8. Well Name and No. Federal #1</p> <p>9. API Well No. 30-025-08463</p> <p>10. Field and Pool, or Exploratory Area Teas Yates (7-Rivers)</p> <p>11. County or Parish, State Lea County, New Mexico</p>
---	--

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

It is proposed to have a dedicated separator which has only one direct inlet into the 3-phase separator. No other wells will be piped to the inlet. This 3-phase separator will separate the oil phase and have a meter on the oil outlet which will measure the oil production rate. The oil will then flow to a dedicated oil tank. Oil sales will be conducted via truck transport. A gas meter will be installed on the 3 phase separator to measure gas production; it is anticipated that the gas rate may be too small to measure at +/- 2 mcf/d. Gas from the dedicated Federal #1 separator will then be commingled and sold at the Existing DCP Midstream meter. Water will be unmeasured but will be commingled down stream of the separator into the water tank for the injection well.

**SUBJECT TO LIKE
APPROVAL BY STATE**

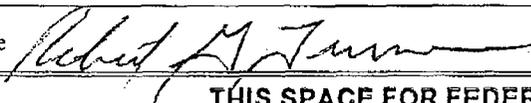
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Robert G. Turner

Title **Operation Engineer**

Signature



Date

09/03/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ JD Whitlock Jr

Title

LPEI

Date

11/27/09

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

Wallen Federal #1, 3, 4, 5, 6, 7, 8Y and Federal #1

Dakota Resources

November 27, 2009

Condition of Approval

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.