

Order Number
DAC
HOB-0362

API Number
30-025-37541

Operator
Encore Operating LP

County
Lea / Sf

Order Date
3/9/10

Well Name
Encore M State

Number
2

Location
225

UL
6

R(+Dir)
37E

Sec
19

Oil %
50%

Blinbry B&G (Oil)

Pool 1
06660

Gas %
50%

50%

Drinkard

Pool 2
19190

Pool 3

Pool 4

Comments: Posted RBDMs dm 3/9/10

DOWNHOLE COMMINGLE CALCULATIONS:

API# 30-025-39541
DHC-40B-0363

OPERATOR: Encore Operating LP

PROPERTY NAME: Encore m State

WNULSTR: # 2-G, 19-22c-37e

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u><06660></u> <u>Blinebry O+G <Oil></u> <u><19190></u>	<u>107</u>	<u>428 MCF</u> 4000
POOL NO. 2	<u>Drinkard</u>	<u>142</u>	<u>852 MCF</u> 6000
POOL NO. 3	_____	_____	_____ MCF
POOL NO. 4	_____	_____	_____ MCF
POOL TOTALS		<u>249</u>	<u>1280</u>

SECTION II:			GAS
POOL NO. 1	<u>Blinebry O+G <Oil></u>	<u>0:1</u> <u>50%</u>	<u>50%</u>
POOL NO. 2	<u>Drinkard</u>	<u>50% x 249 = 124.5</u> <u><125></u>	<u>50%</u>
POOL NO. 3	_____	_____	_____
POOL NO. 4	_____	_____	_____

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>50% ÷ 142 = 284</u>	_____
SECTION IV:	<u>50% x 284 = 142</u>	_____
	<u>50% x 284 = 142</u>	_____
	_____	_____
	_____	_____

Submit 3 Copies To Appropriate District
 Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1201 W. Grand Ave., Artesia, NM 88210
 District III
 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-10
 June 19, 2006

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MAR 03 2010
HOBBSD
 OIL CONSERVATION DIVISION
 220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-39541

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
 ENCORE "M" STATE

8. Well Number 002

9. OGRID Number 189951

10. Pool name or Wildcat
 DRINKARD/Blinebry

SUNDRY NOTICES AND REPORTS ON WELLS
 (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.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
 ENCORE OPERATING, L.P.

3. Address of Operator
 777 MAIN STREET, STE. 1400 FORT WORTH, TX. 76102

4. Well Location
 Unit Letter G : 1700 feet from the NORTH line and 1700 feet from the EAST line
 Section 19 Township 22S Range 37E NMPM LEA Count /

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3417'

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

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

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Encore Operating, L.P. respectfully request approval to Downhole Commingle Blinebry (06660) and the Drinkard (19190) pools according to Division Order No. R-11363. The perms for the Blinebry are 5511 - 5622 and the Drinkard are 6440 - 6686. Ownership percentage of ownership between the pools is identical. Encore will use periodic annual testing as the allocation method. Attached is Form C-107A. A previous approved Commingle exception was given to API# 30-025-38961.

DHC - HOB - 0362

Spud Date: 12/9/2009

Rig Release Date: 1/6/10

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

SIGNATURE [Signature] TITLE REGULATORY MANAGER DATE 3/2/2010

Type or print name ANN BURDETTE WILEY E-mail address: awiley@encoreacq.com PHONE: 817-877-995

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAR 08 2010

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88249
 District II
 1221 W. Grand Ave., Artesia, NM 88210
 District III
 Rio Brazos Rd., Aztec, NM 87710
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Amended

Form C-10
 June 19, 2009

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

WELL API NO. 30-025-39541

5. Indicate Type of Lease

STATE FFE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

ENCORE "M" STATE

8. Well Number 002

9. OGRID Number 189951

10. Pool name or Wildcat

DRINKARD/Blinebry

SUNDRY NOTICES AND REPORTS ON WELLS

(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.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator

ENCORE OPERATING, L.P.

3. Address of Operator

777 MAIN STREET, STE. 1400 FORT WORTH, TX. 76102

4. Well Location

Unit Letter G : 1700 feet from the NORTH line and 1700 feet from the EAST line
 Section 19 Township 22S Range 37E NMPM LEA Cont

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3417'

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPL
 DOWNHOLE COMMINGLE

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB

OTHER:

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Encore Operating, L.P. respectfully request approval to Downhole Commingle Blinebry (06660) and the Drinkard (19190) commingle according to Division Order No. R-11363. The perms for the Blinebry are 5511 - 5622 and the Drinkard are 6440 - 6686. Ownership percentage of ownership between the pools is identical. Encore will use periodic annual testing as the allocation method. Attached is Form C-107A. A previous approved Commingle exception was given to API# 30-025-38961.

DHC-408-0363

Spud Date:

12/9/2009

Rig Release Date:

1/6/10

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

SIGNATURE Ann Burdette Wiley TITLE REGULATORY MANAGER DATE 3/2/2010

Type or print name ANN BURDETTE WILEY E-mail address: awiley@encoreacq.com PHONE: 817-877-9951

For State Use Only

APPROVED BY:

[Signature]

TITLE

METROLEUM ENGINEER

DATE

MAR 08 2010

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

District II
1301 W. Grand Avenue, Artesian, NM 89210

District III
1000 Rio Brises 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 3-107
Revised June 10, 2000

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HOBSOCD

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pool
EXISTING WELL BOR
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

ENCORE OPERATING, L.P. 777 MAIN STREET, FORT WORTH, TX. 76102
Operator Address

ENCORE M STATE 2 G - SEC. 19 - 22S - 37E LEA
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 189951 Property Code API No. 30-025-39541 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLINEBURY		DRINKARD
Pool Code	06660		19190
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5511 - 5622		6440 - 6686
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)	40.2		40.2
Producing, Shut-In or 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: 2/21/2010 Rates: 88/167/258	Date: Rates:	Date: 2/21/2010 Rates: 88/167/258
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required)	Oil 50 % Gas 50 %	Oil % Gas %	Oil 50 % Gas 50 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
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: _____

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.

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

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

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State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-10
Revised October 12, 2001

Submit to Appropriate District Office:
State Lease - 1 Copy
Fee Lease - 1 Copy

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-39541	Pool Code 06660	Pool Name Blinbury
Property Code	Property Name ENCORE M STATE	Well Number 2
OGRID No. 189951	Operator Name ENCORE OPERATING, L.P.	Elevation 3417'

Surface Location

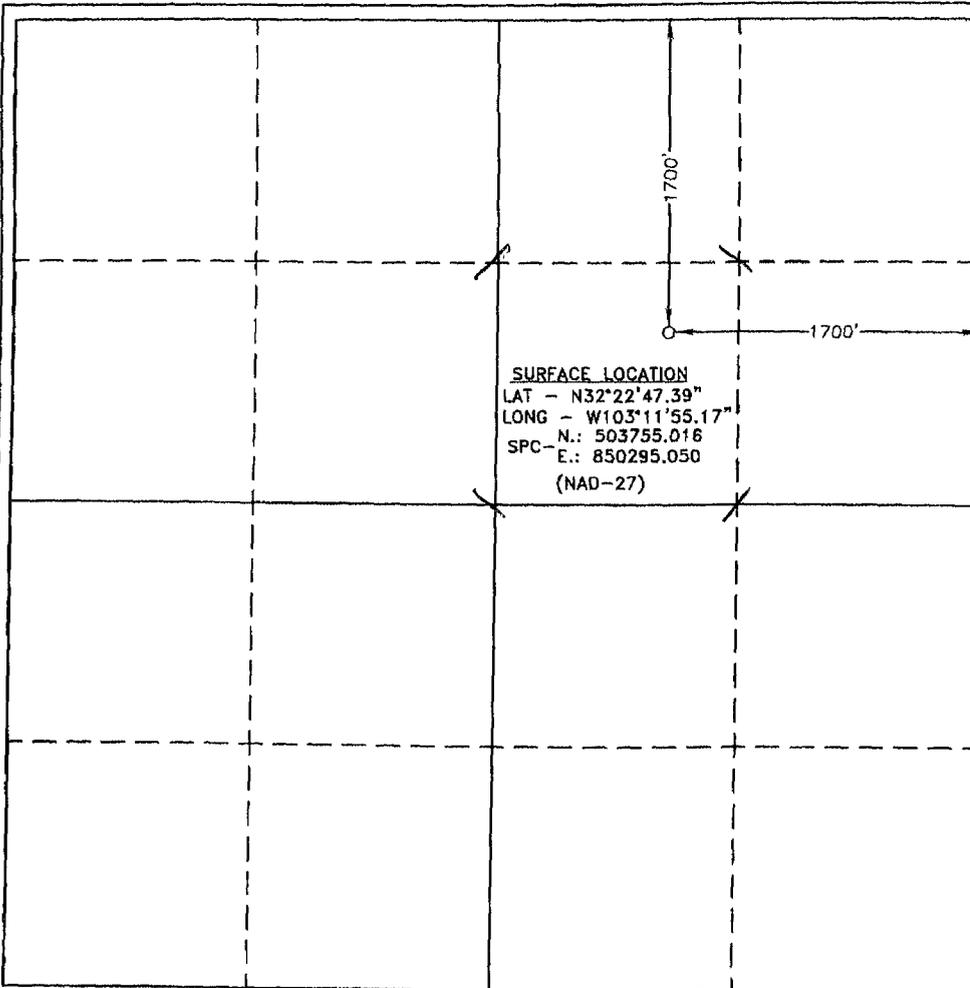
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
G	19	22 S	37 E		1700	NORTH	1700	EAST	LEA

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	Count

Dedicated Acres	Joint or Infill	Consolidation Code	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



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 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 in the division.

[Signature]
Signature
9/27/09
Date

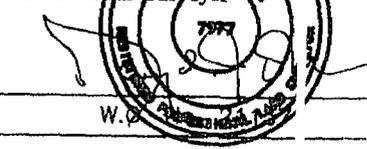
Ann Burdette Wilkey
Printed Name

SURVEYOR CERTIFICATION

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

FEBRUARY 19, 2009

Date Survey
Signature
Professional Surveyor



Certificate No. Gary L. Jones: 79

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

DISTRICT II
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DISTRICT III
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State of New Mexico
Energy, Minerals and Natural Resources Department

CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-10
Revised October 12, 2001

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-39541	Pool Code 19190	Pool Name Orinkard
Property Code	Property Name ENCORE M STATE	Well Number 2
OGRID No. 189951	Operator Name ENCORE OPERATING, L.P.	Elevation 341'

Surface Location

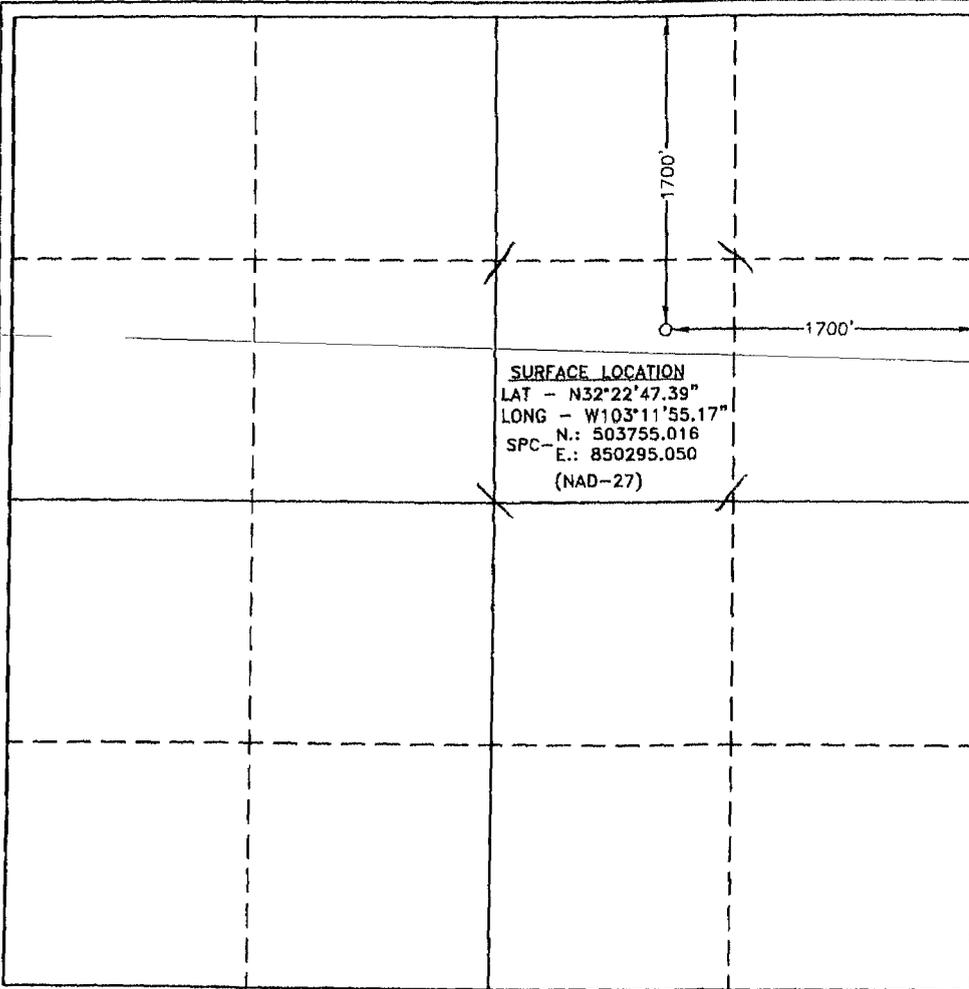
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
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Bottom Hole Location if Different From Surface

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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Ann Burdette Wilkey
Signature
Date 2/19/09

Ann Burdette Wilkey
Printed Name

SURVEYOR CERTIFICATION

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

FEBRUARY 19, 2009
Date Surveyed

Gary L. Jones
Signature of State Professional Surveyor

Professional Surveyor

Certificate No. Gary L. Jones

BASIN SURVEYS