

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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-107A
Revised June 10, 2003

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

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

E.G.L. Resources, Inc.

P.O. Box 10886, Midland, Texas 79702

Operator Baldridge Federal Com. 1 Address Unit J, Section 14, Township 24-S, Range 24-E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 173413 Property Code 024789 API No. 30-015-23970 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Mosley Canyon		Baldridge Canyon
Pool Code	81470		71420
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9,824' to 9,838'		10,953' to 10,959'
Method of Production (Flowing or Artificial Lift)	Flowing	RECEIVED AUG 19 2004 OCD-ARTESIA	Flowing
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)	1,441 psia		2,596 psia
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1,043		1,022
Producing, Shut-In or New Zone	Producing		Shut-in under packer
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: July 1-25, 2004 avg Rates: 0 BOPD / 644 MCFPD / 0 BWPD @ 618 PSIG Line Pressure	Date: Rates:	Date: January 2000 avg Rates: 0 BOPD / 217 MCFPD / 0 BWPD @ 517 PSIG Line Pressure
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 75% 75%	Oil Gas % %	Oil Gas 25% 25%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
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:

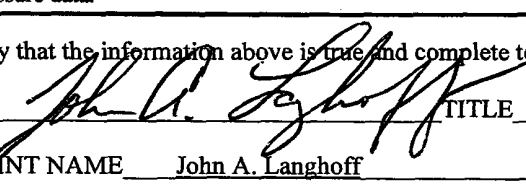
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE  TITLE Petroleum Engineer DATE August 3, 2004
TYPE OR PRINT NAME John A. Langhoff TELEPHONE NO. (432) 687-6560
E-MAIL ADDRESS johnl@egresources.com

**BALDRIDGE FEDERAL NO. 1
2050' FSL & 1490' FEL
SEC. 14, TWP. 24-S, RGE. 24-E
EDDY COUNTY, NEW MEXICO**

ATTACHMENT TO APPLICATION FOR DOWNHOLE COMMINGLING

Application is being made to downhole commingle production from the Baldridge Canyon (Morrow) field and the Mosley Canyon (Strawn) field within the Baldridge Federal No. 1 wellbore. The following explanation and attachments are submitted as justification for the downhole commingling of production.

Baldridge Canyon (Morrow) Field

The Baldridge Federal No. 1 was drilled in 1982 and completed in the Morrow "E" sand. The well produced from the Morrow formation until February 2000 with a cumulative production of approximately 2.66 BCFG.

The initial reservoir pressure was 4,330 psi. A pressure buildup test performed in August 1999 indicated the Morrow "E" sand pressure was 2,596 psi prior to the well being re-completed to the Strawn formation. The pressure data indicates that the Morrow formation has a minimum of 2 BCFG recoverable reserves remaining in place.

Prior to recompleting to the Strawn formation, the Morrow formation was producing approximately 217 MCFPD with 517 psig flowing tubing pressure. The flowrate was insufficient to continuously lift fluids from the well and the completion was experiencing liquid loading.

Mosley Canyon (Strawn) Field

The Baldridge Federal No. 1 was re-completed to the Strawn formation in February 2000 and has produced approximately 2.08 BCFG.

Pressure data obtained in April 2000 indicated the Strawn reservoir pressure was initially 3,327 psi. A pressure buildup test run in April 2004 found that the reservoir pressure had declined to 1,441 psi. Volumetric pressure analysis indicates that the Strawn formation has remaining recoverable reserves of 0.9 BCFG.

In April 2004, gas flow rate had declined to 940 MCFPD at 575 psig flowing tubing pressure, which is approximately the critical rate to continuously transport liquid from the wellbore. The well is beginning to experience liquid loading as exhibited by production rates sharply declining from 940 MCFPD to 340 MCFPD over a 16 day period. The average gas rate was 644 MCFPD at 618 psig for the first 25 days in July 2004.

Commingling Justification

The primary reason to commingle production from the Morrow and Strawn formations is to increase gas deliverability of the well allowing liquid to be efficiently transported from

the well, improving operations, lowering bottomhole pressure, and maximizing reserve recovery.

As noted above, the Strawn reserves are 0.9 BCFG and the Morrow reserves are greater than 2.0 BCFG. The time to recover the remaining Strawn reserves is 7 years when calculated using historical production decline rate. The time to recover the remaining Morrow reserves is estimated to be in excess of 40 years. The mechanical life of the wellbore starts to come into question when discussing lengthy production lives. Commingling production from the Strawn and Morrow formation will reduce the number of years required to recover reserves and aid reserve recovery.

Additional drilling in this lease has been restricted due to its' close proximity to the Carlsbad Caverns area. Should this well experience mechanical problems warranting abandonment, it is unlikely that a replacement well will be drilled to recover remaining reserves. Efficient utilization of the Baldrige Federal No. 1 well is necessary to recover gas reserves from the Strawn and Morrow formations.

Fixed Allocation Percentage

The most recent data available for each zone was utilized to allocate the gas production rate. The data supports a gas allocation of 75% to the Mosley Canyon (Strawn) and 25% to the Baldrige Canyon (Morrow). Condensate production has not been associated with this well, however, should there be any condensate production it will be allocated at the same percentages as the gas production.

Summary

In order to prevent waste and maximize oil and gas recovery, E.G.L. Resources, Inc. proposes to commingle production from the Baldrige Canyon (Morrow) and the Mosley Canyon (Strawn) fields within the Baldrige Federal No. 1 well.

Attachments: C-102 for Mosley Canyon Strawn (Gas)
C-102 for Baldrige Canyon Morrow (Gas)
Well Data Sheet (Current Completion)
Well Proposal Sheet (Proposed Completion)
Baldrige Canyon (Morrow) Rate/Time Graph
Baldrige Canyon (Morrow) Pressure/Time Graph
Baldrige Canyon (Morrow) Pressure/Cum Graph
Baldrige Canyon (Morrow) Custom Graph (Rate & Pressure/Cum Graph)
Mosley Canyon (Strawn) Daily Rate & Flowing Tbg Pressure/Time Graph
Mosley Canyon (Strawn) Daily Rate/Cum Graph

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

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-23970		² Pool Code 81470		³ Pool Name Mosley Canyon Strawn (Gas)	
⁴ Property Code 024789		⁵ Property Name Baldridge Federal Com.			⁶ Well Number 1
⁷ OGRID No. 173413		⁸ Operator Name E.G.L. Resources, Incorporated			⁹ Elevation 4518' GL

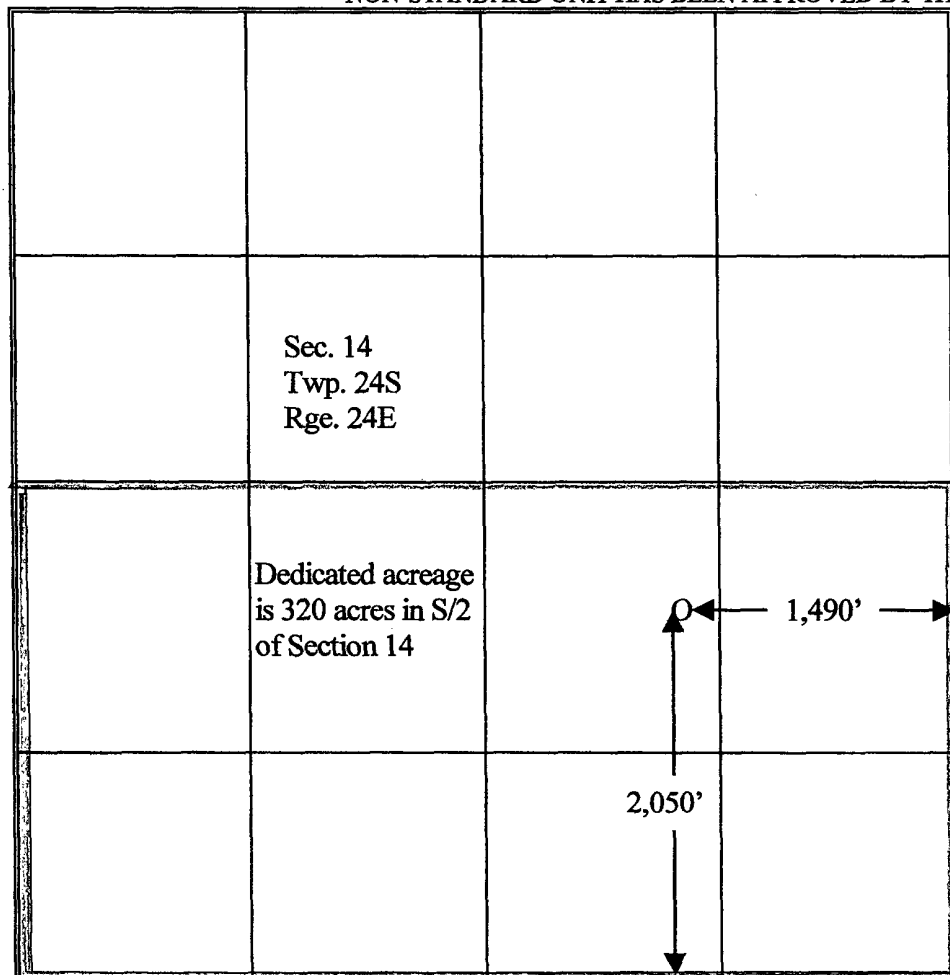
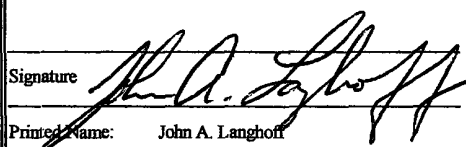
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	14	24S	24E		2050	South	1490	East	Eddy

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		¹³ Joint or Infill N		¹⁴ Consolidation Code C		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

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: </p> <p>Printed Name: John A. Langhoff</p> <p>Title: Petroleum Engineer</p> <p>Date: August 3, 2004</p>
	<p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p> <p>Certificate Number</p>

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

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe. NM 87505

Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-23970	² Pool Code 71420	³ Pool Name Baldridge Canyon Morrow (Gas)
⁴ Property Code 024789	⁵ Property Name Baldridge Federal Com.	⁶ Well Number 1
⁷ OGRID No. 173413	⁸ Operator Name E.G.L. Resources, Incorporated	⁹ Elevation 4518' GL

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
J	14	24S	24E		2050	South	1490	East	Eddy

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	¹³ Joint or Infill N	¹⁴ Consolidation Code C	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

	Sec. 14 Twp. 24S Rge. 24E	Dedicated acreage is 320 acres in S/2 of Section 14	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>
			Signature: Printed Name: John A. Langhoff Title: Petroleum Engineer Date: August 3, 2004
	Dedicated acreage is 320 acres in S/2 of Section 14	Date of Survey Signature and Seal of Professional Surveyer:	¹⁸ SURVEYOR CERTIFICATION <i>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.</i>
			Certificate Number

WELL DATA SHEET

FIELD: Mosley Canyon

WELL NAME: Baldridge Fed. No. 1

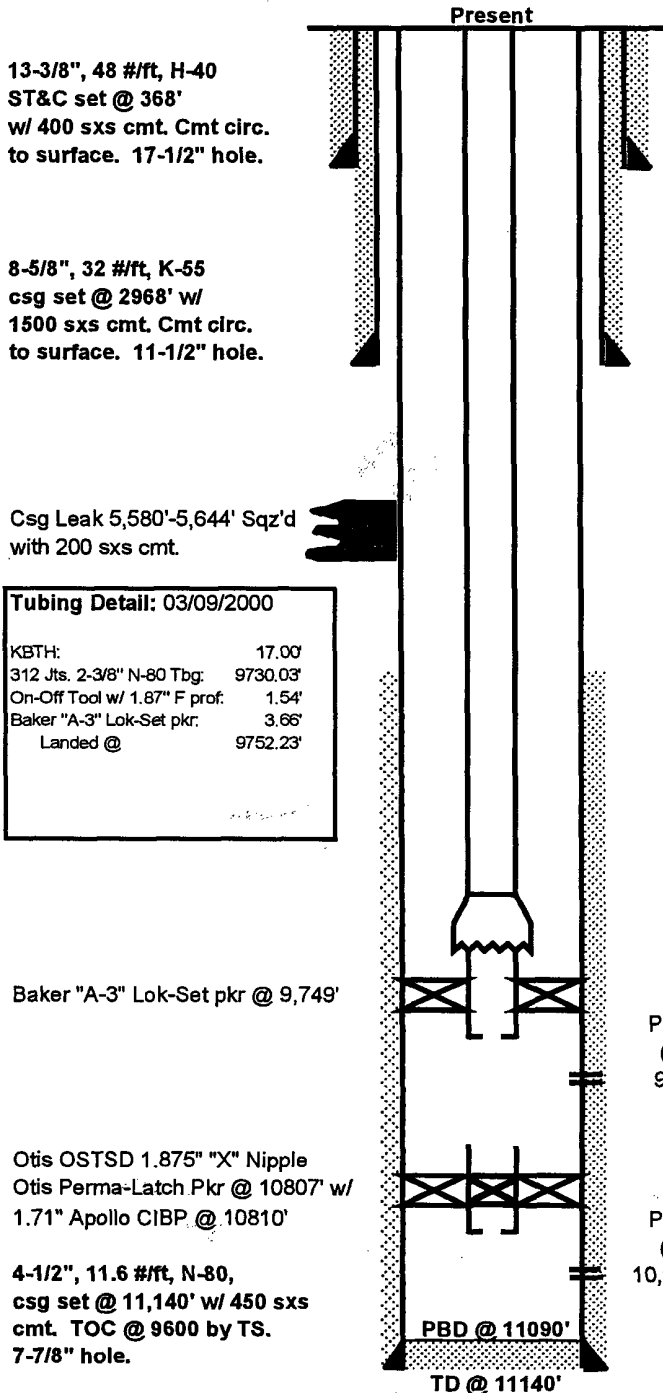
FORMATION: Strawn

LOC: 2050' FSL & 1490' FEL
SEC: 14 **TWP:** 24S **RGE:** 24E

COUNTY: EDDY
STATE: NM

GL: 4518'
KB to GL: 17.0'

CURRENT STATUS: Producer
API NO: 30-015-23970



Date Completed: 5/12/1982

Initial Production: 0 BOPD / 0 BWPD / 2458 MCFGPD FLOWING WITH 2404 PSIG FTP.

Initial Formation: Morrow **From:** 10953' **To:** 10959'

Completion Data:

Completed to flow up 2-3/8" tubing with packer set at 10844'. Well was acidized w/ 1,000 gal 7-1/2% spearhead acid w/ ball sealers. Broke down @ 2,200#, balled out @ 6,000#, surge balls & finish pumping 13 bbls flush. Fracture stimulated w/ 10,000 gal MS, 5,000 gal CO₂, 8,000# 20-40 sand, & 2,000# 20-40 bauxite. Treating rate was 8.6 BPM at average pressure of 6,800#. ISIP 2,200#, 10" 2,100#, 15" 2,000#. Original BHP from DST data 4,254#.

Wellbore History:

9/97 Repaired leak in tubing.

8/99 Run pressure buildup. Max pressure 2,128#.

2/00 Set CIBP in pkr @ 10,807'. POOH w/ tbg. Locate csg leak f/ 5580'-5644' and cmt sqz w/ 200 sxs. Drill out & test to 500 psi. Perf Strawn f/ 9824'-38'. Run prod. equip. Swab well in to flow 2.7 MMCFPD w/ 1200 psig FTP.

Additional Data:

DST #1 - 9780'-9860' (Strawn sand). Op 30", SI 1', Op 2', & SI 4'. GTS 8" FARO 3,050 MCFPD on preflow. FARO 4,205 MCFPD on reg. flow on 3/4" ck. Rec. 200' GCDM. SC/R @ 1450# was 10 CFG + 400 cc 40 deg. cond. 30" FP 504#, 1' ISIP 3938#, 2' FP 630#, and 4' FSIP 3938#.

DST #2 - 10227'-10267' (Strawn sand). Op 30", SI 1', Op 2', & SI 4'. GTS 14" FARO 758 MCFPD on preflow. Reg. flow of 1,600 MCFPD on 1/2" ck declining to 1,200 MCFPD at end of test. Rec. 98' GC & CCDM. SC/R @ 350# was 200 cc GC&MC cond. 30" FP 693#. 1' ISIP 4,003#, 2' FP 305#, 4' FSIP 2488# (depletion severe on test).

DST #3 - 10616'-10706'. Op 30", SI 1', Op 65", & SI 2'. Rec. 5350' GIDP & 120' DM. SC/R @ 120# was 3 CFG + 1500 cc DM. 30" FP 140#. 1' ISIP 1117#, 65" FP 140#, 2' FSIP 3931#.

DST #4 - 10725'-10788'. Op 30", SI 1', Op 1', & SI 2'. GTS 3" into reg. flow period - TSTM. Rec. 468' GCDM which was cut w/ formation wtr. SC/R @ 135# was 4 CFG + 1800 cc DM. 30" FP 84#, 1' ISIP 3347#, 1' FP 139#, and 2' FSIP 3403#.

DST #5 - 10900'-10950'. Op 30", SI 1', Op 1', & SI 2'. GTS 14" into reg. flow period ARO 60 MCFPD. Rec. 168' GCDM. SC/R @ 90# was 0.5 CFG + 2500 cc DM. 30" FP 56#, 1' ISIP 3958#, 1' FP 84#, and 2' FSIP 3956#.

FILE: BALFED_1.XLS
JAL 03-28-2000

WELL PROPOSAL SHEET

FIELD: Baldrige Canyon
FIELD: Mosley Canyon

WELL NAME: Baldrige Fed. No. 1

FORMATION: Morrow
FORMATION: Strawn

LOC: 2050' FSL & 1490' FEL
SEC: 14 TWP: 24S RGE: 24E

COUNTY: EDDY
STATE: NM

GL: 4518'
KB to GL: 17.0'

CURRENT STATUS: Producer
API NO: 30-015-23970

13-3/8", 48 #/ft, H-40
ST&C set @ 368'
w/ 400 sxs cmt. Cmt circ.
to surface. 17-1/2" hole.

8-5/8", 32 #/ft, K-55
csg set @ 2968' w/
1500 sxs cmt. Cmt circ.
to surface. 11-1/2" hole.

Csg Leak 5,580'-5,644' Sqz'd
with 200 sxs cmt.

Tubing Detail: 03/09/2000

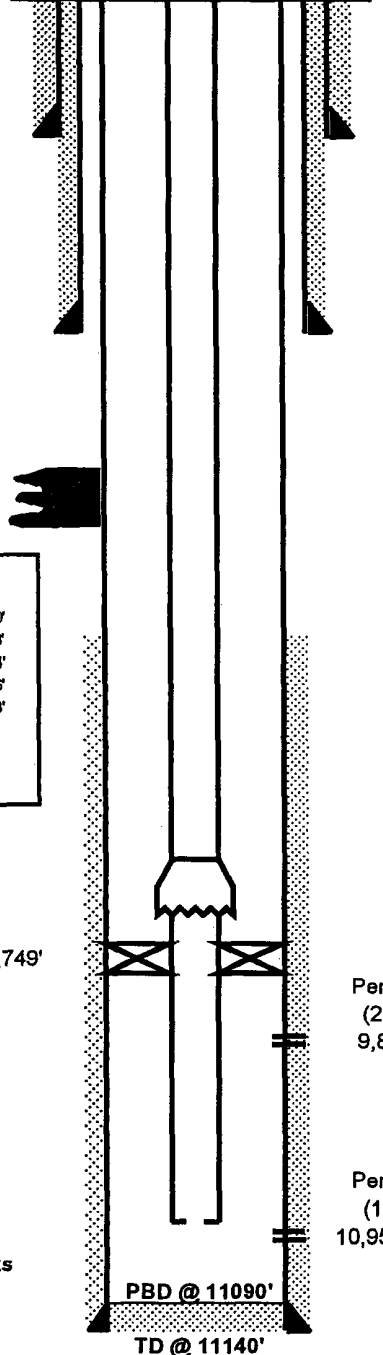
KBTH:	17.00'
312 Jts. 2-3/8" N-80 Tbg:	9730.03'
On-Off Tool w/ 1.87" F prof:	1.54'
Baker "A-3" Lok-Set pkr:	3.66'
Landed @	9752.23'

Baker "A-3" Lok-Set pkr @ 9,749'

4-1/2", 11.6 #/ft, N-80,
csg set @ 11,140' w/ 450 sxs
cmt. TOC @ 9600 by TS.
7-7/8" hole.

FILE: BALFED_1.XLS
JAL 07-28-2004

Proposed Commingled Completion



Proposed Commingle Procedure:

1. Test casing prior to MIRU.
2. MIRU workover unit.
3. Set plug in On-Off tool.
4. ND wh. Rise On/Off tool. NU BOP.
5. Swb down csg to 6000'
6. Latch On/Off tool. Rise pkr & POOH.
7. RIH w/ ported sub & On/Off tool skirt.
8. Latch On/Off tool @ +/-10,807'. Rise pkr & POOH.
9. RIH w/ tailpipe, pkr, On/Off tool, & tbg.
10. Set pkr @ +/- 9,750' & tailpipe @ +/-10,950'.
11. ND BOP. NU wellhead.
12. Swb well in to flowing completion.
13. RD workover unit & clean location. MOL.

Rate/Time Graph

Project: C:\JAL_FILE\Programs\IHS Energy\PowerTools v5.0\Projects\bal_fed1.mdb

Date: 6/1/2004

Time: 11:20 AM

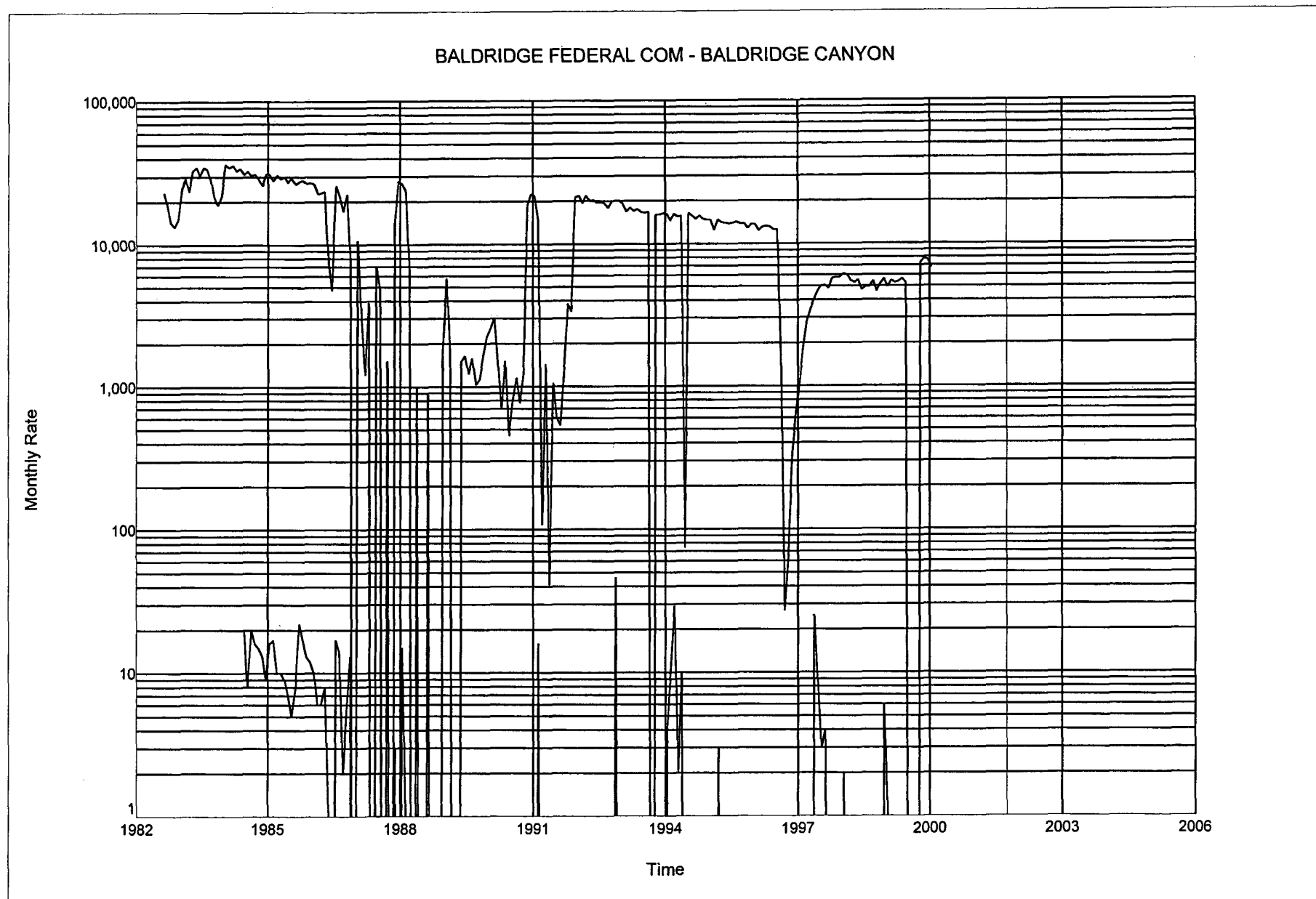
Lease Name: BALDRIDGE FEDERAL COM (1)

County, ST: EDDY, NM

Location: 14J 24S 24E NE NW SE

Operator: E G L RESOURCES

Field Name: BALDRIDGE CANYON *MORROW*



Pressure/Time Graph

Project: C:\JAL_FILE\Programs\IHS Energy\PowerTools v5.0\Projects\bal_fed1.mdb

Date: 6/1/2004

Time: 11:21 AM

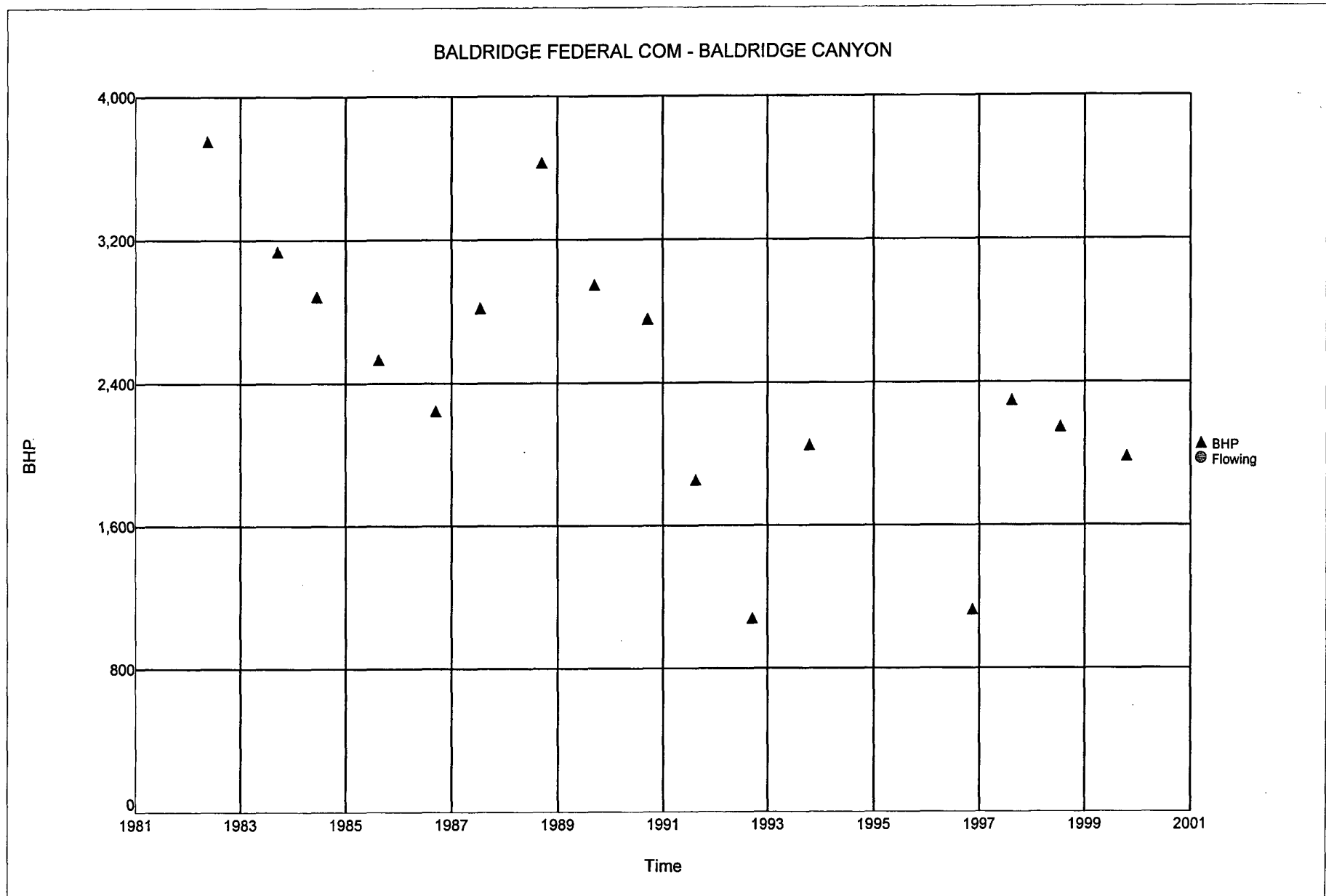
Lease Name: BALDRIDGE FEDERAL COM (1)

County, ST: EDDY, NM

Location: 14J 24S 24E NE NW SE

Operator: E G L RESOURCES

Field Name: BALDRIDGE CANYON *MORROW*



Pressure/Cum Graph

Project: C:\JAL_FILE\Programs\IHS Energy\PowerTools v5.0\Projects\bal_fed1.mdb

Date: 6/1/2004

Time: 11:21 AM

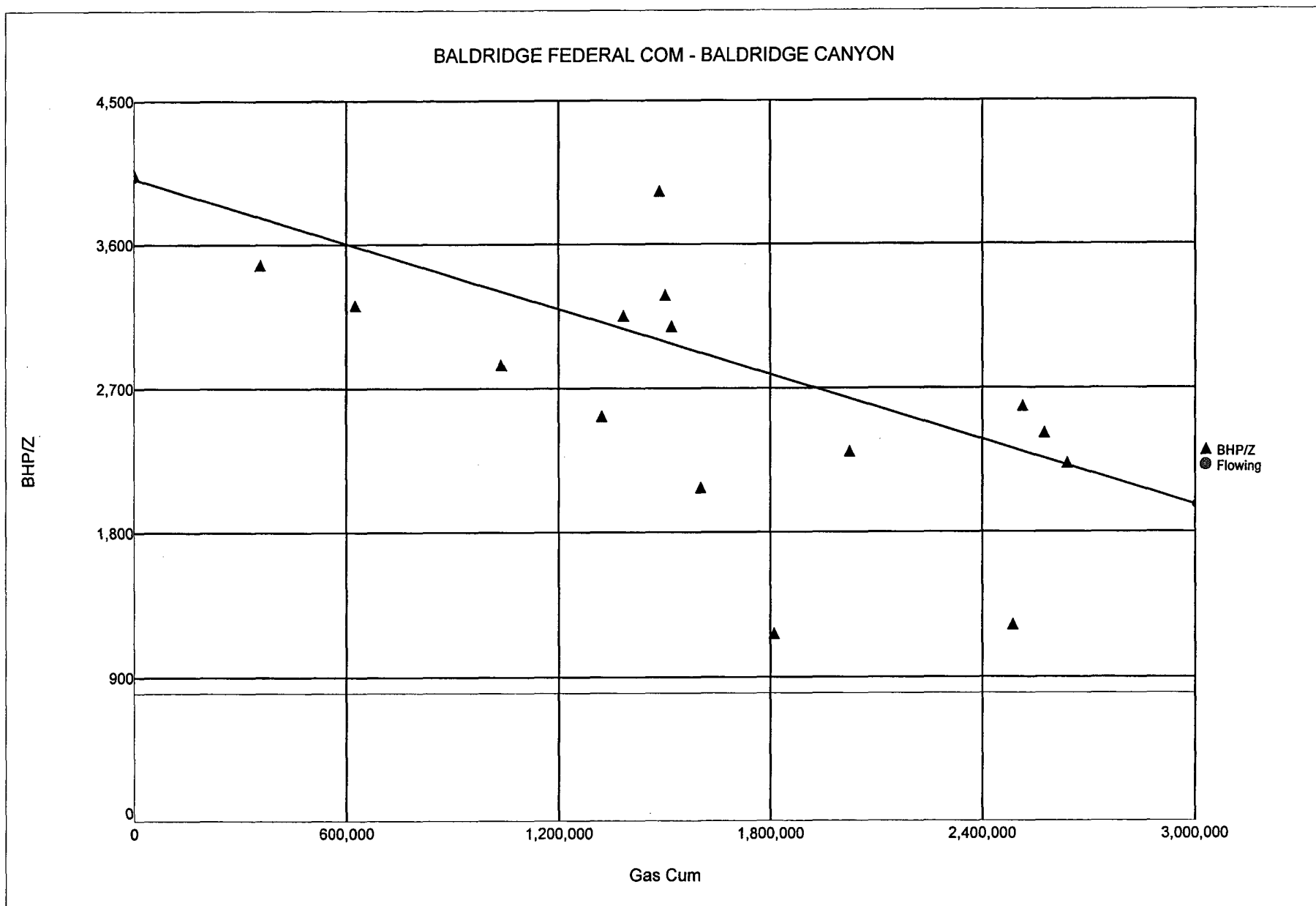
Lease Name: BALDRIDGE FEDERAL COM (1)

County, ST: EDDY, NM

Location: 14J 24S 24E NE NW SE

Operator: E G L RESOURCES

Field Name: BALDRIDGE CANYON *MORROW*



Custom Graph

Project: C:\JAL_FILE\Programs\IHS Energy\PowerTools v5.0\Projects\bal_fed1.mdb

Date: 6/1/2004

Time: 11:22 AM

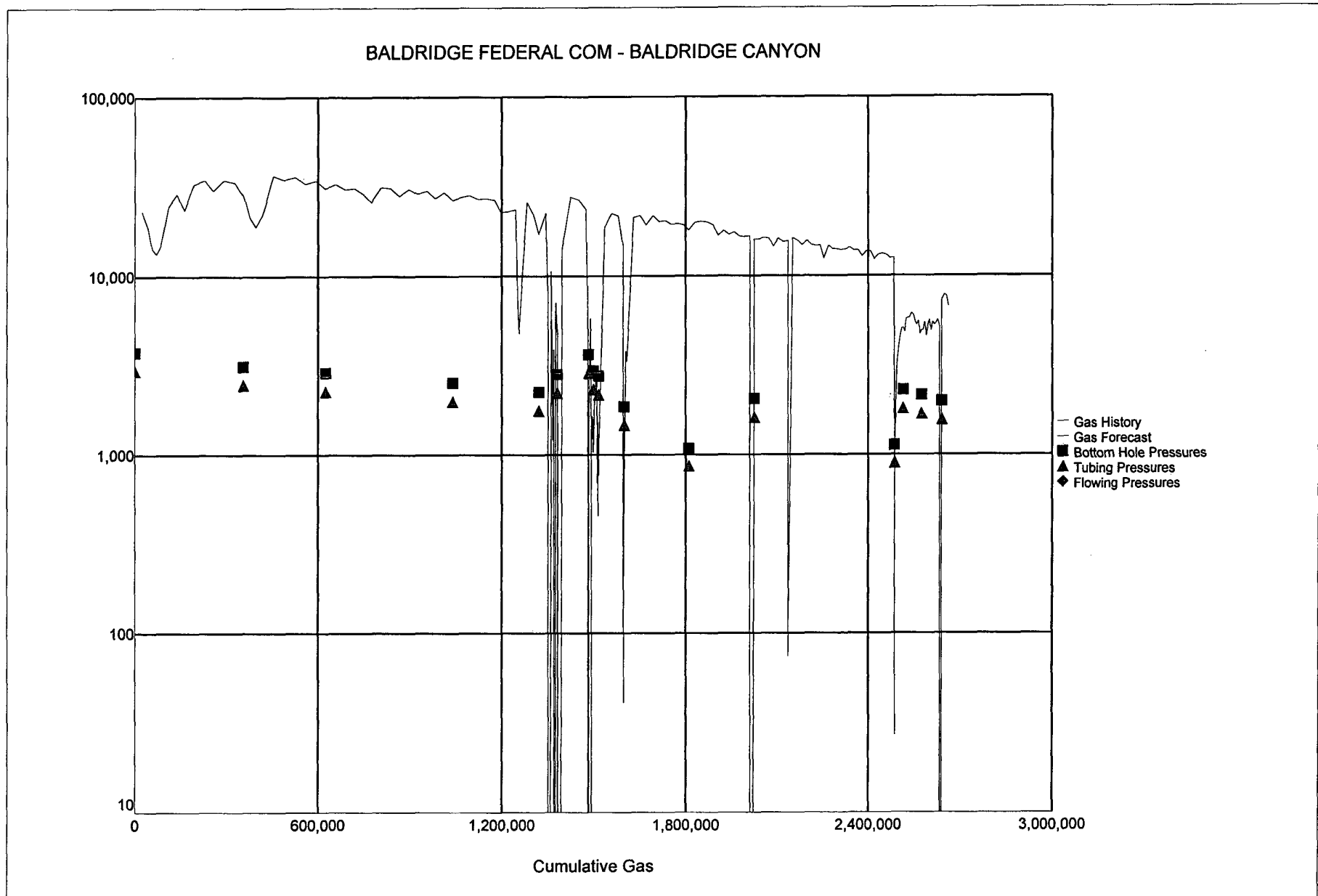
Lease Name: BALDRIDGE FEDERAL COM (1)

County, ST: EDDY, NM

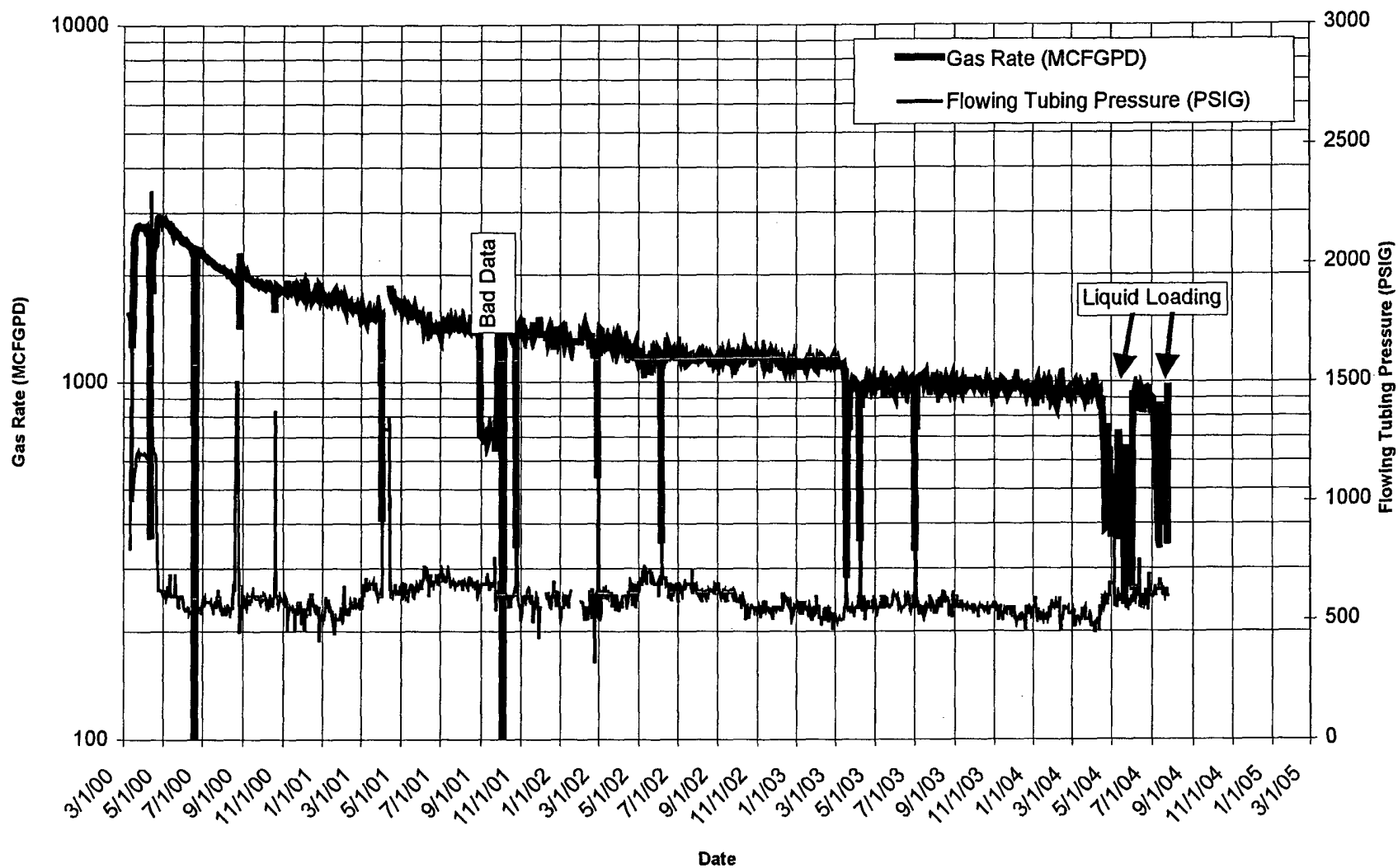
Location: 14J 24S 24E NE NW SE

Operator: E G L RESOURCES

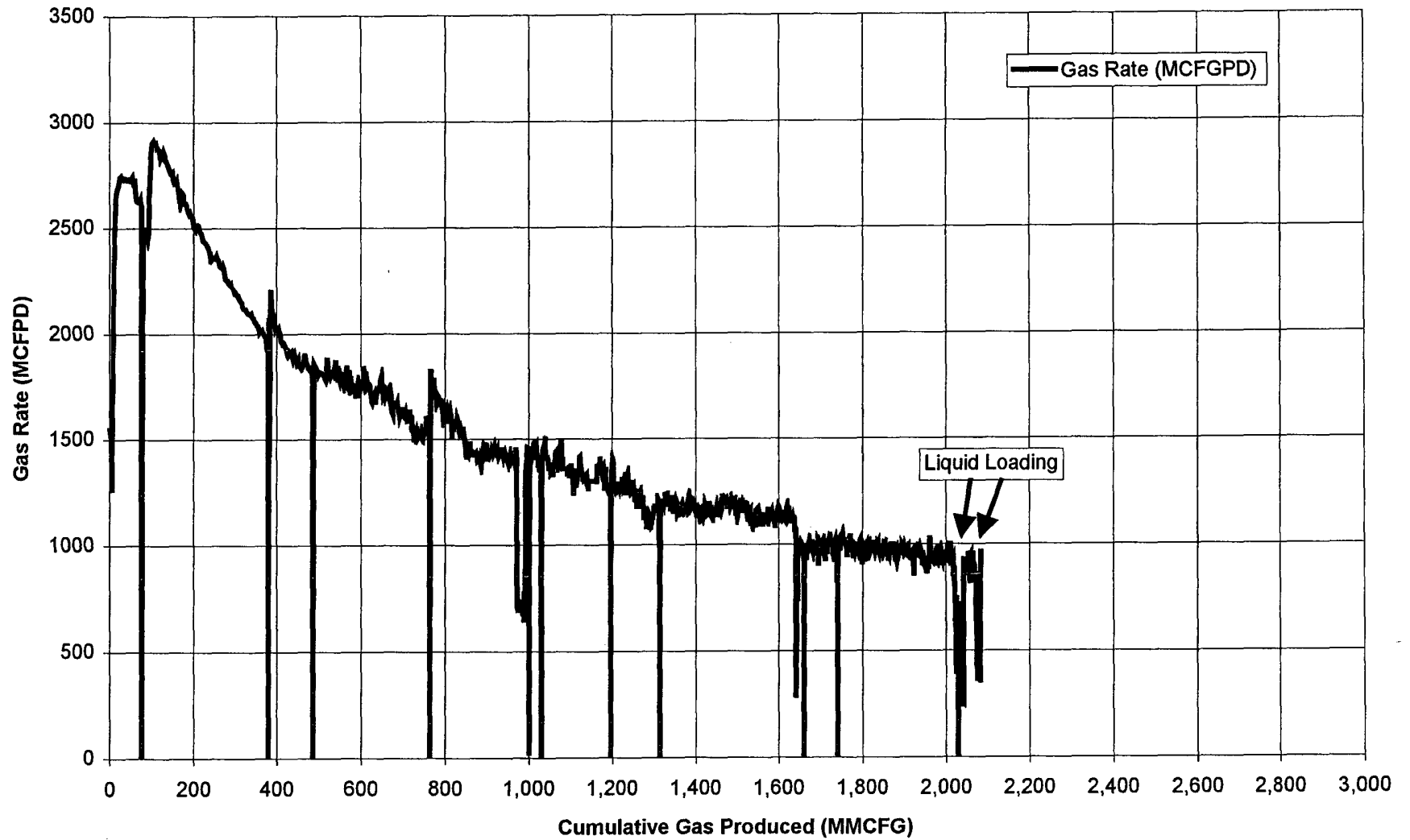
Field Name: BALDRIDGE CANYON *MORROW*



Baldridge Federal No. 1 - Strawn Daily Production Data 3/1/00 to 7/25/04



Baldrige Federal Com. No. 1 - Strawn Daily Production Data 3/10/00 to 7/25/04



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1301 W. Grand Avenue
Alamogordo NM 88210FORM APPROVED
OM B 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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator
E.G.L. Resources, Inc.3a. Address
PO Box 10886, Midland, TX 797023b. Phone No. (include area code)
432-687-65604. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2,050' FSL & 1,490' FEL
Sec. 14, Twp. 24-S, Rge. 24-E

5. Lease Serial No.

NM29202

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Baldridge Federal Com. No. 1

9. API Well No.

30-015-23970

10. Field and Pool, or Exploratory Area
Mosley Canyon Strawn (Gas)

11. County or Parish, State

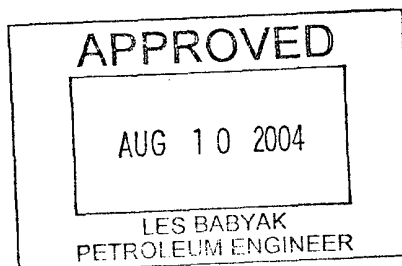
Eddy County, New Mexico

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 checked="" type="checkbox"/> Other Application filed to downhole commingle
	<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 recompleat 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 recompleat 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.)

Please note that E.G.L. Resources, Inc. has made application with the New Mexico Oil Conservation Division to downhole commingle production from the Mosley Canyon Strawn (Gas) pool and the Baldridge Canyon Morrow (Gas) pool. A copy of the application filed with the New Mexico Oil Conservation Division is attached.

SUBJECT TO
LIKE APPROVAL
BY STATE

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

John A. Langhoff

Title Petroleum Engineer

Signature

Date

08/03/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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)