

New Mexico Oil Conservation Division, District I

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1625 N. French Drive
Hobbs, NM 88240

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.

1. Type of Well Oil Well Gas Well Other

2. Name of Operator
John H. Hendrix Corporation

3a. Address 3b. Phone No. (include area code)
P. O. Box 3040 Midland TX 79702-3040 (432)684-6631

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Unit M, 990' FSL and 990' FWL Sec. 7, T23S, R37E

5. Lease Serial No.
NMLC 030556B

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Stevens B-12 No. 11

9. API Well No.
30-025-10661

10. Field and Pool, or Exploratory Area
Jalmat Gas Yates

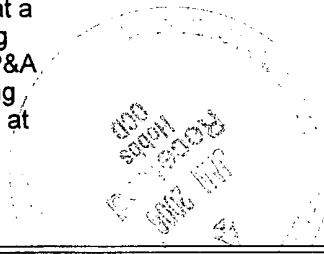
11. County or Parish, State
Lea, NM

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: <u>Central point of delivery & compression</u>
	<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 recomplate 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.)

Due to higher gas prices, we plan to tie this well into a central point of delivery which will also have a gas compressor located at the central point of delivery. This well has not produced since 2005. Duke, the gas purchaser has a high low volume fee and made it impossible to produce at low volumes at low gas prices. Since there are nine wells shut-in at this time, it is our intent to start testing one well at a time in January, 2006. In some wells it will be necessary to install test pumping equipment. If testing is not economical for a well, it will be recommended for P&A to the BLM. Attached is New Mexico OCD form C-136 requesting and receiving approval for the central point of delivery. If you have questions, please call me at 432-818-0122.



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Ronnie H. Westbrook

Title Vice President

Signature

Date 01/05/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

DAVID E. CLASS

SENIOR ENGINEER

Date

JAN 20 2006

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)

GWW

District I
1623 N. French Dr., Hobbs, NM 88240
District II
1501 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 E. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-136
Revised June 10, 2003

Submit Original
Plus 4 Copies
to appropriate
District Office

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD
Rule 403.B(1) or (2)

Operator Name: John H. Hendrix Corporation Operator No. 012024

Operator Address: P. O. Box 3040, Midland, TX 79702-3040

Lease Name: Stevens B-12 Type: State Federal Fee

Location: _____

Pool: Langlie Mattix Seven Rvrs - Queen & Jalmat

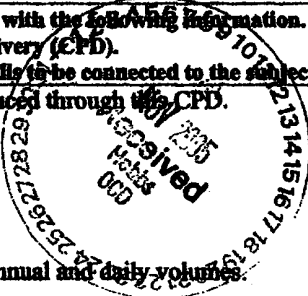
Requested Effective Time Period: Beginning 1/1/06 Ending Until economic limit reached 1/01/2011

APPROVAL PROCEDURE: RULE 403.B.(1)
Please attach a separate sheet with the following information.

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

APPROVAL PROCEDURE: RULE 403.B.(2) Please attach a separate sheet with the following information.
A separate application is required for each Central Point Delivery (CPD).
Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the subject CPD.

- 1) An ownership plat showing a description of the lease and all of the wells to be produced through the CPD.
 - a) List the wells which will be metered separately, including API No.
 - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.



Applicant will be responsible for filing OCD Form C-111 for the CPD.

OPERATOR
I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Ronnie H. Westbrook

Printed Name & Title: Ronnie H. Westbrook
Vice President

E-mail Address: _____

OIL CONSERVATION DIVISION
This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Approved Until: 1/01/2011

By: Chris Williams

Title: Dist. Supervisor 12/15/05

**Attachment to Form C-136
STEVENS B-12 LEASE**

RULE 403.B(2)

1. Attached as Exhibit I showing the lease as outlined in yellow and the wells to be tied into a central point delivery circled in red. The lease is N/2 of NW/4, NE/4, S/2 SW/4 of all of Sec. 12, T23S – R36E, Lea County, NM and the S/2 of Section 7, T23-S – R36E, Lea County, NM. All working interest and royalty interest are the same.
 - A. Wells to be metered separately.
 1. Stevens B No. 4 – API No. 30-025-09326
 - B. Wells which will not be metered separately.
 1. Stevens B No. 2 – API No. 30-025-09332
 2. Stevens B No. 6 – API No. 30-025-10709
 3. Stevens B No. 7 – API No. 30-025-09328
 4. Stevens B No. 9 – API No. 30-025-09330
 5. Stevens B No. 10 – API No. 30-025-09931
 6. Stevens B No. 11 – API No. 30-025-10661
 7. Stevens B No. 17 – API No. 30-025-21921
 8. Stevens B No. 18 – API No. 30-025-22073
2. Allocating production will be based on quarterly well tests by shutting in a well and using the subtraction method or by installing a loop in the flow line and installing a vane type gas meter to test.
3. See attached 10 year curves for all wells. Note some wells have not produced in 10 years. It should be noted that all wells are very marginal and as such Duke Energy deducts \$600.00/month for a low volume fee. It is our intention to add the wells one at a time and use a centrally located compressor to increase volume. If this is not approved it will be necessary to P&A these wells. John H. Hendrix Corporation believes these wells have economic potential.
4. The gas transporter connected to this CPD is Duke Energy Field Service, L.P.

Your favorable response is appreciated due to the large number of wells planned for this CPD, it is planned to add one or two wells at a time. It will probably be necessary to install down hole pumping equipment on some of the wells. This lease does not have electricity, but at the central battery where the CPD is to be located.

Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: JALMAT
Reservoir: TANSILL-YATES-SEVEN
Location: 7 23S 37E

STEVENS B - JALMAT # //

