

| | | | | | |
|--------------------|----------|----------------------|----------------------|-------------|---------------------------|
| DATE IN 1/21/09 | SUSPENSE | ENGINEER W. Jones | LOGGED IN 1/22/09 | TYPE SEM | APP NO. PKAA0902259732 |
|--------------------|----------|----------------------|----------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 2009 JAN 21 PM 1 4320 South St. Francis Drive, Santa Fe, NM 87505



30.045.34692
 30.045.32318
 BISHI Max 24-F, 1 FIE
 Pro NM Energy
 018118

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 Surface Commingling

- [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.

| | | | |
|--------------------|-----------|------------------------|------------|
| Jolene Dicks | | Director of Operations | 01/20/2009 |
| Print or Type Name | Signature | Title | Date |
| | | pronmene@aol.com | |
| | | 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

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: Pro NM Energy, Inc. (OGRID 018118)
OPERATOR ADDRESS: 460 St. Michael's Dr., #300 Santa Fe, NM 87505
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. Basin Dakota/Gallup; See attached Administrative Order DHC-4128
(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) see attached

(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.

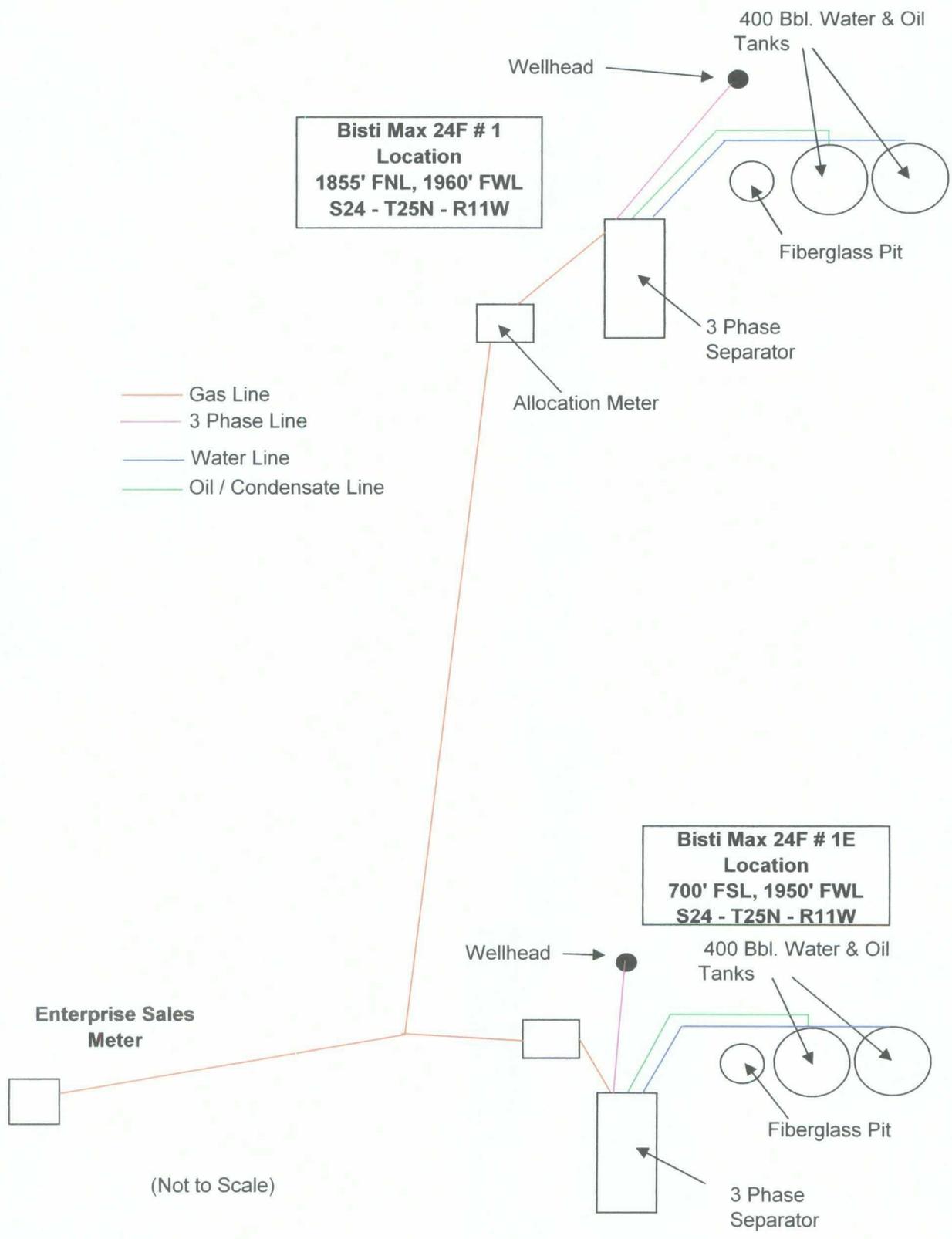
(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

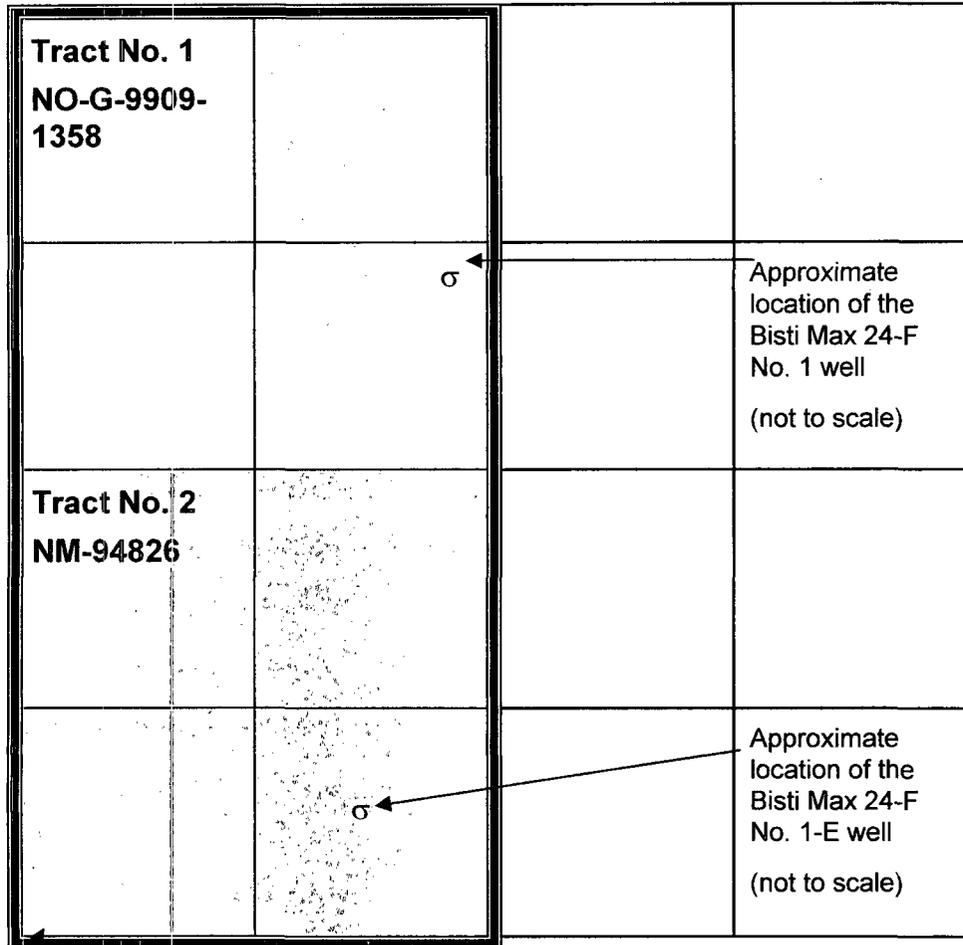
(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Jolene Dicks TITLE: Director of Operations DATE: 1/20/09
TYPE OR PRINT NAME Jolene Dicks TELEPHONE NO.: (505) 988-4171
E-MAIL ADDRESS: pronmene@aol.com



SECTION 24 T25N-R11W



Boundary of Communitized Area

Bisti Max 24-F No. 1E (API NO. 30-045-34692)
 Bisti Max 24-F No. 1 (API NO. 30-045-32318)

PRO NM ENERGY, INC.'S
APPLICATION FOR ADMINISTRATIVE APPROVAL
FOR SURFACE COMMINGLING
BISTI MAX 24-F NO. 1-E (API No. 30-045-34692) and
BISTI MAX 24-F NO. 1 WELL (API No.30-045-32318)

VOLUME ALLOCATION CALCULATIONS

1. Obtain TOTAL MONTHLY GAS SALES from CDP in MCF from transporter.
2. Add TOTAL MONTHLY GAS SALES and TOTAL MONTHLY FUEL GAS USAGE to obtain a combined TOTAL MONTHLY PRODUCTION.
3. Obtain MONTHLY GAS VOLUME in MCF for Bisti Max 24-F No. 1-E from independent chart integration company.
4. Subtract the MONTHLY GAS VOLUME for Bisti Max 24-F No. 1-E from the TOTAL MONTHLY PRODUCTION to obtain the MONTHLY MCF PRODUCED by the Bisti Max 24-F No. 1.
5. Divide the MONTHLY MCF PRODUCED from each well by the TOTAL MONTHLY PRODUCTION to calculate the MONTHLY FUEL GAS FACTORS allocated to each well.
6. Multiply the individual FUEL GAS FACTORS by the TOTAL MONTHLY FUEL GAS to obtain a MONTHLY FUEL GAS USAGE IN MCF for each well.
7. Subtract the MONTHLY FUEL GAS USAGE IN MCF from the MONTHLY MCF PRODUCED for each well to obtain the allocated MONTHLY SALES VOLUMES in MCF for each well.
8. Allocation of production from the Bisti Max 24-F No. 1-E will be made in accordance with Administrative Order DHC-4128.

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order DHC-4128

Order Date: 12/6/2008

Application Reference Number: pKVR0831842603

PRO NM ENERGY INC
460 ST MICHAELS DR, Suite 300
SANTA FE, NM 87505

Attention: JOLENE DICKS, DIRECTOR OF OPERATIONS

BISTI MAX 24 F Well No. 001E
API No: 30-045-34692
Unit N, Section 24, Township 25 North, Range 11 West, NMPM
San Juan County, New Mexico

Pool: BASIN DAKOTA (PRORATED GAS) Gas 71599
Names: BISTI LOWER-GALLUP (O) Oil 5890

Reference is made to your recent application for an exception to Rule 12.9A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11A., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 12.11A.(6), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and allocation of production from the well shall be as follows:

| | | |
|----------------------------------|-------------|-------------|
| BASIN DAKOTA (PRORATED GAS) Pool | Pct Gas: 79 | Pct Oil: 71 |
| BISTI LOWER-GALLUP (O) Pool | Pct Gas: 21 | Pct Oil: 29 |

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.



Pursuant to Rule 12.11B., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management - Farmington

For 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.*

5. Lease Serial No.
NMNM-97826 *17M-94826*

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other Multiple Zone

2. Name of Operator
Pro NM Energy, Inc.

3a. Address
460 St. Michael's Dr., #300, Santa Fe, NM 87505

3b. Phone No. (include area code)
505-988-4171

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
700' FSL & 1950' FWL, Sec 24.25N-11W NMPM

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

8. Well Name and No.
Bisti Max 24-F 1E

9. API Well No.
30-045-34692

10. Field and Pool or Exploratory Area
Bisti Lower Gallup & Basin Dakota

11. Country or Parish, State
San Juan

12. CHECK THE 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>downhole commingling</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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Pro NM Energy, Inc. requests permission for downhole commingling of the Basin Dakota and Bisti Lower Gallup formations. Attached is a copy of the NMOCD form C-107A, which contains the proposed allocation method, and acreage dedication(s) for each formation.

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

Jolene Dicks

Title Director of Operations

Signature *Jolene Dicks*

Date 11/19/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Joe Hewitt

Title

Ged

Date

12-1-08

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 FFD

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)

OPERATOR - corrected

460 St. Michael's Dr., #300
Santa Fe, NM 87505
(505) 988-4171
(505) 988-4548 (fax)
pronmene@aol.com

PRO NM ENERGY, INC.

Fax

To: Dennis Reimers

From: Jolene Dicks

Fax: 970-563-4116

Pages: 4

Phone: 970-563-4000

Date: 12/12/2008

Re: Commingling – 24F #1E

CC:

Urgent For Review Please Comment Please Reply Please Recycle

◉ **Comments:**

Here's the commingling approval(s).

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

5. Lease Serial No.
NMNM-97826

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other Multiple Zone

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

8. Well Name and No.
Bisti Max 24-F 1E

2. Name of Operator
Pro NM Energy, Inc.

9. API Well No.
30-045-34692

3a. Address
460 St. Michael's Dr., #300, Santa Fe, NM 87505

3b. Phone No. (include area code)
505-988-4171

10. Field and Pool or Exploratory Area
Bisti Lower Gallup & Basin Dakota

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
700' FSL & 1950' FWL. Sec 24.25N-11W NMPM

11. Country or Parish, State
San Juan

12. CHECK THE 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>downhole commingling</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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Pro NM Energy, Inc. requests permission for downhole commingling of the Basin Dakota and Bisti Lower Gallup formations. Attached is a copy of the NMOCD form C-107A, which contains the proposed allocation method, and acreage dedication(s) for each formation.

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

Jolene Dicks

Title Director of Operations

Signature *Jolene Dicks*

Date 11/19/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *Joe Hewitt*

Title *GED*

Date *12-1-08*

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 *FFD*

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)

OPERATOR

OPERATOR

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

PRO NM ENERGY, INC. 460 ST. MICHAEL'S DR., #300 SANTA FE, NM 87505

Operator BISTI MAX 24 F Address N-SEC. 24, T25N, R11W SAN JUAN
IE

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 018118 Property Code 34162 API No. 30-045-34692 Lease Type: Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|-----------------------|-------------------|-----------------------|
| Pool Name | BISTI LOWER GALLUP | | BASIN DAKOTA |
| Pool Code | 5890 | | 71599 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 4946' - 5072' est. | | 6001' - 6061' est. |
| 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) | 38 API, 1200 BTU | | 40 API, 1200 BTU |
| Producing, Shut-In or New Zone | New Zone | | 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: Rates: | Date: Rates: | Date: Rates: |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil 28.9 % Gas 20.6 % | Oil % Gas % | Oil 71.1 % Gas 79.4 % |

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 Jolene Dicks TITLE Director of Operations DATE 11/07/08

TYPE OR PRINT NAME Jolene Dicks TELEPHONE NO. (505) 988-4171

E-MAIL ADDRESS pronmene@aol.com

DISTRICT I
1626 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised October 12, 2005

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------------|--|--|
| ¹ API Number | ² Pool Code 5890 | ³ Pool Name BISTI LOWER-GALLUP |
| ⁴ Property Code | ⁵ Property Name BISTI MAX 24F | |
| ⁶ OGRID No. 018118 | ⁷ Operator Name PRO NM ENERGY INC. | ⁸ Well Number 1-E |
| | | ⁹ Elevation 6560 |

¹⁰ Surface Location

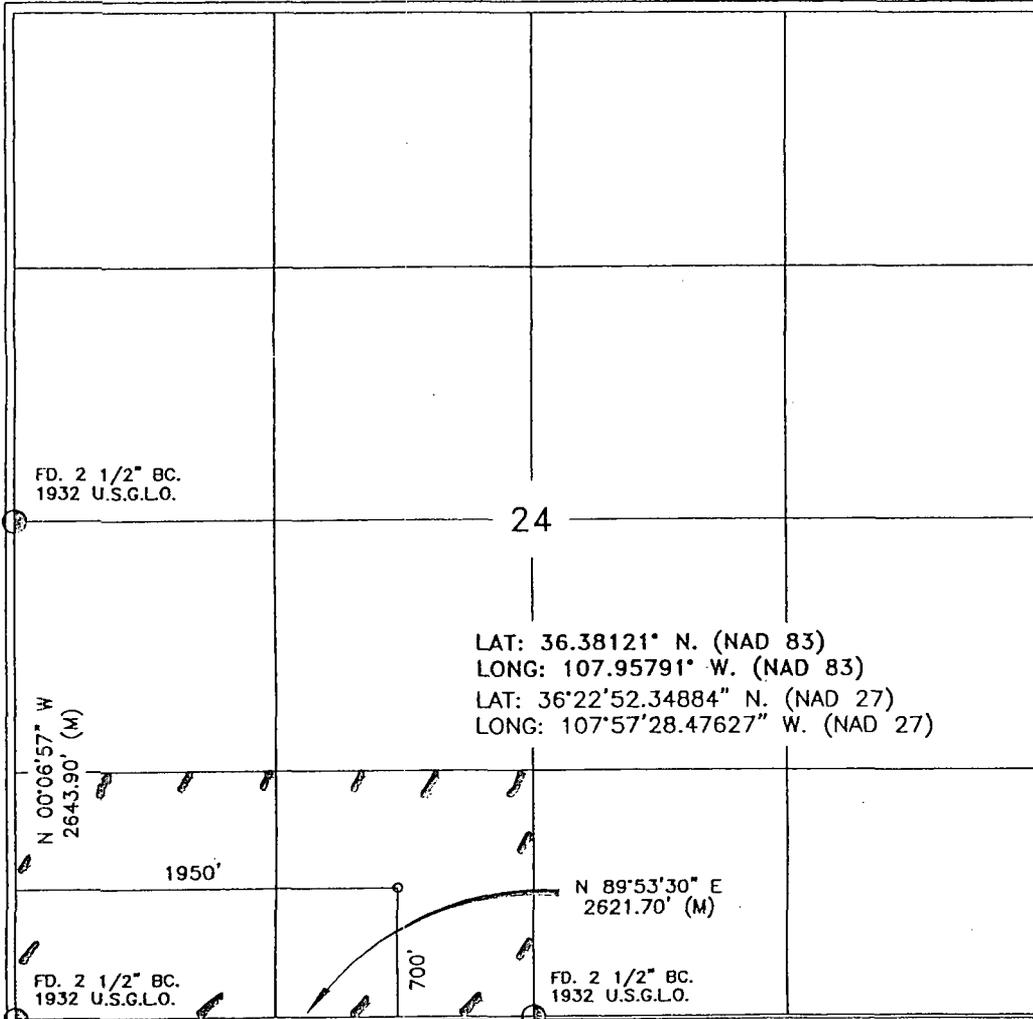
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| N | 24 | 25-N | 11-W | | 700 | SOUTH | 1950 | WEST | SAN JUAN |

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 80 | | | ¹³ Joint or Infill | | ¹⁴ Consolidation Code | | | 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

16



17

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 or has a right to drill this well at this 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 by the division.

Brian Wood

4-21-08

Signature

Date

BRIAN WOOD

Printed Name

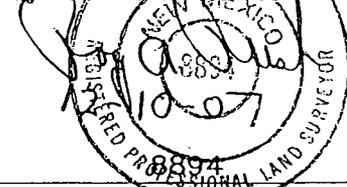
18 SURVEYOR CERTIFICATION

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.

NOVEMBER 28, 2007

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number

AFFIDAVIT OF MAILING

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

JOLENE DICKS, authorized representative of Pro NM Energy, Inc., being duly sworn and upon oath states as follows:

1. Pro NM Energy, Inc. is submitting an Application for Downhole Commingling covering the Basin Dakota and Bisti Lower Gallup formations in the Bisti Max 24F No. 1E well. Notification is required to all working, royalty and overriding royalty interests in the commingled zones.

2. A list with the names and addresses of the current working, royalty and overriding royalty interest owners is attached hereto as Exhibit "A".

4. On behalf of Pro NM Energy, Inc., I apprised each of the owners of the Application for Downhole Commingling by letter (certified mail, return receipt requested) to each on November 7, 2008. A copy of the letter is attached hereto as Exhibit "B".



JOLENE DICKS

SUBSCRIBED AND SWORN to before me this 7th day of November, 2008.



NOTARY PUBLIC

My Commission Expires:

10/5/11

PRO NM ENERGY INC.
OIL AND GAS PRODUCTION AND PROPERTIES

CERTIFIED MAIL

November 7, 2008

Interest Owners (attached list)

Re: Notice of Intent to Apply for Downhole Commingling
Bisti Max 24-F #1E
Unit N, Section 24, T25N, R11W
San Juan County, New Mexico

Pro NM Energy, Inc. is submitting an application to the New Mexico Oil Conservation Division ("NMOCD") to downhole commingle production from the Basin Dakota and the Bisti Lower Gallup pools in the Bisti Max 24-F #1E. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

The proposed allocation percentages for each pool are as follows:

| | | |
|--------------------|------------|------------|
| Bisti Lower Gallup | Gas: 20.6% | Oil: 28.9% |
| Basin Dakota | Gas: 79.4% | Oil: 71.1% |

NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between zones. If you need additional information or have any questions, I may be contacted at (505) 988-4171. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,

Jolene Dicks

EXHIBIT "B"

460 St. Michael's Drive, Suite 300 • Santa Fe, New Mexico 87505 • 505 988-4171 Fax 505 988-4548

PRO NM ENERGY INC.
OIL AND GAS PRODUCTION AND PROPERTIES

CERTIFIED MAIL

January 20, 2009

Interest Owners (attached list)

Re: Notice of Intent to Apply for Surface Commingling
Bisti Max 24-F #1E and Bisti Max 24-F #1
Section 24, T25N, R11W
San Juan County, New Mexico

Pro NM Energy, Inc. is submitting an application to the New Mexico Oil Conservation Division ("NMOCD") to surface commingle production from the Bisti Max 24-F #1E and the Bisti Max 24-F #1 wells. Commingling of these wells will minimize operating costs, add reserves and improve economics of the well.

The proposed method of allocation is shown on the attached Application for Surface Commingling.

NMOCD requires all interest owners be notified of intent to surface commingle. If you need additional information or have any questions, I may be contacted at (505) 988-4171. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,



Jolene Dicks

SONNY OTERO
P.O. BOX 524
SANTA FE, NM 87504-0524

J. FRANK GALLEGOS
6122 PLANTATION BAY
KATY, TX 77449

JULIE I. GALLEGOS HAYDEN
10002 N. GUADALUPE TRAIL, NW
ALBUQUERQUE, NM 87114

NAVONA GALLEGOS
C/O J. E. GALLEGOS
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

JIMMIE G. THOMPSON
101 RINCON DE ROMOS DR., SE
RIO RANCHO, NM 87124

JOLENE DICKS
C/O PRO NM ENERGY, INC.
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

MAX GALLEGOS
C/O PRO NM ENERGY, INC.
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

JOAQUIN GALLEGOS
C/O J. E. GALLEGOS
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

JAKE E. GALLEGOS, JR.
9552 PEARL CIRCLE, UNIT 103
PARKER, CO 80134

BUREAU OF LAND
MANAGEMENT
1235 LA PLATA HIGHWAY
FARMINGTON, NM 87401

FARMINGTON INDIAN
MINERALS OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NM 87401

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

5. Lease Serial No.
NM-04826

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other

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

8. Well Name and No.
Bisti Max 24-F 1E

2. Name of Operator
Pro NM Energy, Inc.

9. API Well No.
30-045-34692

3a. Address

460 St. Michael's Dr., #300, Santa Fe, NM 87505

3b. Phone No. (include area code)

505-988-4171

10. Field and Pool or Exploratory Area
Bisti Lower Gallup & Basin Dakota

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
700' FSL & 1950' FWL, Sec. 24-25N-11W, NMPM

11. Country or Parish, State
San Juan

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input 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 checked="" 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 |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | downhole commingling |
| | <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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Pro NM Energy, Inc. obtained approval for downhole commingling of the Basin Dakota and Bisti Lower Gallup formations (NMOCD Order DHC 4128). However, after testing the well, we have decided not to complete the Bisti Lower Gallup formation. Therefore, there will be no downhole commingling of the 2 formations in this well at this time.

5 copies to BLM; 1 to NMOCD Santa Fe (Richard Ezeanyim) 1 to NMOCD Aztec

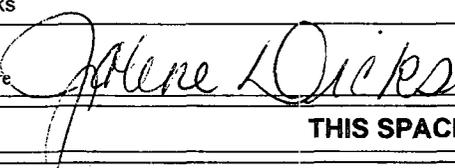
RECEIVED
 2009 MAR 9 PM 12 07

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

Jolene Dicks

Title Director of Operations

Signature



Date 03/06/2009

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)