

ADSM 101 1225641

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|----------------------------------|-------|----------------------------|--|----------------------------------|-------------|-------------------|-----------|
| Order Number DHC HOB-0347A | | API Number 30-025-22253 | | Operator John H. Hendrix Corp | | County Lea/Kee | |
| Order Date 4/22/10 | | Well Name Lee | | Number #2 | | Location | |
| | | | | | | P UL | 23 Sec |
| | | | | | | 225 T (+Dir) | |
| | | | | | | 37e R (+Dir) | |
| Pool 1 | 06660 | Blinebry 046 <Oil> | | Oil % 40 | Gas % 40 | | |
| Pool 2 | 60240 | Tabb 046 <Oil> | | 40 | 40 | | |
| Pool 3 | 19190 | Drinkard | | 20 | 20 | | |
| Pool 4 | | | | | | | |
| Comments | | | | | | | |

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: _____

PROPERTY NAME: _____

WNULSTR: _____

SECTION I:

| | | ALLOWABLE AMOUNT | | |
|-------------|---------------------------------------|------------------|-----------------|-------------|
| POOL NO. 1 | <u>Blinebry O & G <Oil></u> | <u>107</u> | <u>428</u> MCF | <u>4000</u> |
| POOL NO. 2 | <u>Tubb O & G <Oil></u> | <u>142</u> | <u>248</u> MCF | <u>2000</u> |
| POOL NO. 3 | <u>Drinkard</u> | <u>142</u> | <u>852</u> MCF | <u>6000</u> |
| POOL NO. 4 | _____ | | | |
| POOL TOTALS | | <u>391</u> | <u>1528</u> MCF | |

SECTION II:

| | | | |
|------------|---------------------------------------|-------------------------|------------|
| POOL NO. 1 | <u>Blinebry O & G <Oil></u> | <u>Oil</u> | <u>GAS</u> |
| | | <u>40%</u> | <u>40%</u> |
| POOL NO. 2 | <u>Tubb O & G <Oil></u> | <u>40%</u> | <u>40%</u> |
| POOL NO. 3 | <u>Drinkard</u> | <u>20% X 391 = 78.2</u> | <u>20%</u> |
| POOL NO. 4 | _____ | <u><78></u> | |

OIL

GAS

SECTION III:

$20\% \div 142 = 710$

SECTION IV:

$40\% \times 710 = 284$

$40\% \times 710 = 284$

$20\% \times 710 = 142$

Office

June 19, 2008

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-22253

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Lee

8. Well Number 2

9. OGRID Number 012024

10. Pool name or Wildcat DHC - HOB - 0347
Blinebry O&G, Tubb O&G, Drnk Pool

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

John H. Hendrix Corporation

3. Address of Operator

P. O. Box 3040, Midland, TX 79702-3040

4. Well Location

Unit Letter P : 660 feet from the South line and 660 feet from the East line

Section 23 Township 22S Range 37E NMPM Lea County

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

3315' GL

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: ☐

DHC - HOB - 0347

OTHER: DHC Blinebry, Tubb Drinkard ☒

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.

3/13-15/10 MIRU. POOH. NUBOP. TFF. POOH. Found fill and junk @ 6330'
 3/16/10 Perf additional Blinebry 5796-5881' and Tubb 5890-6232'. Acidize w/ 2000 gal 15% HCl. 5.5 bpm @ 1700#.
 3/17-19/10 Swab back fluids until clean. Cut paraffin
 3/20/10 GIH w/ production equipment. Test well
 3/28/10 Test: 15 oil, 9 water, 135 mcf

Well is now DHC - HOB - 0347: BLINEBRY OIL & GAS W/ TUBB OIL & GAS AND DRINKARD POOL.

Spud Date:

Rig Release Date:

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

SIGNATURE

Carolyn Doran Haynes

TITLE Engineer

DATE 4/16/10

Type or print name Carolyn Doran Haynes

E-mail address: cdoranhaynes@jhhc.org

PHONE: 432-684-6631

For State Use Only

APPROVED BY:

Carolyn Doran Haynes

TITLE

PETROLEUM ENGINEER

DATE

APR 22 2010

Conditions of Approval (if any):

Amended to DHC - HOB - 0347A

RECEIVED

APR 21 2010

HOBBSOCD

LEE #2

AMMEDED FROM ANTICIPATED TO CURRENT PRODUCTION

**Unit Letter P – 660' FSL & 660' FEL
Sec 23, T22S, R37E, Lea County, NM
API # 30-025-22253**

1. Division Order that established pre-approved pools: Order No. R-11363
2. Pools to be commingled – Blinebry Oil & Gas (6660) and Tubb Oil & Gas (60240) and Drinkard Pool (19190).
3. Drinkard Pool Perfs – 6255-6886'
Tubb Oil & Gas Perfs – **5890' - 6232'**
Blinebry Oil & Gas Perfs – **5444 – 5881'**
4. All zones are intermediate crude and commingling will not reduce the value of the production.
5. Ownership between pools is identical.

6. Current production (amended from anticipated production):

| | | |
|-------------------------------|----------------|------------------|
| Blinebry Oil & Gas | 6 BOPD | 54 MCFPD |
| Tubb Oil & Gas | 6 BOPD | 54 MCFPD |
| Drinkard Pool | 3 BOPD | 27 MCFPD |
| Total | 15 BOPD | 135 MCFPD |

7. The proposed allocation to be as follows

| | <u>Oil %</u> | <u>Gas%</u> |
|-------------------------------|--------------|-------------|
| Blinebry Oil & Gas | 40% | 40% |
| Tubb Oil & Gas | 40% | 40% |
| Drinkard Pool | 20% | 20% |
| Total | 100% | 100% |

If further tests show a significant change in percentages, it will be requested.