

|                     |          |                    |                        |                 |                           |
|---------------------|----------|--------------------|------------------------|-----------------|---------------------------|
| 10-20-10<br>DATE IN | SUSPENSE | ENGINEER <i>RL</i> | LOGGED <i>10.20.10</i> | TYPE <i>PLC</i> | APP NO. <i>1029354138</i> |
|---------------------|----------|--------------------|------------------------|-----------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



*SM Energy*

*20well*

## 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]

*2ddy*

- [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 \_\_\_\_\_
- [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.

Donna Huddleston  
Print or Type Name

Signature

Engineering Tech  
Title

10-18-10  
Date

dhuddleston@sm-energy.com  
e-mail Address

*PLC - 333*



RECEIVED OGD

3300 N. A Street, Bldg. 7-200  
Midland, Texas 79705  
432.688.1700  
432.688.1701 fax  
SM-Energy.com

2010 OCT 18 P 12: 28

October 14, 2010

New Mexico Oil Conservation Commission  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Surface Commingle Application  
Geronimo/ESDU/Inca, Eddy County NM

*which wells?*

Please find enclosed Commingling Application and attachments reflecting lease locations of oil wells contributing oil and gas production/sales to proposed surface commingling order. Included are (20) Federal wells for Commingling oil sales at Geronimo Battery (G-24-18S-31E), (11) Federal wells for commingling of gas sales at Geronimo Battery (G-24-18S-31E), and (10) Federal wells operated by SM Energy Company. All wells are currently producing in the Shugart;Delaware, East Pool (56419) and Shugart;Yates-7RS-QU-Grayburg (56439), which are all spaced on 40 acre spacing. The value of production should not be decreased as a result of commingling.

Attached are exhibits that reflect battery locations where sales dispositions will take place and wells that will contribute to said oil and gas dispositions. To satisfy the guidelines for off lease measurement, storage, and surface commingling, volumes will be allocated using well test to determine each wells percent of production and sales.

Please refer any questions to Donna Huddleston at (432) 688-1789, or email [dhuddleston@sm-energy.com](mailto:dhuddleston@sm-energy.com). The commingle notice is being sent to the following:

Oil Conservation Commission: 1220 S. St. Francis Drive, Santa Fe, NM 87505  
Bureau of Land Management: 620 East Greene St. Carlsbad, NM 88220  
New Mexico State Land Office: 310 Old Santa Fe Trail, Santa Fe, NM 87504  
Revenue Interest Owners: List included with attachments

This Commingle may be expanded in the future with the addition of more wells or pools to include wells in the radius of sections sharing lease lines to Section 13, T18S, R31E - Section 24, T18S, R31E - Section 18, T-18S, R32E & Section 19, T-18S, R32E, in which wells in that area produce in the following pools: Shugart;Delaware, East and Shugart;Yates-7RS-QU-Grayburg, and Bone Spring. If it is expanded, the method of allocating production by use of well testing or metering will be employed. You (the existing revenue interest owners) are being formally noticed at this time of the fact that you will NOT be re-noticed if these new wells or pools are added – unless the addition is outside the limits set herein or the method of allocating production is changed.

A formal certified notice is being sent to all owners of Revenue Interest in the current commingle well list and copies of certified receipts along with a list of all revenue interest owners is being included to the NMOCD. It is advised if no objections are received within twenty days, the Application for Surface Commingle could be approved.

Sincerely,



Donna Huddleston  
Engineering Tech

Attachments included:

- Form C-107-B – Application for Surface Commingle — 2, missing
- Administration Application Checklist
- Exhibit A, B & C. - Lease List with Well Locations and estimated BOPD & MCFPD/BTU.
- Exhibit D & E. – Geronimo Battery and Inca Battery diagrams
- Exhibit F. – Well Section, Township, Range map.



3300 N. A Street, Bldg. 7-200  
Midland, Texas 79705  
432.688.1700  
432.688.1701 fax  
SM-Energy.com

RECEIVED OCL  
2010 OCT 18 P 12:28

October 13, 2010

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Re: Application of SM Energy Company to Surface Commingle Oil and Gas at central delivery points located in Section 24, T-18-S, R-31-E, (see exhibit A & B) & Section 19, T-18-S, R-32-E, (see exhibit C) in Eddy County, NM.

Ladies and Gentlemen:

Enclosed please find a copy of the above-referenced application and attachments, which will be filed with the New Mexico Oil Conservation Commission on October 18, 2010 by SM Energy Company.

Attached are exhibits that reflect the battery locations of sales dispositions and wells that will contribute to said oil and gas dispositions. To satisfy the guidelines for off lease measurement, storage, and surface commingling, volumes will be allocated using well tests to determine each well's percent of production and sales. The value of production should not be decreased as a result of commingling.

This Commingle may be expanded in the future with the addition of more wells or pools to include wells in the radius of sections sharing lease lines to Section 13, T18S, R31E - Section 24, T18S, R31E - Section 18, T-18S, R32E & Section 19, T-18S, R32E, in which wells in that area produce in the following pools: Shugart, Delaware, East and Shugart; Yates-7RS-QU-Grayburg, and Bone Spring area. If it is expanded, the method of allocating production by use of well testing or metering will be employed. You (the existing interest owners) are being formally noticed at this time of the fact that you will NOT be re-noticed if these new wells or pools are added – unless the addition is outside the limits set herein, or the method of allocating production is changed.

As an owner of an interest in leases that are proposed for surface commingling, you may object to this application. Objections must be filed in writing within (20) days from the date of this letter at the Division's Santa Fe office that is located at 1220 South Frances Drive, Santa Fe, NM 87505. If no objections are received within this twenty-day period, the application for surface commingling may be approved.

Sincerely,

A handwritten signature in cursive script that reads "Donna Huddleston".

Donna Huddleston, Engineering Technician  
Phone: (432) 688-1789  
Fax: (432) 688-1701  
Email: [dhuddleston@sm-energy.com](mailto:dhuddleston@sm-energy.com)

Enclosures  
DH/MCS

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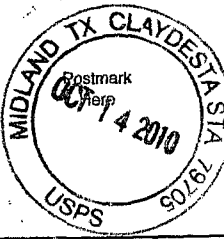
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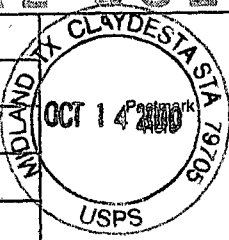
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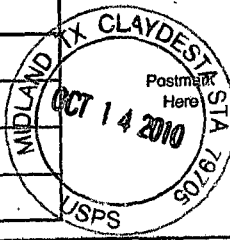
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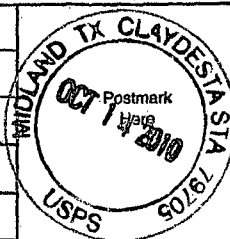
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Yates Energy Corporation  
Street, Apt. No., or PO Box No. PO Box 2323  
City, State, ZIP+4 Roswell, NM 88202-2323

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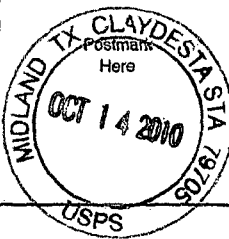
**OFFICIAL USE**

|  |         |
|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$5.71  |

ESDU Comm

Sent To  
Walker H. Powe  
Street, Apt. No., or PO Box No. 3916 Northfield Ct.  
City, State, ZIP+4 Midland, TX 79707-4439

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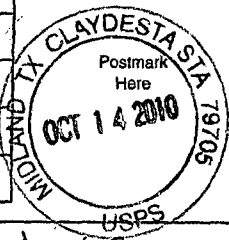
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|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$5.71  |

ESDU Comm

Sent To  
SDB Investors, C/o David Schaen  
Street, Apt. No., or PO Box No. 2020 Lincoln Park W 346  
City, State, ZIP+4 Chicago, IL 60614

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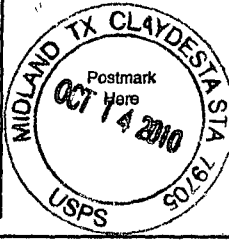
**OFFICIAL USE**

|  |         |
|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$5.71  |

ESDU Comm

Sent To  
RRG Energy Inc.  
Street, Apt. No., or PO Box No. PO Box 130534  
City, State, ZIP+4 The Woodlands, TX 77393-0534

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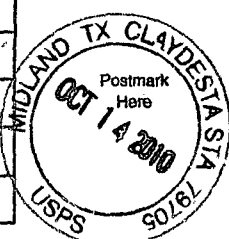
**OFFICIAL USE**

|  |         |
|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$5.71  |

ESDU Comm

Sent To  
Borica Oil Inc.  
Street, Apt. No., or PO Box No. PO Drawer H  
City, State, ZIP+4 Fort Sumner, NM 88119

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|  |         |
|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 5.71 |

ESDU Comm

Sent To David J. Mossler  
Street, Apt. No., or PO Box No. 1726 Stone Canyon Rd.  
City, State, ZIP+4 Los Angeles, CA 90077

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**OFFICIAL USE**

|  |         |
|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 5.71 |

ESDU Comm

Sent To Dean Kinsolving  
Street, Apt. No., or PO Box No. P O Box 325  
City, State, ZIP+4 Tatum, NM 88257-0325

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**OFFICIAL USE**

|  |         |
|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 5.71 |

ESDU Comm

Sent To Dr. Michael Norton III, DMD  
Street, Apt. No., or PO Box No. 60 Beach Ave., Bay View  
City, State, ZIP+4 South Dartmouth MA 02748

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**OFFICIAL USE**

|  |         |
|--|---------|
| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 5.71 |

ESDU Comm

Sent To Explorers Petroleum  
Street, Apt. No., or PO Box No. P O Box 1933  
City, State, ZIP+4 Roswell, NM 88201-1933

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|  |         |
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| Postage  | \$ 0.61 |
| Certified Fee                                  | \$2.80  |
| Return Receipt Fee (Endorsement Required)      | \$2.30  |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 5.71 |

ESDU Comm

Sent To Five States Consolidated I Ltd.  
Street, Apt. No., or PO Box No. 1220 One Energy Sq., 4925 Greenville Ave  
City, State, ZIP+4 Dallas, TX 75206

PS Form 3800, August 2006 See Reverse for Instructions



|                  |          |             |                    |          |               |
|------------------|----------|-------------|--------------------|----------|---------------|
| DATE IN 10.20.10 | SUSPENSE | ENGINEER RE | LOGGED IN 10.20.10 | TYPE PLC | APP NO. T6-12 |
|------------------|----------|-------------|--------------------|----------|---------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



*S&M Engineering*

## 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 \_\_\_\_\_

- [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.

Donna Huddleston  
Print or Type Name

Donna Huddleston  
Signature

Engineering Tech  
Title

10/7/10  
Date

dhuddleston@sm-energy.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: SM Energy Company

OPERATOR ADDRESS: 3300 N. A Street, Bldg 7, Suite 200 Midland,, TX 79705

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<br>Non-Commingled<br>Production | Calculated Gravities /<br>BTU of Commingled<br>Production |  | Calculated Value of<br>Commingled<br>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) Well Test

(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.

(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) Well Test

(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: Donna Huddleston TITLE: Engineering Tech

DATE: 10/07/2010

TYPE OR PRINT NAME Donna Huddleston

TELEPHONE NO.: (432)688-1789

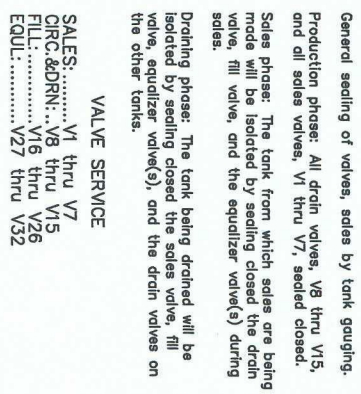
E-MAIL ADDRESS: dhuddleston@sm-energy.com

| Exhibit A.                      |                                       | Geronimo Battery Lease Commingling for Oil Sales |              |                     | (Battery Location G-24-18S-31E; SW4/NE4; Eddy Co. NM) |             |      |         |
|---------------------------------|---------------------------------------|--|--------------|---------------------|---|-------------|------|---------|
| Well Name                       | Pool Name/Code                        | ULSTR  | API          | Footages            | Lease Number  | County      | BOPD | Gravity |
| EAST SHUGART DELAWARE UNIT #001 | SHUGART;DELAWARE, EAST (56419)        | O-13-18S-31E                                     | 30-015-25741 | 430 FSL & 1650 FEL  | NMNM101361X   | Eddy County | 16   | 43.4    |
| EAST SHUGART DELAWARE UNIT #002 | SHUGART;DELAWARE, EAST (56419)        | P-13-18S-31E                                     | 30-015-25847 | 330 FSL & 330 FEL   | NMNM101361X   | Eddy County | 53   | 43.4    |
| EAST SHUGART DELAWARE UNIT #003 | SHUGART;DELAWARE, EAST (56419)        | 4-18-18S-32E                                     | 30-025-29695 | 330 FSL & 330 FWL   | NMNM101361X   | Lea County  | 33   | 43.4    |
| EAST SHUGART DELAWARE UNIT #004 | SHUGART;DELAWARE, EAST (56419)        | B-24-18S-31E                                     | 30-015-25546 | 765 FNL & 1980 FEL  | NMNM101361X   | Eddy County | 3    | 43.4    |
| EAST SHUGART DELAWARE UNIT #005 | SHUGART;DELAWARE, EAST (56419)        | B-24-18S-31E                                     | 30-015-26022 | 790 FNL & 1650 FEL  | NMNM101361X   | Eddy County | 50   | 43.4    |
| EAST SHUGART DELAWARE UNIT #006 | SHUGART;DELAWARE, EAST (56419)        | A-24-18S-31E                                     | 30-015-25385 | 890 FNL & 990 FEL   | NMNM101361X   | Eddy County | 95   | 43.4    |
| EAST SHUGART DELAWARE UNIT #007 | SHUGART;DELAWARE, EAST (56419)        | 1-19-18S-32E                                     | 30-025-29887 | 760 FNL & 330 FWL   | NMNM101361X   | Lea County  | 64   | 43.4    |
| EAST SHUGART DELAWARE UNIT #008 | SHUGART;DELAWARE, EAST (56419)        | C-19-18S-32E                                     | 30-025-29978 | 660 FNL & 1650 FWL  | NMNM101361X   | Lea County  | 22   | 43.4    |
| EAST SHUGART DELAWARE UNIT #009 | SHUGART;DELAWARE, EAST (56419)        | G-24-18S-31E                                     | 30-015-25723 | 1730 FNL & 1650 FEL | NMNM101361X   | Eddy County | 19   | 43.4    |
| EAST SHUGART DELAWARE UNIT #010 | SHUGART;DELAWARE, EAST (56419)        | H-24-18S-31E                                     | 30-015-25457 | 1650 FNL & 990 FEL  | NMNM101361X   | Eddy County | 168  | 43.4    |
| EAST SHUGART DELAWARE UNIT #011 | SHUGART;DELAWARE, EAST (56419)        | 2-19-18S-32E                                     | 30-025-29940 | 1700 FNL & 330 FWL  | NMNM101361X   | Lea County  | 126  | 43.4    |
| EAST SHUGART DELAWARE UNIT #012 | SHUGART;DELAWARE, EAST (56419)        | F-19-18S-32E                                     | 30-025-29939 | 1650 FNL & 1650 FWL | NMNM101361X   | Lea County  | 30   | 43.4    |
| EAST SHUGART DELAWARE UNIT #013 | SHUGART;DELAWARE, EAST (56419)        | J-24-18S-31E                                     | 30-015-25734 | 2310 FSL & 1650 FEL | NMNM101361X   | Eddy County | 3    | 43.4    |
| EAST SHUGART DELAWARE UNIT #014 | SHUGART;DELAWARE, EAST (56419)        | I-24-18S-31E                                     | 30-015-25652 | 2310 FSL & 990 FEL  | NMNM101361X   | Eddy County | 3    | 43.4    |
| EAST SHUGART DELAWARE UNIT #015 | SHUGART;DELAWARE, EAST (56419)        | 3-19-18S-32E                                     | 30-025-30187 | 2310 FSL & 660 FWL  | NMNM101361X   | Lea County  | 3    | 43.4    |
| EAST SHUGART DELAWARE UNIT #016 | SHUGART;DELAWARE, EAST (56419)        | K-19-18S-32E                                     | 30-025-30111 | 2310 FSL & 1650 FWL | NMNM101361X   | Lea County  | 1    | 43.4    |
| GERONIMO FEDERAL #001           | SHUGART;YATES-7RS-QU-GRAYBURG (56439) | G-24-18S-31E                                     | 30-015-24927 | 2310 FNL & 2310 FEL | NMNM106714  | Eddy County | 14   | 43.4    |
| GERONIMO FEDERAL #006           | SHUGART;YATES-7RS-QU-GRAYBURG (56439) | A-24-18S-31E                                     | 30-015-25597 | 790 FNL & 940 FEL   | NMNM106714  | Eddy County | 19   | 43.4    |
| INCA FEDERAL #005               | SHUGART;YATES-7RS-QU-GRAYBURG (56439) | 2-19-18S-32E                                     | 30-025-35229 | 1697 FNL & 470 FWL  | NMNM106715  | Lea County  | 3    | 43.4    |
| JADE FEDERAL #002               | SHUGART;YATES-7RS-QU-GRAYBURG (56439) | F-19-18S-32E                                     | 30-025-30038 | 1650 FNL & 1750 FWL | NMNM67987   | Lea County  | 3    | 43.4    |

| Exhibit B.                      |                                       | Geronimo Battery Lease Commingling for GAS Sales |              | (Battery Location G-24-18S-31E; SW4/NE4; Eddy Co. NM) |              |             |       |        |
|---------------------------------|---------------------------------------|--|--------------|---|--------------|-------------|-------|--------|
| Well Name                       |                                       | ULSTR  | API          | Footages  | Lease Number | County      | MCFPD | BTU    |
| EAST SHUGART DELAWARE UNIT #004 | SHUGART,DELAWARE, EAST (56419)        | B-24-18S-31E                                     | 30-015-25546 | 765 FNL & 1980 FEL                                    | NMNM101361X  | Eddy County | 1     | 2.1516 |
| EAST SHUGART DELAWARE UNIT #005 | SHUGART,DELAWARE, EAST (56419)        | B-24-18S-31E                                     | 30-015-26022 | 790 FNL & 1650 FEL                                    | NMNM101361X  | Eddy County | 8     | 2.1516 |
| EAST SHUGART DELAWARE UNIT #006 | SHUGART,DELAWARE, EAST (56419)        | A-24-18S-31E                                     | 30-015-25385 | 890 FNL & 990 FEL                                     | NMNM101361X  | Eddy County | 14    | 2.1516 |
| EAST SHUGART DELAWARE UNIT #009 | SHUGART,DELAWARE, EAST (56419)        | G-24-18S-31E                                     | 30-015-25723 | 1730 FNL & 1650 FEL                                   | NMNM101361X  | Eddy County | 9     | 2.1516 |
| EAST SHUGART DELAWARE UNIT #010 | SHUGART,DELAWARE, EAST (56419)        | H-24-18S-31E                                     | 30-015-25457 | 1650 FNL & 990 FEL                                    | NMNM101361X  | Eddy County | 16    | 2.1516 |
| EAST SHUGART DELAWARE UNIT #013 | SHUGART,DELAWARE, EAST (56419)        | J-24-18S-31E                                     | 30-015-25734 | 2310 FSL & 1650 FEL                                   | NMNM101361X  | Eddy County | 1     | 2.1516 |
| EAST SHUGART DELAWARE UNIT #014 | SHUGART,DELAWARE, EAST (56419)        | I-24-18S-31E                                     | 30-015-25652 | 2310 FSL & 990 FEL                                    | NMNM101361X  | Eddy County | 1     | 2.1516 |
| EAST SHUGART DELAWARE UNIT #015 | SHUGART,DELAWARE, EAST (56419)        | 3-19-18S-32E                                     | 30-025-30187 | 2310 FSL & 660 FWL                                    | NMNM101361X  | Lea County  | 5     | 2.1516 |
| EAST SHUGART DELAWARE UNIT #016 | SHUGART,DELAWARE, EAST (56419)        | K-19-18S-32E                                     | 30-025-30111 | 2310 FSL & 1650 FWL                                   | NMNM101361X  | Lea County  | 1     | 2.1516 |
| GERONIMO FEDERAL #001           | SHUGART,YATES-7RS-QU-GRAYBURG (56439) | G-24-18S-31E                                     | 30-015-24927 | 2310 FNL & 2310 FEL                                   | NMNM106714   | Eddy County | 10    | 2.1516 |
| GERONIMO FEDERAL #006           | SHUGART,YATES-7RS-QU-GRAYBURG (56439) | A-24-18S-31E                                     | 30-015-25597 | 790 FNL & 940 FEL                                     | NMNM106714   | Eddy County | 10    | 2.1516 |

Exhibit C. Inca Battery Lease Commingling for GAS Sales (Battery Location 1-19-18S-32E; NW4/NW4; Lea Co. NM)

| Well Name                       |                                       | ULSTR        | API          | Footages            | Lease Number | County      | MCFPD | BTU   |
|---------------------------------|---------------------------------------|--------------|--------------|---------------------|--------------|-------------|-------|-------|
| EAST SHUGART DELAWARE UNIT #001 | SHUGART;DELAWARE, EAST (56419)        | O-13-18S-31E | 30-015-25741 | 430 FSL & 1650 FEL  | NMNM101361X  | Eddy County | 8     | 1.779 |
| EAST SHUGART DELAWARE UNIT #002 | SHUGART;DELAWARE, EAST (56419)        | P-13-18S-31E | 30-015-25847 | 330 FSL & 330 FEL   | NMNM101361X  | Eddy County | 8     | 1.779 |
| EAST SHUGART DELAWARE UNIT #003 | SHUGART;DELAWARE, EAST (56419)        | 4-18-18S-32E | 30-025-29695 | 330 FSL & 330 FWL   | NMNM101361X  | Lea County  | 11    | 1.779 |
| EAST SHUGART DELAWARE UNIT #007 | SHUGART;DELAWARE, EAST (56419)        | 1-19-18S-32E | 30-025-29887 | 760 FNL & 330 FWL   | NMNM101361X  | Lea County  | 10    | 1.779 |
| EAST SHUGART DELAWARE UNIT #008 | SHUGART;DELAWARE, EAST (56419)        | C-19-18S-32E | 30-025-29978 | 660 FNL & 1650 FWL  | NMNM101361X  | Lea County  | 8     | 1.779 |
| EAST SHUGART DELAWARE UNIT #011 | SHUGART;DELAWARE, EAST (56419)        | 2-19-18S-32E | 30-025-29940 | 1700 FNL & 330 FWL  | NMNM101361X  | Lea County  | 26    | 1.779 |
| EAST SHUGART DELAWARE UNIT #012 | SHUGART;DELAWARE, EAST (56419)        | F-19-18S-32E | 30-025-29939 | 1650 FNL & 1650 FWL | NMNM101361X  | Lea County  | 6     | 1.779 |
| INCA FEDERAL #005               | SHUGART;YATES-7RS-QU-GRAYBURG (56439) | 2-19-18S-32E | 30-025-35229 | 1697 FNL & 470 FWL  | NMNM106715   | Lea County  | 5     | 1.779 |
| JADE FEDERAL #002               | SHUGART;YATES-7RS-QU-GRAYBURG (56439) | F-19-18S-32E | 30-025-30038 | 1650 FNL & 1750 FWL | NMNM67987    | Lea County  | 5     | 1.779 |
| CONOCO FEDERAL #002             | SHUGART;YATES-7RS-QU-GRAYBURG (56439) | 4-18-18S-32E | 30-025-29803 | 400 FSL & 400 FWL   | NMNM106716   | Lea County  | 10    | 1.779 |



SALES:..... V1 thru V7  
CIRC.&DRN:.. V8 thru V15  
FILL:..... V16 thru V26  
EQU:..... V27 thru V32

[illegible]





General sealing of valves, sales by tank gauging.

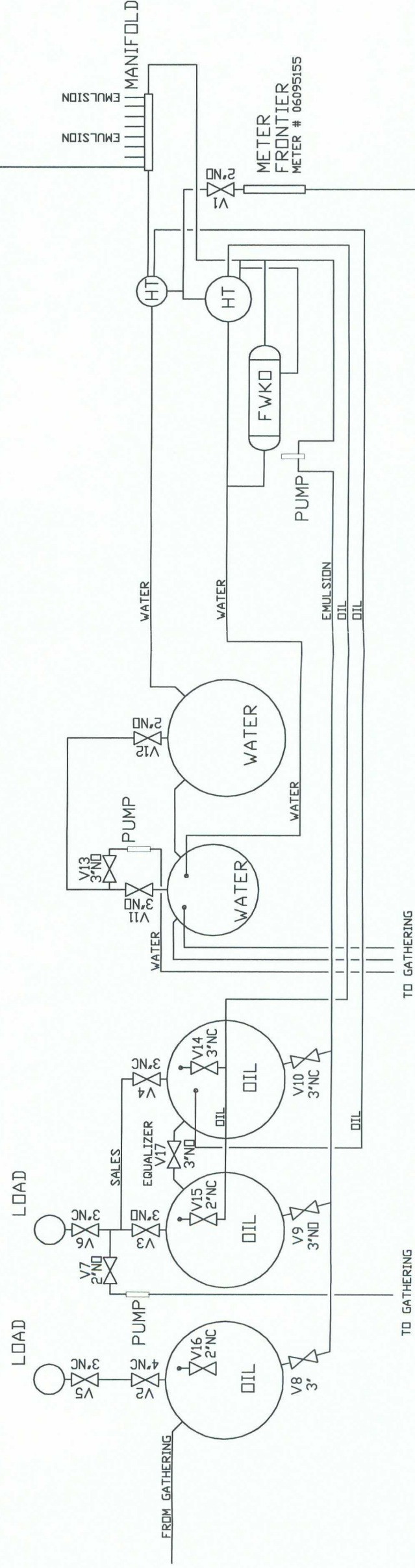
Production phase: All drain valves, V8 thru V13, and all sales valves, V1 thru V7, sealed closed.

**Sales phase:** The tank from which sales are being made will be isolated by sealing closed the drain valve, fill valve, and the equalizer valve(s) during sales.


**Draining phase:** The tank being drained will be isolated by sealing closed the sales valve, fill valve, equalizer valve(s), and the drain valves on the other tanks.

## VALVE SERVICE

SALES:.....V1 thru V7  
CIRC.&DRN:..V8 thru V13  
FILL:.....V14 thru V16  
EQU:.....V17



## Exhibit E

|                      |     |         |  |   |      |  |
|----------------------|-----|---------|--|---|------|--|
| 1                    | PDS | 4-08-10 | REV PER F.W.G.D.                         |   |      |  |
| 0                    | PDS | 4-6-09  | NEW RELEASE                              |   |      |  |
|                      | NO. | BY      | REVISION                                 | APD   | DATE |  |
|                      |     |         |  |  |      |  |
|                      |     |         | ST. MARY LAND &<br>EXPLORATION COMPANY   |   |      |  |
|                      |     |         | SITE SECURITY DIAGRAM<br>INCA #1 BATTERY |   |      |  |
|                      |     |         | SEC-19 TVN-18 S RING 32 E                |   |      |  |
| LEA COUNTY           |     |         | CHECKED BY                               | NEW MEXICO  |      |  |
| DRAWING BY<br>RYAN C |     |         | DESIGN ENGINEER<br>PAUL PORTER           | DATE  |      |  |
| DATE<br>4-6-09       |     |         | DWG NO                                   |   |      |  |
| SCALE<br>NONE        |     |         | APL 30-025-29687                         |   |      |  |
| CAD NO.              |     |         | SHEET 1 of 1                             |   |      |  |
| SW-2017              |     |         | A 1                                      |   |      |  |



23

24

13

S TAYLOR 13 FED 5 S TAYLOR 13 FED 4

18

T-18S R-31E

T-18S R-32E

LONGARM 13 FED 1

ESDU\_01 S TAYLOR 13 FED 1 ESDU\_02 NM101361X NM101361X

CONOCO FED 2 ESDU\_03 NM101361X NM101361X

BUFFALO FED 2

KEOHANE FED 1

ESDU\_25WI

ESDU\_17WI

ESDU\_18WI

ESDU\_04 NM101361X GERONIMO FED 6 ESDU\_05 NM101361X ESDU\_06 NM101361X

ESDU\_07 NM101361X INCA FED 4

ESDU\_08 NM101361X

ESDU\_19WI

ESDU\_20WI

ESDU\_21WI

GERONIMO 24 FED 3

ESDU\_09 NM101361X ESDU\_10 NM101361X GERONIMO FED 7

ESDU\_11 NM101361X INCA FED 5 NM106715

ESDU\_12 NM101361X JADE FED 2 NM67987

BLACKHAWK FED 2

GERONIMO 1

NM106714

ESDU\_22WI

ESDU\_23WI

BLACKHAWK FED W-7

BLACKHAWK FED 1

24

ESDU\_13 NM101361X ESDU\_14 NM101361X KEOHANE 24 FED 2

ESDU\_15 NM101361X ORION FED 1

ESDU\_16 NM101361X

GERONIMO 24 FED 1

19



Exhibit F



November 5, 2010

**CERTIFIED MAIL: 7008 1140 0002 7382 3554**

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

RE: Application of SM Energy Company to Surface Commingle Oil and Gas at central delivery points located in Section 24, T-18-S, R-31-E, (see exhibit A & B) & Section 19, T-18-S, R-32-E, (see Exhibit C) in Eddy County, NM.

To Whom It May Concern,

Five States Consolidated I, Ltd. has no objection to the extent that SM Energy is commingling unit production. If commingling non-unit production, we prefer that SM Energy be required to "meter", not allocate by well test.

As a working interest owner, Five States objects to adding other pools or wells without further notice.

You can reach me at (972) 860-1123 or [scollins@fivestates.com](mailto:scollins@fivestates.com), with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Steve Collins".

Steve Collins  
VP of Operations

Attachments

cc: SM Energy - Donna Huddleston, Engineering Technician

**CERTIFIED MAIL: 7008 1140 0002 7382 3561**