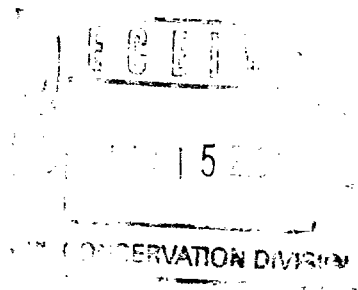


CTB
3-30-00
496

**APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

To: New Mexico Energy, Minerals
& Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Attn: Mark Ashley

Enerstar Resources O&G, L.L.C. is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production from the following formations and wells on Federal Leases LC061497.

LEASE	UL	API#	SEC	TWP	RNG	FORMATION
Gulf Federal #1	N	3001503732	13	26S	29E	Brushy Draw Delaware
Gulf Federal 4B	M	3001503734	13	26S	29E	Brushy Draw Delaware
Gulf Federal 5B	L	3001503733	13	26S	29E	Brushy Draw Delaware

Lease NM11038

Gulf Beaty #3	I	3001503736	14	26S	29E	Brushy Draw Delaware
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A Map (Exhibit II) is enclosed that shows lease numbers and location of all leases and wells that will contribute production to the proposed commingled facility.

The storage and measuring facility is located in UL "N" in section 13, T-26S, R-29E on lease # LC061497 in Eddy County, NM. The only well requested to be commingled to this facility is the Gulf Beaty #3.

Process and Flow Description: Under the proposed flow system, Oil, gas, and water will be pumped out the tubing and will go through a flowline to a header at the battery. Wells will be tested by shutting down the other three producing wells one day each month to obtain a daily production value for the oil and water. The gas is used as supply gas for the engines on each lease and disposal pump, remaining gas is vented as the volume is too small to sale.

Production Allocation: Production allocation will be based on monthly well test as described above.

The overriding royalty owners working interest owners, and the NMOCD are being notified of this proposal.

1. *Agrostis alba* L. (Poaceae)

2. *Agrostis alba* L. (Poaceae)

3. *Agrostis alba* L. (Poaceae)
4. *Agrostis alba* L. (Poaceae)
5. *Agrostis alba* L. (Poaceae)
6. *Agrostis alba* L. (Poaceae)
7. *Agrostis alba* L. (Poaceae)

8. *Agrostis alba* L. (Poaceae)

9. *Agrostis alba* L. (Poaceae)
10. *Agrostis alba* L. (Poaceae)
11. *Agrostis alba* L. (Poaceae)

12. *Agrostis alba* L. (Poaceae)
13. *Agrostis alba* L. (Poaceae)
14. *Agrostis alba* L. (Poaceae)
15. *Agrostis alba* L. (Poaceae)

16. *Agrostis alba* L. (Poaceae)
17. *Agrostis alba* L. (Poaceae)

18. *Agrostis alba* L. (Poaceae)
19. *Agrostis alba* L. (Poaceae)

20. *Agrostis alba* L. (Poaceae)
21. *Agrostis alba* L. (Poaceae)

22. *Agrostis alba* L. (Poaceae)
23. *Agrostis alba* L. (Poaceae)
24. *Agrostis alba* L. (Poaceae)
25. *Agrostis alba* L. (Poaceae)


26. *Agrostis alba* L. (Poaceae)

27. *Agrostis alba* L. (Poaceae)

Surface Commingling Application
March 10, 2000
page 2

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. The wells produce from the power of gas engines and gas supplies for these engines comes for the commingling of gas if a well is down gas supplies may be limited and propane is required, by adding the Gulf Beaty #3 to this commingling propane will not be required.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. We will submit an application for the necessary right- of-way approvals to the BLM's Realty Section.

Signed 
Name Tommy W. Folsom
Title: Manager
Date: March 10,2000

Enerstar Resources O&G L.L.C.
406 N. Guadalupe, Ste B
P.O. Box 606
Carlsbad, New Mexico 88221

Form 3160-5
(June 1990)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1991

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Enerstar Resources, L.C.

3. Address and Telephone No.

P.O. Box 606, Carlsbad, NM 88221 (505) 885-8302

4. Location of Well (Fonage, Sec., T., R., M., or Survey Description)

Sec 14, T-26S R-29E
1980 FSL & 660 FEL

5. Lease Designation and Serial No.

NM11038

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Gulf Beauty #3

9. API Well No.

30015037360051

10. Field and Pool, or Exploratory Area

Brushy Draw (Delaware)

11. County or Parish, State

(AL-8080)

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

TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment☐ Recompletion☐ Plugging Back☐ Casing Repair☐ Altering Casing☐ Other☐ Change of Plans☐ New Construction☐ Non-Routine Fracturing☐ Water Shut-Off☐ Conversion to Injection☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drill give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

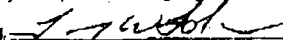
Commingled Production of oil & gas into common battery with additional wells on lease.

Gulf Federal	API #3001503732	Lease # LC061497
Gulf Federal 4B	API #3001503734	Lease # LC061497
Gulf Federal 5B	API #3001503733	Lease # LC061497

These wells are stripper wells and gas from these leases is used to fuel engines on each lease, along with the disposal engine. The addition of this well to the battery will help maintain gas supply to all engines. We will also improve both batteries, as the current battery will be taken by the new Enwest Diverse Federal #1, 900' FSL & 660' FEL, Sec 14, T-26S R29E. The allocation of production from the Beauty #3 will be allocated to that lease based on monthly isolation production test from this well. The Beauty #3 will be connected to the Gulf Federal Battery through existing lines to this battery.

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

Signed



Title

President

Date

3-7-2000

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

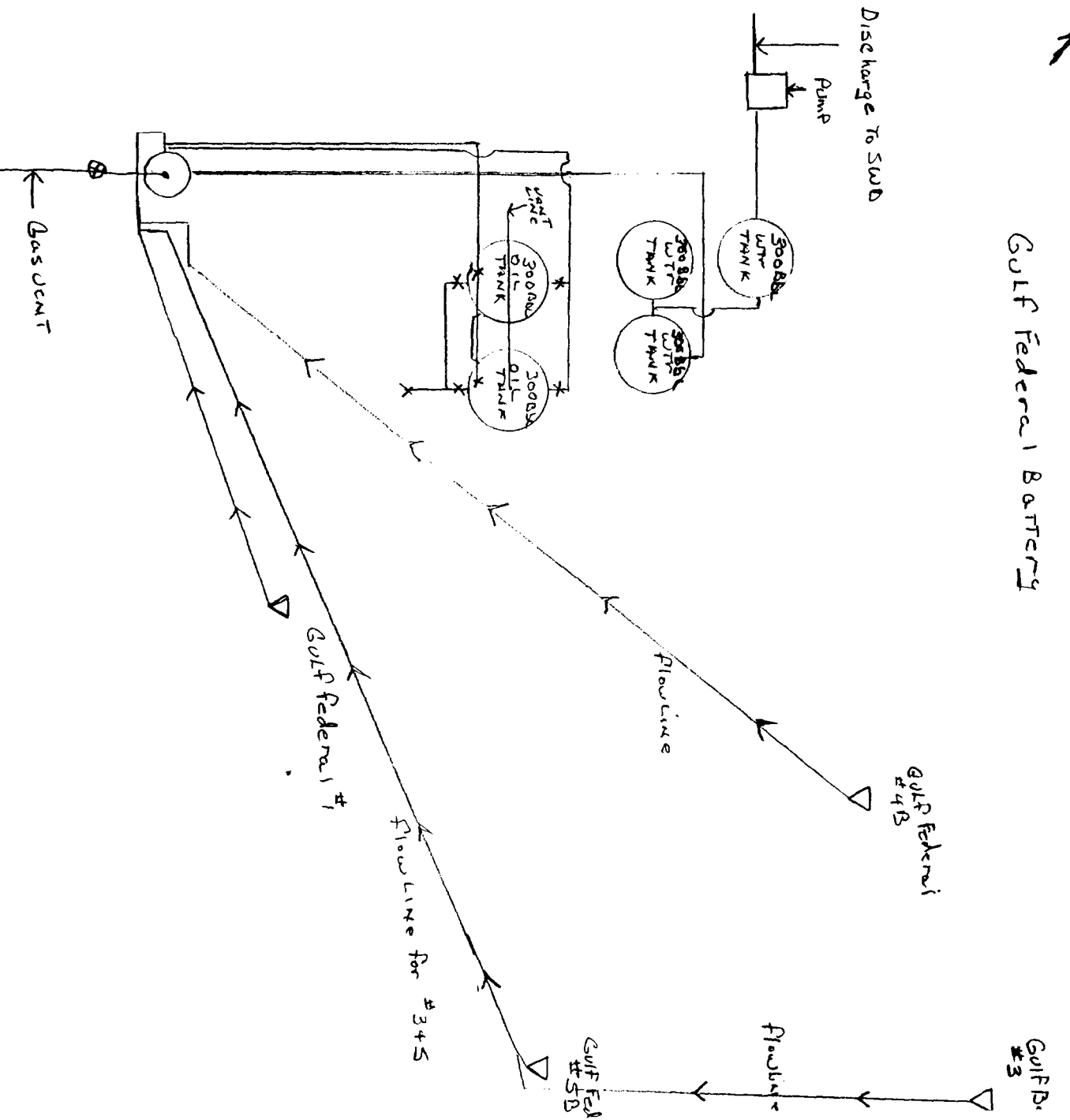
Date

THIS IS U.S.C. Section 1001, which is a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fraudulent or misleading statement or representations as to any matter within its jurisdiction.

*See instruction on Reverse Side

5

Gulf Federal Battery



ENERSTAR RESOURCES O&G L.L.C.

406 N Guadalupe St.
Suite B
P.O. Box 606
CARLSBAD, NEW MEXICO 88221-0606

Phone: (505) 885 - 8302
Fax: (505) 628 - 0183

March 10, 2000

To: Gulf Federal Lease
WI owners, ORRI owners

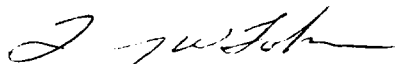
From: Tommy Folsom

Dear interest owners,

Enerstar Resources, is proposing to commingling the production from the Gulf Beaty #3 with the other producing wells on that lease, (Gulf Federal #1, Gulf Federal #4B and the Gulf Federal #5B). This production on will be tested on a monthly basis, by isolation test on each well and allocated accordingly. The WI ownership in this lease is the same as owned on the other commingled production.

This commingling of production will help maintain stable gas supply to all gas engines for continued production. This change in operation will not cause any loss in revenue, and should support a more stable revenue from less down time. I trust this will meet with your approval

Sincerely,



Tommy W. Folsom

1000

Amos 8:1-6

L: 0746

G. H. Mischell

M.D.

Amos 8:1-6

Page 60

Rev. B. C. W. W.

Wm. W. W.

Capt. W. W.

[illegible]

100-443887-100

1000
420000

1044

[illegible]

GULF BEATY FEDERAL LEASES

OWNERSHIP

Gulf Beaty Federal

Enerstar Resources O&G,L.L.C.
P.O. Box 606
Carlsbad, NM 88221 WI .65 -NRI .60905

John Massey
P.O. Box 59597
New Orleans, LA. 70157 WI .15 - NRI .14055

Dakota Resources, Inc.
911 N. Midkiff Rd.
Midland, TX 79701 WI .05 - NRI .04685

Randy Ford
P.O. Box 51037
Midland, TX 79710 WI .05 - NRI .04685

Henderson & Erickson
410 N. Main
Midland, TX 79701 WI .05 - NRI .04685

Mitchell Exploration, Inc.
P.O. Box 2415
Midland, TX 79702 WI .05 - NRI .04685

Paul Slaton
P.O. Box 2035
Roswell, NM 88202 ORRI .027

Diverse GP II
National Bank of Texas
P.O. Box 2059
San Antonio, Tx 78297 - 2059 , RI .02

James Raymond Beaty
2196 Merrill Avenue SP101
Bullhead City, Az 86442 ORRI .0006

Catherine Spencer
2498 C Road West
Lewis, Co. ORRI .0006

Irma Lea Karabian
5320 N. Colonial 102
Fresno, CA. 93704 ORRI .0006

Mary Louise Matleas
1900 N. Mesa Avenue
Roswell, NM ORRI .0006

Helen Francis Morrow
1319 La Grande Avenue
Yuba City, Ca. 95991-6504 ORRI .0006

MMS RI .13

GULF FEDERAL LEASES OWNERSHIP

Gulf B Federal

Enerstar Resources O&G,L.L.C.
P.O. Box 606
Carlsbad, NM 88221 WI .65 -NRI .60385

John Massey
P.O. Box 59597
New Orleans, LA. 70157 WI .15 - NRI .13935

Dakota Resources, Inc.
911 N. Midkiff Rd.
Midland, TX 79701 WI .05 - NRI .04645

Randy Ford
P.O. Box 51037
Midland, TX 79710 WI .05 - NRI .04645

Henderson & Erickson
410 N. Main
Midland, TX 79701 WI .05 - NRI .04645

Mitchell Exploration, Inc.
P.O. Box 2415
Midland, TX 79702 WI .05 - NRI .04645

Paul Slaton
P.O. Box 2035
Roswell, NM 88220 ORRI .01

Gulf Federal

Enerstar Resources O&G,L.L.C.
P.O. Box 606
Carlsbad, NM 88221 WI .65 NRI .61685

John Massey
P.O. Box 59597
New Orleans, LA. 70157 WI .65 NRI .14235

Dakota Resources, Inc.
911 N. Midkiff Rd.
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Paul Slaton
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