

DATE 4/15/04	SUSPENSE 5/5/04	ENGINEER	LOGGED IN	TYPE PLC-249	APP NO.
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PWWD0413559017

RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



APR 15 2004

OIL CONSERVATION
DIVISION

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

SURFACE COMMINGLING

[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.

PAUL THOMPSON
 Print or Type Name

Paul C. Thompson
 Signature

AGENT
 Title

4/13/04
 Date

PAUL C WALSHEG.NET
 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: Manana Gas, Inc.

OPERATOR ADDRESS: c/o Walsh Engineering, 7415 E. Main St., Farmington, NM 87402

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
Otero Chacra 82329					
Basin Fruitland Coal 71629					

(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.

(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)

(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: Paul C. Thompson

TITLE: Agent

DATE: 4/13/04

TYPE OR PRINT NAME Paul C. Thompson, P.E.

TELEPHONE NO.: (505) 327-4892

E-MAIL ADDRESS: paul@walsheng.net

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT I
P.O. Drawer DD, Artesia, NM 88210

DISTRICT I
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, New Mexico 87505

WELL API NO.

30-045-32163

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Rainbows End

8. Well No.

#1

9. Pool name or Wildcat

Basin Fruitland Coal / Aztec Pictured Cliffs

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 ☐ GAS ☐
WELL ☐ WELL ☒ OTHER

2. Name of Operator

Manana Gas Company

3. Address of Operator

c/o Walsh Engineering, 7415 East Main Street, Farmington, NM 87402

4. Well Location

Unit Letter N : 857' Feet From The South Line and 1546' Feet From The West Line

Section 30 Township 30N Range 11W NMPM County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

5443' GL & 5448' KB

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

11. NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: Surface Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG & ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent date, including estimated date of starting any proposed work).
SEE RULE 1103.

Manana Gas Company seeks administrative approval to surface commingle the production from the

Basin Fruitland Coal in the Rainbows End #1 with the Bloomfield Chacra in the Phyllis Hartman #1.

Ownership in the two wells is not common. All interest owners of both wells have been notified of this application
by certified mail. A copy of the notification letter and a list of the interest owners is attached.

The current El Paso meter on the Phyllis Hartman #1 will become the CPD meter. Both wells will be equipped with allocation meters.

The actual commercial value of the commingled production will not be less than the sum of the values of the production from each well.

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

SIGNATURE Paul C. Thompson

TITLE Agent/Engineer

DATE 04/13/04

TYPE OR PRINT NAME Paul C. Thompson

TELEPHONE NO. (505) 327-4892

(This space for State Use)

APPROVED BY _____

TITLE _____

DATE _____

CONDITIONS OF APPROVAL, IF ANY:

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-37163	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 33546	⁵ Property Name RAINBOWS END	⁶ Well Number 1
⁷ GRID No. 13931	⁸ Operator Name MANANA GAS, INC.	⁹ Elevation 5442.98

¹⁰ Surface Location

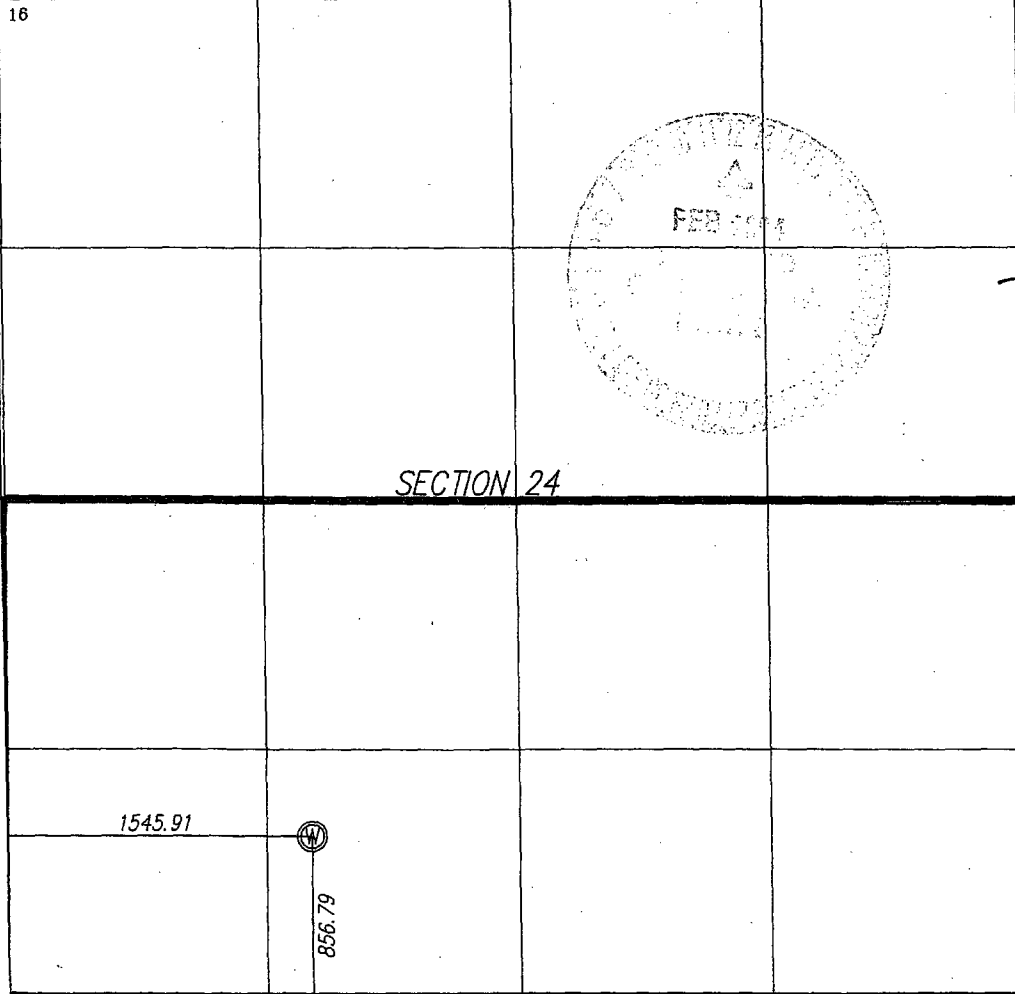
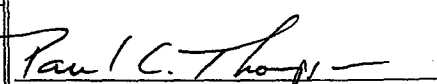
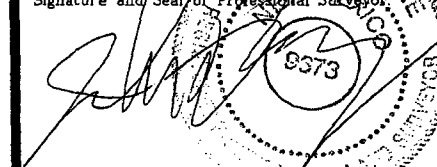
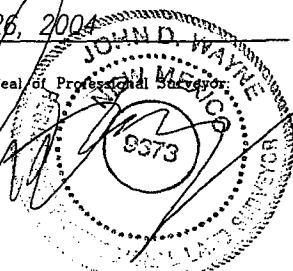
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	24	29N	11W		856.79	SOUTH	1545.91	WEST	SAN JUAN

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 320 5/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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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

<div>16</div> 	<div>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</div> <div> Signature PAUL C. THOMPSON Printed Name AGENT Title 2/12/04 Date</div>
	<div>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.</div> <div>JANUARY 26, 2004 Date of Survey  Signature and Seal of Professional Surveyor </div> <div>Certificate Number N.M. PLS #9673</div>

All distances must be from the outer boundaries of the Section.

Operator MANANA GAS, INCORPORATED			Lease PHYLLIS HARTMAN		Well No. 1
Unit Letter N	Section 24	Township 29N	Range 11W	County San Juan	
Actual Footage Location of Well:					
790 feet from the South line and		1510 feet from the West line			
Ground Level Elev: 5442	Producing Formation Chacra	Pool Bloomfield-Chacra	Dedicated Acreage: 160 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

		<p>Sec.</p>

Scale: 1"=1000'

CERTIFICATION

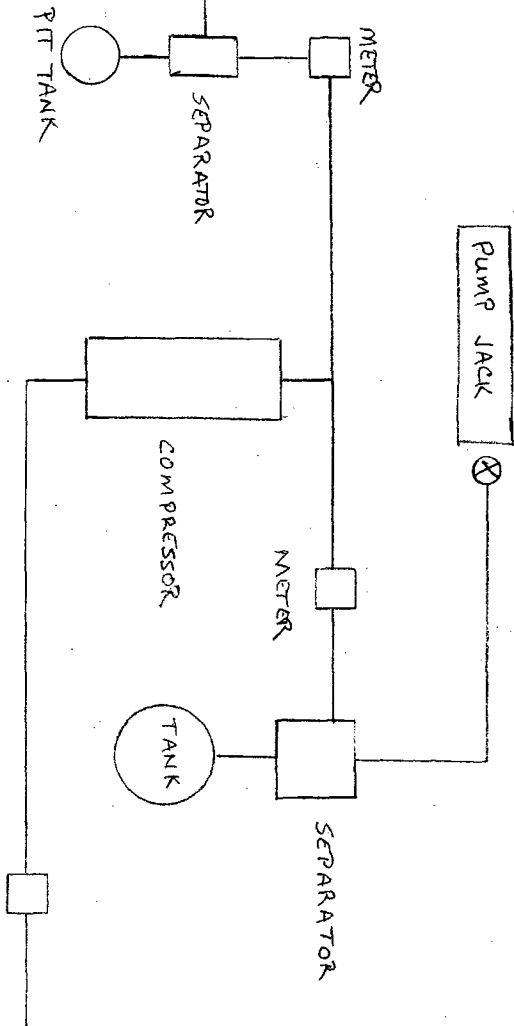
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Carl Kendrick
Position
Vice President
Company
Manana Gas, Inc.
Date
November 12, 1981

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 knowledge and belief.

Date Surveyed
June 1981
Registered Professional Engineer and Land Surveyor
Fred A. Kern Jr.
Certificate No.
3950

RAINBOWS END #1
BASIN FRUITLAND COR-- S/A
857 FSL & 1546 FWL
SECTION 24, T29N, R11W
320-045-32163



PHYLIS Hartman #1
Sulph. - OTERA CIPACRA
790 FSL & 1510 FWL
SECTION 24, T29N, R11W
30-045-25241

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

April 13, 2004

EXAMPLEMr. Ed Hartman
1002 Tramway Lane NE
Albuquerque NM 87122Re: Surface Commingling Application
Manana Gas, Inc.
Phyllis Hartman #1
Rainbows End #1
Section 24, T29N R11W
San Juan County, NM
Otero Chacra and Basin Fruitland Coal

Dear Mr. Hartman,

Manana Gas, Inc. has applied to the New Mexico Oil Conservation Division for administrative approval to surface commingle the gas production from the two referenced wells. Commingling will allow the use of a single wellsite compressor and the existing El Paso meter. As an interest owner in one or both of these wells, you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to the New Mexico Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.

Phyllis Hartman #1 & Rainbows End #1
Interest Owners

Mr. Ed Hartman
1002 Tramway Lane NE
Albuquerque NM 87122

Mrs. Betty Hartman
QTIP Trust
1002 Tramway Lane NE
Albuquerque NM 87122

Koch Exploration Company
PO Box 225
Wichita KS 67201

Basin Production Company
PO Box 214430
Dallas TX 75221

Pioneer Natural Resources USA
PO Box 910051
Dallas TX 75391

El Pamco Inc
PO Box 14738
Albuquerque NM 87191

Phyllis A Reynolds Trust
C/O Kelli D Lovelace Trustee
#6 Pebblebrook Circle
Richardson TX 75080

Burlington Resources Oil & Gas
Company
801 Cherry St Ste 200
Fort Worth TX 76102

Manana Gas Inc.
2520 Tramway Terrace Ct NE
Albuquerque NM 87122

David G McLane Oil & Gas
PO Box 214430
Dallas TX 75221

Ray & Mildred Bullock
535 N 19th St
Grand Junction CO 81501

Cowan Family Trust
5049 Little Springs Lane
Broad Run VA 20137

R.D. Bowman or C Davie TC
575 Hunter Parkway
Fallon NV 89406

Ms. Marilyn Elliott
7124 Ticonderoga NE
Albuquerque NM 87109

Mr. Roland Flash
3950 Koval LN #1107
Las Vegas NV 89109

Mr. Jack Graham
#284 CR 4990
Bloomfield NM 87413

Mrs. Alice Hickman
321 So Church St.
Aztec NM 87410

Ms. Celia Judkins
PO Box 276
Green Valley AZ 85622

LCS Company Inc
PO Box 2058
Farmington NM 87499

McKay Oil & Gas LLC
PO Box 14738
Albuquerque NM 87191

Tom Dugan Family Ltd Partnership
PO Box 207
Farmington NM 87499

Mrs. Phyllis Reynolds
3347 C West 114th Circle
Westminster CO 80030

Lela Cook Sparks Revocable Trust
PO Box 576707
Modesto CA 95357

R Bruce & Opal Sullivan
PO Box 400
Bloomfield NM 87413

Dorothy C Sullivan Trustee
PO Box 392
Bloomfield NM 87413

Mr. Arthur Webb
C/O First National Bank
1200 Broadway
Bloomfield NM 87413

Mr. Eddie White
5405 Camino Montano NE
Albuquerque NM 87111

Mrs. Betty White
2493 Lake Park Ct #A
Grand Junction CO 81505

CD Williams Exec.
1842 Viking
Houston TX 77018

Bruce or Doral Sullivan
PO Box 55
Bloomfield NM 87413