

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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 C. Thompson Paul C. Thompson AGENT 4/15/04
 Print or Type Name Signature Title Date

Paul C. WALSH@NMOC.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
Basin Dakota 71599				
Basin Fruitland Coal 71629				
Aztec Pictured Cliffs 71280				

(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 71599, Basin Fruitland Coal 71629, Aztec Pictured Cliffs 71280
(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

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, New Mexico 87505

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

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

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

WELL API NO. <p style="text-align: center;">30-045-32010</p>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

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 <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER	2. Name of Operator <i>Manana Gas Company</i>
3. Address of Operator <i>c/o Walsh Engineering, 7415 East Main Street, Farmington, NM 87402</i>	8. Well No. <i>#1</i>
4. Well Location Unit Letter <i>N</i> : <i>750'</i> Feet From The <i>South</i> Line and <i>1426'</i> Feet From The <i>West</i> Line Section <i>13</i> Township <i>30N</i> Range <i>12W</i> NMPM County	9. Pool name or Wildcat <i>Basin Fruitland Coal / Aztec Pictured Cliffs</i>

7. Lease Name or Unit Agreement Name <p style="text-align: center;"><i>Lucky Lindy</i></p>

10. Elevation (Show whether DF, RKB, RT, GR, etc.) <p style="text-align: center;"><i>5540' GR 5545' KB</i></p>

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

<p>11. NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/></p> <p>OTHER: <u>Surface Commingle</u> <input checked="" type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>	<p>PLUG AND ABANDON <input type="checkbox"/></p> <p>CHANGE PLANS <input type="checkbox"/></p> <p>ALTERING CASING <input type="checkbox"/></p> <p>PLUG & ABANDONMENT <input type="checkbox"/></p>
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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 Aztec PC and Basin Fruitland Coal in the Lucky Lindy #1 with the Basin Dakota in the Annie B #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 Annie B #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.

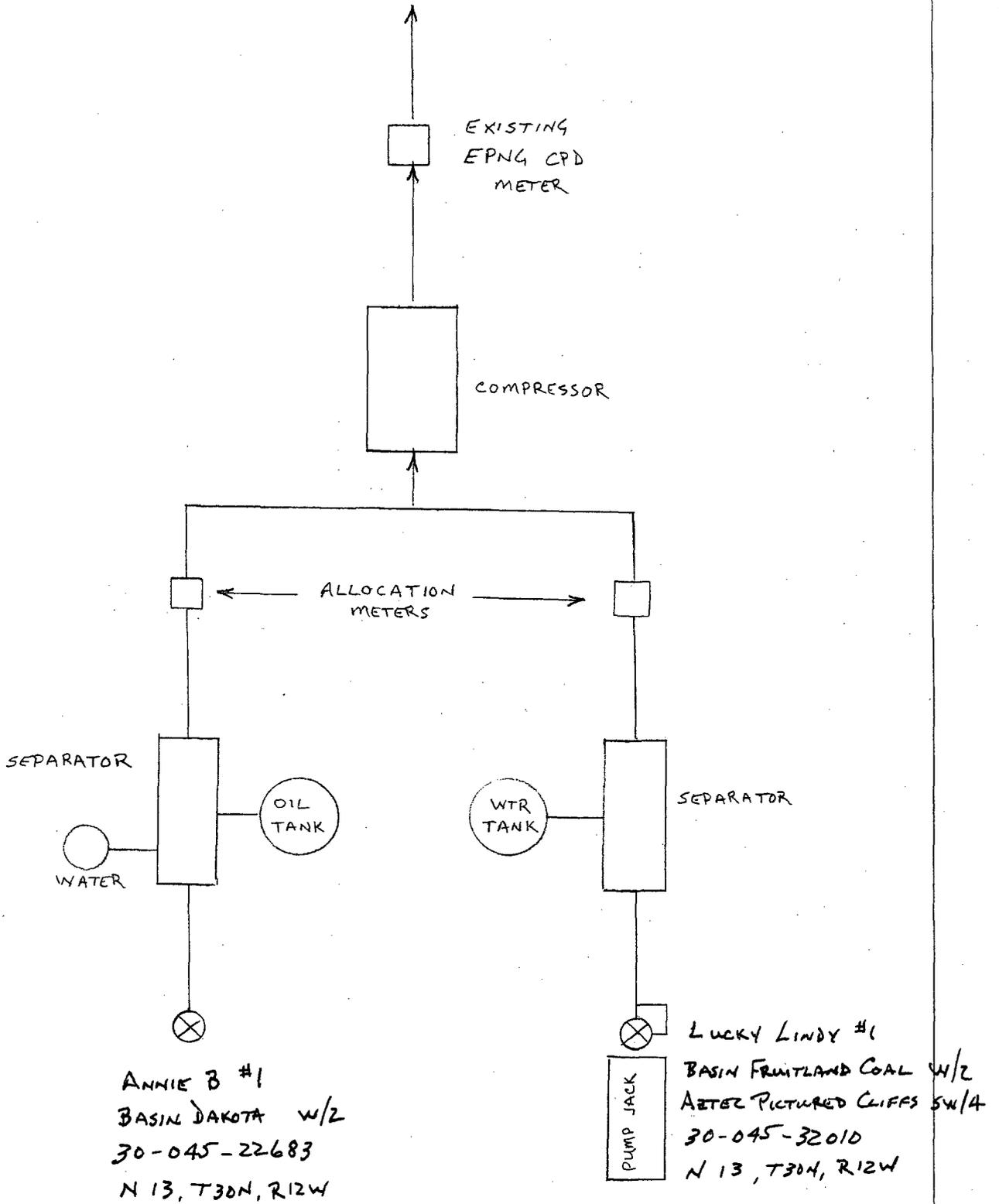
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Paul C. Thompson* TITLE Agent/Engineer DATE 04/15/04
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:

SURFACE COMMINGLING
 MANAWA GAS, INC.
 ANNIE B #1 AND LUCKY LINDY #1



14-004 100 SHEETS 5 1/2" x 7 1/4" 25 SQUARE
 42-395 100 SHEETS 8 1/2" x 11" 25 SQUARE
 42-396 100 SHEETS 8 1/2" x 11" 25 SQUARE
 42-399 200 RECYCLED WHITE 8 1/2" x 11" SQUARE
 Made in U.S.A.



**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 15, 2004

Merrion Oil and Gas
610 Reilly Ave
Farmington NM 87401*Example*Re: Surface Commingling Application
Manana Gas, Inc.
Annie B #1
Lucky Lindy #1
Section 13, T30N R12W
San Juan County, NM
Basin Dakota and Aztec Pictured Cliffs/Basin Fruitland Coal

Dear Merrion Oil and Gas ,

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.

Annie B #1 & Lucky Lindy #1, Basin Dakota and Aztec Pictured Cliffs/ Basin Fruitland Coal
Interest Owners

Merrion Oil and Gas
10 Reilly Ave
Farmington NM 87401

McCulliss Resources Co
PO Box 3248
Littleton CO 80161

George Vaught
PO Box 13557
Denver CO 80201

Burlington Resources
101 Cherry Street Ste 200
Fort Worth TX 76102

XTO Energy
810 Houston St
Fort Worth TX 76102

Four Star Oil & Gas
PO Box 730424
Dallas TX 75373

Edward Hartman
2520 Tramway Terrace Ct NE
Albuquerque NM 87122

Betty Hartman QTIP Trust
1002 Tramway Lane NE
Albuquerque NM 87122

Hartman Oil and Gas
2520 Tramway Terrace Ct NE
Albuquerque NM 87122

Harvard & Lemay Exploration
PO Box 936
Roswell NM 88201

Lamp Investments
PO Box 85
Bronte TX 76933

Sylvia Little
PO Box 1258
Farmington NM 87499

Manana Gas Inc
2520 Tramway Terrace Ct NE
Albuquerque NM 87122

BP American Production Co
PO Box 277897
Atlanta GA 30384

Robert Bayless
PO Box 168
Farmington NM 87499

Cynthia Calvin
747 Newport Street
Denver CO 80220

Edward Calvin
2380 Forest St
Denver CO 80207

Max Coll
Arroyo Hondo Rd #152
Santa Fe NM 87505

Duff-Leach Family Trust
PO Box 30396
Albuquerque NM 87190

TE Duff Trust
PO Box 9908
Midland TX 79708

Howard Henderson Living Trust
5809 N 24th Pl
Phoenix AZ 85016

Weldon C. & John Julander Trustees
PO Box 2773
Littleton CO 80161

Mrs. BJ McDonald
PO Box 50014
Albuquerque NM 87181

Christine Buvens Living Trust
301 La Chamisal Lane NE
Albuquerque NM 87107

Carl Bannowsky
20 Rd 2595
Aztec NM 87410

Shirley Bannowsky
#4 RD 3589
Flora Vista NM 87415

CH & BR Beaty Trustees
#77 Rd 3235
Aztec NM 87410

na Bohen
17 Thunderbird
ullerton CA 92635

Bob & Gywenh Browning
301 Browning Rd
Farmington NM 87401

Carmen Burson
437 Rd 2900
Aztec NM 87410

Barbara Butler
601 West MacArthur Apt 32-A
Santa Ana CA 92704

Dwayne Butler
26732 NE Comegys
Duvall WA 98019

Melvin Eugean and Sylvia Payne
7635 East Mesa Drive
Cornville AZ 86325

Charles & Eula Dunagan
PO Box 8
Aztec NM 87410

DJ Elkins
PO Box 1326
Aztec NM 87410

Craig & Angela Erickson
RT 3 Box 23
Aztec NM 87410

Jancy Hartman
002 Tramway Lane NE
Albuquerque NM 87122

Donna Denne Frye
2505 Riverside Dr.
Farmington NM 87401

Shelly Greer c/o Carolyn Schnack
4876 Durham St
Boulder CO 80501

Decil Henry
63 Rd 3050
Aztec NM 87410

James & Christine Hopper
2204 Ranch Dr
Farmington NM 87401

Dorothy Hopper
PO Box 832
Aztec NM 87410

Richard Irvin
208 Hallmark Rd
Farmington NM 87402

Amanda Lasky
PO Box 134
Lone Pine CA 93545

Adelia Luna Trustee
PO Box 753
Bloomfield NM 87413

Lynda Lyons
5123 Brookhurst #65
Westminster CA 92683

Janice McCoy
PO Box 4
Flora Vista NM 87415

Eugene & Nancy Minor
187 Rd 3050
Aztec NM 87410

Joe W & Janet Palmer
3 Rd 3235
Aztec NM 87410

Ernest & Olinda Reneau
14 Campbell Farms Road
Belen NM 87002

Riggs Oil & Gas Co.
PO Box 711
Farmington NM 87499

Kester & Lou Emma Roberts
PO Box 1514
Farmington NM 87499

Carolyn Schnack
4876 Durham Street
Boulder CO 80501

Kermit & Faye Sloan
Box 178 Rd 3050
Aztec NM 87410

Blondora Smith
605 Dakota NE
Albuquerque NM 87110

Watson Spencer Administrator
PO Box 361
Farmington NM 87499

Coy Stocking Administrator
PO Box
Aztec NM 87410

Douglas & Joetta Thomas
10 Rd 3050
Aztec NM 87410

Louise Windsor
319 E Tycksen
Farmington NM 87401