

DATE IN <u>3.27.12</u>	SUSPENSE	ENGINEER <u>WVJ</u>	LOGGED IN <u>DHC</u>	TYPE	APP NO. <u>1208359348</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



Saber Oil
243978

Stuart #1

ADMINISTRATIVE APPLICATION CHECKLIST 30-025-2565

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.

<u>NELSON PATTON</u>	<u>[Signature]</u>	<u>V.P. of OPERATIONS</u>	<u>3/19/12</u>
Print or Type Name	Signature	Title	Date
		<u>Nelson@sagebrushoil.com</u>	
		e-mail Address	

RECEIVED
MARCH 23 2012

C-9-255-37E

Lea

pool code 79240

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Huerfano Road, Artesia, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87503

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

SABER OIL & GAS VENTURES, LLC (243978) 400 W ILLINOIS, STE 950, MIDLAND, TX 79701

Operator Address
STUART 9 1 C-9-25S-37E LEA (DHE-4540)

Lease Well No. Unit Letter-Section-Township-Range County
243978 306882 30-025-25615

OGRID No. Property Code API No. Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TAN-Y-7R GAS		LANGLIE MATTIX; 7R-Q-GB
Pool Code	79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2900-3176		3432-3607
Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT		ARTIFICIAL LIFT
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	See attached supporting data Date: Rates:	Date: Rates:	DEC 2011 Date: Rates: 4.45bopd 1.6mcfcpd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0.00 Gas 84.75 % %	Oil Gas % %	Oil 100.00 Gas 15.25 % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
 Are all produced fluids from all commingled zones compatible with each other? Yes No
 Will commingling decrease the value of production? Yes No
 If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No
 NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Nelson Patton TITLE V.P. of Operations DATE 3/19/12
 TYPE OR PRINT NAME NELSON PATTON TELEPHONE NO. (432) 685-0169
 E-MAIL ADDRESS Nelson@sagebrushoil.com

March 12, 2012

Re: Application for Downhole Comingling
Application for Unorthodox Gas Well Location
Application for Unorthodox Gas Spacing Unit

Saber Oil & Gas Ventures, LLC. respectfully request administrative approval of a downhole comingling, unorthodox gas well location and unorthodox gas well spacing unit for the following well:

Stuart 9 # 1
30-025-25615
330' FNL & 1650' FWL, NE/4 NW/4 of
Section 9, T25S, R37E, Unit Letter C
Lea County, New Mexico

This well is a producer in the Langlie Mattix;Seven Rivers-Queen-Grayburg Pool (Pool Code 37240) which is an oil pool spaced on 40 acres. This well was drilled at a standard location for this pool. In order to increase the life of this well by ten or more years, it is proposed to perforate and acidize the Yates Formation from 2900 to 3176 feet. This interval in the Yates Formation is in the Jalmat;Tansill-Yates-Seven Rivers Gas Pool (Pool Code 79240). The Jalmat Gas Pool and Langlie Mattix Oil Pool will be downhole comingled. The Stuart lease is a federal lease consisting of 40. It is proposed to establish a 40-acre non-standard gas proration unit (GPU) in the Jalmat Gas pool. Since this location is non-standard we are requesting a non-standard location be approved for this location.

The Jalmat Gas pool is currently governed by special pool rules established by order number R-8170-P effective December 14, 2001.

In support of the application, Saber states the following:

The Stuart 9 # 1 is currently marginally productive. During January- December 2011 produced at an average rate of approximately 5.28 bls oil per day and 2.75 MCF gas per day;

Recent production from Saber's Prichard B # 1 (30-025-32151) located in U/L B Section 9, T25S, R37E from the Jalmat Gas Pool during the same period produced at an average rate 15.3 MCF gas per day;

Production from Westbrook Oil Corp, Prichard A # 1 (30-025-11511) u/l G Section 9, T25S, R37E during January-December 2011 from the Jalmat Gas Pool produced at an average rate 3.24 MCF gas per day. This well has a non-standard gas proration unit of 40-acre assigned to it NSP-1726(L);

Westbrook Oil Corp, El Paso Prichard Federal # 1 (30-025-26373) u/l J Section 9, T25S, R37E during January-December 2011 Jalmat Gas Pool produced at an average rate 23 MCF gas per day;

Herman L Loeb LLC, Wells Federal # 18 (30-025-29076) u/l M Section 4, T25S, R37E 330 FSL, 660 FWL during January-December 2011 Jalmat Gas Pool produced at an average rate 55 MCF gas per day from a 120-acre non-standard proration unit R-1317, NSL-1926-0;

Herman L Loeb LLC, Wells Federal # 19 (30-025-29264) u/l O Section 4, T25S, R37E 660 FSL, 2310 FEL during January-December 2011 Jalmat Gas Pool produced at an average rate 18.2 MCF gas per day from a 160-acre non-standard proration unit NSP-308, NSL-2029;

Due to inefficient drainage and marginally productive nature of the existing wells in section 4 and 9, Saber believes that no offset operator will be adversely affected by the approval of this application;

As a result of this marginal production and no offset being adversely affected the Oil Conservation Division has granted two non-standard locations directly offsetting the proposed proration unit in unit letters M and O of Section 4, T25S, R37E (NSL -1926-0 and NSL-2029);

Attachment No. 1 is a plat that identifies the subject GPU unit and the NSL location;

Attachment No. 2 is a plat that identifies the GPU and all offsetting GPU's in the Jalmat Gas Pool;

Attachment No. 2A is a compilation of all active Jalmat Gas Pool producing wells within the offsetting GPU's;

Form C-107A Application for Downhole Comingling;

Notice of this application has been provided to Herm L Loeb LLC and Westbrook Oil Corp.

In summary, Saber Oil & Gas Ventures, LLC believes that approval of the application is in the best interest of conservation, prevention of waste and protection of correlative rights.

Sincerely

A handwritten signature in black ink, appearing to read "Nelson Patten". The signature is fluid and cursive, written over a light background.

Saber Oil & Gas Ventures, LLC
400 W Illinois, Suite 950
Midland, TX 79701

Enclosure

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-25615		¹ Pool Code 79240		¹ Pool Name JALMAT;TANS-YATES-7 RIVERS (GAS)	
⁴ Property Code 306882		⁵ Property Name STUART 9			⁶ Well Number 1
⁷ OGRID No. 243978		⁸ Operator Name SABER OIL & GAS VENTURES, LLC			⁹ Elevation 3174

¹⁰ Surface Location

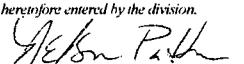
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	9	25S	37E		330	NORTH	1650	WEST	LEA

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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.	NSP & NSL APPLIED FOR
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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.

16	1650	330			¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  3/19/12 Signature Date NELSON PATTON Printed Name	
						¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

ATTACHMENT No. 2A

<u>GPU Description</u>	<u>Operator</u>	<u>Lease Name & Well Number</u>	<u>Well Location</u>
W/2 E/2 Sec 4, T25s, R37E NSP-308	Herman L Loeb LLC	Wells Federal # 19 Wells Federal # 2	Unit O Sec 4, T25S, R37E NSL-2029 Unit G Sec 4, T25S, R37E
N/2 SW/4, SW/4 SW/4 Sec 4 T25S, R37E R-1317	Herman L Loeb LLC	Wells Federal # 18	Unit M Sec 4, T25S, R37E NSL-1926-0
N/2 NE/4, SE/4 NE/4 NSP-1726(L)	Saber Oil & Gas Ventures, LLC	Prichard B # 1	Unit B Sec 9, T25S, R37E
SW/4 NE/4 Sec 9, T25S, R37E	Westbrook Oil Corp	Prichard A # 1	Unit G Sec 9, T25s, R37E

SENDER - COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:	B. Received by (<i>Printed Name</i>)	C. Date of Delivery
WESTBROOK OIL CORPORATION 1320 N. WEST CIRCLE HOBBS NM 88240-8824	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)	4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes	
	7007 2560 0003 3754 4799	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540		

SENDER - COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:	B. Received by (<i>Printed Name</i>)	C. Date of Delivery
HERMAN L. LOEB LLC 600 COUNTRY CLUB DRIVE LAWRENCEVILLE IL 62439	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)	4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes	
	7006 0810 0005 7559 5460	
PS Form 3811 February 2004 Domestic Return Receipt 102595-02-M-1540		

Sent copies to
off. set operators

Stuart 9 # 1
Supporting Data for Commingling Permit

Saber Oil & Gas Ventures, LLC is proposing to add additional perforations in the Yates Formation by selective perforating of the Jalmat; Tansill-Yates-Seven Rivers pool in the following intervals 2900-2948; 3004-3062 and 3100-3176 with existing perforations in Queen formations of the Langlie Mattix pool.

Proposed allocation is based on the performance of wells offsetting the # 1 well. The Saber Oil & Gas Ventures, LLC, Prichard B # 1 is producing only from the Jalmat pool and the Saber Oil & Gas Ventures, LLC, Stuart 9 # 1 produces only from the Langlie Mattix pool.

	Prichard B # 1				Stuart 9 # 1		
	Oil bbls	Gas mcf	Water bbls		Oil bbls	Gas mcf	Water bbls
Jan-11	0	500	0		150	65	87
Feb-11	0	237	0		90	23	78
Mar-11	0	527	0		181	49	200
Apr-11	0	540	0		163	86	170
May-11	0	518	0		184	88	153
Jun-11	0	453	0		162	83	153
Jul-11	0	520	0		181	92	150
Aug-11	0	500	0		178	118	140
Sep-11	0	500	0		163	136	135
Oct-11	0	311	0		203	109	153
Nov-11	0	520	0		185	122	141
Dec-11	0	450	0		89	32	92
TOTALS	0	5576	0		1929	1003	1652
Percent of Combined Total	0.00%	84.75%	0.00%		100%	15.25%	100%

