

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF MANZANO, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT, A NON-STANDARD PROJECT AREA,  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**Case No. 15804**

**EXAMINER EXHIBIT NOTEBOOK**

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
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LEA COUNTY, NEW MEXICO.**

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**EXHIBITS**

No. 1 – Midland Map of proposed spacing unit/project area

No. 2 – C-102 Plat

No. 3 – Summary of interest owners in spacing unit

No. 4 – Affidavit of Notice

No. 5 – Copy of well proposal and AFE

No. 6 – Affidavit of Publication

No. 7 – Location Map

No. 8 – Production Map

No. 9 – Structure Map

No. 10 – Net Porosity Isopach Map

No. 11 – Stratigraphic Cross Section

No. 12 – Wellbore Diagram

To





DISTRICT I  
1025 N. French Dr., Hobbs, NM 88240  
Phone (505) 393-0161 Fax: (505) 393-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone (505) 748-1263 Fax: (505) 748-0720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-0176 Fax: (505) 334-0170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 478-3450 Fax: (505) 478-3452

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 33950	Pool Name JENKINS; SAN ANDRES
Property Code	Property Name RAG MAMA 30-19 FEE	Well Number 1H
OGRID No. 231429	Operator Name MANZANO LLC	Elevation 4159'

Surface Location

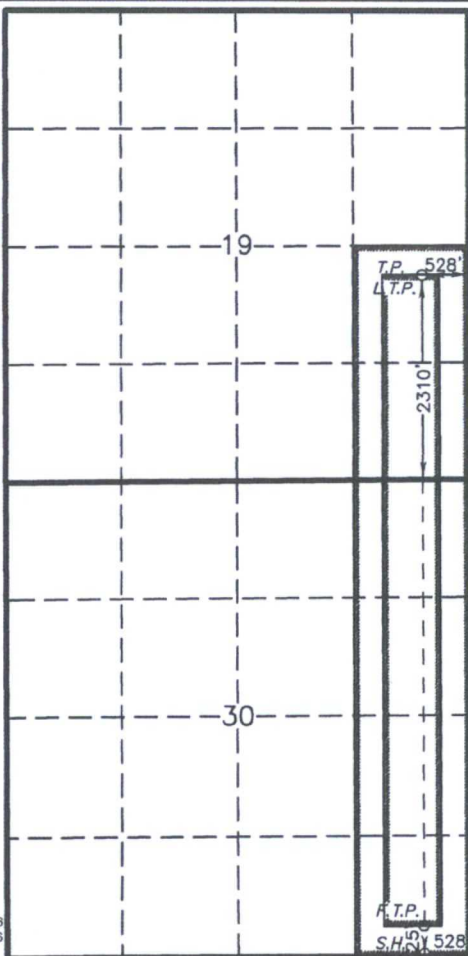
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	9 S	35 E		25	SOUTH	528	EAST	LEA

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
I	19	9 S	35 E		2310	SOUTH	528	EAST	LEA

Dedicated Acres 240	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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

N.: 920573.1 E.: 823079.7 NAD 83		N.: 920576.1 E.: 826314.8 NAD 83
	TERMINUS POINT/ LAST TAKE POINT Lat - N 33.518822 Long - W 103.393358 NMSPCE- N 917603.3 E 827818.8 (NAD-83)	N.: 917939.9 E.: 828342.3 NAD 83
N.: 915249.3 E.: 823131.2 NAD 83	FIRST TAKE POINT 330 FSL & 528 FEL Lat - N 33.498872 Long - W 103.393297 NMSPCE- N 910344.2 E 827902.9 (NAD-83)	N.: 915298.9 E.: 826378.7 NAD 83
	SURFACE LOCATION Lat - N 33.498036 Long - W 103.393294 NMSPCE- N 910039.3 E 827906.2 (NAD-83)	N.: 910015.3 E.: 828438.5 NAD 83

OPERATOR CERTIFICATION

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.

*Mike Hanagan* 8/4/17  
Signature Date

MIKE HANAGAN  
Printed Name

mike@manzanoenergy.com  
Email Address

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.

JULY 31 2017  
Date Surveyed

*[Signature]*  
Signature & Seal of Professional Surveyor

Certificate No. Gary L. Jones 7977  
BASIC SURVEY

0' 1000' 2000' 3000' 4000'  
SCALE: 1" = 2000'  
WO Num.: 33148

EXHIBIT 2



## SUMMARY OF INTEREST OWNERSHIP

### Spacing Unit for the Rag Mama 30-19 Fee No. 1H Well

**TRACT 1** Manzano, LLC =100% working interest  
Township 9 South, Range 35 East, NMPM, Lea County  
Section 19: NE/4SE/4  
Containing 40 acres, more or less

**TRACT 2** Manzano, LLC =100% working interest  
Township 9 South, Range 35 East, NMPM, Lea County  
Section 19: SE/4SE/4  
Containing 40 acres, more or less

**TRACT 3** Manzano, LLC =100% working interest  
Township 9 South, Range 35 East, NMPM, Lea County  
Section 30: SE/4SE/4  
Containing 40 acres, more or less

**TRACT 4**  
EOG Y Resources, Inc. =70% working interest  
EOG M Resources, Inc. =10% working interest  
EOG A Resources, Inc. =10% working interest  
Oxy Y-1 Company =10% working interest

Township 9 South, Range 35 East, NMPM, Lea County  
Section 30: E/2NE/4, NE/4SE/4  
Containing 120 acres, more or less

#### **Tract 4 Lease Description:**

- Undivided one-third of all oil, gas and minerals covered by the following lease:  
Oil and Gas Lease dated June 3, 2002, recorded in Lea County Records Book 1151, Page 399, with Lillian Anderson Graham, as Lessor, and Yates Petroleum Corporation (70%), Yates Drilling Company (10%), ABO Petroleum Corporation (10%), Myco Industries, Inc. (10%), as Lessees, covering Tract 4 and other lands.
- Undivided one-third of all oil, gas and minerals covered by the following lease:  
Oil and Gas Lease dated June 3, 2002, recorded in Lea County Records Book 1154, Page 176, with Jennie Ludell Kinsolving, as Lessor, and Yates Petroleum Corporation (70%), Yates Drilling Company (10%), ABO Petroleum Corporation (10%), Myco Industries, Inc. (10%), as Lessees covering, Tract 4 and other lands.
- Undivided one-third of all oil, gas and minerals covered by the following lease:  
Oil and Gas Lease dated June 3, 2002, recorded in Lea County Records Book 1157, Page 734, with Bennie Arlen Anderson, Personal Representative of the Estate of Gloria Violet Anderson Chandler, deceased, as Lessor, and Yates Petroleum Corporation (70%), Yates Drilling Company (10%), ABO Petroleum Corporation (10%), Myco Industries, Inc. (10%), as Lessees covering, Tract 4 and other lands.

## **EXHIBIT 3**

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

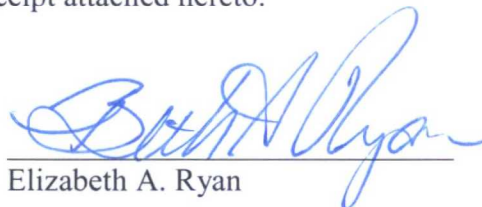
APPLICATION OF MANZANO, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT, A NON-STANDARD PROJECT AREA,  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 15804

AFFIDAVIT

STATE OF NEW MEXICO    )  
  ) ss.  
COUNTY OF CHAVES        )

Elizabeth A. Ryan, attorney in fact and authorized representative of Manzano, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and proof of receipt attached hereto.

  
Elizabeth A. Ryan

SUBSCRIBED AND SWORN to before this 28 day of August, 2017 by Elizabeth A. Ryan.



OFFICIAL SEAL  
Rachel Tutor  
NOTARY PUBLIC-STATE OF NEW MEXICO  
My commission expires: 10/2/18


  
Notary Public

EXHIBIT 4

**Parties Being Pooled**

EOG Y Resources Inc.  
EOG M Resources, Inc.  
EOG A Resources, Inc.  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attn: Nathan Stephenson

Oxy Y-1 Company  
5 Greenway Plaza  
Houston, Texas 77046

**Notice sent to Offset Owners:**

Salient Zarvona Energy Fund LP  
1010 Lamar, Suite 500  
Houston, TX 77002

Overton Energy Investment VI, LLC  
4265 San Felipe, Suite 1040  
Houston, TX 77027



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

EOG Y Resources Inc.  
EOG A Resources Inc.  
EOG M Resources Inc.  
105 S 4<sup>th</sup> St  
Artesia NM 88210

9590 9402 2365 6249 9237 55

2. Article Number (Transfer from service label)

7016 1970 0000 0092 1883

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- ☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  
If YES, enter delivery address below:

- ☐ Yes  
☐ No

3. Service Type

- ☒ Adult Signature  
☐ Adult Signature Restricted Delivery  
☐ Certified Mail®  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Collect on Delivery Restricted Delivery  
☐ Insured Mail  
☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®  
☐ Registered Mail™  
☐ Registered Mail Restricted Delivery  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation™  
☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature   <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Oxy Y-1 Company  5 Greenway Plaza  Houston TX 77046</p>		<p>B. Received by (Printed Name)  C. Mendoza</p>	<p>C. Date of Delivery  8-14-17</p>
<p>2. Article Number (Transfer from service label)  9590 9402 2365 6249 9237 48</p>		<p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes  If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>		<p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>7016 1970 0000 0092 1906</p>			
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>		<p>Domestic Return Receipt</p>	

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Overton Energy Investment VI, LLC

12335 Ste 1040

# 366 King Ridge Ln  
Houston TX 77024

9590 9402 2365 6249 9237 24

**2. Article Number (Transfer from service label)**

7016 1970 0000 0092 1999

**COMPLETE THIS SECTION ON DELIVERY**

**A. Signature**

*[Signature]*

☐ Agent

☐ Addressee

**B. Received by (Printed Name)**

*REYNAS ULSON*

**C. Date of Delivery**

**D. Is delivery address different from item 1? ☐ Yes**  
If YES, enter delivery address below: ☐ No

**Service Type**

☐ Adult Signature  
☐ Adult Signature Restricted Delivery  
☐ Certified Mail®

☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Collect on Delivery Restricted Delivery

☐ Insured Mail  
☐ Insured Mail Restricted Delivery (over \$500)

☐ Priority Mail Express®  
☐ Registered Mail™  
☐ Registered Mail Restricted Delivery  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation™  
☐ Signature Confirmation Restricted Delivery



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FAQs > (<http://faq.usps.com/?articleId=220900>)

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Remove X

Tracking Number: 70161970000000921913

Delivered

## Product & Tracking Information

See Available Actions

Postal Product:  
First-Class Mail®

Features:  
Certified Mail™

See tracking for related item: 9590940223656249923731 (/go/TrackConfirmAction?  
tLabels=9590940223656249923731)

DATE & TIME	STATUS OF ITEM	LOCATION
August 11, 2017, 2:26 pm	Delivered, To Mail Room	HOUSTON, TX 77002
August 11, 2017, 1:06 am	Departed USPS Regional Destination Facility	NORTH HOUSTON TX DISTRIBUTION CENTER
August 10, 2017, 11:25 pm	Arrived at USPS Regional Destination Facility	NORTH HOUSTON TX DISTRIBUTION CENTER
August 10, 2017, 2:07 am	Departed USPS Regional Facility	LUBBOCK TX DISTRIBUTION CENTER

See More ▾

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Email Updates

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FAQs (<http://faq.usps.com/?>)

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HOUSTON, TX 77002

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Extra Services & Fees (check box, add fee \$1.00 (date))		
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00	\$0.00

Postage \$1.19

Total Postage and \$7.29

Sent To  
Street and Apt. No.  
City, State, ZIP+4

Salient Zarvona Energy Fund LP  
1010 Lamar Ste 500  
Houston TX 77002

PS Form 3800, 1-10-16



# Manzano, LLC

P.O. Box 1737

Roswell, New Mexico 88202-1737

(575) 623-1996

June 22, 2017

Oxy Y-1  
5 Greenway Plaza  
Houston, TX 77046

RE: **Well Proposal Letter**

Rag Mama 30 Fee #1H ("Well")

Surface Location: 200' FNL & 528' FEL of Section 30<sup>20</sup>-T9S-R35E

Bottom Hole Location: 2310' FSL & 528' FEL of Section 19-T9S-R35E

Lea County, New Mexico

Manzano, LLC ("Manzano"), as Operator, hereby proposes to drill the captioned Well at the referenced Surface Location to the referenced Bottom Hole Location. The proposed Well will be drilled to a true vertical depth of ~4850' from surface and drilled horizontally to a measured depth of ~12,000 feet.

The E/2 E/2 of Section 30 and the E/2 SE/4 of Section 19 will be dedicated to the Well as the pooled proration unit and Project Area.

Enclosed herewith, please find our Authority for Expenditure ("AFE") in the amount of \$4,069,000.00, which represents the total cost to drill and complete the Well.

Manzano is proposing to drill the Well subject to the terms and conditions of a modified 1989H AAPL form of Operating Agreement, the form of which is enclosed herewith.

If you do not wish to participate in the Well, Manzano would offer to:

- (1) Purchase all of your right, title and interest in Sections 22, 27, 29, 30 and 36 of T9S-R35E, including, but not limited to, the Thumbs Up State Comm #1 well (Section 36-9S-35E), the Vince "BGH" #1 well (section 30-9S-35E) and the Gill "BGJ" #1 well (section 29-9S-35E) for \$132,500.00 net to your interest, or
- (2) Purchase a Three (3) year Term Assignment ("Assignment") covering your interest, excluding your producing wellbores, in all of sections 29-9S-35E and 30-9S-35E for \$750.00 per net acre delivered to Manzano (estimated to be \$557,270 based on our takeoff info of 743.03 net acres).

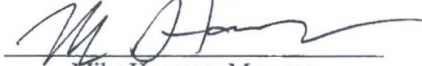
If you are wish to participate in the proposed well, please execute and return a copy of the enclosed AFE along with the Well Proposal Letter within fifteen (15) days of receipt of this letter.

If you would prefer to either sell your properties as described in Section 1 above, or would prefer to work out a Term Assignment of your leasehold interests as described in Section 2 above, please call me at your very earliest convenience so that we may work out the details

If you have any question or wish to discuss this proposal in further detail, please do not hesitate to give me a call at 575-623-1996 extension 310 or my cell phone number is 575-420-8821 (email is [mike@manzanoenergy.com](mailto:mike@manzanoenergy.com)). Thank you and I look forward to hearing from you.

Sincerely,

MANZANO, LLC

  
Mike Hanagan, Manager



**MANZANO, LLC**  
Authority For Expenditure

PAGE 1 of 1

OPERATOR <b>MANZANO, LLC</b>		AFE # <b>1</b>	DATE <b>6/12/2017</b>
WELL NAME AND NUMBER <b>RAG MAMA 30 FEE #1H</b>		FIELD OR PROSPECT <b>JENKINS</b>	
LOCATION <b>SL: 200'FSL &amp; 528'FEL of SEC 30 - BHL: 2310'FSL &amp; 528'FEL of SEC 19</b>	SECTION <b>19 &amp; 30</b>	TOWNSHIP <b>9S</b>	RANGE <b>35E</b>
PROJECT DESCRIPTION AND LOCATION <b>DRILL &amp; COMPLETE 1.5 MILE LATERAL IN SAN ANDRES</b>	COUNTY <b>LEA</b>	STATE <b>NEW MEXICO</b>	
	PROPOSED FORMATION <b>SAN ANDRES</b>	PROPOSED DEPTH (tyd/md) <b>4850TYD/12,000'MD</b>	

COMMENTS:

INTANGIBLES	Cost To Casing Point	Completion Costs	TOTAL
Footage			
Drilling on Day Work - BCP	\$192,000		\$192,000
Drilling on Day Work - ACP		\$32,000	\$32,000
Drilling Rig - Move In/Move Out & Rig Up/Rig Down	\$75,000		\$75,000
Completion Rig & Coiled Tubing Unit		\$70,000	\$70,000
Survey, Permit, Damages, ROW & Legal	\$50,000	\$10,000	\$60,000
Road, Location, Pits, Fencing	\$80,000	\$75,000	\$155,000
Bits & Casing Tools	\$30,000		\$30,000
Rig Fuel	\$42,000	\$7,000	\$49,000
Mud and Chemicals	\$50,000		\$50,000
Drilling & Completion Water	\$30,000	\$120,000	\$150,000
Cementing and Cement Equipment	\$35,000	\$65,000	\$100,000
Mud Logging, Coring & DST's	\$15,000		\$15,000
Open Hole Logging			
Cased Hole Logging & Wireline Services		\$120,000	\$120,000
Equipment Rentals	\$100,000	\$65,000	\$165,000
Directional Services	\$125,000		\$125,000
Acidizing, Fracing & Stimulation		\$1,425,000	\$1,425,000
Tubular Inspection/Repair, Nipple Up	\$10,000	\$5,000	\$15,000
Casing Crews, Tools and Services	\$12,000	\$8,000	\$20,000
Labor & Installation		\$110,000	
Supervision	\$25,000	\$25,000	
Well Control Insurance	\$7,500		
Administrative Overhead	\$3,000	\$3,000	\$6,000
Production Testing & Flowback		\$15,000	\$15,000
Abandonment Expense			
Disposal of Fluids/Cuttings	\$90,000	\$15,000	
Miscellaneous Costs, Tax and Contingencies	\$22,860	\$96,565	\$119,425
<b>TOTAL INTANGIBLES</b>	<b>\$994,360</b>	<b>\$2,266,565</b>	<b>\$2,988,425</b>

TANGIBLES						Drilling	Completion	TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
Conductor					\$ -			
Surface	2250	8 5/8"	32#	J55	\$ 20.00	\$45,000		\$45,000
Surface					\$ -			
Intermediate					\$ -			
Intermediate					\$ -			
Liner					\$ -			
Production	12200	5 1/2"	20#	L80	\$ 15.00		\$183,000	\$183,000
Production					\$ -			
Tubing	4300	2 7/8'	6.5#	J55	\$ 5.00		\$21,500	\$21,500
Subsurface Equipment & Pumps							\$130,000	\$130,000
Wellhead Equipment						\$4,000	\$15,000	\$19,000
Pumping Unit								
Flowlines							\$25,000	\$25,000
Tanks & Storage							\$140,000	\$140,000
Separation Equipment							\$80,000	\$80,000
Gas Sales Line & Equipment								
Electrical, Instrumentation & Monitoring							\$75,000	\$75,000
Valves, Connections, Pumps & Meters							\$90,000	\$90,000
<b>TOTAL TANGIBLES</b>						<b>\$49,000</b>	<b>\$759,500</b>	<b>\$808,500</b>
<b>TOTAL WELL COSTS</b>						<b>\$1,043,360</b>	<b>\$3,026,065</b>	<b>\$4,069,425</b>
<b>ROUNDED PROJECT COST</b>						<b>\$1,043,000</b>	<b>\$3,026,000</b>	<b>\$4,069,000</b>

MANZANO, LLC	MANZANO - DRY HOLE	MANZANO - COMPLETED WELL COST
WI-BCP 100.000000%	\$1,043,000	\$4,069,000
MANZANO, LLC	MANZANO - COMPLETION COST	BY:
WI-ACP 100.000000%	\$3,026,000	MIKE HANAGAN
<b>JOINT INTEREST SHARE</b>		
COMPANY NAME	Signature	DATE
	BY:	
COMPANY OWNERSHIP-%	COMPANY COST-DRY HOLE COST	COMPANY COST-COMPLETION COST
WI-BCP                      WI-ACP		

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☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$

Postage

\$

Total Postage and Fees

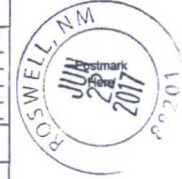
\$

Sent To

Street and Apt. No. or PO Box No.

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



7016 3010 0000 1717 4555

*Dixie 4-1 Co. Jenkins*  
*Rag Mamma Dixie #14*  
*Cripple Creek Dixie #4H*

# Manzano, LLC

**P.O. Box 1737**

**Roswell, New Mexico 88202-1737**

**(575) 623-1996**

June 22, 2017

EOG Resources, Inc  
105 S. Fourth Street  
Artesia, NM 88211

Attention: Kathy Porter

**RE: Well Proposal Letter**

Rag Mama 30 Fee #1H ("Well")

Surface Location: 200' FNL & 528' FEL of Section 31-T9S-R35E

Bottom Hole Location: 2310' FSL & 528' FEL of Section 19-T9S-R35E

Lea County, New Mexico

Dear Kathy:

Manzano, LLC ("Manzano"), as Operator, hereby proposes to drill the captioned Well at the referenced Surface Location to the referenced Bottom Hole Location. The proposed Well will be drilled to a true vertical depth of ~4850' from surface and drilled horizontally to a measured depth of ~12,000 feet.

The E/2 E/2 of Section 30 and the E/2 SE/4 of Section 19 will be dedicated to the Well as the pooled proration unit and Project Area.

Enclosed herewith, please find our Authority for Expenditure ("AFE") in the amount of \$4,069,000.00, which represents the total cost to drill and complete the Well.

Manzano is proposing to drill the Well subject to the terms and conditions of a modified 1989H AAPL form of Operating Agreement, the form of which is enclosed herewith.

If you do not wish to participate in the Well, Manzano would offer to:

- (1) Purchase all of your right, title and interest in Sections 22, 27, 29, 30 and 36 of T9S-R35E, including, but not limited to, the Thumbs Up State Comm #1 well (Section 36-9S-35E), the Vince "BGH" #1 well (section 30-9S-35E) and the Gill "BGJ" #1 well (section 29-9S-35E) for Seven hundred and fifty thousand dollars (\$750,000.00) net to your interest, or
- (2) Purchase a Three (3) year Term Assignment ("Assignment") covering your interest, excluding your producing wellbores, in all of sections 29-9S-35E and 30-



9S-35E for \$750.00 per net acre delivered to Manzano (estimated to be \$557,270 based on our takeoff info of 743.03 net acres).

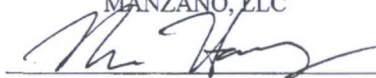
If you are wish to participate in the proposed well, please execute and return a copy of the enclosed AFE along with the Well Proposal Letter within fifteen (15) days of receipt of this letter.

If you would prefer to either sell your properties as described in Section 1 above, or would prefer to work out a Term Assignment of your leasehold interests as described in Section 2 above, please call me at your very earliest convenience so that we may work out the details

If you have any question or wish to discuss this proposal in further detail, please do not hesitate to give me a call at 575-623-1996 extension 310 or my cell phone number is 575-420-8821 (email is [mike@manzanoenergy.com](mailto:mike@manzanoenergy.com)). Thank you and I look forward to hearing from you.

Sincerely,

MANZANO, LLC

  
Mike Hanagan, Manager

**MANZANO, LLC**  
Authority For Expenditure

PAGE 1 of 1

OPERATOR <b>MANZANO, LLC</b>	AFE # <b>1</b>	DATE <b>6/12/2017</b>
WELL NAME AND NUMBER <b>RAG MAMA 30 FEE #1H</b>	FIELD OR PROSPECT <b>JENKINS</b>	
LOCATION <b>SL: 200'FSL &amp; 528'FEL of SEC 30 - BHL: 2310'FSL &amp; 528'FEL of SEC 19</b>	SECTION <b>19 &amp; 30</b>	TOWNSHIP <b>9S</b>
PROJECT DESCRIPTION AND LOCATION <b>DRILL &amp; COMPLETE 1.5 MILE LATERAL IN SAN ANDRES</b>	COUNTY <b>LEA</b>	STATE <b>NEW MEXICO</b>
	PROPOSED FORMATION <b>SAN ANDRES</b>	PROPOSED DEPTH (tvd/md) <b>4850'TVD/12,000'MD</b>
COMMENTS:		

INTANGIBLES	Cost To Casing Point	Completion Costs	TOTAL
Footage			
Drilling on Day Work - BCP	\$192,000		\$192,000
Drilling on Day Work - ACP		\$32,000	\$32,000
Drilling Rig - Move In/Move Out & Rig Up/Rig Down	\$75,000		\$75,000
Completion Rig & Coiled Tubing Unit		\$70,000	\$70,000
Survey, Permit, Damages, ROW & Legal	\$50,000	\$10,000	\$60,000
Road, Location, Pits, Fencing	\$80,000	\$75,000	\$155,000
Bits & Casing Tools	\$30,000		\$30,000
Rig Fuel	\$42,000	\$7,000	\$49,000
Mud and Chemicals	\$50,000		\$50,000
Drilling & Completion Water	\$30,000	\$120,000	\$150,000
Cementing and Cement Equipment	\$35,000	\$65,000	\$100,000
Mud Logging, Coring & DST's	\$15,000		\$15,000
Open Hole Logging			
Cased Hole Logging & Wireline Services		\$120,000	\$120,000
Equipment Rentals	\$100,000	\$65,000	\$165,000
Directional Services	\$125,000		\$125,000
Acidizing, Fracing & Stimulation		\$1,425,000	\$1,425,000
Tubular Inspection/Repair, Nipple Up	\$10,000	\$5,000	\$15,000
Casing Crews, Tools and Services	\$12,000	\$8,000	\$20,000
Labor & Installation		\$110,000	
Supervision	\$25,000	\$25,000	
Well Control Insurance	\$7,500		
Administrative Overhead	\$3,000	\$3,000	\$6,000
Production Testing & Flowback		\$15,000	\$15,000
Abandonment Expense			
Disposal of Fluids/Cuttings	\$90,000	\$15,000	
Miscellaneous Costs, Tax and Contingencies	\$22,860	\$96,565	\$119,425
<b>TOTAL INTANGIBLES</b>	<b>\$994,360</b>	<b>\$2,266,565</b>	<b>\$2,988,425</b>

TANGIBLES						Drilling	Completion	TOTAL
CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
Conductor					\$ -			
Surface	2250	8 5/8"	32#	J55	\$ 20.00	\$45,000		\$45,000
Surface					\$ -			
Intermediate					\$ -			
Intermediate					\$ -			
Liner					\$ -			
Production	12200	5 1/2"	20#	L80	\$ 15.00		\$183,000	\$183,000
Production					\$ -			
Tubing	4300	2 7/8"	6.5#	J55	\$ 5.00		\$21,500	\$21,500
Subsurface Equipment & Pumps							\$130,000	\$130,000
Wellhead Equipment						\$4,000	\$15,000	\$19,000
Pumping Unit								
Flowlines							\$25,000	\$25,000
Tanks & Storage							\$140,000	\$140,000
Separation Equipment							\$80,000	\$80,000
Gas Sales Line & Equipment								
Electrical, Instrumentation & Monitoring							\$75,000	\$75,000
Valves, Connections, Pumps & Meters							\$90,000	\$90,000
<b>TOTAL TANGIBLES</b>						<b>\$49,000</b>	<b>\$759,500</b>	<b>\$808,500</b>
<b>TOTAL WELL COSTS</b>						<b>\$1,043,360</b>	<b>\$3,026,065</b>	<b>\$4,069,425</b>
<b>ROUNDED PROJECT COST</b>						<b>\$1,043,000</b>	<b>\$3,026,000</b>	<b>\$4,069,000</b>

MANZANO, LLC	MANZANO - DRY HOLE	MANZANO - COMPLETED WELL COST
WI-BCP 100.000000%	\$1,043,000	\$4,069,000
MANZANO, LLC	MANZANO - COMPLETION COST	BY:
WI-ACP 100.000000%	\$3,026,000	MIKE HANAGAN
<b>JOINT INTEREST SHARE</b>		
COMPANY NAME	Signature BY:	DATE
COMPANY OWNERSHIP-%	COMPANY COST-DRY HOLE COST	COMPANY COST-COMPLETION COST
WI-BCP	WI-ACP	

7016 3010 0000 1717 4662

<b>U.S. Postal Service™</b> <b>CERTIFIED MAIL® RECEIPT</b> Domestic Mail Only	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> .	
<b>OFFICIAL USE</b>	
Certified Mail Fee \$ _____	
Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$ _____ <input type="checkbox"/> Return Receipt (electronic) \$ _____ <input type="checkbox"/> Certified Mail Restricted Delivery \$ _____ <input type="checkbox"/> Adult Signature Required \$ _____ <input type="checkbox"/> Adult Signature Restricted Delivery \$ _____	
Postage \$ _____	
Total Postage and Fees \$ _____	
Sent To Street and Apt. No., or PO Box No. City, State, ZIP+4®	
PS Form 3800, April 2015 PSN 7530-02-000-8047 See Reverse for Instructions	

<b>SENDER: COMPLETE THIS SECTION</b> <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> <p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px;">         EOG Resources, Inc.          104 South Fourth Street          Artesia, New Mexico 88210       </div> <p style="text-align: center;">9590 9402 2648 6336 3496 59</p> <p>2. Article Number (Transfer from service label)</p> <p>7016 3010 0000 1717 4662</p>	<b>COMPLETE THIS SECTION ON DELIVERY</b> <p>A. Signature    <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee       </p> <p>B. Received by (Printed Name)          Ragmama Dixie #4H       </p> <p>C. Date of Delivery          6/23/17       </p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No       </p> <p>3. Service Type</p> <table border="0"> <tr> <td> <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Insured Mail  <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)         </td> <td> <input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery         </td> </tr> </table>	<input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery		

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt



### Summary of Communication

DATE	PERSON/ COMPANY	PERSON/ COMPANY	TYPE OF CORRESPONDENCE	SUMMARY OF COMMENTS
NUMEROUS 2015-2016	K. BARBE/M. MANZANO	HANAGAN CHUCK MORAN YATES PET	VARIOUS	NUMEROUS CONVERSATIONS & OFFERS OVER A 2 YEAR PERIOD PRIOR TO THE SELL TO EOG REGARDONG YATES PARTICIPATION OR DIVESTING OF PROPERTY
1/9/17	BARBE's, M. RANDLE, WORRALL, HANAGAN MANZANO	JANET RICHARDSON EOG	MEETING @ EOG OFFICE	DISCUSS PROJECT & OFFER EOG OPTION TO PARTICIPATE OR SELL
1/10/17	KENNETH BARBE to MANZANO	JANET RICHARDSON EOG	LETTER	OFFER TO PURCHASE EOG - NO WRITTEN OR VERBAL RESPONSE
1/10/17	MIKE HANAGAN to MANZANO	MARK MAURITSEN EOG	EMAIL	UPDATE ON MEETING WITH JANET RICHARDSON ON 1/9/17 AND ASK IF ANYTHING ELSE IS NEEDED TO MAKE A DECISION
1/31/17	MIKE HANAGAN to MANZANO	JANET RICHARDSON EOG	LETTER	RAG MAMA WELL PROPOSAL LETTER w/AFE & OFFER TO PURCHASE NO WRITTEN OR VERBAL RESPONSE
MID -FEB	MIKE HANAGAN to MANZANO	JANET RICHARDSON EOG	PHONE	CALL TO CHECK ON STATUS OF WELL PROPOSAL OFFER - RESPONSE WAS THAT EOG WOULD NOT PARTICIPATE IN NON-OP WELL & WAS NOT INTERESTED IN DIVESTING THEIR INTEREST AAT THIS TIME
6/22/17	MIKE HANAGAN to MANZANO	KATHY PORTER EOG	LETTER	NEW RAG MAMA WELL PROPOSAL w/AFE, OFFER TO PURCHASE, & OFFER FOR TERM ASSIGNMENT - WITHIN A WEEK MH RECEIVED CALL FROM KP STATING THAT EOG DID NOT WANT TO PARTICIPATE IN THE WELL & HAD NOT EVALUATED THE PROPERTY SO COULD NOT SELL AT THIS TIME. KP STATED THAT EOG MAY BE INTERESTED IN TERM ASSIGNMENT & WOULD CHECK (NEVER HEARD BACK ON TERM ASSIGNMENT)
6/22/17	MIKE HANAGAN to MANZANO	OXY Y-1	LETTER	RAG MAMA WELL PROPOSAL LETTER w/AFE & OFFER TO PURCHASE or TERM ASSIGN - DID NOT RECEIVE GREEN CARD BACK
7/5/17	MIKE HANAGAN to MANZANO	KATHY PORTER EOG	PHONE	CALL TO CHECK ON WELL PROPOSALS & OFFERS SENT ON 6/22/17.
7/5/17	JONATHAN GONZALES OXY Y-1	to MIKE HANAGAN MANZANO	E-MAIL	ACKNOWLEDGE RECEIPT OF WELL PROPOSAL & REQUEST FOR INFO
7/5/17	MIKE HANAGAN to MANZANO	JONATHAN GONZALES OXY Y-1	EMAIL	MH RESPONSE TO JG EMAIL WITH DETAILS TO INFO REQUEST
7/11/17	MEI HAN to OXY Y-1	MIKE HANAGAN MANZANO	EMAIL	REQUEST FOR INFORMATION
7/11/17	MIKE HANAGAN to MANZANO	MEI HAN OXY Y-1	EMAIL	MH RESPONSE TO MEI REQUEST WITH DETAILS
7/17/17	MIKE HANAGAN to MANZANO	MEI HAN OXY Y-1	EMAIL	REVISED RAG MAMA AFE
7/11/17	MELISSA RANDLE to MANZANO	JONATHAN GONZALES OXY Y-1	EMAIL	REPLY WITH WORKSHEET TO SHOW OXY'S LEASEHOLD OWNERSHIP UNDER MANZANO'S OFFER TO PURCHASE
7/26/17	MEI HAN to OXY Y-1	MIKE HANAGAN MANZANO	EMAIL	REQUEST FOR LOE INFORMATION ON SODBUSTER



7/26/17	MIKE HANAGAN to MANZANO	MEI HAN OXY Y-1	EMAIL	REPLY WITH SODBUSTER LOE INFORMATION
7/26/17	MEI HAN to OXY Y-1	MIKE HANAGAN MANZANO	EMAIL	REQUEST FOR SODBUSTER PRODUCTION
7/26/17	MIKE HANAGAN to MANZANO	MEI HAN OXY Y-1	EMAIL	REPLY WITH SODBUSTER PRODUCTION
7/26/17	MIKE HANAGAN to MANZANO	NATHAN STEPHENSON EOG	EMAIL	NEW CONTACT INTRODUCTION
7/26/17	MIKE HANAGAN to MANZANO	NATHAN STEPHENSON EOG	LETTER	AMENDED SURFACE LOCATION & REVISED AFE FOR RAG MAMA
7/27/17	MIKE HANAGAN to MANZANO	NATHAN STEPHENSON EOG	EMAIL	RAG MAMA WELL PROPOSAL FOR VARIOUS EOG ENTITIES
7/27/17	MIKE HANAGAN to MANZANO	NATHAN STEPHENSON EOG	LETTER	RAG MAMA WELL PROPOSAL FOR VARIOUS EOG ENTITIES w/AFE, PURCHASE OFFER & OFFER FOR TERM ASSIGNMENT
7/27/17	MIKE HANAGAN to MANZANO	INDIA ISBELL EOG	LETTER	REVISED AFE & MODIFIED SURFACE LOCATION
7/27/17	MIKE HANAGAN to MANZANO	INDIA ISBELL EOG	CALL	DISCUSS REVISED AFE & MODIFIED SURFACE LOCATION
7/27/17	MELISSA RANDLE to MANZANO	NATHAN STEPHENSON EOG	EMAIL	REPLY WITH ATTACHED SCAN OF JOA AND ALL 4 PROPOSAL LETTERS AND AFE'S
8/9/17	NATHAN STEPHENSON EOG	to MIKE HANAGAN MANZANO	CALL	DISCUSS OPTIONS & ARRIVE AT FORCE POOLING IS FINE WITH EOG AGREEING NOT TO OPPOSE IN RETURN FOR WELL INFO. ANOTHER OPTION WAS TO FARMOUT ALL OF SECTION 29 & 30.
8/17/17	NATHAN STEPHENSON EOG	to MIKE HANAGAN MANZANO	EMAIL	NS SENT LETTER AGREEMENT PROVIDING EOG WOULD GET WELL INFO IN EXCHANGE FOR NOT OPPOSING US AT HEARING -
8/17/17	MIKE HANAGAN to MANZANO	NATHAN STEPHENSON EOG	EMAIL	RESPONSE- AGREED TO FORM OF LETTER AGREEMENT BUT NEEDED TO SEE EX A SHOWING WELL INFO
8/21/17	NATHAN STEPHENSON EOG	to MIKE HANAGAN MANZANO	EMAIL	NS SENT LETTER AGREEMENT w/EX A
8/21/17	MIKE HANAGAN to MANZANO	NATHAN STEPHENSON EOG	EMAIL	RESPONSE- AGREED TO EXHIBIT A IF NS GOT WAIVER FOR WELL LOGGING REQUIREMENT
8/21/17	MIKE HANAGAN to MANZANO	INDIA ISBELL OXY Y-1	EMAIL	INQUIRING OXY STATUS ON RAG MAMA WELL PROPOSAL
8/21/17	INDIA ISBELL to OXY Y-1	MIKE HANAGAN MANZANO	EMAIL	INDIA SAID THAT THEY HAD RECEIVED FORCE POOLING NOTICE & WERE STILL REVIEWING. ASKED IF WE HAD REACHED AGREEMENT w/EOG
8/28/17	NATHAN STEPHENSON EOG	to MIKE HANAGAN MANZANO	LETTER	LETTER AGREEMENT RE: WELL INFORMATION EXECUTED
8/29/17	INDIA ISBELL to OXY Y-1	MIKE HANAGAN MANZANO	EMAIL	INDIA SAID OXY WILL NOT HAVE ANY OBJECTION TO POOLING HEARING

Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

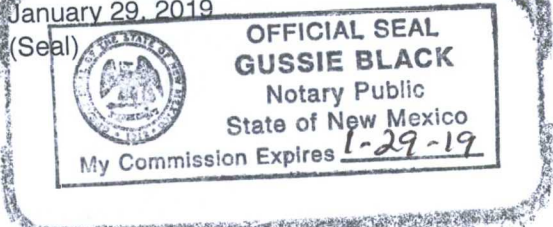
Beginning with the issue dated  
August 16, 2017  
and ending with the issue dated  
August 16, 2017.

*Daniel Russell*  
Publisher

Sworn and subscribed to before me this  
16th day of August 2017.

*Gussie Black*  
Business Manager

My commission expires  
January 29, 2019



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALLEGAL

LEGAL NOTICE  
August 16, 2017

NOTICE OF HEARING

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES  
DEAPRTMENT OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

NOTICE: EOG A RESOURCES, INC.; EOG M RESOURCES, INC.; EOG Y RESOURCES, INC.; OXY Y-1 COMPANY; OVERTON ENERGY INVESTMENT VI, LLC; SALIENT ZARVONA ENERGY FUND LP.

Manzano, LLC, hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to held at 8:15 A.M. on August 31, 2017, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. You are not required to attend this hearing, but as an uncommitted interest owner within the proposed Unit and/or a working interest owner in an offset Unit, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date before the Division.

Parties desiring to appear in this case are required by Division Rule 19.15.4.13 N.M.A.C. to file a pre-hearing statement on or before 5:00 p.m. on the Thursday preceding the scheduled hearing date. The prehearing statement must be filed at the Division's Santa Fe office at the above specified address and an additional copy provided to my office. The pre-hearing statement must include: the names of the party and its attorneys; a concise statement of the party's position in the matter; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. If you have any questions about this matter, please contact: Carson Ryan LLC (Elizabeth A. Ryan) at beth@carsonryan.com or 575-291-7606.

CASE NO. 15804

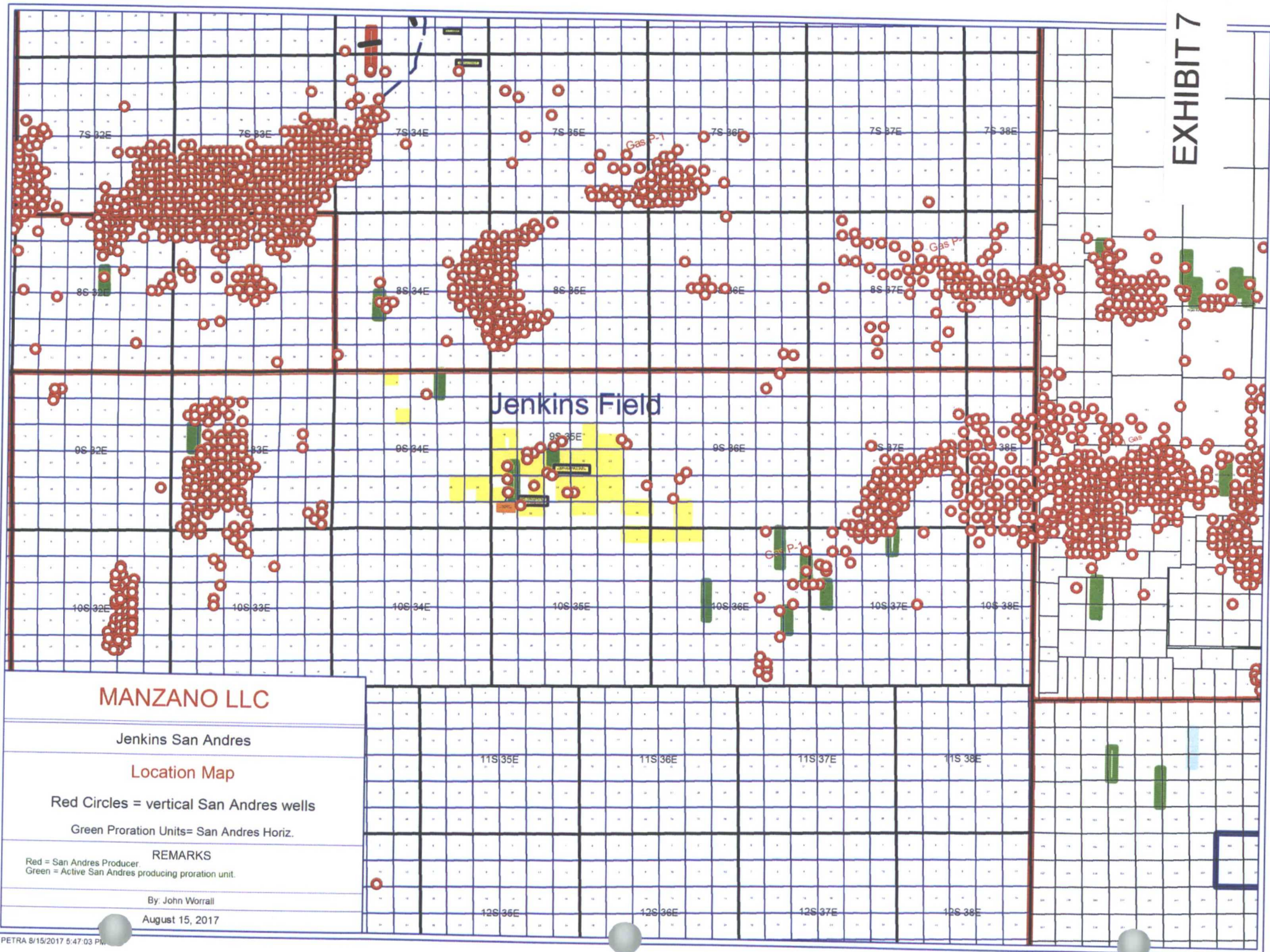
Application of Manzano, LLC for a Non-Standard Spacing and Proration Unit, a Non-Standard Project Area, and Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of E/2SE/4 Section 19 and the E/2E/2 Section 30, Township 9 South, Range 35 East, N.M.P.M., Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the San Andres Formation underlying said acreage. Said non-standard unit is to be dedicated to Applicant's Rag Mama 30-19 Fee No. 1H Well, to be vertically drilled from the surface location in SE/4SE/4 (Unit P) of Section 30 to the San Andres Formation to the bottom hole location of in NE/4SE/4 (Unit I) of Section 19. The completed interval for this well will remain within the 330-foot standard offset required by the Rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of Manzano, LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well.  
#31998

67111515

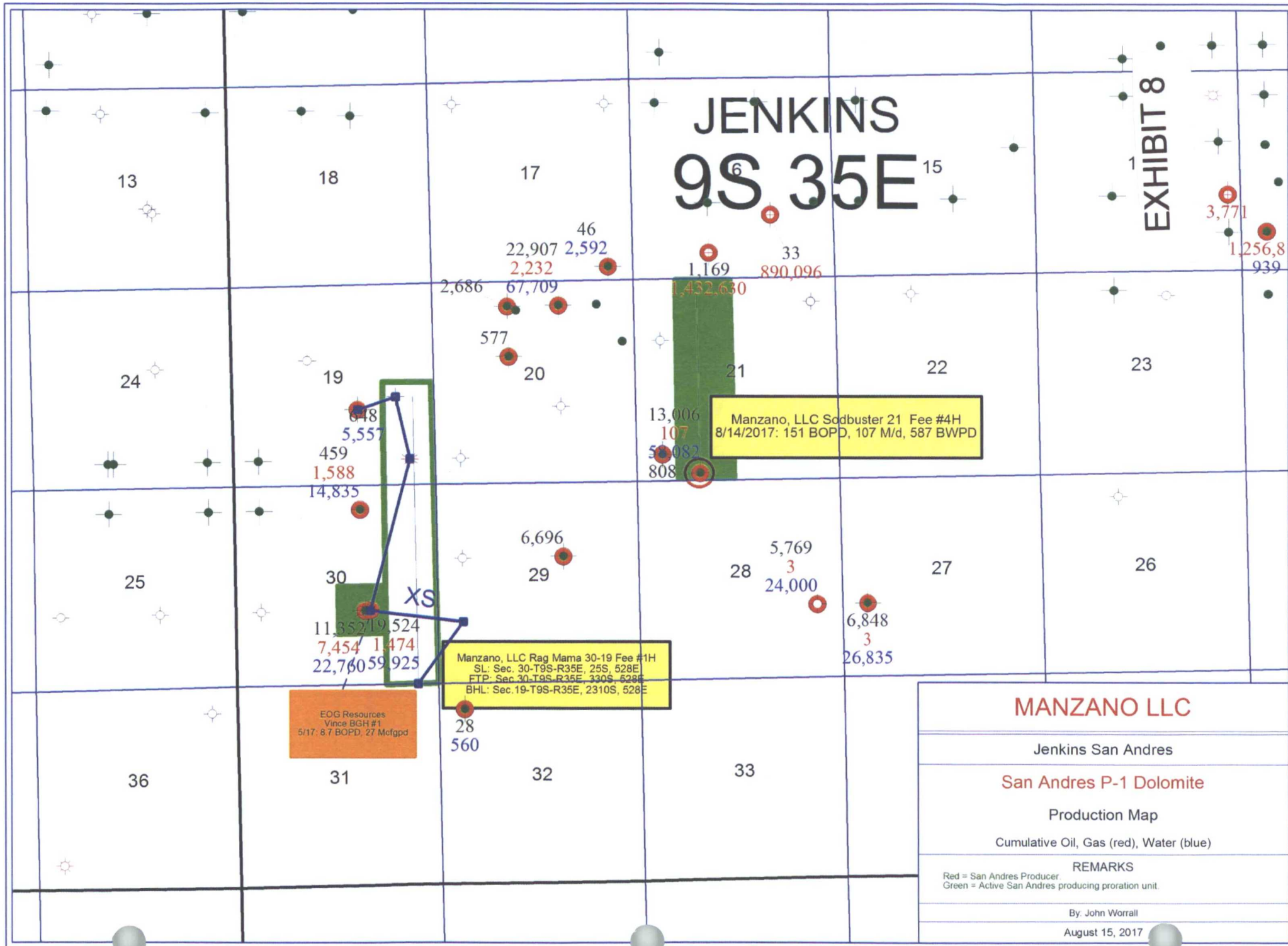
00198023

RACHEL TUTOR  
CARSON RYAN, LLC  
PO BOX 1612  
ROSWELL, NM 88202

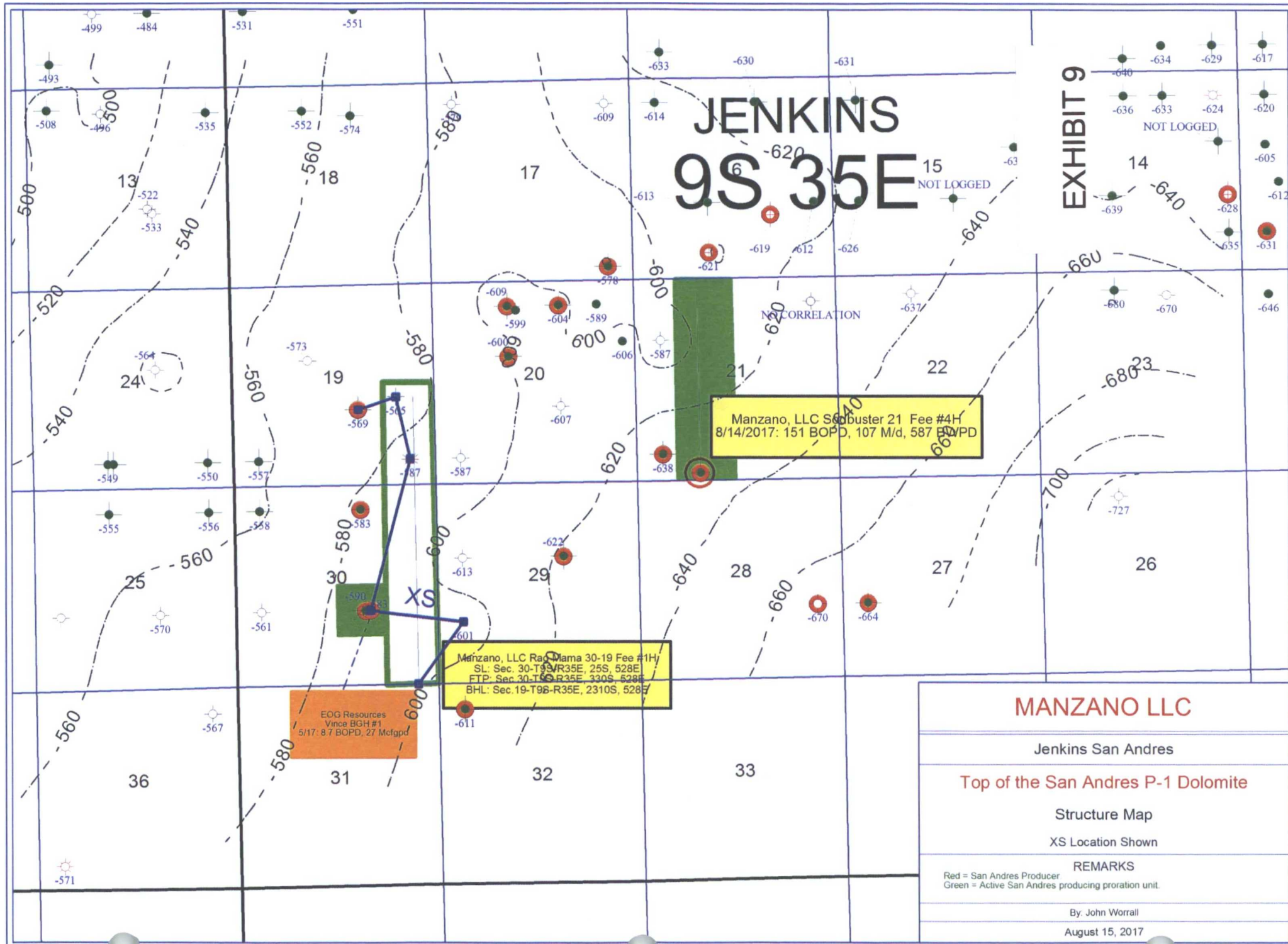
















South

North

Manzano, LLC  
Rag mama 30-19  
1H  
T9S R35E S30  
25 FSL 528 FEL

YATES PETROLEUM CORPORATION  
GELL BGJ  
1  
92

YATES PETROLEUM CORPORATION  
VINCE BGH  
1  
94

ELK OIL COMPANY  
ANDERSON  
A-1  
57

MARALO  
JOHNSON  
1-19  
104

MARALO LLC  
JOHNSON  
1  
89

The Rag mama 30-19 Fee 31H targets the San Andres P-1 dolomite, which is located approximately 150 feet below the San Andres P1 Marker. From 25 wells in the map area, the P-1 dolomite has an average of 78.5 feet of porosity 6%.

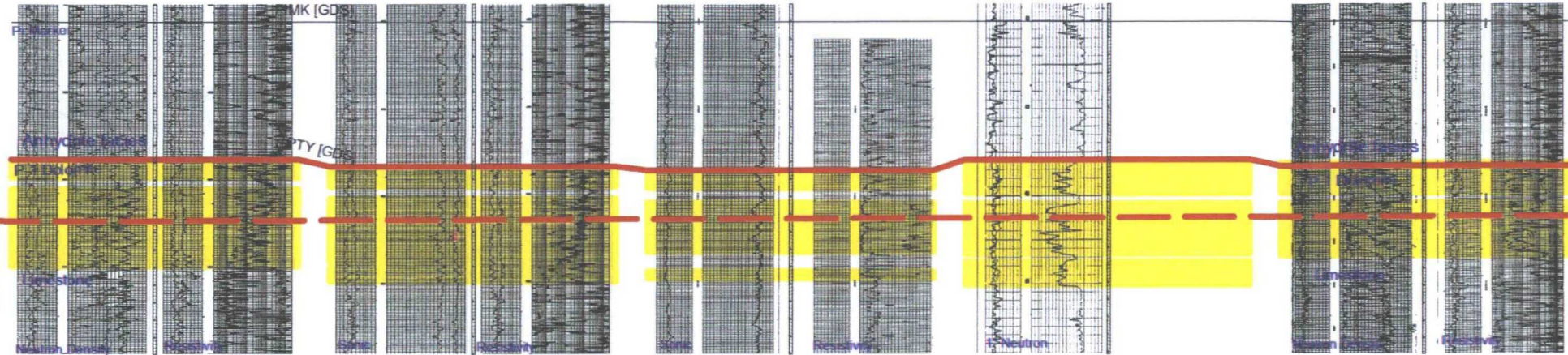


EXHIBIT 11

General	Company:	Manzano, LLC		Prospect:	Jenkins			
	Well Name:	Rag Mama 30-19 Fee #1H		TD (MD/TVD):	11690' MD/4105' TVD			
	County:	Lea		Elevation:	4159' GL & 4175' KB (16' KB)			
	State:	New Mexico		Latitude & longitude:	103.393294/33.498036			
	API Number:			Section-Township-Range	30-9S-35E			
				Surface Location:	25' FSL & 528' FEL-Sec 30-9s-35e			
				Bottom Hole Location:	2310' FSL & 528' FEL-Sec 19-9s-35e			
DIRECTIONS: From Tatum, NM go north on Hwy 206 to Crossroads, @ Crossroads turn west onto CR170/Carrol Road, Go west on CR170 for 3 miles & turn south onto lease road, Go south on dirt road for 1.0 miles thru cattleguard the follow road 0.2 miles to location								
Formation	Depth MD    TVD		Casing Profile	Hole Size	Casing Specificaitons	Mud Program		
Top Rustler	2240	2240		12 1/4"	12 1/4" Ulterra U519S 8 5/8" 32#/ft J-55 LTC to 3500'	0'-3500': MW 8.4-10+, Vis 30-32, WL 15  Cement w/1250sx 35:65:6 (12.9ppg/1.87cfs/10.11gps) + 250sx "C" (14.8ppg/1.33cfs/6.33gps)		
Yates	2760	2760			7 7/8"	7 7/8" Ulterra U616M	3500'-KOP @ 4200': MW 10+, Vis 28-32, WL n/c  Cement 5 1/2" w/1100sx 50:50:10 C (11.00ppg/2.81cfs) + 1100sx 50:50:2 C (14.5ppg/1.22cfs)	
Queen	3470	3470				7 7/8"	7 7/8" Ulterra U616M 5.5" 20.0# L80 BTC to Surface	4200- EOL @ 12175': MW 10+, Vis 30-32, WL n/c  Curve: 4200'-5100' (900')
8 5/8" Casing @ 3500'							7 7/8"	7 7/8" Ulterra U516S 5.5" 20.0# L80 BTC to Surface
San Andres	4040	4040		7 7/8"				
KOP	4200	4200						
Pi Marker	4625	4600						
Top Pay Zone	4900	4770						
End of Curve	5075	4850						
End of lateral	12175	4825						
Comments								

EXHIBIT 12