⁴ Form 3160-5 (August 2007)	UNITED S DEPARTMENT OF	THE INTERIOR	IM OIL NM	SHED AT	OMB NO	APPROVED). 1004-0135 July 31, 2010	
SUI	BUREAU OF LAND		FFRO		5. Lease Serial No. NMNM07106	<u>uiy 51, 2010</u>	
	use this form for propo ned well. Use form 3160			IVEL	6. If Indian, Allottee of	Tribe Name	
	IN TRIPLICATE - Other				7. If Unit or CA/Agree		or No.
1. Type of Well Oil Well 🛛 Gas Wel	1 🗖 Other				8. Well Name and No. WEST INDIAN BA	SIN 1Y	
2. Name of Operator SPECIAL ENERGY CO	Co ORPORATION E-Mail: do	ontact: DON TERRY h.terry@specialenergyc	xorp.com		9. API Well No. 30-015-30945		
3a. Address P.O. DRAWER 369 STILLWATER, OK 74	076	3b. Phone No Ph: 405-37 Fx: 405-743)	10. Field and Pool, or I INDIAN BASIN;1		
4. Location of Well (Footag	e, Sec., T., R., M., or Survey De	scription)			11. County or Parish, a	ind State	
Sec 17 T21S R23E SE	SW 660FSL 2180FWL				EDDY COUNTY	, NM	
12. CHEC	K APPROPRIATE BOX(ES) TO INDICATE	NATURE OF 1	NOTICE, R	EPORT, OR OTHEI	R DATA	
TYPE OF SUBMISSIC	DN	<u> </u>	TYPE O	F ACTION			
Notice of Intent	🗖 Acidize	🗖 Dee	pen	Produc	tion (Start/Resume)	🗖 Water Shu	t-Off
_	□ Alter Casing	🗖 Frac	ture Treat	🗖 Reclan	nation	🖸 Well Integ	rity
Subsequent Report	Casing Repair		Construction	Recom	-	Other Surface Com	mingling
Final Abandonment N	otice Change Plans		,	☐ Tempo	rarily Abandon		
located at the West Ind Unit 1Y (NMNM07106 Federal #2 (NMNM048 production facility. Les streams. When a quar to each well according mmbtu production from With less than 0.04 bb	tfully requests permission dian Basin Unit (WIBU)fac with condensate stripped 35160). The free liquids w s than 2 bbl/month of con tity is accumulated to just to its mmbtu contribution n both wells. I/day of condensate produumulate a sufficient volum	ility from gas flowing by surface vessels f ill be stored in a 300 densate are recoveru- ify transport, the con during the accumula uced from the two we	from the West rom gas flowing bbl tank located ed from the two densate sold wi tion period in re	Indian Basir from the Bi d at the WIB flowi of G flowi of G flowi of G flowi of G at the second control of the second contro) FOR F APPR(JVAI
 I4. I hereby certify that the for Name (Printed/Typed) DO 	Electronic Submi	ssion #351387 verifie IAL ENERGY CORPO SS for processing by	RATION, sent to DEBORAH MCK	the Carlsba INNEY on 09	id U		
Name(TrimeuTyped) DC						<u>l</u> ¥	
Signature (El	ectronic Submission)		Date 09/15/2]
	THIS SPA	CE FOR FEDERA	L OR STATE				
Approved By Conditions of approval, if any, an certify that the applicant holds le which would entitle the applicant Title 18 U.S.C. Section 1001 and Section and Fability of Fability of Fability	gal or equitable title to those rig t to conduct operations thereon.	hts in the subject lease	Title Office	l willfully to m	BUREAT OF LAND M		
	audulent statements of represent				<u> </u>		/
** 0	PERATOR-SUBMITTE	D ** OPERATOR-	SUBMITTED *		FOR-SUBMITTED	MOCD	

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Rit	3-6-17	

Additional data for EC transaction #351387 that would not fit on the form

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32. Additional remarks, continued

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Current daily production: Bunnell Federal #2: 0.02 bopd/197 mcfpd / Oil gravity 57.4 / Dry gas BTU 1125.4 WIBU 1Y: 0.02 bopd / 213 mcfpd / Oil gravity 57.4 / Dry gas BTU 1159.6

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY

Proposal for West Indian Basin Unit #001Y & Bunnell Federal #003

Special Energy Corporation is requesting approval for the West Indian Basin Tank Battery (Facility), commingling:

Federal Lease NMNM 0	485160						
Well Name	Location	API#	Pool 79040	BOPD	Gravities	MCFP	D BTU
Bunnell Federal #2	1200 FSL-330 FEL Unit P 18-T21S-R23E	30-015-25007	Indian Basin Upper Penn (Pro Gas)	0.02	57.4	197	1125.4
Federal Lease NM 0710	6						
Well Name	Location	API#	Pool 79040	BOPD	Gravities	MCFP	D BTU
W Indian Basin Unit 1Y	660 FSL-2180 FWL Unit N 17-T21S-R23E	30-015-30945	Indian Basin Upper Penn (Pro Gas)	0.02	57.4	213	1159.6

Attached map shows the federal leases and well locations in Section 18-T21S-R23E and Section 17-T21S-R23E.

The BLM's interest in both wells is the same. Lease NM 07106 royalty rate is 12.5% and NMNM 0424859 is 12.5%.

Oil and Gas Metering:

The central tank battery is located on the well pad for the West Indian Basin Unit 1Y located at N Sec. 17-T21S-R23E on federal lease NM 07106 in Eddy County, New Mexico. The condensate produced from both wells will come to a common production header with isolation line to route each well's production.

The Bunnell Federal #2 and West Indian Basin Unit 1Y have one 300 barrel tank that both wells will utilize for produced condensate. Each well uses an dedicated separator at the battery, where condensate is stripped from its gas stream. Gas from each well is then metered separately – Bunnell Federal #2 at allocation meter A1045 and West Indian Basin Unit 1Y at allocation meter A1044 – before being combined for delivery to the OXY delivery point sales meter C39419A. These meters are calibrated on a regular basis per API, NMOCD, and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

When a sufficient quantity of condensate (oil) has accumulated to justify transport, the oil will be picked up by the transporter at the facility LACT unit. The oil sold will be allocated to each well according to its mmbtu contribution during the accumulation period in relation to total mmbtu production from both wells.

Process and Flow Descriptions:

The flow of production is shown in detail on the enclosed facility diagram and map which shows the lease boundaries, location of wells, facility, and gas sales meter. The commingling of this production is the most effective economical means of producing the reserves and will not result in reduced royalty or improper measurement of production. The commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

Special Energy Corporation understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached).

Don Terry Operations Manager/Engineer 08/31/16

Economic Justification Work Sheet West Indian Basin Unit Tank Battery

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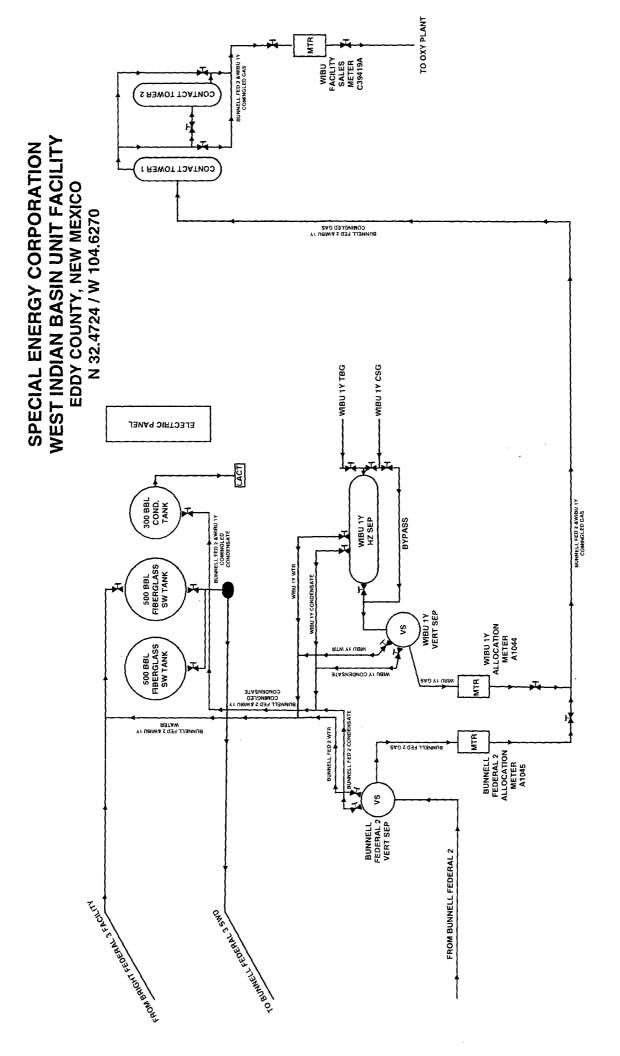
1

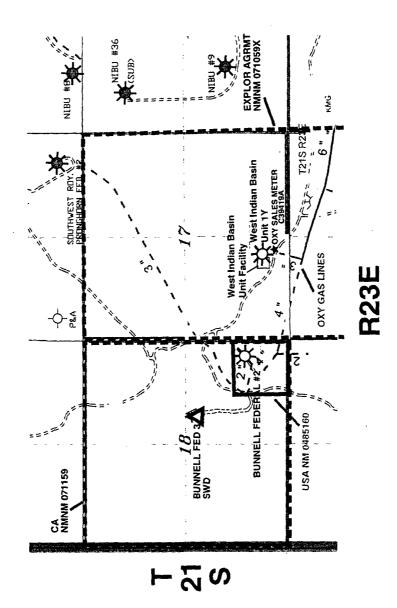
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Commingling proposal for leases: NM 007106 which includes PA NMNM 71059A and NM 0485160 which includes CA NMNM 071159

Federal Lease NMNM (Well Name Bunnell Federal #2	485160 BOPD 0.02	Royalty Rate 12 Oil Gravity @ 60 deg 57.4	2.5% for CA N Value/bbl \$45.00	MNM 071159 MCFPD 197	Dry BTU 1125.4	Value/mcf \$1.99
Federal Lease NM 0710	6	Royalty Rate 1	2.5% for PA NI	MNM 71059A		
Well Name	BOPD	Oil Gravity @ 60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf
W Indian Basin Unit 1Y	0.02	57.4	\$45.00	213	1159.6	\$1.99
Economic Combined Federal Lease NMNM (Federal Lease NM 0710 Facility Name W Indian Basin Unit	485160	Royalty Rate 1	2.5% for CA Ni 2.5% for PA Ni Value/bbi \$45.00		Dry BTU 1143.2	Value/mcf \$1.99

Don Terry Operations Manager/Engineer 08/31/16





DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

Run Date: 09/06/2016

Act Date

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01 02-25-1920;041STAT0437;30USC226 Case Type 311111: O&G LSE NONCOMP PUB LAND Commodity 459: OIL & GAS Case Disposition: AUTHORIZED

Code Action

			Int Rel	% Interest
Name & Address				
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATING R	IGHTS 0.00000000
OXY USA WTP LP	5 GREENWAY PLAZA #110	HOUSTON TX 77046	OPERATING R	IGHTS 0.00000000
SPECIAL ENERGY CORP	PO BOX 369	STILLWATER OK 740760369	LESSEE	100.00000000
SPECIAL ENERGY CORP	PO BOX 369	STILLWATER OK 740760369	OPERATING R	IGHTS 0.00000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING R	IGHTS 0.00000000
		Serial Number: N	MNM 0 007106	
Mer Twp Rng Sec STyp S	5Nr Suff_Subdivision	District/Field Office	County	Mgmt Agency
23 02105 0230E 017 ALIQ	NWSW,52SW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
Relinquished/Withdrawn Lar	nds	Serial Number: N	MNM 0 007106	
23 02105 0230E 717 FF	NESW ASGN;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Action Remark

		Acuon		
01/16/1952	124	APLN RECD		
01/22/1952	237	LEASE ISSUED		
02/01/1952	496	FUND CODE	05;145003	
02/01/1952	530	RLTY RATE - 12 1/2%		
02/01/1952	868	EFFECTIVE DATE		
07/26/1957	235	EXTENDED	THRU 07/31/62;	
01/04/1962	570	CASE SEGREGATED BY ASGN	INTO NMNM07106-A;	
10/24/1963	232	LEASE COMMITTED TO UNIT	NMNM70959X;W INDIAN	
10/24/1963	500	GEOGRAPHIC NAME	W INDIAN BASIN	
10/30/1963	650	HELD BY PROD - ACTUAL		
03/11/1964	102	NOTICE SENT-PROD STATUS		
04/16/1980	817	MERGER RECOGNIZED	SABINE RLTY/CORP	
04/21/1981	940	NAME CHANGE RECOGNIZED	ODESSA NAT/EPX CO	
05/27/1983	933	TRF OPER RGTS APPROVED	EFF 06/01/83;	
06/20/1983	932	TRF OPER RGTS FILED		
08/26/1985	940	NAME CHANGE RECOGNIZED	EL PASO EXPL/MERIDIAN	
07/24/1986	932	TRF OPER RGTS FILED		
08/01/1986	932	TRF OPER RGTS FILED		
09/29/1986	933	TRF OPER RGTS APPROVED	EFF 08/01/86;	
09/29/1986	933	TRF OPER RGTS APPROVED	EFF 09/01/86;	
02/09/1988	974	AUTOMATED RECORD VERIF	JAM/VG	
04/14/1988	932	TRF OPER RGTS FILED	(1)	
04/14/1988	932	TRF OPER RGTS FILED	(2)	
04/29/1988	933	TRF OPER RGTS APPROVED	(1)EFF 05/01/88;	
04/29/1988	933	TRF OPER RGTS APPROVED	(2) EFF 05/01/88;	
04/29/1988	974	AUTOMATED RECORD VERIF	MCS/JR	
05/16/1988	963	CASE MICROFILMED/SCANNED	CNUM 100,405	
05/26/1988	940	NAME CHANGE RECOGNIZED	CITIES SVC/OXY USA	
08/15/1988	140	ASGN FILED	ENFIELD R/SUN OPER	
08/15/1988	932	TRF OPER RGTS FILED	(1)	
08/15/1988	932	TRF OPER RGTS FILED	(2)	

ge Total Acres Serial Number

Serial Number: NMNM-- 0 007106

Serial Number: NMNM-- 0 007106

Pending Office

120.000 NMNM-- 0 007106

Run Time:

Page 1 of 2

09:48 AM

Run Time: 09:48 AM Page 2 of 2

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

Run Date.	00/00/2010		ar regiotor r ugo
08/15/1988	932	TRF OPER RGTS FILED	(3)
08/15/1988	932	TRF OPER RGTS FILED	(4)
09/02/1988	139	ASGN APPROVED	EFF 09/01/88;
09/02/1988	933	TRF OPER RGTS APPROVED	(1)EFF 09/01/88;
09/02/1988	933	TRF OPER RGTS APPROVED	(2)EFF 09/01/88;
09/02/1988	933	TRF OPER RGTS APPROVED	(3)EFF 09/01/88;
09/02/1988	933	TRF OPER RGTS APPROVED	(4)EFF 09/01/88;
09/02/1988	974	AUTOMATED RECORD VERIF	MCS/MT
06/03/1996	932	TRF OPER RGTS FILED	MERIDIAN/SF ENERGY
09/23/1996	933	TRF OPER RGTS APPROVED	EFF 07/01/96;
09/23/1996	974	AUTOMATED RECORD VERIF	ANN
03/12/1998	932	TRF OPER RGTS FILED	OXY USA/YATES PETRO
04/15/1998	933	TRF OPER RGTS APPROVED	EFF 04/01/98;
04/15/1998	974	AUTOMATED RECORD VERIF	ANN
07/01/1999	940	NAME CHANGE RECOGNIZED	SF ENE RES/SF SNYDER
07/01/1999	974	AUTOMATED RECORD VERIF	JLV
02/15/2000	940	NAME CHANGE RECOGNIZED	SUN/KERRMCGEEOG ON LP
10/11/2000	940	NAME CHANGE RECOGNIZED	SANTA FE/DEVON SFS
10/11/2000	974	AUTOMATED RECORD VERIF	AT
12/12/2002	817	MERGER RECOGNIZED	DEVONSFS/DEVONENEPROD
05/02/2005	932	TRF OPER RGTS FILED	DEVON ENE/OXY USA W;1
06/20/2005	933	TRF OPER RGTS APPROVED	EFF 06/01/05;
06/20/2005	974	AUTOMATED RECORD VERIF	JLV
03/29/2007	817	MERGER RECOGNIZED	KERRMCGEE/WESTPORT;
03/29/2007	940	NAME CHANGE RECOGNIZED	WESTPORT/KERRMCGEELP;
10/29/2007	140	ASGN FILED	KERR MCGE/PERMIAN B;1
12/05/2007	139	ASGN APPROVED	EFF 11/01/07;
12/05/2007	974	AUTOMATED RECORD VERIF	MV
11/15/2013	140	ASGN FILED	PERMIAN B/SPECIAL E;1
11/15/2013	932	TRF OPER RGTS FILED	PERMIAN B/SPECIAL E;1
07/25/2014	139	ASGN APPROVED	EFF 12/01/13;
07/25/2014	933	TRF OPER RGTS APPROVED	EFF 12/01/13;
07/25/2014	974	AUTOMATED RECORD VERIF	BTM

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Run Date:

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09/06/2016

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Serial Number: NMNM-- 0 007106

0002BONDED OPERATORS/LESSEES/TRANSFEREES:000312/05/2007 - KERR MCGEE ONSHORE - WYB000292 - NW000407/25/2014 - SPECIAL ENERGY CORP - NMB001116 - SW/NM		
	0002	BONDED OPERATORS/LESSEES/TRANSFEREES:
0004 07/25/2014 - SPECIAL ENERGY CORP - NMB001116 - SW/NM	0003	12/05/2007 - KERR MCGEE ONSHORE - WYB000292 - NW
	0004	07/25/2014 - SPECIAL ENERGY CORP - NMB001116 - SW/NM

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DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT CASE RECORDATION** (MASS) Serial Register Page

Run Date: 09/06/2016

01 02-25-1920;041STAT0437;30USC226 Case Type 311111: O&G LSE NONCOMP PUB LAND Commodity 459: OIL & GAS **Case Disposition: AUTHORIZED**

Total Acres 406.770

Serial Number

NMNM-- 0 485160

		Serial Number	r: NMNM 0 485160	
Name & Address			Int Rel	% Interest
SPECIAL ENERGY CORP	PO BOX 369	STILLWATER OK 740760369	OPERATING RIGHTS	0.000000000
SPECIAL ENERGY CORP	PO BOX 369	STILLWATER OK 740760369	LESSEE	100.000000000
		Serial Number:	NMNM 0 485160	
Mer Two Rng Sec STvo	SNr Suff Subdivision	District/Field Office	County Memt Ar	zencv

Mer Twp Rng Sec	STyp	SNr Suff Subdivision	District/Field Office	County	Mgmt Agency	_
23 02105 0230E 006	ALIQ	E2SW,SE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT	-
23 0210S 0230E 007	ALIQ	SWSE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT	
23 02105 0230E 018	ALIQ	E2NW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT	
23 02105 0230E 018	LOTS	1,2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT	

			Serial Num	ber: NMNM 0 485160
Act Date	Code	Action	Action Remark	Pending Office
10/31/1958	387	CASE ESTABLISHED		
11/01/1958	496	FUND CODE	05;145003	
11/01/1958	530	RLTY RATE - 12 1/2%		
11/01/1958	868	EFFECTIVE DATE		
12/02/1963	209	CASE CREATED BY SEGR	OUT OF NMNMC45271;	
09/01/1964	315	RENTAL RATE DET/ADJ	\$2.00;	
09/24/1965	651	HELD BY PROD - ALLOCATED	SW-325	
11/09/1965	246	LEASE COMMITTED TO CA	SW 325	
01/11/1966	102	NOTICE SENT-PROD STATUS		
09/30/1982	940	NAME CHANGE RECOGNIZED	SUN OIL/SUN EXPL&PRO	מכ
06/30/1986	140	ASGN FILED	SUN EXPL&PROD/OPER	
12/23/1986	963	CASE MICROFILMED/SCANNED	CNUM 106,248 I	DS
03/08/1988	974	AUTOMATED RECORD VERIF	LO/J	JR
06/18/1992	974	AUTOMATED RECORD VERIF	TF/M	IV
02/15/2000	940	NAME CHANGE RECOGNIZED	SUN/KERRMCGEEOG ON I	2P
02/01/2005	246	LEASE COMMITTED TO CA	NMNM112753;	
04/14/2005	522	CA TERMINATED	NMNM112753;	
03/29/2007	817	MERGER RECOGNIZED	KERRMCGEE/WESTPORT;	
03/29/2007	940	NAME CHANGE RECOGNIZED	WESTPORT/KERRMCGEELI	2;
10/29/2007	140	ASGN FILED	KERR MCGE/PERMIAN B;	:1
12/05/2007	139	ASGN APPROVED	EFF 11/01/07;	
12/05/2007	974	AUTOMATED RECORD VERIF	MV	
11/15/2013	140	ASGN FILED	PERMIAN B/SPECIAL E;	:1
11/15/2013	932	TRF OPER RGTS FILED	PERMIAN B/SPECIAL E;	:1
07/25/2014	139	ASGN APPROVED	EFF 12/01/13;	
07/25/2014	933	TRF OPER RGTS APPROVED	EFF 12/01/13;	
07/25/2014	974	AUTOMATED RECORD VERIF	BTM	
l ina Nr	Bema		Serial Num	ber: NMNM 0 485160

Line Nr

Remarks

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Run Time: 09:43 AM

Bureau of Land Management Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

Condition of Approval Surface commingling

- 1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
- 2. This agency shall be notified of any spill or discharge as required by NTL-3A.
- 3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
- 4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
- 5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
- 6. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
- 7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
- 8. This agency shall be notified of any change in sales method or location of sales point.
- 9. Additional wells and/or leases require additional commingling approvals.
- 10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.

Two wells being commingled for GAS (30-015-25007 & 30-015-30945). The leases involved are CA NMNM-71159 (NMNM-0424859, NMNM-0485160, & NMLC-065300) and PA NMNM-71059A. Both wells are being produced from the Upper Penn. Both wells are 100% Federal with 12.5% royalty rate thus no royalties will be affected.

JAM 020917