

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
OCD Artesia

FORM APPROVED
NO. 1004-0137
January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No. Multiple--See Attached

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached

8. Well Name and No. *John 26 #3* Multiple--See Attached

9. API Well No. *30-015-21479* Multiple--See Attached

10. Field and Pool or Exploratory Area
HENSHAW

11. County or Parish, State
EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
ZIMMERMAN OIL & GAS EXPL INC
Contact: GAYE HEARD
E-Mail: gheard@oilreportsinc.com

3a. Address
LOVINGTON, NM 88260

3b. Phone No. (include area code)
Ph: 575-393-2727

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Multiple--See Attached

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

ETZ, NMLC063932

API#30-015-03890 #1-P-13-16S-30E 660 FSL & 660 FEL
API#30-015-03892 #3-I-13-16S-30E 1650FSL & 660 FEL

FEDERAL, NMLC029431A

API#30-015-10447 #1-M-18-16S-31E 660 FSL & 500 FWL
API#30-015-04851 #2-L-18-16S-31E 1980 FSL & 500 FWL
API#30-015-21479 #3-N-18-16S-31E 330 FSL & 1330 FWL

Request approval to commingle & measure gas off lease from NMLC063932 & NMLC029431A

RECEIVED

NOV 30 2018

DISTRICT II-ARTESIA O.C.D.

Accepted For Record

NMOCD

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #437507 verified by the BLM Well Information System
For ZIMMERMAN OIL & GAS EXPL INC, sent to the Carlsbad
Committed to AFMS for processing by PRISCILLA PEREZ on 10/11/2018 (19PP0089SE)

Name (Printed/Typed) GAYE HEARD Title AGENT

Signature (Electronic Submission) Date 09/27/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By *J.D. Whitlock* Title *TL PET* Date *11/29/18*

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office *CFO*

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #437507 that would not fit on the form

5. Lease Serial No., continued

NMLC029431A
NMLC063932

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMLC063932	NMLC063932	ETZ 1	30-015-03890-00-S1	Sec 13 T16S R30E SESE 660FSL 660FEL
NMLC063932	NMLC063932	ETZ 3	30-015-03892-00-S1	Sec 13 T16S R30E NESE 1650FSL 660FEL
NMLC029431A	NMLC029431A	FEDERAL 26 1	30-015-10447-00-S1	Sec 18 T16S R31E SWSW 660FSL 500FWL
NMLC029431A	NMLC029431A	FEDERAL 26 2	30-015-04851-00-S1	Sec 18 T16S R31E NWSW 1980FSL 500FWL
NMLC029431A	NMLC029431A	FEDERAL 26 3	30-015-21479-00-S1	Sec 18 T16S R31E SESW 330FSL 1330FWL

APPLICATION FOR LEASE GAS COMMINGLE AND OFF LEASE MEASUREMENT.

State of New Mexico – Santa Fe
Oil Conservation Division
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Application proposal for ETZ & Federal leases:

Zimmerman Oil and Gas Expl Inc. is requesting approval for Lease Commingle and Off Lease Measurement of gas from the following wells and pools.

Zimmerman purchased the ETZ and Federal leases from Pete Mills in November of 2010. At the time of purchase the gas had already been commingled. During a January 2010 shut in, DCP decommissioned a section of gas pipeline and forced Zimmerman to tie in at their new tie in point approximately .3 miles south. The previous meter location was close to the ETZ battery. The reason for this application is that it was discovered recently the previous operator did not have authority to commingle.

Federal Lease NMLC-029431A

Well Name	Location	API #	Pool 33745	BOPD	OG	MCFPD	BTU
Federal 26 1	18-T16S-R31E	30-015-10447	Square Lake	N/A	N/A	20	1401.30
Federal 26 2	18-T16S-R31E	30-015-04851	Square Lake	N/A	N/A	10	1315.99
Federal 26 3	18-T16S-R31E	30-015-21479	Square Lake	N/A	N/A	25	1389.16

ETZ Lease NMLC-063932

Well Name	Location	API #	Pool 33745	BOPD	OG	MCFPD	BTU
ETZ 1	13-T16S-R30E	30-015-03890	Square Lake	N/A	N/A	15	1382.19
ETZ 3	13-T16S-R30E	30-015-03892	Square Lake	N/A	N/A	10	1385.72

***All gas is commingled.**

Gas metering for the ETZ and Federal Wells:

Gas volumes from each well are determined by shutting one well in and calculating the reduction in production per 24 hour period at the sales meter. Production is allocated on a monthly basis based on the most recent individual well test of oil, gas, and water.

The well being tested is shut in for a period of time, 24 – 48 hours. The reduction in gas through the DCP sales meter is then calculated to a 24 hour day basis, mcf/d. This is assigned as allocation to the shut in well. Gas from the combined wells route to the DCP CDP gas sales meter #726179 where total gas for the facilities is metered and custody transfer is made.

There is a central tank battery for the Federal wells located approximately midway between the Federal #1 and the Federal #2 wells. The ETZ central tank battery is located just south west of the ETZ #1 well. A compressor is located just south of the gas commingle point, close to the ETZ#1.

The BLM's interest in these wells, are the same and the BTU's are equivalent. Waste is not induced and no correlative rights are impaired. Each wells allocation will be calibrated regularly. The BLM and OCD will be notified of any future changes in the facilities.

Process and Flow Descriptions:

Attached is a map that displays the ETZ and Federal leases and well locations in Section 18-T16S-R31E & 13-T16S-R30E. The working interest, royalty interest and overriding royalty interest owners are identical. Also is a diagram for the ETZ and Federal production facilities. The flow of produced fluids is shown in detail. The benefit of surface commingling is that all the wells are within Sec 18, T16S, R31E, and Sec 13, T16S, R31E.

Zimmerman Oil and Gas Expl. Inc. understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Signed: _____

Printed Name: _____

Title: Regulatory Compliance Associate

Date: 09/19/2018

Economic Justification Work Sheet ETZ and Federal Tank Batteries

Commingling proposal for leases: NMLC063932 and NMLC029431A:

ETZ Lease NMLC063932		Royalty Rate 80%					
Well Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf	
ETZ #1	N/A	N/A	N/A	15	1230	\$2.08	
ETZ #3	N/A	N/A	N/A	10	1230	\$2.08	

Federal Lease NMLC029431A		Royalty Rate 80%					
Well Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf	
Federal 26 #1	N/A	N/A	N/A	20	1296	\$2.08	
Federal 26 #2	N/A	N/A	N/A	10	1296	\$2.08	
Federal 26 #3	N/A	N/A	N/A	25	1296	\$2.08	

Economic combined production

ETZ Lease NMLC063932		Royalty Rate 80%					
Federal Lease NMLC029431A		Royalty Rate 80%					
Facility Name	BOPD	Oil Gravity @60 deg	Value/bbl	MCFPD	Dry BTU	Value/mcf	
ETZ & Federal Tank Batteries	N/A	N/A	N/A	80	1253.5	\$2.08	

*Values based on July 2018 gas sales statement.

Economics:

80 MCFD * 2.08 \$/MCF * .8 Value Obtained * .8 Royalty Interest * 30 Days/Month =
\$3194.88 per Month

Expenses include:

Electricity - \$80/month

Chemicals - \$60/month

Pumping - \$180/month

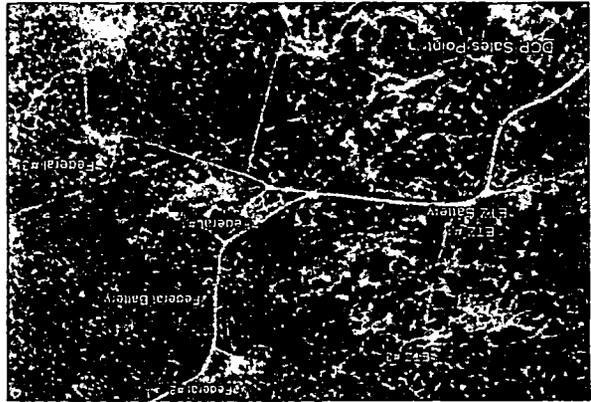
Total - \$320/month

Signed: _____

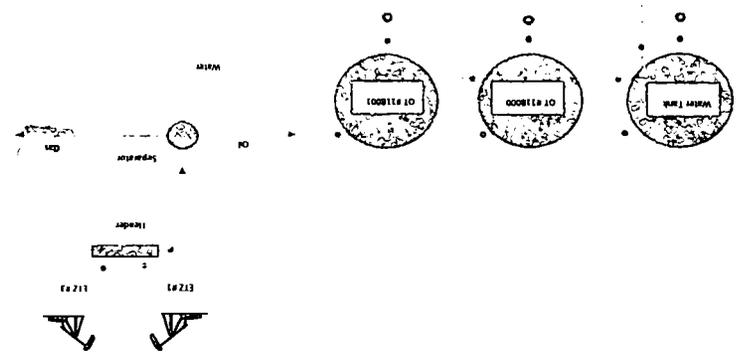
Printed Name: _____

Title: Regulatory Compliance Associate

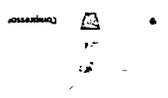
Date: 09/19/2018



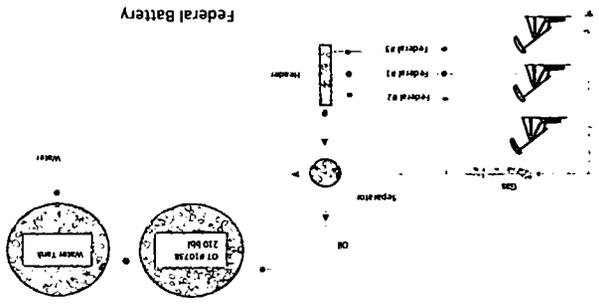
ETZ Battery

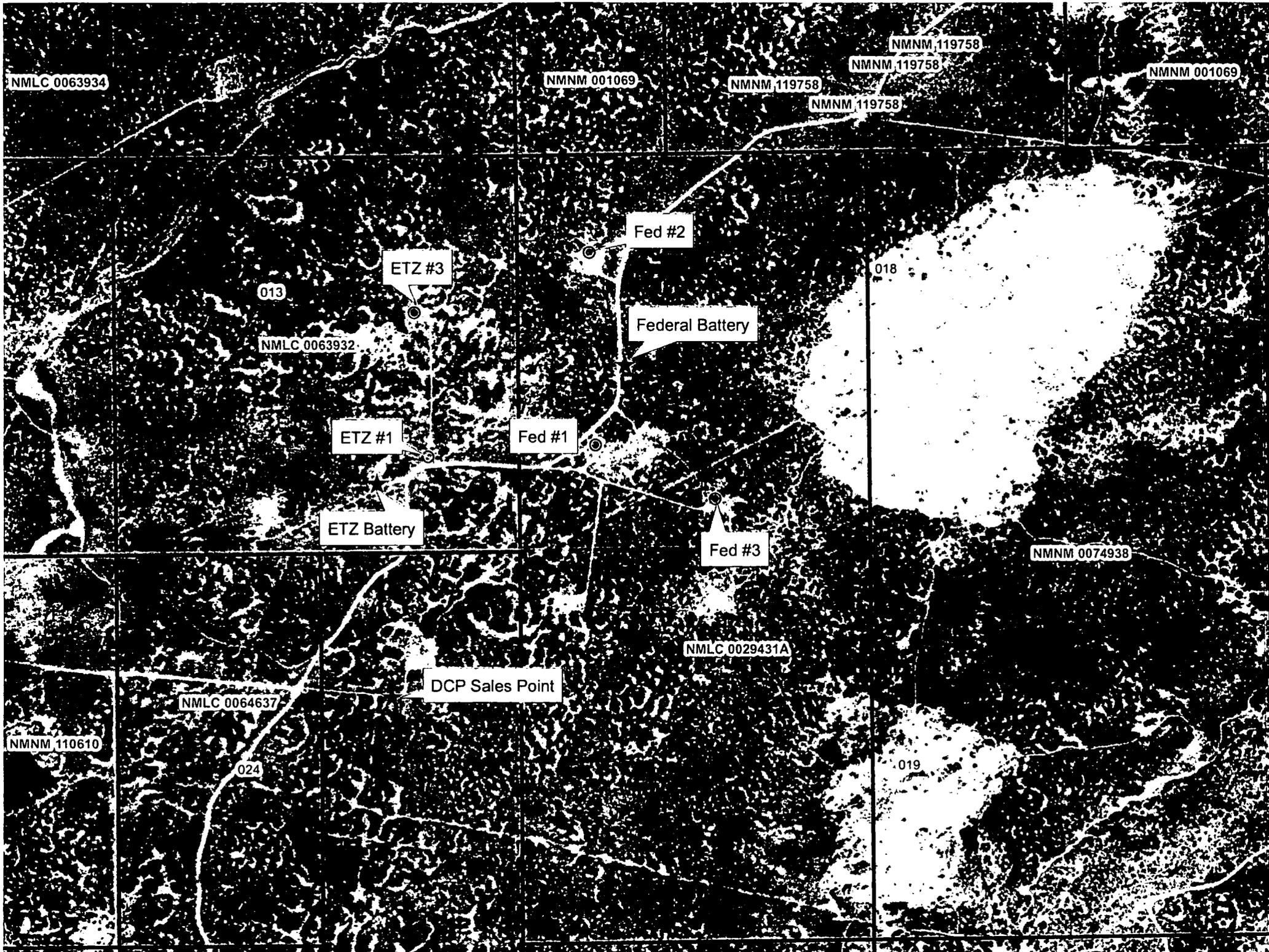


DGP Meter #225179



Federal Battery





NMLC 0063934

NMNM 001069

NMNM 119758

NMNM 119758

NMNM 119758

NMNM 001069

NMNM 119758

013

ETZ #3

Fed #2

018

NMLC 0063932

Federal Battery

ETZ #1

Fed #1

ETZ Battery

Fed #3

NMNM 0074938

NMLC 0029431A

DCP Sales Point

NMLC 0064637

NMNM 110610

024

019

017

016

015

014

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

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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 Case File Juris:

Total Acres
280.620

Serial Number
NMLC-- 0 029431A

Serial Number: NMLC-- 0 029431A

Name & Address			Int Rel	%Interest
COG OPERATING LLC	600 WILLINOIS AVE	MIDLAND TX 797014882	LESSEE	25.000000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATING RIGHTS	0.000000000
LARUE C E	PO BOX 1370	ARTESIA NM 882111370	OPERATING RIGHTS	0.000000000
PIONEER NATURAL RES USA INC	1401 17TH ST #1200	DENVER CO 80202	LESSEE	75.000000000

Serial Number: NMLC-- 0 029431A

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0160S	0310E	018	ALIQ	E2SW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0160S	0310E	018	LOTS	3-4;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0160S	0310E	019	ALIQ	E2NW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0160S	0310E	019	LOTS	1-2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMLC-- 0 029431A

Act Date	Code	Action	Action Remarks	Pending Office
12/31/1938	387	CASE ESTABLISHED		
12/31/1938	496	FUND CODE	05;145003	
12/31/1938	530	RLTY RATE -- 12 1/2%		
12/31/1938	868	EFFECTIVE DATE		
10/01/1959	553	CASE CREATED BY ASGN	OUT OF NMLC029431;	
04/03/1961	102	NOTICE SENT-PROD STATUS		
08/10/1977	396	TRF OF INTEREST FILED	V WELCH EST/SHELTON	
02/13/1981	651	HELD BY PROD - ALLOCATED	C40T060	
02/13/1981	660	MEMO OF 1ST PROD-ALLOC	C40T060	
12/05/1983	140	ASGN FILED	SHELL OIL/SHELL WTN	
12/13/1984	139	ASGN APPROVED	EFF 01/01/84;	
01/21/1985	963	CASE MICROFILMED/SCANNED	CNUM 551,572 GLC	
10/03/1986	140	ASGN FILED	(1)SHELL/PETRUS	
11/25/1986	104	ADDTL INFO RQSTD	PETRUS OIL	
03/31/1987	269	ASGN DENIED	SHELL/PETRUS	
04/27/1987	140	ASGN FILED	SHELL WESTERN/PETRUS	
07/17/1987	139	ASGN APPROVED	EFF 05/01/87;	
07/31/1987	140	ASGN FILED	PETRUS/PRIMARY FUELS	
07/31/1987	932	TRF OPER RGTS FILED		
11/04/1987	104	ADDTL INFO RQSTD	PRIMARY FUELS	
12/28/1987	140	ASGN FILED	PETRUS/PRIMARY FUELS	
12/29/1987	957	TRF OPER RGTS DENIED		
04/12/1988	139	ASGN APPROVED	EFF 01/01/88;	
10/18/1988	932	TRF OPER RGTS FILED		
11/08/1988	933	TRF OPER RGTS APPROVED	EFF 11/01/88;	
03/03/1989	396	TRF OF INTEREST FILED	M YATES/YATES ET AL	
02/14/1990	940	NAME CHANGE RECOGNIZED	PETRUS/BRIDGE OIL	
10/23/1990	140	ASGN FILED	PRIMARY/GEODYNE NOM	

**NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM**

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

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01 02-25-1920;041STAT0437;30USC226

Total Acres
160.000

Serial Number
NMLC-- 0 063932

Case Type 310781: O&G RENEWAL LEASE - PD

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris:

Serial Number: NMLC-- 0 063932

Name & Address			Int Rel	%Interest
COG OPERATING LLC	600 W ILLINOIS AVE	MIDLAND TX 797014882	OPERATING RIGHTS	0.000000000
KELLY GLADYS	504 W QUAY	ARTESIA NM 88210	LESSEE	50.000000000
MERIT ENE MGT PARTNERS I LP	13727 NOEL RD #500	DALLAS TX 75240	OPERATING RIGHTS	0.000000000
MERIT ENE MGT PARTNERS II LP	13727 NOEL RD #500	DALLAS TX 75240	OPERATING RIGHTS	0.000000000
MERIT ENERGY PTNRS	13727 NOEL RD #500	DALLAS TX 75240	OPERATING RIGHTS	0.000000000
MERIT ENERGY PTNRS III LP	13727 NOEL RD #500	DALLAS TX 75240	OPERATING RIGHTS	0.000000000
MERIT ENERGY PTNRS VII LP	13727 NOEL RD #500	DALLAS TX 75240	OPERATING RIGHTS	0.000000000
RUBICON OIL & GAS II LLP	508 W WALL ST STE 500	MIDLAND TX 797015062	OPERATING RIGHTS	0.000000000
RUBICON OIL & GAS II LLP	508 W WALL ST STE 500	MIDLAND TX 797015062	LESSEE	25.000000000
SLASH EXPLORATION LP	PO BOX 1973	ROSWELL NM 882021973	LESSEE	25.000000000
SLASH EXPLORATION LP	PO BOX 1973	ROSWELL NM 882021973	OPERATING RIGHTS	0.000000000

Serial Number: NMLC-- 0 063932

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0160S	0300E	013	ALIQ	SE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMLC-- 0 063932

Act Date	Code	Action	Action Remarks	Pending Office
12/13/1938	387	CASE ESTABLISHED		
12/13/1938	496	FUND CODE	05;145003	
12/13/1938	868	EFFECTIVE DATE		
01/29/1941	553	CASE CREATED BY ASGN	OUT OF NMLC029423;	
11/15/1956	102	NOTICE SENT-PROD STATUS		
11/04/1958	650	HELD BY PROD - ACTUAL		
11/04/1958	658	MEMO OF 1ST PROD-ACTUAL		
12/01/1959	242	LEASE RENEWED	THRU 11/30/69;	
12/01/1959	549	RLTY RATE 12.5-25% SCH C		
12/01/1959	868	EFFECTIVE DATE	LAST RENEWAL;	
12/03/1959	232	LEASE COMMITTED TO UNIT	NMNM70961X;HENSHAW DE	
08/05/1969	314	RENEWAL APLN FILED		
03/05/1970	039	POST AUTH APLN DENIED	RENEWAL LSE APLN	
10/17/1981	909	BOND ACCEPTED	EFF 11/17/80;NM0947	
12/05/1983	932	TRF OPER RGTS FILED		
02/21/1984	933	TRF OPER RGTS APPROVED	EFF 01/01/84;	
10/08/1986	932	TRF OPER RGTS FILED		
12/30/1986	932	TRF OPER RGTS FILED		
01/26/1987	933	TRF OPER RGTS APPROVED	EFF 01/01/87;	
01/26/1987	933	TRF OPER RGTS APPROVED	EFF 11/01/86;	
02/03/1987	963	CASE MICROFILMED/SCANNED	CNUM 102,309 DS	
02/25/1987	932	TRF OPER RGTS FILED		
03/06/1987	933	TRF OPER RGTS APPROVED	EFF 03/01/87;	
11/23/1987	932	TRF OPER RGTS FILED		

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

**ETZ and Federal 26 Wells (see list below)
Zimmerman Oil & Gas Exploration Inc.
November 28, 2018**

**Condition of Approval
Lease Commingling & Off lease sales of production**

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 or 43 CFR 3175 and API requirements for sales meters, or as approved in this approval to commingle production.
7. Oil measurement for allocation must be measured as per Onshore Order #4 or 43 CFR 3174 and API requirements for oil measurement, or as approved in this approval to commingle production.
8. 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 43 CFR 3179 to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer. These volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33" for royalty-bearing flared gas and disposition code 63 for royalty-bearing vented gas:
DC 33 = Flared gas – royalty due
DC 63 = Vented gas – royalty due
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases/CAs require additional commingling approvals.
11. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
12. Submit meter numbers upon installation of meters and also provide updated facility diagram with meters numbers.
13. Coriolis meters (CMS) will be proven, as per API, BLM, and NMOCD specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then CMS meter proving frequency requirement will be as per applicable BLM regulations, notwithstanding further guidance from the local BLM authorized officer. The factor obtained will be used to allocate the production volumes.

14. This approval does not authorize any by passes around any allocation meter or metering separator, this is to include the use of headers to divert production other production equipment other than the approve measurement points.

**ETZ Federal 1H
ETZ Federal 3H**

**3001503890, San Andres
3001503892, San Andres/Queen**

**NMLC063932
NMLC063932**

**Federal 26 1H
Federal 26 2H
Federal 26 3H**

**3001510447, San Andres
3001504851, San Andres/Queen
3001521479, San Andres**

**NMLC029431A
NMLC029431A
NMLC029431A**

**Lease NMLC063932
Lease NMLC029431A**

**Royalty Rate Sch C 12.5 - 25%
Royalty Rate 12.5%**