

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other		5. Lease Serial No. NMNM106714
2. Name of Operator SM ENERGY COMPANY Contact: LISA HUNT E-Mail: lhunt@sm-energy.com		6. If Indian, Allottee or Tribe Name
3a. Address 3300 N A ST BLDG 7 STE 200 MIDLAND, TX 79705	3b. Phone No. (include area code) Ph: 432-848-4833 Fx: 432-688-1701	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		8. Well Name and No. Multiple--See Attached
		9. API Well No. Multiple--See Attached
		10. Field and Pool, or Exploratory SHUGART
		11. County or Parish, and State EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Surface Commingling
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SM ENERGY WOULD LIKE TO REQUEST TO SURFACE COMMINGLE PRODUCTION ON THE FOLLOWING WELLS:

GERONIMO FEDERAL #1 - G-24-18S-31E, 30-015-24927
GERONIMO FEDERAL #6 - A-24-18S-31E, 30-015-25597
INCA FEDERAL #5 - E-19-18S-32E, 30-025-35229
JADE FEDERAL #2 - F-19-18S-32E, 30-025-30038
CONOCO FEDERAL #2 - M-18-18S-32E, 30-025-29803

NM OIL CONSERVATION

ARTESIA DISTRICT

Accepted for record
AD NMBCD 1/6/2015

DEC 23 2014

SEE ATTACHED DETAILED COMMINGLING INFORMATION, DIAGRAM AND MAPS.

**SEE ATTACHED FOR RECEIVED
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Electronic Submission #280556 verified by the BLM Well Information System For SM ENERGY COMPANY, sent to the Carlsbad Committed to AFMSS for processing by DUNCAN WHITLOCK on 12/08/2014 (15DW0073SE)	
Name (Printed/Typed) LISA HUNT	Title REGULATORY TECHNICIAN
Signature (Electronic Submission)	Date 11/19/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J. D. Whitlock</i>	Title EPS	Date 12/18/14
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.

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

Additional data for EC transaction #280556 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM106714	NMNM106714	GERONIMO 1	30-015-24927-00-S1	Sec 24 T18S R31E SWNE 2310FNL 2310FEL
NMNM106714	NMNM106714	GERONIMO 6	30-015-25597-00-S1	Sec 24 T18S R31E NENE 790FNL 940FEL

These wells are presently producing at a rate of 12.5%. Therefore the BLM's interest is presently all the same at that 12.5% royalty rate. Lease NMNM106714 royalty rate is 12.5%. Lease NMNM106715 royalty rate is 12.5 - 32% which is a step rate. Lease NMNM067987 royalty rate is 12.5 - 25% which is a schedule B. Lease NMNM106716 royalty rate is 12.5%.

Oil & Gas metering:

The Conoco Federal #2 Battery is located at Sec 18 SWSW, T18S, R32E on federal lease NMNM106716 in Lea County, NM. The production from all five wells (Conoco Fed #2, Inca Fed #5, Jade Fed #2, Geronimo Fed #1, and Geronimo Fed #6) will come to a common production header where one well can be isolated for test and the remaining wells will go through the production line. The production of the well on test will flow to the three-phase separator. The production from the four remaining wells will be routed through a common production three-phase heater treater.

The Conoco Federal #2 central tank battery will have two oil tanks, one test gas meter, (Cameron Scanner 2000 Meter, meter #*) and sold thru one common gas sales meter, (μFLO 6213, 700227-00) located on the northeast side of the Conoco Fed #2 battery that all five wells will utilize. Oil, gas, and water volumes from each well producing to this battery will be determined by using a test separator at the proposed facility, so that one well is always producing through the testing equipment. Each well will be routed through the test separator (and corresponding oil, water, and gas meters) at least once per month, for a minimum of 24 hours to allocate production back to each well.

The production for the well on test will flow to the three-phase test separator. Gas will be separated off and continue through the test gas meter (Cameron Scanner 2000 Meter, meter #*) or to the gas flare meter (Cameron Scanner 2000 Meter, meter #*) during any production shut down period. The water and oil will be separated, and the oil will be metered with a NUFLO liquid turbine meter (meter#*). Water will be metered using a turbine meter. Once metered, the water from the well on test will flow to the water production line. All of the water will then flow to the common 500 BBL produced water fiberglass tank. After the oil is metered, it will then flow to either the heater treater for additional cleanup or directly into the common oil production line and into one of the 500 BBL steel oil tanks. The four remaining wells will flow through the production heater treater. The gas will be separated off and will continue through the common gas sales meter (μFLO 6213, meter #*) or to the gas flare meter (Cameron Scanner 2000 Meter, meter #*) during any production shut down period. The oil that is separated off of the production heater treater will flow to the common oil production line and into one of the 500 BBL steel oil tanks. The water that is separated off of the production heater treater will flow to the common water production line and then to the 500 BBL produced water fiberglass tank.

Oil production will be allocated on a daily basis from the NUFLO (meter#*) liquid turbine test meter located on the oil discharge line of the 3-phase test separator. The test meter will be a NUFLO liquid turbine. This meter will be proven, as per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter. The factor obtained will be used to allocate the production volumes. Gas production will be allocated on a daily basis from the test gas meter (Cameron Scanner 2000 Meter, meter #*) located downstream of the test separator. The gas production from the production heater treater and the gas

from the test separator will commingle after the gas from the test separator has been measured. All of the commingled gas will flow through the gas sales meter (μFLO 6213, 700227-00) located on the northeast side of the facility. These meters will be calibrated on a regular basis per API, NMOCD, and BLM specifications. The BLM and OCD will be notified of any future changes in the facility.

*Meter numbers to be supplied upon installation of battery and meters

Process & Flow Descriptions:

The flow of production is shown in detail on enclosed facility diagrams 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 proposed commingling will reduce the surface facility footprint and overall emissions. This is the only way SM Energy will be able to produce these wells so as to not be forced to prematurely P&A these wells. This will allow for the most efficient and most economic recovery of minerals as per 43CFR3162.1(a).

As per production over the last 2 years, these wells produce at a very low volume and have never and are not expected to produce above a royalty rate of 12.5%.

SM Energy Company, understand 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).

Signed: Lisa Hunt

Printed Name: Lisa Hunt

Title: Regulatory Technician

Date: 11/18/14

APPLICATION FOR SURFACE COMMINGLING AT THE CONOCO FEDERAL #2 BATTERY.

SM Energy Company is requesting approval for surface commingling and/or off lease storage and measurement for the following wells:

Federal Lease No. NMNM106714 Royalty Rate 12.5%

Well Name	Location	API#	Formation	BOPD	Gravity	Oil Value (\$/bbl)	MCFPD	BTU	Gas Value (\$/Mcf)	Lease Gas Value (\$/Mcf)	Separated Leases Daily Rev (\$)	Comingled Gas Value (\$/Mcf)	Comingled Daily Rev (\$)
Geronimo Federal #1	SW4/NE4; G-24-18S-31E	30-015-24927	Shugart;Yates-7RS-QU-Grayburg (56439)	14	35.5	92.32	10	1363.93	\$ 8.07	6.28	62.825	5.45	54.5
Geronimo Federal #6	NE4/NE4; A-24-18S-31E	30-015-25597	Shugart;Yates-7RS-QU-Grayburg (56439)	19	30.07	92.32	10	1157.16	\$ 4.50	6.28	62.825	5.45	54.5

Federal Lease No. NMNM106715 Royalty Rate 12.5 - 32% step rate

Well Name	Location	API#	Formation	BOPD	Gravity	Oil Value (\$/bbl)	MCFPD	BTU	Gas Value (\$/Mcf)	Lease Gas Value (\$/Mcf)	Separated Leases Daily Rev (\$)	Comingled Gas Value (\$/Mcf)	Comingled Daily Rev (\$)
Inca Federal #5	SW4/NW4; E-19-18S-32E	30-025-35229	Shugart;Yates-7RS-QU-Grayburg (56439)	3	25.83	92.32	5	856.39	\$ 2.71	2.71	13.55	5.45	27.25

Federal Lease No. NMNM67987 Royalty Rate 12.5 - 25% schedule B

Well Name	Location	API#	Formation	BOPD	Gravity	Oil Value (\$/bbl)	MCFPD	BTU	Gas Value (\$/Mcf)	Lease Gas Value (\$/Mcf)	Separated Leases Daily Rev (\$)	Comingled Gas Value (\$/Mcf)	Comingled Daily Rev (\$)
Jade Federal #2	SE4/NW4; F-19-18S-32E	30-025-30038	Shugart;Yates-7RS-QU-Grayburg (56439)	3	35.32	92.32	5	1046.68	\$ 3.47	3.47	17.35	5.45	27.25

Federal Lease No. NMNM106716 Royalty Rate 12.5%

Well Name	Location	API#	Formation	BOPD	Gravity	Oil Value (\$/bbl)	MCFPD	BTU	Gas Value (\$/Mcf)	Lease Gas Value (\$/Mcf)	Separated Leases Daily Rev (\$)	Comingled Gas Value (\$/Mcf)	Comingled Daily Rev (\$)
Conoco Federal #2	SW4/SW4; M-18-18S-32E	30-025-29803	Shugart;Yates-7RS-QU-Grayburg (56439)	3	34.1	92.32	10	1289.02	\$ 6.15	6.15	61.5	5.45	54.5

	Separated Leases Daily Rev (\$)	Comingled Daily Rev (\$)
Daily Total Gas Revenue (\$)	218.05	218.00

The storage & measuring facility for oil & gas is located at SW4/SW4; M-18-T18S-R32E on Lease No. NMNM106716 (Conoco Federal) SWSW; M-18-T18S-R32E, Lea County, NM. The attached maps show the federal leases & well locations.

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Run Date: 06/23/2014

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

Total Acres
240.000

Serial Number
NMNM-- - 106714

Case Type 311111: O&G LSE NONCOMP PUB LAND

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Approved
1-1-10

Serial Number: NMNM-- - 106714

Name & Address			Int Rel	% Interest
18-31 INC	PO BOX 1120	ROSWELL NM 88201	LESSEE	100.00000000
CHI OPERATING INC	PO BOX 1799	MIDLAND TX 797021799	OPERATING RIGHTS	0.00000000
ENDURANCE PROPERTIES INC	15455 DALLAS PKWY STE 600	ADDISON TX 750016760	OPERATING RIGHTS	0.00000000
SM ENERGY CO	1775 SHERMAN ST STE 1200	DENVER CO 802031100	OPERATING RIGHTS	0.00000000
TRITEX ENERGY A LP	15455 DALLAS PKWY STE 600	ADDISON TX 750016760	OPERATING RIGHTS	0.00000000

Serial Number: NMNM-- - 106714

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0180S 0310E 024	ALIQ		NE,N2SE	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 106714

Act Date	Code	Action	Action Remark	Pending Office
06/01/1951	387	CASE ESTABLISHED		
06/01/1951	496	FUND CODE	05;145003	
06/01/1951	530	RLTY RATE - 12 1/2%		
06/01/1951	868	EFFECTIVE DATE		
05/03/1961	650	HELD BY PROD - ACTUAL		
05/03/1961	658	MEMO OF 1ST PROD-ACTUAL		
03/01/2000	209	CASE CREATED BY SEGR	OUT OF NMNM 025777;	
03/01/2000	232	LEASE COMMITTED TO UNIT	NMNM101361X;E SHUGART	
03/01/2000	621	RLTY RED-STRIPPER WELL	11.7;/2/	
07/17/2001	974	AUTOMATED RECORD VERIF	BCO	
09/12/2001	932	TRF OPER RGTS FILED	FISHER/ST MARY LAND	
09/12/2001	932	TRF OPER RGTS FILED	WALLACE/ST MARY LAND	
09/12/2001	932	TRF OPER RGTS FILED	WRATHER/ST MARY LAND	
09/27/2001	932	TRF OPER RGTS FILED	CLEMENS/ST MARY LAND	
10/01/2001	932	TRF OPER RGTS FILED	FOX/ST MARY;	
10/01/2001	932	TRF OPER RGTS FILED	RIVERHILL ENE CORP;1	
10/09/2001	932	TRF OPER RGTS FILED	LEE/ST MARY;	
10/12/2001	932	TRF OPER RGTS FILED	18-31 INC/CHI;	
11/08/2001	933	TRF OPER RGTS APPROVED	01EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	02EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	03EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	04EFF 10/01/01;	
11/08/2001	974	AUTOMATED RECORD VERIF	MV	
01/18/2002	963	CASE MICROFILMED		
03/14/2002	933	TRF OPER RGTS APPROVED	EFF 11/01/01;	
03/14/2002	974	AUTOMATED RECORD VERIF	LR	
03/12/2003	933	TRF OPER RGTS APPROVED	01EFF 11/01/01;	
03/12/2003	933	TRF OPER RGTS APPROVED	02EFF 11/01/01;	
03/12/2003	933	TRF OPER RGTS APPROVED	03EFF 11/01/01;	
03/12/2003	974	AUTOMATED RECORD VERIF	MV	
03/31/2003	932	TRF OPER RGTS FILED	HARRINGTON/ST MARY	
04/28/2003	933	TRF OPER RGTS APPROVED	EFF 04/01/03;	
04/28/2003	974	AUTOMATED RECORD VERIF	JLV	
10/01/2005	621	RLTY RED-STRIPPER WELL	6.9%;/1/	

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09/22/2006	625	RLTY REDUCTION APPV	/1/10/01/05-01/31/06
11/15/2006	974	AUTOMATED RECORD VERIF	ANN
07/03/2008	621	RLTY RED-STRIPPER WELL	11/70%/2/
07/03/2008	625	RLTY REDUCTION APPV	/2/03/01/00-07/31/01
01/26/2009	899	TRF OF ORR FILED	1
01/26/2009	932	TRF OPER RGTS FILED	WESTALL F/TRITEX EN;1
05/14/2009	933	TRF OPER RGTS APPROVED	EFF 02/01/09;
05/14/2009	974	AUTOMATED RECORD VERIF	MV
07/15/2010	940	NAME CHANGE RECOGNIZED	ST MARY L/SM ENERGY
07/19/2010	974	AUTOMATED RECORD VERIF	RAYO/RAYO
01/02/2013	932	TRF OPER RGTS FILED	TRITEX EN/ENDURANCE;1
07/18/2013	933	TRF OPER RGTS APPROVED	EFF 02/01/13;
07/18/2013	974	AUTOMATED RECORD VERIF	ANN

Serial Number: NMNM-- - 106714

Line Nr	Remarks
0002	BONDED OPERATOR -
0003	11/08/2001 OPERATOR ST MARY LND & EXPL CO MT1022/NW
0004	03/01/2000 - UNITIZED FORMATION IS DEFINED AS:
0005	WATERFLOODING WILL BE LIMITED TO THE FOLLOWING
0006	INTERVAL; THAT INTERVAL UNDERLYING THE UNIT AREA,
0007	THE VERTICAL LIMITES OF WHICH EXTEND FROM AN UPPER
0008	LIMIT DESCRIBED AS THE TOP OF THE BRUSHY CANYON
0009	FORMATION OF THE DELAWARE MOUNTAIN GROUP TO THE
0010	STRATIGRAPHIC EQUIVALENT OF 5600 FEET WITHIN THE
0011	DELAWARE BRUSHY CANYON FORMATION AS DETERMINED BY
0012	THE GERONIMO FEDERAL NO. 3 WELL LOG; THE GEOLOGIC
0013	MARKERS HAVING BEEN PREVIOUSLY FOUND TO OCCUR AT
0014	5700 FEET AND 5600 FEET, RESPECTIVELY, IN THE
0015	GERONIMO FEDERAL NO. 3 WELL (LOCATED 890 FEET FNL
0016	AND 990 FEET FEL OF SEC. 24, T. 18 S., R. 31 E.,
0017	EDDY COUNTY, NEW MEXICO) AS RECORDED ON THE
0018	COMPENSATED NEUTRON LITHO DENSITY LOG TAKEN ON
0019	SEPTEMBER 21, 1985.
0020	05/14/2009 - BO ST MARY LAND&EXPL CO MT1022/NW
0022	07/18/2013 - ENDURANCE RESOURCES LLC NMB000640 S/W;

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

Total Acres

Serial Number

Case Type 311111: O&G LSE NONCOMP PUB LAND

122.070

NMNM-- - 106715

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Info 10/15

Serial Number: NMNM-- - 106715

Name & Address			Int Rel	% Interest
CENTENNIAL	PO BOX 1837	ROSWELL NM 882021837	LESSEE	25.00000000
CURRY & THORNTON	905 FT WORTH CLUB BLDG	FORT WORTH TX 761021449	LESSEE	25.00000000
SM ENERGY CO	1775 SHERMAN ST STE 1200	DENVER CO 802031100	OPERATING RIGHTS	0.00000000
SM ENERGY CO	1775 SHERMAN ST STE 1200	DENVER CO 802031100	LESSEE	50.00000000

Serial Number: NMNM-- - 106715

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0180S 0320E 019	ALIQ		NENW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0180S 0320E 019	LOTS		1,2	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 106715

Act Date	Code	Action	Action Remark	Pending Office
12/31/1944	387	CASE ESTABLISHED		
01/01/1945	496	FUND CODE	05;145003	
01/01/1945	533	RLTY STEP 12.5-32%		
01/01/1945	868	EFFECTIVE DATE		
04/30/1987	650	HELD BY PROD - ACTUAL		
04/30/1987	658	MEMO OF 1ST PROD-ACTUAL		
03/01/2000	232	LEASE COMMITTED TO UNIT	NMNM101361X;E SHUGART	
03/01/2000	621	RLTY RED-STRIPPER WELL	10.9%;/8/	
05/21/2001	209	CASE CREATED BY SEGR	OUT OF NMNM 9016;	
05/21/2001	974	AUTOMATED RECORD VERIF	BCO	
09/12/2001	932	TRF OPER RGTS FILED	FISHER/ST MARY LAND	
09/12/2001	932	TRF OPER RGTS FILED	WALLACE/ST MARY LAND	
09/12/2001	932	TRF OPER RGTS FILED	WRATHER/ST MARY LAND	
09/27/2001	932	TRF OPER RGTS FILED	CLEMENS/ST MARY LAND	
10/01/2001	932	TRF OPER RGTS FILED	FOX, JOHN V;1	
10/01/2001	932	TRF OPER RGTS FILED	RIVERHILL ENE CORP;1	
10/09/2001	932	TRF OPER RGTS FILED	LEE, DON;1	
11/08/2001	933	TRF OPER RGTS APPROVED	01EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	02EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	03EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	04EFF 10/01/01;	
11/08/2001	974	AUTOMATED RECORD VERIF	MV	
01/18/2002	963	CASE MICROFILMED		
01/22/2002	933	TRF OPER RGTS APPROVED	01EFF 11/01/01;	
01/22/2002	933	TRF OPER RGTS APPROVED	02EFF 11/01/01;	
01/22/2002	974	AUTOMATED RECORD VERIF	MV	
03/14/2002	933	TRF OPER RGTS APPROVED	EFF 11/01/01;	
03/14/2002	974	AUTOMATED RECORD VERIF	LR	
03/31/2003	932	TRF OPER RGTS FILED	G HARRINGTON/ST MARY	
05/05/2003	933	TRF OPER RGTS APPROVED	EFF 04/01/03;	
05/05/2003	974	AUTOMATED RECORD VERIF	LR	
08/01/2005	621	RLTY RED-STRIPPER WELL	2.1%/7/	
01/16/2007	625	RLTY REDUCTION APPV	/7/08/01/05-01/31/06	

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07/03/2008	621	RLTY RED-STRIPPER WELL	10.9%/8/
07/03/2008	625	RLTY REDUCTION APPV	/8/03/01/00-07/31/01
07/15/2010	940	NAME CHANGE RECOGNIZED	ST MARY L/SM ENERGY
07/19/2010	974	AUTOMATED RECORD VERIF	RAYO/RAYO

Line Nr Remarks Serial Number: NMNM-- - 106715

0002	3/1/2000 - UNITIZED FORMATION IS DEFINED AS:
0003	WATERFLOODING WILL BE LIMITED TO THE FOLLOWING
0004	INTERVAL: THAT INTERVAL UNDERLYING THE UNIT AREA,
0005	THE VERTICAL LIMITS OF WHICH EXTEND FROM AN UPPER
0006	LIMIT DESCRIBED AS THE TOP OF THE BRUSHY CANYON
0007	FORMATION OF THE DELAWARE MOUNTAIN GROUP TO THE
0008	STRATIGRAPHIC EQUIVALENT OF 5600 FEET WITHIN THE
0009	DELAWARE BRUSHY CANYON FORMATION AS DETERMINED BY
0010	THE GERONIMO FEDERAL NO. 3 WELL LOG; THE GEOLOGIC
0011	MARKERS HAVING BEEN PREVIOUSLY FOUND TO OCCUR AT
0012	5700 FEET AND 5600 FEET, RESPECTIVELY, IN THE
0013	GERONIMO FEDERAL NO. 3 WELL (LOCATED 890 FEET FNL
0014	AND 990 FEET FEL OF SEC. 24, T. 18 S., R. 31 E.,
0015	EDDY COUNTY, NEW MEXICO), AS RECORDED ON THE
0016	COMPENSATED NEUTRON LITHO DENSITY LOG TAKEN ON
0017	SEPTEMBER 21, 1985.
0018	11/08/2001 - ST MARY LAND & EXPLORATION CO MT1022/NW
0019	03/14/2002 - ST MARY LAND & EXPL CO - MT1022 - N/W;
0020	05/05/2003 - ST MARY LAND & EXL CO - MT1022 - N/W;

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01 02-25-1920;041STAT0437;30USC181ETSEQ

Case Type 312011: O&G LSE COMP PUBLIC

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Total Acres

40.000

Serial Number

NMNM-- -067987

Jackie Ford H2

Serial Number: NMNM-- -067987

Name & Address			Int Rel	% Interest
BLAKENEY FLOYD	2603 N WASHINGTON	ROSWELL NM 88201	OPERATING RIGHTS	0.000000000
CAMPBELL THOMAS III	PO BOX 1018	ROSWELL NM 882021018	OPERATING RIGHTS	0.000000000
CENTENNIAL	PO BOX 1837	ROSWELL NM 882021837	OPERATING RIGHTS	0.000000000
CENTENNIAL NM PTNRS	PO BOX 1837	ROSWELL NM 88201	OPERATING RIGHTS	0.000000000
CIESZINSKI J E	PO BOX 3047	ROSWELL NM 88202	OPERATING RIGHTS	0.000000000
CURRY & THORNTON	905 FT WORTH CLUB BLDG	FORT WORTH TX 761021449	OPERATING RIGHTS	0.000000000
DUNN AUBREY L SR	PO BOX 386	ALAMOGORDO NM 883110386	OPERATING RIGHTS	0.000000000
FIELD DONALD L JR	3074 KNICKERSON DR	SAN JOSE CA 951483115	OPERATING RIGHTS	0.000000000
GREER NATHAN C	PO BOX 1627	SANTA FE NM 845041627	OPERATING RIGHTS	0.000000000
HANSON STUART D	PO BOX 723	ROSWELL NM 882020723	OPERATING RIGHTS	0.000000000
HARRINGTON TRUST	PO BOX 216	ROSWELL NM 882020216	OPERATING RIGHTS	0.000000000
IKARD JIM	PO BOX 331	CARLSBAD NM 882200331	OPERATING RIGHTS	0.000000000
JENNINGS PATRICIA K	1107 N KENTUCKY AVE	ROSWELL NM 88201	OPERATING RIGHTS	0.000000000
JUSTICE ELOUISE H	1005 DE BREMOND DR	ROSWELL NM 88201	OPERATING RIGHTS	0.000000000
JUSTICE HAROLD D	1005 DE BREMOND DR	ROSWELL NM 88201	OPERATING RIGHTS	0.000000000
KINSOLVING DEAN	PO BOX 325	TATUM NM 882670325	OPERATING RIGHTS	0.000000000
OLYMPIC OG CORP	1000 LOUISIANA #6770	HOUSTON TX 77002	OPERATING RIGHTS	0.000000000
RIVERHILL ENERGY CO	PO BOX 2726	MIDLAND TX 797022726	OPERATING RIGHTS	0.000000000
SM ENERGY CO	1775 SHERMAN ST STE 1200	DENVER CO 802031100	LESSEE	100.000000000
SM ENERGY CO	1775 SHERMAN ST STE 1200	DENVER CO 802031100	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- -067987

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0180S	0320E	019	ALIQ	SENV;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- -067987

Act Date	Code	Action	Action Remark	Pending Office
02/17/1987	387	CASE ESTABLISHED	PARCEL #73	
02/17/1987	500	GEOGRAPHIC NAME	UNDEFINED FIELD;	
02/26/1987	196	BID ACCEPTED		
04/02/1987	237	LEASE ISSUED		
04/03/1987	974	AUTOMATED RECORD VERIF		LO/VG
05/01/1987	496	FUND CODE	05;145003	
05/01/1987	532	RLTY RATE 12.5-25% SCH B		
05/01/1987	868	EFFECTIVE DATE		
05/01/1987	909	BOND ACCEPTED	EFF 03/21/84;NM0402	
06/26/1987	140	ASGN FILED	SIETE O&G/CONOCO INC	
07/21/1987	600	RECORDS NOTED		
08/08/1987	650	HELD BY PROD - ACTUAL		
04/07/1988	139	ASGN APPROVED	EFF 07/01/87;	
04/07/1988	974	AUTOMATED RECORD VERIF		AR/JR
04/20/1988	963	CASE MICROFILMED	CNUM 563,638	
08/04/1992	932	TRF OPER RGTS FILED	UNDERWOOD/OLYMPIC	
10/27/1992	933	TRF OPER RGTS APPROVED	EFF 09/01/92;	
10/27/1992	974	AUTOMATED RECORD VERIF		CM/JS
11/16/1993	899	TRF OF ORR FILED		
01/13/1994	933	TRF OPER RGTS APPROVED	OLYMPIC/CENTENNIAL	
01/13/1994	974	AUTOMATED RECORD VERIF		ANN
09/09/1994	140	ASGN FILED	CONOCO/INTOIL INC	

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**DEPARTMENT OF THE INTERIOR
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Run Date: 06/23/2014

02/01/1995	139	ASGN APPROVED	EFF 10/01/94;
02/01/1995	974	AUTOMATED RECORD VERIF	JLV
04/28/1995	932	TRF OPER RGTS FILED	SIETE OG/CENTENNIAL
06/02/1995	932	TRF OPER RGTS FILED	SIETE/BLAKENEY ETAL
06/29/1995	933	TRF OPER RGTS APPROVED	EFF 05/01/95;
06/29/1995	974	AUTOMATED RECORD VERIF	JLV
08/08/1995	933	TRF OPER RGTS APPROVED	EFF 07/01/95;
08/08/1995	974	AUTOMATED RECORD VERIF	JLV
07/08/1996	932	TRF OPER RGTS FILED	SIETE/ST MARY LAND
10/08/1996	933	TRF OPER RGTS APPROVED	EFF 08/01/96;
10/08/1996	974	AUTOMATED RECORD VERIF	ANN
04/11/1997	932	TRF OPER RGTS FILED	CAMPBELL/ST MARY LAND
04/11/1997	932	TRF OPER RGTS FILED	HANAGAN/ST MARY LAND
05/08/1997	933	TRF OPER RGTS APPROVED	EFF 05/01/97;
05/08/1997	974	AUTOMATED RECORD VERIF	MV/MV
05/13/1997	932	TRF OPER RGTS FILED	PICKERING/ST MARY
05/19/1997	933	TRF OPER RGTS APPROVED	EFF 05/01/97;
05/19/1997	974	AUTOMATED RECORD VERIF	ANN
06/12/1997	932	TRF OPER RGTS FILED	CURRYÞ/ST MARY
06/19/1997	933	TRF OPER RGTS APPROVED	EFF 06/01/97;
06/19/1997	974	AUTOMATED RECORD VERIF	JLV
07/16/1997	932	TRF OPER RGTS FILED	MTN APPLE/ST MARY
08/01/1997	933	TRF OPER RGTS APPROVED	EFF 07/01/97;
08/01/1997	974	AUTOMATED RECORD VERIF	LR
08/12/1997	933	TRF OPER RGTS APPROVED	EFF 08/01/97;
08/12/1997	974	AUTOMATED RECORD VERIF	LR
02/27/1998	932	TRF OPER RGTS FILED	WESTERN OIL/ST MARY
03/09/1998	933	TRF OPER RGTS APPROVED	EFF 03/01/98;
03/09/1998	974	AUTOMATED RECORD VERIF	JLV
04/27/1998	932	TRF OPER RGTS FILED	CENTENNIAL/ST MARY
04/27/1998	932	TRF OPER RGTS FILED	WORRELL ETAL/ST MARY
05/12/1998	933	TRF OPER RGTS APPROVED	01EFF 05/01/98;
05/12/1998	933	TRF OPER RGTS APPROVED	02EFF 05/01/98;
05/12/1998	974	AUTOMATED RECORD VERIF	ANN
10/04/1999	932	TRF OPER RGTS FILED	JUSTICE/ST MARY LAND
11/22/1999	933	TRF OPER RGTS APPROVED	EFF 11/01/99;
11/22/1999	974	AUTOMATED RECORD VERIF	JLV
01/18/2000	932	TRF OPER RGTS FILED	BLAKENEY/ST MARY
02/07/2000	932	TRF OPER RGTS FILED	G SHUMATE/ST MARY
03/01/2000	232	LEASE COMMITTED TO UNIT	NMMN101361X;E SHUGART
03/23/2000	932	TRF OPER RGTS FILED	HARRINGTON/ST MARY
04/14/2000	933	TRF OPER RGTS APPROVED	EFF 02/01/00;
04/14/2000	974	AUTOMATED RECORD VERIF	LR
04/28/2000	933	TRF OPER RGTS APPROVED	EFF 03/01/00;
04/28/2000	974	AUTOMATED RECORD VERIF	MV/MV
01/16/2001	932	TRF OPER RGTS FILED	RIVERHILL/ST MARY
02/23/2001	933	TRF OPER RGTS APPROVED	EFF 02/01/2001
02/23/2001	974	AUTOMATED RECORD VERIF	ANN
03/21/2001	140	ASGN FILED	SIETE/ST MARY LAND
04/26/2001	933	TRF OPER RGTS APPROVED	EFF 04/01/01;
04/26/2001	974	AUTOMATED RECORD VERIF	MV/MV
05/17/2001	933	TRF OPER RGTS APPROVED	EFF 04/01/00;
05/17/2001	974	AUTOMATED RECORD VERIF	JLV
09/12/2001	932	TRF OPER RGTS FILED	FISHER/ST MARY LAND
09/12/2001	932	TRF OPER RGTS FILED	WALLACE/ST MARY LAND

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

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09/12/2001	932	TRF OPER RGTS FILED	WRATHER/ST MARY LAND
10/01/2001	932	TRF OPER RGTS FILED	FOX, JOHN V;1
10/09/2001	932	TRF OPER RGTS FILED	LEE, DON;1
11/08/2001	933	TRF OPER RGTS APPROVED	02EFF 10/01/01;
11/08/2001	933	TRF OPER RGTS APPROVED	03EFF 10/01/01;
11/08/2001	933	TRF OPER RGTS APPROVED	EFF 10/01/01;
11/08/2001	974	AUTOMATED RECORD VERIF	MV
01/22/2002	933	TRF OPER RGTS APPROVED	01EFF 11/01/01;
01/22/2002	933	TRF OPER RGTS APPROVED	02EFF 11/01/01;
01/22/2002	974	AUTOMATED RECORD VERIF	MV
01/21/2003	140	ASGN FILED	INTOIL/BARRETT PROPER
02/26/2003	139	ASGN APPROVED	EFF 02/01/03;
02/26/2003	974	AUTOMATED RECORD VERIF	ANN
03/26/2003	140	ASGN FILED	BARRETT/ST MARY;
04/23/2003	139	ASGN APPROVED	EFF 04/01/03;
04/23/2003	974	AUTOMATED RECORD VERIF	MV
11/01/2003	621	RLTY RED-STRIPPER WELL	11.7%;/1/
08/10/2004	625	RLTY REDUCTION APPV	/1/
10/20/2004	974	AUTOMATED RECORD VERIF	BCO
01/01/2005	621	RLTY RED-STRIPPER WELL	7.7%;/2/
09/22/2006	625	RLTY REDUCTION APPV	/2/
11/15/2006	974	AUTOMATED RECORD VERIF	ANN
01/16/2007	626	RLTY REDUCTION DENIED	
07/15/2010	940	NAME CHANGE RECOGNIZED	ST MARY L/SM ENERGY
07/19/2010	974	AUTOMATED RECORD VERIF	RAYO/RAYO

Serial Number: NMNM-- - 067987

Line Nr	Remarks
0002	BONDED OPERATOR:
0005	11/08/2001- ST MARY LAND & EXPLORATION CO MT1022 NW
0006	BONDED OPERATOR - 02/26/2003
0007	ST MARY LAND & EXPLORATION CO - MT1022 - N/W

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Run Date: 06/23/2014

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

Total Acres

Serial Number

Case Type 311111: O&G LSE NONCOMP PUB LAND

82.050

NMNM-- - 106716

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

CONOCO F&A H2

Serial Number: NMNM-- - 106716

Name & Address			Int Rel	% Interest
CONOCOPHILLIPS CO SM ENERGY CO	PO BOX 7500 1775 SHERMAN ST STE 1200	BARTLESVILLE OK 740057500 DENVER CO 802031100	LESSEE OPERATING RIGHTS	100.00000000 0.00000000

Serial Number: NMNM-- - 106716

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0180S	0320E	018	LOTS	4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0180S	0320E	019	LOTS	3;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 106716

Act Date	Code	Action	Action Remark	Pending Office
01/01/1945	387	CASE ESTABLISHED		
01/01/1945	496	FUND CODE	05;145003	
01/01/1945	530	RLTY RATE - 12 1/2%		
01/01/1945	868	EFFECTIVE DATE		
07/14/1986	650	HELD BY PROD - ACTUAL		
04/01/1999	621	RLTY RED-STRIPPER WELL	/1/ 9.3%	
03/01/2000	209	CASE CREATED BY SEGR	OUT OF NMNM 9017;	
03/01/2000	232	LEASE COMMITTED TO UNIT	NMNM101361X;E SHUGART	
03/01/2000	621	RLTY RED-STRIPPER WELL	9.3%;/3/	
01/22/2001	933	TRF OPER RGTS APPROVED	01EFF 11/01/01;	
01/22/2001	933	TRF OPER RGTS APPROVED	02EFF 11/01/01;	
01/22/2001	974	AUTOMATED RECORD VERIF	MV	
06/04/2001	974	AUTOMATED RECORD VERIF	BCO	
09/12/2001	932	TRF OPER RGTS FILED	FISHER/ST MARY LAND	
09/12/2001	932	TRF OPER RGTS FILED	WALLACE/ST MARY LAND	
09/12/2001	932	TRF OPER RGTS FILED	WRATHER/ST MARY LAND	
09/27/2001	932	TRF OPER RGTS FILED	CLEMENS/ST MARY LAND	
10/01/2001	932	TRF OPER RGTS FILED	FOX, JOHN V;1	
10/01/2001	932	TRF OPER RGTS FILED	RIVERHILL ENE CORP;1	
10/09/2001	932	TRF OPER RGTS FILED	LEE, DON;1	
11/08/2001	933	TRF OPER RGTS APPROVED	01EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	02EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	03EFF 10/01/01;	
11/08/2001	933	TRF OPER RGTS APPROVED	04EFF 10/01/01;	
11/08/2001	974	AUTOMATED RECORD VERIF	MV	
01/18/2002	963	CASE MICROFILMED		
01/22/2002	933	TRF OPER RGTS APPROVED	01EFF 11/01/01;	
01/22/2002	933	TRF OPER RGTS APPROVED	02EFF 11/01/01;	
01/22/2002	974	AUTOMATED RECORD VERIF		
03/14/2002	933	TRF OPER RGTS APPROVED	EFF 11/01/01;	
03/14/2002	974	AUTOMATED RECORD VERIF	LR	
01/16/2003	817	MERGER RECOGNIZED	CONOCO/CONOCOPHILLIPS	
03/31/2003	932	TRF OPER RGTS FILED	01HARRINGTON/ST MARY	
03/31/2003	932	TRF OPER RGTS FILED	02HARRINGTON/ST MARY	
05/05/2003	933	TRF OPER RGTS APPROVED	01EFF 04/01/03;	

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

**DEPARTMENT OF THE INTERIOR
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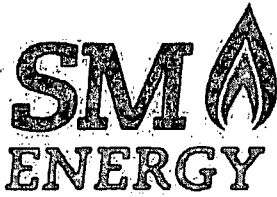
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Run Date: 06/23/2014

05/05/2003	933	TRF OPER RGTS APPROVED	02EFF 04/01/03;
05/05/2003	974	AUTOMATED RECORD VERIF	LR
10/01/2005	621	RLTY RED-STRIPPER WELL	4.5%;/2/
09/28/2007	625	RLTY REDUCTION APPV	/1/;04/01/99
07/03/2008	625	RLTY REDUCTION APPV	/3/03/01/00-07/31/01
01/22/2009	625	RLTY REDUCTION APPV	/2/10/01/05-01/31/06
07/15/2010	940	NAME CHANGE RECOGNIZED	ST MARY L/SM ENERGY
07/19/2010	974	AUTOMATED RECORD VERIF	RAYO/RAYO

Serial Number: NMNM-- - 106716

Line Nr	Remarks
0002	03/01/2000 - UNITIZED FORMATION IS DEFINED AS:
0003	WATERFLOODING WILL BE LIMITED TO THE FOLLOWING
0004	INTERVAL: THAT INTERVAL UNDERLYING THE UNIT AREA,
0005	THE VERTICAL LIMITS OF WHICH EXTEND FROM AN UPPER
0006	LIMIT DESCRIBED AS THE TOP OF THE BRUSHY CANYON
0007	FORMATION OF THE DELAWARE MOUNTAIN GROUP TO THE
0008	STRATIGRAPHIC EQUIVALENT OF 5600 FEET WITHIN THE
0009	DELAWARE BRUSHY CANYON FORMATION AS DETERMINED BY
0010	THE GERONIMO FEDERAL NO. 3 WELL LOG; THE GEOLOGIC
0011	MARKERS HAVING BEEN PREVIOUSLY FOUND TO OCCUR AT
0012	5700 FEET AND 5600 FEET, RESPECTIVELY, IN THE
0013	GERONIMO FEDERAL NO. 3 WELL (LOCATED 890 FEET FNL
0014	AND 990 FEET FEL OF SEC. 24, T. 18 S., R. 31 E.,
0015	EDDY COUNTY, NEW MEXICO) AS RECORDED ON THE
0016	COMPENSATED NEUTRON LITHO DENSITY LOG TAKEN ON
0017	SEPTEMBER 21, 1985.
0019	11/08/2001 - ST MARY LAND & EXPLORATION CO MT1022/NW
0021	03/14/2002 - ST MARY LAND & EXPL CO - MT1022 - N/W;
0023	05/05/2003 - ST MARY LAND & EXPL CO - MT1022 - N/W;
0024	THUNDERBOLT PETROLEUM CO LLC-NM2648-SW



6301 Holiday Hill Rd., Bldg. #1
Midland, Texas 79707
432.688.1700
432.688.1701 fax
SM-Energy.com

October 20, 2014

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners:

Re: Request for a Central Tank Battery & Commingle
GERONIMO FEDERAL #1 Sec.24-T18S-R31E, API # 30-015-24927, Eddy County, NM
GERONIMO FEDERAL #6 Sec.24-T18S-R31E, API # 30-015-25597, Eddy County, NM
INCA FEDERAL #5 Sec.19-T18S-R32E, API # 30-025-35229, Lea County, NM
JADE FEDERAL #2 Sec.19-T18S-R32E, API # 30-025-30038, Lea County, NM
CONOCO FEDERAL #2 Sec.18-T18S-R32E, API # 30-025-29803, Lea County, NM

Ladies and Gentleman:

This is to advise you that SM Energy Company is filing an application with the New Mexico Oil Conservation Division ("NMOCD") seeking approval for a Central Tank Battery for Off-Lease Gas Measurement, Oil Storage & Oil Sales for the above mentioned wells.

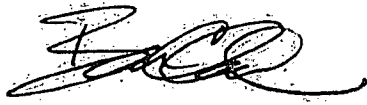
These five (5) wells were previously surface commingled into the East Shugart Delaware Unit ("ESDU") Batteries. Per directive from the Bureau of Land Management ("BLM"), SM Energy Company will now surface commingle production from these aforementioned wells into a single facility independent from "ESDU".

A copy of our application submitted to the Division is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe office within 20 days from the date of this letter.

Please contact the undersigned at (432) 848-4800 should you have any questions or need anything further.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Clark', with a stylized, flowing script.

Benjamin C. Clark, RPL
Landman-Permian
SM Energy Company
(432) 848-4800
bclark@sm-energy.com

Sent Mailers

Certified Number	Date Sent	Tracking Number	Name	Address		
71124369468032305042	10-20-2014		C.E. LARUE	P.O. BOX 206	ARTESIA	NM 88211-
71124369468032305059	10-20-2014		NORTON LLC	60 BEACH AVE., BAY VIEW	SOUTH DARTMOUTH	MA 02748
71124369468032305066	10-20-2014		BORICA OIL, INC.	P.O. DRAWER H	FT. SUMNER	NM 88119
71124369468032305042	10-20-2014		TIMOTHY Z. JENNINGS	P.O. BOX 1797	ROSWELL	NM 88202-
71124369468032305080	10-20-2014		BRADLEY K ALPERS	1809 MISSION AVE	CARLSBAD	NM 88220
71124369468032305103	10-20-2014		DAVID J. MOSSLER	1726 STONE CANYON RD	LOS ANGELES	CA 90077
71124369468032305097	10-20-2014		DEAN KINSOLVING	P.O. BOX 325	TATUM	NM 88257-
71124369468032305110	10-20-2014		DIANA K. ALPERS LEVEN	3104 ONATE RD.	ROSWELL	NM 88201
71124369468032305134	10-20-2014		DOUGLAS L. ALPERS	2207 CASA BONITA	ALAMOGORDO	NM 88310
71124369468032305127	10-20-2014		GREGORY A. ALPERS	1909 W. 27TH ST.	ROSWELL	NM 88202
71124369468032305141	10-20-2014		GWENDOLYN MANNING	27946 BRADFORD RIDGE DR.	KATY	TX 77494-
71124369468032305158	10-20-2014		HARE PRODUCTION	1601 E. BLANCO BLVD.	BLOOMFIELD	NM 87413-
71124369468032305165	10-20-2014		NM&T RESOURCES LLC	P.O. BOX 10523	MIDLAND	TX 79702
71124369468032305172	10-20-2014		NORMAN K BARKER	4459 HACKBERRY COURT	MIDLAND	TX 79707-
71124369468032305189	10-20-2014		PATRICK J. MORELLO &	3534 GETTYSBURG PL.	JEFFERSON CITY MO	65109-
71124369468032305196	10-20-2014		RRG ENERGY INC	P.O. BOX 130534	THE WOODLANDSTX	77393-
71124369468032305202	10-20-2014		SCHATZ MANAGEMENT	2817 W. DENGAR	MIDLAND	TX 79705
71124369468032305219	10-20-2014		SDL INVESTORS	C/O DAVID SCHAWN	CHICAGO	IL 60614
71124369468032305226	10-20-2014		STEVE & LOLA BELL	204 TIERRA BERRENDA	ROSWELL	NM 88201
71124369468032305233	10-20-2014		TED E. BACIL	40676 LADERO ST.	FREMONT	CA 94539
71124369468032305240	10-20-2014		THE O'CONNELL LIVING	ATTN: VERNA & KATHERINE O'CONNELL	PEBBLE BEACH	CA 93953
71124369468032305257	10-20-2014		TROY & SANDRA ONEY	6 BROOKLINE CT.	THE WOODLANDSTX	77381
71124369468032305264	10-20-2014		WALKER H POWE	P.O. BOX 4877	SANTA FE	NM 87502

Certified Number	Date Sent	Tracking Number	Name	Address		
71124369468032302256	10-21-2014		THE TOLES COMPANY	PO 1300	ROSWELL	NM 88202-
71124369468032302263	10-21-2014		MICHAEL IRWIN WELCH	307 W AURORA VISTA TRL	AURORA	TX 76078-
71124369468032302270	10-21-2014		JOHN MICHAEL FROST	PO BOX 1120	ROSWELL	NM 88202-
71124369468032302287	10-21-2014		THERESA ANN FRONST	PO BOX 1120	ROSWELL	NM 88202-
71124369468032302294	10-21-2014		STACY WELCH GREN	PO BOX 164	SONOITA	AZ 85637-
71124369468032302300	10-21-2014		CLAIRE IVERSON	2005 KIDWELL ST	DALLAS	TX 75214
71124369468032302317	10-21-2014		PETER IVERSON	2002 VALENCIA ST	SANTA ANA	CA 92706-
71124369468032302324	10-21-2014		JEANETTE KEOHANE	PO BOX 51722	ALBUQUERQUE	NM 87181
71124369468032302331	10-21-2014		BECKY PANEK	PO BOX 1482	SONOITA	AZ 85637-
71124369468032302348	10-21-2014		PIP TRUST	PO BOX 10508	MIDLAND	TX 79702
71124369468032302355	10-21-2014		BRYAN WELCH	1764 S PAIGE CREEK PL	TUCSON	AZ 85748
71124369468032302362	10-21-2014		PHOEBE WELCH	20350 MARSH CREEK RD	BRENTWOOD	CA 94513-
71124369468032302379	10-21-2014		PHOEBE JANE WELCH IV	419 N BROADWAY ST	TRUTH OR CONSEQUENCES	NM 87901-
71124369468032302386	10-21-2014		WENDELL TERRY WELCH	PO BOX 8428	NISISKI	AK 99635
71124369468032302393	10-21-2014		JANE E SISKIN	PO BOX 1212	SANTA FE	NM 87504-
71124369468032302409	10-21-2014		VAN P WELCH JR	2601 SUNRISE RD	WALSENBURG	CO 81089-
71124369468032302416	10-21-2014		ONRR	PO BOX 25627	DENVER	CO 80225-
71124369468032302423	10-21-2014		VAN S WELCH II	2901 WILDWOOD PL	DUNCAN	OK 73533
71124369468032302430	10-21-2014		SDL INVESTORS	2020 LINCOLN PARK W 34 G	CHICAGO	IL 60614

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Certified Number	Date Sent	Tracking Number	Name	Address		
71124369468032305042	10-20-2014		C.E. LARUE	P.O. BOX 206	ARTESIA	NM 88211-
71124369468032305059	10-20-2014		NORTON LLC	60 BEACH AVE., BAY VIEW	SOUTH DARTMOUTH	MA 02748
71124369468032305066	10-20-2014		BORICA OIL, INC.	P.O. DRAWER H	FT. SUMNER	NM 88119
71124369468032305042	10-20-2014		TIMOTHY Z. JENNINGS	P.O. BOX 1797	ROSWELL	NM 88202-
71124369468032305080	10-20-2014		BRADLEY K ALPERS	1809 MISSION AVE	CARLSBAD	NM 88220
71124369468032305103	10-20-2014		DAVID J. MOSSLER	1726 STONE CANYON RD	LOS ANGELES	CA 90077
71124369468032305097	10-20-2014		DEAN KINSOLVING	P.O. BOX 325	TATUM	NM 88257-
71124369468032305110	10-20-2014		DIANA K. ALPERS LEVEN	3104 ONATE RD.	ROSWELL	NM 88201
71124369468032305134	10-20-2014		DOUGLAS L. ALPERS	2207 CASA BONITA	ALAMOGORDO	NM 88310
71124369468032305127	10-20-2014		GREGORY A. ALPERS	1909 W. 27TH ST.	ROSWELL	NM 88202
71124369468032305141	10-20-2014		GWENDOLYN MANNING	27946 BRADFORD RIDGE DR.	KATY	TX 77494-
71124369468032305158	10-20-2014		HARE PRODUCTION	1601 E. BLANCO BLVD.	BLOOMFIELD	NM 87413-
71124369468032305165	10-20-2014		NM&T RESOURCES LLC	P.O. BOX 10523	MIDLAND	TX 79702
71124369468032305172	10-20-2014		NORMAN K BARKER	4459 HACKBERRY COURT	MIDLAND	TX 79707-
71124369468032305189	10-20-2014		PATRICK J. MORELLO &	3534 GETTYSBURG PL.	JEFFERSON CITY MO	65109-
71124369468032305196	10-20-2014		RRG ENERGY INC	P.O. BOX 130534	THE WOODLANDSTX	77393-
71124369468032305202	10-20-2014		SCHATZ MANAGEMENT	2817 W. DENGAR	MIDLAND	TX 79705
71124369468032305219	10-20-2014		SDL INVESTORS	C/O DAVID SCHAWN	CHICAGO	IL 60614
71124369468032305226	10-20-2014		STEVE & LOLA BELL	204 TIERRA BERRENDA	ROSWELL	NM 88201
71124369468032305233	10-20-2014		TED E. BACIL	40676 LADERO ST.	FREMONT	CA 94539
71124369468032305240	10-20-2014		THE O'CONNELL LIVING	ATTN: VERA & KATHERINE O'CONNELL	PEBBLE BEACH	CA 93953
71124369468032305257	10-20-2014		TROY & SANDRA ONEY	6 BROOKLINE CT.	THE WOODLANDSTX	77381
71124369468032305264	10-20-2014		WALKER H POWE	P.O. BOX 4877	SANTA FE	NM 87502

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Certified Number	Date Sent	Tracking Number	Name	Address			
71124369468032305271	10-21-2014		SUZANNE M	261 RIVER BIRCH CIR.	MOORESVILLE	NC	28115
71124369468032305288	10-21-2014		MARY ELLEN JOHNSTON	2715 N KENTUCKY UNIT 16	ROSWELL	NM	88201
71124369468032305295	10-21-2014		MICHAEL R MCGUIRE	8815 MENDOCINO CT NE	ALBUQUERQUE	NM	87122-
71124369468032305301	10-21-2014		MARGARET H NAYLOR	4131 CAMINO COYOTES STE A	LAS CRUCES	NM	88001
71124369468032305318	10-21-2014		ROJO INC	PO BOX 1120	ROSWELL	NM	88201
71124369468032305325	10-21-2014		RALPH A SHUGART	C/O MICHAEL MCCANNON	DENVER	CO	80246-
71124369468032305332	10-21-2014		MAURICE PIPPIN	PO BOX 12972	ODESSA	TX	79768-
71124369468032302072	10-21-2014		SANDRA WESTALL	1208 KARABELLA WAY	ROSWELL	NM	88201
71124369468032302089	10-21-2014		18-31 NC	PO BOX 1120	ROSWELL	NM	88202-
71124369468032302096	10-21-2014		MARIANNE KEOHANE	PO BOX 1120	ROSWELL	NM	88202-
71124369468032302102	10-21-2014		ROBERT W GILLESPIE	186 SIERRA VIEW	PASADENA	CA	91105
7112436946803230	10-21-2014		HARRINGTON TRUST	EMMA P HARRINGTON TRUSTEES	ROSWELL	NM	88202-
71124369468032302119	10-21-2014		IVERSON FAMILY OIL &	3530 E 31ST STE., B	TULSA	OK	74135
71124369468032302126	10-21-2014		S J IVERSON III	PO BOX 4095	MIDLAND	TX	79704
71124369468032302133	10-21-2014		EILEEN MARY KUNKEL	43 CAMINO ARROYO PL	PALM DESERT	CA	92260-
71124369468032302140	10-21-2014		ELYSE SAUNDERS	TR INVESTMENT LLC	TULSA	OK	74135
71124369468032302157	10-21-2014		TIG PROPERTIES LP	PO BOX 10508	MIDLAND	TX	79702
71124369468032302164	10-21-2014		JAMES GARY WELCH	15714 WINDING MOSS DR	HOUSTON	TX	77068
71124369468032302171	10-21-2014		PAMELA J BURKE	3800 KNIFFEN DR	MIDLAND	TX	79705
71124369468032302188	10-21-2014		MARK JAMES FROST	PO BOX 1120	ROSWELL	NM	88202-
71124369468032302195	10-21-2014		GRAHAM FAMILY	PO BOX 1835	ROSWELL	NM	88202-
71124369468032302201	10-21-2014		ALVIN M IVERSON JR	5073 S 76TH EAST AVE APT. D	TULSA	OK	74145-
71124369468032302218	10-21-2014		IVERSON III	3454 S ZUNIS	TULSA	OK	74105
71124369468032302225	10-21-2014		SIEGFRIED JAMES	PO BOX 10508	MIDLAND	TX	79702
71124369468032302232	10-21-2014		PAI INCORPORATED	4434 NORTHWEST 32 PL	OKLAHOMA CITY	OK	73112
71124369468032302249	10-21-2014		MARIAN WELCH	2705 GAYE DR	ROSWELL	NM	88201

Certified Number	Date Sent	Tracking Number	Name	Address			
71124369468032302256	10-21-2014		THE TOLES COMPANY PO 1300	ROSWELL	NM	88202-	
71124369468032302263	10-21-2014		MICHAEL IRWIN WELCH 307 W AURORA VISTA TRL	AURORA	TX	76078-	
71124369468032302270	10-21-2014		JOHN MICHAEL FROST PO BOX 1120	ROSWELL	NM	88202-	
71124369468032302287	10-21-2014		THERESA ANN FRONST PO BOX 1120	ROSWELL	NM	88202-	
71124369468032302294	10-21-2014		STACY WELCH GREN PO BOX 164	SONOITA	AZ	85637-	
71124369468032302300	10-21-2014		CLAIRE IVERSON 2005 KIDWELL ST	DALLAS	TX	75214	
71124369468032302317	10-21-2014		PETER IVERSON 2002 VALENCIA ST	SANTA ANA	CA	92706-	
71124369468032302324	10-21-2014		JEANETTE KEOHANE PO BOX 51722	ALBUQUERQUE	NM	87181	
71124369468032302331	10-21-2014		BECKY PANEK PO BOX 1482	SONOITA	AZ	85637-	
71124369468032302348	10-21-2014		PIP TRUST PO BOX 10508	MIDLAND	TX	79702	
71124369468032302355	10-21-2014		BRYAN WELCH 1764 S PAIGE CREEK PL	TUCSON	AZ	85748	
71124369468032302362	10-21-2014		PHOEBE WELCH 20350 MARSH CREEK RD	BRENTWOOD	CA	94513-	
71124369468032302379	10-21-2014		PHOEBE JANE WELCH IV 419 N BROADWAY ST	TRUTH OR CONSEQUENCES	NM	87901-	
71124369468032302386	10-21-2014		WENDELL TERRY WELCH PO BOX 8428	NISISKI	AK	99635	
71124369468032302393	10-21-2014		JANE E SISKIN PO BOX 1212	SANTA FE	NM	87504-	
71124369468032302409	10-21-2014		VAN P WELCH JR 2601 SUNRISE RD	WALSENBURG	CO	81089-	
71124369468032302416	10-21-2014		ONRR PO BOX 25627	DENVER	CO	80225-	
71124369468032302423	10-21-2014		VAN S WELCH II 2901 WILDWOOD PL	DUNCAN	OK	73533	
71124369468032302430	10-21-2014		SDL INVESTORS 2020 LINCOLN PARK W 34 G	CHICAGO	IL	60614	

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Certified Number	Date Sent	Tracking Number	Name	Address			
71124369468032306070	10-21-2014		CENTENNIAL LLC	P. O. BOX 1837	ROSWELL	NM	88202-183
71124369468032306063	10-21-2014		CIESZINSKI TRUST	2737 81ST ST	LUBBOCK	TX	79423
71124369468032306087	10-22-2014		SELMA E ANDREWS	ACCT 518802	DALLAS	TX	75284-073
71124369468032306094	10-22-2014		T E BROWN JR	BOX 68	ARTESIA	NM	88211-006
71124369468032306100	10-22-2014		DEBORAH FEDRIC	P. O. BOX 1837	ROSWELL	NM	88202-183
71124369468032306117	10-22-2014		JOHN CHRISTOPHER	7201 DEL PASADO NW	ALBUQUERQUE	NM	87120
71124369468032306124	10-22-2014		STEPHEN FRANCIS	213 CAMINO CUATRO SW	ALBUQUERQUE	NM	87105
71124369468032306131	10-22-2014		JOHN W WALLRICH JR	416 N ELMHURST AVE	MOUNT PROSPECT	IL	60056-201
71124369468032306148	10-22-2014		TANYA MARIE MANGUM	P. O. BOX 1121	EDGEWOOD	NM	87015
71124369468032306155	10-22-2014		LURAE MCCOLLUM	P. O. BOX 2243	GALLUP	NM	87305
71124369468032306162	10-22-2014		SELMA ANDREWS TR	NA TTEE ACCT 518801	DALLAS	TX	75284-073
71124369468032306179	10-22-2014		BALLARD OIL & GAS LLC	4206 SUNNYSIDE RD	EDINA	MN	55424
71124369468032306186	10-22-2014		CARL LEWIS FOLKNER JRP.	O. BOX 678	SILVER CITY	NM	88062-067
71124369468032306193	10-22-2014		MARK RYAN FOLKNER	11402 OAKLAND AVE NE	ALBUQUERQUE	NM	87122
71124369468032306209	10-22-2014		MARGARET K HUNKER	7418 SPRING VILLAGE DR #110	SPRINGFIELD	VA	22150
71124369468032306216	10-22-2014		ROBIN JOHNSON	912 S 17TH	LEAVENWORTH	KS	66048-543
71124369468032306223	10-22-2014		MARY L GORE LIVING TR	DTD 5/8/2003	LAS VEGAS	NV	89138
71124369468032306230	10-22-2014		OCOTILLO PRODUCTION	1705 WASHINGTON AVE	ARTESIA	NM	88210-165
71124369468032306247	10-22-2014		AUSTIN FAMILY TRUST	UTA 3/22/95	LAGUNA HILLS	CA	92653-582
71124369468032306254	10-22-2014		BRAILLE INSTITUTE OF	P. O. BOX 840738	DALLAS	TX	75284-073
71124369468032306261	10-22-2014		EHW LLC	101 S FOURTH ST	ARTESIA	NM	88210
71124369468032306278	10-22-2014		JACK FOLKNER	2017 GOLF LINKS RD	SIERRA VISTA	AZ	85635
71124369468032306285	10-22-2014		ROBERT LAWRENCE	1807 W CANARY WAY	CHANDLER	AZ	85248-303
71124369468032306292	10-22-2014		THOMAS R HOLLOWAY	9993 ARCOLA CT N	STILLWATER	MN	55082-952
71124369468032306308	10-22-2014		JACKSON FOLKNER	P. O. BOX 182	PUYALLUP	WA	98371-016
71124369468032306315	10-22-2014		BEVERLY LETOURNEAU	6803 HAWKINS BEND	LINCOLN	NE	68516-154

Certified Number	Date Sent	Tracking Number	Name	Address			
71124369468032306322	10-22-2014		MCCAW PROPERTIES	P. O. BOX 127	ARTESIA	NM	88211-012
71124369468032306339	10-22-2014		LYNN PIERCE	P. O. BOX 6027	CHANDLER	AZ	85246
71124369468032306346	10-22-2014		WILLIAM JAMES	40210 N LAKE VIEW	ANTIOCH	IL	60002
71124369468032306353	10-22-2014		WILLIAM C WHITE	15 DESERT FLOWER RD	ARTESIA	NM	88210
71124369468032306360	10-22-2014		ASHLEY PRATHER	3911 STAGS LEAP CIR	RALEIGH	NC	27612-23C
71124369468032306377	10-22-2014		RENAISSANCE ENERGY	P. O. BOX 2473	MIDLAND	TX	79702
71124369468032306384	10-22-2014		DAVI SMITHSON	P. O. BOX 945	WASHINGTON	UT	84780-094
71124369468032306391	10-22-2014		JOHN WALLACE	2410 W 79TH AVE	ANCHORAGE	AK	99502
71124369468032306407	10-22-2014		ONRR	P. O. BOX 25627	DENVER	CO	80225-062
71124369468032306414	10-22-2014		JOHN SHARP	4210 HARMONY LN	SAN ANGELO	TX	76904
71124369468032306421	10-22-2014		ALICE SHARP	104 NORTH WIND LOOP	ROSWELL	NM	88201

DATE	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM
- [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.

Lisa Hunt
Print or Type Name

Lisa Hunt
Signature

Regulatory Sec
Title

8/27/14
Date

lhunt@sm-energy.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: SM ENERGY COMPANY

OPERATOR ADDRESS: 6301 Holiday Hill Rd, Bldg 1 Midland, TX 79707

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and B.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☒ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Lisa Hunt

TITLE: REGULATORY TECHNICIAN

DATE: 11/18/2014

TYPE OR PRINT NAME LISA HUNT

TELEPHONE NO.: (432)848-4833

E-MAIL ADDRESS: LHUNT@SM-ENERGY.COM

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

**Geronimo Federal #1 & #6 NM106714
Inca Federal #5 NM106715
Jade Federal #2 NM67987
Conoco Federal #2 NM106716**

**SM Energy Company
December 18, 2014**

**Condition of Approval
Commingling on and off lease**

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.
11. This approval grants authorization for any off lease storage, measurement, and sales which may be appropriate.
12. **If any wells are added to Lease NM106715 or NM67987 or if a well which is presently on one of these leases is recompleted into another zone this approval will no-longer be valid until it has been reevaluated and the royalty rate is determined to still fall under the same 12.5% in which this approval is being approved.**