

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
Expires: July 31, 20105. Lease Serial No.
NMNM14629

6. If Indian, Allottee or Tribe Name

SONDRY 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 page 2.

1. Type of Well

☒ Oil Well☐ Gas Well☐ Other2. Name of Operator
SABER OIL & GAS VENTURES, LLC (243978)3a. Address
400 W ILLINOIS, STE 950
MIDLAND TX 797013b. Phone No. (include area code)
432-685-0169/432-818-04074. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330 FNL 1650 FWL NENW UNIT LETER. C
SEC 9, T25S, R37E NMPM

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No
STUART 9 # 1 (306882)9. API Well No.
30-025-2561510. Field and Pool or Exploratory Area
LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG (37240)11. Country or Parish, State
LEA, NM

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

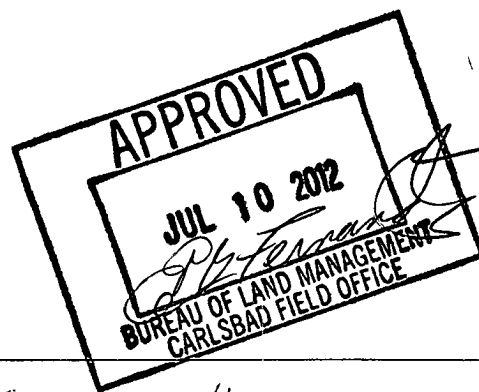
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<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 add zone DHC
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Jalmat; Tan-Y-7R Gas
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Langlie Mattix; 7R-Q-GB

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 recomple 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 recomple 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.)

Saber Oil & Gas Ventures, LLC is proposing to add additional perforations in the Yates Formation by selective perforating of Jalmat; Tansill-Yates-Seven Rivers (Gas) pool the following intervals 2900-2948, 3004-3062 and 3100-3176 and downhole commingle with existing perforations in the Queen Formation of the Langlie Mattix; 7 RVRS-Q-Grayburg pool. Proposed allocation is based on the performance of wells offsetting this well. (See attached application with the NMOCD for DHC, NSL and NSP)

Proposed allocation	Jalmat Gas	Oil	0.00%	Gas	84.75%	Water	0.00%
Langlie Mattix	Oil	100.00%	Gas	15.25%	Water	100.00%	

Actual allocation will be determined by production test.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)

NELSON PATTON

Title

V. P. of Operations

Date

3/19/12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

DATE IN	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.

Nelson Patton
 Print or Type Name

Nelson Patton
 Signature

V. P. of Operations 3/19/12
 Title Date

Nelson@SagebrushOil.com
 e-mail Address

RECEIVED
 2012 MAR 23 AM 10:20
 BUREAU OF LAND MGMT
 CARLSBAD FIELD OFFICE

March 12, 2012

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

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

Stuart 9 # 1

30-025-25615

330' FNL & 1650' FWL, NE/4 NW/4 of
Section 9, T25S, R37E, Unit Letter C
Lea County, New Mexico

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

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

In support of the application, Saber states the following:

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

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

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

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

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

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

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

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

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

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

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

Form C-107A Application for Downhole Comingling;

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

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

Sincerely

A handwritten signature in black ink, appearing to read "Yelmer P. H." with a stylized flourish at the end.

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

Enclosure

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-25615	² Pool Code 79240	³ Pool Name JALMAT;TANS-YATES-7 RIVERS (GAS)
⁴ Property Code 306882	⁵ Property Name STUART 9	
⁷ OGRID No. 243978	⁶ Operator Name SABER OIL & GAS VENTURES, LLC	⁸ Well Number 1
		⁹ Elevation 3174

¹⁰ Surface Location

UL or lot no. C	Section 9	Township 25S	Range 37E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1650	East/West line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSP & NSL APPLIED FOR
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Nelson Patton</u> Date: <u>3/19/12</u> Printed Name: <u>Nelson Patton</u>	
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
	Date of Survey Signature and Seal of Professional Surveyor	
	Certificate Number	

ATTACHMENT No. 2A

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

District I
1625 N French Drive, Hobbs NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W Grand Avenue, Artesia, NM 88210

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

APPLICATION TYPE

District III
1000 Roe Brazos Road, Aztec NM 87410

☒ Single Well
Establish Pre-Approved Pools

District IV
1220 S St Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
☒ Yes ☐ No

SABER OIL & GAS VENTURES, LLC (243978)

400 W ILLINOIS, STE 950, MIDLAND, TX 79701

Operator Address
STUART 9 1 C-9-25S-37E LEA
Lease Well No Unit Letter-Section-Township-Range County
OGRID No 243978 Property Code 306882 API No 30-025-25615 Lease Type ☒ Federal ☐ State ☐ Fee

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

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☐ No ☒

NMOCD Reference Case No applicable to this well _____

Attachments.

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

PRE-APPROVED POOLS

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

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

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

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

Stuart 9 # 1
Supporting Data for Commingling Permit

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

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

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

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-25615	² Pool Code 37240	³ Pool Name LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
⁴ Property Code 306882	⁵ Property Name STUART 9	⁶ Well Number 1
⁷ OGRID No. 243978	⁸ Operator Name SABER OIL & GAS VENTURES, LLC	⁹ Elevation 3174

¹⁰ Surface Location

UL or lot no. C	Section 9	Township 25S	Range 37E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1650	East/West line WEST	County LEA
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UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature <u>Nelson Patton</u> Date <u>3/19/12</u> Printed Name <u>NELSON PATTON</u>		
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief		
	Date of Survey Signature and Seal of Professional Surveyor		
	Certificate Number		

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

Form C-102
Revised October 12, 2005
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSP & NSL applied for
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<div style="position: relative; height: 400px;"> <div style="position: absolute; top: 10px; left: 10px;">16</div> <div style="position: absolute; top: 100px; left: 100px;">1650</div> <div style="position: absolute; top: 100px; left: 250px;">330</div> <div style="position: absolute; top: 100px; left: 230px;">⊙</div> </div>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</i></p> <p>Signature: <u>Nelson Patten</u> Date: <u>3/19/12</u></p> <p>Printed Name: <u>NELSON PATTEN</u></p>	
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</i></p>	
	<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p>	
	<p>Certificate Number</p>	

Conditions of Approval
Stuart 9 #1
30-025-25615
Sundry dated 03/19/2012 b y
Saber Oil & Gas Ventures, LCC
July 10, 2012

Request dated 03/19/2012 from Operator for approval to down hole commingle production from the Jalmat Gas; Tansill-Yates-Seven Rivers Gas Pool (79240) and the Langlie Mattix;-Seven Rivers-Queen-Grayburg Pool (37240) pools is approved with the following Conditions:

1. BLM approval is contingent on like approval by the State, and receiving a DHC order number and a NSP order number.
2. Surface disturbance beyond the existing pad must have prior approval.
3. Closed loop system required.
4. 2000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
5. Operator to have H2S monitoring equipment on location as H2S has been reported from wells in the area.
6. Operator shall confirm the allocation of commingled production by use of actual production testing of each pool independently. **This evaluation shall be completed within 30 days after perforating the Jalmat Gas; Tansill-Yates-Seven Rivers Gas Pool.**
7. Operator shall submit a Subsequent sundry 3160-5 (revised March 2012) detailing the work done, including production testing and the approval orders from NMOCD.
8. Operator shall submit a new completion report 3160-4 (revised March 2012) to include the new perforation open and pool allocation percentages confirmed by NMOCD. All boxes on this form shall be completed, and include all relative data for simultaneous production from both zones.

EGF 071012