

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Operator Copy

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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

2. Name of Operator
SandRidge Expl. & Prod., LLC

3a. Address
123 Robert S Kerr Ave., OKC, OK 73102

3b. Phone No. (include area code)
405-429-6518

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
148S° FSL & 137S° FEL UL. J of Sec 8 - 21S - 38E

5. Lease Serial No.
LC062170-A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Parcell Federal #8

9. API Well No.
30-025-40488

10. Field and Pool, or Exploratory Area
Wantz; Abo, Drinkard & San Andres

11. County or Parish, State
Lea, NM

12. CHECK 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 Downhole Commingle
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recompleat 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/BLA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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.)

SandRidge Expl. & Prod., LLC respectfully requests the right to downhole commingle the approved ABO formation with the Drinkard and the San Andres formations. Sandridge has mineral rights to all three formations and would like to produce these available minerals in the most effective manner possible (please see attachments for further information regarding this DHC).

Thank you for your time.

SEE ATTACHED FOR
COPY RIGHT OF RECORD

SUBJECT TO LIKE
APPROVAL BY STATE

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

Spence Laird

Title Regulatory Analyst

Signature

Date

10/16/2012

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

JAN 23 2013

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

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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)

DHC-4595

FEB 06 2013

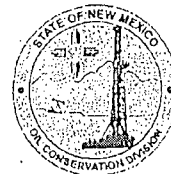
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order DHC-4595

Order Date: 12/14/2012

Application Reference Number: pWVJ1231951397

SANDRIDGE EXPLORATION AND PRODUCTION, LLC
123 ROBERT S. KERR AVE,
OKLAHOMA CITY, OK 73102

Attention: Spence Laird

PARCELL FEDERAL Well No. 008
API No: 30-025-40488
Unit J, Section 8, Township 21 South, Range 38 East, NMPM
Lea County, New Mexico

Pool:	LITTMAN;SAN ANDRES	Oil 39330
Names:	UNDES DRINKARD	Oil 19190
	WANTZ;ABO	Oil 62700

Reference is made to your recent application for an exception to 19.15.12.9A NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

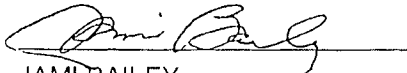
In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and allocation of production from the well shall be as follows:

LITTMAN;SAN ANDRES Pool	Pct Gas: 100	Pct Oil: 35
UNDES DRINKARD Pool	Pct Gas: 0	Pct Oil: 25
WANTZ;ABO Pool	Pct Gas: 0	Pct Oil: 40

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



JAMI BAILEY
Director

JB/wvj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad

DATE 10/24/12	SUSPENSE	ENGINEER WOTS	LOGGED IN	TYPE DHC	APPROVED PLWTS 1231951397
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Lost Date
12/3/12

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.

Spence Laird
 Print or Type Name

Signature

Title

Regulatory Analyst

Date

10/22/12

slaird@sandridgeenergy.com
 e-mail Address

RECEIVED OGD
 2012 OCT 24 P 12:39

District I
1025 N. French Drive, Hobbs, NM 88240

District II
511 S. First St., Artesia, NM 88210

District III
1000 Rio Grande 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

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

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

SandRidge Expl. & Prod., L.L.C.
Operator

123 Robert S. Kerr Ave., Oklahoma City, OK 73102
Address

LC-062170A Parcel Federal
Lease

8
Well No. T/ Sec 8 T21S R38E
Upd Letter-Section-Township-Range

Lea
County

OGRID No. 270265 Property Code 309281 API No. 30-025-40488 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	LT <i>Thru</i> , San Andres	<i>Winkard</i> Winkard	<i>Winkard</i> , Abo
Pool Code	39330	19190	62700
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4300' - 4500'	6,794' - 6,816'	7,310 - 7,498
Method of Production (Flowing or Artificial Lift)	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)	✓	2942 OK <i>off</i> End	3465 OK <i>off</i> FRAD
Oil Gravity or Gas BTU (Degree API or Gas BTU)	32 deg	32 deg	32 deg
Producing, Shut-In or New Zone	New Zone (not perfor yet)	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.)	Date: Est. future rates Rates: 10 bod 5 mcf 20 bow	Date: 10/01/2012 Rates: 5 bod 0 mcf 40 bow	Date: 09/08/2012 Rates: 11 bod 0 mcf 65 bow
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 35 % 100 %	Oil Gas 25 % 0 %	Oil Gas 40 % 0 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☒ No ☐

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

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 ☐

NMOCID 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 *Spence Laird* TITLE _____ Regulatory Analyst DATE 10/17/2012

TYPE OR PRINT NAME Spence Laird TELEPHONE NO. (405) 429-6518

E-MAIL ADDRESS slaird@sandridgeenergy.com

Jones, William V., EMNRD

From: Spence Laird <slaird@sandridgeenergy.com>
Sent: Monday, December 03, 2012 9:12 AM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD; Mull, Donna, EMNRD
Subject: RE: Downhole Commingle Applications from SandRidge Exploration & Production, LLC

Here is the info you requested for wells, 30-025-40487 & 40488.

40487 (Elliott Federal #4):		Static	Frac Gradient	
	ABO	3178 psi	1.00 psi/ft	
	Drinkard	2938psi	1.00 psi/ft	Will not frac due to average reservoir pressure

gradient 0.433 psi/ft

40488 (Parcell Federal #8):		Static	Frac Gradient
	ABO	3165 psi	1.03 psi/ft
	Drinkard	2942psi	0.71 psi/ft

SandRidge is no longer looking to move forward with the other two wells. If you need anything further on these wells please let me know. Thank you for looking at these wells and I appreciate your help!

Spence Laird

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Wednesday, November 14, 2012 5:15 PM
To: Spence Laird
Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD; Mull, Donna, EMNRD
Subject: Downhole Commingle Applications from SandRidge Exploration & Production, LLC

Hello Mr. Laird,

The C-107A form sometimes requires "Bottomhole Pressure" information depending on depth ranges of the perforations being commingled down hole.

The four recently submitted applications from SandRidge in Lea County do require this.

The four APIs are:

30-025-40488
30-025-40487
30-025-40434
30-025-40362

Please ask your engineer for an estimate of Static Reservoir Pressures for each of the reservoirs being targeted for production in each of these wells.

Then do the following check:

Within any one well, if the largest of the pressure numbers they give you is divided by the shallowest perforation and that number is greater than 0.65, then ask that engineer to provide a statement as to whether this upper interval would be subject to down hole fracturing if the well were shut in.

For your reference, below is the pertinent Rule:
19.15.12.11 DOWNHOLE COMMINGLING:

Spence Laird

From: Jones, William V., EMNRD [William.V.Jones@state.nm.us]
Sent: Monday, December 17, 2012 10:38 AM
To: Spence Laird
Subject: FW: Downhole Commingle Permits Approved

From: Jones, William V., EMNRD
Sent: Monday, December 17, 2012 9:30 AM
To: Laird, Spence; Cherry, Tracie J. (TJCherry@BassPet.Com); Mayte Reyes (mreyes1@concho.com)
Cc: Ezeanyim, Richard, EMNRD; llrwb@austin.rr.com; Gonzales, Elidio L, EMNRD; Dade, Randy, EMNRD; jspielma@blm.gov; Mull, Donna, EMNRD; Sharp, Karen, EMNRD
Subject: Downhole Commingle Permits Approved

The following listed permits to allow down hole commingling of Pools within a well have been signed as approved by the director and will be scanned and available online.

DHC-4595	Parcel Federal #8	30-025-40488	Sandridge Exploration and Production LLC
DHC-4596	Elliott Federal #4	30-025-40487	Sandridge Exploration and Production LLC
DHC-4597	Big Eddy Unit #154	30-015-34399	BOPCO, L.P.
DHC-4598	Mescal 22 Federal #2	30-015-37949	COG Operating, LLC

Thank You,

William V. Jones, P.E.
505-476-3448W 505-476-3462F
Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505