

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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

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

Form C-136
Revised June 10, 2003

Submit Original
Plus 4 Copies
to appropriate
District Office

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD
Rule 403.B(1) or (2)

Operator Name: John H. Hendrix Corporation Operator No. 012024
Operator Address: P. O. Box 3040, Midland, TX 79702-3040
Lease Name: Stevens B-12 Type: State Federal X Fee
Location:
Pool: Langlie Mattix Seven Rvrs - Queen & Jalmat
Requested Effective Time Period: Beginning 1/1/06 Ending Until economic limit reached 1/01/2011

APPROVAL PROCEDURE: RULE 403.B.(1)

Please attach a separate sheet with the following information.

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

APPROVAL PROCEDURE: RULE 403.B.(2) Please attach a separate sheet with the following information.

A separate application is required for each Central Point Delivery (CPD).

Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the subject CPD.

- 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPD.
 - a) List the wells which will be metered separately, including API No.
 - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.

Applicant will be responsible for filing OCD Form C-111 for the CPD.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Ronnie H. Westbrook

Printed Name & Title: Ronnie H. Westbrook
Vice President

E-mail Address:

OIL CONSERVATION DIVISION

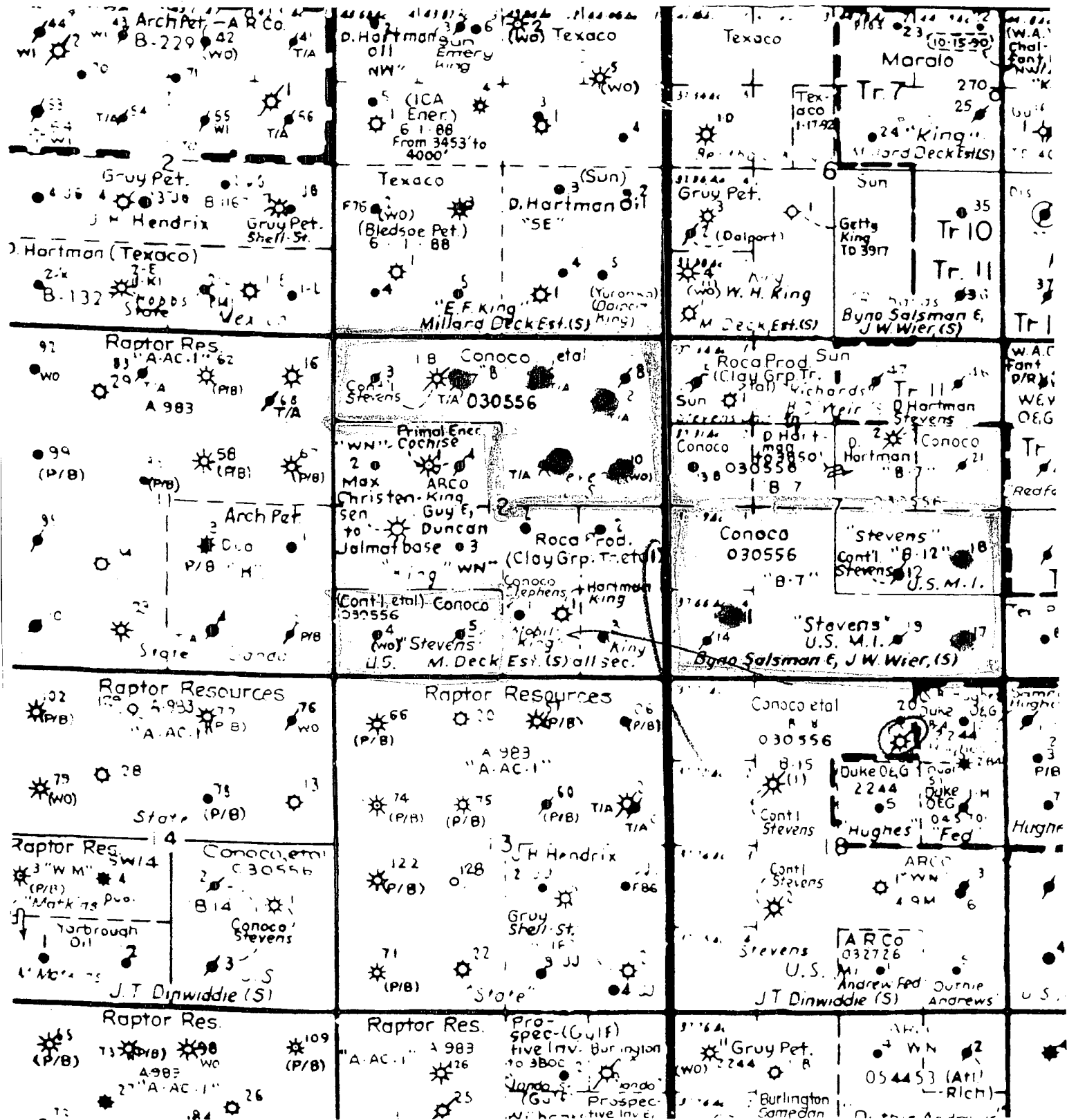
This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Approved Until: 1/01/2011

By: Chris Williams

Title: Dist. Supervisor 12/15/05

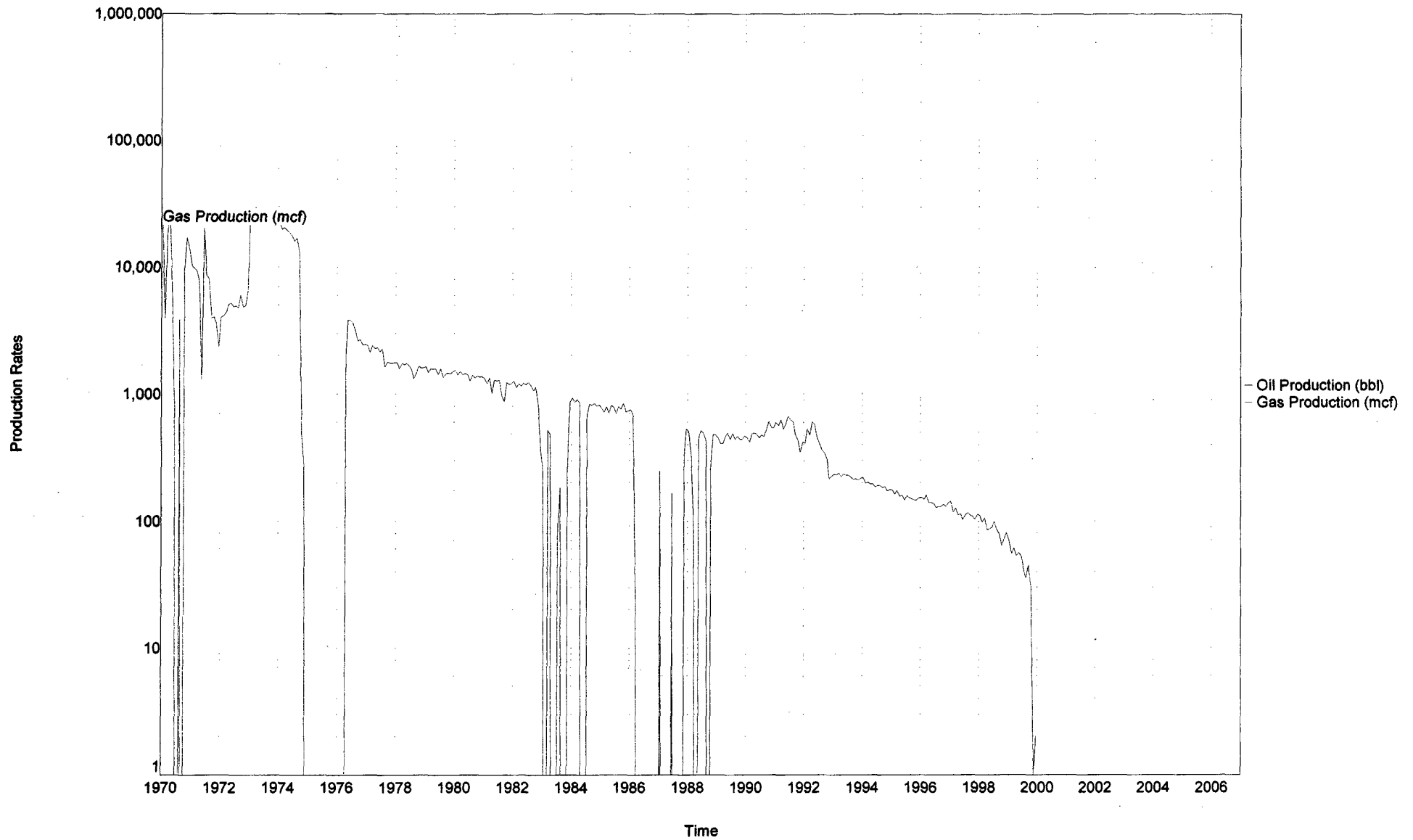
STEVENS B-12 LEASE
PLAT
EXHIBIT 1



Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: JALMAT
Reservoir: TANSILL-YATES-SEVEN
Location: 12 23S 36E

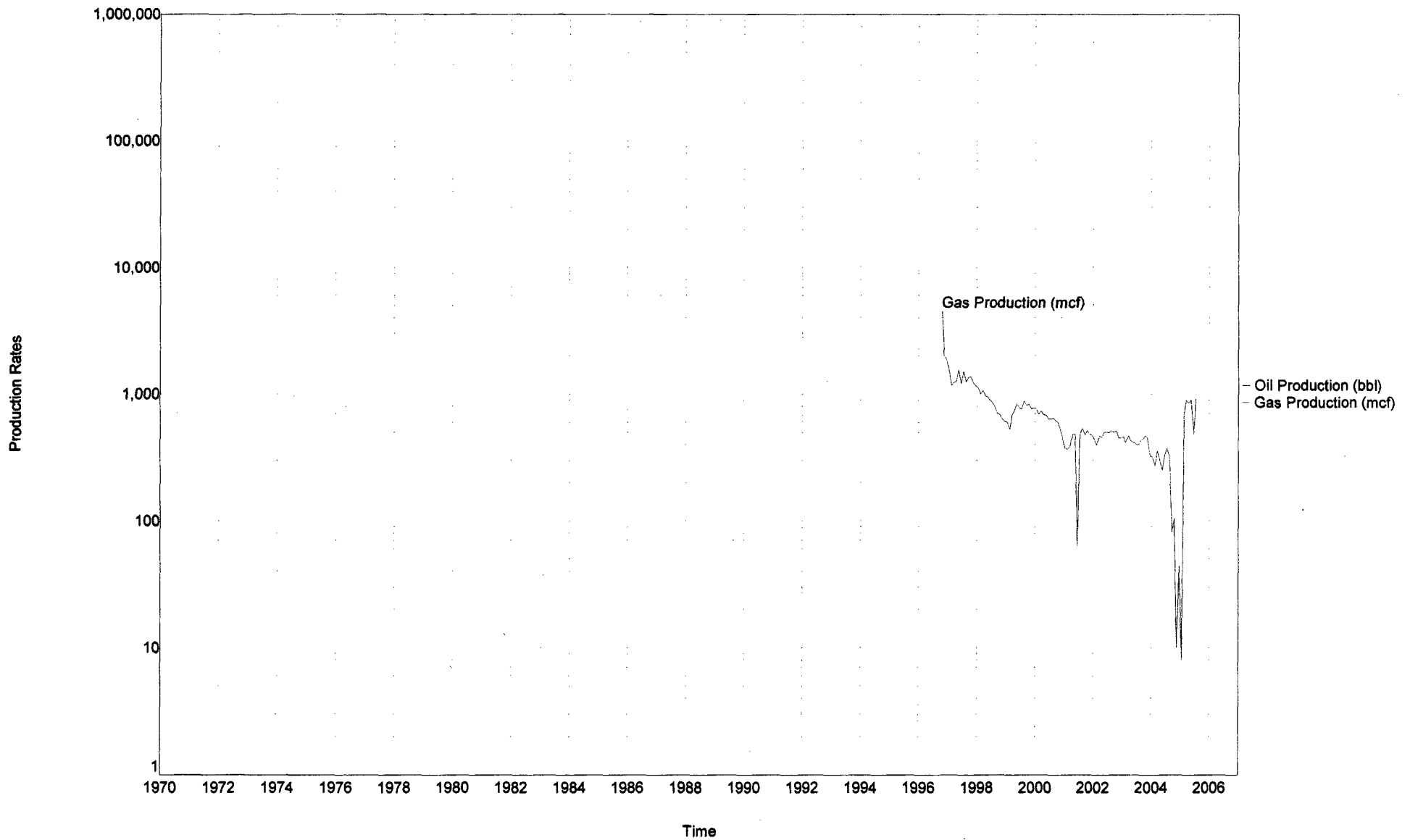
A

STEVENS B - JALMAT # 2



Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: JALMAT
Reservoir: TANSILL-YATES-SEVEN
Location: 12 23S 36E

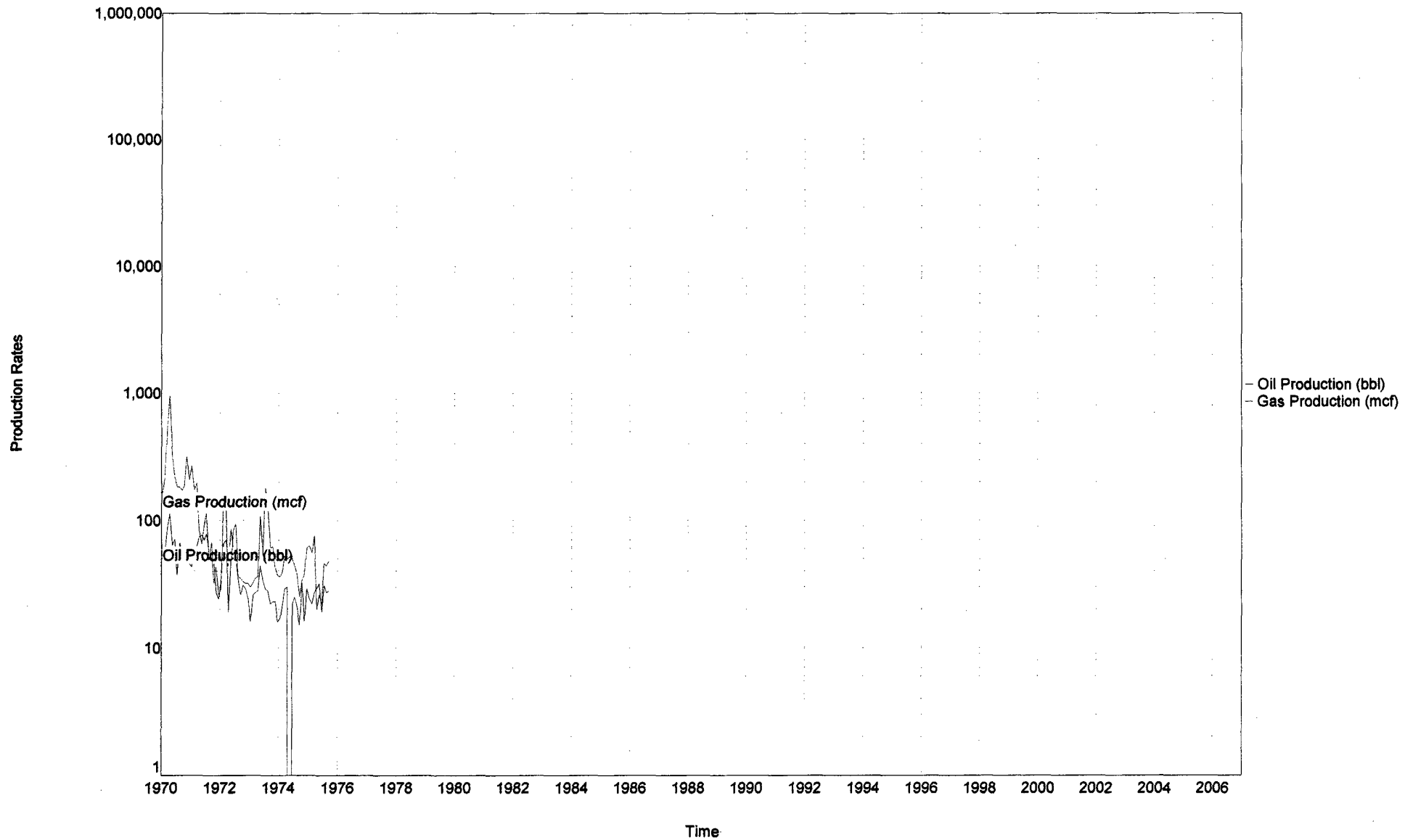
STEVENS B - JALMAT #4



Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: LANGLEIE-MATTIX
Reservoir: SEVEN RVR QN GRBG
Location: 12 23S 36E

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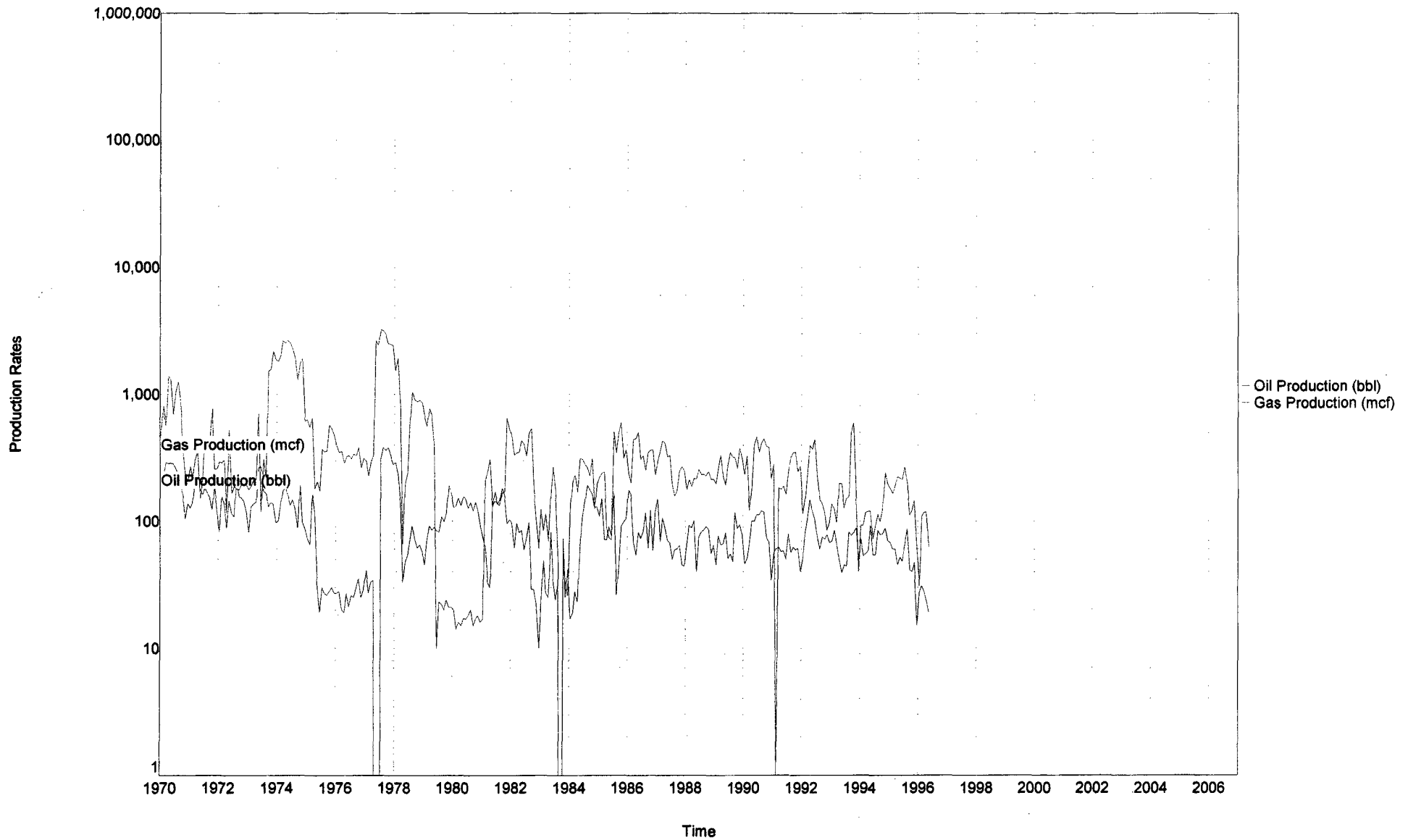
STEVENS B - LANGLEIE-MATTIX # 6



Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: LANGLEIE-MATTIX
Reservoir: SEVEN RVR QN GRBG
Location: 12 23S 36E

STEVEN B - LANGLEIE-MATTIX

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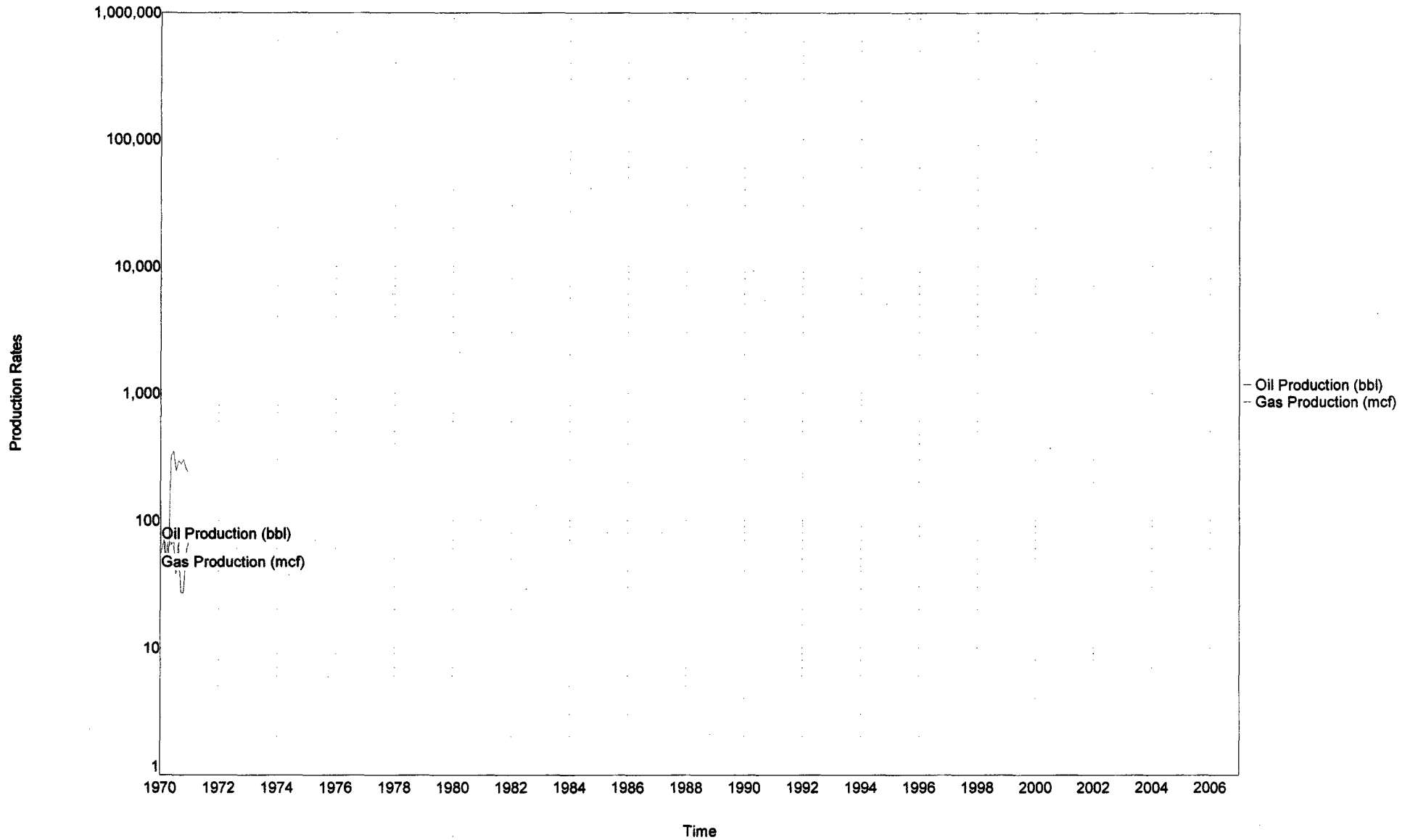


Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: LANGLEIE-MATTIX
Reservoir: SEVEN RVR QN GRBG
Location: 12 23S 36E

6

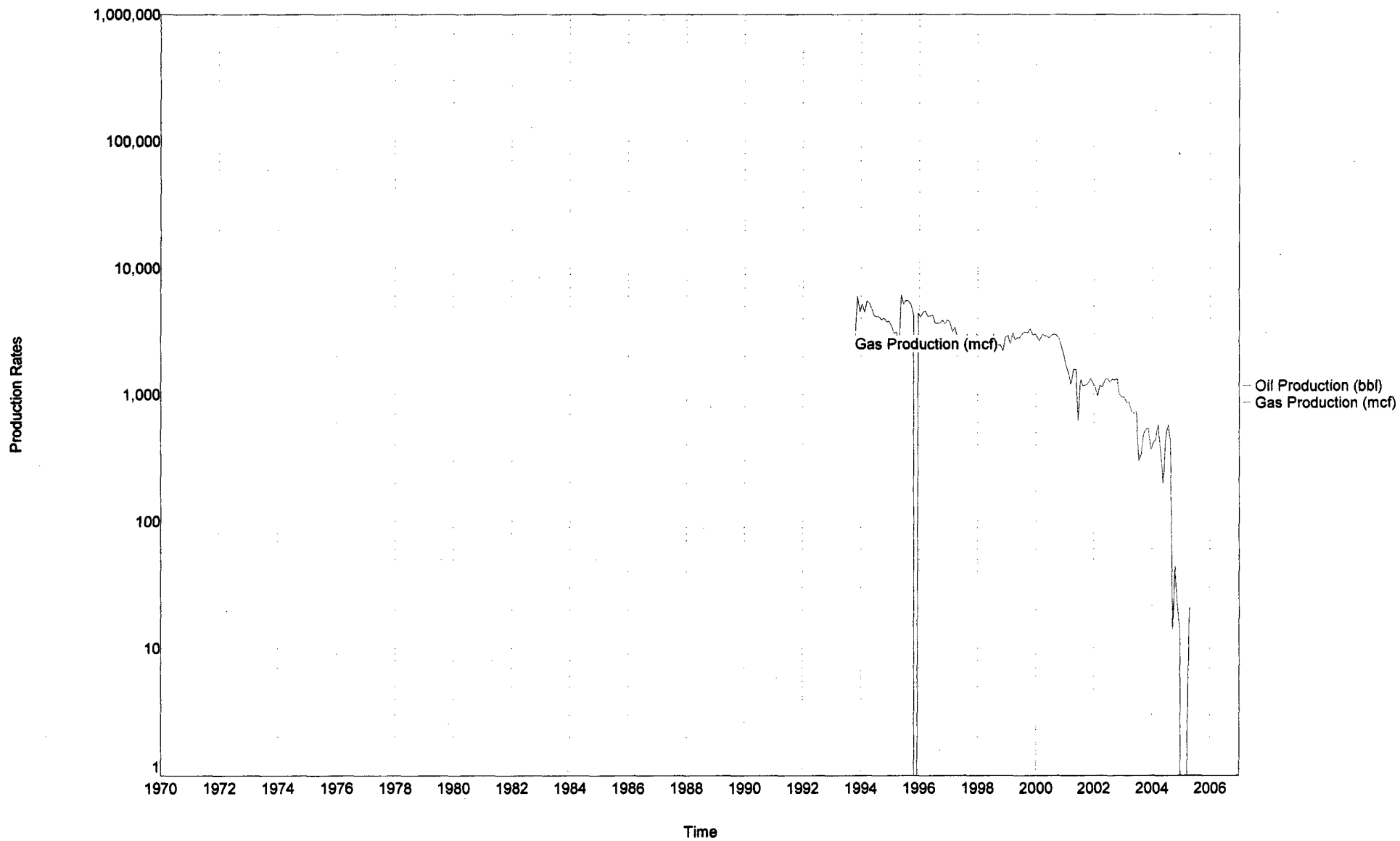
STEVENS B - LANGLEIE-MATTIX

#9



Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: JALMAT
Reservoir: TANSILL-YATES-SEVEN
Location: 12 23S 36E

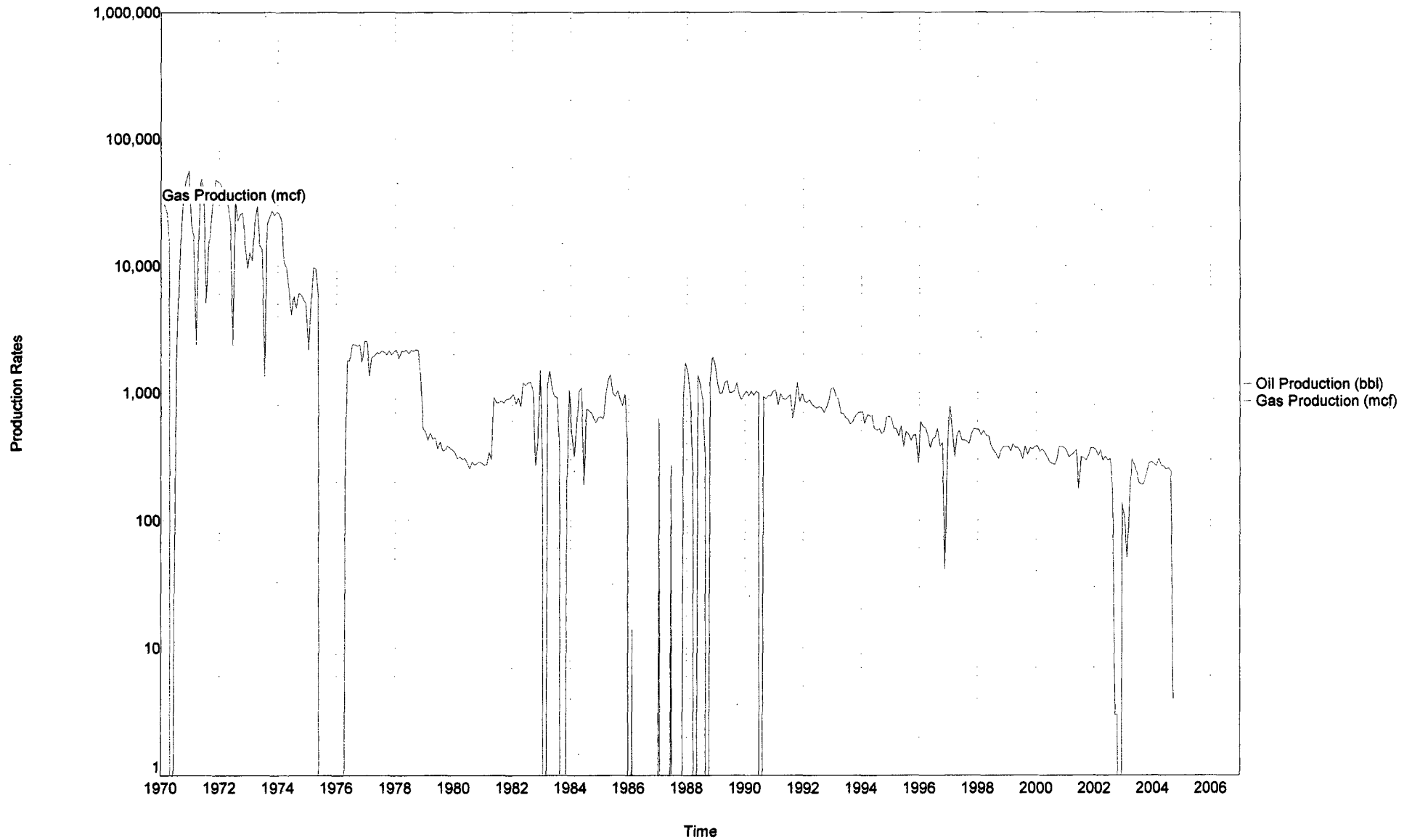
STEVENS B - JALMAT #10



Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: JALMAT
Reservoir: TANSILL-YATES-SEVEN
Location: 7 23S 37E

STEVENS B - JALMAT

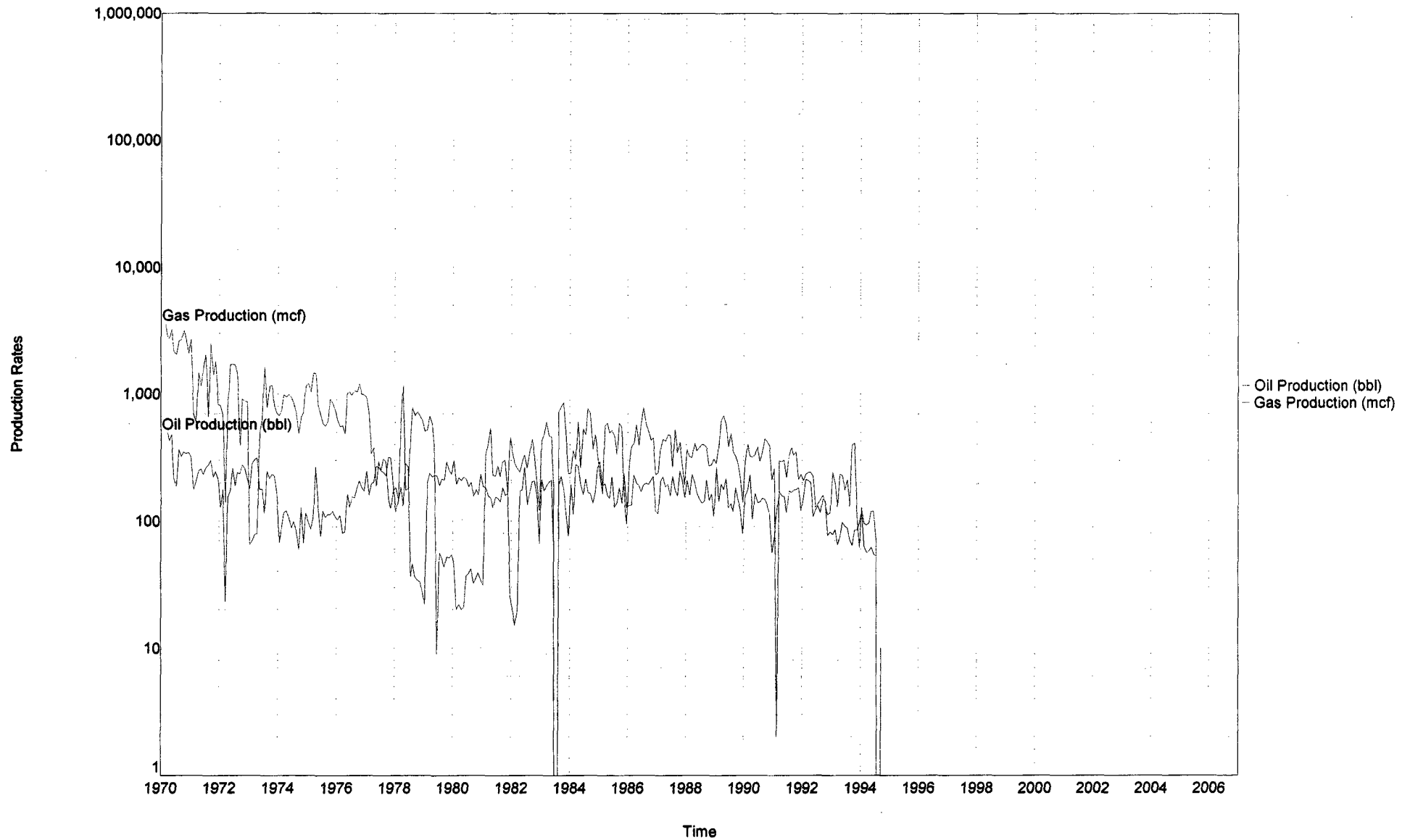
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Lease Name: STEVENS B
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: LANGLEIE-MATTIX
Reservoir: SEVEN RVR QN GRBG
Location: 7 23S 37E

STEVENS B - LANGLEIE-MATTIX

#17



Lease Name: STEVENS B
 County, State: LEA, NM
 Operator: HENDRIX JOHN H CORPORATION
 Field: LANGLEIE-MATTIX
 Reservoir: SEVEN RVR QN GRBG
 Location: 7 23S 37E

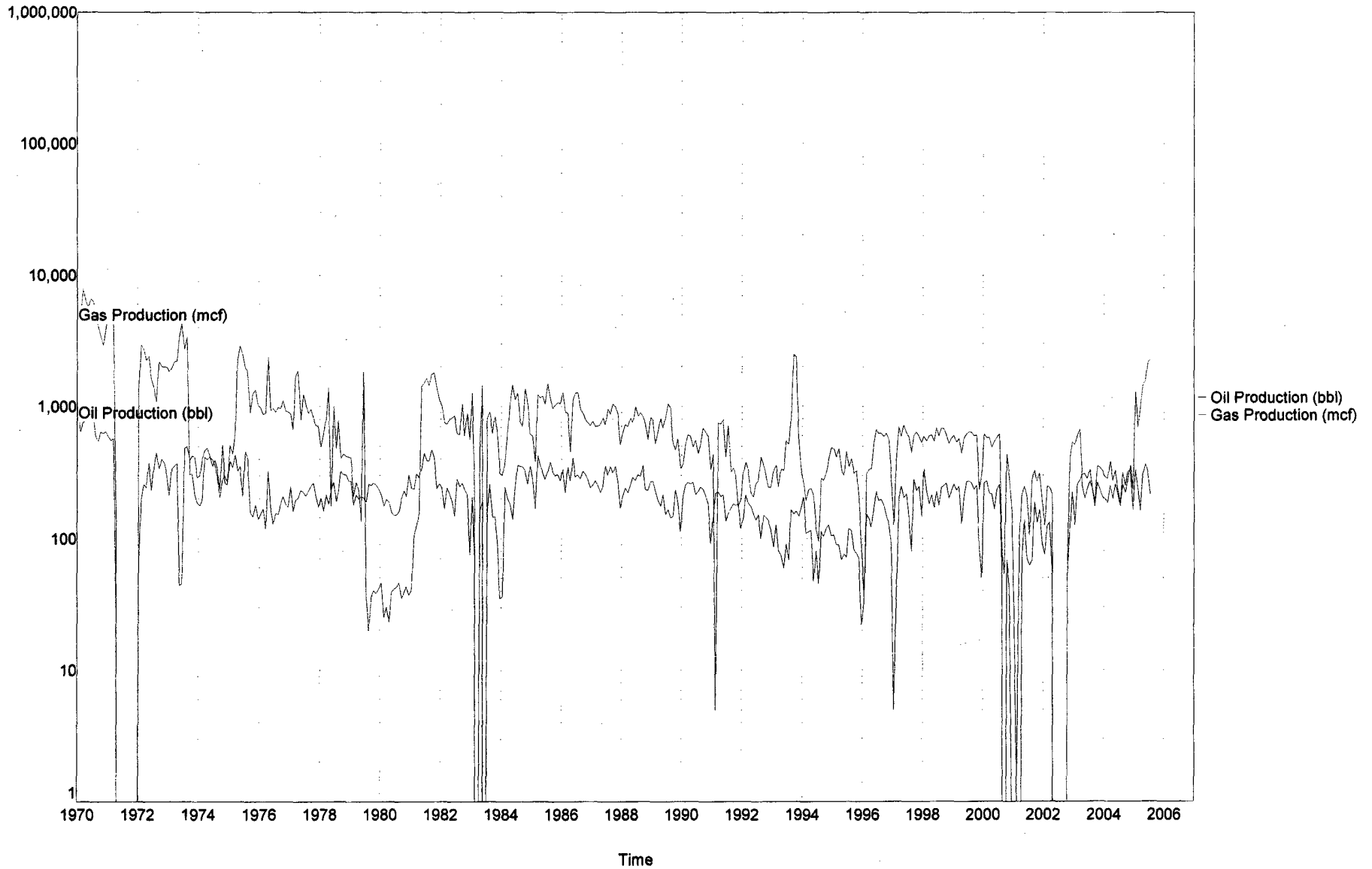
I

STEVENS B - LANGLEIE-MATTIX

#18

Production Rates

James Woods (I)



Attachment to Form C-136
STEVENS B-12 LEASE

RULE 403.B(2)

1. Attached as Exhibit I showing the lease as outlined in yellow and the wells to be tied into a central point delivery circled in red. The lease is N/2 of NW/4, NE/4, S/2 SW/4 of all of Sec. 12, T23S – R36E, Lea County, NM and the S/2 of Section 7, T23-S – R36E, Lea County, NM. All working interest and royalty interest are the same.
 - A. Wells to be metered separately.
 1. Stevens B No. 4 – API No. 30-025-09326
 - B. Wells which will not be metered separately.
 1. Stevens B No. 2 – API No. 30-025-09332
 2. Stevens B No. 6 – API No. 30-025-10709
 3. Stevens B No. 7 – API No. 30-025-09328
 4. Stevens B No. 9 – API No. 30-025-09330
 5. Stevens B No. 10 – API No. 30-025-09931
 6. Stevens B No. 11 – API No. 30-025-10661
 7. Stevens B No. 17 – API No. 30-025-21921
 8. Stevens B No. 18 – API No. 30-025-22073
2. Allocating production will be based on quarterly well tests by shutting in a well and using the subtraction method or by installing a loop in the flow line and installing a vane type gas meter to test.
3. See attached 10 year curves for all wells. Note some wells have not produced in 10 years. It should be noted that all wells are very marginal and as such Duke Energy deducts \$600.00/month for a low volume fee. It is our intention to add the wells one at a time and use a centrally located compressor to increase volume. If this is not approved it will be necessary to P&A these wells. John H. Hendrix Corporation believes these wells have economic potential.
4. The gas transporter connected to this CPD is Duke Energy Field Service, L.P.

Your favorable response is appreciated due to the large number of wells planned for this CPD, it is planned to add one or two wells at a time. It will probably be necessary to install down hole pumping equipment on some of the wells. This lease does not have electricity, but at the central battery where the CPD is to be located.