

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

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

OCD Hobbs

HOBBS OCD
AUG 01 2017
RECEIVED

5. Lease Serial No.
NMLC066126

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM134225

8. Well Name and No.
Multiple--See Attached

9. API Well No.
Multiple--See Attached

10. Field and Pool or Exploratory Area
LEA

11. County or Parish, State
LEA COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
NEARBURG PRODUCING COMPANY
Contact: VICKI JOHNSTON
E-Mail: vjohnston1@gmail.com

3a. Address
3300 NORTH A STREET BLDG 2 STE 120
MIDLAND, TX 79705

3b. Phone No. (include area code)
Ph: 830-537-4599

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

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingling
	<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 recompletable 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 recompletable 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.

Nearburg Producing Company requests approval of Surface Commingling and a Central Tank Battery for the following wells:
 Lea South 25 Fed Com #5H SESW, Sec 25, T20S, R34E 3002541367
 Lea South 25 Fed Com #6H SESW, Sec 25, T20S, R34E 3002541898
 Lea South 25 Fed Com #8 SESE, Sec 25, T20S, R34E 3002543057
 Please see attached detailed commingling information, diagram, and map(s).

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #345322 verified by the BLM Well Information System
For NEARBURG PRODUCING COMPANY, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 07/22/2016 (16PP0954SE)**

Name (Printed/Typed) TIM GREEN Title PRODUCTION MANAGER

Signature (Electronic Submission) Date 07/21/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By J.D. W. Pittlake Title TLPET Date 7/26/17

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

Office CFO

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

(Instructions on page 2)

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

Additional data for EC transaction #345322 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM134225	NMNM56265	LEA SOUTH 25 FEDERAL COM 5H	30-025-41367-00-S1	Sec 25 T20S R34E SWSW 60FSL 660FWL
NMNM134225	NMNM56265	LEA SOUTH 25 FED COM 6H	30-025-41898-00-S1	Sec 25 T20S R34E SESW 330FSL 1980FWL 32.321594 N Lat, 103.305733 W Lon
NMLC066126	NMLC066126	LEA SOUTH 25 FEDERAL 8	30-025-43057-00-S1	Sec 25 T20S R34E SESE 330FSL 490FEL 32.321594 N Lat, 103.302433 W Lon

APPLICATION FOR COMMINGLING AT A CENTRAL TANK BATTERY, LEASE COMMINGLE AND STORAGE.

Proposal for Lea South 25 Fed Com 5H, 6H and 8H wells.

Nearburg Producing Company is requesting approval for a Central Tank Battery, Lease Commingle and Storage of the following wells:

Federal Leases NM-56265 & LC066126

<u>Well Names</u>	<u>Location</u>	<u>API #</u>	<u>Pool</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCF/D</u>	<u>BTU Factor</u>
Lea South 25 Fed Com 5H	SWSW, Sec 25, T20S-R34E	30-025-41367	Lea Bone Spring South	100	42.5	150	1437
Lea South 25 Fed Com 6H	SESW, Sec 25, T20S-R34E	03-025-41898	Lea Bone Spring South	90	42.5	80	1286

Federal Lease LC066126

<u>Well Names</u>	<u>Location</u>	<u>API #</u>	<u>Pool</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCF/D</u>	<u>BTU Factor</u>
Lea South 25 Fed Com 8H	SESE, Sec 25, T20S-R34E	30-025-43057	Lea Bone Spring South	350*	44*	700*	1300*

*These are estimates for future completed well.

Attached is a map that displays the federal leases and well locations in Section 25, T20S-R34E.

Lease NM-56365 is a Schedule "B" - competitive royalty (Step Scale Royalty lease). Royalty percentage for this lease can range from 12.5 to 25% depending on average daily production from each well. The Lea South 25 Fed Com 5H & 6H above are producing oil that is allocated to the Step Scale lease. I have attached a schedule showing the royalty percentage paid to Lse NM-56365 for the 5H & 6H wells above. Schedule also shows average oil production per well per day. Lease LC066126 above is a standard 12.5% royalty lease. The lease covers 50% of the Lea South Fed Com 5H & 6H wells and 100% of the 8H well. The purpose of the above explanation is to prove both leases will be receiving the same 12.5% royalty rate from all the above wells.

Oil & Gas metering and allocation:

The central tank battery is located on the pad of the Lea South 25 Fed Com 5H in Sec 25, T20S-R34E, Lea County, New Mexico. The Lea South 25 Fed Com 6H & 8H production will flow through their own 3 phase separator with turbine meters to measure the oil, flow meters to measure the water and EFM gas allocation meters to measure the gas. VRU will be allocated back to the well level using the monthly oil production from each well

The Lea South 25 Fed Com 5H battery has 4 500 bbl oil tanks and 2 500 bbl water tanks. After all the wells flow through their own 3 phase separator, the oil will be metered separately through it's own turbine meter then flow through a common heater treater on to the oil tanks. Ultimately sold through a lact meter to Plains Pipeline, LLC. Targa's sales meter # 1181241 is located on the NW corner of the pad. Downstream of the 3 phase separator each well has it's own Electronic Flow Meter to measure the gas for allocation of sales back to the individual well. Nearburg also has a check meter just upstream of the Targa sales meter to check for accurate measurement. The water is metered using a turbine meter for each well and then flows to the water tanks

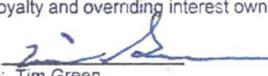
Oil production will be allocated on a daily basis based on the turbine allocation meter located downstream of the 3 phase separator. The turbine oil meter will be proven, as per API, NMOCD and BLM specifications. The gas will be allocated back to the well using volumes downloaded from the individual well's allocation meter. The gas will be allocated using MMBTU volumes from each well. The gas off the VRU allocation meter will flow to the Targa sales meter (low psi). The gas 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.

Process and Flow Descriptions:

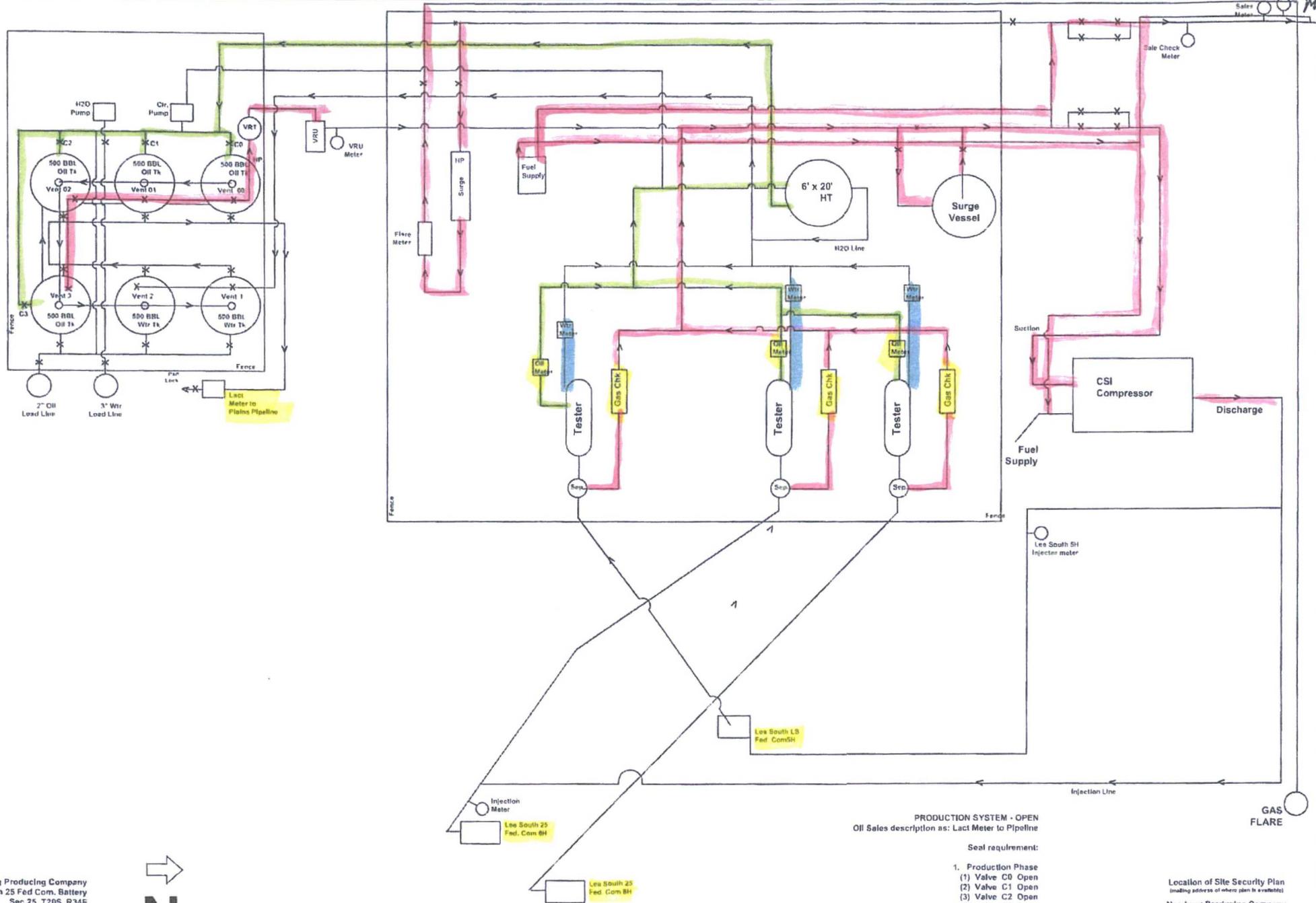
The flow of produced fluids is shown in detail on the enclosed facility diagram, along with a description of each vessel and map which show the lease boundaries and location of the wells. The proposed commingling is appropriate based on the BLM's guidance in IM 2013-152. The proposed commingling will maximize the ultimate recovery of oil and gas from the federal leases and will reduce environmental impacts. The proposed commingling will reduce operating expenses, as well as, not adversely affect federal royalty income, production accountability, or the distribution of royalty.

Nearburg Producing Company understands 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.

Signed: 
 Print name: Tim Green
 Title: Marketing and Production Mgr
 Date: 07-14-16

6/24/20



PRODUCTION SYSTEM - OPEN
Oil Sales description as: Lact Meter to Pipeline

Seal requirement:

1. Production Phase
 - (1) Valve C0 Open
 - (2) Valve C1 Open
 - (3) Valve C2 Open
 - (4) Valve C3 Open
2. Sales Phase
 - (1) Valve C0, C1, C2, & C3 sealed closed
 - (2) Lact Meter Automated

Location of Site Security Plan
(mailing address of where plan is available)
Nearburg Producing Company
3300 N "A" St. Bldg 2 Ste 120
Midland, Texas 79705

Nearburg Producing Company
South 25 Fed Com. Battery
Sec 25, T20S, R34E
Lea County, New Mexico



SCHEDULE "B" - COMPETITIVE ROYALTY (STEP SCALE ROYALTY)

LEA SOUTH 25 FED COM #5H WELL IS ON 50% NM 56265 STEP SCALE ROYALTY AND 50% NM LC 066126 AT 12.5% ROYALTY

PROSPECT LEA SOUTH MARIE P1075 COM AGREEMENT INCLUDES

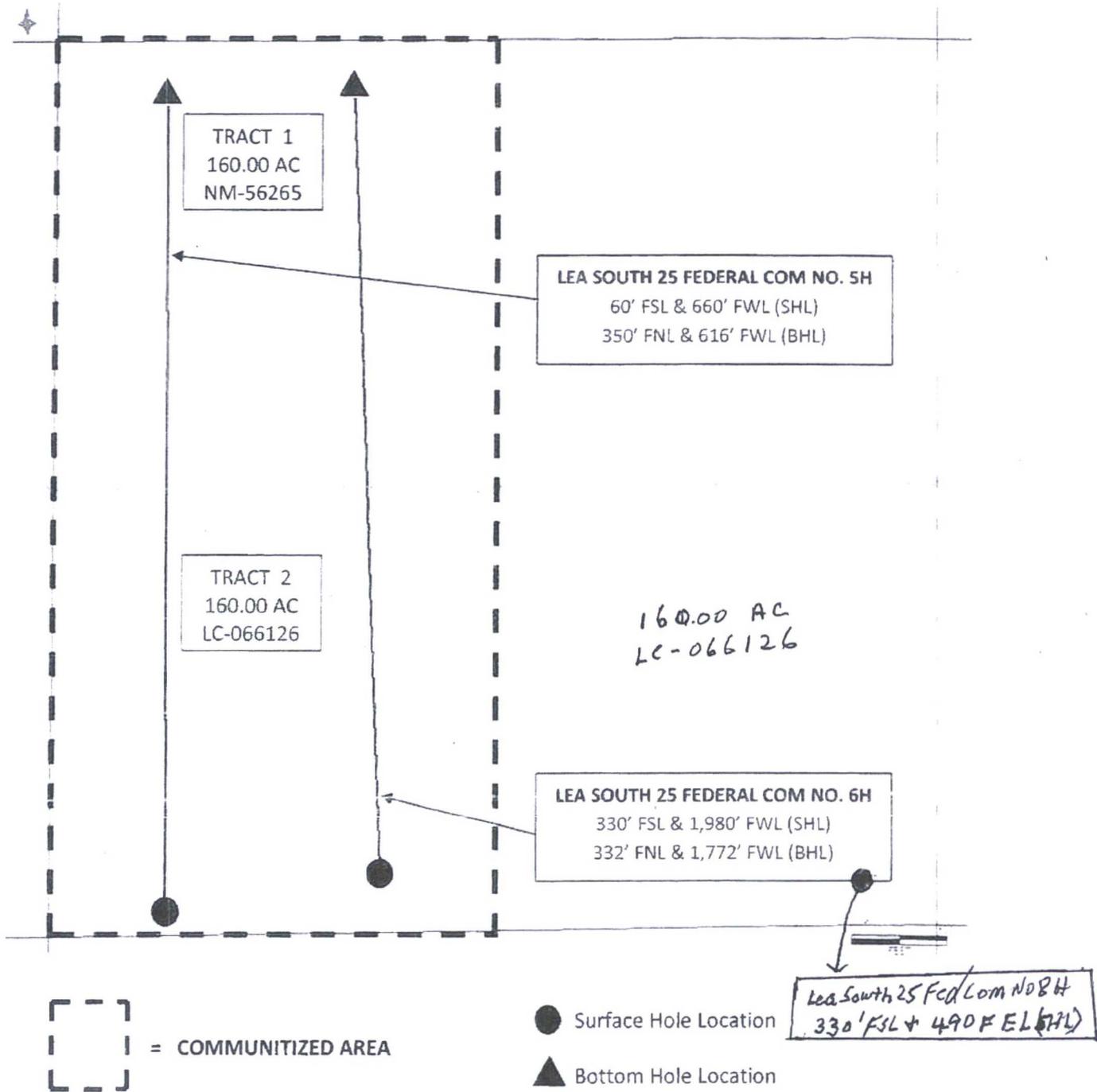
OIL PRODUCTION 261-00 USA NM 56265 STEP SCALE ROYALTY LEASE

341-00 USA NM LC 066126 12.5% ROYALTY LEASE

	Prod Month	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	
Lease #	071-066126-0	0.125	0.125	0.125	0.125	0.125	0.125	Roy % Pd
Lease #	030-056265-0	0.125	0.125	0.125	0.125	0.125	0.125	Roy % Pd
Avg. oil production per well per day(3 wells)		30	32	30	26	31	33	

EXHIBIT "A"

Attached to and made a part of that certain Communication Agreement dated January 1, 2014,
Nearburg Producing Company, Operator covering W/2 of Section 25, T-20-S, R-34-E, N.M.P.M.,
Lea County, New Mexico



023

NMNM 123525

024

019

NMNM 028880

NMNM 123525

NMNM 123525

NMNM 020979

NMLC 0066126

NMNM 056265

Royalty Rate
SCH B
12.5-25%

025

026

030

NMLC 0066126C

NMLC 0066126

Royalty Rate
12.5%

5H

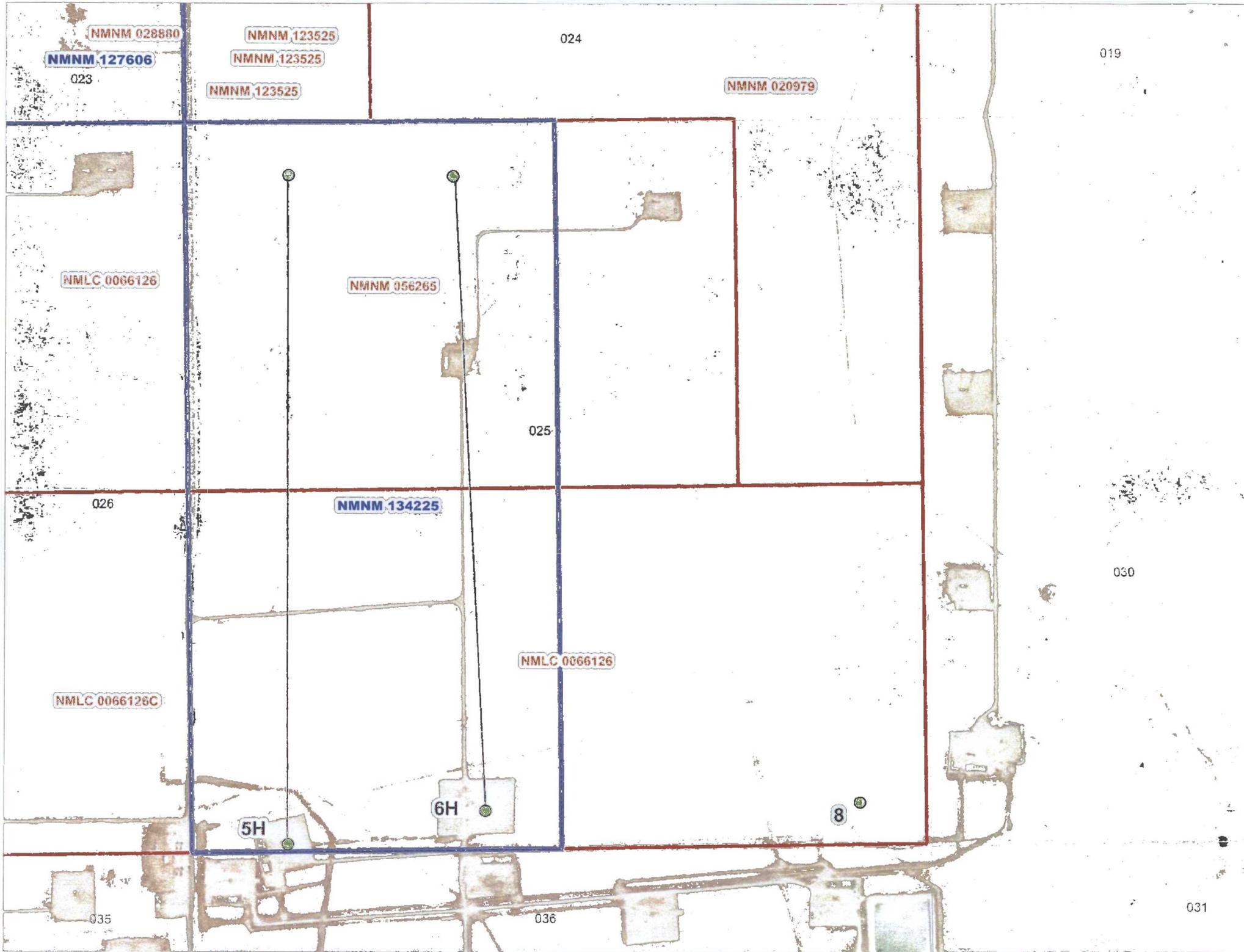
6H

8

035

036

031



NMNM 028880

NMNM 123525

024

019

NMNM 127606

NMNM 123525

023

NMNM 123525

NMNM 020979

NMLC 0066126

NMNM 056285

025

026

NMNM 134225

030

NMLC 0066126

NMLC 0066126C

6H

8

5H

035

036

031

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

Run Date/Time: 07/26/17 06:00 AM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

320.000

NMNM-- - 134225

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 134225

Name & Address			Int Rel	%Interest
BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD NM 88220	OFFICE OF RECORD	0.00000000
NEARBURG CHARLES E	3300 N A ST #120	MIDLAND TX 79705	OPERATOR	100.00000000

Serial Number: NMNM-- - 134225

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0200S	0340E	025	ALIQ	W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 134225

Act Date	Code	Action	Action Remarks	Pending Office
12/20/2013	654	AGRMT PRODUCING	/1/	
12/20/2013	658	MEMO OF 1ST PROD-ACTUAL	/1/ MEMO 3/9/15	
01/01/2014	387	CASE ESTABLISHED		
01/01/2014	516	FORMATION	BONE SPRING	
01/01/2014	526	ACRES-FED INT 100%	320;100%	
01/01/2014	868	EFFECTIVE DATE	/1/ 3002541367	
03/09/2015	643	PRODUCTION DETERMINATION	/1/	

Line Nr Remarks

Serial Number: NMNM-- - 134225

0001	RECAPITULATION EFFECTIVE 1/1/14			
0002	TR#	LEASE#	AC COMM	% INT
0003	1	NM56265	160	50
0004	2	LC066126	160	50
0005	TOTAL		320	100

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

Run Date/Time: 02/22/17 02:12 PM

Page 1 of 4

01 02-25-1920;041STAT0437;30USC181ETSEQ
Case Type 312011: O&G LSE COMP PUBLIC
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED Case File Juris:

Total Acres
240.000

Serial Number
NMNM-- - 056265

Serial Number: NMNM-- - 056265

Name & Address			Int Rel	%Interest
CARL F OMAN TRUST	11508 STRAIT LN	DALLAS TX 75229	OPERATING RIGHTS	0.00000000
EAU ROUGE LLC	PO BOX 823085	DALLAS TX 753823085	OPERATING RIGHTS	0.00000000
HOLSUM INC	BOX 2527	ROSWELL NM 88202	OPERATING RIGHTS	0.00000000
LDH HOLDINGS LLC	PO BOX 183	NEW VERNON NJ 07976	OPERATING RIGHTS	0.00000000
LJS RESOURCES LLC	33 EAGLE NEST RD	MORRISTOWN NJ 07960	OPERATING RIGHTS	0.00000000
MARY JANE OMAN TRUST	11508 STRAIT LN	DALLAS TX 75229	OPERATING RIGHTS	0.00000000
NEARBURG CHARLES E	PO BOX 823085	DALLAS TX 753823085	LESSEE	100.00000000
NEARBURG EXPL CO LLC	PO BOX 823085	DALLAS TX 75382	OPERATING RIGHTS	0.00000000
NEARBURG GRETCHEN B	1129 CHALLENGER	LAKEWAY TX 787343825	OPERATING RIGHTS	0.00000000
REISCHMAN ANNA A	1320 W FOURTH ST	ROSWELL NM 88201	OPERATING RIGHTS	0.00000000
WRIGHT FAMILY TRUST	320 KEARNEY AVE #9	SANTA FE NM 87501	OPERATING RIGHTS	0.00000000

Serial Number: NMNM-- - 056265

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0200S	0340E	025	ALIQ	W2NE,NW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 056265

Act Date	Code	Action	Action Remarks	Pending Office
02/14/1983	387	CASE ESTABLISHED	PARCEL #57;	
02/14/1983	500	GEOGRAPHIC NAME	LYNCH FLD;	
02/15/1983	196	BID ACCEPTED		
05/19/1983	237	LEASE ISSUED		
06/01/1983	496	FUND CODE	05;145003	
06/01/1983	532	RLTY RATE 12.5-25% SCH B		
06/01/1983	868	EFFECTIVE DATE		
05/11/1984	111	RENTAL RECEIVED	\$0;84-85	
05/13/1985	111	RENTAL RECEIVED	\$0;85-86	
08/23/1985	963	CASE MICROFILMED/SCANNED	CNUM 553,427	AC
11/01/1985	246	LEASE COMMITTED TO CA	86C348	
03/01/1986	650	HELD BY PROD - ACTUAL		
03/28/1986	932	TRF OPER RGTS FILED		
06/13/1986	140	ASGN FILED		
07/16/1986	963	CASE MICROFILMED/SCANNED	CNUM 553,427	AD
08/26/1986	139	ASGN APPROVED	EFF 07/01/86;	
03/16/1987	932	TRF OPER RGTS FILED		
07/09/1987	933	TRF OPER RGTS APPROVED	EFF 04/01/87;	
07/21/1987	974	AUTOMATED RECORD VERIF		MRS/DCE
06/10/1988	932	TRF OPER RGTS FILED	(1)	
06/10/1988	932	TRF OPER RGTS FILED	(2)	
06/27/1988	933	TRF OPER RGTS APPROVED	(1)EFF 07/01/88;	
06/27/1988	933	TRF OPER RGTS APPROVED	(2)EFF 07/01/88;	
06/27/1988	974	AUTOMATED RECORD VERIF		BTM/BTM

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

Run Date/Time: 02/22/17 01:48 PM

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01 02-25-1920;041STAT0437;30USC226
Case Type 311111: O&G LSE NONCOMP PUB LAND
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED Case File Juris:

Total Acres 800.000
Serial Number NMLC-- 0 066126

Serial Number: **NMLC-- 0 066126**

Name & Address			Int Rel	%Interest
B & L OIL CO INC	900 W COPPER	HOBBS NM 88240	OPERATING RIGHTS	0.00000000
EAU ROUGE LLC	PO BOX 823085	DALLAS TX 753823085	OPERATING RIGHTS	0.00000000
F P OMAN TRUST	11508 STRAIT LN	DALLAS TX 75229	OPERATING RIGHTS	0.00000000
HIDEAWAY PARTNERSHIP	25 HANOVER RD BLDG B	FLORHAM PARK NJ 079321400	OPERATING RIGHTS	0.00000000
HOLSUM INC	BOX 2527	ROSWELL NM 88202	OPERATING RIGHTS	0.00000000
LDH HOLDINGS LLC	PO BOX 183	NEW VERNON NJ 07976	OPERATING RIGHTS	0.00000000
LJS RESOURCES LLC	33 EAGLE NEST RD	MORRISTOWN NJ 07960	OPERATING RIGHTS	0.00000000
MARY JANE OMAN TRUST	11508 STRAIT LN	DALLAS TX 75229	OPERATING RIGHTS	0.00000000
MCBRIDE OIL & GAS CORP	PO BOX 1515	ROSWELL NM 882021515	LESSEE	100.00000000
NEARBURG CHARLES E	PO BOX 823085	DALLAS TX 753823085	OPERATING RIGHTS	0.00000000
NEARBURG EXPL CO LLC	PO BOX 823085	DALLAS TX 75382	OPERATING RIGHTS	0.00000000
NEARBURG EXPL CO LLC	3300 N A ST #120	MIDLAND TX 79705	OPERATING RIGHTS	0.00000000
NEARBURG GRETCHEN B	1129 CHALLENGER	LAKEWAY TX 787343825	OPERATING RIGHTS	0.00000000
REISCHMAN ANNA A	1320 W FOURTH ST	ROSWELL NM 88201	OPERATING RIGHTS	0.00000000
WRIGHT FAMILY TRUST	320 KEARNEY AVE #9	SANTA FE NM 87501	OPERATING RIGHTS	0.00000000

Serial Number: **NMLC-- 0 066126**

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0200S	0340E	023	ALIQ	SW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0340E	025	ALIQ	S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0340E	026	ALIQ	N2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: **NMLC 0066126**

Relinquished/Withdrawn Lands

23	0200S	0340E	724	FF	S2 ASGN;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0340E	725	FF	N2 ASGN;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0200S	0340E	726	FF	S2 ASGN;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: **NMLC-- 0 066126**

Act Date	Code	Action	Action Remarks	Pending Office
10/07/1947	124	APLN RECD		
03/01/1951	237	LEASE ISSUED		
03/01/1951	496	FUND CODE	05;145003	
03/01/1951	530	RLTY RATE - 12 1/2%		
03/01/1951	868	EFFECTIVE DATE		
06/01/1951	570	CASE SEGREGATED BY ASGN	INTO NMLC066126-A;	
07/01/1951	570	CASE SEGREGATED BY ASGN	INTO NMLC066126-C;	
04/13/1956	235	EXTENDED	THRU 03/01/61;	
11/15/1956	102	NOTICE SENT-PROD STATUS		
12/02/1957	315	RENTAL RATE DET/ADJ	\$1.00;	
09/10/1959	650	HELD BY PROD - ACTUAL		
09/10/1959	658	MEMO OF 1ST PROD-ACTUAL		
07/23/1969	909	BOND ACCEPTED	EFF 07/10/69;NM0106	
05/25/1970	940	NAME CHANGE RECOGNIZED	HANSON OIL CO/CORP	
02/11/1985	932	TRF OPER RGTS FILED		
02/12/1985	660	MEMO OF 1ST PROD-ALLOC	85C542	
05/01/1985	246	LEASE COMMITTED TO CA	85C546;	
08/17/1985	660	MEMO OF 1ST PROD-ALLOC	CA#NM061P35-85C546	

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Nearburg Producing Company

Exploration and Production
P.O. Box 823085
5447 Glen Lakes Drive
Dallas, Texas 75382-3085
214-739-1778
FAX 214-739-4819

July 18, 2016

Cimarex Energy Company
202 S. Cheyenne Ave., Ste 1000
Tulsa, OK 74103-3001

Re: Lea South 25 Fed Com #5H
Lea South 25 Fed Com #6H
Lea South 25 Fed Com #8H
Application For Commingling at a Central Tank Battery
Lea County, New Mexico

To Production Manager:

This letter serves as notification that Nearburg Producing Co. will file with the BLM our intent to comingle production at the Lea South 25 Battery of the above 3 wells. See attached copy.

Cordially,



Tim Green
Marketing and Production Manager
Nearburg Producing Company
432-686-8235
Tgreen@nearburg.com

By: Carolyn McIver

Nearburg Producing Company

Exploration and Production
P.O. Box 823085
5447 Glen Lakes Drive
Dallas, Texas 75382-3085
214-739-1778
FAX 214-739-4819

July 18, 2016

Trajan Development Company
3800 Shiloh Ridge
Edmond, OK 73034

Re: Lea South 25 Fed Com #5H
Lea South 25 Fed Com #6H
Lea South 25 Fed Com #8H
Application For Commingling at a Central Tank Battery
Lea County, New Mexico

To Production Manager:

This letter serves as notification that Nearburg Producing Co. will file with the BLM our intent to comeingle production at the Lea South 25 Battery of the above 3 wells. See attached copy.

Cordially,



Tim Green
Marketing and Production Manager
Nearburg Producing Company
432-686-8235
Tgreen@nearburg.com

By: Carolyn McIver

7011 2000 0000 6692 3762

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

Postage	\$
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent to
TRAJAN DEVELOPMENT Co.
 Street, Apt. No.,
 or PO Box No. **3800 Shiloh Ridge**
 City, State, ZIP+4
Edmond, OK 73034

PS Form 3800, August 2006 See Reverse for Instructions

7011 2000 0000 6692 3755

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

Postage	\$
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent to
CIMAREX ENERGY Co.
 Street, Apt. No.,
 or PO Box No. **202 S. CHEYENNE AVE, Ste 1000**
 City, State, ZIP+4
Tulsa, OK 74103-3001

PS Form 3800, August 2006 See Reverse for Instructions

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.

Tim Green
 Print or Type Name

Signature

Production Manager
 Title

7-21-16
 Date

tgreen@nearburg.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: Nearburg Producing Company, OGRID #15742
OPERATOR ADDRESS: 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705
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 BLM was notified.

(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: Lea Bone Spring South 37580
(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 E

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attach 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: Tim Green TITLE: Production Manager DATE: 7-21-16
TYPE OR PRINT NAME Tim Green TELEPHONE NO. (432) 818-2940
E-MAIL ADDRESS: tgreen@nearburg.com

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

**Lea South 25 Fed Com 5H, 3002541367 / Lea South 25 Fed Com 6H, 3002541898 /
Lea South 25 Fed Com 8, 3002543057
Leases NMNM56265 & NMLC066126 to include CA NMNM134225**

**Nearburg Producing Company
July 26, 2017
Condition of Approval
Surface Commingling**

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 or product accountability.
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 Federal Regulations, AGA and API requirements 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 require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter calibration/proving to allow time for an inspector to witness.
11. **Submit oil and gas meter numbers upon installation of meters and also provide updated facility diagram with meters numbers.**
12. If any wells are added, which allocate production to leases NMNM56265 or if a well which is presently on this lease, is recompleted, worked over, stimulated, fractured so as to enhance the recovery of production above a rate of 50 bbls per day per well. This approval will no-longer be valid until it has been reevaluated and the Royalty Rate is address as per the allocation of production determined to still fall within acceptable limits at which this approval is being approved.