

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

Energy, Minerals and Natural Resources

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JAN 09 2009

OIL CONSERVATION DIVISION

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

HOBBSOCD

WELL API NO. 30-025-38303
5. Indicate Type of Lease STATE X FEE []
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name ENCORE "M" STATE
8. Well Number 001
9. OGRID Number 189951
10. Pool name or Wildcat DRINKARD OIL & GAS/BLINEBRY

SUNDRY NOTICES AND REPORTS ON WELLS
1. Type of Well: Oil Well [X] Gas Well [] Other []
2. Name of Operator ENCORE OPERATING, L.P.
3. Address of Operator 777 MAIN STREET, STE. 1400 FORT WORTH, TX. 76102
4. Well Location Unit Letter A : 742 feet from the NORTH line and 1294 feet from the EAST line
Section 30 22S Township 37E Range NMPM LEA County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3406'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []

OTHER: []

OTHER: X

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

DHC-HOB-0295

Encore Operarting, L.P. respectfully request approval to downhole commingle the Blinebry Oil & Gas(6660) and Drinkard(19190) formations according to Divison Order No. R-11363. The perfs for the Blinebry are 5807' - 6104' and the Drinkard are 6645' - 6802'. Ownership and percentage of ownership between the pools is identical. Encore will use periodic annual testing as the allocation method. The commingling will not reduce the value of the total remaining production. The ownership between the two pools to be commingled is the same. Encore notified the State on 01/06/2009.

Blinebry Oil 50% GAS 50%
Drinkard Oil 50% GAS 50% Per ABW

Spud Date: 7/04/2008

Rig Release Date: 8/16/2008

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

SIGNATURE [Signature] TITLE REGULATORY MANAGER DATE 01/06/2009

Type or print name ANN BURDETTE WILEY E-mail address: awiley@encoreacq.com PHONE: 817-877-9955

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAR 23 2009

Conditions of Approval (if any):

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DISTRICT I
1825 N. French Dr Hobbs, NM 88240

JAN 09 2009

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1301 W Grand Avenue, Artesia, NM 88210

HOBBS

CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

AMENDED REPORT

30-025-3811

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-38303		Pool Code 6660/19190	Pool Name Blanebry / Drinkard
Property Code 37138	Property Name ENCORE "M" STATE		Well Number 1
OGRID No 189951	Operator Name ENCORE OPERATING, L.P.		Elevation 3406'

Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	22 S	37 E		742	NORTH	1294	EAST	LEA

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
A	30	22 S	37 E		628	N	1030	E	Lea

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No NSL-5837-A
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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

<p>SURFACE LOCATION LAT - N32°22'04.52" LONG - W103°11'50.39" SPC - N.: 499426.978 E.: 850751.601 (NAD-27)</p>	<p>OPERATOR CERTIFICATION</p> <p>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, 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.</p> <p><i>[Signature]</i> 12/23/08 Signature Date</p> <p>Ann Wiley Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 18, 2008 Date Surveyed</p> <p><i>[Signature]</i> Signature Professional Surveyor</p> <p><i>[Seal: GARY L. JONES, NEW MEXICO]</i></p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>