



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov



In Reply Refer To:
NM-0533777-A
3100 NM(P0130)

NOV 12 2009

CERTIFIED-RETURN RECEIPT REQUESTED
7000 1530 0003 7686 9715

Ridgeway Arizona Oil Corporation
200 North Loraine, Suite 1440
Midland, TX 79701

RECEIVED

NOV 16 2009

HOBBSOCD

Gentlemen:

Your Notice of Intent to surface commingle production from 4 wells on the Humble Federal lease NM-0533777-A with production from 4 wells on the Humble Tucker Fee lease and 8 wells on the Tucker Hall Fee lease for a total of 16 wells on 3 leases was received by this office on October 23, 2009.

This application is being denied for the reasons as shown below:

1. The application is vague and does not have an appropriate explanation and diagram(s) describing the proposed operation in detail.
2. The application does not have a map showing the lease numbers, lease names, and location of the 3 leases (1 Federal and 2 Fee leases) and wells that will contribute production to the proposed commingling, off-lease measurement, and/or storage facility. All lease numbers and/or lease names must be clearly illustrated or detailed by suitable means.
3. The application does not have a schematic diagram which clearly identifies and places all equipment that will be utilized.
4. The non-producing wells should be returned to production or plugged.
5. The application does not have adequate details of the proposed method for measuring and allocating production for each of the 3 leases involved. Since this request involves Federal and Fee royalties, we feel that a minimum of 1 allocation meter would be required for each of the 3 leases included in this proposal. Include calculated "beneficial use" volumes both on and off-lease.
6. The application does not have a statement that all interest owners have been notified of the proposal.
7. The application does not have evidence that the very small amount of Federal royalties will not be further reduced through approval of the application.
8. The application does not have economic justification that approval will extend the economic life of the Federal lease.

Please see the attached Guidelines for Off-Lease Measurement, Storage, and Surface Commingling Approvals. Also attached for your information is a copy of our standard Off-Lease Measurement, Storage, and Surface Commingling Conditions of Approval. If you have any questions regarding the denial of this application, please contact David Glass, Petroleum Engineer at the Division of Lands and Minerals of this office at phone (575) 627-0275.

Sincerely,

/s/ Angel Mayes

Angel Mayes
Assistant Field Manager,
Lands and Minerals

cc:
X MOCD-Hobbs

11-18-09

New Mexico Oil Conservation Division, District I

1625 N. French Drive

Hobbs, NM 88240

UNITED STATES

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.Form 3160-5
(August 2007)

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FORM APPROVED
OMB No 1004-0137
Expires: July 31, 20105. Lease Serial No.
NMNM533777A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well



Oil Well



Gas Well



Other

2. Name of Operator

Ridgeway Arizona Oil Corporation

3a. Address

200 N. Loraine, Suite 1440
Midland Texas, 79701

3b. Phone No. (include area code)

(432) 687-0303

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

8. Well Name and No.

Humble Federal #1, 2, 7, & 8

9. API Well No.

Please See Below

10. Field and Pool or Exploratory Area

Chaveroo-San Andres

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

Please see below

11. Country or Parish, State

Roosevelt Co. NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other <u>Comingle production</u>
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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.)

Request to comingle oil and gas production from the following leases into the Humble Federal lease production facility.

Humble Federal Lease

Well #1 - API # - 300412010900S1/1980FWL-1980FNL/25/7S/32E ✓

Well #2 - API # - 300412011300S1/660FWL-1980FNL/25/7S/32E ✓

Well #7 - API # - 300412011800S1/1980FWL-660FNL/25/7S/32E ✓

Well #8 - API # - 300412011900S1/1980FWL660FNL/25/7S/32E ✓ Current well test - 1 oil / 4 water / 0 gas / per day

Humble Tucker Lease

Well #1 - API # - 303412005800S1/660FSL-1980FEL/25/7S/32E ✓

Well #2 - API # - 300412005900S1/1980FSL-1980FWL/25/7S/32E - Current well test - 1 oil / 4/ water / 0 gas / per day ✓

Well #3 - API # - 300412009500S1/1980FSL-66FWL/25/7S/32E ✓

Well #4 - API # - 300412009600S1/660FSL-660FWL/25/7S/32E ✓

Tucker Hall Lease

Well #1 - API # - 300412015200S1/660FSL-1980FEL/25/7S/32E Well #2 - API # - 300412016000S1/1980FNL-1980FEL/25/7S/32E ✓

Well #3 - API # - 300412016200S1/1980FNL-1980FEL/25/7S/32E - Current WT - 1/4/0/pd Well #4 - API # - 300412016600S1/660FNL-1980FEL/25/7S/32E ✓

Well #5 - API # - 300412016700S1/660FNL-660FEL/25/7S/32E - Current WT - 1/4/0/pd Well #6 - API # - 300412075900S1/2000FNL-660FEL/25/7S/32E ✓

Well #7 - API # - 300412076000S1/1980FSL-650FEL/25/7S/32E Well #8 - API # - 3004120761/660FSL-660FEL/25/7S/32E - Current WT - 1/4/0/pd ✓

Oil Haul/Purchaser - Plains Marketing LP - Daily production is gathered at the Humble Federal battery and split out by well test to the individual leases.

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

Andy Chalker

Title Sr. Operations Supervisor

Signature

Date 10/20/2009

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)

**Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
575-627-0272**

**Guidelines for Off-Lease Measurement,
Storage, and Surface Commingling Approvals**

The following information must be included with any application to combine, store, or measure production off-lease:

1. A formal request (Sundry Notice Form 3160-5 or letter) for approval to combine, store, or measure production off-lease with an appropriate explanation and diagram(s) describing the proposed operation in detail.
2. A map showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling, off-lease measurement, and/or storage facility. All lease numbers, unitized or communitized areas, producing zones or pools must be clearly illustrated or detailed by suitable means. Any wells or leases proposed to be added to an approved commingling and off-lease storage and or measurement facility must be approved by the Authorized Officer prior to their being included in the facility.
3. A schematic diagram which clearly identifies and places all equipment that will be utilized.
4. Estimated monthly production from each contributing well, including type of product, gravity, and/or BTU content.
5. Details of the proposed method for measuring and allocating production for each lease involved. Include calculated "beneficial use" volumes both on and off-lease.
6. A statement that all interest owners have been notified of the proposal.
7. Evidence that Federal or Indian royalties will not be reduced through approval of the application.
8. Detailed economic justification, when the application to combine production is based on economic necessity, i.e., that approval is necessary to extend the economic life of the Federal or Indian Lease(s).

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.

**Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287
(575) 627-0272**

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
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.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. 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 to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201-1287 for wells in Chaves or Roosevelt County if you have not already done so.