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New Mexico Oil Conservation Division, District 1
1625 N. French Drive
Hobbs, NM 88240

Form 3160-5
 (August 2007)

FEB 24 2011

HOBBSON

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 APPROVED
 OMB No. 1004-0137
 Expires: July 31, 2010

5. Lease Serial No.
 NMLC 062524-A

6. If Indian, Allottee or Tribe Name
 N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
 Marshall & Winston Inc.

3a. Address
 P.O. Box 50880, Midland, TX 79710-0880

3b. Phone No. (include area code)
 (432) 684-6373

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Battery located SWSW Sec 8, T 15 S., R 831 E on the Medlin 8 Com 2 H well site

7. If Unit of CA/Agreement, Name and/or No.
 CANM 124001, CANM 123457 & Medlin 9 Com 1 H

8. Well Name and No.
 Medlin Com 8-1, 8-2 & 9-1

9. API Well No.
 30-005-29079

10. Field and Pool or Exploratory Area
 Abo-Wolfcamp Wildcat Pool Code 97722

11. Country or Parish, State
 Chaves County, NM

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"/> 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 <u>Formal request to</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>combine, store, mea-</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>sure production OffLse</u>

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/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 recompleat 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.)

To correct the former request regarding the Medlin 8-1H, 8-2H and 9-1H Fed Com wells with the Tank Battery located on the Medlin 8 2H well site location, we request approval to combine, store and measure off-lease. Surface Commingling is for the No. 8's 1 and 2. Production from the 8-1 and 8-2 shares two tanks. The allocation method is monthly production testing at the facility prior to going to heater treater. The monthly production accountability for the 8-1 and 8-2 is calculated by the difference in the pumper's onsite test results, tank strap measurement and sales from the two storage tanks. These two wells are on the same lease.

Production from the Medlin 9 Com No. 1 is stored in two tanks and measured off lease (i.e. at the Battery facilities). Sales from the #9-1 are from the two dedicated tanks. The Medlin 9-1 well is producing from Fee minerals.

The gas production is measured from the Medlin 9-1h at the facility prior to being mixed with the 8-1 and 8-2. The gas from the 9-1, 8-1 and 8-2 is measured at the Duke purchasing line. Allocation for the 8-1 and 8-2 is determined by subtracting the 9-1 measurement from Duke's purchasing meter. The 8-1 and 8-2 is producing from the same lease.

All Hydrocarbons are being produced from the Abo/Wolfcamp transition zone formation running throughout the region. Oil gravities, rates and ratios are consistance. There is no significant difference in gravity.

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

VERNON D. DYER

Title AGENT (575) 420-0355

Signature

Vernon D. Dyer

Date 02/04/2011

DENIED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

DENIED /S/ DAVID R. GLASS

PETROLEUM ENGINEER

Title

Date

FEB 18 2011

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 entitle the applicant to conduct operations thereon.

DENIED!

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it fictitious or fraudulent statements or representations as to any matter wi

(Instructions on page 2)

Surface Commingling Request. Please See Attached Suggested Measurement Plan And Information Required From Attached Guidelines For Off-Lease Measurement, Storage, And Surface Commingling Approvals.

of the United States any false,

Medlin Com Wells Suggested Measurement Plan

The Application For Surface Commingling Is **DENIED** Because The Following Equipment Will Be Required Before The Bureau Of Land Management Can Consider Granting Approval.

1. Separate Heater Treaters To Separate The Oil And Gas For Each Well At Facility.
2. Individual Oil And Individual Gas Allocation Meters To Measure Production For Each Well At The Facility Prior To It Going To The Sales Points (Tank And Meter).
3. Oil And Gas Point Of Sale Will Be At The Facility.

A Complete Schematic Diagram Which Clearly Identifies And Places All Equipment That Will Be Utilized Along With The Other Information In The Attached Guidelines For Off-Lease Measurement, Storage, And Surface Commingling Approvals Will Also Be Required. Please Call David Glass, Petroleum Engineer, Division Of Lands And Minerals At (575) 627-0275 If You Have Any Questions Regarding This.

**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.

***Required Information**