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## New Mexico Oil Conservation Division, District I

Form 3160-3  
(August 2007)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT1625 N. French Drive  
Hobbs, NM 88240FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010BLM 1/3  
9-1APR 15 2011  
HOBBSDO

## 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.**5. Lease Serial No.  
NMNM 1058866. If Indian, Allottee or Tribe Name  
N/A

## SUBMIT IN TRIPLICATE - Other instructions on page 2.

## 1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator  
Marshall & Winston Inc.3a. Address  
P.O. Box 50880, Midland, TX 79710-08803b. Phone No. (include area code)  
(432) 260-86507. If Unit of CA/Agreement, Name and/or No.  
NMNM 1241158. Well Name and No.  
Medlin Com Federal 9-1H9. API Well No.  
30005 2911310. Field and Pool or Exploratory Area  
Abo-Wolfcamp (97772)

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

SL: 2110' FSL &amp; 370' FWL, BL: 1980' FSL &amp; 330' FEL, Sec. 9-L, T15S., R31E.,

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 Submit OLM and
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	OLS for the Meldin Fed
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Com 8-1, 8-2 & 9-1

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 recompleate 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 recompleation 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.)

THIS SUNDRY IS IN RESPONSE TO REQUESTING APPROVAL AND SUBMITTAL OF ALLOCATION METHODS AND FACILITY SET UP FOR THE MEDLIN FEDERAL COM WELLS 8-1, 8-2 AND 9-1. THE FACILITY IS LOCATED AT THE MEDLIN FEDERAL COM 8-2H SITE IN SEC 8(M), T15S., R31E., CHAVES CO., NM. SEE ATTACHMENTS: EXPLANATION PAGE AND SITE DIAGRAM.

**Marshall & Winston Inc. Must Notify All Of The Working Interest Owners Of CA NM-123457, NM-124001, & NM-124115 Of This Approval For Off-Lease Measurement, Off-Lease Storage, & Surface Commingling.**

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

Title AGENT FOR MARSHALL AND WINSTON INC.

Signature

Date 04/07/2011

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

Title PETROLEUM ENGINEER

Date

APR 12 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 lease which would entitle the applicant to conduct operations thereon.

Office

APR 18 2011  
PETROLEUM ENGINEER

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)

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

This sundry attachment is in request to utilize the Medlin Battery Facility located at the Medlin 8-2H well site, Sec. 8-M, T15S., R31E., Chaves Co., NM, for the purpose of Off Lease Measurement and Off Lease Storage and sales regarding the Medlin Com Federal wells; (8-1H, 8-2H and the 9-1H), in the following manner:

Oil is pumped to the facility from each well where the 8-1 and 8-2 combine at a single separator and HT. This production is passed through meter 1, stored in Tank 2 and 3. Monthly 24 hr production is performed on the 8-1 and 8-2 to determine the total production from these two wells for reporting sales purposes.

Oil from the Medlin 9-1H well is pumped to this facility to a separate separator/HT. The oil ~~is measured at meter 1 then~~ stored in Tank 5. Tank 4 is for over-flow (OF) purposes only and would only be used in case of emergency. The 9-1 tank has a line to the OF Tank 4, which remains sealed at all times unless a malfunction in operations calls for the use of the OF tank.

The method of allocation of production accountability procedures are:

Gas from the 9-1 has a dedicated Sep/HT. The gas from this well is measured by the producer at Meter 1, after the separator. Then it flows into the stream with 8-1 and the 8-2 gas production downstream from Meter 1.

The purchaser's meter (DCP) measures total gas at this facility downstream from the separators of all three wells. The gas production from the 9-1 is subtracted out from the total sales meter to yield the 9-1 production. This is accomplished in part by monthly well testing by shutting in the 8-1 and or 8-2 for 24, 48 or more hours. The difference calculated is reported for sales.

The Medlin Federal Com 8-1H is producing from the Abo-Wolfcamp, (OCD pool No. 37602), Com NMNM 124001.

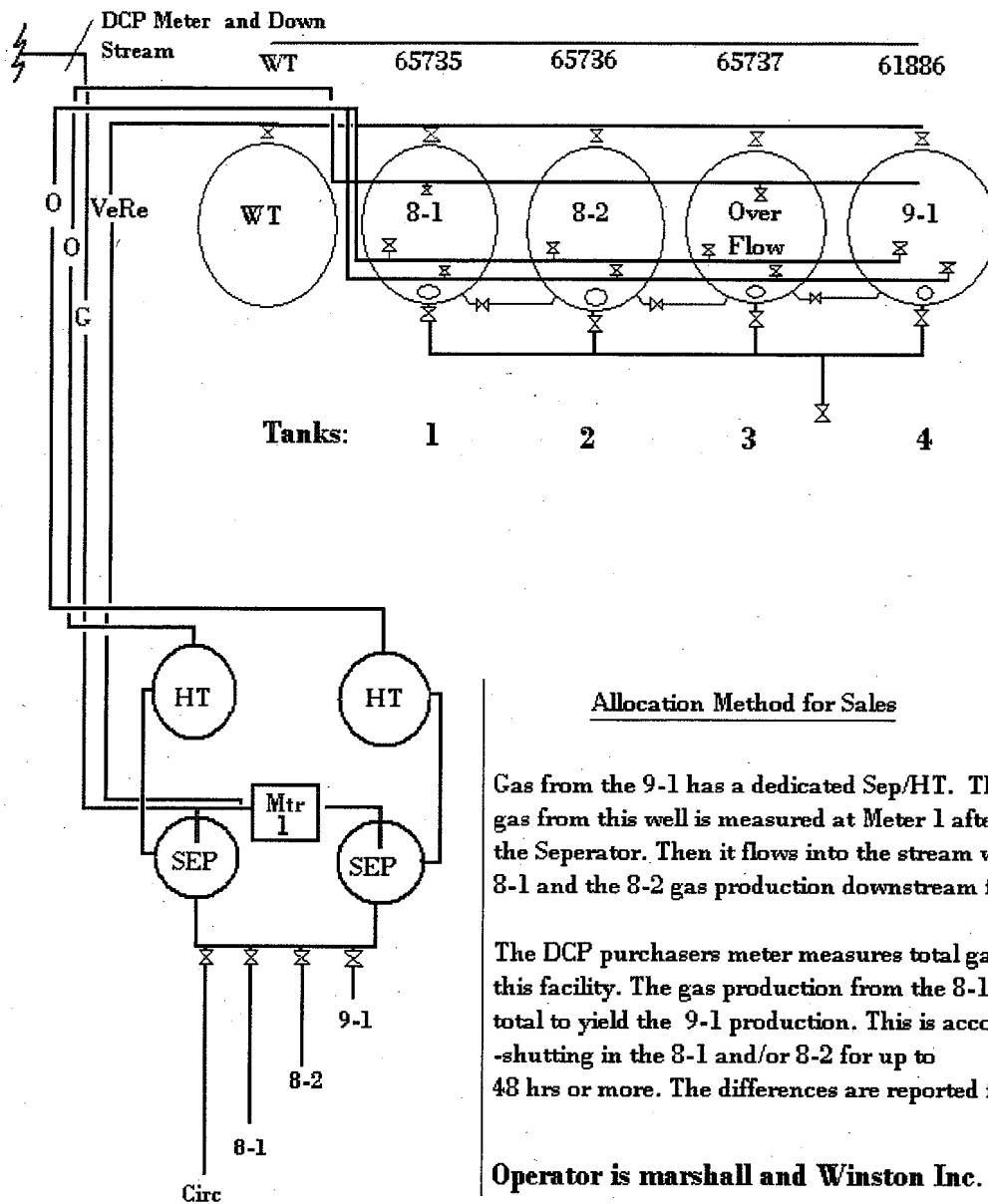
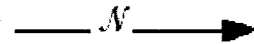
The Medlin Federal Com 8-2H is producing from the Abo-Wolfcamp, (OCD pool No. 37602), Com NMNM 123457. Both the 8-1 & 8-2 wells are located on Federal Lease No. NMLC 062524A in which all royalty owners are the same.

The Medlin Federal Com 9-1H is producing from the Abo-Wolfcamp, (OCD pool No. 97772), Com NMNM 124115. It is located on Federal Lease NMNM 105886.

These three wells are very close in nature as initial and purchaser's test results 200 BOPD, 35 Degree API, and 200 MCFGPD, .9045 BTU levels.

# Medlin Tank Battery Facility

located at the Medlin Com Fed 8-2H,  
Sec. 8(M), T15S., R31E, Chaves Co., NM



## Allocation Method for Sales

Gas from the 9-1 has a dedicated Sep/HT. The gas from this well is measured at Meter 1 after the Separator. Then it flows into the stream with 8-1 and the 8-2 gas production downstream from meter 1.

The DCP purchasers meter measures total gas at this facility. The gas production from the 8-1 and 8-2 is subtracted out from total to yield the 9-1 production. This is accomplished by monthly well test -shutting in the 8-1 and/or 8-2 for up to 48 hrs or more. The differences are reported for sales.

**Operator is marshall and Winston Inc.**

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

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

1. This agency will 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. Contact the BLM Roswell Field Office at least 24 hours prior to the commencing any monthly well test. For wells in Chaves and Roosevelt County, during office hours call (575) 627-0205 or after office hours call (575) 420-2832. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.
7. 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.