

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

SINGLE ZONE ☐

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Perenco LLC

432 682 8553

3. ADDRESS AND TELEPHONE NO.

6 Desta Drive, Suite 6800 Midland, TX 79705 C/O WTOR PO Box 953, Midland, TX 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *)

At surface

660 FSL & 700 FEL Unit Letter P

At proposed prod. zone

Bottom Hole Location: 660 FNL & 700 FEL Unit Letter A

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

2 Miles NW Artesia

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

16. NO. OF ACRES IN LEASE

320

19. PROPOSED DEPTH

5500'

17. NO. OF ACRES ASSIGNED TO THIS WELL

320

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

GR 3468

22. APPROX. DATE WORK WILL START

May 1, 2004

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE OF SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48# H-40	350'	400 sxs
12 1/4" WITNESS	9 5/8"	40# N-80	* 1100' 1200'	375 sxs WITNESS
8 3/4"	7"	26# J-55	5500'	487 sxs

* OK Per J. Simtz 3/30/04 LB

The operator proposes to drill to a vertical depth of 5500' and then horizontal drill 9000' to test the Wolfcamp and the Abo formation for Oil & Gas. Specific programs are outlined in the following attachments:

DRILLING PROGRAM

SURFACE USE AND OPERATING PLAN

EXHIBIT A - ROAD MAP

EXHIBIT B - EXISTING WELL MAP

EXHIBIT C - LOCATION AND ACREAGE DEDICATION (c-102)

EXHIBIT D - DRILLING AND RIG LAYOUT

EXHIBIT E - BOP DIAGRAM

ROSWELL CONTROLLED WATER BASIN

RECEIVED

MAY 11 2004

U.S. DEPT. OF THE INTERIOR

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

D.H. McCright

TITLE D.H. McCright

DATE March 24, 2004

(This space for Federal or State office use)

PER-M IT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or Nuitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

/s/ Leslie A. Theiss

TITLE

FIELD MANAGER

DATE

10 MAY 2004

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001 makes it a crime for any person knowingly and willfully to make to any department or agency of the United States a false statement.

APPROVAL FOR 1 YEAR

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural RESOURCES CORPORATION Department

Form C-102
Revised March 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		WILDCAT
Property Code	Property Name	Well Number
	FED-COM 1625	#261
OGRID No. 218885	Operator Name	Elevation
	PERENCO LLC	3468

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	26	16 S	25 E		660	SOUTH	700	EAST	EDDY

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	26	16 S	25 E		660	NORTH	700	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>D.H. McElright</u> Signature <u>D.H. MCELRIGHT</u> Printed Name <u>LAND CONSULTANT</u> Title <u>03-24-04</u> Date
	SURVEYOR CERTIFICATION 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. March 18, 2004 Date Surveyed Signature & Seal of Professional Surveyor <u>JSR</u> W.O. Num. 2004-0224 Certificate No. <u>MACON McDONALD</u> N.M. P.L.S. No. <u>12185</u>

NOTE: Geodetic Coordinate shown hereon references the North American Datum of 1983. Reference Stations - "ODESSA RRP2" - CORS (DF5393), "EL PASO RRP2" - CORS (DF5389) and "WHITE SANDS" - CORS (AF9528).

DRILLING PROGRAM

PERENCO LLC
FED-COM 1625 #261
Eddy County, New Mexico

1. GEOLOGIC NAME OF SURFACE FORMATION:

Quaternary Alluvium

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Chalk Bluff	0-200'
San Andres	750'
Glorieta	1,885'
Tubb	3,370'
Abo	4,040'
Abo Pay	5,080'
Wolfcamp	5,170'
TD	5,500'

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Quaternary Alluvium	0-200'	Fresh Water
San Andres	750'	Oil
Glorieta	1,885'	Oil/Gas
Tubb	3,370'	Oil/Gas
Abo Pay	5,080'	Gas

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 13-3/8" casing at 350' and circulating cement back to surface, and 9-5/8" casing will be set at 1100' with cement circulated back to surface

4. CASING PROGRAM

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight Grade Jt.</u>
17-1/2"	0-350'	13-3/8"	48# H-40 ST&C
12-1/4"	0-1100'	9-5/8"	40# N-80 LT&C
8-3/4"	0-5500'	7"	26# J-55 LT&C
6-1/8"	4800-9000' 3960	4-1/2"	11.35# N-80 HDL - Horizontal Lateral 3960' Displacement

Cementing Program:

17-1/2" Surface Casing: Cement to surface with 400 sx Class C w/ 2% CaCl

9-5/8" Intermediate: Cement to surface. Lead with 375 sx 65/35 Class C Poz + 5% NaCl + .25#/sk Celloflake + 6% Bentonite. Tail with 100 sx C + 2% CaCl

7" Production: Cement w/ Lead 317 sx 50/50 Class C Poz + 5% NaCl + 10% gel. Tail w/ 170 sx Class C

4-1/2" slotted liner: Will not be cemented

DRILLING PROGRAM

**PERENCO LLC
FED-COM 1625 #261
Eddy County, New Mexico**

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

(SEE EXHIBIT #1)

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (2000 psi WP) preventer and an annular preventer (2000-psi WP). Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All BOP's and accessory equipment will be tested in accordance with Onshore Oil & Gas order No. 2. Before drilling out of 1st intermediate casing, the ram-type BOP and accessory equipment will be tested to 2000/1000 psi and the annular to 2000 psig pressure.

Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

The well will be drilled to TD with a Fresh Water / gel mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Wt</u> <u>(PPG)</u>	<u>Viscosity</u> <u>(sec)</u>	<u>Waterloss</u> <u>(cc)</u>
0-1100	Fresh Water (Spud Mud)	8.5	40-45	N.C.
1100-5200'	Fresh Water Gelled System	9.3	28-30	N.C.
KOP – TD	Fresh Water w/ Polymer Sweeps	8.4-8.6	28	N.C.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) A mud logging unit will be continuously monitoring drilling penetration rate and hydrocarbon shows from 1100' to TD of Horizontal Lateral.

DRILLING PROGRAM

**PERENCO LLC
FED-COM 1625 #261
Eddy County, New Mexico**

8. LOGGING, TESTING AND CORING PROGRAM:

Electric logging will consist of GR-Dual Laterlog-MSFL and GR-Compensated Density-Neutron from TD to intermediate casing with a GR-Compensated Neutron run from Intermediate casing to surface.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom hole temperature (BHT) at TD is 110 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 2500 psig. No hydrogen sulfide or other hazardous gasses or fluids have been encountered, reported or are known to exist at this depth in this area. No major lost circulation zones have been reported in offsetting wells.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 30-60 days will be required for completion and testing before a decision is made to install permanent facilities.

DRILLING PROGRAM

**PERENCO LLC
FED-COM 1625 #261
Eddy County, New Mexico**

SURFACE USE AND OPERATIONS PLAN

1. EXISTING ROADS:

Access to location will be made as shown on Exhibit #2

Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. PROPOSED ACCESS ROAD:

3706' of new road is required. (2478' on Federal Lands) Exhibit #2a(1) (2)

No turnouts necessary.

No culverts, cattleguards, gates, low-water crossings are necessary.

Surfacing material consists of native caliche to be obtained from the nearest BLM-approved caliche pit. Any additional materials required will be purchased from the dirt contractor.

3. LOCATION OF EXISTING WELLS:

Exhibit #3 shows all existing wells within a one-mile radius of this well.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

There are no existing production facilities. If production is encountered, a temporary facility will be established on the drill pad, and if warranted, a production facility would be built at a later date in the immediate area of the drill pad location. If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.

5. LOCATION AND TYPE OF WATER SUPPLY:

Fresh water for drilling will come from commercial sources and transported to the well site over the roads as shown on Exhibit #2.

6. PLANS FOR RESTORATION OF THE SURFACE:

After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Location will be cleaned of all trash and junk to leave the well in an aesthetically pleasing condition as possible.

DRILLING PROGRAM

**PERENCO LLC
FED-COM 1625 #261
Eddy County, New Mexico**

Any unguarded pits containing fluid will be fenced until they are dry and back filled.

After abandonment of the well, surface restoration will be in accordance with current federal laws and regulations. Location will be cleaned, and the well pad removed to promote vegetation and disposal of human waste will be complied with. Trash, waste paper, garbage and junk will be hauled to an approved disposal site in an enclosed trash trailer.

All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES:

No airstrip, campsite, or other facilities will be built.

8. WELL SITE LAYOUT:

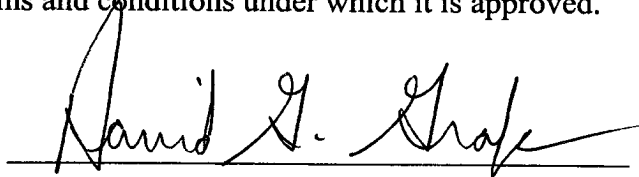
Exhibit #4 shows the relative location and dimensions of the well pad.

OTHER INFORMATION:

The area around the well site is grassland and the topsoil is duned and sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.

CERTIFICATION:

I HEREBY CERTIFY that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Perenco LLC and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

A handwritten signature in black ink, reading "David G. Grafe", is written over a horizontal line.

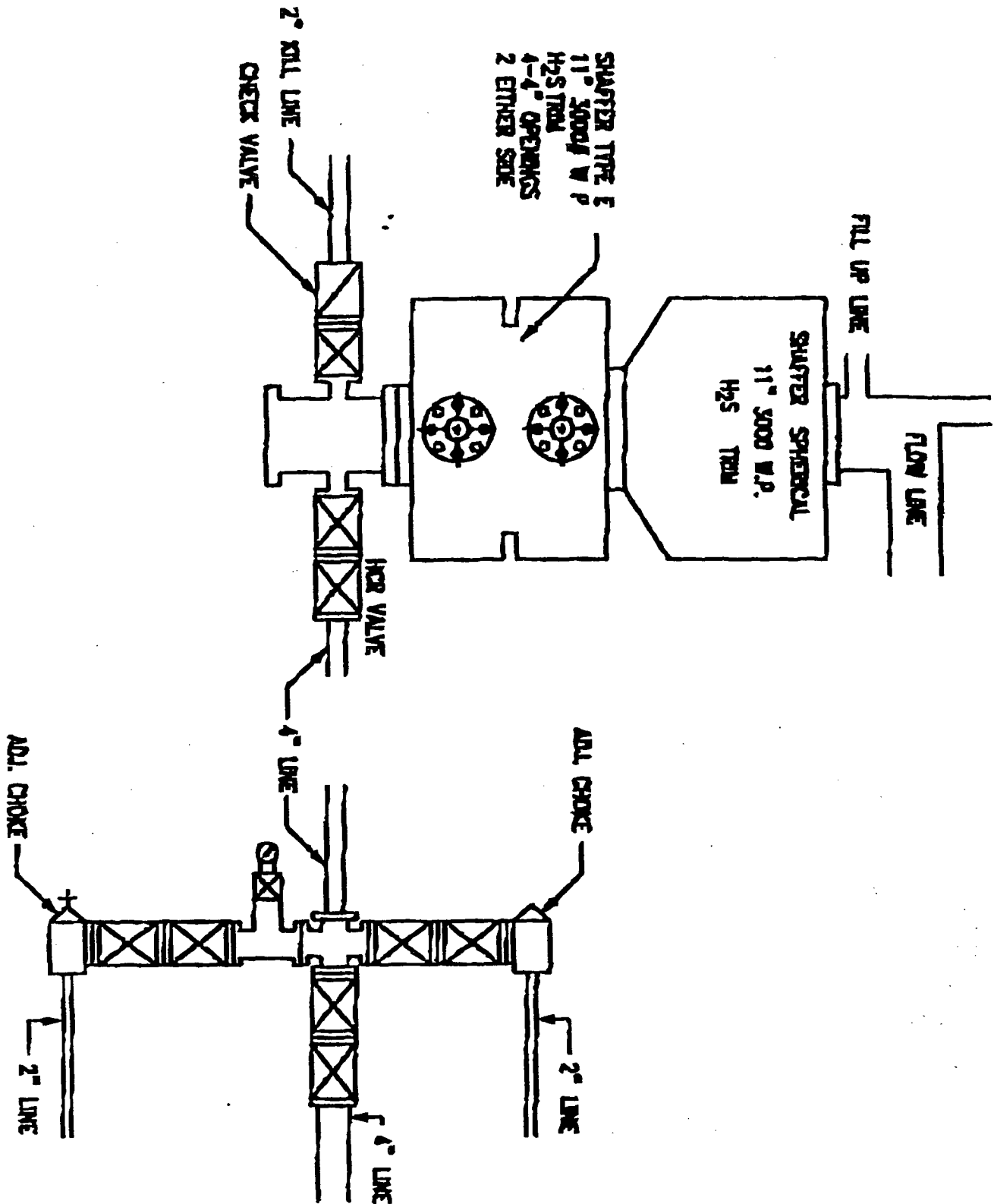
David G. Grafe
District Manager

DRILLING PROGRAM

**PERENCO LLC
FED-COM 1625 #261
Eddy County, New Mexico**

ATTACHMENT TO EXHIBIT #1

1. Blow out preventer and all fittings must be in good condition, 2000 psi W.P. minimum.
2. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 3000 psi W.P. minimum.
3. All choke and fill lines to be securely anchored especially ends of choke lines.
4. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
5. Kelly cock on kelly.
6. Extension wrenches and hand wheels to be properly installed.
7. Blow out preventer control to be located as close to driller's position as feasible.
8. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.

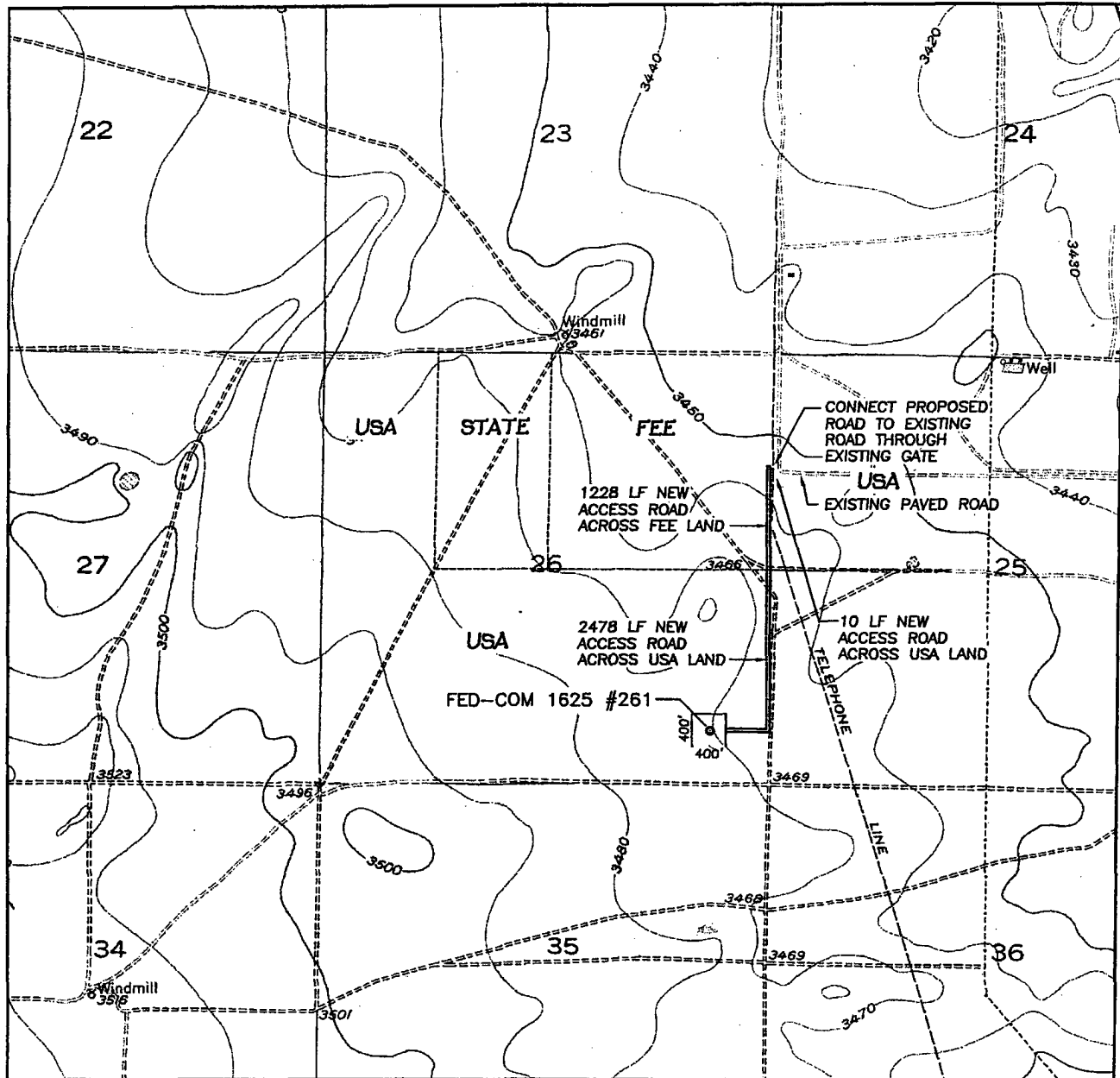


PERENCO LLC

FED-COM 1625 #261
EDDY CO., NM

EXHIBIT 1

VICINITY MAP



PERENCO LLC

SCALE: 1" = 2000'
CONTOUR INTERVAL = 10'

SEC. 26 TWP. 16-S RGE. 25-E FED-COM 1625 #261

SURVEY N.M.P.M.

EDDY CO., NM

COUNTY EDDY

EXHIBIT 2

DESCRIPTION 660' FSL & 700' FEL

ELEVATION 3468'

OPERATOR PERENCO LLC

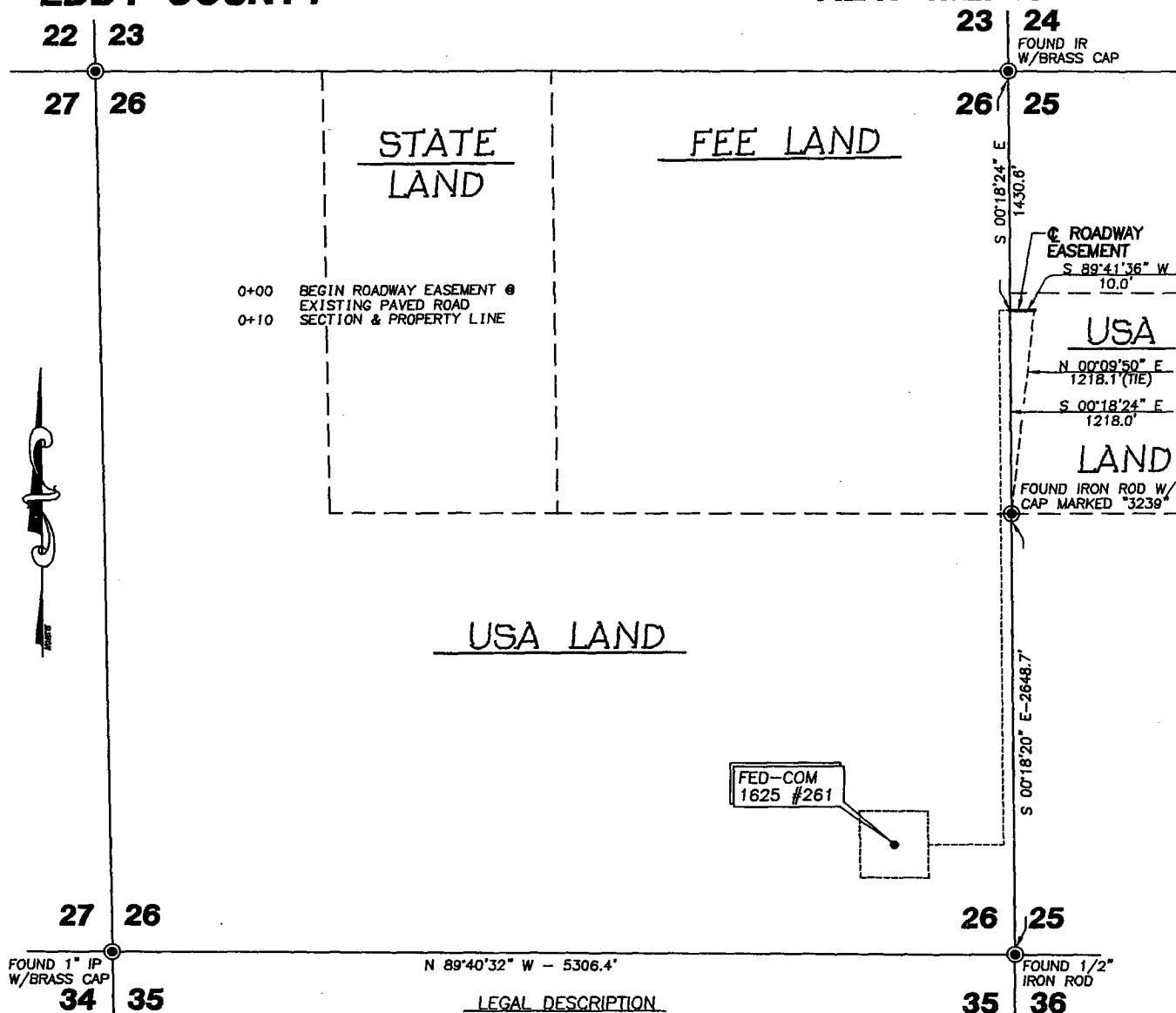
LEASE FED-COM 1625

WEST COMPANY
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

SECTION 25 , TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M. EDDY COUNTY NEW MEXICO

Bearings shown hereon are Lambert Grid and Conform to the "New Mexico Coordinate System", NM East Zone, North American Datum of 1983.



BEING a 30 foot wide roadway easement crossing USA land in Section 25, T-16-S, R-25-E, NMPM, Eddy county, New Mexico and being 20 feet right and 10 feet left of the following described centerline:

BEGINNING at a point in the SW/4, NW/4 of said Section 25, which bears N 00° 09' 50" E from an iron rod with cap marked "3239" accepted as the West 1/4 corner of said Section 25; THENCE S 89° 41' 36" W a distance of 10.0 feet to a point on the West line of said Section 25, for the end of this roadway easement, which bears S 00° 18' 24" E a distance of 1,430.6 feet from an iron rod with brass cap marked "23, 24, 25, 26", accepted as the Northwest corner of said Section 25.

Total length of roadway easement equals 10.0 feet or 0.61 rods or 0.007 acres of land.

LEGEND

- - DENOTES CALCULATED CORNER
- - DENOTES FOUND MONUMENT AS NOTED

1000 0 1000 2000 FEET

PERENCO LLC

A ROADWAY EASEMENT CROSSING U.S.A. LAND IN
SECTION 25, TOWNSHIP 16 SOUTH, RANGE 25 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED
FROM NOTES TAKEN IN THE FIELD IN A bona fide
SURVEY MADE UNDER MY SUPERVISION

Macon McDonald

MACON McDONALD N.M. P.L.S. No. 12185

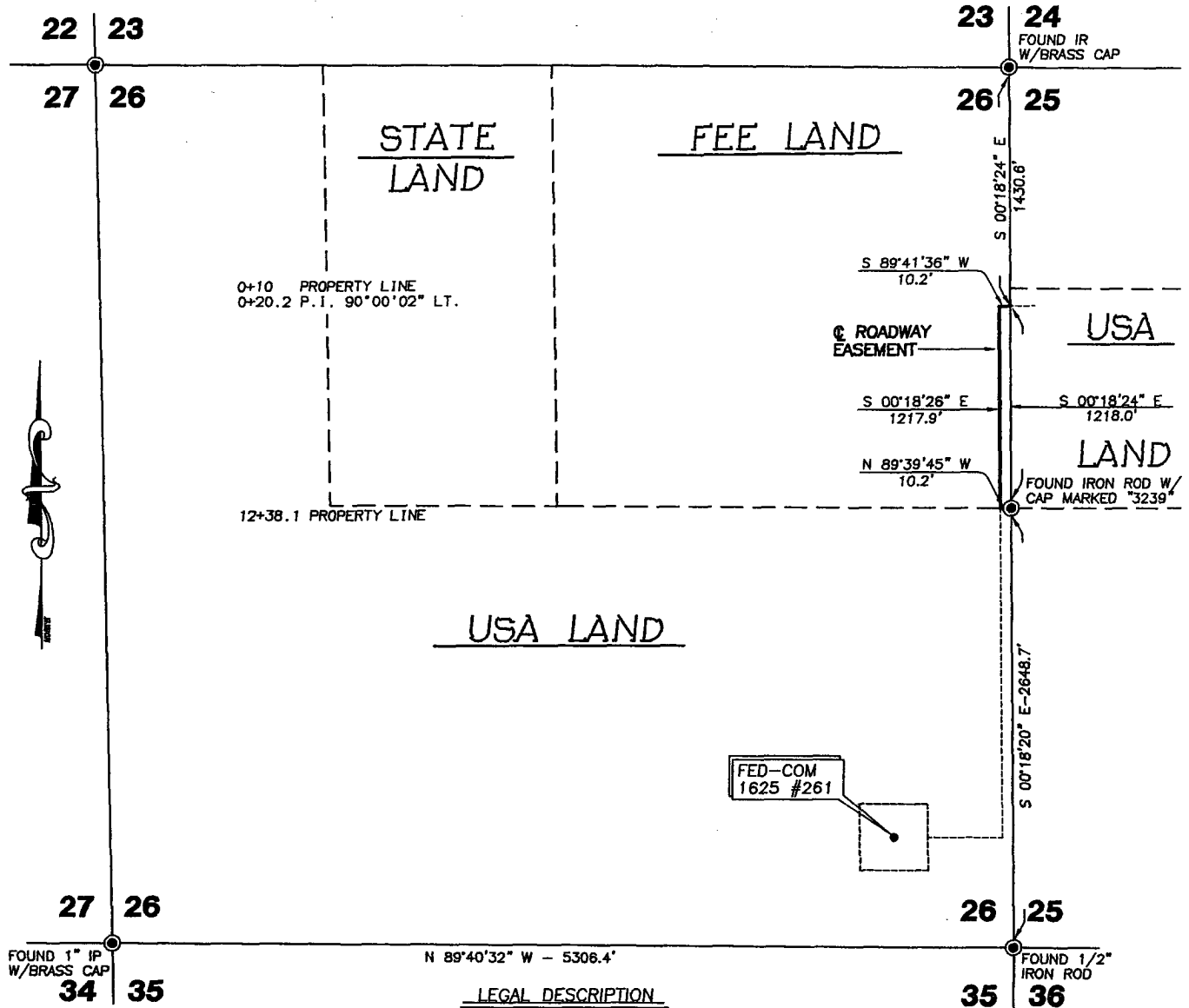
WEST COMPANY OF MIDLAND, INC.

110 W. LOUISIANA AVE, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - FAX: (432) 687-0868

Survey Date: 3-18-2004	Sheet 1 of 1 Sheets
W.O. Number: 2004-0224	Drawn By: J.S.R.
Date: 3-24-2004	2004-0224.DWG Scale: 1" = 1000'

SECTION 26 , TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M. EDDY COUNTY NEW MEXICO

Bearings shown hereon are Lambert Grid and Conform to the "New Mexico Coordinate System", NM East Zone, North American Datum of 1983.



LEGAL DESCRIPTION
BEING a 30 foot wide roadway easement crossing Fee land in Section 26, T-16-S, R-25-E, NMPM, Eddy county, New Mexico and being 20 feet right and 10 feet left of the following described centerline:

BEGINNING at a point on the east line of the SE/4, NE/4 of said Section 26, which bears S 00° 18' 24" E a distance of 1,430.6 feet from an iron rod with brass cap marked "23, 24, 25, 26", accepted as the Northeast corner of said Section 26; THENCE S 89° 41' 36" W a distance of 10.2 feet; THENCE S 00° 18' 26" E a distance of 1,217.9 feet to a point for the end of this roadway easement located on the South line of the SE/4, NE/4 of said Section 26 which bears N 89° 39' 45" W a distance of 10.2 feet from an iron rod with cap marked "3239" accepted as the East ¼ corner of said Section 26.

Total length of roadway easement equals 1,228.1 feet or 74.43 rods or 0.846 acres of land.

LEGEND

- - DENOTES CALCULATED CORNER
- - DENOTES FOUND MONUMENT AS NOTED

1000 0 1000 2000 FEET

PERENCO LLC

A ROADWAY EASEMENT CROSSING FEE LAND IN
SECTION 26, TOWNSHIP 16 SOUTH, RANGE 25 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED
FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE
SURVEY MADE UNDER MY SUPERVISION

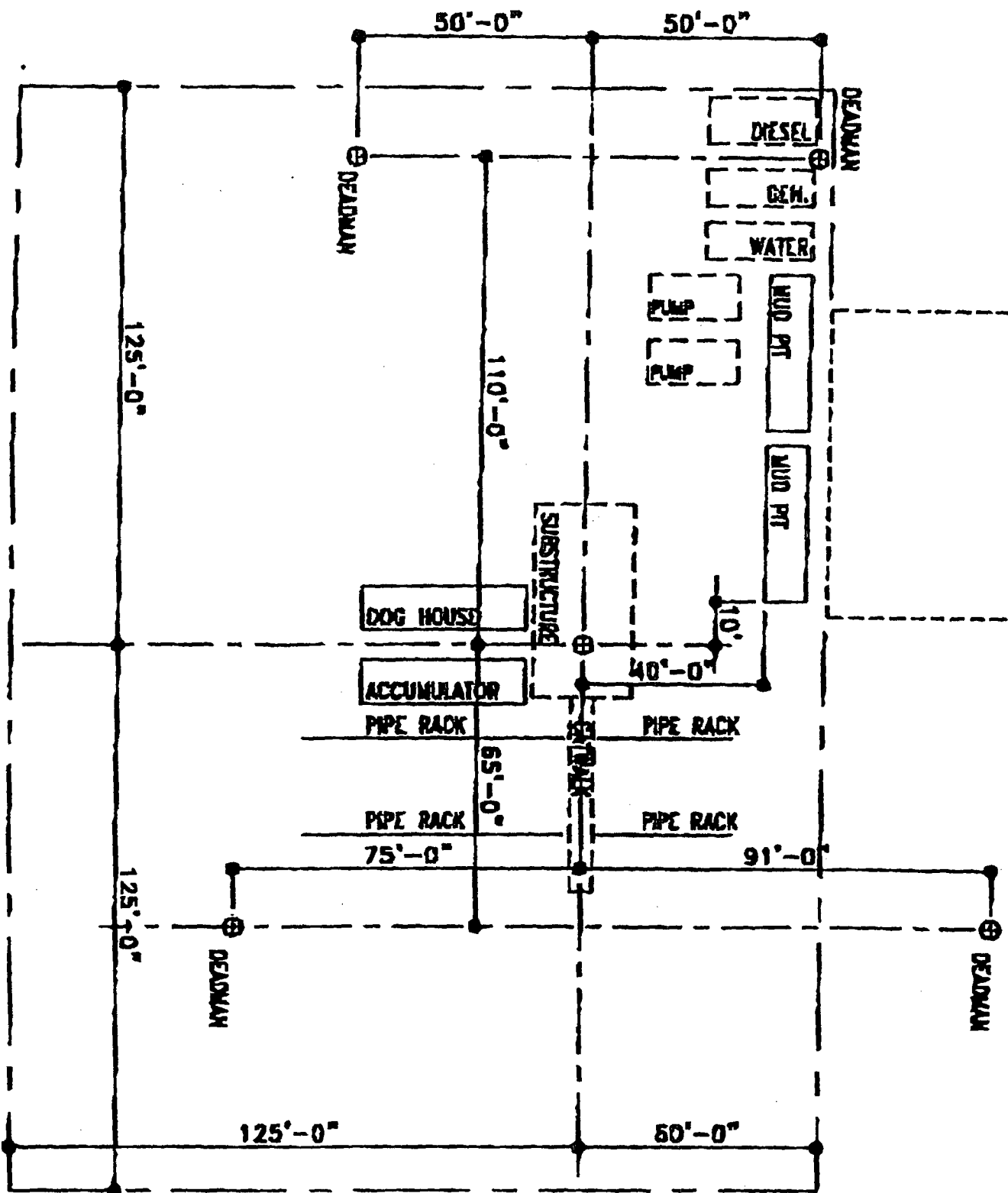
Macon McDonald
MACON McDONALD

N.M. P.L.S. No. 12185

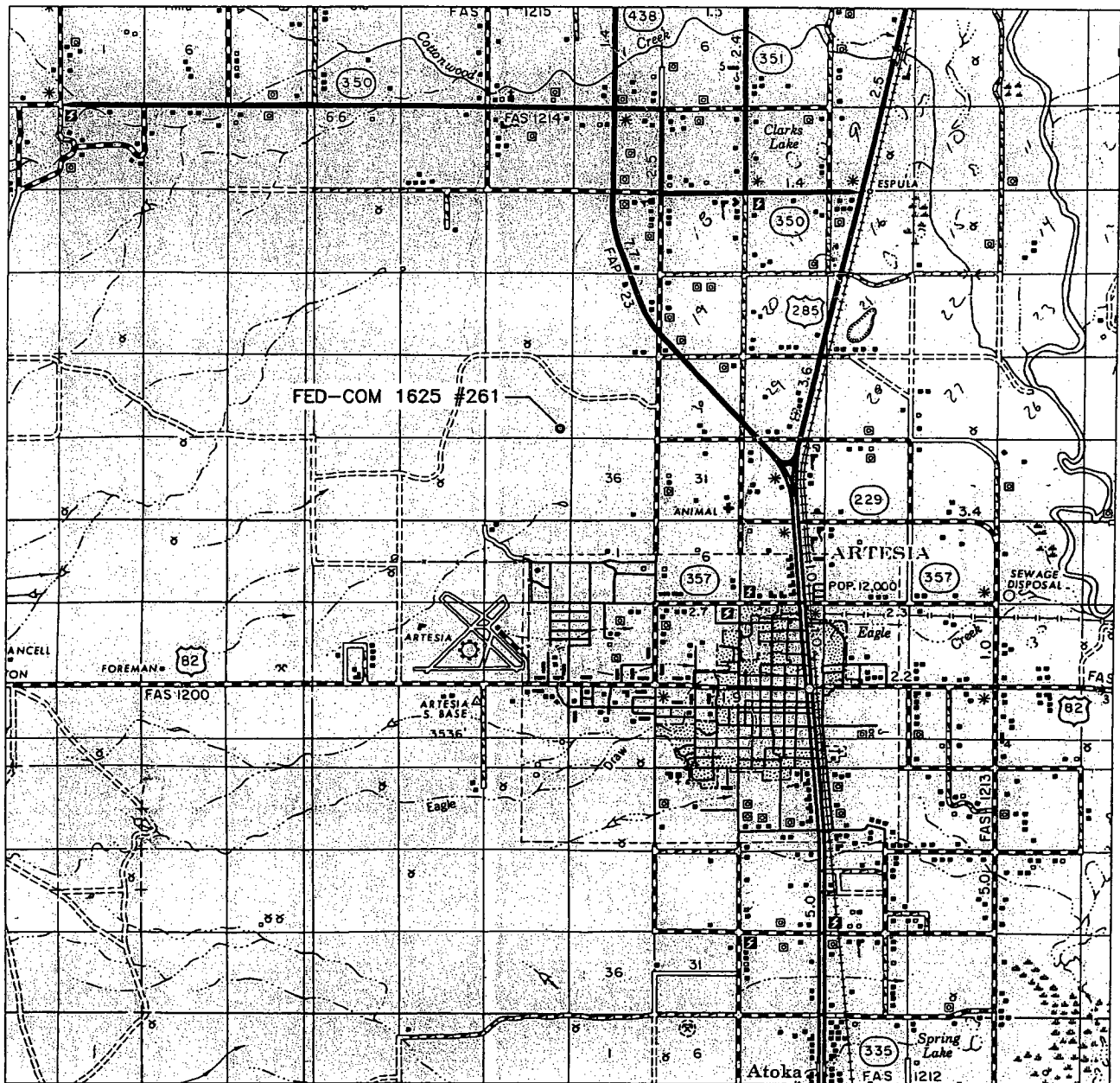
WEST COMPANY OF MIDLAND, INC.

110 W. LOUISIANA AVE. STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - FAX: (432) 687-0868

Survey Date: 3-18-2004	Sheet 1 of 1 Sheets
W.O. Number: 2004-0224	Drawn By: J.S.R.
Date: 3-24-2004	2004-0224.DWG
Scale: 1" = 1000'	



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SCALE: 1"=2 MILES

SEC. 26 TWP. 16-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FSL & 700' FEL

ELEVATION 3468'

OPERATOR PERENCO LLC

LEASE FED-COM 1625

U.S.G.S. TOPOGRAPHIC MAP
ESPUELA, N.M.



WEST COMPANY
of Midland, Inc.

110 W. LOUISIANA, STE. 110
 MIDLAND TEXAS, 79701
 (432) 687-0865 - (432) 687-0868 FAX

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

ROSWELL FIELD OFFICE
2909 West Second Street
Roswell, New Mexico 88201

RECEIVED
2004 SEP 2 -5 AM 9:56
BUREAU OF LAND MANAGEMENT
ROSWELL FIELD OFFICE

Statement Accepting Responsibility for Operations

Operator Name: Perenco LLC
Street or Box: 6 Desta Drive, Suite 6800
City, State: Midland, TX
Zip Code: 79705

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM93180

Legal Description of land: Section 26, T-16-S, R-25-E
Eddy County, NM

Formations(s) (if applicable): SL: 660' FSL & 700' FEL Unit P
Wolfcamp

Bond Coverage: (State, Nationwide or Individual) Statewide

BLM Bond File No.: NMB000094

Authorized Signature: *Dor McLaughlin*

Title: Consultant

Date: 03/30/04