

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|---|-------------------------------|
| 1. Operator Name and Address EDGE PETROLEUM OPERATING COMPANY, INC. 1301 TRAVIS, SUITE 2000 HOUSTON , TX 77002 | | 2. OGRID Number 224400 |
| | | 3. API Number 30-015-35213 |
| 4. Property Code 34238 | 5. Property Name RED LAKE 36 C STATE | 6. Well No. 004 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| C | 36 | 17S | 27E | C | 430 | N | 2310 | W | EDDY |

8. Pool Information

| | |
|------------------------------------|-------|
| RED LAKE; GLORIETA YESO, NORTHEAST | 96836 |
|------------------------------------|-------|

Additional Well Information

| | | | | |
|------------------------------|----------------------------|--|-------------------------|---|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3620 |
| 14. Multiple N | 15. Proposed Depth 3650 | 16. Formation Yeso Formation | 17. Contractor | 18. Spud Date 12/1/2006 |
| Depth to Ground water 140 | | Distance from nearest fresh water well > 1000 | | Distance to nearest surface water > 1000 |

Pit: Liner: Synthetic ☒ 12 _____ mils thick Clay ☐ Pit Volume: 20000 _____ bbls Drilling Method:
 Closed Loop System ☐ Fresh Water ☐ Brine ☐ Diesel/Oil-based ☒ Gas/Air ☐

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 24 | 400 | 348 | 0 |
| Prod | 7.875 | 5.5 | 15.5 | 3650 | 518 | 0 |

Casing/Cement Program: Additional Comments

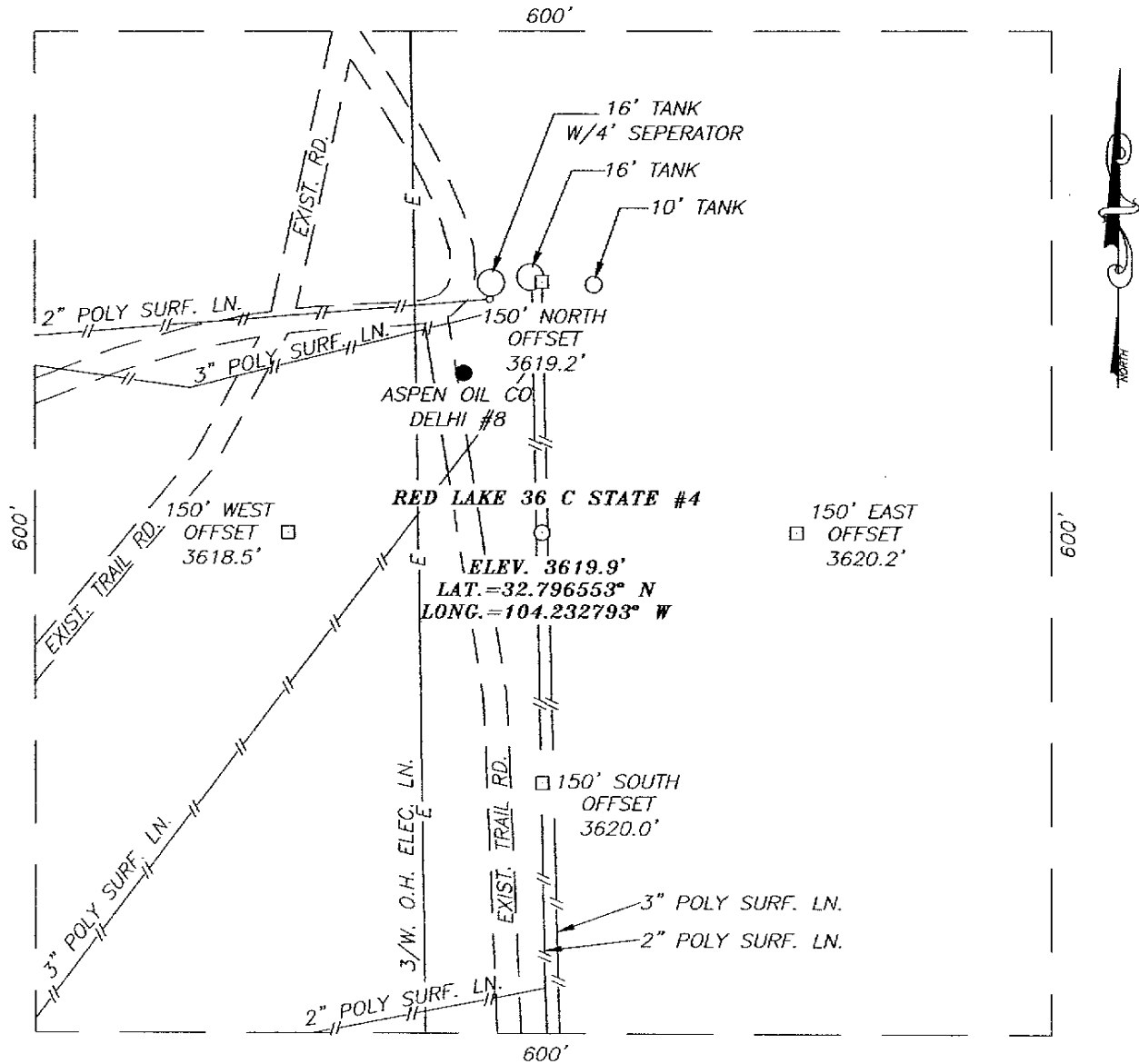
Edge Petroleum Operating Co. proposes to drill a 3650' Yeso 40 acre development oil well. The well will be drilled through the Queen, Grayburg, Premier, San Andres and Yeso. 12-1/4 surface casing will be set and cement circulated at 400.5-1/2 production casing will be set and cemented at 3650. The mud program consists of: 0-550 Bentonite and Lime slurry using Fresh Water; Mud Wt. 8.4-9.4; Viscosity 32-34; Filtrate N/C and 550-3800 Cut Brine, Mud Wt. 9.0-9.4, Viscosity 28, Filtrate N/C. The well will be perforated in the Yeso and stimulated as needed for production. Well to produce on rod pump.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|--------------|
| Annular | 2000 | 2000 | Regan |

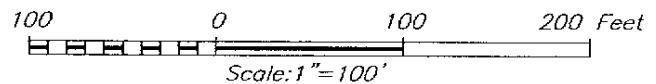
| | |
|--|--|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCB-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Amanda Simmons Title: Sr. Production Assistant Email Address: asimmons@edgepet.com Date: 10/24/2006 Phone: 713-427-8842 | OIL CONSERVATION DIVISION Approved By: Bryan Arrant Title: Geologist Approved Date: 10/26/2006 Expiration Date: 10/26/2007 Conditions of Approval Attached |
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SECTION 36, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #204 (HILLTOP RD.), GO SOUTHEAST ON CO. RD. #204 APPROX. 1.1 MILES. THIS LOCATION IS APPROX. 400 FEET WEST.



EDGE PETROLEUM OPERATING COMPANY, INC.

RED LAKE 36 C STATE #4
 LOCATED 430 FEET FROM THE NORTH LINE
 AND 2310 FEET FROM THE WEST LINE OF SECTION 36,
 TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

| | |
|-------------------------|---------------------|
| Survey Date: 08/29/06 | Sheet 1 of 1 Sheets |
| W.O. Number: 06.11.1377 | Dr By: M.R. |
| Date: 09/07/06 | Disk: CD#6 |
| 06111377 | Scale: 1"=100' |

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Form C-102
Permit 40004

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-015-35213 | 2. Pool Code 96836 | 3. Pool Name RED LAKE; GLORIETA YESO, NORTHEAST |
| 4. Property Code 34238 | 5. Property Name RED LAKE 36 C STATE | 6. Well No. 004 |
| 7. OGRID No. 224400 | 8. Operator Name EDGE PETROLEUM OPERATING COMPANY, INC. | 9. Elevation 3620 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|----------------|
| UL - Lot C | Section 36 | Township 17S | Range 27E | Lot Idn C | Feet From 430 | N/S Line N | Feet From 2310 | E/W Line W | County EDDY |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|------------------------------|---------------------|------------------------|---------------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 40.00 | 13. Joint or Infill | 14. Consolidation Code | 15. Order No. | | | | | | |

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 align="center">OPERATOR CERTIFICATION</p> <p><i>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(s) or has a right to drill this well at this 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.</i></p> <p>E-Signed By: Amanda Simmons Title: Sr. Production Assistant Date: 10/24/2006</p> |
| | <p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Gary Edison Date of Survey: 8/29/2006 Certificate Number: 06.11.1377</p> |

Permit Conditions of Approval

Operator: EDGE PETROLEUM OPERATING COMPANY, INC. , 224400

Well: RED LAKE 36 C STATE #004

API: 30-015-35213

| OCD Reviewer | Condition |
|-----------------|---|
| BArrant | Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines |
| BArrant | Operator to submit either a h2s well contingency plan or a letter of statement, which ever applies according to NMOC Rule 19.15.3.118. |