

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 TORCH ENERGY SERVICES, INC. 1221 LAMAR SUITE 1175 HOUSTON, TX 77010 | | 2. OGRID Number 241401 |
| | | 3. API Number 30-025-38269 |
| 4. Property Code 302966 | 5. Property Name COOPER JAL UNIT | 6. Well No. 507 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B | 18 | 24S | 37E | B | 1307 | N | 1534 | E | LEA |

8. Pool Information

| | |
|----------------------------------|-------|
| JALMAT;TAN-YATES-7 RVRS (OIL) | 33820 |
| LANGLIE MATTIX;7 RVRS-Q-GRAYBURG | 37240 |

Additional Well Information

| | | | | |
|--|----------------------------|--|---------------------------|---|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type Private | 13. Ground Level Elevation 3291 |
| 14. Multiple Y | 15. Proposed Depth 3730 | 16. Formation Queen | 17. Contractor | 18. Spud Date 1/19/2007 |
| Depth to Ground water 120 | | Distance from nearest fresh water well > 1000 | | Distance to nearest surface water > 1000 |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 20 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 10730 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

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 | 250 | |
| Prod | 7.875 | 5.5 | 15.5 | 3730 | 1000 | |

Casing/Cement Program: Additional Comments

Cementing Program: Surface Casing- 250 sacks Class "C" with 2% CaCl₂ (14.8 ppg, 1.32 cf/sk, 6.31 gw/sk) Production Casing- 650 sacks 35/65 Poz "H" w/ 6% gel, 5% salt, 1/4 lb/sk floccle (12.8 ppg, 1.94 cf/sk, 10.4 gw/sk)+ 350 sacks Class "H" (15.6 ppg, 1.18 cf/sk, 5.2 gw/sk)

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| Annular | 3000 | 3000 | |
| DoubleRam | 3000 | 3000 | Cameron |

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 ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Print Name: Electronically filed by Randy Ziebarth

Title: VP

Email Address: ziebarthr@teai.com

Date: 1/4/2007

Phone: 713-756-1620

OIL CONSERVATION DIVISION

Approved By: Chris Williams

Title: District Supervisor

Approved Date: 2/1/2007

Expiration Date: 2/1/2008

Conditions of Approval Attached

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

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Form C-102
 Permit 44254

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|---|
| 1. API Number 30-025-38269 | 2. Pool Code 33820 | 3. Pool Name JALMAT,TAN-YATES-7 RVRS (OIL) |
| 4. Property Code 302966 | 5. Property Name COOPER JAL UNIT | 6. Well No. 507 |
| 7. OGRID No. 241401 | 8. Operator Name TORCH ENERGY SERVICES, INC. | 9. Elevation 3291 |

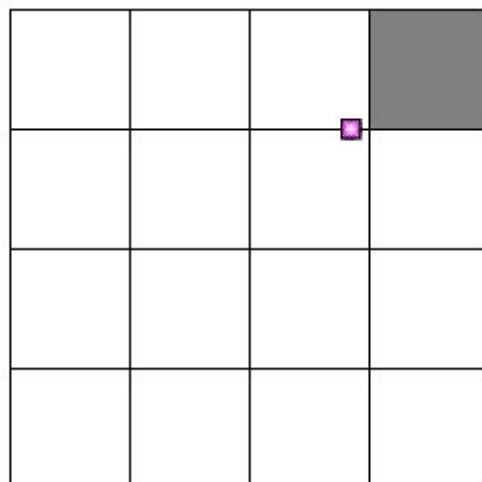
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11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|------------------------------|---------------------|------------------------|---------------|---------|-----------|----------|-----------|----------|--------|
| 12. Dedicated Acres 40.57 | 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



OPERATOR CERTIFICATION

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.

E-Signed By: Randy Ziebarth
 Title: VP
 Date: 1/4/2007

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.

Surveyed By: John Piper
 Date of Survey: 9/21/2006
 Certificate Number: 7254

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| 4. Property Code 302966 | 5. Property Name COOPER JAL UNIT | 6. Well No. 507 |
| 7. OGRID No. 241401 | 8. Operator Name TORCH ENERGY SERVICES, INC. | 9. Elevation 3291 |

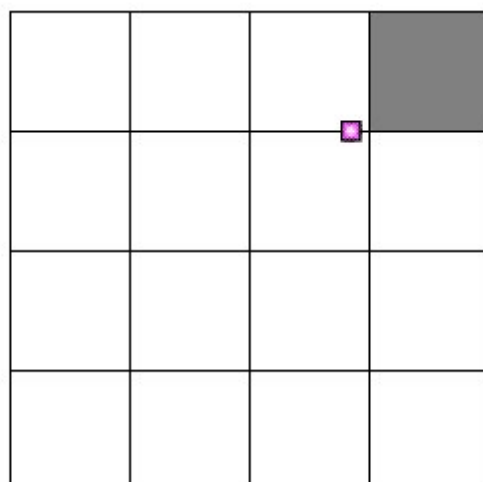
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 Date of Survey: 9/21/2006
 Certificate Number: 7254

Permit Comments

Operator: TORCH ENERGY SERVICES, INC. , 241401

Well: COOPER JAL UNIT #507

API: 30-025-38269

| Created By | Comment | Comment Date |
|------------|---|--------------|
| MREYES | A request to downhole commingle the Jalmat & Langlie Mattix Pools will be filed later. | 1/4/2007 |
| MREYES | A copy of the C-102 Survey Plat was sent to Donna Mull via e-mail attachment due to a problem on the website. | 1/4/2007 |
| CWILLIAMS | See coditions of approval | 2/1/2007 |

Permit Conditions of Approval

Operator: TORCH ENERGY SERVICES, INC. , 241401

Well: COOPER JAL UNIT #507

API: 30-025-38269

| OCD Reviewer | Condition |
|--------------|---|
| CWILLIAMS | Must have NSL and DHC approval before the well can be produced. |