

11/13/06 DATE IN	11/29/06 SUSPENSE	DRC ENGINEER	11/15/06 LOGGED IN	NSL TYPE	PTDSC631935696 APP NO.
---------------------	----------------------	-----------------	-----------------------	-------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, ~~Royalty or Overriding Royalty~~ Interest Owners
 [B] ☒ Offset Operators, ~~Leaseholders or Surface Owner~~
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Billy W. Harris
Print or Type Name

Signature

Senior Petroleum Engr.
Title

11/09/06
Date

bharris@wbld.com
e-mail Address

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1100 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

(432) 682-7936

November 9, 2006

State of New Mexico
Oil & Gas Conservation Commission
1220 South St Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED

NOV 13 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: State #1-18,
Sec. 18, T4S, R27E
Chaves County, New Mexico

Gentlemen:

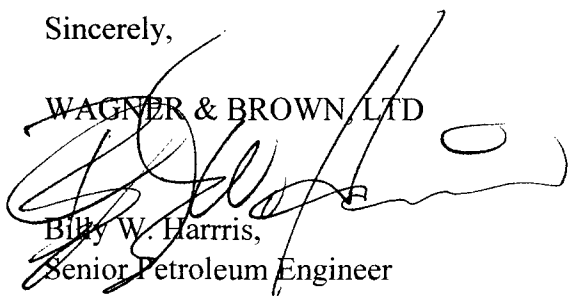
Wagner & Brown, Ltd is requesting administrative approval for a non-standard spacing unit pursuant to Subsection D, Paragraph (2), Subparagraph (b) of 19.15.3.104.

Enclosed herewith are the following:

- 1) Application to Drill
- 2) Plat
- 3) Notification Statement
- 4) List of affected persons
- 5) Statement discussing the reasons for the formation of the non-standard spacing unit
- 6) Administrative Application Checklist

Sincerely,

WAGNER & BROWN, LTD


Billy W. Harris,
Senior Petroleum Engineer

432 686-5933
Juana Salsage

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy Minerals and Natural Resources

RECEIVED

NOV 13 2006

Form C-101

May 27, 2004

Oil Conservation Division

Submit to appropriate District Office

1220 South St. Francis Drive

Santa Fe, NM 87505

Santa Fe, NM 87505

☐ AMENDED REPORT

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

¹ Operator Name and Address WAGNER & BROWN, LTD P O BOX 1714, MIDLAND, TX 79702		² OGRID Number 24499
		³ API Number 30 -
⁴ Property Code	⁵ State Pennsylvanian	⁶ Property Name Montoya
⁷ Proposed Pool 1		⁸ Proposed Pool 2

⁷ Surface Location

UL or lot no. F	Section 18	Township 4S	Range 27E	Lot Idn	Feet from the 2400	North/South line North	Feet from the 1980	East/West line West	County Chaves
--------------------	---------------	----------------	--------------	---------	-----------------------	---------------------------	-----------------------	------------------------	------------------

⁸ Proposed 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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Additional Well Information

¹¹ Work Type Code New Well	¹² Well Type Code Gas	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 3866'
¹⁶ Multiple	¹⁷ Proposed Depth 7000'	¹⁸ Formation Montoya	¹⁹ Contractor Patterson UTI	²⁰ Spud Date 12/01/06
Depth to Groundwater No records found		Distance from nearest fresh water well No records found		Distance from nearest surface water No records found
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 5-7 mils thick Clay <input type="checkbox"/>		Pit Volume: approx 21000 bbls		Drilling Method: Rotary
Closed-Loop System <input type="checkbox"/>		Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#J55 ST&C	1500'	724	Surface
7-7/8"	5-1/2"	17#J55 LT&C	7000'	391	5000'
	2-3/8"	4.7#L80 EUE	6750'		

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill a 12-1/4" hole, set 8-5/8" casing @ 1500', cement w/724 sacks of cement to surface. Nipple up Shaffer 11" 3000 psi Type E w/(2) 3" openings below the rams, Shaffer 11", 3000 psi Annular w/5000 psi choke manifold, drill 7-7/8" hole to 7000' TD, E-logs will be ran at TD, if shows are indicative of commercial quantities of oil/gas 5-1/2" casing will be ran and cemented.

²³ 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 NMOC guidelines ☒, a general permit ☐, or an (attached) alternative OGD approved plan ☐.

OIL CONSERVATION DIVISION

Approved by:

Printed name: Billy W. Harris

Title:

Title: Senior Petroleum Engineer

Approval Date:

Expiration Date:

E-mail Address:

Date: 11/08/06

Phone: 432-682-7936

Conditions of Approval Attached ☐

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name STATE	Well Number #1-18
OGRID No.	Operator Name WAGNER & BROWN, LTD.	Elevation 3866

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	18	4 S	27 E		2400	NORTH	1980	WEST	CHAVES

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
Dedicated Acres	Joint or Infill	Consolidation Code	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><i>Yolo</i> <i>Formal</i> <i>Acres to W&B</i> <i>Not Finalized yet</i></p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jerry L Hamilton</i> Signature JERRY L HAMILTON Printed Name Operations Manager Title 9-26-06 Date</p>
	<p><i>Fee Acreage</i> <i>W&B Leased</i></p>	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>PROFESSIONAL No. 3959 SEPT. 1, 2006 Date Surveyed Signature of <i>Wilson D. Watson</i> Professional Surveyor W.O. No. W-490-06 Certificate No. Wilson D. Watson 3959 WATSON & ASSOC. of MIDLAND</p>

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1100 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

(432) 682-7936

November 9, 2006

State of New Mexico
Oil & Gas Conservation Division
1220 South St Francis Dr
Santa Fe, New Mexico 87505

Re: State # 1-18
Sec 18, T4S, R27E,
Chaves County, New Mexico

Gentlemen:

This statement is to attest that on this date Wagner & Brown, Ltd sent notification along with copies of the Application to Drill, Plat and letter stating the reason for filing for a Non-Standard location to all affected persons. The list of affected persons is attached.

The documents were sent by Certified Mail, Return Receipt requested.

Sincerely,

Wagner & Brown, Ltd

Billy W. Harris,

Senior Petroleum Engineer

LIST OF AFFECTED PERSONS

RE: State #1-18 - Non-Standard Location Filing
Sec 18, T4S, R27E
Chaves County, New Mexico

Yates Petroleum Corporation
Attn: Mr. Chuck Moran
105 South Fourth St
Artesia, New Mexico 88210

Yates Drilling Company
105 South Fourth St
Artesia , New Mexico 88210

Myco Industries, Inc
105 South Fourth St
Artesia, New Mexico 88210

Abo Petroleum Corporation
105 South Fourth St
Artesia, New Mexico 88210

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1100 The Summit

300 N. Marienfeld

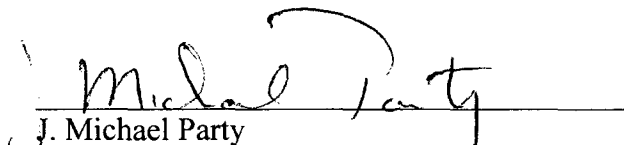
P.O. Box 1714

MIDLAND, TEXAS 79702

(432) 682-7936

October 27, 2006

Wagner & Brown, Ltd. has requested a nonstandard location for the State #1-18 well, which will be drilled 2400 feet from the north line and 1980 feet from the west line of Section 18, Township 4S, Range 27E in Chaves County, New Mexico. The Apache Oil Corporation #1 Nobel Trust was drilled in 1949 in the same section at a location of 1980 feet from the south line and 2100 feet from the west line. This well encountered a sand in the Pennsylvanian section that tested gas at rates of over 4,000,000 cubic feet of gas per day. When a completion was attempted at that time, commercial rates were not achieved. In 1973, Mountain States Petroleum Corporation reentered this well and again attempted a completion. Once again, the completion was noncommercial. It is the belief of Wagner & Brown, Ltd. that the reason these attempts failed to establish commercial production was due to damaging of the sand while completing. It is our intent to take cores from the sand for an analysis of fluid compatibility to make certain the stimulation fluids do not damage the formation. To do this, Wagner & Brown, Ltd. would like to ensure that we obtain a section that is fairly comparable to the sand in the Apache well. In order to achieve this objective, it is necessary to drill reasonably close to the Apache well.


J. Michael Party
Division Exploration Manager

Catanach, David, EMNRD

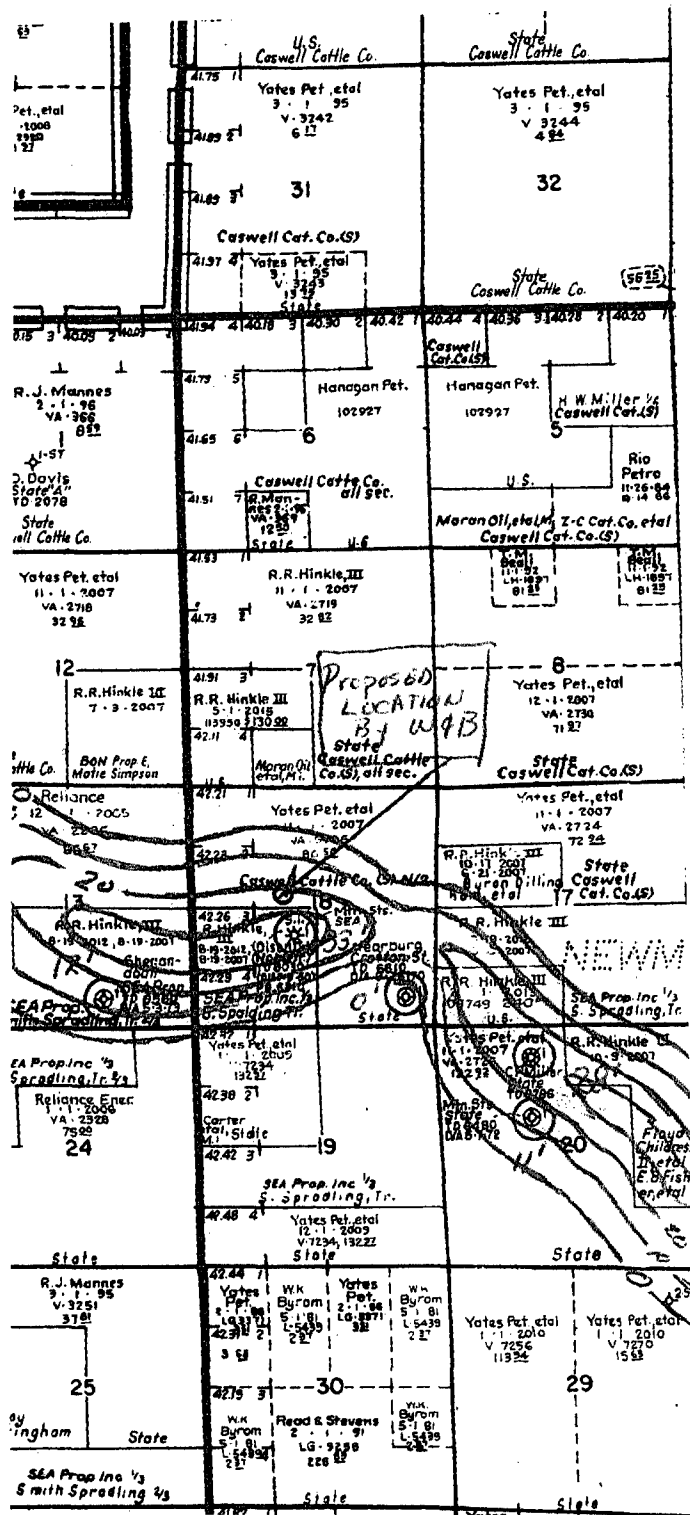
From: Mike Party [MParty@wbld.com]
Sent: Friday, November 17, 2006 2:16 PM
To: Catanach, David, EMNRD
Cc: Land Secretary
Subject: Isopach map
Attachments: State 1-18 iso.pdf

David

Here is the map. I included a little more so you could see how quick these sand thin up.
If you have any question feels free to email or call (432) 686-5971.

Thanks for your help in this matter.

Mike Party



Isopach main SD
10' Contour Interval
Jm

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1000 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

2006 NOV 27 AM 8 37

(432) 682-7936

November 17, 2006

State of New Mexico
Oil & Gas Conservation Commission
Attn: Mark Fesmire
1220 South Francis Dr
Santa Fe, NM 87505

Re: State 18 Com #1
Sec. 18, T4S, R27E
Chaves County, New Mexico

Dear Mark,

Wagner & Brown, Ltd is requesting administrative approval for a non-standard spacing unit pursuant to Subsection D, Paragraph (2), Subparagraph (b) of 19.15.3.104.

Enclosed herewith are the following:

- 1) Application to Drill (Revised)
- 2) Plat (revised)
- 3) Waiver from Affected Parties

The enclosed APD & plat has been revised to show the correct name.

Please attached these to the documents that were mailed on 11/9/06.

Sincerely,

WAGNER & BROWN, LTD



Juanita Salsich,
Operations Coordinator

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1100 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

November 16, 2006

(432) 682-7936

New Mexico Oil Conservation Division

Attn: Bryan Arrant

1301 W. Grand Ave

Artesia, New Mexico 88210

Re: State 18 Com #1

Sec 18, T4S, R27E

Chaves County, New Mexico

Gentlemen:

In response to Mr. Arrant's e-mail of this date, enclosed are the following documents:

- 1) Revised C-102 showing the correct well name;
- 2) Mud Program for proposed well;
- 3) Statement regarding NMOCD Rule 118;
- 4) Amended Form C-101.

Sincerely,

WAGNER & BROWN, LTD

Billy W. Harris,

Senior Petroleum Engineer

Encls.

BWH/js

2006 NOV 27 AM 8 37

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1100 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

(432) 682-7936

November 16, 2006

New Mexico Oil Conservation Division

Attn: Bryan Arrant

1301 W. Grand Avenue

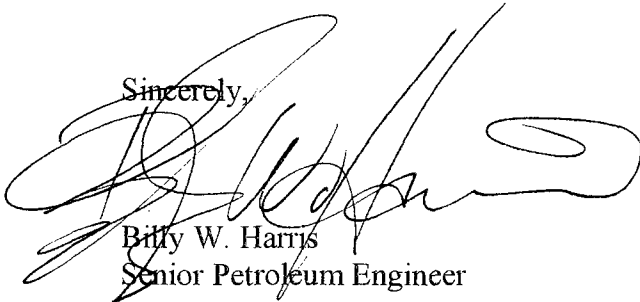
Artesia, New Mexico

Re: NMOCD Rule 118

Gentlemen:

Wagner & Brown, Ltd. plans to drill a 7,000' test well in Sec. 18, T4S, R27E, Chaves County, New Mexico. This well is expected to T.D. in the Montoya formation with Pennsylvanian sand objective. No hydrogen sulfide gas is expected to be encountered during the drilling of this well. Consequently, no contingency plan for NMOCD Rule 118 is required.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Billy W. Harris', is written over the typed name and title.

Billy W. Harris
Senior Petroleum Engineer

BWH:mlh

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-
May 27, 2

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Of

☒ AMENDED REPC

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

¹ Operator Name and Address Wagner & Brown, Ltd P O Box 1714, Midland, TX 79702						² OGRID Number 24499				
						³ API Number 30 -				
³ Property Code			State 18 Com			⁵ Property Name			⁶ Well No. 1	
⁹ Proposed Pool 1 Pennsylvania Sand						¹⁰ Proposed Pool 2 Montoya				
⁷ Surface Location										
UL or lot no. F	Section 18	Township 4S	Range 27E	Lot Idn	Feet from the 2400	North/South line North	Feet from the 1980	East/West line West	County Chaves	
⁸ Proposed 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	
Additional Well Information										
¹¹ Well Type Code New Well		¹² Well Type Code Gas		¹³ Cable/Rotary Rotary		¹⁴ Lease Type Code State		¹⁵ Ground Level Elevation 3866		
¹⁶ Multiple No		¹⁷ Proposed Depth 7000'		¹⁸ Formation Montoya		¹⁹ Contractor Patterson UTI		²⁰ Spud Date 12/01/06		
Depth to Groundwater No records found				Distance from nearest fresh water well No records found			Distance from nearest surface water No records found			
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 5-7mils thick Clay <input type="checkbox"/> Pit Volume: bbls Closed-Loop System <input type="checkbox"/> approx 21,000 Drilling Method: Rotary Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>										

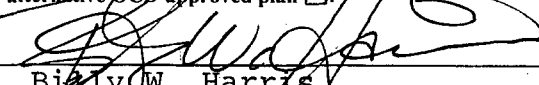
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	14#J55 ST&C	1500'	724	surface
7-7/8"	5-1/2"	17#J55 LT&C	7000'	1160	1000'
	2-3/8"	4.7# L80EUE	6750'		

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill a 12-1/4" hole, set 8-5/8" casing @ 1500', cement w/724 sx of cement to surface. Nipple up Shaffer 11" 3000 psi Type E w/(2) 3" openings below the rams, Shaffer 11", 3000 psi Annular w/5000 psi choke manifold, drill 7-7/8" hole to 7000' TD. E-logs will be ran at TD, if shows are indicative of commercial quantities of oil/gas, then 5-1/2" casing will be ran and cemented.
Estimated top of Glorietta Formation is 2230' below ground level.

²³ 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 NMCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature: 
Printed name: Billy W. Harris
Title: Senior Petroleum Engineer
E-mail Address:
Date: 11/16/06 Phone: 432-682-7936

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval Attached ☐

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name STATE 18 COM #1	
⁷ OGRID No.	⁸ Operator Name WAGNER & BROWN, LTD.	⁶ Well Number #1-18 ⁹ Elevation 3866

¹⁰ Surface Location

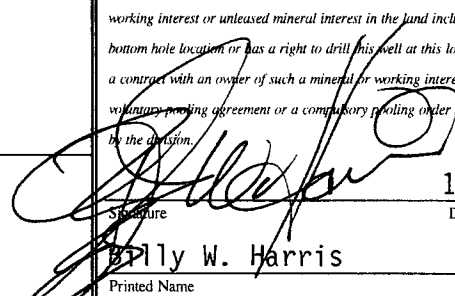
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	18	4 S	27 E		2400	NORTH	1980	WEST	CHAVES

¹¹ 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

¹² Dedicated Acres	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.

16					<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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 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.</p> <p> Signature 11-16-06 Date Billy W. Harris Printed Name Sr. Petroleum Engineer</p>
					<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Refer to original plat Submitted 10/12/06 Date of Survey Sept. 1, 2006 Signature and Seal of Professional Surveyor:</p>
					<p>W.O. NO. W-490-06 Certificate Number Wilson D. Watson 3959</p>

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1100 The Summit

300 N. Marienfeld

P. O. Box 1714

MIDLAND, TEXAS 79702

(432) 682-7936

WAIVER

November 13, 2006

Re: State Com #18-1, Section 18, Township 4S, Range 27E
Chaves County, New Mexico

Waiver of objection to Wagner & Brown, Ltd. drilling the above well on a Non-Standard Spacing Unit.

If you do not have any objections please sign below and return this waiver to the above address.

Yates Petroleum Corporation
105 South Fourth St
Artesia, New Mexico 88210

Yates Drilling Company
105 South Fourth St
Artesia, New Mexico 88210

H. Tim Miller

H. Tim Miller

Myco Industries, Inc.
105 South Fourth St
Artesia, New Mexico 88210

Abo Petroleum Corporation
105 South Fourth St
Artesia, New Mexico 88210

H. Tim Miller

H. Tim Miller