

**Legend**

- ! Well Spot
- NMTownships
- NMSections

**Exhibit "1"**  
**Operator: Encore Operating L.P.**  
**E/2 Section 28, T16S-R34E**  
**Lea County, NM**

Map Prepared by: Loftrix Mason  
Land GIS Dept.  
Project Path: \\GIS-Projects\Land\Shelby\Halter  
Exhibit Section 28 T16S R34E.a\040608.mxd  
Map Printed by: MEM  
Map Date: 4/14/2008  
  
Data Source:  
Land GIS Dept\Encore Acquisition Company  
and P2 Energy Solutions  
  
Base Data Projection:  
GCS\_North\_America\_1927



**Encore**  
Operating, L.P.

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 ENCORE OPERATING LP 777 MAIN STREET, SUITE 1400 FORT WORTH, TX 76102		2. OGRID Number 189951
		3. API Number 30-025-38510
4. Property Code 36693	5. Property Name ENCORE "28" STATE COM	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	28	16S	34E	A	860	N	660	E	LEA

8. Pool Information

KEMNITZ, ATOKA-MORROW, SOUTH (GAS)	79420
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4092
14. Multiple N	15. Proposed Depth 13500	16. Formation Morrow	17. Contractor	18. Spud Date 10/1/2007
Depth to Ground water 118		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay: Pit Volume: 14000 bbls Drilling Method: Closed Loop System: 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	17.5	13.375	48	450	440	0
Int1	12.25	9.625	40	4775	1215	0
Prod	8.75	5.5	20	13476	2477	4200

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

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 NMOCDD guidelines ☒ a general permit, or an (attached) alternative OCD approved plan.

Printed Name: Electronically filed by Ann Wiley

Title: Sr. Regulatory Analyst

Email Address: awiley@encoreacq.com

Date: 8/30/2007

Phone: 817-877-9955

OIL CONSERVATION DIVISION

Approved By: Paul Kautz

Title: Geologist

Approved Date: 9/4/2007

Expiration Date: 9/4/2008

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

**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 59837

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-38510	2. Pool Code 79420	3. Pool Name KEMNITZ,ATOKA-MORROW, SOUTH (GAS)
4. Property Code 36693	5. Property Name ENCORE "28" STATE COM	6. Well No. 001
7. OGRID No. 189951	8. Operator Name ENCORE OPERATING LP	9. Elevation 4092

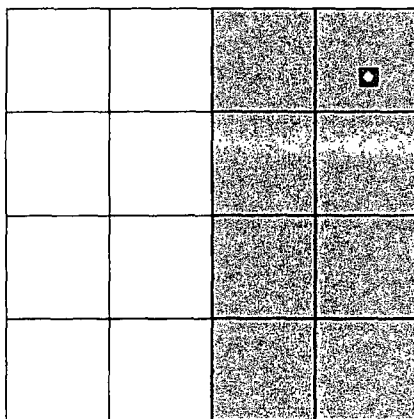
**10. Surface Location**

UL - Lot A	Section 28	Township 16S	Range 34E	Lot Idn	Feet From 860	N/S Line N	Feet From 660	E/W Line E	County LEA
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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 320.00	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**

**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: Ann Wiley  
 Title: Sr. Regulatory Analyst  
 Date: 8/30/2007

**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: Gary Jones  
 Date of Survey: 3/27/2007  
 Certificate Number: 7977

## Permit Conditions of Approval

Operator: ENCORE OPERATING LP, 189951

Well: ENCORE "28" STATE COM #001

API: 30-025-38510

OCD Reviewer	Condition
DMULL	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