

**EXHIBITS FOR SHAHARA OIL'S
W/2 SECTION 16 UNIT**

ATTACHED TO THE APPLICATION:

1. Unit Agreement with Ratifications (15 - all WI and ORRI owners except Dale McCarter and Norwest Bank, Trustee)
2. Form C-108 with following listed attachments
Statement (2 p)
A) Map - Area of Review
A-1) Enlarged Map - Development Plan
B) Well Data and Schematic Diagrams of Proposed Injection Wells (4 p)
C) Well Data for Wells within the Area of Review (3 p)
D) Well Data & Schematic Diagram of Plugged and Abandoned Well Bores within the Area of Review (10 p)
3. Cooperative Unit Line Well and Unit Line Infill Drilling Agreement between The Wiser Oil Company and Shahara Oil, with attached Operating Agreement
4. Unit Operating Agreement with Ratifications (6 - all WI owners except McCarter)

NEW EXHIBITS:

5. McCarter's Ratifications (2 - Unit Agreement and Unit Operating Agreement)
6. Structure Map
7. Cross-Section (A-A')
8. Cross-Section (B-B')
9. Area Map with injection pressures of other area wells
10. Applications for Permit to Drill and Well Location and Acreage Dedication Plats for Phillips State Wells Nos. 9, 10, 11, 12, 13, 14, 15, 100, 101
11. Approval by Wiser Oil (12/8/97) of revised locations for Wells Nos. 100 and 101
12. Pressurized Water Sale Agreement between Wiser Oil and Shahara Oil
13. Financial Summary and Summary of Redevelopment Costs

RATIFICATION OF UNIT AGREEMENT

The undersigned acknowledges receipt of a copy of that certain Unit Agreement for the Development and Operation of the Shahara State Unit Area, Lea County, New Mexico, and hereby ratifies the same for all purposes.

Dated this 8th day of FEBRUARY, 1998.

[Handwritten Signature]
(Signature)

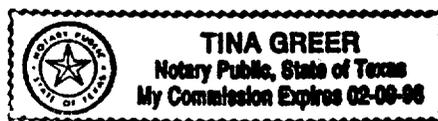
DALE M. CARTER
(Printed Name)

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 8th day of FEBRUARY, 1998, by DALE McCARTER.

Tina Greer
Notary Public

My Commission Expires:
2-9-98



STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ___ day of _____, 1997, by _____, of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires:

Notary Public



RATIFICATION OF UNIT OPERATING AGREEMENT

The undersigned acknowledges receipt of a copy of that certain Unit Operating Agreement for the Shahara State Unit Area, Lea County, New Mexico, and hereby ratifies the same for all purposes.

Dated this 8th day of FEBRUARY, 1998.

[Handwritten Signature]
(Signature)

DALE McCARTER
(Printed Name)

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 8th day of FEBRUARY, 1998, by DALE McCARTER.

My Commission Expires:
2-4-98

Tina Greer
Notary Public



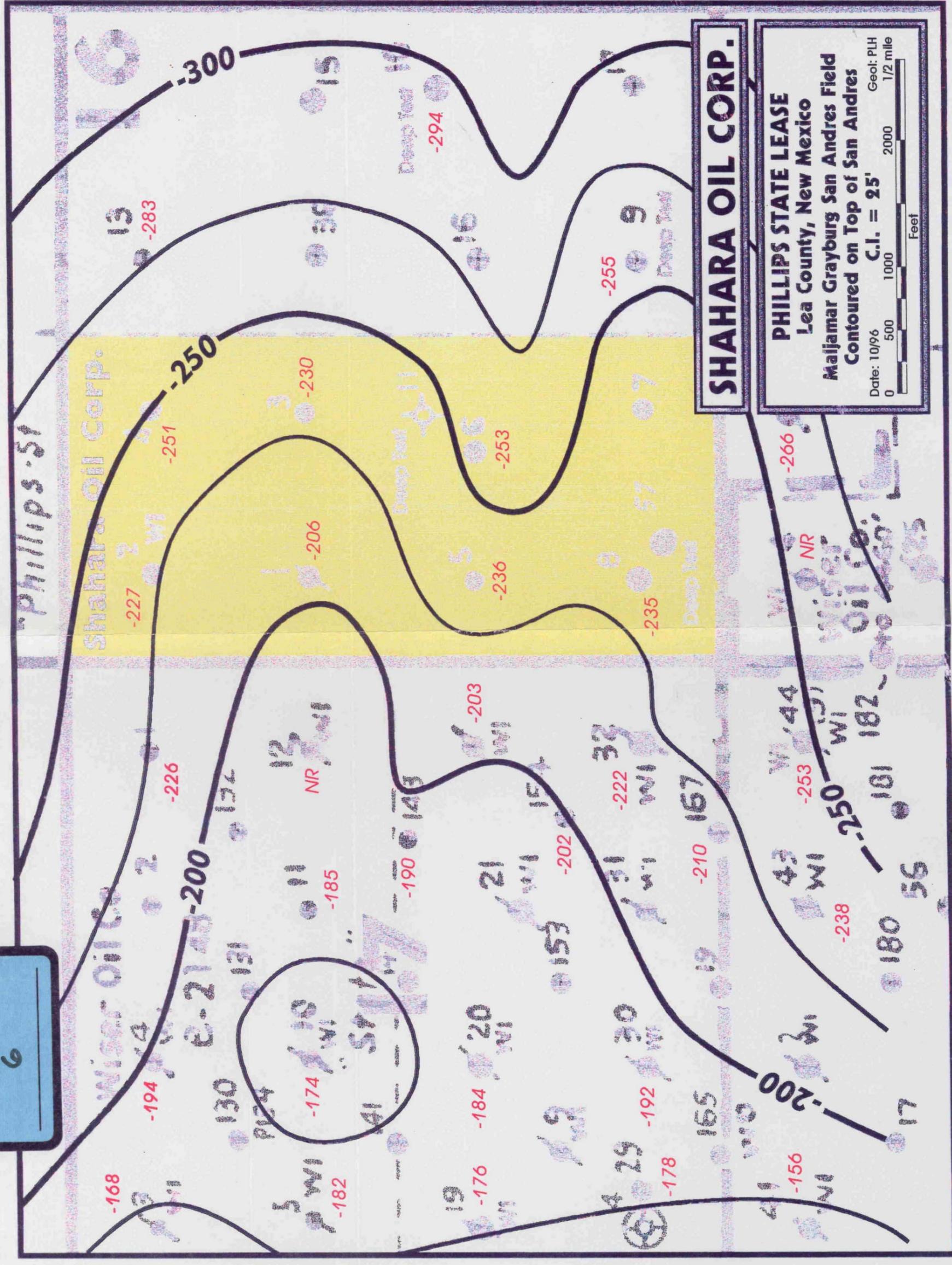
STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ___ day of _____, 1997, by _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires:

Notary Public

EXHIBIT
6



LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

NE MASTMAN R-2061

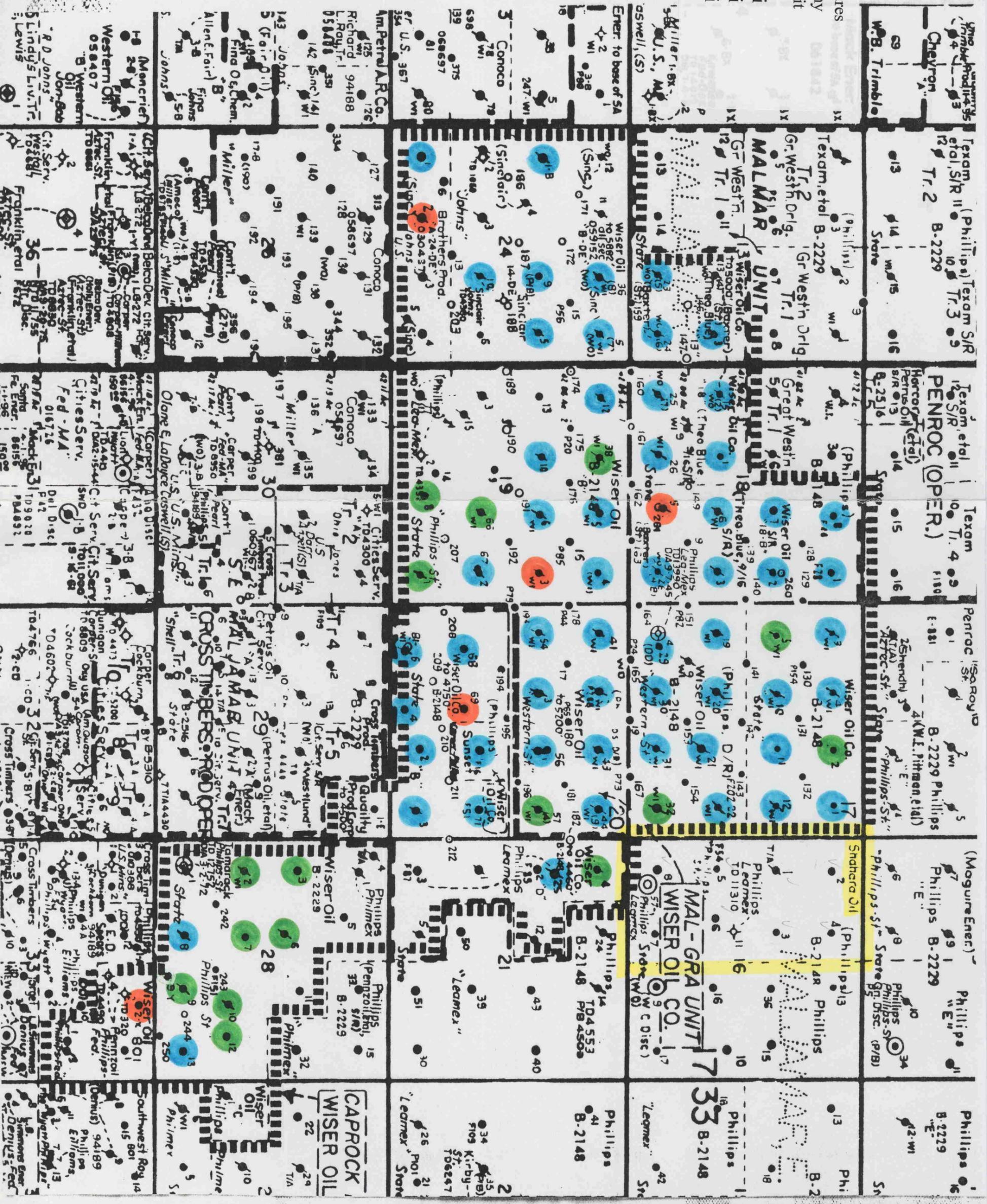
Surface Injection Pressures
The Wiser Oil Company
Caprock Maljamar Unit

- 0 - 1999 psi
- 2000 - 2499 psi
- 2500 - above psi

MAJ-GRU UNIT R-2268

SE-MALJMAR UNIT R-3161

EXHIBIT 9



State of New Mexico
Energy, Minerals & Natural Resources Department

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. First St., Artesa, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 S. Pacheco St., Santa Fe, NM 87504

OIL CONSERVATION DIVISION
2040 S. Pacheco St.
Santa Fe, NM 97504

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

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

1. Operator Name and Address Shahara Oil, LLC 207 W. McKay Carlsbad, NM 88220		2. OGRID Number 143119
		3. API Number 30-025-34090
4. Property Code 16770	5. Property Name Phillips State	6. Well No. 9

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
F	16	17S	33E		1335	North	1335	West	Lea

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

9. Proposed Pool 1 Maljamar Grayburg San Andres	10. Proposed Pool 2
---	---------------------

11. Work Type Code N	12. Well Type Code O	13. Cable/Rotary R	14. Lease Type Code S	15. Ground Level Elevation 4193'
16. Multiple No	17. Proposed Depth 4850'	18. Formation San Andres	19. Contractor L & M Drilling	20. Spud Date September 1, 1997

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#	500'	300	Circulate
7 7/8"	5 1/2"	17#	4850'	970	Circ 100' above 8 5/8" casing shoe

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.

It is proposed to drill the above captioned well to a total depth of 4850' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION ORIGINAL SIGNED BY CHRIS WILLIAMS DISTRICT I SUPERVISOR	
Signature: <i>Perry L. Hughes</i>	Approved by:	Title:	Approval Date: AUG 08 1997
Printed Name: Perry L. Hughes	Expiration Date:	Conditions of Approval:	Attached: <input type="checkbox"/>
Title: President			
Date: 07/07/97	Phone: (505) 885-5433		

Permit Expires 1 Year From Approval
Date Unless Drilling In Progress



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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
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State Lease - 4 Copies
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DISTRICT II
P.O. Drawer 100, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Ed., Artesia, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34080	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name Phillips State SSMX	Well Number 9
OGRID No. 143119	Operator Name SHAHARA OIL CORPORATION, LLC	Elevation 4193

Surface Location

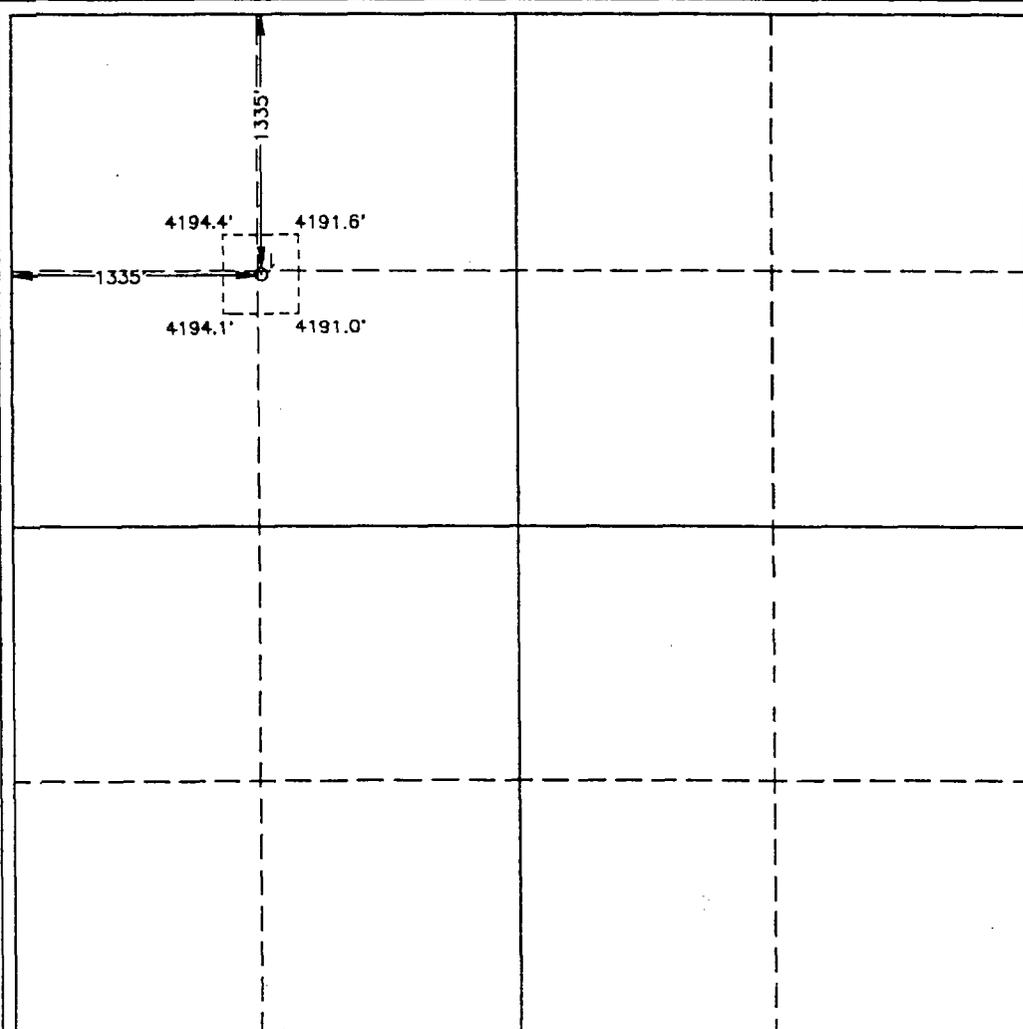
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	16	17 S	33 E		1335	NORTH	1335	WEST	LEA

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>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Perry L. Hughes</i> Signature</p> <p>Perry L. Hughes Printed Name</p> <p>President Title</p> <p>07/07/97 Date</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>JUNE 23, 1997 Date Surveyed</p> <p>JLP Signature</p> <p>Professional Surveyor ROBERT E. EIDSON NEW MEXICO 1239 P.O. Box 97-116 8003 Certification No. JUNE 23, 1997 676 ROBERT E. EIDSON, 3239 PROFESSIONAL SURVEYOR, 12641</p>	

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

DISTRICT II
P.O. Drawer 113, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

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Energy, Minerals and Natural Resources Department

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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
	43329	Maljamar Grayburg San Andres
Property Code	Property Name	Well Number
16770	Phillips State SSIX	9
OGRID No.	Operator Name	Elevation
143119	SHAHARA OIL CORPORATION, LLC	4193

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	16	17 S	33 E		1335	NORTH	1335	WEST	LEA

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.

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		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Perry L. Hughes</i> Signature</p> <p>Perry L. Hughes Printed Name</p> <p>President Title</p> <p>07/07/97 Date</p>
	<p>DETAIL SCALE: 1"=200'</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>JUNE 23, 1997 Date Surveyed</p> <p>JLP Signature & Seal of Professional Surveyor</p> <p>W.O. Num. 97-11-1003</p> <p>Certificate No. JOHN W. WEST, 678 RONALD J. EIDSON, 3238 GARY G. EIDSON, 12641</p>

State of New Mexico
Energy, Minerals & Natural Resources Department

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 S. Pacheco St., Santa Fe, NM 87504

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OIL CONSERVATION DIVISION
2040 S. Pacheco St.
Santa Fe, NM 97504

AMENDED REPORT

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

1. Operator Name and Address Shahara Oil, LLC 207 W. McKay Carlsbad, NM 88220		2. OGRID Number 143119
		3. API Number 30-025-3409
4. Property Code 16770	5. Property Name Phillips State	6. Well No. 10

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
F	16	17S	33E		2625	North	1335	West	Lea

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

9. Proposed Pool 1 Maljamar Grayburg San Andres	10. Proposed Pool 2
---	---------------------

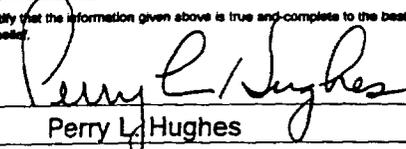
11. Work Type Code N	12. Well Type Code O	13. Cable/Rotary R	14. Lease Type Code S	15. Ground Level Elevation 4191'
16. Multiple No	17. Proposed Depth 4850'	18. Formation San Andres	19. Contractor L & M Drilling	20. Spud Date September 1, 1997

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#	500'	300	Circulate
7 7/8"	5 1/2"	17#	4850'	970	Circ 100' above 8 5/8" casing shoe

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.

It is proposed to drill the above captioned well to a total depth of 4850' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 	Approved by: ORIGINAL SIGNED BY CHRIS WILLIAMS	DISTRICT I SUPERVISOR	
Printed Name: Perry L. Hughes	Approval Date: AUG 08 1997	Expiration Date:	
Title: President	Conditions of Approval:		
Date: 07/07/97	Phone: 505-885-5433	Attached: <input type="checkbox"/>	

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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P.O. Brewer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34091	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name Phillips State 880X	Well Number 10
GRID No. 143119	Operator Name SHAHARA OIL CORPORATION XXXXXXXXXX, LLC	Elevation 4191

Surface Location

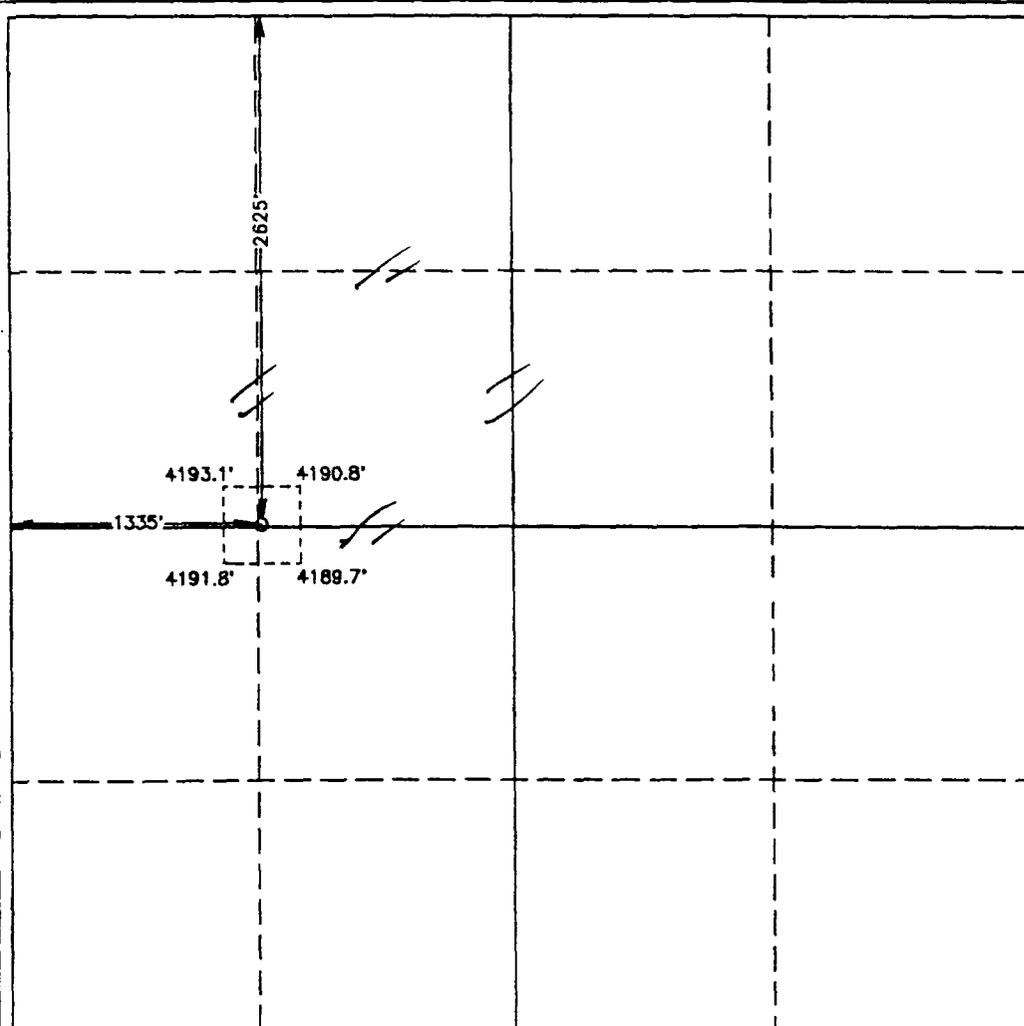
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	16	17 S	33 E		2625	NORTH	1335	WEST	LEA

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 40	Joint or Infill	Consolidation Code	Order No.
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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.

Perry L. Hughes
Signature
Perry L. Hughes
Printed Name
President
Title
07/07/97
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.

JUNE 23, 1997
Date Surveyed JLP

Signature: *Ronald E. Edson*
Professional Surveyor
Professional Seal: RONALD E. EDSON, 3239
W.C. Num. 97-136004

Certificate No. 676
RONALD E. EDSON, 3239
W.C. Num. 97-136004

DISTRICT I
P.O. Box 1980, Hobbs, NM 58241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

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DISTRICT II
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OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name Phillips State XXXX	Well Number 10
OGRID No. 143119	Operator Name SHAHARA OIL CORPORATION, LLC XXXXXXXXXX	Elevation 4191

Surface Location

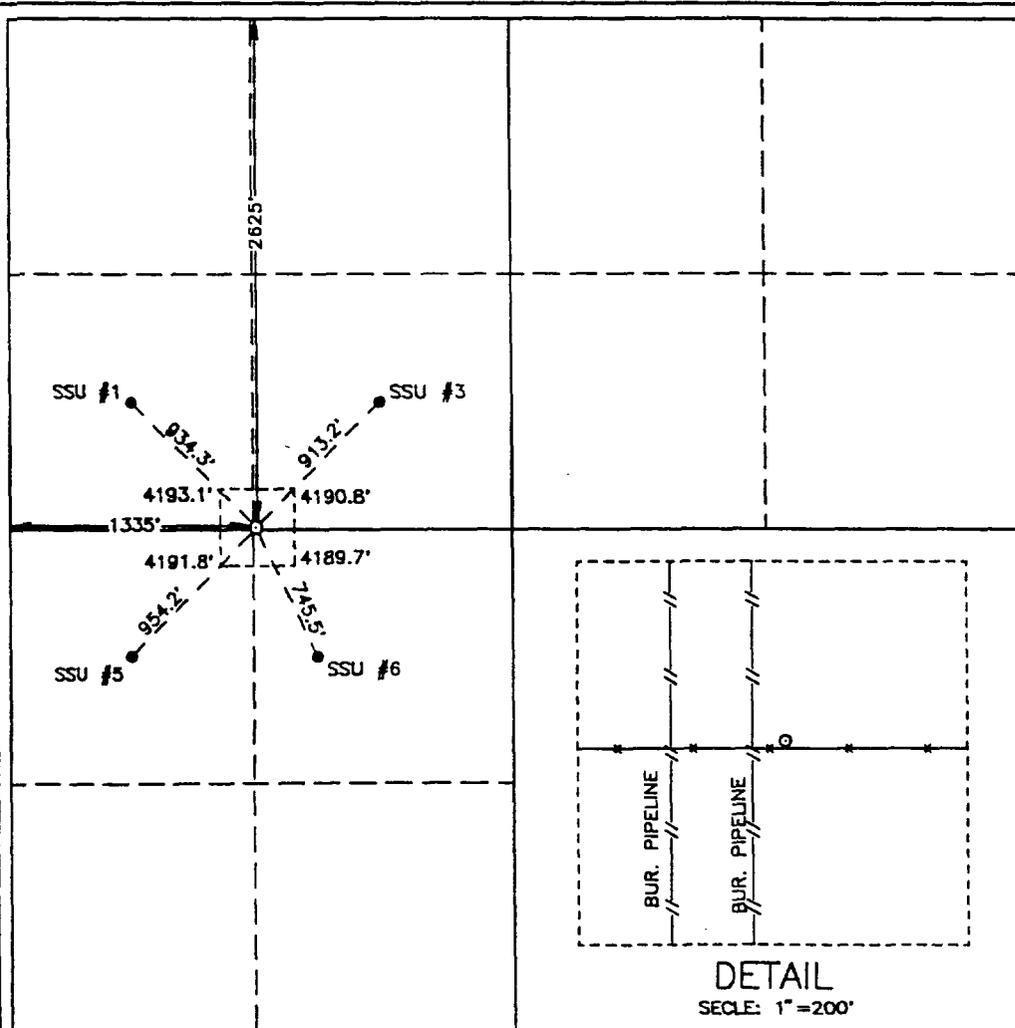
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	16	17 S	33 E		2625	NORTH	1335	WEST	LEA

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.

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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Perry L. Hughes
Signature

Perry L. Hughes
Printed Name

President
Title

07/07/97
Date

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.

JUNE 23, 1997

Date Surveyed JLP

Signature & Seal of Professional Surveyor

W.O. Num. 97-11-1004

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239
GARY G. EIDSON, 12841

DETAIL
SCALE: 1" = 200'

State of New Mexico
Energy, Minerals & Natural Resources Department

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Santa Fe, NM 97504

AMENDED REPORT

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4. Property Code 16770		3. API Number 30-025-34092
5. Property Name Phillips State		6. Well No. 11

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
M	16	17S	33E		1305	South	1301	West	Lea

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

9. Proposed Pool 1 Majamar Grayburg San Andres	10. Proposed Pool 2
--	---------------------

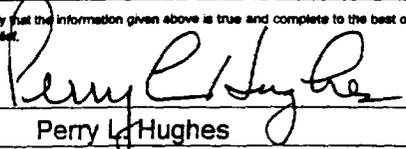
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23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 		Approved by: ORIGINAL SIGNED BY CHRIS WILLIAMS	
Printed Name: Perry L. Hughes		DISTRICT I SUPERVISOR	
Title: President		Approval Date: AUG 08 1997	Expiration Date:
Date: 07/07/97	Phone: 505-885-5433	Conditions of Approval:	
		Attached: <input type="checkbox"/>	

Permit Expires 1 Year From Approval Date Unless Drilling Underway

DISTRICT I
P.O. Box 1989, Hobbs, NM 88241-1989

State of New Mexico
Energy, Minerals and Natural Resources Department

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DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0718

OIL CONSERVATION DIVISION

DISTRICT III
1008 Rio Brazos Rd., Arco, NM 87410

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34092	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name Phillips State 888	Well Number 11
OGRID No. 143119	Operator Name SHAHARA OIL CORPORATION, LLC	Elevation 4189

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	17 S	33 E		1305	SOUTH	1301	WEST	LEA

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.
40			

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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Perry L. Hughes</i> Signature</p> <p>Perry L. Hughes Printed Name</p> <p>President Title</p> <p>07/07/97 Date</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>JUNE 23, 1997</p> <p>Date Surveyed JLP</p> <p>Signature of <i>Ronald E. Eidsen</i> Professional Surveyor</p> <p>Professional Surveyor Seal: RONALD E. EIDSON, NEW MEXICO, License No. 97-11-805</p> <p>Certificates No. JOHN G. WEST, 676; RONALD E. EIDSON, 3239; JOHN G. WEST, 12641</p>

DISTRICT I
P.O. Box 1890, Hobbs, NM 88241-1890

State of New Mexico

Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION

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1000 Rio Brazos Rd., Artec, NM 87410

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Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name Phillips State SSUX	Well Number 11
GRID No. 143119	Operator Name SHAHARA OIL CORPORATION, LLC	Elevation 4189

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	17 S	33 E		1305	SOUTH	1301	WEST	LEA

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 style="text-align: center;">DETAIL SCALE: 1"=200'</p>	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="text-align: center;"><i>Perry J. Hughes</i> Signature Perry J. Hughes Printed Name President Title 07/07/97 Date</p>
		<p style="text-align: center;">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 style="text-align: center;">JUNE 23, 1997</p> <p>Date Surveyed JLP</p> <p>Signature & Seal of Professional Surveyor</p> <hr/> <p>W.O. Num. 97-11-1005</p> <hr/> <p>Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3238 GARY G. EIDSON, 12641</p>

State of New Mexico
Energy, Minerals & Natural Resources Department

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesa, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 97504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
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_____ AMENDED REPORT

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

1. Operator Name and Address Shahara Oil, LLC Corp 207 West McKay Carlsbad, NM 88220		2. OGRID Number 143119
		3. API Number 30-025-34177
4. Property Code 16770	5. Property Name Phillips State	6. Well No. 12

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
D	16	17 S	33 E		331	North	1310	West	Lea

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
9. Proposed Pool 1 Maljamar Grayburg San Andres					10. Proposed Pool 2				

11. Well Type Code N	12. Well Type Code O	13. Cable/Retary R	14. Lease Type Code S	15. Ground Level Elevation 4195'
16. Multiple No	17. Proposed Depth 4850'	18. Formation San Andres	19. Contractor Norton Drilling	20. Spud Date November 15, 1997

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#	500'	300	Circulate
7 7/8"	5 1/2"	17#	4850'	970	Circ 100' above 8 5/8"
					casing shoe

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.

Permit Expires 1 Year From Approval Date Unless Military Tools

It is proposed to drill the above captioned well to a total depth of 4850' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary.

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION ORIGINAL MAILED BY OMBIS WILLIAMS	
Signature: <i>Melanie J. Parker</i>		Approved by: DISTRICT I SUPERVISOR	
Printed Name: Melanie J. Parker		Title:	
Title: Agent		Approval Date: OCT 30 1997	
Date: 10/27/97	Phone: 505-885-5433	Conditions of Approval:	
		Attached: _____	

DISTRICT I
P.O. Box 1060, Hobbs, NM 88241-1060

State of New Mexico
Energy, Minerals and Natural Resources Department

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DISTRICT II
P.O. Drawer 100, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34177	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 12
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4195

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	16	17 S	33 E		331	NORTH	1310	WEST	LEA

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>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Perry L Hughes</i> Signature</p> <p>Perry L Hughes Printed Name</p> <p>President Title</p> <p>10/23/97 Date</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>OCTOBER 20, 1997</p> <p>Date Surveyed JLP</p> <p>Signature & Seal of Professional Surveyor </p>
	<p>Certification No. WEST, 676 RONALD G. EIDSON, 3239 PROFESSIONAL SURVEYOR, NEW MEXICO, 12641</p>
	<p>10-21-97 P.O. Num. 87-11671</p>

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 12
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4195

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	16	17 S	33 E		331	NORTH	1310	WEST	LEA

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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Perry L. Hughes</i> Signature</p> <p>Perry L. Hughes Printed Name</p> <p>PRESIDENT Title</p> <p>10/23/97 Date</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>OCTOBER 20, 1997</p> <p>Date Surveyed JLP</p> <p>Signature & Seal of Professional Surveyor</p>	
	<p>W.O. Num. 97-11-1671</p>	
	<p>Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239 GARY G. EIDSON, 12841</p>	

State of New Mexico
Energy, Minerals & Natural Resources Department

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer 00, Artesa, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
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Santa Fe, NM 97504-2088

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AMENDED REPORT

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

1. Operator Name and Address Shahara Oil LLC Corp 207 West McKay Carlsbad, NM 88220		2. OGRID Number 143119
4. Property Code 16770		3. API Number 30-025-34178
5. Property Name Phillips State		6. Well No. 13

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
C	16	17 S	33 E		1310	North	2309	West	Lea

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
9. Proposed Pool 1 Maljamar Grayburg San Andres					10. Proposed Pool 2				

11. Work Type Code N	12. Well Type Code O	13. Cable/Rotary R	14. Lease Type Code S	15. Ground Level Elevation 4187'
16. Multiple No	17. Proposed Depth 4850'	18. Formation San Andres	19. Contractor Norton Drilling	20. Spud Date November 15, 1997

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#	500'	300	Circulate
7 7/8"	5 1/2"	17#	4850'	970	Circ 100' above 8 5/8"
					casing shoe

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.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

It is proposed to drill the above captioned well to a total depth of 4850' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary.

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION IAMS	
Signature: <i>Melanie J. Parker</i>		Approved by: ORIGINAL SIGNED BY G. DIS. M. IAMS	
Printed Name: Melanie J. Parker		DISTRICT I SUPERVISOR	
Title: Agent		Title: OCT 30 1997	
Date: 10/27/97	Phone: 505-885-5433	Approval Date:	
		Conditions of Approval:	
		Attached: _____	

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico
Energy, Minerals and Natural Resources Department

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DISTRICT II
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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 3D-025-34178	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 13
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4187

Surface Location

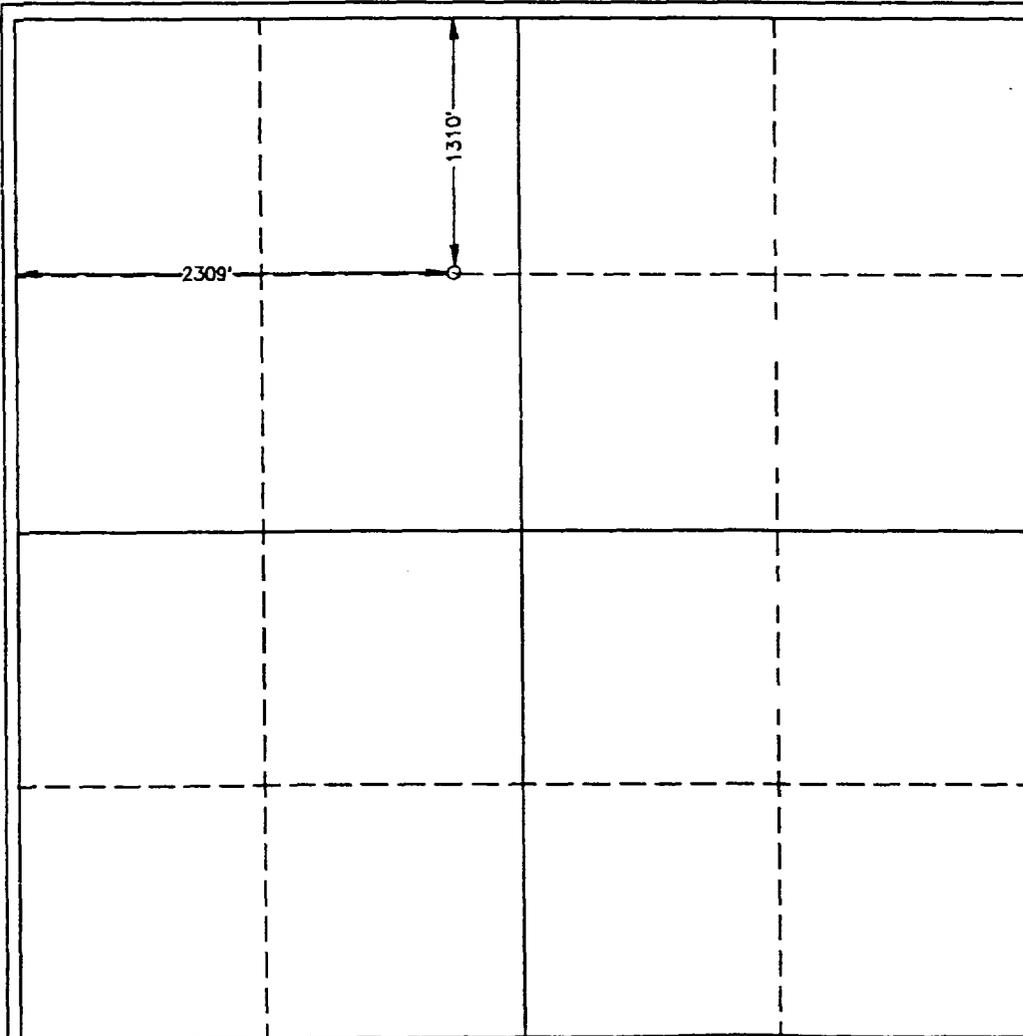
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	16	17 S	33 E		1310	NORTH	2309	WEST	LEA

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 40	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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Perry L. Hughes
Signature
Perry L. Hughes
Printed Name
PRESIDENT
Title
10/23/97
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.

OCTOBER 20, 1997

Date Surveyed JLP
Signature of Surveyor
Professional Surveyor
NEW MEXICO
Edward G. Eidson
10-21-97
EDSON, G. EIDSON, 3239
W.O. Num. 97-13-1672
Certificate No. 676
WEST, 676
EDSON, 3239
G. EIDSON, 12841

DISTRICT I
P.O. Box 1000, Hobbs, NM 88241-1000

State of New Mexico
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DISTRICT II
P.O. Drawer 100, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Elc Brasos Rd., Artesia, NM 87410

AMENDED REPORT

DISTRICT IV
P.O. Box 2006, Santa Fe, NM 87504-2006

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 13
OGED No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4187

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	16	17 S	33 E		1310	NORTH	2309	WEST	LEA

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>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Perry L. Hughes</i> Signature</p> <p>PERRY L. HUGHES Printed Name</p> <p>PRESIDENT Title</p> <p>10/23/97 Date</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>OCTOBER 20, 1997 Date Surveyed</p> <p>JLP Signature & Seal of Professional Surveyor</p> <p>W.O. Num. 97-11-1672</p> <p>Certificate No. JOHN W. WEST, 876 RONALD J. EIDSON, 3239 GARY G. EIDSON, 12841</p>

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-101
Revised February 10, 1994

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesa, NM 86211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 97504-2088

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AMENDED REPORT

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

1. Operator Name and Address Shahara Oil, LLC Corp 207 West McKay Carlsbad, NM 88220		2. OGRID Number 143119
4. Property Code 16770		5. Property Name Phillips State
		3. API Number 30-025-34179
		6. Well No. 14

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
K	16	17 S	33 E		2630	South	2307	West	Lea

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
9. Proposed Pool 1 Maljamar Grayburg San Andres					10. Proposed Pool 2				

11. Well Type Code N	12. Well Type Code O	13. Cable/ Rotary R	14. Lease Type Code S	15. Ground Level Elevation 4185'
16. Multiple No	17. Proposed Depth 4850'	18. Formation San Andres	19. Contractor Norton Drilling	20. Spud Date November 15, 1997

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#	500'	300	Circulate
7 7/8"	5 1/2"	17#	4850'	970	Circ 100' above 8 5/8"
					casing shoe

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.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

It is proposed to drill the above captioned well to a total depth of 4850' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary.

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

23. I hereby certify that the information given above is true and correct to the best of my knowledge and belief.		OIL CONSERVATION DIVISION ORIGINAL SIGNED BY CHRIS WILLIAMS DISTRICT I SUPERVISOR	
Signature: <i>Melanie J. Parker</i>	Approved by:	Approval Date: OCT 30 1997	Conditions of Approval:
Printed Name: Melanie J. Parker	Title: Agent	Attached: _____	
Date: 10/27/97	Phone: 505-885-5433		

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico
Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34179	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 14
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4185

Surface Location

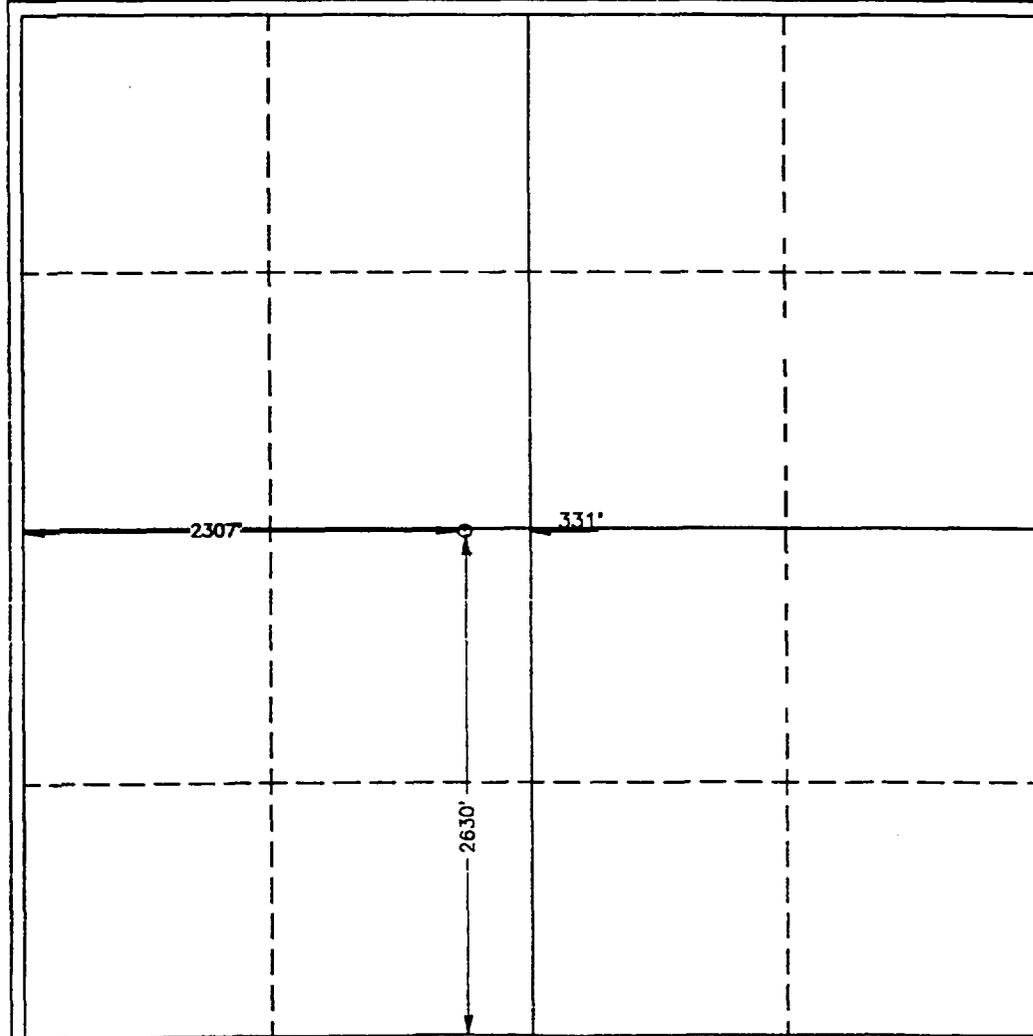
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	16	17 S	33 E		2630	SOUTH	2307	WEST	LEA

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.
40			

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.

[Signature]
Signature
PERCY L. HUGHES
Printed Name
PRESIDENT
Title
10/23/97
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.

OCTOBER 20, 1997

Date Surveyed **J. EIDSON** JLP
Signature & Seal of Professional Surveyor
[Signature]
NEW MEXICO
3298
10-22-97
O. Num. 97-1673

Certified by **J. EIDSON, 3239**
GARY G. EIDSON, 12641

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

State of New Mexico
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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 43329	Pool Name Maljamar Grayburg San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 14
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4185

Surface Location

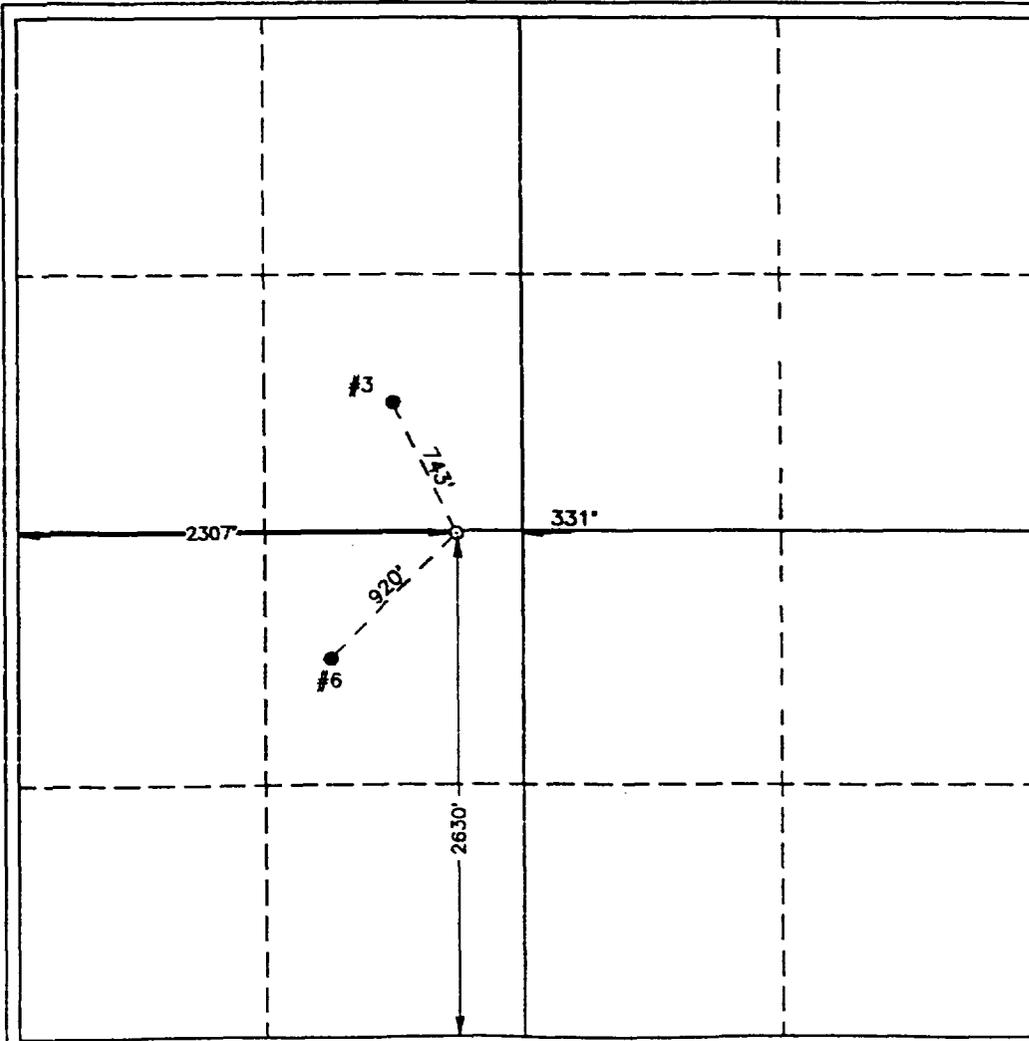
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	16	17 S	33 E		2630	SOUTH	2307	WEST	LEA

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Perry L. Hughes
Signature

Perry L. Hughes
Printed Name

PRESIDENT
Title

10/23/97
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.

OCTOBER 20, 1997

Date Surveyed JLP

Signature & Seal of Professional Surveyor

W.O. Num. 97-11-1673

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239
GARY G. EIDSON, 12941

State of New Mexico
Energy, Minerals & Natural Resources Department

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesa, NM 88211-0718
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 97504-2088

___ AMENDED REPORT

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

Operator Name and Address Shahara Oil, LLC Corp 207 West McKay Carlsbad, NM 88220		2. OGRID Number 143119
4. Property Code 16770		3. API Number 30-025-34180
5. Property Name Phillips State		6. Well No. 15

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
N	16	17 S	33 E		1310	South	2306	West	Lea

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
9. Proposed Pool 1 Maljamar Grayburg San Andres					10. Proposed Pool 2				

11. Work Type Code N	12. Well Type Code O	13. Cable/Rotary R	14. Lease Type Code S	15. Ground Level Elevation 4180'
16. Multiple No	17. Proposed Depth 4850'	18. Formation San Andres	19. Contractor Norton Drilling	20. Spud Date November 15, 1997

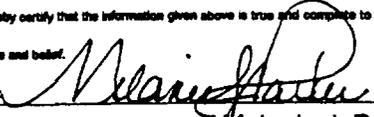
21. Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TDC
12 1/4"	8 5/8"	24#	500'	300	Circulate
7 7/8"	5 1/2"	17#	4850'	970	Circ 100' above 8 5/8" casing shoe

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.

**Permit Expires 1 Year From Approval
Date Unless Drilling Underway**

It is proposed to drill the above captioned well to a total depth of 4850' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary.

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 		Approved by: ORIGINAL SIGNED BY CHRIS WILLIAMS	
Printed Name: Melanie J. Parker		Title: DISTRICT SUPERVISOR	
Title: Agent		Approval Date: OCT 30 1997	
Date: 10/27/97	Phone: 505-885-5433	Conditions of Approval:	
		Attached: ___	

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1080

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer 88, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34180	Pool Code 43329	Pool Name Maljamar Graburg San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 15
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4180

Surface Location

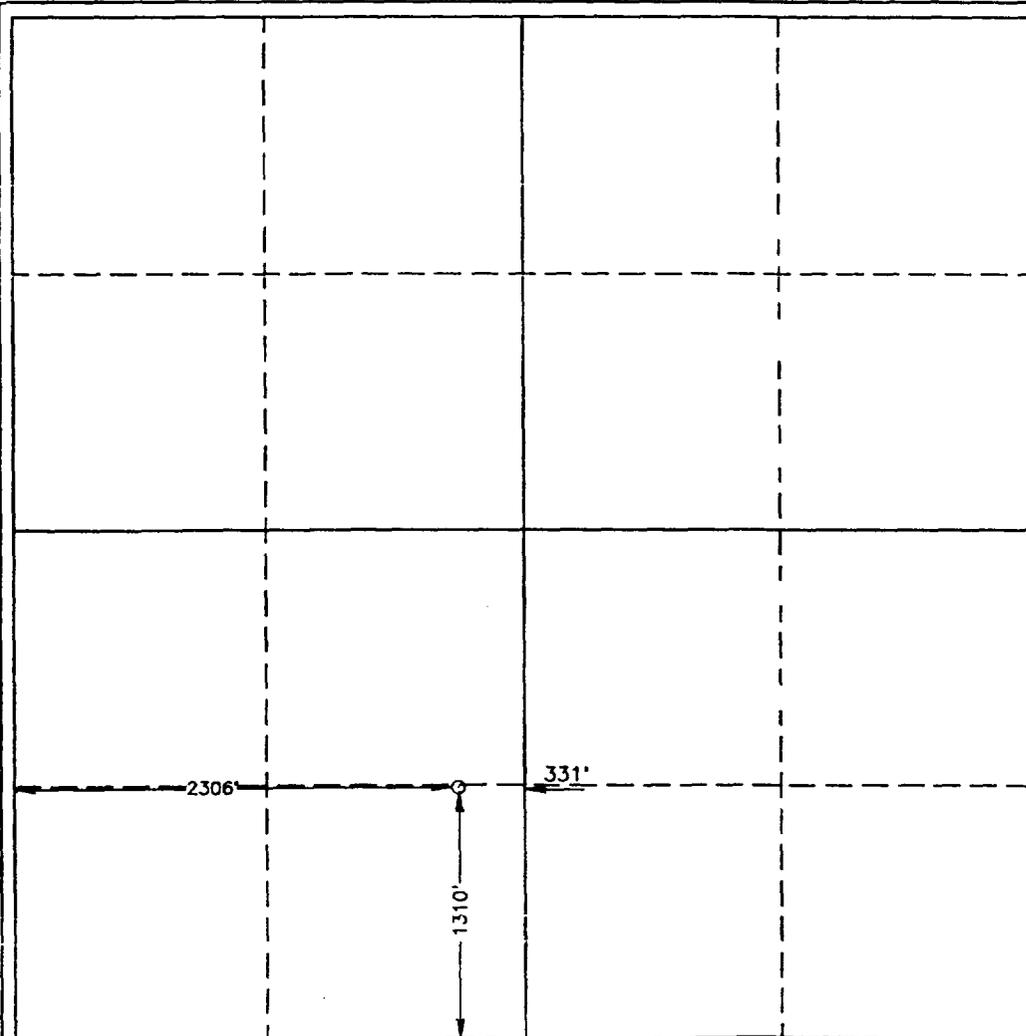
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	16	17 S	33 E		1310	SOUTH	2306	WEST	LEA

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Perry L. Hughes
Signature

PERRY L. HUGHES
Printed Name

PRESIDENT
Title

10/23/97
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.

OCTOBER 20, 1997
Date Surveyed

JLP
Signature of Seal of Professional Surveyor

Professional Surveyor
NEW MEXICO
6239
P.O. Num. 97-117674
10-22-97

Certificate No. J. L. WEST, 676
ROMAN EIDSON, 3239
GARY S. EIDSON, 12641

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

State of New Mexico

Energy, Minerals and Natural Resources Department

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

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 43329	Pool Name Maljamar Graybrug San Andres
Property Code 16770	Property Name PHILLIPS STATE	Well Number 15
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4180

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	16	17 S	33 E		1310	SOUTH	2306	WEST	LEA

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>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Perry L. Hughes</i> Signature</p> <p>Perry L. Hughes Printed Name</p> <p>PRESIDENT Title</p> <p>10/23/97 Date</p>
	<p>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>OCTOBER 20, 1997</p> <p>Date Surveyed JLP</p> <p>Signature & Seal of Professional Surveyor</p>
	<p>W.O. Num. 97-11-1674</p>
	<p>Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239 GARY G. EIDSON, 12641</p>

State of New Mexico
Energy, Minerals & Natural Resources Department

District I
PO Box 1980, Hobbs, NM 58241-1980
District II
PO Drawer 00, Artesia, NM 58211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2068, Santa Fe, NM 87504-2068

Form C-101
Revised February 10, 1984

OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, NM 97504

Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

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

1. Operator Name and Address Shahara Oil, LLC 207 West McKay Carlsbad, NM 88220		2. OGRID Number 143119
		3. API Number 30-025-34220
4. Property Code 16770	5. Property Name Phillips State	6. Well No. 100

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
E	16	17S	33E		1330	North	140	West	Lea

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

9. Proposed Pool 1 43329 - Maljamar Grayburg San Andres	10. Proposed Pool 2
---	---------------------

11. Work Type Code N	12. Well Type Code O	13. Cable/Rotary R	14. Lease Type Code S	15. Ground Level Elevation 4198'
16. Multiple No	17. Proposed Depth 5000'	18. Formation Grayburg SA	19. Contractor Artesia Fishing Tool	20. Spud Date 01/01/98

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#	500'	300	Circulate
7 7/8"	5 1/2"	17#	5000'	970	Circ 100' above 8 5/8"
					casing shoe

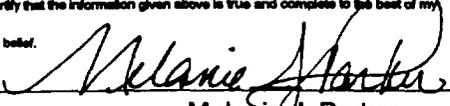
22. Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

It is proposed to drill the above captioned well to a total depth of 5000' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary.

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

This well is a co-op well with The Wiser Oil Company.

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 		Approved by: ORIGINAL SIGNED BY	
Printed Name: Melanie J. Parker		Title: GARY WINK	
Title: Agent		Approval Date: DEC 09 1997	
Date: 12/03/97	Phone: 505-885-5433	Conditions of Approval:	
		Attached: _____	

12/21/97

DISTRICT I
P.O. Box 1080, Hobbs, NM 88241-1080

DISTRICT II
P.O. Drawer 22, Artesa, NM 88211-0719

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 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 30-025-34220		Pool Code 43329	Pool Name MALJAMAR GRAYBURG SAN ANDRES
Property Code 16770	Property Name PHILLIPS STATE		Well Number 100
OGRID No. 143119	Operator Name SHAHARA OIL, LLC		Elevation 4200

Surface Location

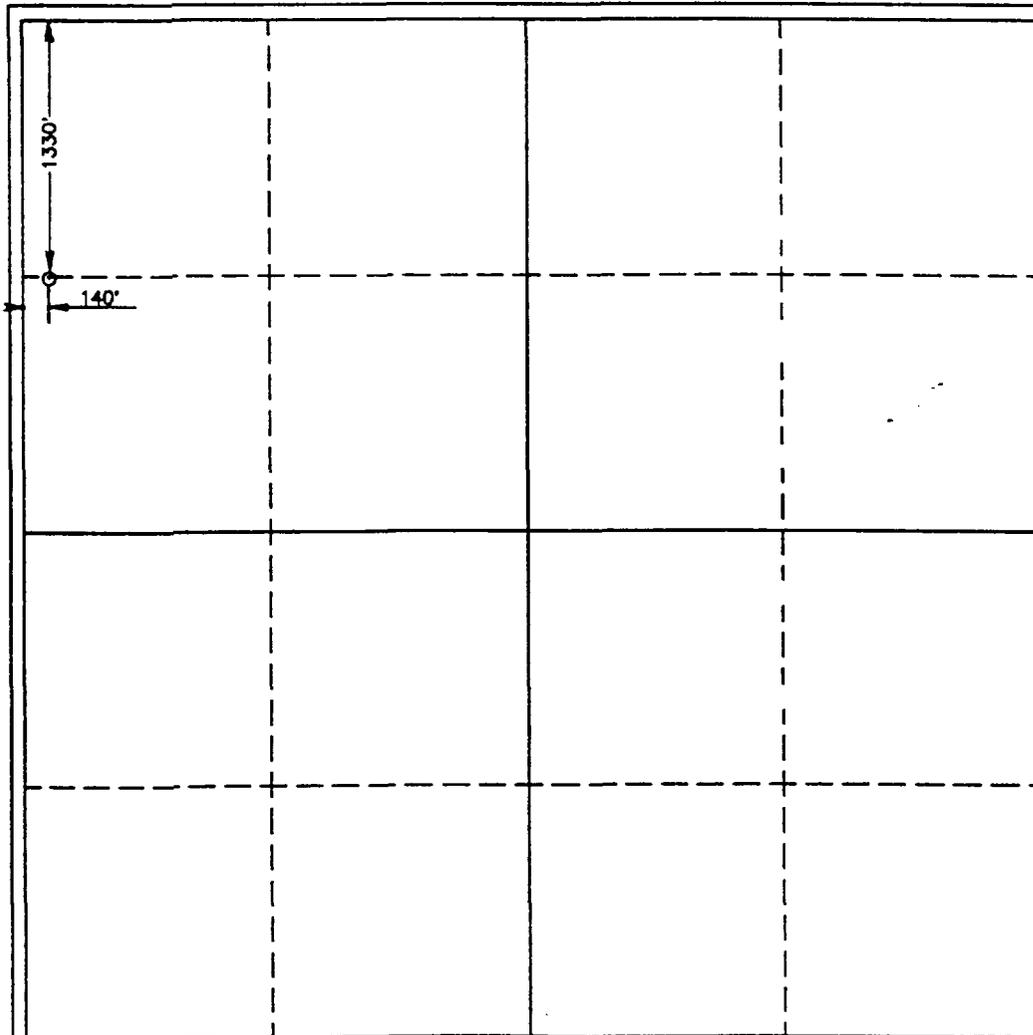
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	16	17 S	33 E		1330	NORTH	140	WEST	LEA

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 40	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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Perry L. Hughes
Signature

Perry L. Hughes
Printed Name

President
Title

12/3/97
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.

NOVEMBER 25, 1997
Date Surveyed

JLP

ROBERT J. EIDSON
Professional Surveyor
NEW MEXICO

828-97
P.O. No. 87-116-934

Certification No. ... WEST, 676
EIDSON, 3239
G. EIDSON, 12641

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
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DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34220		Pool Code 43329	Pool Name MALJAMAR GRAYBURG SAN ANDRES
Property Code 16770	Property Name PHILLIPS STATE		Well Number 100
OGRID No. 143119	Operator Name SHAHARA OIL, LLC		Elevation 4200

Surface Location

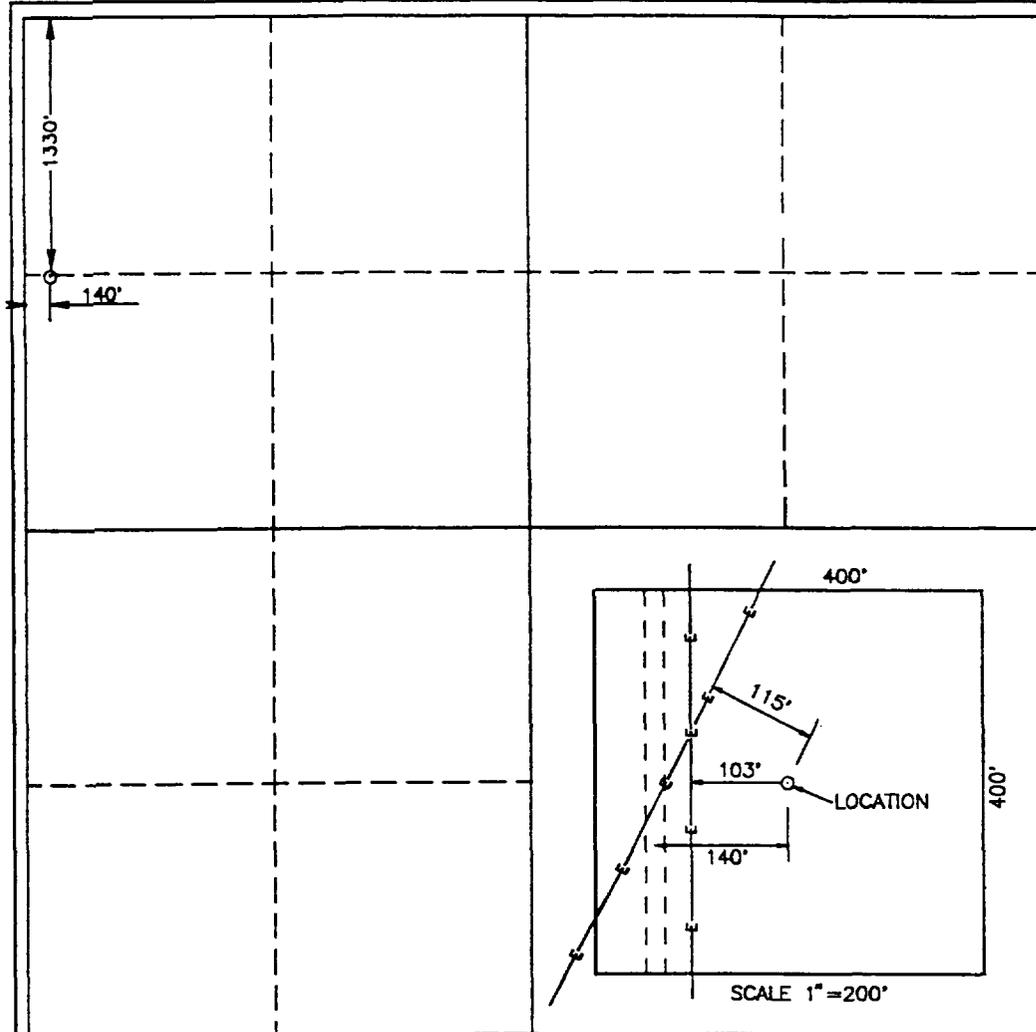
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	16	17 S	33 E		1330	NORTH	140	WEST	LEA

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 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

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OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Perry L. Hughes
Signature
PERRY L. HUGHES
Printed Name
PRESIDENT
Title
12/3/97
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.

NOVEMBER 25, 1997
Date Surveyed JLP
Signature & Seal of Professional Surveyor
W.O. Num. 97-11-1934
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239
GARY G. EIDSON, 12641

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-101

Revised February 10, 1994

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AMENDED REPORT

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rto Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, NM 97504

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

1. Operator Name and Address Shahara Oil, LLC 207 West McKay Carlsbad, NM 88220		2. OGRID Number 143119
		3. API Number 30-025-34219
4. Property Code 16770	5. Property Name Phillips State	6. Well No. 101

7. Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn.	Feet From the	North/South Line	Feet From the	East/West Line	County
E	16	17S	33E		2630	North	140	West	Lea

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
9. Proposed Pool 1 43329 - Maljamar Grayburg San Andres					10. Proposed Pool 2				

11. Work Type Code N	12. Well Type Code O	13. Cable/Rotary R	14. Lease Type Code S	15. Ground Level Elevation 4198'
16. Multiple No	17. Proposed Depth 5000'	18. Formation Grayburg SA	19. Contractor Artesia Fishing Tool	20. Spud Date 01/01/98

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#	500'	300	Circulate
7 7/8"	5 1/2"	17#	5000'	970	Circ 100' above 8 5/8" casing shoe

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.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

It is proposed to drill the above captioned well to a total depth of 5000' with rotary tools. If commercial production is indicated, the well will be perforated and stimulated as necessary.

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP

This well is a co-op well with The Wiser Oil Company.

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Melanie J. Parker</i>		Approved by: ORIGINAL SIGNED BY	
Printed Name: Melanie J. Parker		Title: GARY WINK	
Title: Agent		Approval Date: DEC 09 1997	
Date: 12/03/97	Phone: 505-885-5433	Conditions of Approval:	
		Attached: _____	

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer 88, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34 219	Pool Code 43329	Pool Name MALJAMAR GRAYBURG SAN ANDRES
Property Code 16770	Property Name PHILLIPS STATE	Well Number 101
OGED No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4198

Surface Location

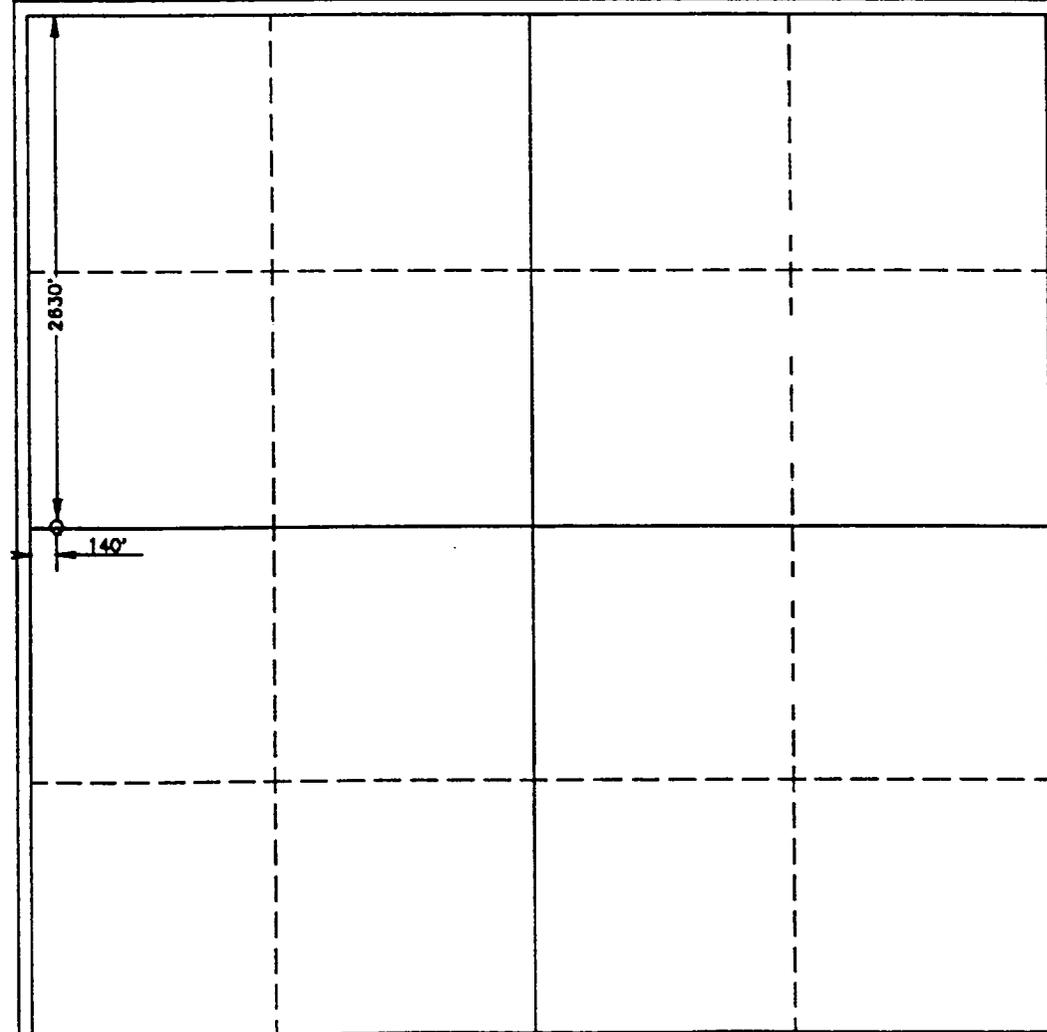
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	16	17 S	33 E		2630	NORTH	140	WEST	LEA

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 40	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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Perry L. Hughes
Signature

PERRY L. HUGHES
Printed Name

PRESIDENT
Title

12/3/97
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.

NOVEMBER 25, 1997
Date Surveyed

JLP
Signature of Seal of Professional Surveyor

Bernard J. Edson
Professional Surveyor

NO. 97-17-51935
REG. NO.

Certificate No. **JONAS WEST, 676**
BERNARD J. EDSON, 3239
EDSON, 12641

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
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DISTRICT II
P.O. Drawer 88, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34219	Pool Code 43329	Pool Name MALJAMAR GRAYBURG SAN ANDRES
Property Code 16770	Property Name PHILLIPS STATE	Well Number 101
OGRID No. 143119	Operator Name SHAHARA OIL, LLC	Elevation 4198

Surface Location

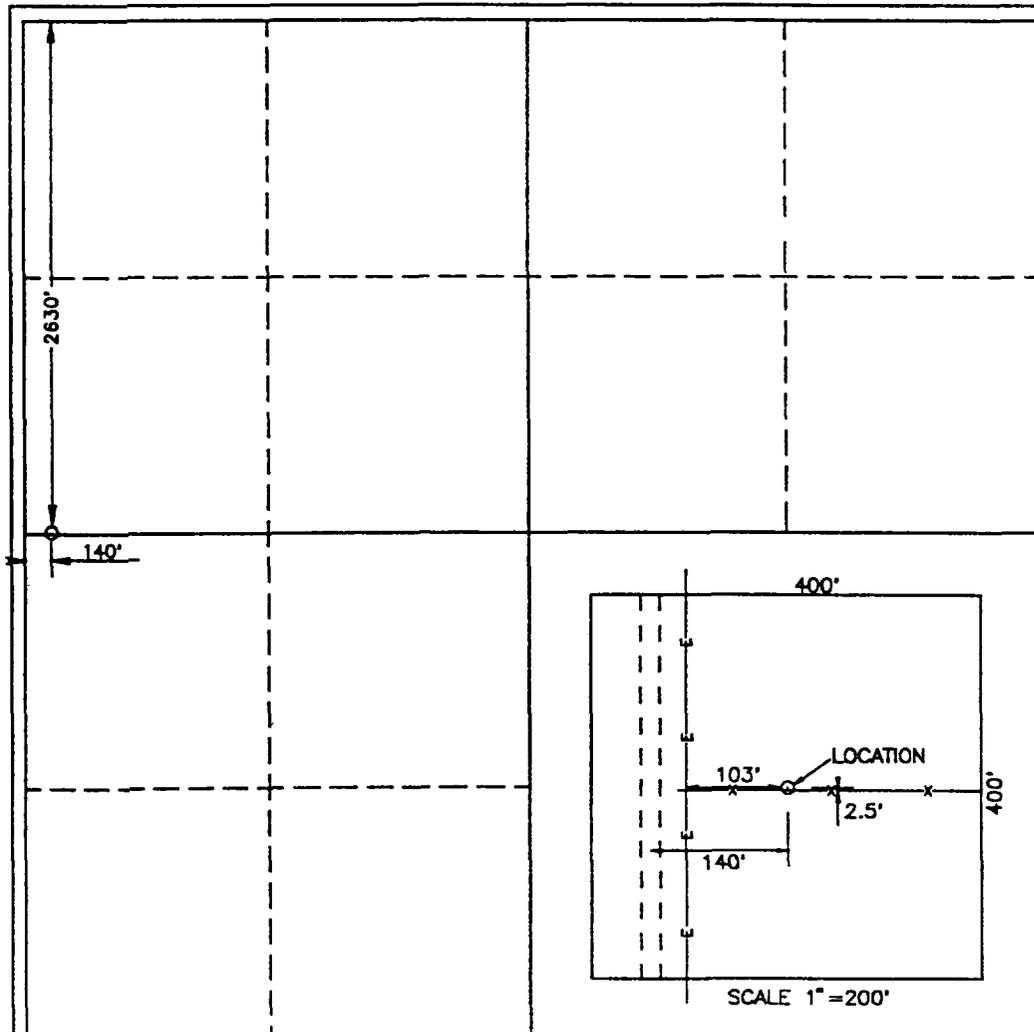
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	16	17 S	33 E		1330	NORTH	140	WEST	LEA

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.
40			

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.

Perry L. Hughes
Signature
PERRY L. HUGHES
Printed Name
President
Title
12/3/97
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.

NOVEMBER 25, 1997
Date Surveyed
JLP
Signature & Seal of Professional Surveyor

W.O. Num. 97-11-1935

Certificate No. **JOHN W. WEST, 676**
RONALD J. EIDSON, 3239
GARY C. EIDSON, 12841

Shahara Oil, LLC

207 W. McKay ♦ Carlsbad, NM 88220 ♦ 505-885-5433 ♦ Fax 505-885-4989

December 8, 1997

The Wiser Oil Company
Attn: Lauri Block
8115 Presto Rd., Suite 400
Dallas, TX 75225

Re: Unorthodox Locations
Phillips State No. 100 and No. 101
Lea County, New Mexico

Dear Ms. Block:

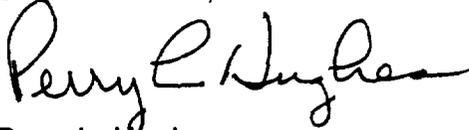
Shahara Oil, LLC, as operator of the Phillips State Lease, shall apply to the New Mexico Oil Conservation Division for administrative approval of the following unorthodox well locations.

Phillips State No. 100	1330' FNL & 140' FWL	Section 16-17S-33E
Phillips State No. 101	2630' FNL 7 140' FWL	Section 16-17S-33E

In accordance with Article 7 of our Cooperative Unit Line Injection Well and Unit Line Infill Drilling Agreement effective November 1, 1997, please indicate your waiver, as offset operator, of the above unorthodox locations by signing and returning one copy of this letter as soon as possible.

Sincerely,

SHAHARA OIL, LLC



Perry L. Hughes
Executive Officer

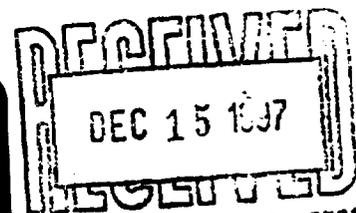
Agreed to accept this 11th day of December, 1997.

THE WISER OIL COMPANY

By: W B Phillips

Name: W. B. Phillips

Title: Attorney-in-Fact



PRESSURIZED WATER SALE AGREEMENT

Pressurized Water Sale Agreement ("Agreement") entered into this the 9th day of February, 1998, effective the 1st day of February, 1998 by and between **SHAHARA OIL, L.L.C.**, 207 W. McKay, Carlsbad, NM 88220, ("Shahara"), and **THE WISER OIL COMPANY**, ("Wiser"), 8115 Preston Road, Suite 400, Dallas, Texas 75225.

WHEREAS, Shahara desires to purchase pressurized water for their operations from the Caprock Maljamar Unit System ("System").

WHEREAS, Wiser being the operator and working interest owner of the System is willing to enter into an agreement to sell pressurized water to Shahara.

WHEREAS, Shahara is operator of an oil and gas producing property known as the Phillips State Lease located in Section 16, T17S, R33E, Lea County, New Mexico.

WHEREAS, Wiser agrees to dispose of produced water from the Phillips State lease into the System.

THEREFORE, in consideration of the mutual covenants herein contained, Shahara agrees to purchase pressurized water from Wiser and Wiser agrees to sell pressurized water to Shahara and dispose of Shahara's produced water on the following terms and conditions:

1. Shahara shall secure at its sole cost all necessary rights-of-way, easements and consents for transportation and receiving of pressurized water and the transportation and delivery of produced water from all applicable surface owners. Shahara agrees to lay, at its sole cost, including the cost of connection, pipelines from their operations to the nearest mutually agreeable point (s), whether one or more, to connect to the System. Shahara agrees to maintain such pipelines and equipment in a manner which will not interfere with Wiser's operations.

2. Subject to Article 6. below, Shahara shall be entitled to purchase up to a maximum of 3,600 barrels of pressurized water per day. Shahara, as requested by Wiser, agrees to monitor and report the volume purchased to the appropriate agencies having jurisdiction over these matters. It is also agreed that Shahara and Wiser shall meet all State and Federal requirements applicable to the purchase of pressurized water. It is agreed that Wiser shall furnish to Shahara a monthly report on the volume of pressurized water purchased. Such reports shall be based upon continuous measurement with a meter of a mutually agreeable type installed, maintained, and operated by Shahara at a mutually agreeable point(s). At the request of Wiser, said meter shall be tested for accuracy and a copy of the test report shall be furnished to Wiser. Shahara shall install a test loop for this purpose and that Wiser shall have the right to perform or witness such tests.

3. Shahara shall deliver and Wiser shall receive the water produced solely from the Phillips State Lease, provided that Wiser shall only be required to take such water when the capacity of the System permits, taking its own needs into consideration first, and Wiser shall incur no liability for failure to take water for such reason. The water to be disposed of into the System shall be compatible with water disposed of by Wiser into the System and shall not contain basic sediment, more than 0.08 parts per million (ppm) oxygen, more than 100 ppm entrained oil or more than 10 ppm undissolved solids. In the event that the water being produced and delivered by Shahara hereunder should, at any time or times, and in the sole judgement of Wiser, be unsatisfactory for injection purposes or incompatible with other waters being handled by the System, then Wiser shall have the right to refuse to accept delivery and any additional water from Shahara until Shahara, at its sole cost, risk and expense, makes such water of a quality of water so as to render it acceptable to Wiser. It is understood and agreed that the produced water may contain micro-organisms injected for the purpose of increasing oil and gas production from the Phillips State Lease. Shahara further agrees to provide to Wiser by the end of each month a monthly report of produced water delivered to the System during the preceding month. Such reports shall be based upon continuous measurement with a meter of a mutually



agreeable type installed, maintained, and operated by Shahara at a mutually agreeable point(s). At the request of Wiser, said meter shall be tested for accuracy and a copy of the test report shall be furnished to Wiser. The amount of produced water delivered to the System shall never exceed the amount of pressurized water purchased by Shahara for the same month unless agreed upon by Wiser. However, it is understood and agreed upon by Wiser that the amount of produced water received for the first six (6) months of this Agreement will probably exceed the amount of pressurized water delivered to Shahara.

4. As compensation for the rights granted hereunder, Shahara shall pay Wiser twenty-seven cents (\$0.27) per barrel for pressurized water purchased. Payments shall be made monthly to the address indicated below. Wiser shall mail to Shahara a billing each month ("monthly billing") showing pressurized water delivered to Shahara during the preceding month as provided for in Article 2. above. Shahara shall pay the monthly bill within thirty (30) days after receipt thereof.

The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, Texas 75225

5. The term of this Agreement shall be for a period of five (5) years from the effective date, unless sooner terminated in accordance with the terms hereof.

6. Wiser shall have the preferential right to all the available water except produced water from the Phillips State Lease. If the available water is not adequate for Wiser's use and for Shahara's use, the use by Wiser shall be given priority and the quantity sold to Shahara shall be reduced to the amount of water available after Wiser's needs are fully satisfied.

7. Shahara hereby agrees to defend, protect, indemnify, and hold harmless Wiser, its parents, subsidiaries and affiliates, and such other persons and entities, now or hereafter having an ownership interest in said System, and the officers, directors, employees, and agents of each of them, harmless from and against all actions, causes, claims, demands, whatsoever for damages, injuries, death or losses to persons or property, caused by, resulting from, or in any way connected with the installation or maintenance of Shahara's pipelines and equipment up to and including the mutually agreed upon connection point(s), Shahara's use of the water sold to Shahara hereunder or Shahara's operations, including claims by other persons or entities to whom Shahara may subsequently furnish such water received from Wiser, regardless of whether caused by the sole or concurrent negligence or intentional acts of Wiser.

8. Shahara agrees to pay to Wiser all sums due for water delivered under this Agreement within thirty (30) days after receipt of Wiser's monthly billing. If payment is not made within thirty (30) days after receipt of Wiser's monthly billing, the unpaid balance shall bear interest at the rate of 8% per annum from due date until paid. Wiser shall have the right, if payment is not made as above provided, to suspend the delivery of any further pressurized water to Shahara and refuse receipt of produced water until payment is made in full and Wiser shall be without liability of any kind.

9. WISER EXPRESSLY DISCLAIMS AND NEGATES ANY IMPLIED OR EXPRESS WARRANTY OF QUALITY, VOLUME, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PRESSURIZED WATER FURNISHED TO SHAHARA, AND SHAHARA ACCEPTS THE SAME "AS IS, WITH ALL FAULTS".

10. This Agreement may be terminated by either party during its first two years only for reasonable cause (such as, but not limited to, a consistent failure by Shahara to pay its bills to Wiser when due or to maintain its equipment, or a consistent inability by Wiser to provide pressurized water to Shahara). Thereafter, this Agreement may be partially terminated by either party for any reason. Termination shall be effective 30 days from the date written notice is received by the non-terminating party. Notice of termination may be sent by mail, facsimile transmission, or in any other manner. However, in the event this Agreement is partially terminated without cause during the term hereof,

Wiser agrees to continue to receive produced water from Shahara and shall deliver to Shahara the same amount of pressurized water for the five (5) year term of this Agreement in accordance with the applicable terms, provisions and Articles hereof.

11. Shahara fully recognizes that Wiser can not guarantee the delivery of the water and the delivery may from time to time be interrupted by forces beyond Wiser's control.

12. Nothing herein shall be deemed or construed to assign to Shahara any right, title or interest in any permit or property right of Wiser with respect to the right of Wiser to produce, use and sell the water hereunder.

13. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this duplicate originals of this Agreement on the date above first written.

SHAHARA OIL, L.L.C.

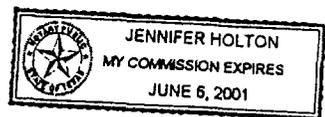
THE WISER OIL COMPANY

By: Perry L Hughes
Name: Perry L Hughes
Title: President

By: W B Phillips
W. B. Phillips
Attorney-in-Fact

STATE OF TEXAS)
) S/S
COUNTY OF DALLAS)

This instrument was acknowledged before me on the 9th day of February, 1998, by W. B. Phillips, Attorney-in-Fact for The Wiser Oil Company.



Jennifer Holton
Notary Public
Jennifer Holton
Printed Name of Notary
My Commission Expires 6/6/2001

STATE OF NEW MEXICO)
) S/S
COUNTY OF EDDY)

This instrument was acknowledged before me on the 16th day of February, 1998, by Perry L. Hughes, President of Shahara Oil, LLC.

Thallia Marshall
Notary Public
Thallia Marshall
Printed Name of Notary
My Commission Expires 11/06/2000

ADDITIONAL OIL RESERVES

[Handwritten scribbles]

Resulting from Proposed Redevelopment 843,900 BBLs

FINANCIAL SUMMARY (\$M)

Proceeds from Future Production		\$14,402.03
Less Capital Expenditures	\$3,731.25	
and Operating Expenses	<u>\$2,526.03</u>	
		<u>\$ 6,257.28</u>
Projected Net Value of Additional Production		<u>\$ 8,144.75</u>

SUMMARY OF REDEVELOPMENT COSTS (\$M)

Drill 15 New Producers

9 @ 100% WI @ \$275 M/W	=	\$2,475.00
5 @ 50% WI @ \$275 M/W	=	687.50
1 @ 25% WI @ \$275 M/W	=	<u>68.75</u>
		\$3,231.25

Convert 7 Old Producers to Injectors

7 @ 100% WI @ \$40 M/W	=	\$ 280.00
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Production & Injection
Facilities

	=	<u>\$ 220.00</u>
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Total \$3,731.25

(\$100,000 not included for the...)

current cum production from the 8 wells in the W/2 See 16

