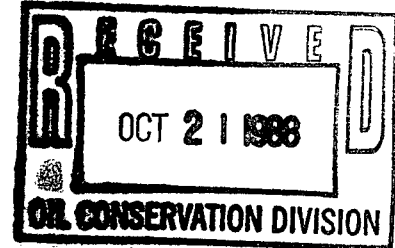


October 18, 1988

Rod Rodriguez
512 South Pine
Roswell, NM 88201



William J. LeMay, Director
NMOCD- State Land Office Bldg., Rm 206
310 Old Santa Fe Trail
Santa Fe, NM 87503
Attn: Mr. Mike Stogner

Re: Administrative Approval for an Unorthodox Location

Dear Sir:

Pursuant to New Mexico Oil Conservation division Rule 104F, we request administrative approval for an unorthodox location. The proposed wildcat well is:

Mustang Federal #1
747' FNL - 990' FWL
Sec. 33-T6S-R27E
Chaves County, NM
North/2 Dedication

The basis for this request is topographical and archaeological. As can be seen on the enclosed map, the terrain is very rugged coming off the caprock. Per the archaeological report attached hereunto, one of the largest sites found to date sits on top of the caprock. The formations to be tested are the Montoya, Penn and the Abo. This location will make the first two formations, if production is found, unorthodox.

The offset operators are being notified by registered mail with a copy of this letter and asked to submit it to you as a waiver for the non-standard spacing of the proposed well.

Thank you for your expeditious response.

Sincerely,

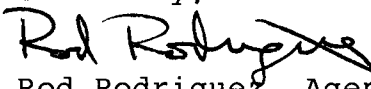
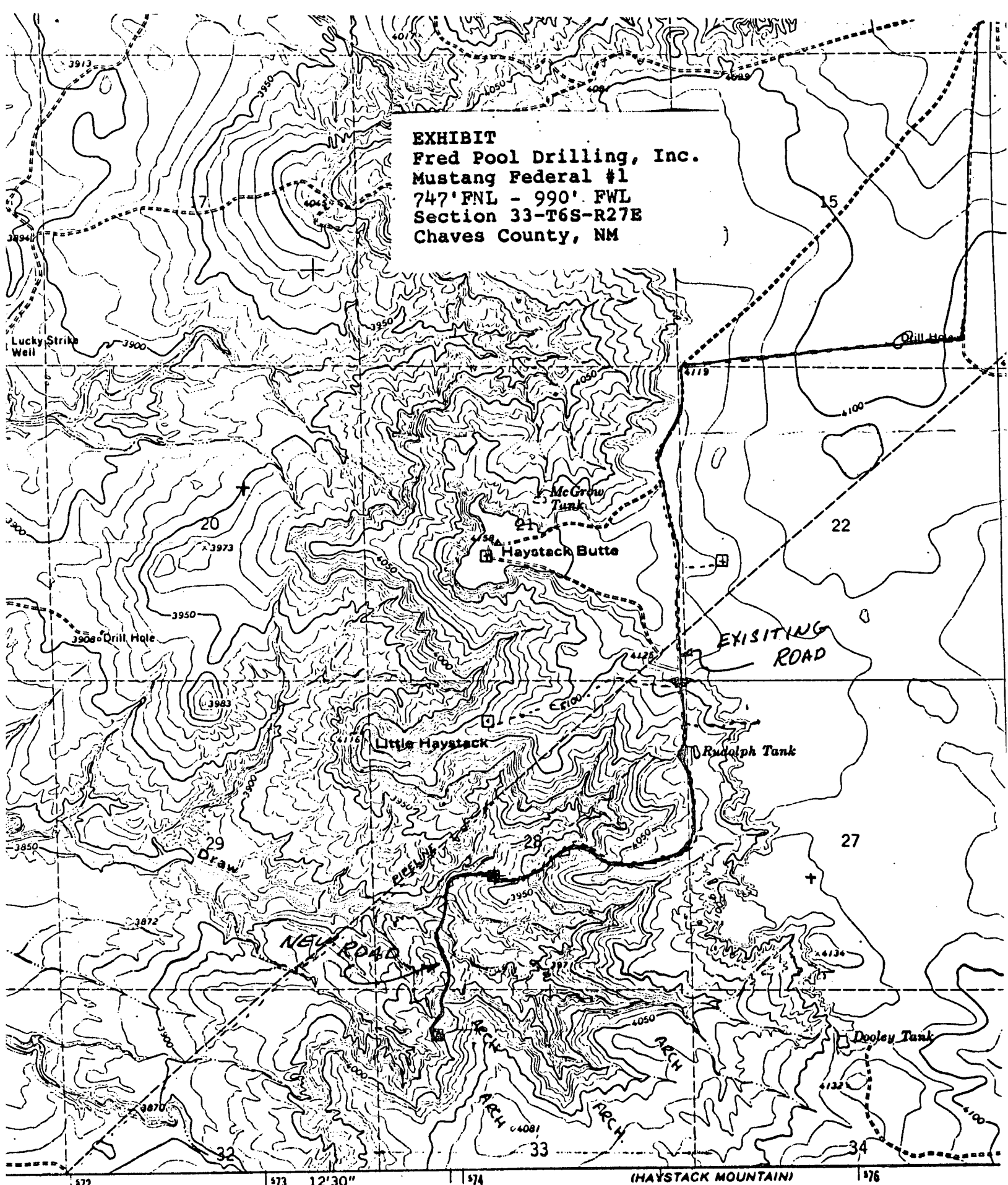
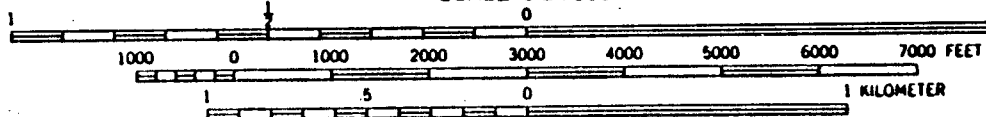
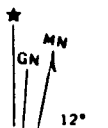

Rod Rodriguez, Agent for
Fred Pool Drilling, Inc.
P.O. Box 1393,
Roswell, NM 88202-1393

EXHIBIT
Fred Pool Drilling, Inc.
Mustang Federal #1
747' FNL - 990' FWL
Section 33-T6S-R27E
Chaves County, NM



(HAYSTACK MOUNTAIN)
5151 II NW

SCALE 1:24 000



CONTOUR INTERVAL 10 FEET

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

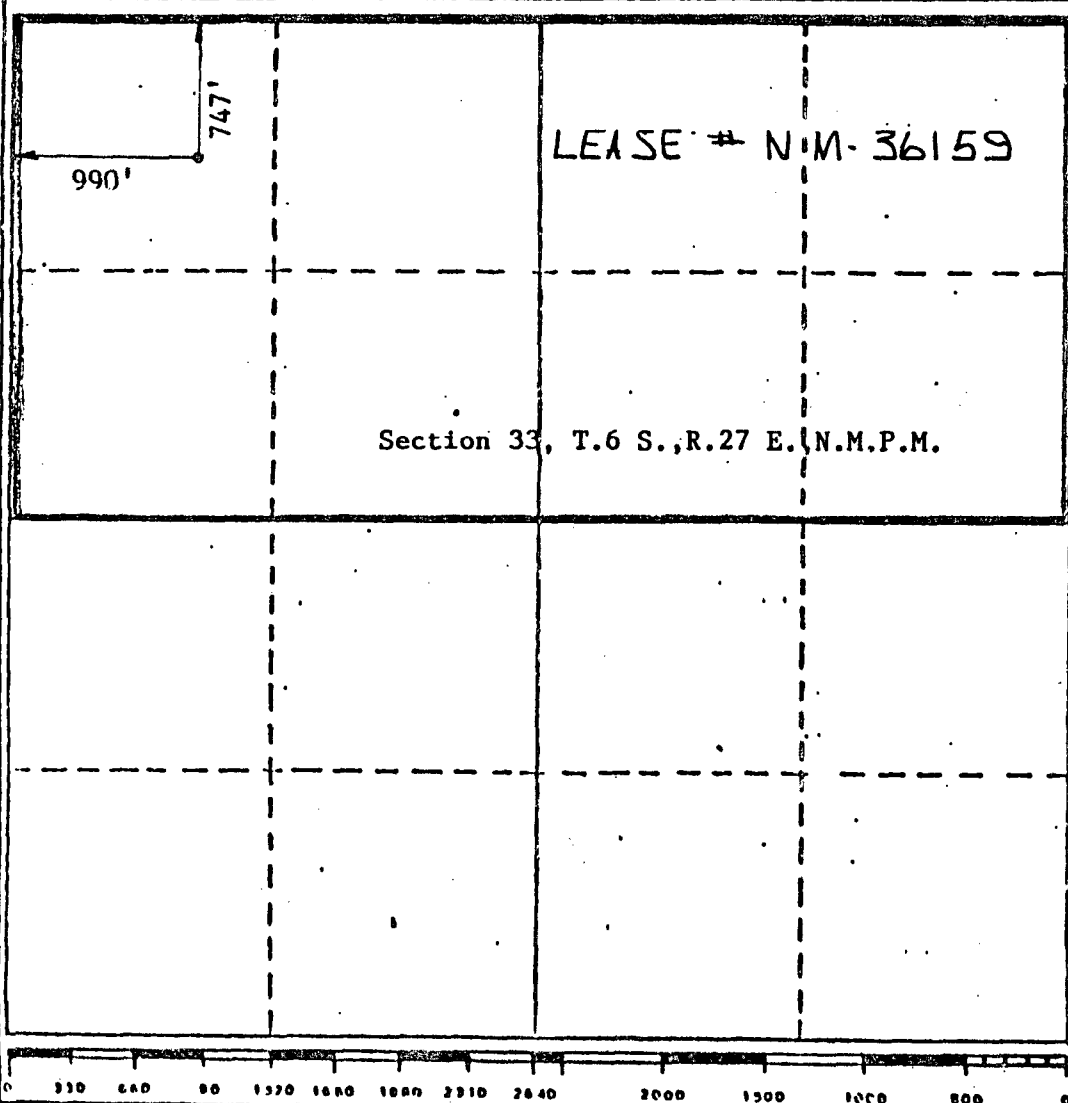
Operator Fred Pool Drilling, Inc.		Lease Mustang Federal		Well No. 1
Unit Letter D	Section 33	Township 6 South	Range 27 East	County Chaves
Actual Footage Location of Well:				
747 feet from the North		line and 990		feet from the West line
Ground Level Elev. 3965	Producing Formation MONTROYA	Pool WILDCAT	Dedicated Acreage 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

 Name
 Rod Rodriguez
 ROD RODRIGUEZ

 Position
 AGENT FOR

 Company
 FRED POOL DRILLING, INC.

 Date
 10-17-88

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 knowledge and belief.

 Date Surveyed
 October 16, 1988
 Registered Professional Engineer
 and/or Land Surveyor
 John D. Jaquess, P.E. & L.S.
 Certificate No. 6290



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

ROSWELL RESOURCE AREA

P.O. DRAWER 1857

ROSWELL, NEW MEXICO 80202-1857



IN REPLY REFER TO:
8100 (066)

October 20, 1988

Mr. Mike Stokner
N.M.O.C.D.
State Land Office Building Rm 206
310 Old Santa Fe Trail
Santa Fe, NM 87503

Dear Sir:

This letter is to confirm that the Fred Pool Drilling Incorporated Mustang Federal Well # 1 located at: 990 feet FWL and 1980 feet FNL Sec. 33 T. 6S., R. 27E. has been relocated to: 990 feet FWL and 747 feet FNL Sec. 33 T. 6S., R. 27E.

This is done at our request because of the very high cultural resource values encountered at the location and by the access road.

Sincerely,

A. Ray Keller acting for
Area Manager

ARCHAEOLOGICAL SURVEY CONSULTANTS
P.O. Box D
Roswell, New Mexico 88201
505-623-5012

Mustang Fed. Well
No. 1 (Location 1,
2, & 3)

ASC Job 88-138

Date: 10/19/1988

Sonny Pool
Fred Pool Drilling, Inc.
P.O. Box 1393
Roswell, New Mexico 88202

Dear Sonny:

This is to briefly summarize the results of archaeological surveys, conducted as per your request of 9/15/1988, at 3 possible locations for the Mustang Federal Well No. 1 and an access corridor. All three locations are situated on federal land surface within Section 33, Township 6 South, Range 27 East, Chaves County, New Mexico. Location # 1 is at 990 FNL, 1980 FWL; Location # 2 is at 1650 FNL, 1980 FWL; Location # 3 is at 1980 FNL, 1980 FWL.

The following provides a brief summary of the results of archaeological survey, and on-site inspection with H.G. Ball, Roswell Resource Area Archaeologist, Bureau of Land Management. Since the information is sensitive, it should be **held confidential** and should not be made available to the general public.

All of the well pad locations, and a great deal of the proposed area of the access road, were found to be located within archaeological site areas.

Intensive archaeological surveys entailed 8 days of fieldwork between 9/15/1988 & 10/03/88; a considerable amount of time was spent attempting to delineate an artifact/site-free access corridor or well pad area (an additional 2 to 3 days of fieldwork are still required to record the five (5) archaeological sites found, remove pin flags from artifact locations, etc.). The surveys indicate the following:

An extremely dense, and areally extensive, prehistoric occupation occurs in the SE quarter of Section 28, and the North 1/2 of Section 33 (T6S, R27E). Some 5 archaeological sites occur, with diagnostic artifacts indicating occupation during Paleo-Indian (early post-Pleistocene), Archaic (ca. 4000 B.C. - A.D. 800), and post-Archaic (A.D. 900 - A.D. 1350) times. The area may not have been continually occupied from 7000 B.C. to A.D. 1350, but artifact material from all horizons appears to be present.

A large variety of artifacts (projectile points, grinding equipment, hammerstones, knives, scrapers, lithic debitage) and features (hearths, single incident lithic reduction stations, possible bedrock mortars, and some evidence of shelter bases) occur. In addition to the variety of artifacts, an extremely large quantity of material is present. We estimate a density of ca. 5 artifacts per square metre over most of the entire mesa; buried material appears to be present at all of the sites.

It is our considered opinion that this complex of sites is eligible for inclusion on the National Register of Historic Places, an opinion shared by the BLM Area Archaeologist.

Sonny Pool

Oct. 19, 1988

Mustang Federal Well No. 1 (Location 1, 2, & 3)

Page 2

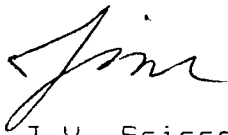
The areal extent and disposition of the sites is such that construction of an access road **will not be possible without impacting 4** of the archaeological sites. In addition, the extensive remains of the 4th site, ASC 88-138-S1, cover the proposed Location 1 and Location 2 well pads. Part of this site also occurs on the north, east, and west sides of an areally restricted Location 3 well pad, effectively blocking access.

Two other factors, not related to archaeology, complicate the problem of delineating a site-free corridor. The precipitous sandstone canyon topography in the northern part of Section 33, and the southern part of Section 28 (T6S, R27E) virtually precludes construction of a cost-effective access road, **except in the midst of 2 archaeological sites**. In addition, it is our understanding that the holders of fee surface in the SE/4 of Section 33, and Section 4, to the south, will not allow utilization of fee surface for an access corridor.

Because of the significance of the archaeological resources, we recommend that **either** the sites be avoided, by shifting the well pad to another location off the top of the mesa; **or that** extensive mitigation be undertaken at four of the sites, in order to ameliorate the direct and indirect impact of well pad and access road construction. The Roswell Resource Area Archaeologist, BLM, has verbally expressed a similar opinion.

Should you have questions concerning the project, please call our office.

Sincerely,



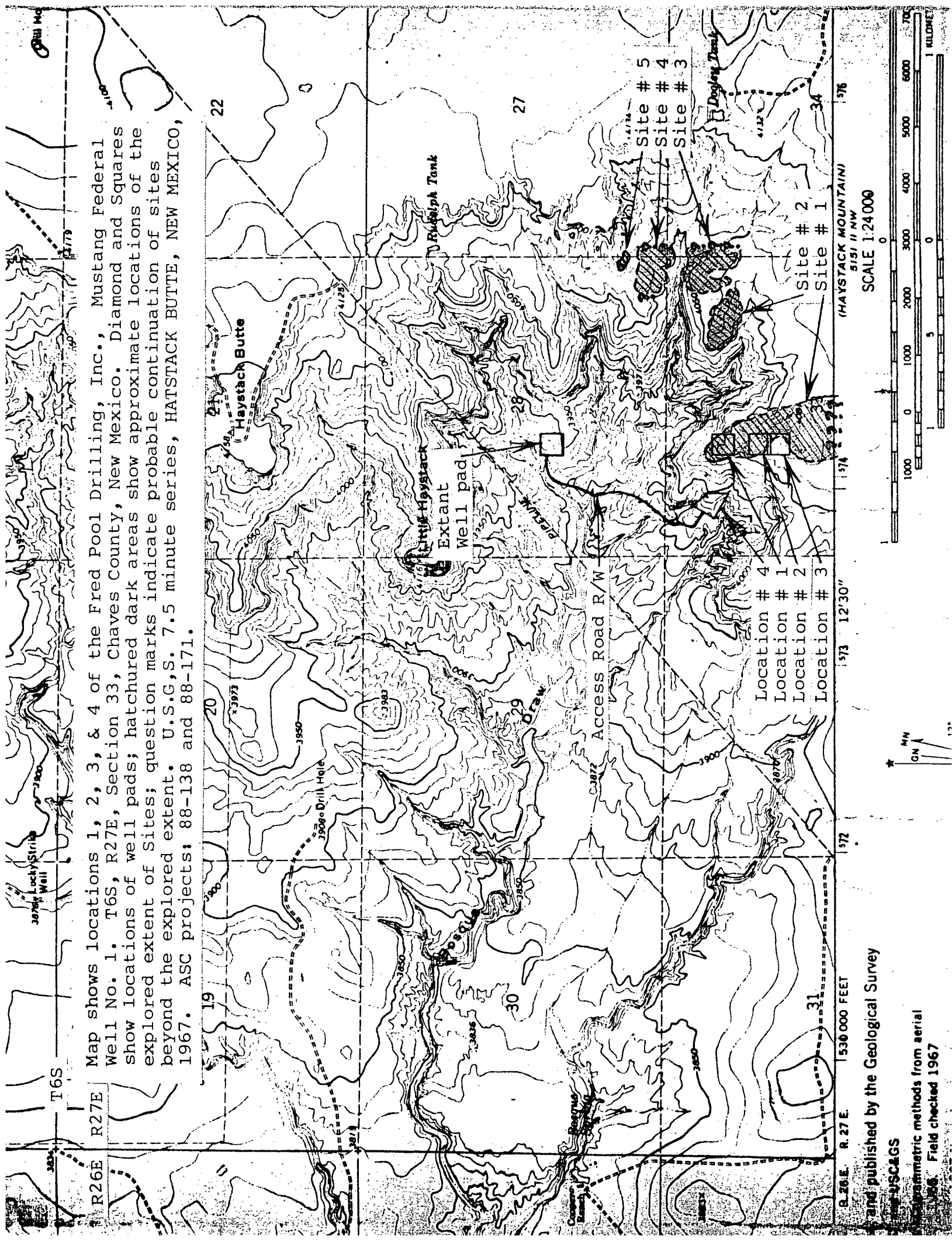
J.V. Sciscenti
Principal Investigator

enclosure: map (1)

cc: ASC File 88-138 (1)

H. G. Ball, BLM (1)

R. Rodriguez, Permit Agent (1)



Map shows locations 1, 2, 3, & 4 of the Fred Pool Drilling, Inc., Mustang Federal Well No. 1. T6S, R27E, Section 33, Chaves County, New Mexico. Diamond and Squares show locations of well pads; hatched dark areas show approximate locations of the explored extent of Sites; question marks indicate probable continuation of sites beyond the explored extent. U.S.G.S. 7.5 minute series, HATSTACK BUTTE, NEW MEXICO, 1967. ASC projects: 88-138 and 88-171.

SCALE 1:24000

and published by the Geological Survey

USGS

Photogrammetric methods from aerial

1968. Field checked 1967

P 663 392 342

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to <i>Anadarko Pet. Corp.</i>	
Street and No. <i>P.O. Box 2497</i>	
P.O., State and ZIP Code <i>Midland Tx 79702</i>	
Postage	\$ <i>25</i>
Certified Fee	<i>85</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	<i>90</i>
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ <i>2.00</i>
Postmark or Date	

PS Form 3800, June 1985

P 663 392 341

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to <i>McClellan Oil Corp.</i>	
Street and No. <i>P.O. Box 730</i>	
P.O., State and ZIP Code <i>Roswell, NM 88202</i>	
Postage	\$ <i>25</i>
Certified Fee	<i>85</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	<i>90</i>
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ <i>2.00</i>
Postmark or Date	

PS Form 3800, June 1985

P 663 392 340

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
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(See Reverse)

Sent to <i>Santa Fe Energy Co.</i>	
Street and No. <i>500 W. Allamore, Suite 5</i>	
P.O., State and ZIP Code <i>Midland Tx 79101</i>	
Postage	\$ <i>25</i>
Certified Fee	<i>85</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	<i>90</i>
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ <i>2.00</i>
Postmark or Date	

PS Form 3800, June 1985

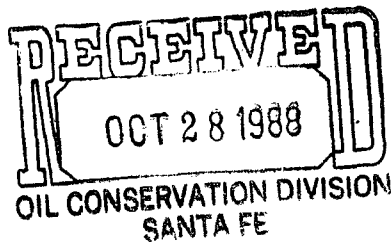
P 663 392 339

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to <i>Marsh Operating Co.</i>	
Street and No. <i>P.O. Box 1746</i>	
P.O., State and ZIP Code <i>Amarillo Tx 79105</i>	
Postage	\$ <i>25</i>
Certified Fee	<i>85</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	<i>90</i>
Return Receipt showing to whom, Date, and Address of Delivery	
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Postmark or Date	

PS Form 3800, June 1985



October 18, 1988

Rod Rodriguez
512 South Pine
Roswell, NM 88201

William J. LeMay, Director
NMOCD- State Land Office Bldg., Rm 206
310 Old Santa Fe Trail
Santa Fe, NM 87503
Attn: Mr. Mike Stogner

Re: Administrative Approval for an Unorthodox Location

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Chaves County, NM
North/2 Dedication

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Thank you for your expeditious response.

Sincerely,

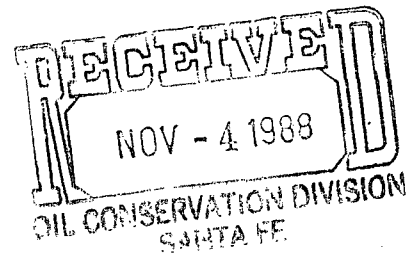
Rod Rodriguez, Agent for
Fred Pool Drilling, Inc.
P.O. Box 1393,
Roswell, NM 88202-1393

We do not have any objection to Fred Pool Drilling, Inc. drilling the above mentioned well.

McClellan Oil Corp.

October 18, 1988

Rod Rodriguez
512 South Pine
Roswell, NM 88201



William J. LeMay, Director
NMOCD- State Land Office Bldg., Rm 206
310 Old Santa Fe Trail
Santa Fe, NM 87503
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A handwritten signature in dark ink, appearing to read "Rod Rodriguez", written over a horizontal line.

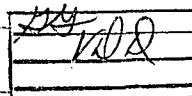
Rod Rodriguez, Agent for
Fred Pool Drilling, Inc.
P.O. Box 1393,
Roswell, NM 88202-1393

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A handwritten signature in dark ink, appearing to read "Curtis A. Anderson", written over a horizontal line.

SANTA FE ENERGY COMPANY

APPROVED



[illegible]

COUNTY *Chaves* POOL *Pecos Slope-Abo Gas*

TOWNSHIP *6 South* RANGE *27 East* NMFM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Ext: All Secs. 19 thru 22 (R-7785, 1-12-85)

COUNTY *Chaves*POOL *Haystack - Cisco Gas*TOWNSHIP *6 South*RANGE *27 East*

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

*Description: All Sec. 21 (R-4119, 4-1-71)**Ext: All Sec. 28 (R-4167, 8-1-71) - $\frac{S}{2}$ Sec. 16 (R-4258, 3-1-72) - All Sec. 9; $\frac{N}{2}$ Sec. 16 (R-4437, 12-1-72)**Ext: All Sec. 20 (R-7158, 12-8-82) Ext: $\frac{S}{2}$ Sec. 19 (R-7334, 8-19-83)*