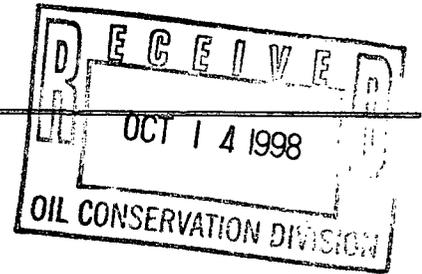


NSL

11/3/98



Drawer 10970
Midland, Texas 79702-7970
915 - 699-5050



October 10, 1998

Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: TMBR/Sharp Drilling, Inc.
Application for Approval of a Non-Standard Location
State "16" #1, API # 30-025-34333
Section 16, T-14-S, R-34-E
Lea County, New Mexico

Dear Mr. Stogner

I feel that the complex history of this well necessitates that I start with some explanation of how this well came to be completed at a non-standard location. The referenced well was originally permitted as a Saunders Lime well and was intended to test only the Bough "A" zone, it was also permitted as a potential horizontal well bore as seen in the attached C-102. The well was drilled through the Saunders Lime, which had good shows, and all was according to Hoyle; however, after drilling the rat-hole to log the Saunders Lime, a drilling break was found in the Bough "B" zone. Drilling was continued through the Bough "B" zone, which looked productive, and the subsequent Bough "C", "D", "E", and "F" were evaluated as potentially productive. The area looked promising for the deeper intervals of Atoka and Morrow and even Fusselman and several permit amendments were applied for and granted to cover the deeper drilling. The well was ultimately drilled to a total depth of 14,880' in the Silurian Formation. After testing numerous zones in the well, a commercial completion was successfully attempted in the Atoka Formation at 12,260' to 12,288', with a PBTD of 12,720'. The well is currently producing from the Atoka interval and makes about 250 BCPD 0 BWPD and 1.1 MMCFD.

I have visited with you on several occasions about this well and its peculiar regulatory problems. Right now, we appear to have a gas well that needs to be put in the East Saunders Permo Penn (Atoka) Field. The Location of this well bore as stated above would be non-standard in this pool because it is closer than 150 to a quarter/quarter line. The spacing in this pool is 160 acres, this is consistent with our plans for further development. There are no other offset wells in this area that are completed in this pool.

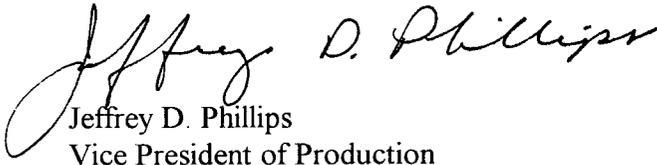
Michael Stogner
Page 2
October 10, 1998

Please accept this letter as application to produce this well in the East Saunders Permo Penn (Atoka) pool at a non-standard location.

I have written Mr. Chris Williams in Hobbs, requesting that we be allowed to produce the well while awaiting approval of the non-standard location.

Should you require further information please feel free to call me at (915) 699-5050 or write at the letterhead address.

Sincerely,


Jeffrey D. Phillips
Vice President of Production

DISTRICT I
P.O. Box 1998, Hobbs, NM 88241-1998

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 88211-0710

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 30-025-34333	Pool Code 54960	Pool Name EAST SAUNDERS - PERMO PENN
Property Code 22894	Property Name TMBR STATE "16"	Well Number 1
GRID No. 036554	Operator Name TMBR/SHARP DRILLING, INC.	Elevation 4128

Surface Location

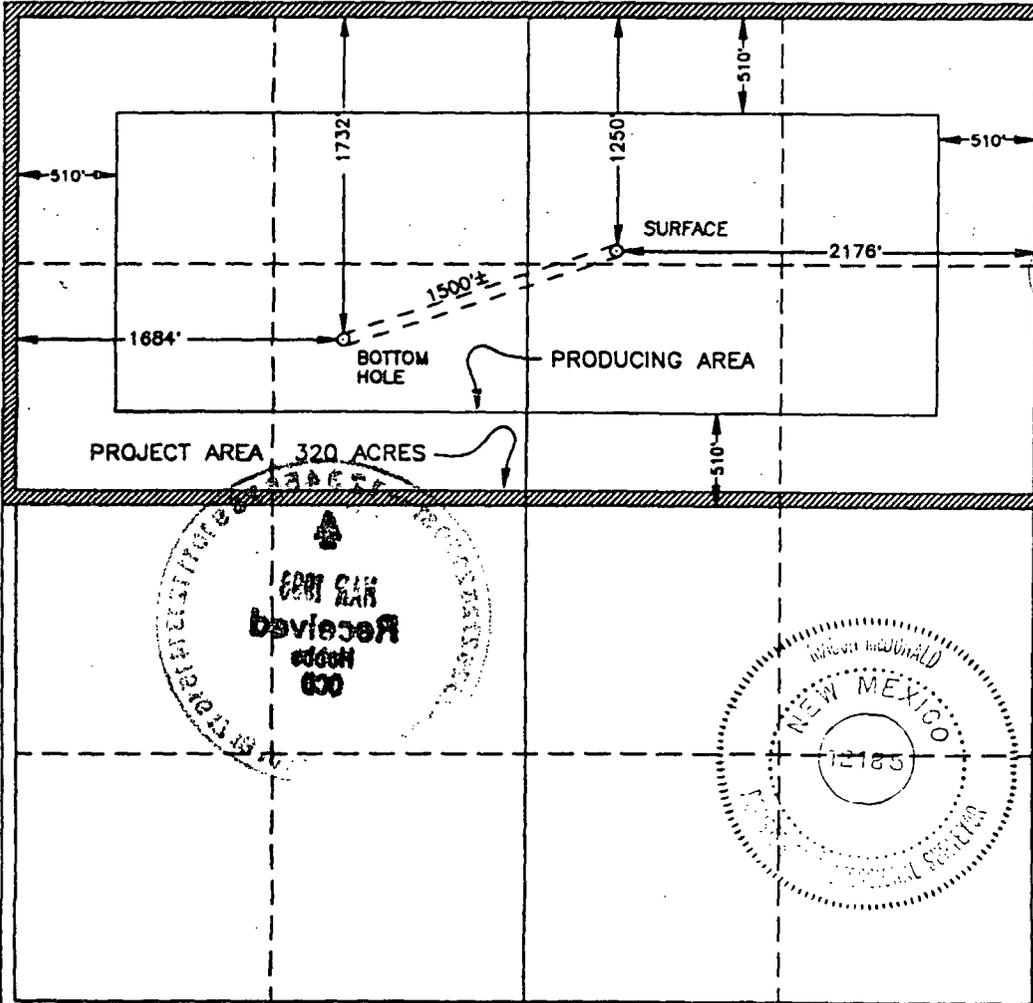
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	14 S	34 E		1250	NORTH	2176	EAST	LEA

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
F	16	14 S	34 E		1732	NORTH	1684	WEST	LEA

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

Jeffrey D. Phillips
Signature

Jeffrey D. Phillips
Printed Name

V. P. Production
Title

3/2/98
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.

JANUARY 20, 1998
Date Surveyed

Signature & Seal of Professional Surveyor
W.O. Num. 98-11-0078

W.O. Num. 98-11-0078

Certificate No. RONALD J. EIDSON, 3239
GARY C. EIDSON, 12641
MACON McDONALD, 12188

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34333	² Pool Code 94960	³ Pool Name East Saunders Permo Penn (Atoka)
⁴ Property Code 22894	⁵ Property Name TMBR State "16"	
⁷ OGRID No. 036554	⁸ Operator Name TMBR/Sharp Drilling, Inc.	⁶ Well Number 1 ⁹ Elevation 4128' GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	14S	34E		1250	North	2176	East	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

16				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p>Signature <u>Jeffrey D. Phillips</u></p> <p>Printed Name <u>Jeffrey D. Phillips</u></p> <p>Title <u>V. P. Production</u></p> <p><u>October 13, 1998</u></p>
	<p>¹⁸ 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>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyer: _____</p>			
				Certificate Number _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2678
Order No. R-2359

APPLICATION OF KERN COUNTY LAND COMPANY
FOR AN ORDER ESTABLISHING SPECIAL RULES
AND REGULATIONS FOR THE EAST SAUNDERS
PERMO-PENNSYLVANIAN POOL, LEA COUNTY,
NEW MEXICO.

Case see
R-2359-A
R-2359-C

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 24, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6th day of November, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Kern County Land Company, is the owner and operator of wells in the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.
- (3) That the applicant seeks establishment of special rules and regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, including provisions for 160-acre drilling and proration units.
- (4) That the evidence indicates that the East Saunders Permo-Pennsylvanian Pool can presently be efficiently and economically drained on 160-acre proration units.
- (5) That the evidence concerning the reservoir characteristics of the East Saunders Permo-Pennsylvanian Pool justifies the establishment of 160-acre proration units in said pool for a temporary one-year period.

(6) That during the one-year period in which this order will be in effect, the operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing in October, 1963, at which time the operators in the subject pool should be prepared to appear and show by a preponderance of the evidence why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EAST SAUNDERS PERMO-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the East Saunders Permo-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the East Saunders Permo-Pennsylvanian Pool, and not nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the East Saunders Permo-Pennsylvanian Pool shall be located on a standard proration unit containing 158 through 162 acres substantially in the form of a square, which is a governmental quarter section.

RULE 3. Each well completed or recompleted in said pool shall be located within 150 feet of the center of either the northeast quarter or the southwest quarter of the governmental quarter section on which the well is located.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application is filed in due form and the non-standard unit comprises less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the East Saunders Permo-Pennsylvanian Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A standard proration unit in the East Saunders Permo-Pennsylvanian Pool shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

(2) That this case shall be reopened at an examiner hearing in October, 1963, at which time the operators in the subject pool may appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2678
Order No. R-2359-A

APPLICATION OF KERN COUNTY LAND COMPANY
FOR AN ORDER ESTABLISHING SPECIAL RULES
AND REGULATIONS FOR THE EAST SAUNDERS
PERMO-PENNSYLVANIAN POOL, LEA COUNTY,
NEW MEXICO.

Also See
R-2359
A-2359-B
R-2359-C

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of November, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That Order No. R-2359 dated November 6, 1962, promulgated Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool establishing temporary 160-acre proration units in said pool.
- (3) That this case was reopened pursuant to the provisions of Order No. R-2359 to permit the applicant and all interested parties to appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.
- (4) That the temporary Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 should be continued in effect for an additional one-year period in order to allow the operators in the subject pool sufficient time to gather additional information concerning the reservoir characteristics of the pool.

(5) That this case should be reopened at an examiner hearing in October, 1964, at which time the applicant and all interested parties should appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 shall be continued in full force and effect until further order of the Commission.

(2) That this case shall be reopened at an examiner hearing in October, 1964, at which time the applicant and all interested parties may appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2678
Order No. R-2359-B

APPLICATION OF KERN COUNTY LAND COMPANY
FOR AN ORDER ESTABLISHING SPECIAL RULES
AND REGULATIONS FOR THE EAST SAUNDERS
PERMO-PENNSYLVANIAN POOL, LEA COUNTY,
NEW MEXICO.

Alto See
R-2359
R-2359-A
R-2359-C

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 28, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of November, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2359, dated November 6, 1962, temporary Special Rules and Regulations were promulgated for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.

(3) That by Order No. R-2359-A, dated November 13, 1963, said temporary Special Rules and Regulations were continued in full force and effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-2359-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the East Saunders Permo-Pennsylvanian Pool should not be developed on 40-acre proration units.

(5) That the evidence establishes that one well in the East Saunders Permo-Pennsylvanian Pool can efficiently and economically drain and develop 160 acres.

(6) That the Special Rules and Regulations promulgated by Order No. R-2359 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(7) That to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-2359 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the East Saunders Permo-Pennsylvanian Pool promulgated by Order No. R-2359 are hereby continued in full force and effect until further order of the Commission.

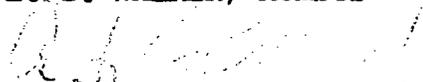
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7857
Order No. R-2359-C

APPLICATION OF CLEMENTS ENERGY COMPANY
FOR AN AMENDMENT TO ORDER NO. R-2359,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 25, 1983,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of July, 1983, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.
- (2) That the applicant, Clements Energy Company, seeks an
amendment to Division Order No. R-2359 deleting the requirement
that wells be located in the NE/4 or SW/4 of any governmental
quarter section in the East Saunders-Permo Pennsylvanian Pool
so that all wells may be drilled 150 feet from the center of
any quarter-quarter section.
- (3) That the applicant further seeks the promulgation of
an administrative procedure for the approval of unorthodox well
locations.
- (4) That the East Saunders-Permo Pennsylvanian Pool joins
the Cerca-Upper Pennsylvanian Pool at a common boundary to the
North and joins the West Tres Papalotes-Pennsylvanian Pool at a
common boundary to the South.
- (5) That wells in all three of said pools produce from
various intervals within the same geologic horizon.

See Also
R-2359
R-2359-A
R-2359-B

(6) That the special pool rules applicable to said three pools are essentially identical except in the matter of well locations and administrative approval of unorthodox locations.

(7) That while each of said pools is on 160-acre spacing, wells in the Cerca and West Tres Papalotes Pools may be located within 150 feet of the center of any quarter-quarter section while wells in the East Saunders must be so located only within the NE/4 or SW/4 of the quarter section.

(8) The special pool rules provide for an administrative procedure for approval of unorthodox well locations in the Cerca and West Tres Papalotes Pools but not in the East Saunders Pool.

(9) That the applicant seeks the amendment of the special rules for the East Saunders Pool to bring them into conformance with the rules for those pools adjoining it to the North and South (Cerca, West Tres Papalotes) in the matter of standard well locations and administrative approval of unorthodox locations.

(10) That the East Saunders Pool is an older pool with the latest producing well having been completed in February, 1966.

(11) That the proposed change in pool rules should permit operators to select and drill at the most geologically advantageous sites along the margins of this old pool, thereby increasing the chances of completing a successful well.

(12) That completion of additional producing wells in this pool should increase the recovery from the pool, thereby preventing waste, and should give owners the opportunity to produce the reserves under their currently undrilled acreage, thereby protecting correlative rights.

(13) That the operator of and other interested parties in one well in the East Saunders Pool objected to the proposed changes in the special pool rules.

(14) That the basis of this objection was that the proposed change would allow another operator in the pool to drill more closely to their existing producing well thereby injuring their correlative rights.

(15) That the evidence presented did not support findings that the proposed change in pool rules and the drilling of a new well "closer" to the protestants' well would result in drainage of oil off the protestants' acreage toward such new well.

(16) That in the absence of such evidence, violation of correlative rights resulting from adopting the proposed special rule changes cannot be found.

(17) That the application should be approved by amending the Special Pool Rules for the East Saunders-Permo Pennsylvanian Pool as follows:

(a) Rule 3 should be amended to read in its entirety as follows:

"Rule 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot";

(b) Rule 4 should be renumbered Rule 5 and the phrase "Secretary Director of the Commission" in the first and last sentences should be amended to read "Division Director";

(c) Rule 5 should be renumbered Rule 6; and,

(d) a new Rule 4 should be adopted to read in its entirety as follows:

"RULE 4. The Division Director may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application."

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the East Saunders-Permo Pennsylvanian Pool promulgated by Division Order No. R-2359, as amended, are hereby amended as follows:

(a) Rule 3 is amended to read in its entirety as follows:

"RULE 3. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.";

(b) Rule 4 is renumbered Rule 5 and the phrase "Secretary Director of the Commission" contained in the first and last sentences of the rule is amended to read "Division Director";

(c) Rule 5 is renumbered Rule 6; and

(d) a new Rule 4 is adopted to read in its entirety as follows:

RULE 4. The Division Director may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(2) That the effective date of this order and of the changes to the special pool rules contained herein shall be July 1, 1983.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/20/98 18:41:19
OGOIV -EMDT
PAGE NO: 1

Sec : 16 Twp : 14S Rng : 34E Section Type : NORMAL

D	C	B	A
40.00	40.00	40.00	40.00
CS	CS	CS	CS
V05084 0001 05/02	V05084 0001 05/02	V05084 0001 05/02	V05084 0001 05/02
SANTA FE NATURAL	SANTA FE NATURAL	SANTA FE NATURAL	SANTA FE NATURAL
		A	
E	F	G	H
40.00	40.00	40.00	40.00
CS	CS	CS	CS
V05084 0001 05/02	V05084 0001 05/02	V05084 0001 05/02	V05084 0001 05/02
SANTA FE NATURAL	SANTA FE NATURAL	SANTA FE NATURAL	SANTA FE NATURAL
A			

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/20/98 18:41:31
OGOIV -EMDT
PAGE NO: 2

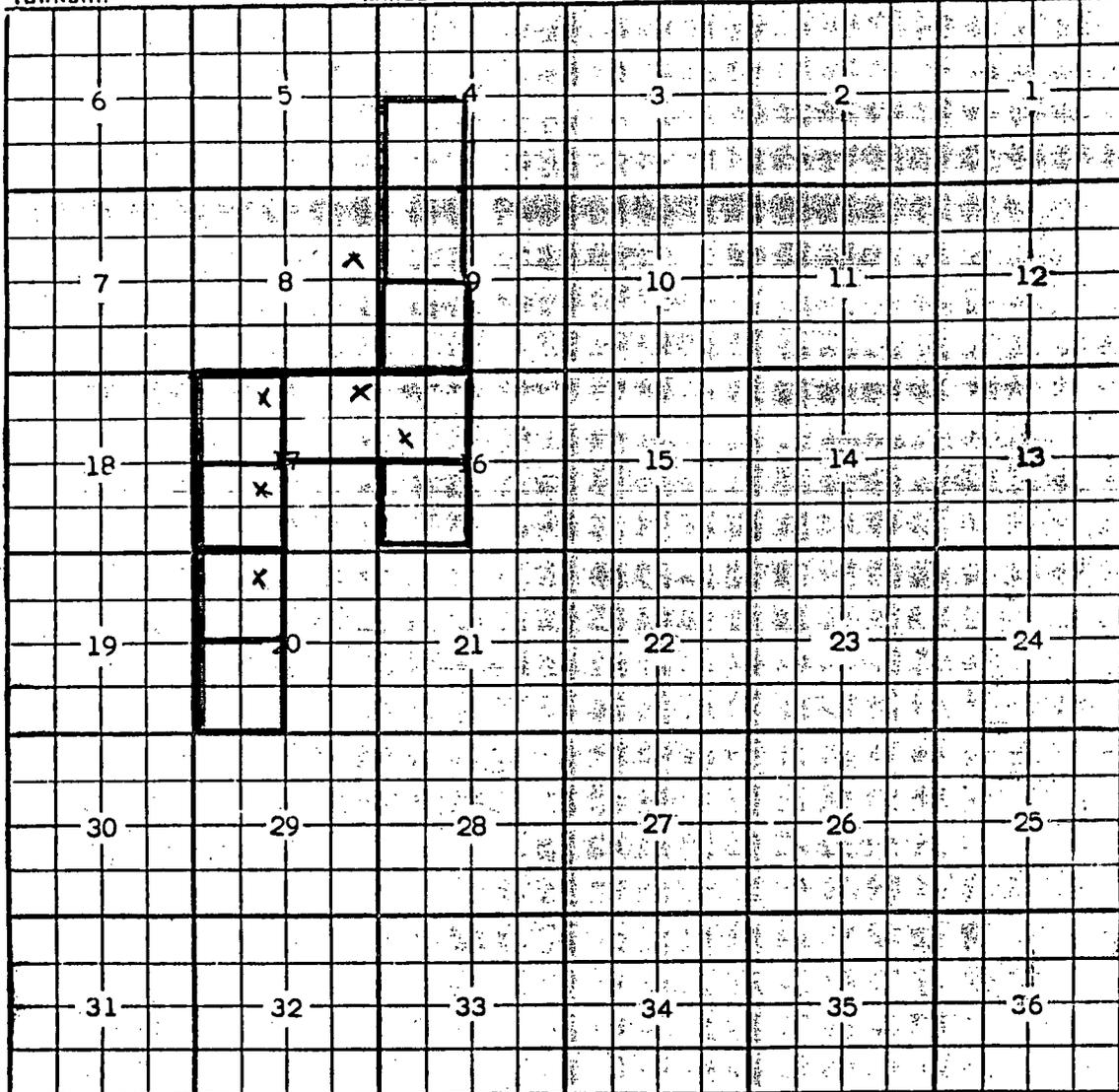
Sec : 16 Twp : 14S Rng : 34E Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
CS	CS	CS	CS
LG9819 0001 06/91	LG9819 0001 06/91	V05217 0001 12/02	V05217 0001 12/02
MGF OIL CORP	MGF OIL CORP	SANTA FE NATURAL	SANTA FE NATURAL
A			
M	N	O	P
40.00	40.00	40.00	40.00
CS	CS	CS	CS
LG9819 0001 06/91	LG9819 0001 06/91	V05217 0001 12/02	V05217 0001 12/02
MGF OIL CORP	MGF OIL CORP	SANTA FE NATURAL	SANTA FE NATURAL

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

County Lea Pool East Saunders - Permo Pennsylvanian

TOWNSHIP 14 South RANGE 34 East NEW MEXICO PRINCIPAL MERIDIAN



1874 N
1766

Description: SW/4 Sec. 17 (R-7741, 6-1-62)
Ext: NW/4 Sec. 17, (R-2306, 8-15-62), - NW/4 Sec. 20 (R-2577, 8-1-63)
- SW/4 Sec. 20 (R-2742, 8-1-64) - NW/4 Sec. 16; NE/4 Sec. 17 (R-3014, 7-1-66)
Ext: SW/4 sec. 9 (R-7714, 11-2-84) Ext: SW/4 Sec. 16 (R-8193, 3-21-86)
Ext: SW/4 Sec. 4, NW/4 Sec. 9 (R-10096, 3-28-94)

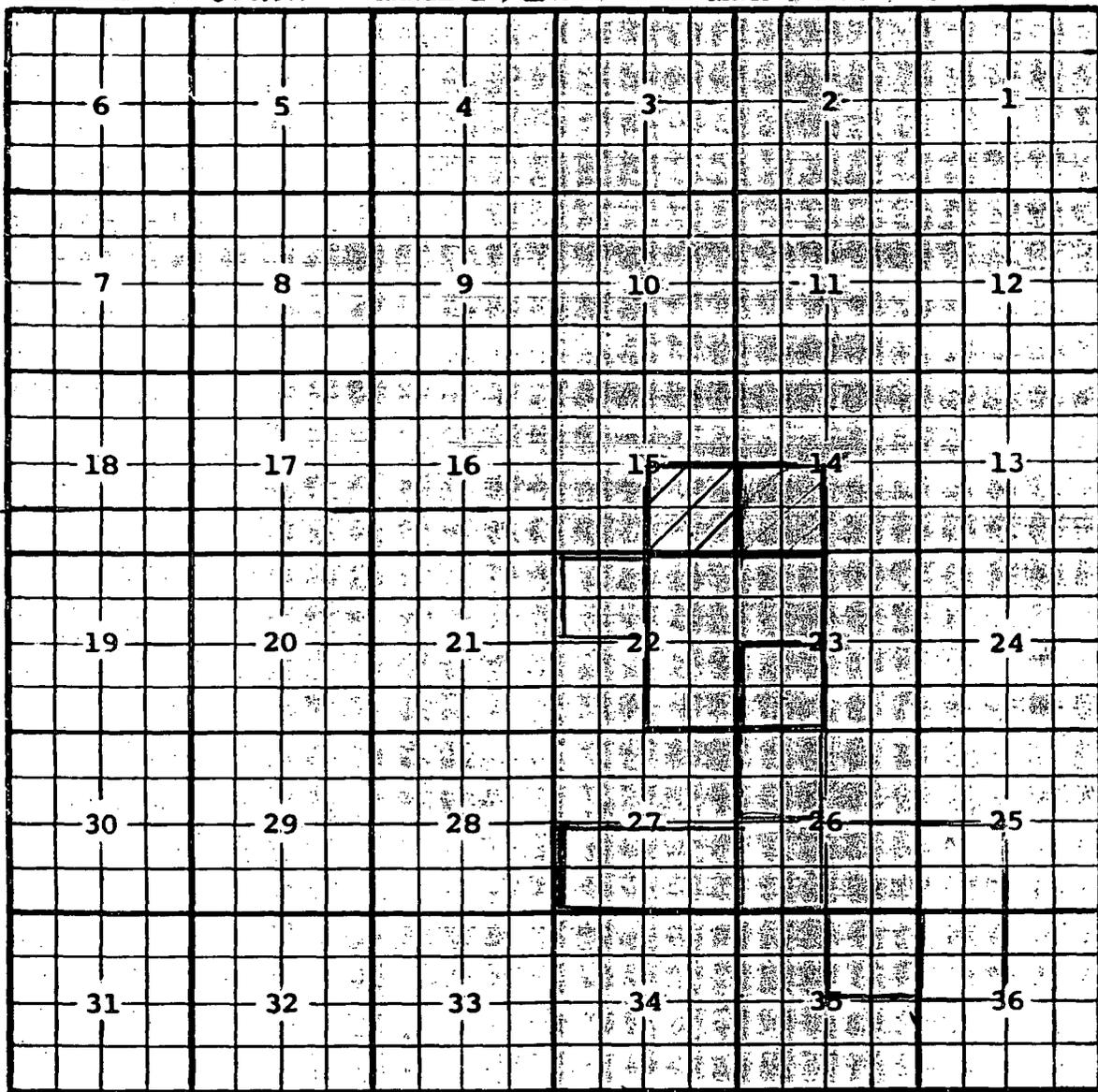
COUNTY *Lea*

POOL *High Plains Permo Pennsylvanian*

TOWNSHIP *14 South*

RANGE *34 East*

NMPM



Description: $\frac{SW}{4}$ Sec. 23 (R-2507, 7-1-63)

Ext: $\frac{SW}{4}$ Sec. 14; $\frac{SE}{4}$ Sec. 15; $\frac{E}{2}$ Sec. 22; $\frac{NW}{4}$ Sec. 23 (R-2874, 3-5-65)

Deletion: $\frac{SW}{4}$ Sec. 14; $\frac{SE}{4}$ Sec. 15 (R-3801, 7-23-69)

Ext: $\frac{SW}{4}$ Sec. 14 (R-3995, 8-1-78), Ext: $\frac{NW}{4}$ Sec. 26 (R-4665, 12-1-73)

Ext: $\frac{SW}{4}$ Sec. 26 (R-5143, 2-1-76)

Extend vertical limits to include Wolfcamp formation and redesignate as High Plains-Permo Pennsylvanian Pool. Ext: $\frac{NW}{4}$ Sec. 22 (A-7763, 1-8-85)

Ext: $\frac{SW}{4}$ Sec. 25, $\frac{SE}{4}$ Sec. 26, $\frac{NW}{4}$ Sec. 36 (A-7955, 6-12-85)

Ext: $\frac{NE}{4}$ Sec. 35 (A-8149, 2-14-86) Ext: $\frac{S}{2}$ Sec. 27 (A-10910, 10-31-92)

DISTRICT I

P. O. Box 1980, Hobbs, NM 88240

DISTRICT II

P. O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 86595

WELL API NO.
30-025-34333

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
V-05084

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT
(FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well:
Oil Well Gas Well OTHER

2. Name of Operator
TMBR/Sharp Drilling, Inc.

3. Address of Operator
P. O. Drawer 10970, Midland, TX 79702

4. Well Location
Unit Letter B : 1250 Feet From The North Line and 2176 Feet From The East
Section 16 Township 14S Range 34E NMPM County Lea

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
4128' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK PLUG AND ABANDON
TEMPORARILY ABANDON CHANGE PLANS
PULL OR ALTER CASING
OTHER: _____

SUBSEQUENT REPORT OF:
REMEDIAL WORK ALTERING CASING
COMMENCE DRILLING OPNS. PLUG AND ABANDON
CASING TEST AND CEMENT JOB
OTHER: _____

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

04/28/98 Ran 7" csg as follows: 147 jts 26# HCL-80 & 118 jts 23# L-80 & set @ 11,260'. Cmt 1st stage w/660 sx Modified Super H + 0.4% CFR-3 + 0.5% Halad-344 + 5 pps Gilsonite + 3 pps salt, wt 13 pps, yield 1.71 cu.ft./sx. Circ 196 sx to reserve pit. PD @ 11:00 AM CDT. Cmt 2nd stage: Lead w/325 sx Interfill "C", wt. 11.9 ppg, yield 2.46 cu.ft./sx. Tail w/1185 sx Premium 50/50 Poz + 2% gel + 0.3% Halad 9 + 5 pps salt, wt 14.20 ppg, yield 1.33 cu.ft./sx. Circ 165 sx to reserve pit. PD @ 6:00 PM CST. Resumed drilling.

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

SIGNATURE Jeffrey D. Phillips TITLE V. P. Production DATE 05/19/98

TYPE OR PRINT NAME Jeffrey D. Phillips TELEPHONE NO. (915) 699-5050

(This space for State Use)

APPROVED BY Henry W. Wink TITLE FIELD REPRESENTATIVE II DATE JUL 15 1998

CONDITIONS OF APPROVAL, IF ANY:

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-101
 Revised October 18, 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. TMBR/Sharp Drilling, Inc. P. O. Drawer 10970 Midland, TX 79702		² OGRID Number 036554
		³ API Number 30 - 025-34333
⁴ Property Code 22894	⁵ Property Name TMBR State "16"	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
B	16	14S	34E		1250	North	2176	East	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	Coun

⁹ Proposed Pool 1 Wildcat (Fusselman)	¹⁰ Proposed Pool 2
---	-------------------------------

¹¹ Work Type Code D	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4128'
¹⁶ Multiple No	¹⁷ Proposed Depth 12,800'	¹⁸ Formation Fusselman	¹⁹ Contractor TMBR/Sharp	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
Existing 17½"	13¾"	48	480'	380	Circ 120 BBL
Existing 12¼"	9⅝"	40	4494'	1235	TOC 300' by TS
Existing 8½"	7"	23 & 26	11,260'	2170	3500'
Proposed 6⅝"	5" liner	18	14,900'	440	11,000'

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.

See attached sheet.

Permit Expires 1 Year From Approval
~~See~~ Unless Drilling Underway

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>Jeffrey D. Phillips</i>	Approved by: <i>Harvey W. Wink</i>	Title: FIELD REPRESENTATIVE II	
Printed name: Jeffrey D. Phillips	Approval Date: JUL 15 1998	Expiration Date:	
Title: V. P. Production	Conditions of Approval:		
Date: 6/15/98	Phone: (915) 699-5050	Attached <input type="checkbox"/>	

Attachment to C-101 dated 6/15/98
TMBR State "16" No. 1

The well has been drilled to a depth of 11,260' and a 7" casing string has been run to TD and cemented 1000' up into the 9⁵/₈" casing at 4494' in two stages through a DV tool at ±9000'. We then propose to NU on an 11" 5000 psi flange with a 2 ram LWS 5000 psi ram preventer and an 11" annular preventer. The BOPE will be hydrostatically tested to 5000 psi prior to drilling out the 7". A 6¹/₈" drilling assembly will be picked up and run into the hole to the DV tool and the casing will be pressure tested to 1500 psi prior to drilling the DV tool. The DV tool will be drilled and the casing will again be tested to 1500 psi. We will then drill the shoe joint and test the casing prior to drilling out. A weighted fresh water/gel PAC system will be used to drill into the Atoka section at ±12,300'. The 6¹/₈" hole will be drilled to a total depth of 14,900' where the Fusselman will be logged and evaluated. Several DST's are possible in the Strawn, Atoka and Fusselman. If the Strawn/Atoka/Fusselman section is productive, a 5" liner will be run and cemented from TD to 14,900'.

Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34333	² Pool Code	³ Pool Name Wildcat Fusselman
⁴ Property Code 22894	⁵ Property Name TMBR State "16"	
⁶ Well Number 1	⁷ OGRID No. 036554	⁸ Operator Name TMBR/Sharp Drilling, Inc.
		⁹ Elevation 4128' GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	14S	34E		1250	North	2176	East	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Jeffrey D. Phillips</i> Signature Jeffrey D. Phillips Printed Name V. P. Production Title June 15, 1998 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p>
	<p>Certificate Number</p>

TIMBER/SHARP DRILLING

B.O.P. Equipment Intended for use on Rig # 22

Well To Be drilled for Timber/Sharp

- ' All B.O.P equipment is H2S Trim '
- ' All Accumulators are Kookey Type-80 : Dual Power Electric/Air '
- ' Choke Manifold: * See sheet 2
- 4" Valves : Cameron F/FC, Shaffer DB Hydraulic
- 2" Check Valve: Cameron Type R
- 2" Valves : Cameron or Shaffer

Annular: Type: Spherical

Annular PSI: 5,000

(If Shaffer: Spherical , If Hydriil: Type GK)

BOP Type LWS

(If Shaffer: LWS or SL, If Cameron: Type U)

BOP Size: 13 3/8" - 5,000 PSI

Rotating Head Type Smith

Rot-Head Furnished By Timber/Sharp

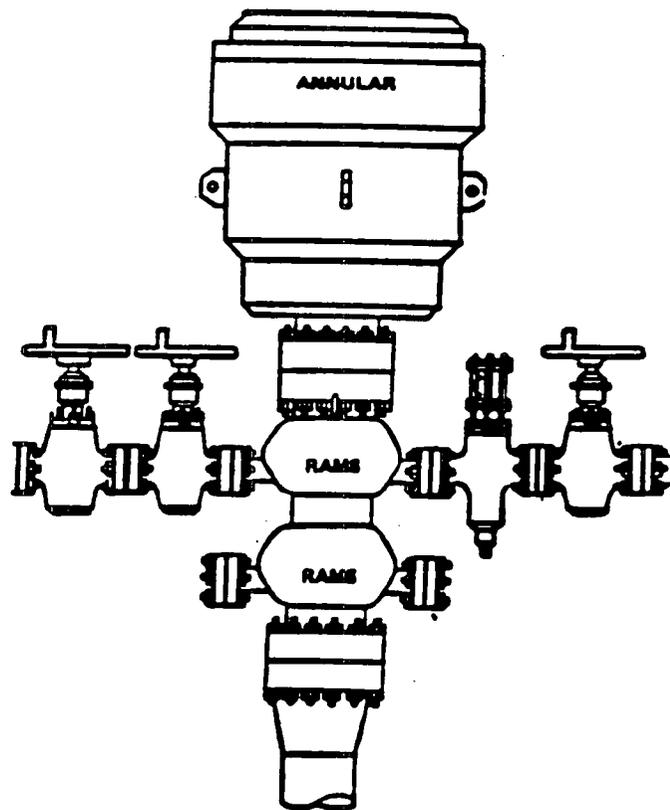
Rams in top gate: Blind

Rams in bottom: 3 1/2 Pipe

Side Outlets used:

Bottom Top

4" Valves on Tee



TIMBER/SI/SHARP DRILLING

B.O.P. Equipment Intended for use on Rig # 22

Well To Be drilled for Timber/Sharp

'All Valves (H2S)'

Choke Manifold:

Pressure Rating 3,000 or 5,000 (as Req.)

1 - 4" Valves (2 if Required)

4 - 2" Valves

2 - 2" Adjustable Chokes

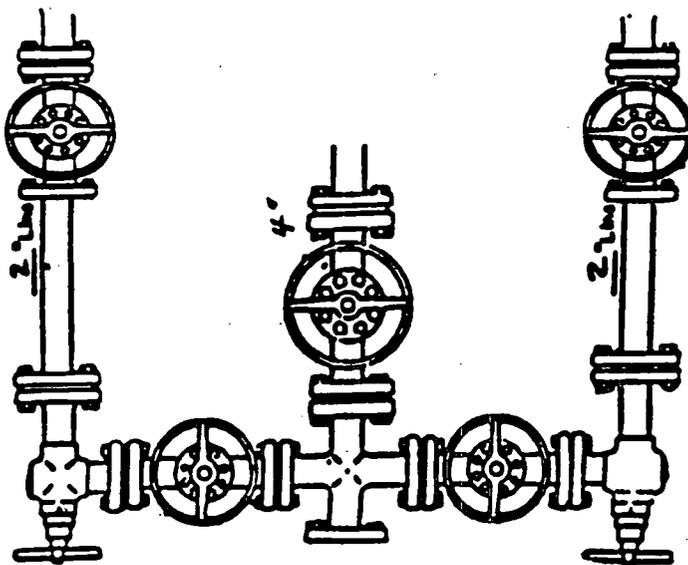
Valve Types Used:

Cameron - F or FC

Shaffer - B Floseal

WKM - type 2

Chokes - Cameron H2 or TC unbolt



District I
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State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-101
 Revised October 18, 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. TMBR/Sharp Drilling, Inc. P. O. Drawer 10970 Midland, TX 79702		² OGRID Number 036554
		³ API Number 30 - 025-34333
⁴ Property Code 22894	⁵ Property Name TMBR State "16"	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
B	16	14S	34E		1250	North	2176	East	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	Count

⁹ Proposed Pool 1 <i>ESST Sounders</i>	¹⁰ Proposed Pool 2 <i>Perme Penn</i>
--	--

¹¹ Work Type Code D	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4128'
¹⁶ Multiple No	¹⁷ Proposed Depth 12,800'	¹⁸ Formation Atoka	¹⁹ Contractor TMBR/Sharp	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
Existing 17½"	13¾"	48	480'	380	Circ 120 BBL
Existing 12¾"	9¾"	40	4494'	1235	TOC 300' by TS
Existing 8½"	7"	23 & 26	11,260'	2170	3500'
Proposed 6¾"	5" liner	18	12,800'	250	11,000'

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.

See attached sheet.

Approval for drilling ONLY -- CANNOT produce until Non-Standard Location is approved in Santa Fe office.

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>Jeffrey D. Phillips</i>		Approved by: <i>Chris Williams</i>	
Printed name: Jeffrey D. Phillips		Title: DISTRICT 1 SUPERVISOR	
Title: V. P. Production		Approval Date: MAY 11 1998	Expiration Date:
Date: 4/28/98	Phone: (915) 699-5050	Conditions of Approval: Attached <input type="checkbox"/>	

The well has been drilled to a depth of 11,260' and a 7" casing string is to be run to TD and cemented 1000' up into the 9 5/8" casing at 4494' in two stages through a DV tool at $\pm 9,000'$. We then propose to N/U on an 11" 5,000 psi flange with a 2 ram LWS 5,000 psi ram preventer and an 11" annular preventer. The BOPE will be hydrostatically tested to 5,000 psi prior to drilling out the 7". A 6 1/8" drilling assembly will be picked up and run into the hole to the DV tool and the casing will be pressure tested to 1,500 psi prior to drilling the D.V. tool. the DV tool will be drilled and the casing will again be tested to 1,500 psi. We will then drill the shoe joint and test the casing prior to drilling out. A weighted fresh water/ gel PAC system will be used to drill into the Atoka section at $\pm 12,300'$. The 6 1/8" hole will be drilled to a total depth of 12,800' and the well will be logged and evaluated. Several DST's are possible in the Strawn and the Atoka. If the Strawn/Atoka section is productive, a 5" liner will be run and cemented from TD to 11,000'.

TIMBER/SHARP DRILLING

B.O.P. Equipment Intended for use on Rig # 22

Well To Be drilled for Timber/Sharp

' All B.O.P equipment is H2S Trim '

' All Accumulators are Kookey Type-80 : Dual Power Electric/Air '

' Choke Manifold: * See sheet 2

4" Valves : Cameron F/FC, Shaffer DB Hydraulic

2" Check Valve: Cameron Type R

2" Valves : Cameron or Shaffer

Annular: ✓ Type: Spherical

Annular PSI: 5,000

(If Shaffer: Spherical , If Hydril: Type GK)

BOP Type LWS

(If Shaffer: LWS or SL, If Cameron: Type U)

BOP Size: 13 3/8" - 5,000 PSI

Rotating Head Type Smith

Rot-Head Furnished By Timber/Sharp

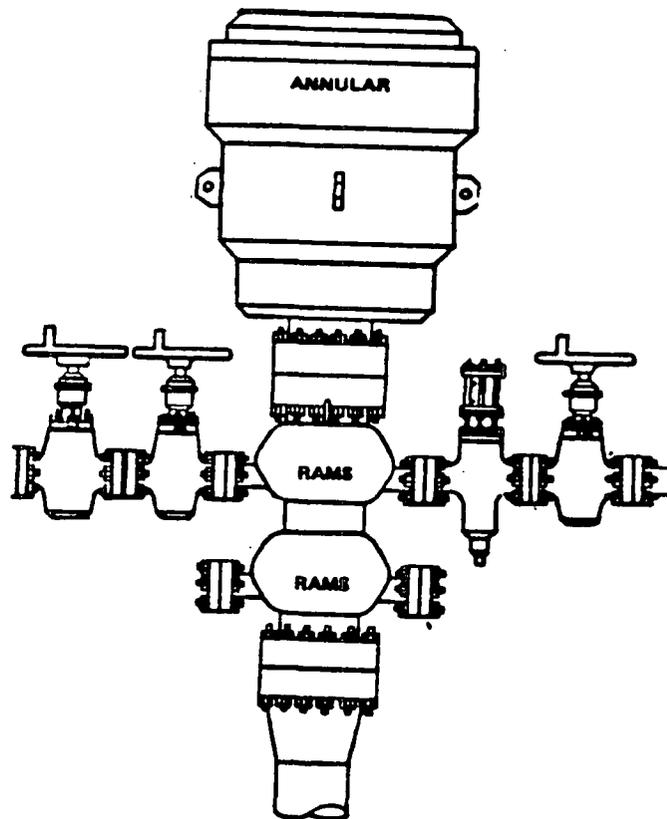
Rams in top gate: Blinds

Rams in bottom: 3 1/2" PIPE

Side Outlets used:

Bottom ✓ Top

4" Valves on Tee



TIMBER//SHARP DRILLING

B.O.P. Equipment Intended for use on Rig # 22

Well To Be drilled for Timber/Sharp

'All Valves (H2S)'

Choke Manifold:

Pressure Rating 3,000 or 5,000 (as Req.)

1 - 4" Valves (2 if Required)

4 - 2" Valves

2 - 2" Adjustable Chokes

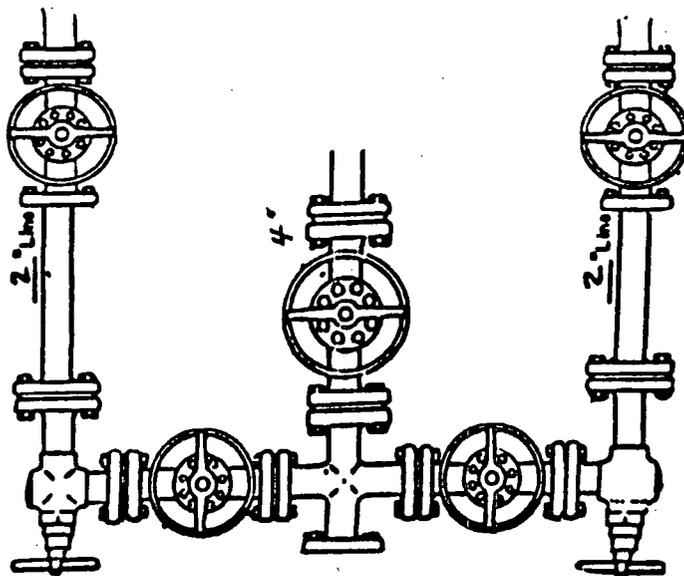
Valve Types Used:

Cameron - F or FC

Shaffer - B Floseal

WKM - type 2

Chokes - Cameron H2 or TC unibolt



District I
 PO Box 1980, Hobbs, NM 88241-1980
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 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34333	² Pool Code 54960	Pool Name East Saunders Townsend (Atoka-Morrow)	Permo Penn
⁴ Property Code 22894	⁵ Property Name TMBR State "16"		⁶ Well Number 1
⁷ OGRID No. 036554	⁸ Operator Name TMBR/Sharp Drilling, Inc.		⁹ Elevation 4128' GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	14S	34E		1250	North	2176	East	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: <u>Jeffrey D. Phillips</u></p> <p>Printed Name: <u>Jeffrey D. Phillips</u></p> <p>Title: <u>V. P. Production</u></p> <p>Date: <u>April 28, 1998</u></p>		
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyer: _____</p>		
	<p>Certificate Number: _____</p>		
	<p>_____</p>		

DISTRICT I

P. O. Box 1980, Hobbs, NM 88240

DISTRICT II

P. O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 86595

WELL API NO.
30-025-34333

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT
(FORM C-101) FOR SUCH PROPOSALS)

7. Lease Name or Unit Agreement Name

TMBR State "16"

1. Type of Well:
Oil Well Gas Well OTHER

8. Well No.

1

2. Name of Operator
TMBR/Sharp Drilling, Inc.

9. Pool name or Wildcat

Saunders; Permo Penn, East

3. Address of Operator
P. O. Drawer 10970, Midland, TX 79702

4. Well Location
Unit Letter B : 1250 Feet From The North Line and 2176 Feet From The East
Section 16 Township 14S Range 34E NMPM County Lea

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
4128' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

03/28/98 Ran 102 jts (4494.75') 9 5/8", 40#, J-55, 8rd csg & set @ 4483'. Cmt as follows:
Lead w/985 sx filler "C" with 1/4# Flocele. Tail w/250 sx Prem Plus w/2% CaCl, 1/4# Flocele. No cmt to surface. PD @ 9:00 PM 03/28/98. TOC @ 300' by temp survey.

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

SIGNATURE Jeffrey D. Phillips TITLE V. P. Production DATE 04/03/98

TYPE OR PRINT NAME Jeffrey D. Phillips TELEPHONE NO. (915) 699-5050

(This space for State Use)

APPROVED BY Chris Williams DISTRICT 1 SUPERVISOR DATE APR 16 1998

CONDITIONS OF APPROVAL, IF ANY:

DISTRICT I

P. O. Box 1980, Hobbs, NM 88240

DISTRICT II

P. O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 86595

WELL API NO.
30-025-34333

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT
(FORM C-101) FOR SUCH PROPOSALS)

7. Lease Name or Unit Agreement Name

TMBR State "16"

1. Type of Well:
Oil Well Gas Well OTHER

8. Well No.
1

2. Name of Operator
TMBR/Sharp Drilling, Inc.

9. Pool name or Wildcat
Saunders; Permo Penn, East

3. Address of Operator
P. O. Drawer 10970, Midland, TX 79702

4. Well Location
Unit Letter B : 1250 Feet From The North Line and 2176 Feet From The East
Section 16 Township 14S Range 34E NMPM County Lea

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
4128' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

03/20/98 Spudded well @ 4:00 PM 03/19/98. Ran 11 jts (480') 13 3/8", 48#, H-40, 8rd csg & set @ 430'. Cmt w/385 sx PBC2 containing 1/4 pps Flocele mixed w/FW @ 13.5 ppg. Displaced csg w/140 BBL FW. Bumped plug w/300 psi. PD @ 2:00 AM 03/20/98. Circ 120 sx to surface.

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

SIGNATURE Jeffrey D. Phillips TITLE V. P. Production DATE 03/23/98

TYPE OR PRINT NAME Jeffrey D. Phillips TELEPHONE NO. (915) 699-5050

(This space for State Use)
APPROVED BY Chris Williams TITLE DISTRICT 1 SUPERVISOR DATE MAR 30 1998

CONDITIONS OF APPROVAL, IF ANY:

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
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 District IV
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State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-101
 Revised October 18, 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. TMBR/Sharp Drilling, Inc. P. O. Drawer 10970 Midland, TX 79702		² OGRID Number 036554
		³ API Number 30 - 025 - 24333
⁴ Property Code 22894	⁵ Property Name TMBR State "16"	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
B	16	14S	34E		1250	North	2176	East	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	Coun
F	16	14S	34E		1732	North	1684	West	Lea

⁹ Proposed Pool 1 Saunders, Permo Penn, East	¹⁰ Proposed Pool 2
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¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4128'
¹⁶ Multiple No	¹⁷ Proposed Depth 10,200' TVD	¹⁸ Formation Permo-Penn	¹⁹ Contractor TMBR/Sharp	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Tube Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17½"	13⅝"	48	400'	450	Surface
12¼"	9⅝"	36 & 40	4500'	1200	Surface
8¾" & 7⅞"	5½"	17 & 20	10,200' TV	500	8200'
4¾" Horz	2⅝"	4.7	10,200' TV	None	

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.

1. Drill a vertical hole to top of Permo Penn @ ±10,200' TV.
2. Run electric logs and DST.
3. Plug back to ±9900'.
4. Kick off in proper direction and drill 7⅞" directional hole to ±10,200' TV.
5. Set 5½" csg in directional hole to 10,200' TV.
6. Drill horizontal lateral for ±1500'.
7. Run completion equipment.

Permit Expires 12/31/98
 Data Unless Drilling Underway

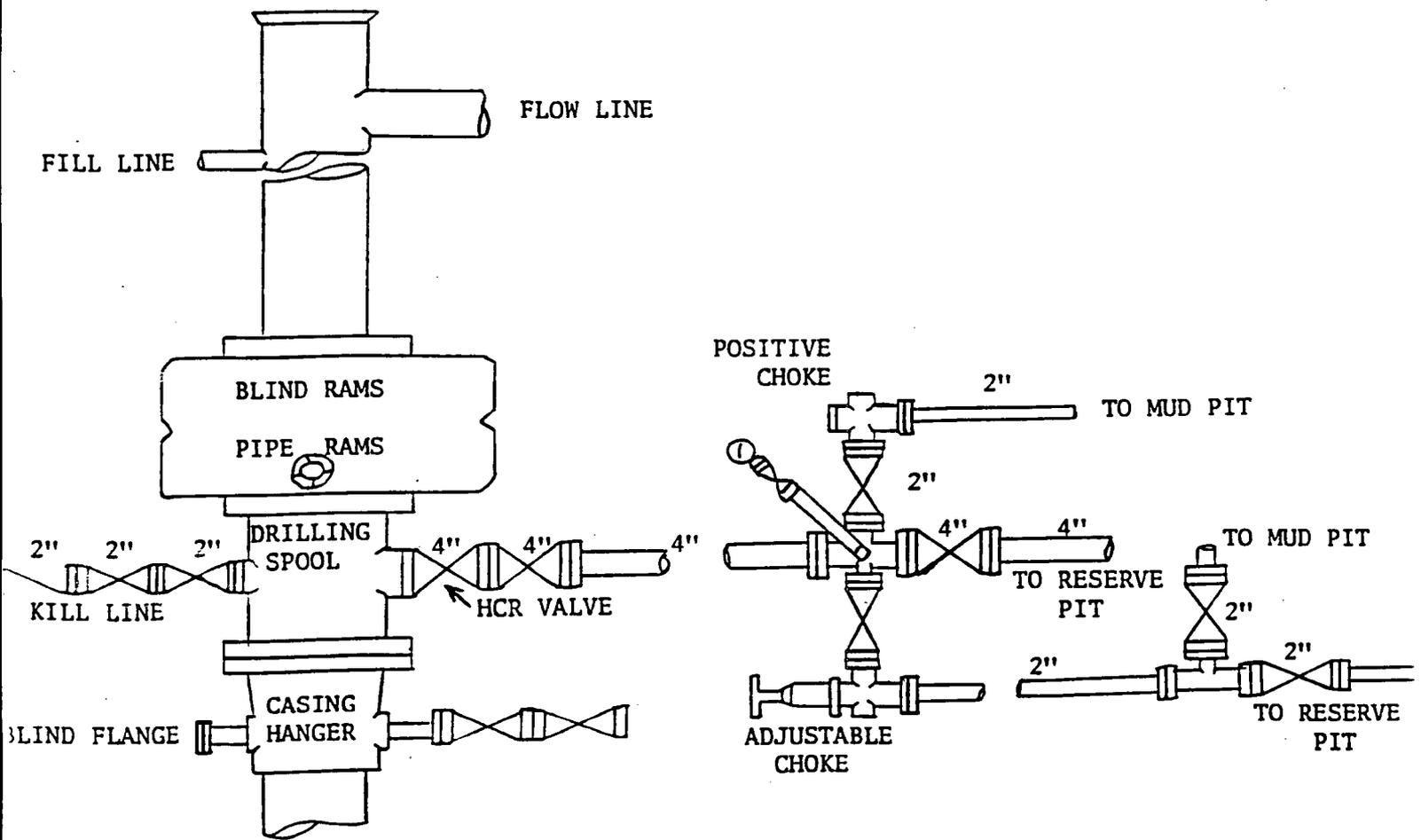
²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Jeffrey D. Phillips</i>	Approved by: <i>Gary W. Wink</i>		
Printed name: Jeffrey D. Phillips	Title: GARY W. WINK FIELD REPRESENTATIVE II		
Title: V. P. Production	Approval Date: MAR 04 1998	Expiration Date:	
Date: 3/2/98	Phone: (915) 699-5050	Conditions of Approval: Attached <input type="checkbox"/>	

1 - 7 station Koomey Accumulator

1 - Koomey Remote Stand

5000 WP Manifold

1 - 10° Shaeffer Double BOP 900 Series, 3000 WP



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 30-025-34333	Pool Code 54960	Pool Name EAST SAUNDERS - PERMO PENN
Property Code 22894	Property Name TMBR STATE "16"	Well Number 1
OGRID No. 036554	Operator Name TMBR/SHARP DRILLING, INC.	Elevation 4128

Surface Location

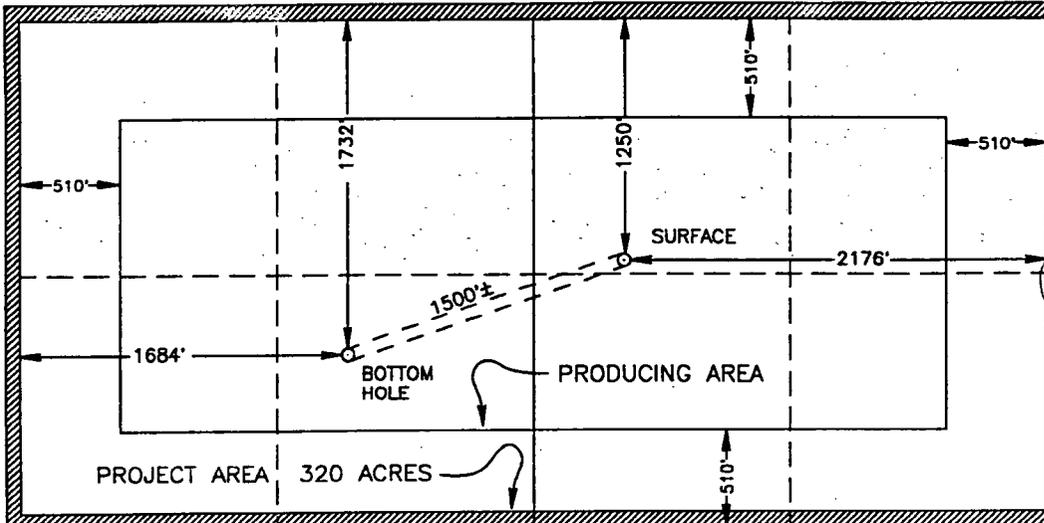
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	14 S	34 E		1250	NORTH	2176	EAST	LEA

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
F	16	14 S	34 E		1732	NORTH	1684	WEST	LEA

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.

Jeffrey D. Phillips
 Signature

Jeffrey D. Phillips
 Printed Name

V. P. Production
 Title

3/2/98
 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.

JANUARY 20, 1998
 Date Surveyed

JLP
 Signature & Seal of Professional Surveyor

Macon McDonald

W.O. Num. 98-11-0078

Certificate No. RONALD J. EIDSON, 3239
 GARY G. EIDSON, 12641
 MACON McDONALD, 12185

