

NSL 5/10/99

ENERQUEST

EnerQuest Resources, LLC

Telephone (915) 685-3116
Fax (915) 687-4804

P.O. Box 11150
508 W. Wall, Suite 444
Midland, Texas 79702

April 16, 1999

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

RECEIVED
APR 19 1999
OIL CONSERVATION DIVISION

Attention: Mr. Michael Stogner
Engineer

Exp. to 104. L (1)(A)

Re: Non-Standard Location Drilling Permit Application
Laney "A" No. 2
UL O, 853' FSL & 1,980' FEL
Sec. 30, T-18-S, R-39-E
Lea County, NM

Dear Mr. Stogner:

EnerQuest Resources, LLC respectfully requests approval of the subject non-standard drilling location in the East Hobbs (San Andres) Pool. Enclosed for your review are copies of the State of New Mexico Forms C-101 and C-102. The Laney lease is comprised of the NW/4 SE/4 and S/2 SE/4 of Sec. 30, T-18-S, R-39-E, Lea County, NM, containing 120 acres more or less. Currently, UL O is dedicated to the Laney No. 2 (API No. 30 025 07957) located at a standard well location 660' FSL & 2000' FEL of said Section 30. Further, it is intended that East Hobbs (San Andres) oil production from the Laney No. 2 and Laney "A" No. 2 be simultaneously dedicated to the subject 40 acre tract (Unit O).

It should be noted that absolutely no working interest owner, royalty interest owner, or overriding royalty interest owner will be effected by the drilling of this non-standard location. The purpose of drilling this well at a non-standard location is to capture additional reserves that could not be obtained on conventional 40 acre spacing, and to evaluate and implement the reservoir for possible secondary recovery at a later date.

Your consideration of this request is appreciated. Please feel free to contact the undersigned at the letterhead address and telephone number should additional information be required at this time.

Page 2
April 16, 1999
State of New Mexico
Oil Conservation Division

Very truly yours,

EnerQuest Resources, LLC

A handwritten signature in black ink, appearing to read 'C.P. Renaud', with a long horizontal flourish extending to the right.

Christopher P. Renaud
Vice President/Engineering

Enclosure

xc: OCD District I - Hobbs, NM
Attn: Chris Williams - Director

Flat Showing Leasehold ownership IN
30-185-39 E

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

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LANEY "A"	Well Number 2
OGRID No.	Operator Name ENERQUEST RESOURCES, LLC	Elevation 3606

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	30	18 S	39 E		853	SOUTH	1980	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
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>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>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>APRIL 12, 1999</p> <p>Date Surveyed _____ JLP</p> <p>Signature & Seal of Professional Surveyor RONALD G. EDSON No. 3238 Exp. 4-13-99 P.O. Num. 99-1150315</p> <p>Certificate No. RONALD G. EDSON, 3239 GARY G. EDSON, 12641 MICHAEL W. McDONALD, 12185</p>

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

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-101
 Revised February 10, 1994

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

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

Operator Name and Address. EnerQuest Resources, LLC P. O. Box 11150 Midland, TX 79702		OGRID Number 160620
		API Number 30 - 0
Property Code 23707	Property Name Laney "A"	Well No. 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	30	18S	39E		853	south	1980	east	Lea

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
Proposed Pool 1 East Hobbs (San Andres)					Proposed Pool 2				

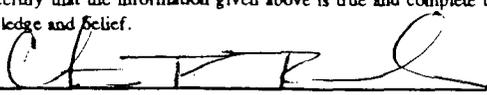
Work Type Code N	Well Type Code 0	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3606
Multiple No	Proposed Depth 4,700'	Formation San Andres	Contractor CapStar	Spud Date 05-15-99

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	1,900	750	Surface
7 7/8	5 1/2	15.50	4,700	615	1,500'

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.

- MIRU rotary tools.
- Spud 12 1/4" surf hole & drill into anhy @ est depth of 1900'.
- Set 8 5/8" casing & cmt to surf. WOC 18hrs. NUBOP & pressure test.
- Drill out below surf csg w/ 7 7/8" bit using 10 ppg brine water.
- Mud up w/starch @ 4400' & drill hole to est TD of 4700'.
- Run OH "E" logs & evaluate for production casing& completion.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 		OIL CONSERVATION DIVISION	
Printed name: Christopher P. Renaud		Approved by:	
Title: Vice President		Title:	
Date: 4-16-99		Approval Date:	Expiration Date:
Phone: 915 685-3116		Conditions of Approval : Attached <input type="checkbox"/>	

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 110, Artesia, NM 88211-0719

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	Pool Name
		32300	East Hobbs (San Andres)
Property Code	Property Name		Well Number
23707	LANEY "A"		2
OGRID No.	Operator Name		Elevation
160620	ENERQUEST RESOURCES, LLC		3606

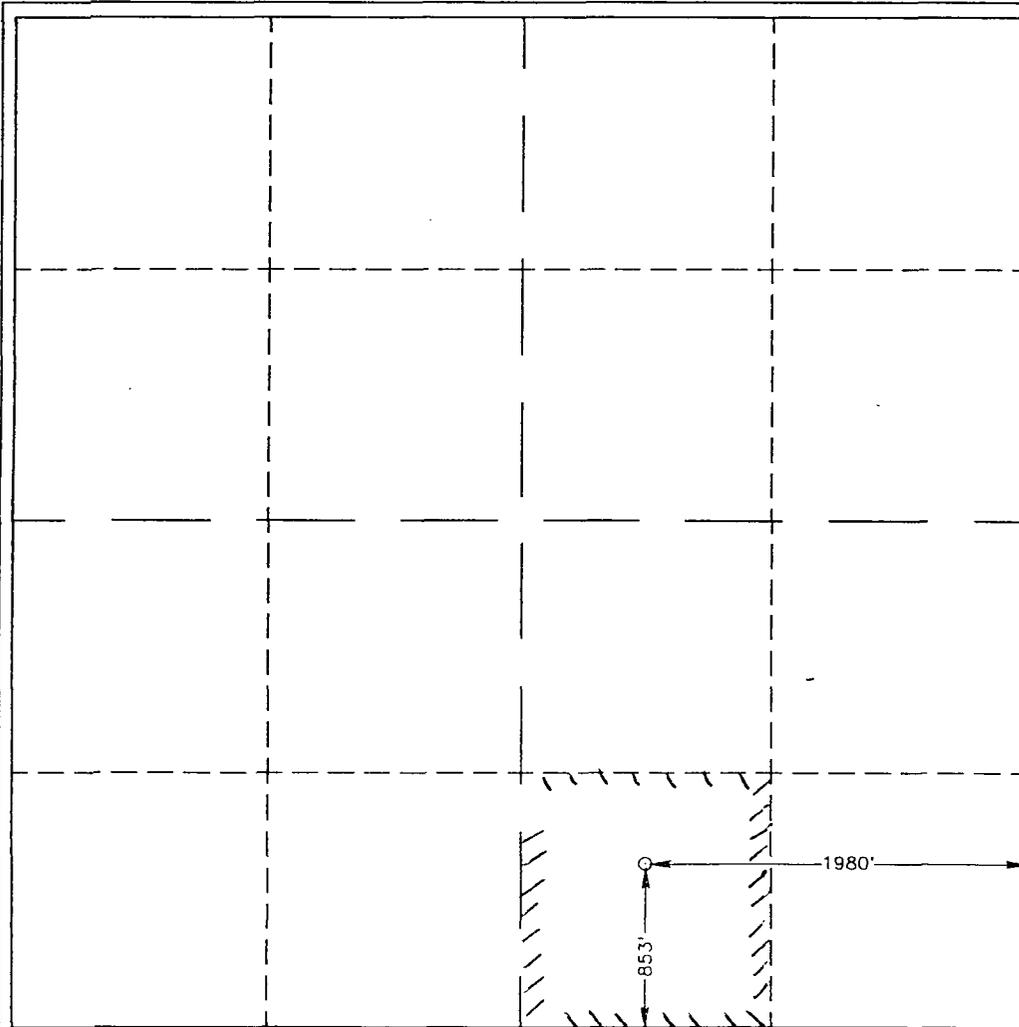
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	30	18 S	39 E		853	SOUTH	1980	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
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 that the information contained herein is true and complete to the best of my knowledge and belief.

Christopher P. Renaud
Signature

Christopher P. Renaud
Printed Name

Vice President
Title

4-16-99
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.

APRIL 12, 1999
Date Surveyed

JLP
Signature

Professional Surveyor

Ronald J. Edson
Signature

RONALD J. EDSON
MEXICO
4-13-99

P.O. Num. 99-1180315

Certificate No. RONALD J. EDSON, 3239
GARY G. EDSON, 12641
GAYDON MEDONALD, 12185

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/19/99 18:49:02
OGOMES -TPEA
PAGE NO: 1

Sec : 30 Twp : 18S Rng : 39E Section Type : NORMAL

D 40.00 Fee owned	C 40.00 Fee owned	B 40.00 Fee owned	A 40.00 Fee owned
E 40.00 Fee owned	F 40.00 Fee owned A	G 40.00 Fee owned	H 40.00 Fee owned A

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/19/99 18:49:08
OGOMES -TPEA
PAGE NO: 2

Sec : 30 Twp : 18S Rng : 39E Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Fee owned	Fee owned	Fee owned	Fee owned
A		A A	A P P
M 40.00	N 40.00	O 40.00	P 40.00
Fee owned	Fee owned	Fee owned	Fee owned
A	A	P P	A A

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