

PNRM 0700449013

C-103 Received 1-4-2007

DHC No. Assigned 1-4-2007

Order Number HOB-0179	API Number 30-025-35333	Operator Capataz Operating Inc.	County Lea			
Order Date 	Well Name Redtag	Number 001	J UL	2 Sec	20S T (+Dir)	38E R (+Dir)
Pool 1	78760	House Tubb	91%	75%		
Pool 2	33250	House Drinkard	9%	25%		
Pool 3						
Pool 4						
Comments: Work completed effective _____ Work cancelled effective _____ Supplement _____						

Posted to
RB DYM
1-4-2007



30-025-35333
HOB-0179

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Capataz Operating Inc.

PROPERTY NAME: Red tag

WNULSTR: 1-U, 2-20-38

	SECTION I:	ALLOWABLE AMOUNT	
78760	POOL NO. 1 <u>House Tubb</u>	<u>142</u>	<u>284</u> MCF 2000
33250	POOL NO. 2 <u>House Drinkard</u>	<u>142</u>	<u>284</u> MCF 2000
	POOL NO. 3 _____	_____	_____ MCF
	POOL NO. 4 _____	_____	_____ MCF
		POOL TOTALS <u>284</u>	<u>568</u> MCF

	SECTION II:	OIL	GAS
	POOL NO. 1 <u>House Tubb</u>	91% X 284 = 258.44	75%
	POOL NO. 2 <u>House Drinkard</u>	9%	25%
	POOL NO. 3 _____		
	POOL NO. 4 _____		

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>142 ÷ 91% = 156.043 (157)</u>	_____
SECTION IV:	<u>157 X 91% = 142.87 (143)</u>	_____
	<u>157 X 9% = 14.13 (14)</u>	_____
	_____	_____
	_____	_____

Submit 3 Copies To Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources

Form C-103 May 27, 2004

District I 1625 N. French Dr., Hobbs, NM 88240
District II 1301 W. Grand Ave., Artesia, NM 88210
District III 1000 Rio Brazos Rd., Aztec, NM 87410
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

WELL API NO. 30-025-35333
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No.
7. Lease Name or Joint Agreement Name RED TAG
8. Well Number 1
9. OGRID Number 33659
10. Pool name or V/i deat House; Tubb, H Drinkard,

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [X] Gas Well [] Other []
2. Name of Operator Capataz Operating, Inc.
3. Address of Operator P.O. Box 10549, Midland, TX 79702
4. Well Location Unit Letter J : 2460 feet from the South line and 2310 feet from the East line Section 2 Township 20S Range 38E NMPM County Lea
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3566' GR

Pit or Below-grade Tank Application [] or Closure []
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. 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 [] MULTIPLE COMPL []
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] P AND A [] CASING/CEMENT JOB []
OTHER: [] OTHER: DHC Tubb, Drinkard [X]

13. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Pool Names: House; Tubb (78760), House; Drinkard (33250)
TUBB 6746-50,65-67 & 6775-77' 1 jspf
DRINKARD 7003-08 & 7050-56' 1 jspf

Table with columns: Oil Alloc%, Gas Alloc%, Wtr Alloc%. Rows: Tubb, Drinkard. Values: Tubb (10, 91, 12, 75, 65, 59), Drinkard (1, 9, 4, 25, 45, 41). Totals: 11, 100, 16, 100, 110, 100.

Downhole commingling will not reduce the value of the pools. Ownership is the same for each of these pools.

DHC Order No. HOB-0179

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCDD guidelines [], a general permit [] or an (attached) alternative (CD-a) approved plan [].

SIGNATURE [Signature] TITLE Agent DATE 07/26/2006

Type or print name H. Scott Davis E-mail address: Capataz1@sbcglobal.net Telephone No. (432)620-8820

APPROVED BY: Chris Williams TITLE DISTRICT SUPERVISOR/GENERAL MANAGER DATE JAN 04 2007

Conditions of Approval (if any):

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

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

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

OIL CONSERVATION DIVISION

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

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-35333		2 Pool Code 78760		3 Pool Name House ; Tubb	
4 Property Code 27082		5 Property Name REDTAG			6 Well Number 1
7 OORID No. 03659		8 Operator Name CAPATAZ OPERATING INCORPORATED			9 Elevation 3566'

" SURFACE LOCATION

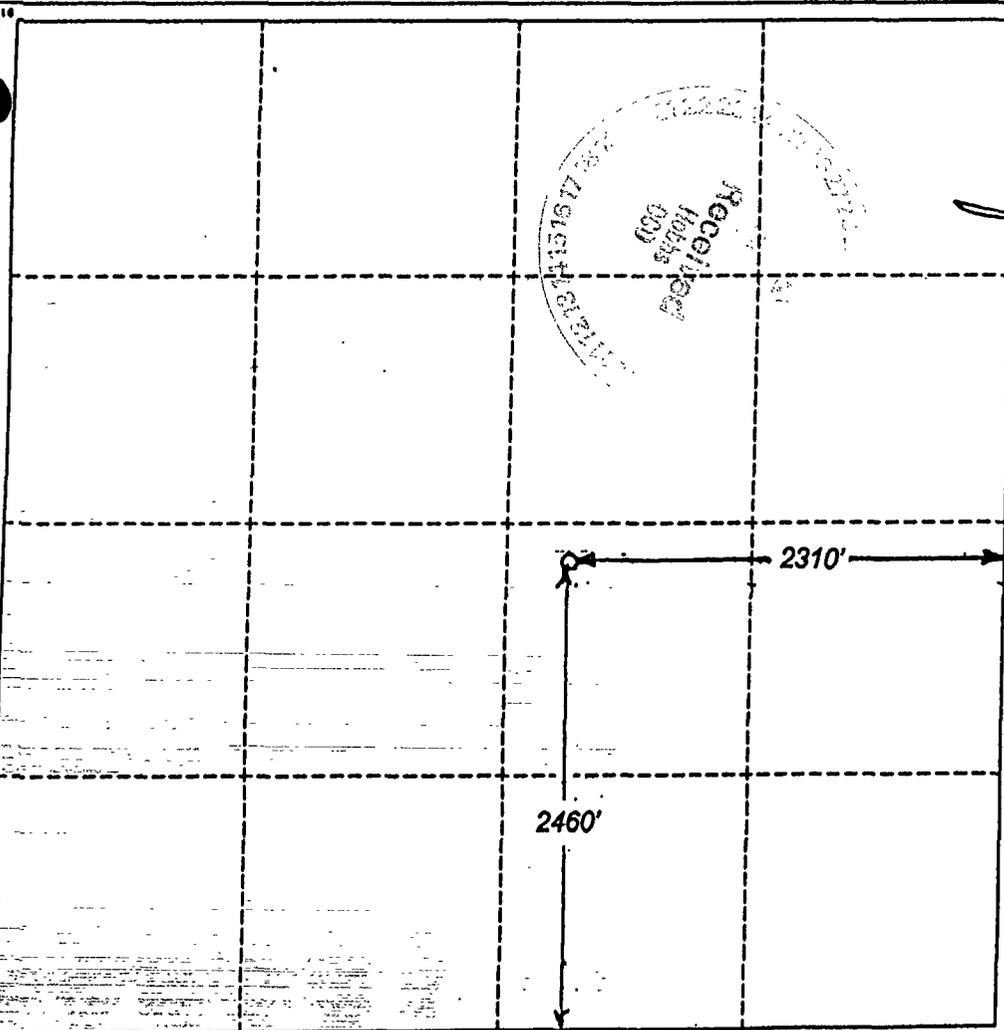
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
J	2	20 SOUTH	38 EAST, N.M.P.M.		2460'	SOUTH	2310'	EAST	LEA

"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WELL 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.

Signature: *[Handwritten Signature]*

Printed Name
H Scott Davis

Title

Agent

Date
12-04-00

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.

Date of Survey
OCTOBER 20, 2000

Signature and Seal
Professional Surveyor

[Handwritten Signature]
 V. L. BEAZERON
 No. 7920
 STATE OF NEW MEXICO
 PROFESSIONAL SURVEYOR

Certificate No. 7920
 JOB # 7225-70-500 JCP

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

State of New Mexico
En , Minerals, and Natural Resources I rtment

Form C-102
Revised 02-10-94
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Aztec, NM 87410

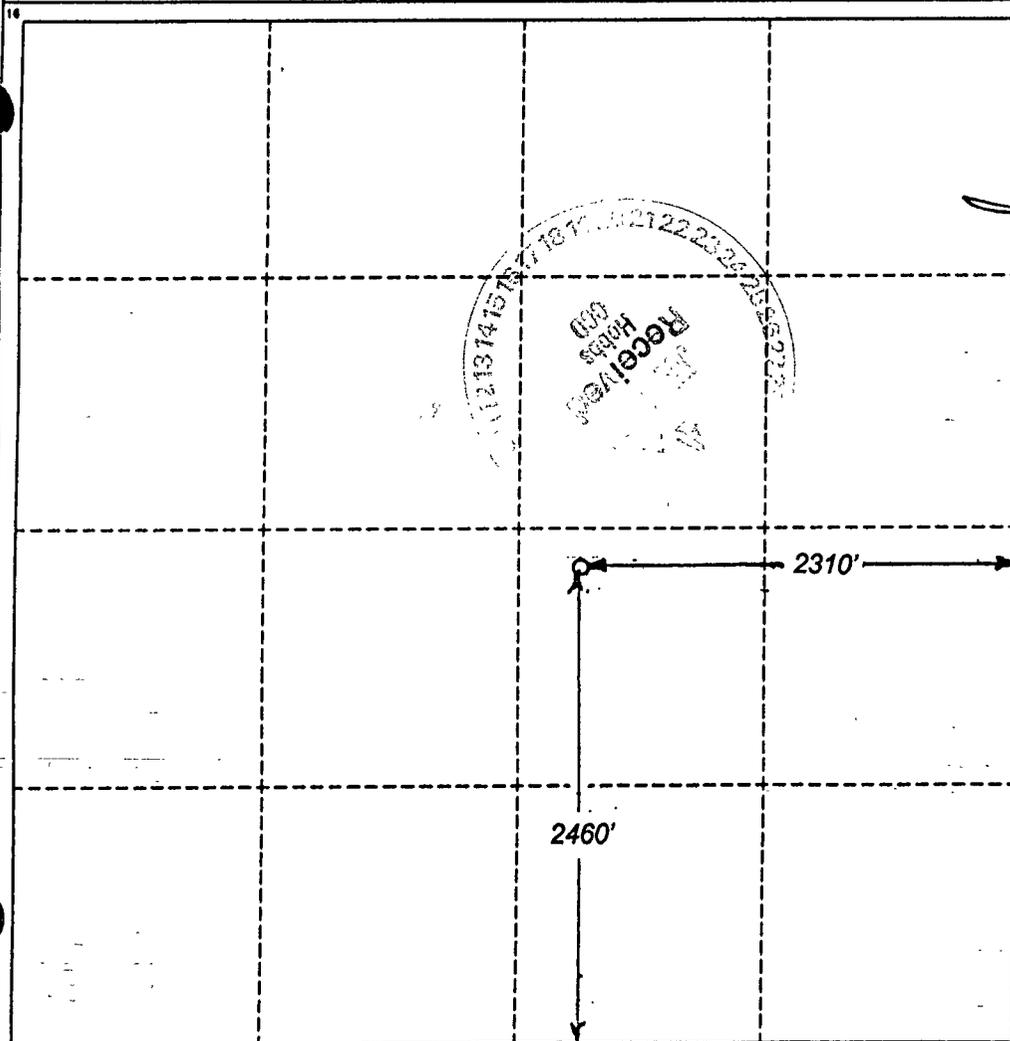
AMENDED REPORT

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-35333		2 Pool Code 33250		3 Pool Name House Drinkard					
4 Property Code 27082		5 Property Name REDTAG					6 Well Number 1		
7 OGRID No. 03659		8 Operator Name CAPATAZ OPERATING INCORPORATED					9 Elevation 3566'		
10 SURFACE LOCATION									
UL or lot no. J	Section 2	Township 20 SOUTH	Range 38 EAST, N.M.P.M.	Lot Ida	Feet from the 2460'	North/South line SOUTH	Feet from the 2310'	East/West line EAST	County LEA
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 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.

Signature: *[Signature]*
Printed Name: H Scott Davis
Title: Agent
Date: 12-04-00

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.

Date of Survey: OCTOBER 20, 2000

Signature and Seal of Professional Surveyor: *[Signature]*
Professional Surveyor: V. L. BEANER, No. 7920

Job #: 7225-70-SSS JCP