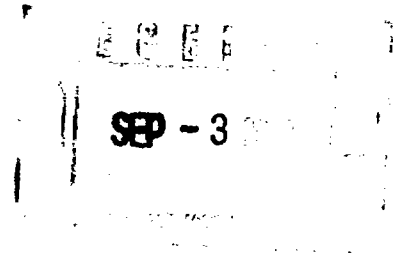


**FACSIMILE TRANSMISSION COVER SHEET****NAME:** Michael E. Stogner**FROM:** Windell B. Phillips**FIRM:** _____**Page 1 of 15 pages.****CITY:** _____**DATE:** August 29, 2002**STATE:** _____**TIME:** _____**FAX NUMBER:** (505) 476-3471**MESSAGE:**

*Should you have any transmission problems with this fax, please call Michelle Waldrop at
318-221-6156. Thank you.*

509 Market Street, Suite 300 Shreveport, Louisiana 71101-3275
(318) 221-6156 - Fax (318) 221-6188



August 28, 2002

Mr. Michael E. Stogner
Chief Hearing Officer/Engineer
New Mexico Energy, Minerals and Natural Resources Department
1220 South Saint Francis
Santa Fe, New Mexico 87505

Via Fax: (505) 476-3471
and Overnight Mail

Re: Request for Unorthodox Location
PAR – State “25” No. 1
Requested 2310’ FNL and 1980’ FWL
Section 25, Township 18S – Range 27E
Eddy County, New Mexico

Dear Mr. Stogner:

In connection with our telephone conversation August 26, PAR hereby makes a second request for the approval of an unorthodox location as referenced above. In support of our application sent herewith are the following:

1. Copies of previous request, incomplete C-102 and Letter of Denial
2. Completed C-102
3. Geologic Information
 - a. Morrow Structure Map
 - b. Isopachs of Morrow Objective Sands
 - c. Geologic Discussion
 - d. Log copy – Gulf CI #1 well
4. Surveyor Information
 - a. Topography Map
 - b. Plat for Well Pad

PAR’s request is based on two primary factors. One is the existence of a power line overlying our original intended location which was 1980’ from both the north and west lines of Section 25. The other factor is our geologic interpretation of the objective Morrow sands. PAR’s internal nomenclature for the three objective sands is the Middle Morrow “Gulf” Sand and the “B” and “C” Sands of the Lower Morrow. An isopach map for each of the aforementioned sands is enclosed as well as the Morrow section of the electric log from the Gulf CI #1 well discussed in the geologic discussion sent herewith. Faced with the necessary move of our location, an examination of the isopachs for the “B” and “C” objective sands reveals that stratigraphic risk for these sands increases in a westward direction relative to the Gulf CI #1 well. Also relative

to the Gulf well, although our isopach map of the "Gulf" sand is optimistic relative to its areal extent, the further north the location is moved from a known sand thickness in said well, the higher the risk of encountering a lesser thickness and quality of sand or no sand at all. Given the impact on two of three objective sands, a move with a westward component is not desirable. Also given that a move due north would be fairly substantial because of the necessity to move clear of the power line, that direction is also not desirable as it relates to increased stratigraphic risk relative to the third objective sand. For these reasons, and because we are not requesting a move any closer than 660' from the adjoining unit and lease line to the east (other owners), we respectfully request your reconsideration and approval of the unorthodox location.

Relative to another matter discussed yesterday, Mr. Bryan Oment has confirmed that our acreage has not yet been designated, but based on the nearest producer, it will be placed in the Red Lake Atoka/Morrow Field and our pool designation will be Morrow.

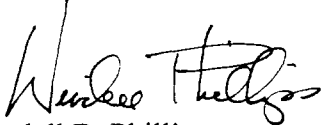
As a last point for consideration, we understand and share your desire to preserve locations so as to allow for drilling on 160 acre spacing. In this particular case we believe that we will have adequate room between the unorthodox location and another location in the southwest quarter of Section 25 to justify the drilling of an additional well if the State "25" #1 is economically successful. As a company, PAR has always fully developed its leasehold where rules and regulations allow for same and it is economically merited. We would certainly intend to develop our acreage in Red Lake Field in like manner.

Please accept our sincere thanks for your willingness to discuss our application and reconsider same. While we are new to New Mexico and learning its rules and procedures, please rest assured that we strive to operate in an exemplary manner and it is always our intention to have a good working relationship with regulatory agencies and their personnel.

Thanks again for your consideration. As time is of the essence, with a rig scheduled for approximately September 20th, please do not hesitate to call if you need additional information. Even if your decision remains to deny our request, we would appreciate your advising us of your decision at your earliest convenience.

Very truly yours,

PAR MINERALS CORPORATION

A handwritten signature in black ink, appearing to read "Windell B. Phillips", written over a thin vertical line that extends from the signature down to the typed name below.

Windell B. Phillips
President

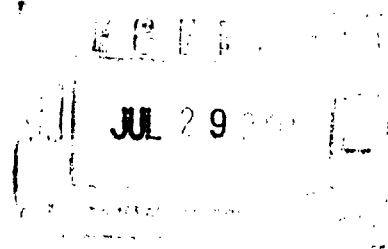
Enclosures

cc: Randy Rogers, PAR, Shreveport
Don McClung, PAR, Midland

221134586

NSL

8/18/02



July 24, 2002

New Mexico Energy, Minerals and
Natural Resources Department/OCD
1220 South Saint Francis
Santa Fe, New Mexico 88505

First Request - DENIED
up

Attn: Mr. Mike Stogner

Re: Approval of Location
W/2 Section 25, T18S, R27E
Eddy County, New Mexico
BEACH PROSPECT

Dear Mr. Stogner:

Per your conversation with Don McClung, PAR is requesting your approval of a location as shown on the enclosed plat.

As you can see from Form C-102, the location is 2310' from the North line of Section 25. An orthodox location puts the location very close to an existing power line. Par Minerals Corporation has a 100% leasehold interest in the W/2 of said Section 25. Being all one lease (State of New Mexico 648), and by moving the location south, we would only be encroaching on our interest.

Should you have any questions or need to discuss this, please do not hesitate to contact me at the number below.

Very truly yours,

PAR MINERALS CORPORATION

A handwritten signature in cursive script, appearing to read "Randall G. Rogers".

Randall G. Rogers, CPL
Vice President-Land

RGR/mak
Encl.

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

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 and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name STATE "25"	Well Number 1
OGRID No.	Operator Name PAR MINERALS CORPORATION	Elevation 3559'

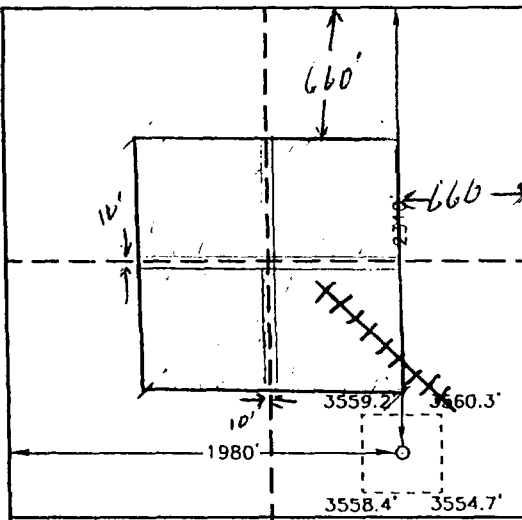
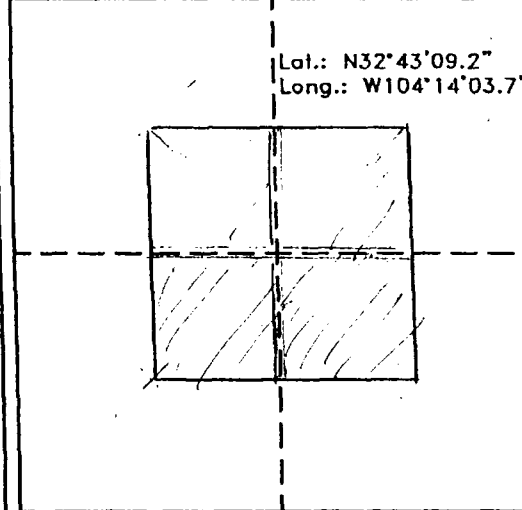
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	25	18 S	27 E		2310	NORTH	1980	WEST	EDDY

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

 Lat.: N32°43'09.2" Long.: W104°14'03.7"	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <i>Andrew Phillips</i> Signature Printed Name Title 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. JULY 15, 2002 Date Surveyed Signature of Registered Professional Surveyor NEW MEXICO W.O. No. 2877 Certificate No. Gary Jones 7977 BASIN SURVEYS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

August 14, 2002

Lori Wrotenberg
Director
Oil Conservation Division

Par Minerals Corporation
509 Market Street – Suite 300
Shreveport, LA 71101-3275

Attention: Randall G. Rogers

Re: Administrative application (application reference No. *pKRV0-221134586*) for what is pursumed to be an exception to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for Par Minerals Corporation's proposed State "25" Well No. 1 at an unorthodox gas well location 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 25, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, within a standard 320-acre deep gas spacing unit comprising the W/2 of Section 25.

Dear Mr. Rogers:

Well location exceptions or unorthodox well locations in New Mexico are granted for specific pools/formations. Your application references no such interval(s). Further, in reviewing the subject application at face value and assuming no other factors, it would appear that there are many other locations within the W/2 of Section 25 that meet the set back requirements while avoiding the "existing power line."

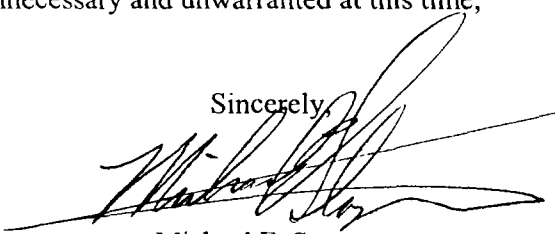
The conservation rules in all oil and gas producing states governing well spacing and the placement of these wells within such drilling tracts and spacing units have been enacted to promote the orderly development of that states valuable oil and gas resources by preventing waste, protecting correlative rights, and preventing the drilling of unnecessary wells. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues.

I have also enclosed a copy of an official "Notice" from the Division dated October 25, 1999 concerning the Division's current well location rules.

This unorthodox deep gas well location, being deemed unnecessary and unwarranted at this time, is therefore **denied**.

AUG 16 2002

Sincerely,


Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
Kathy Valdes, NMOCD – Santa Fe

1625 N. French Dr., Hobbs, NM 88240

811 South First, Artesia, NM 88210

1000 Rio Brazos Rd., Aztec, NM 87410

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Free Leave - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
			Morrow
Property Code	Property Name		Well Number
	STATE "25"		1
OGRID No.	Operator Name		Elevation
215256	PAR MINERALS CORPORATION		3559'

Surface Location

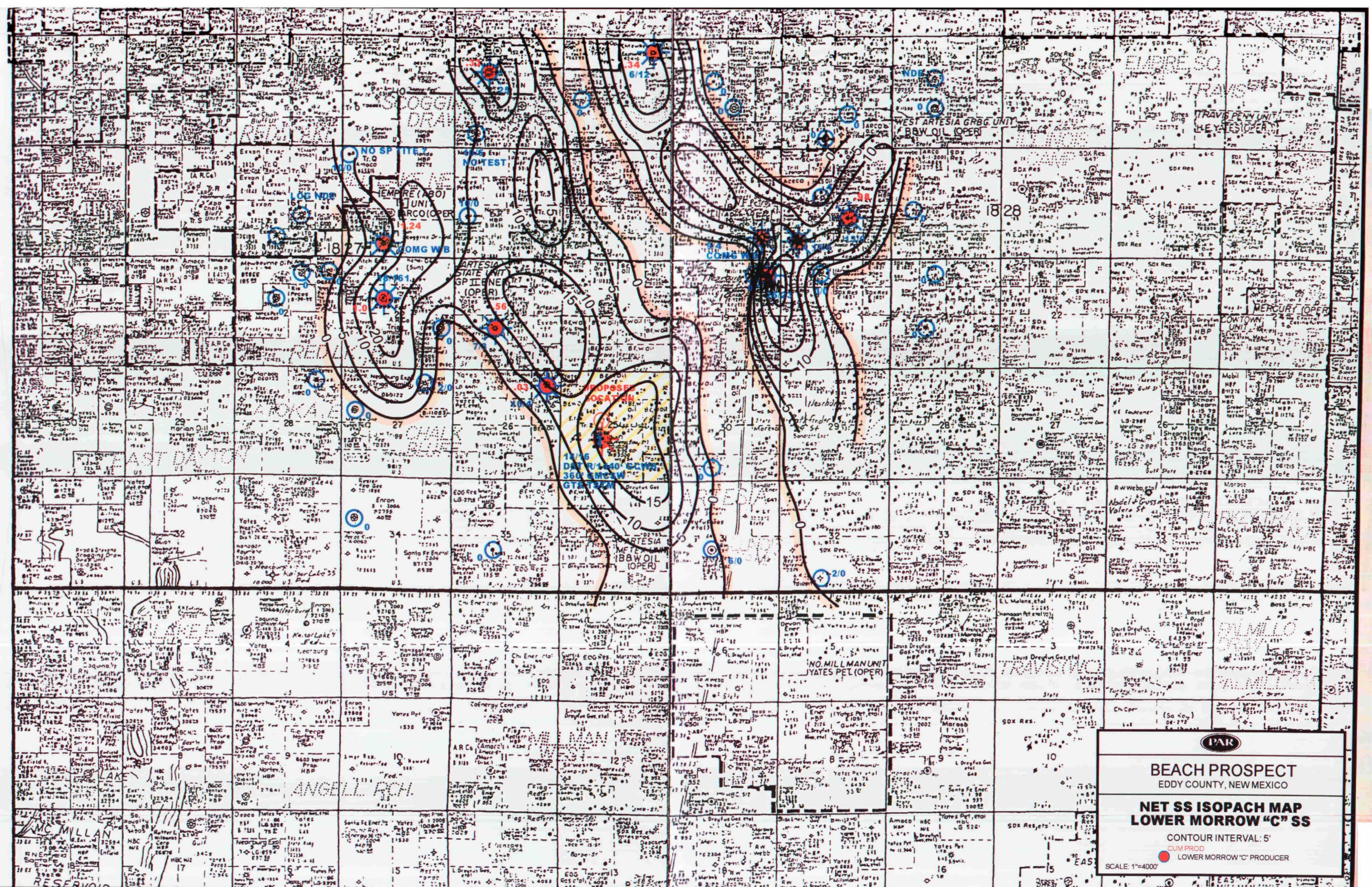
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	25	18 S	27 E		2310	NORTH	1980	WEST	EDDY

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 320	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

Lat.: N32°43'09.2" Long.: W104°14'03.7"	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature WINDELL B. PHILLIPS Printed Name PRESIDENT Title 8-29-02 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. JULY 15, 2002 Date Surveyed Signature & Seal of Professional Surveyor Certified No. Gary L. Jones 7977
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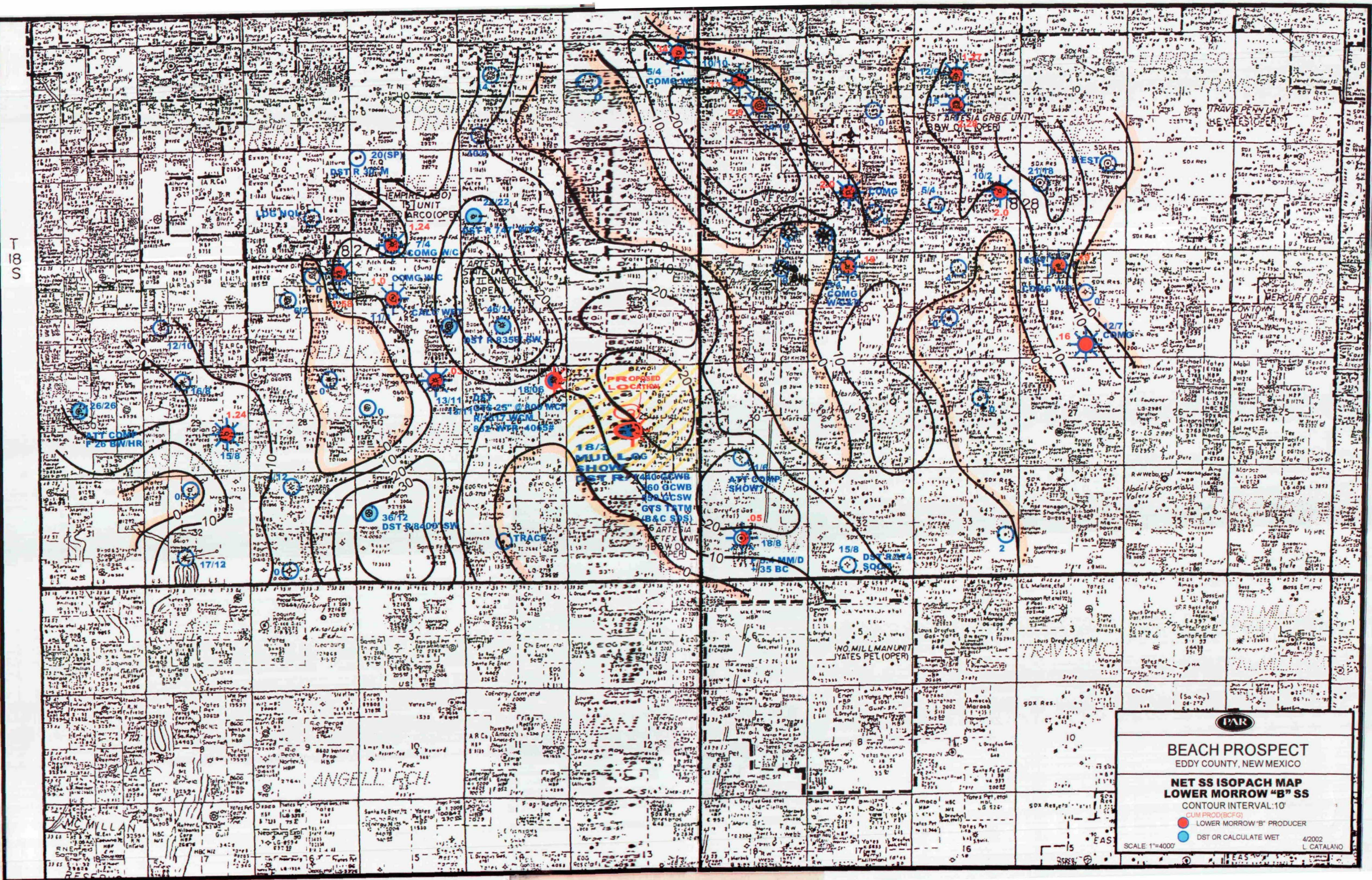


BEACH PROSPECT
EDDY COUNTY, NEW MEXICO

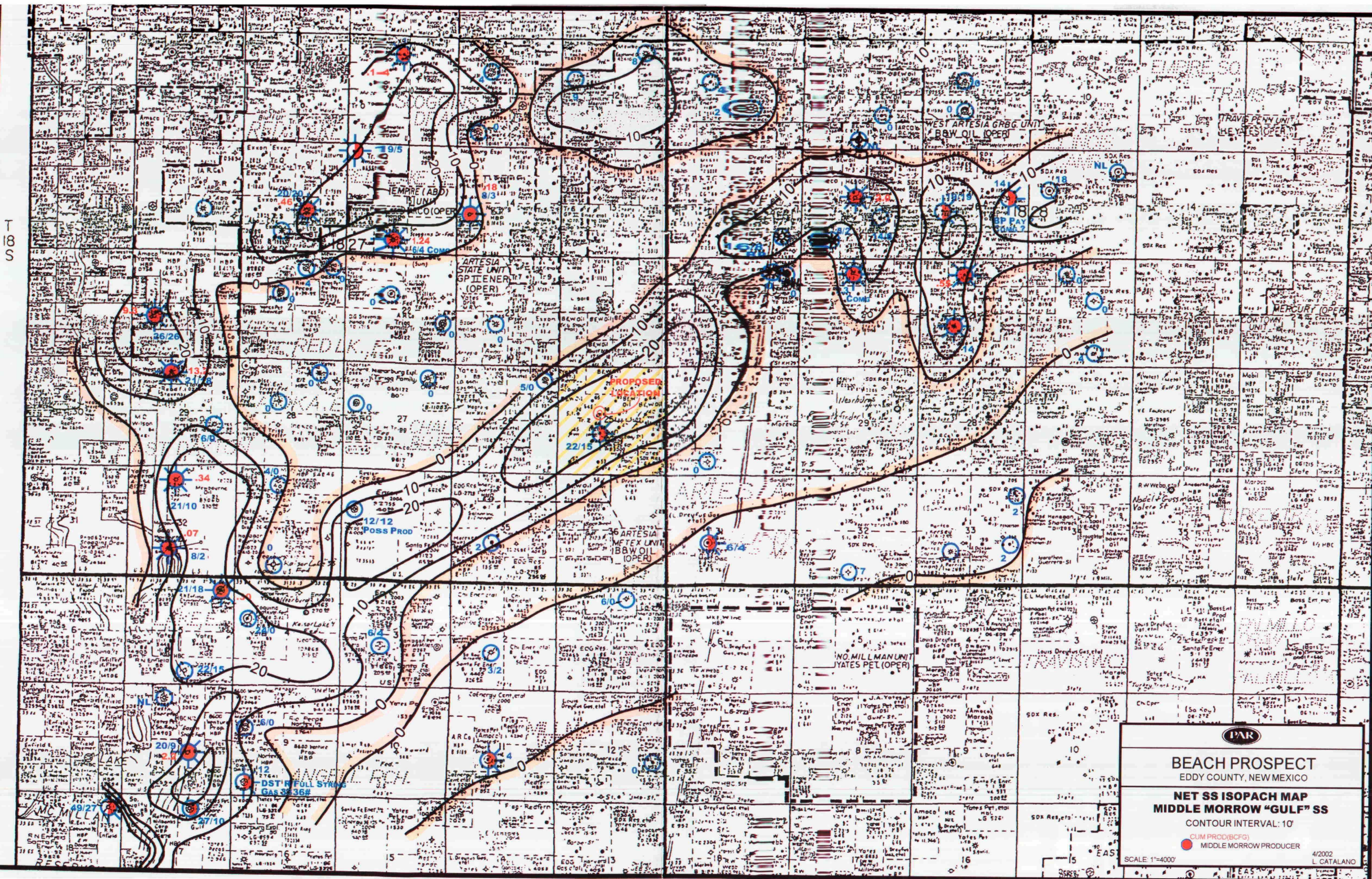
NET SS ISOPACH MAP
LOWER MORROW "C" SS

CONTOUR INTERVAL: 5'
CUM PROD
LOWER MORROW "C" PRODUCER

SCALE: 1"=4000'



T
18
S



BEACH PROSPECT
EDDY COUNTY, NEW MEXICO

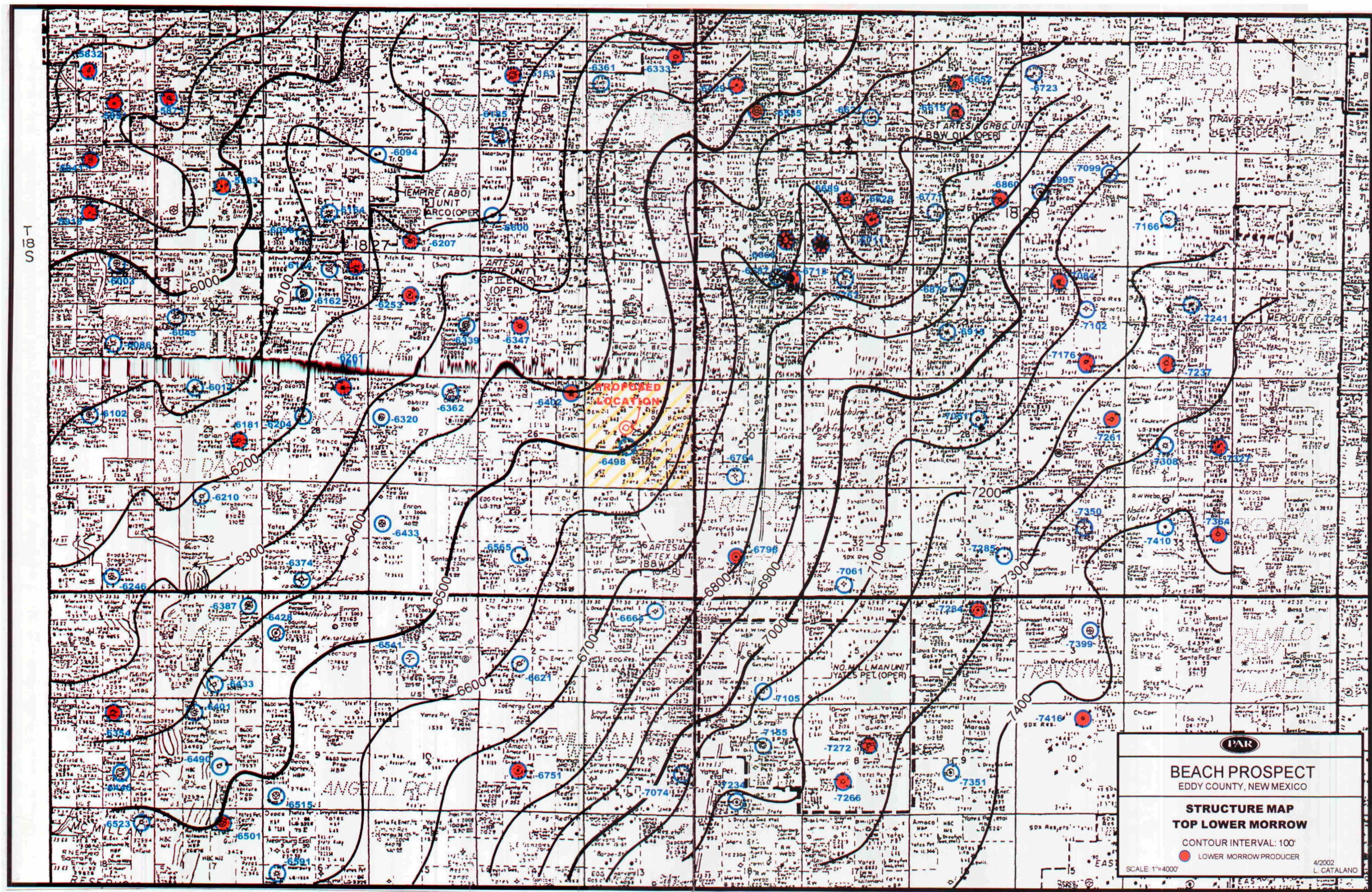
**NET SS ISOPACH MAP
MIDDLE MORROW "GULF" SS**

CONTOUR INTERVAL: 10'

CUM PROD(BCFG)
MIDDLE MORROW PRODUCER

SCALE: 1"=4000'

L. CATALANO



BEACH PROSPECT
EDDY COUNTY, NEW MEXICO

STRUCTURE MAP
TOP LOWER MORROW

CONTOUR INTERVAL: 100'

● LOWER MORROW PRODUCER

SCALE 1"=4000'

4/2002
L. CATALANO

GEOLOGICAL & RESERVE DISCUSSION

Detailed isopach mapping of a productive Middle Morrow sandstone has revealed an eight-mile-long, northeast-southwest trending beach-tidal channel complex from Township 19S-27E through Township 18S-28E, in Eddy County, New Mexico. Key wells along this trend are the Yates Eastern Shore "QW" Fed. #1 in Section 8, 19S-27E, which produced 2.18 BCFG plus 13.3 MBC from 20 feet of net Middle Morrow sandstone and the Mewbourne Oil Illinois Camp "17" #1 in Section 17, 18S-28E, which has produced 2 BCF plus 22.1 MBC from 14 feet of stratigraphically equivalent Middle Morrow net sandstone. Initial producing rates for these wells, after fracture stimulation, averaged 2.37 MMCF/D plus 50 BCPD. Trapping mechanism is stratigraphic as porous and/or permeable sandstone pinchout laterally.

Key well to Beach Prospect is the Gulf Oil #1-CI Eddy State, located 1980 FSL, 2009 FWL, Section 25, 18S-27E, which encountered 22 feet of net Middle Morrow sandstone ("Gulf" SS) stratigraphically equivalent to the pay sands in the previously mentioned Illinois Camp "17" St. #1 and the Eastern Shore "QW" #1. The #1-CI Eddy State was drilled in 1960 as a "deep" structural prospect to a total depth of 11,208 feet in the Devonian formation. A drill stem test from 10,040-166 feet, which included the lower portion of the "Gulf" SS and the Lower Morrow "A" and "B" sands produced gas at a rate of 734 MCF/D. Pipe recovery was 1,440 feet gas cut water blanket, 420 feet heavy oil and gas cut mud plus 120 feet salt water with a shut-in pressure of 3,780 psi. Flowing pressures were 850-960 psi. A wireline formation test at 10,020 feet (Gulf "SS") recovered 1½ CFG plus 7,500 cc mud filtrate. Flowing pressure was 50 psi with a final bottom hole shut-in pressure of 3,900 psi. Open-hole logs through the Gulf "SS" indicated sonic porosity up to 9%. Fifteen feet of "good" micro-log permeability was recorded also.

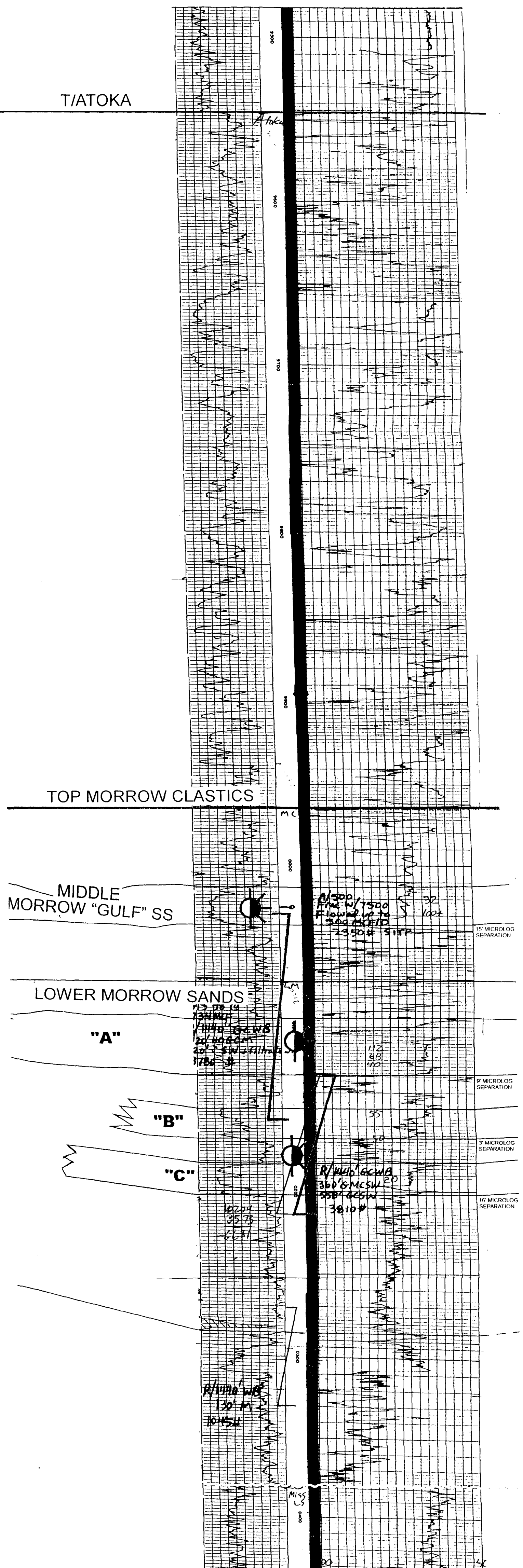
A completion in the "Gulf" SS was made by cutting a notch at 10,025 feet. The well was treated with 500 gallons of mud-acid (HCL?) and fracture stimulated with 7,500 gallons of gelled lease oil plus 6,000 pounds of sand. Subsequent production testing for approximately 30 days yielded gas rates between 186-530 MCF/D with no formation water. Flowing tubing pressure was as high as 550 psi on a 17/64" choke. A total of 503 barrels of load oil and 59 barrels of load water were never recovered. The well was subsequently plugged-back and completed in a shallow oil zone.

Much has been learned by industry about Morrow reservoir sensitivity since Gulf drilled this wildcat well in 1960. Morrow sandstones contain a variety of authigenic and detrital clays, mobile fines and other matter including iron-bearing minerals. The Gulf well was drilled with fresh water, which can react with swelling clays and greatly reduce permeability. Drill stem testing can sometimes mobilize clay "fines" and clog pore-throats, further reducing permeability. Fracture stimulating a gas reservoir with lease

crude undoubtedly caused further formation damage. It is believed that commercial gas production could have been established from the "Gulf" SS in the #1-CI Eddy State if current Morrow drilling and completion practices were employed. PAR will stake the State"25" #1 well approximately 1,000 feet north of the #1-CI Eddy State and should encounter 20+ feet of net pay sandstone. Treating the "Gulf" SS zone with a state-of-the-art fracture stimulation should establish a commercial completion similar to the analog Eastern Shore "QW" #1 and Illinois Camp "17" #1. Expected initial rate is 2.37 MMCF plus 50 MBC/D. A successful completion would prove up an additional location in the E/2 of Section 25. Gross reserves are estimated to be 2.2 BCF plus 18 MBC per well.

Additional reserves are expected from the Lower Morrow "B" and "C" fluvial sandstones which had gas shows (drill stem test and mud-log) in the #1-CI Eddy State. The Gulf "SS" and the Lower Morrow "A" and "B" sands were drill stem tested together and recovered 125 feet salt water with gas. The Lower Morrow "B" and "C" zones were then drill stem tested together and recovered gas cut salt water. No production testing was done. Trapping mechanism for the Lower Morrow sands is combination structural-stratigraphic. The Lower Morrow sands at the proposed location should be encountered at least 25 feet updip to the #1-CI Eddy State. Gas reserves from Lower Morrow zones are estimated to be 1.0 BCF plus 7 MBC per well.

1980' FSL & 2009' FWL
SECTION 25, T-18-S, R-27-E
EDDY COUNTY, NEW MEXICO
KB 3573'



EDDY COUNTY

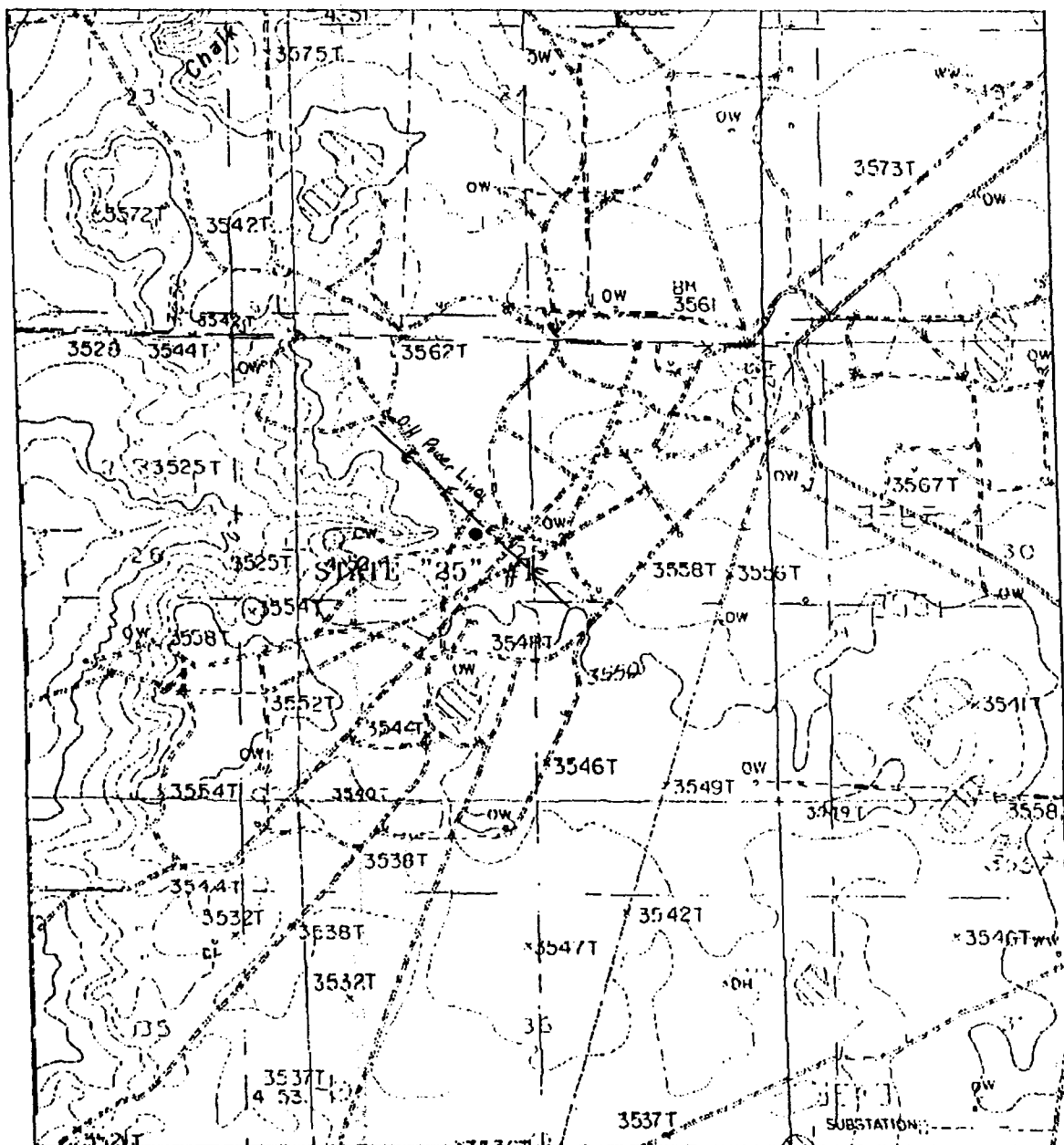
NEW MEXICO

WILDCAT

Well: GULF OIL CORP. #1-CI Gulf, et al-Eddy State Result: TEMP ABND
Loc'n: N/partial county, 10 mi SE/Artesia; Sec 25-18S-27E, 1980' FSL 2009' FWL Sec; surrounded by shallow production in Artesia Fld.

KB 3573

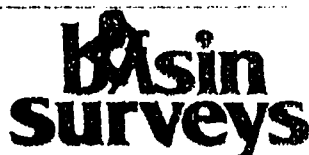
Spud: 3-30-60; Comp: 9-29-60; Elev: 2930' grd; TD: 11, 208'
Casing: 13 3/8" 527/600 sx, 9 5/8" 3312/780 sx, 5 1/2" 10, 343/285 sx
Comp Info: DST 7340-68, op 45 min, rec 120' mud, FP 0-90#, SIP 420#/30 min; DST
 7496-7550, op 45 min, rec 246' mud, FP 93-163#, SIP 140#/30 min; DST 7705-20, op
 1 hr, gas in 5 min, est 211,000 CFGPD, rec 60' HGCM & 510' HOGGCM W/trace free oil,
 FP 116-235#, SIP 280#/30 min; DST 8760-8820, op 2 1/2 hrs, rec 279' GCM, 463' GC
 salty sulf wtr, FP 232-442#, SIP 2193#/30 min; DST 8988-9028, op 1 hr & 50 min, rec
 120' GCM, FP 117# / SIP 2655#/30 min; DST 9040-80, op 1 1/2 hrs, rec 60' mud, FP
 776#, SIP 1023#/30 min; DST 10,040-166, op 4 hrs, gas in 38 min, est 234,000 CFGPD,
 rec 1440' GCWB, 420' HOGGCM & 120' SW, FP 850-960#, SIP 3780#/1hr; DST 10,148-228,
 op 2 hrs, rec 1440' GCWB, 360' GCMGCSW & 558' GCSW, FP 775-970#, SIP 3810#/30 min;
DST 10,278-340, op 1 hr, rec 1440' WB, 130' mud, FP 725#, SIP 1045#/30 min; DST
 11,050-100, op 1 hr, & 15 min, rec 1500' WB & 190' mud, FP 753-800#, SIP 3216#/30
 min; DST 11,105-208, op 3 hrs, rec 1700' WB, 90' HSWCM & 480' SW, FP 779-965#, SIP
 4641#/30 min; Perf @ 10,025', A/500 gals, Frac w/7, 500 gals, flwd 186,000 CFGPD,
 flwd 200 CFGPD, did not rec all load.



Note: Power line shown according to surveyor information; power line is not shown on USGS topography map.

STATE "25" #1

Located at 2310' FNL and 1980' FWL
Section 25, Township 18 South, Range 27 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
berlinsurveys.com

WFO Number: 2618AA E.O. 12812

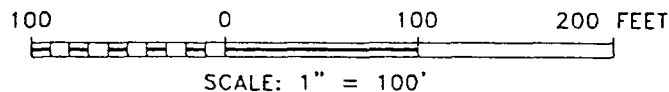
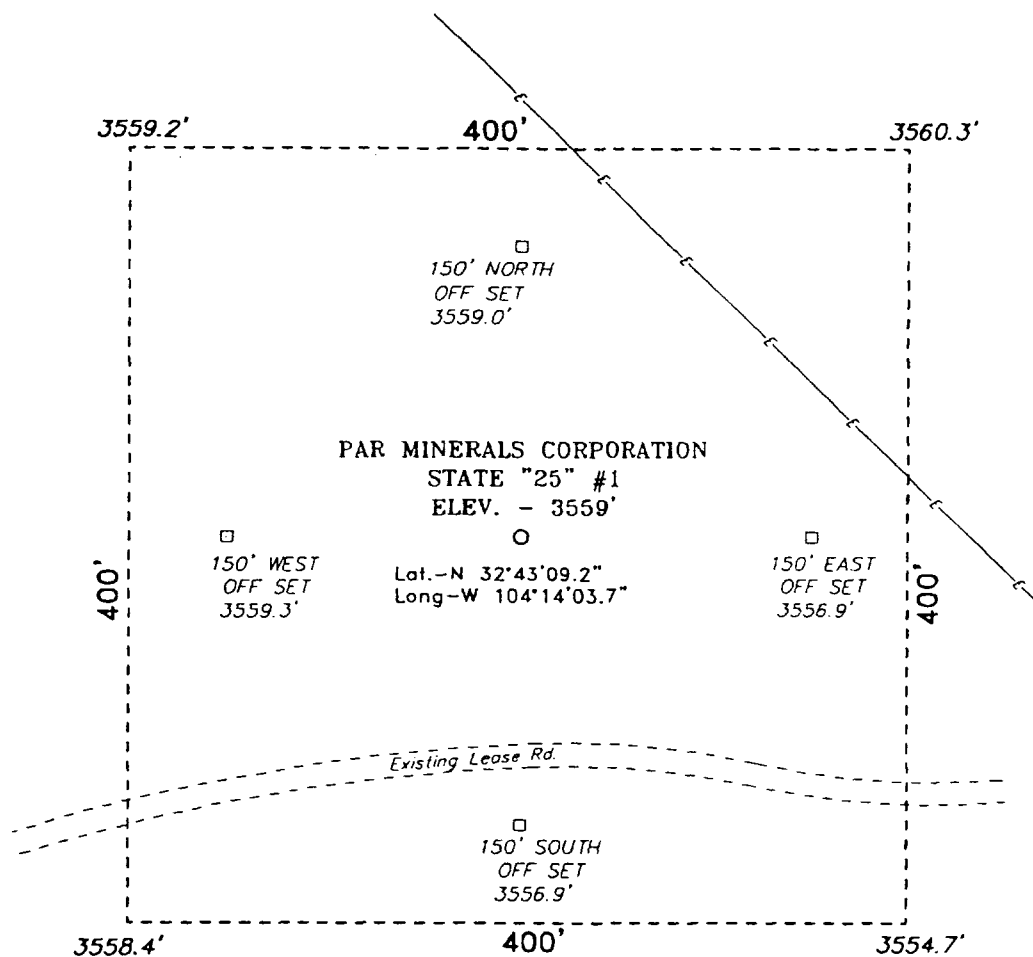
Survey Date: 07-12-2002

Scale, 1" = 2000'

Page 15 of 2002

PAR
MINERALS
CORPORATION

SECTION 25, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF CO. RD. 206 & CO. RD. 234, GO SOUTHWEST ON CO. RD. 234 FOR 0.7 MILE; THENCE NORTHWEST AROUND HOUSE FOR 0.3 MILE; THENCE WEST FOR 0.2 MILE; THENCE SOUTH FOR 0.2 MILE; THENCE SOUTHWEST FOR 0.3 MILE TO LOCATION.

PAR MINERALS CORP.

REF: STATE "25" #1 / Well Pad Topo

THE STATE "25" No. 1 LOCATED 2310' FROM THE NORTH LINE AND 1980' FROM THE WEST LINE OF SECTION 25, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 2618

Drawn By: K. GOAD

Date: 07-15-2002

Disk: KJG CD#4 - 2618A.DWG

Survey Date: 07-12-2002

Sheet 1 of 1 Sheets



State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Note to File NSL-2772

Memo

To

8-27-2002: talked w/ Wendell Phillips for an hour explaining to him NM's procedures and rules. Helped explain the problem w/ original filing. Will update.

8-29-2002: talked w/ Don McCune who called to check on the rules governing the Red Lake State Morroco Case. Bad.

8-30-2002 (3:10 PM) called wanting a much better.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811



Par
**NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT**

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

August 14, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Par Minerals Corporation
509 Market Street – Suite 300
Shreveport, LA 71101-3275

Attention: Randall G. Rogers

Re: *Administrative application (application reference No. pKRV0-221134586) for what is presumed to be an exception to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for Par Minerals Corporation's proposed State "25" Well No. 1 at an unorthodox gas well location 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 25, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, within a standard 320-acre deep gas spacing unit comprising the W/2 of Section 25.*

Dear Mr. Rogers:

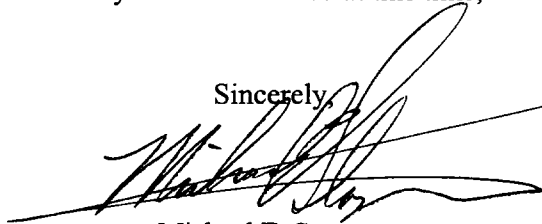
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I have also enclosed a copy of an official "Notice" from the Division dated October 25, 1999 concerning the Division's current well location rules.

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Sincerely,

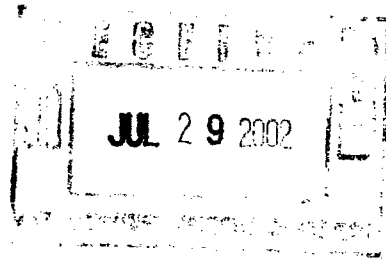

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
Kathy Valdes, NMOCD – Santa Fe

221134586

NSL

8/18/02



July 24, 2002

New Mexico Energy, Minerals and
Natural Resources Department/OCD
1220 South Saint Francis
Santa Fe, New Mexico 88505

Attn: Mr. Mike Stogner

Re: Approval of Location
W/2 Section 25, T18S, R27E
Eddy County, New Mexico
BEACH PROSPECT

Dear Mr. Stogner:

Per your conversation with Don McClung, PAR is requesting your approval of a location as shown on the enclosed plat.

As you can see from Form C-102, the location is 2310' from the North line of Section 25. An orthodox location puts the location very close to an existing power line. Par Minerals Corporation has a 100% leasehold interest in the W/2 of said Section 25. Being all one lease (State of New Mexico 648), and by moving the location south, we would only be encroaching on our interest.

Should you have any questions or need to discuss this, please do not hesitate to contact me at the number below.

Very truly yours,

PAR MINERALS CORPORATION

A handwritten signature in cursive script, appearing to read "Randall G. Rogers".

Randall G. Rogers, CPL
Vice President-Land

RGR/mak
Encl.

STRICT I
25 N. French Dr., Hobbs, NM 88240

STRICT II
1 South First, Artesia, NM 88210

STRICT III
00 Rio Brazos Rd., Aztec, NM 87410

STRICT IV
40 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name STATE "25"	Well Number 1
OGRID No.	Operator Name PAR MINERALS CORPORATION	Elevation 3559'

Surface Location

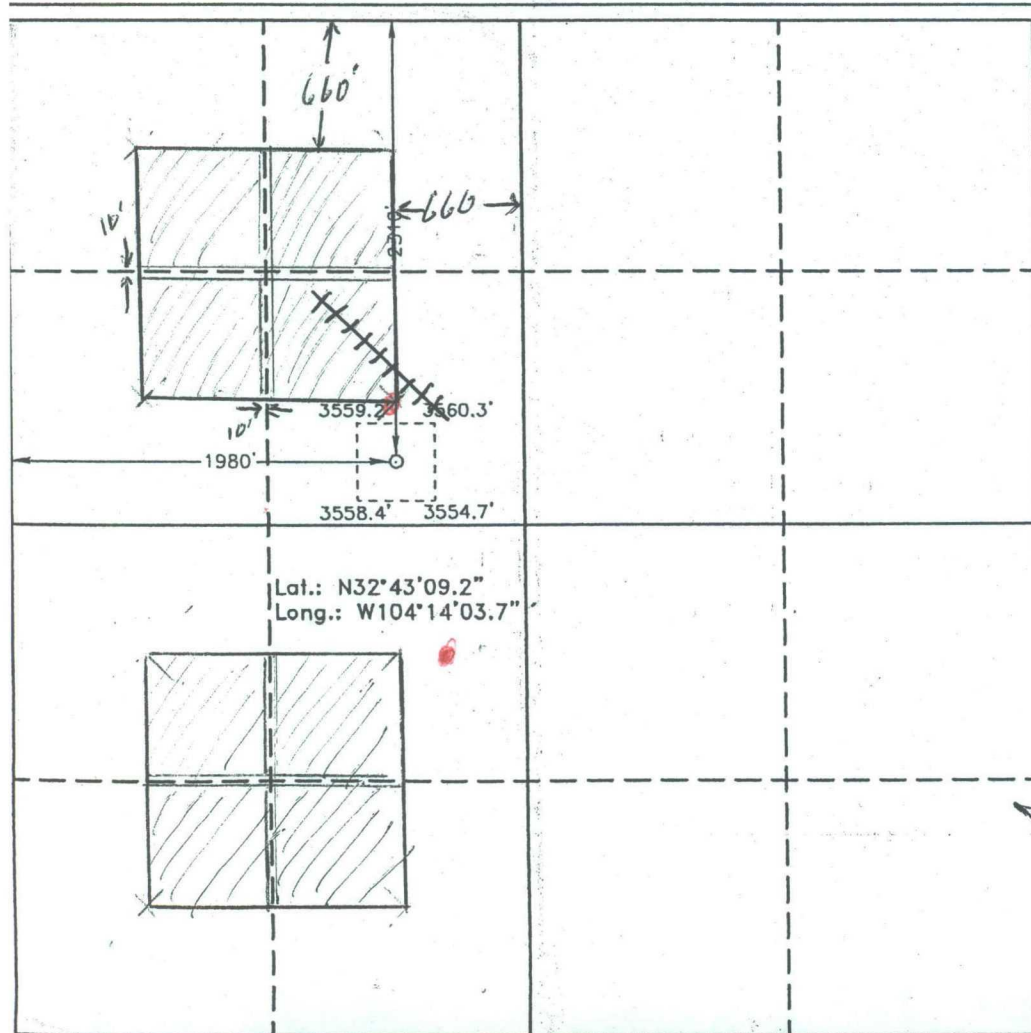
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	25	18 S	27 E		2310	NORTH	1980	WEST	EDDY

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.

Walter Phillips
Signature

Printed Name

Title

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.

JULY 15, 2002

Date Surveyed

Signature & Seal of
Professional Surveyor

NEW MEXICO

1977

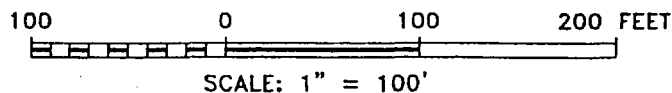
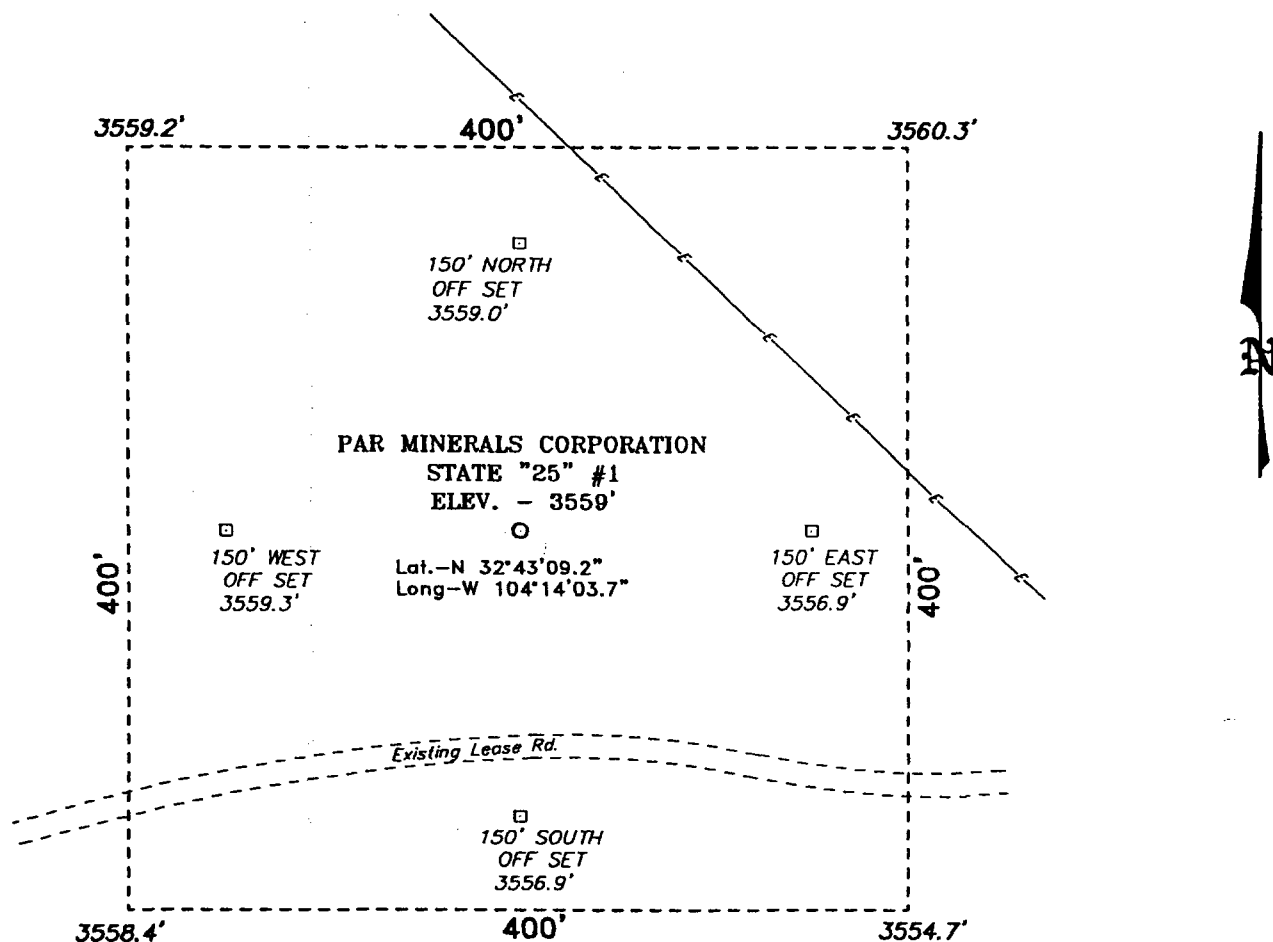
W.O. No. 2638

Certificate No. Gary Jones 7977

REGISTERED PROFESSIONAL LAND SURVEYOR

BASIN SURVEYS

SECTION 25, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF CO. RD. 206 & CO. RD. 234, GO SOUTHWEST ON CO. RD. 234 FOR 0.7 MILE; THENCE NORTHWEST AROUND HOUSE FOR 0.3 MILE; THENCE WEST FOR 0.2 MILE; THENCE SOUTH FOR 0.2 MILE; THENCE SOUTHWEST FOR 0.3 MILE TO LOCATION.

PAR MINERALS CORP.

REF: STATE "25" #1 / Well Pad Topo

THE STATE "25" No. 1 LOCATED 2310' FROM THE NORTH LINE AND 1980' FROM THE WEST LINE OF SECTION 25, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

V.O. Number: 2618 Drawn By: K. GOAD

Date: 07-15-2002 Disk: 206 11#4 Survey Date: 07-15-2002 Sheet 1 of 1 Sheets

CMD : ONGARD
OG5SECT INQUIRE LAND BY SECTION

07/31/02 11:48:27
OGOMES -TPN4
PAGE NO: 1

Sec : 25 Twp : 18S Rng : 27E Section Type : NORMAL

D 40.00 TAG X00648 0145 DOMINION OKLAHOMA U 11/14/32 A	C 40.00 TAG X00648 0145 DOMINION OKLAHOMA U 11/14/32 A	B 40.00 TAG X00648 0145 DOMINION OKLAHOMA U 11/14/32 A	A 40.00 TAG X00648 0145 DOMINION OKLAHOMA U 11/14/32 A A
E 40.00 TAG X00648 0145 DOMINION OKLAHOMA U 11/14/32 A	F 40.00 TAG X00648 0145 DOMINION OKLAHOMA U 11/14/32 A A	G 40.00 TAG E02123 0000 CHEVRON U S A INC U 09/10/58 A A	H 40.00 TAG X00648 0145 DOMINION OKLAHOMA U 11/14/32 A A A

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

CMD : ONGARD
OG5SECT INQUIRE LAND BY SECTION

07/31/02 11:48:30
OGOMES -TPN4
PAGE NO: 2

Sec : 25 Twp : 18S Rng : 27E Section Type : NORMAL

L	K	J	I
40.00 TAG X00648 0145 DOMINION OKLAHOMA U R 11/14/32 A	40.00 TAG X00648 0145 DOMINION OKLAHOMA U R 11/14/32 A A A	40.00 TAG X00648 0145 DOMINION OKLAHOMA U R 11/14/32 A	40.00 TAG X00648 0145 DOMINION OKLAHOMA U R 11/14/32 A
M	N	O	P
40.00 TAG X00648 0145 DOMINION OKLAHOMA U R 11/14/32 A	40.00 TAG X00648 0145 DOMINION OKLAHOMA U R 11/14/32 A	40.00 TAG X00648 0145 DOMINION OKLAHOMA U R 11/14/32 A	40.00 TAG X00648 0145 DOMINION OKLAHOMA R 11/14/32 A

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

County Eddy Pool North Illinois Camp-Morrow Gas

TOWNSHIP 17 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	

Ext: $\frac{5}{25}$ Sec. 36 (R-9938, 8-17-93) Ext: $\frac{N}{2}$ Sec. 36 (R-11411, 7-10-00)

County Eddy Pool North Illinois Camp-Morrow Gas

TOWNSHIP 18 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

Ext: $\frac{S}{2}$ Sec. 1, $\frac{N}{2}$ Sec. 12 (R-9545, 7-1-91) Ext: $\frac{N}{2}$ Sec. 1 (R-9709, 8-25-92)

County EDDY

POOL NORTH ILLINOIS CAMP - MORROW GAS

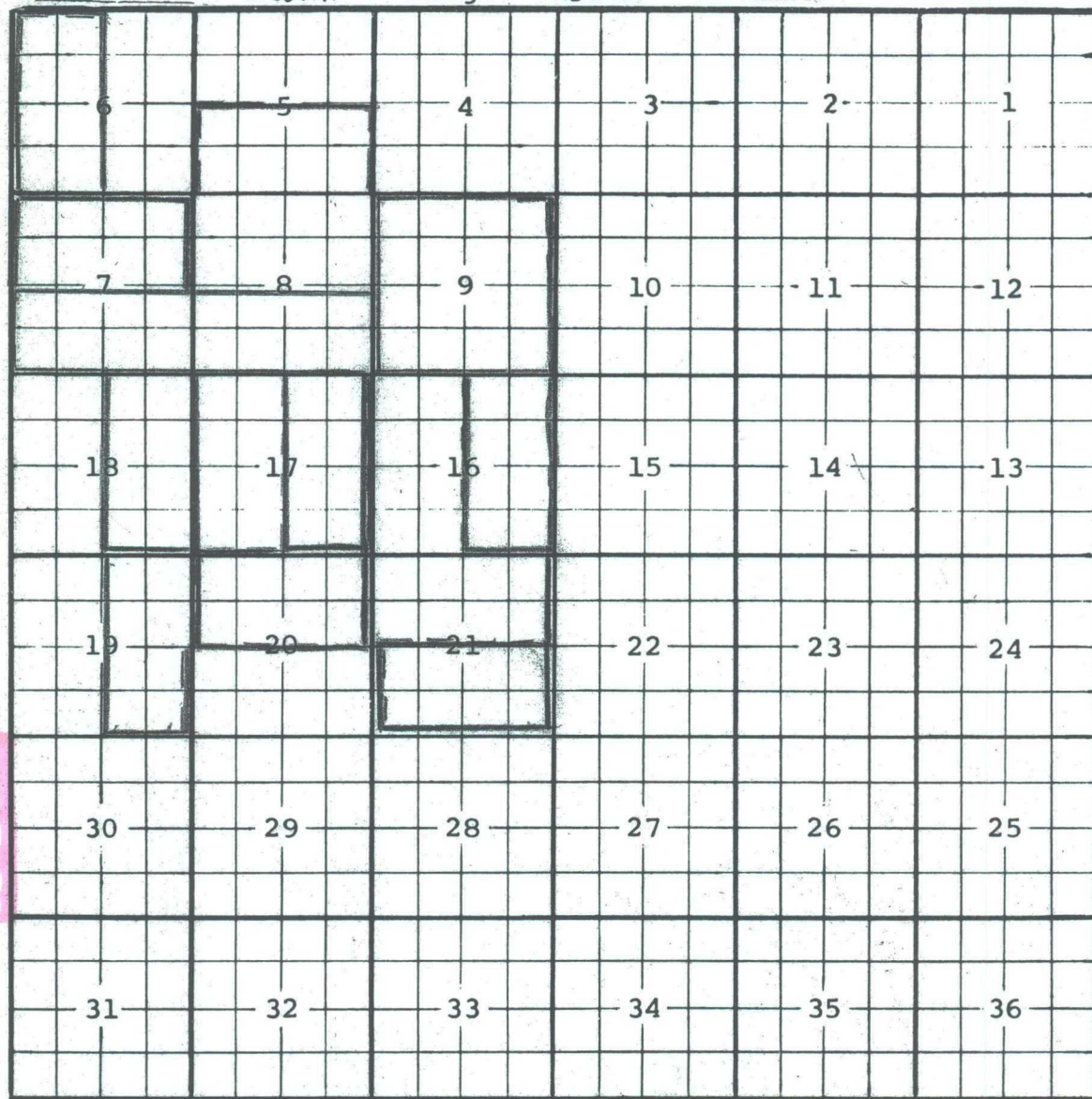
TOWNSHIP

18 South

Range

28 EAST

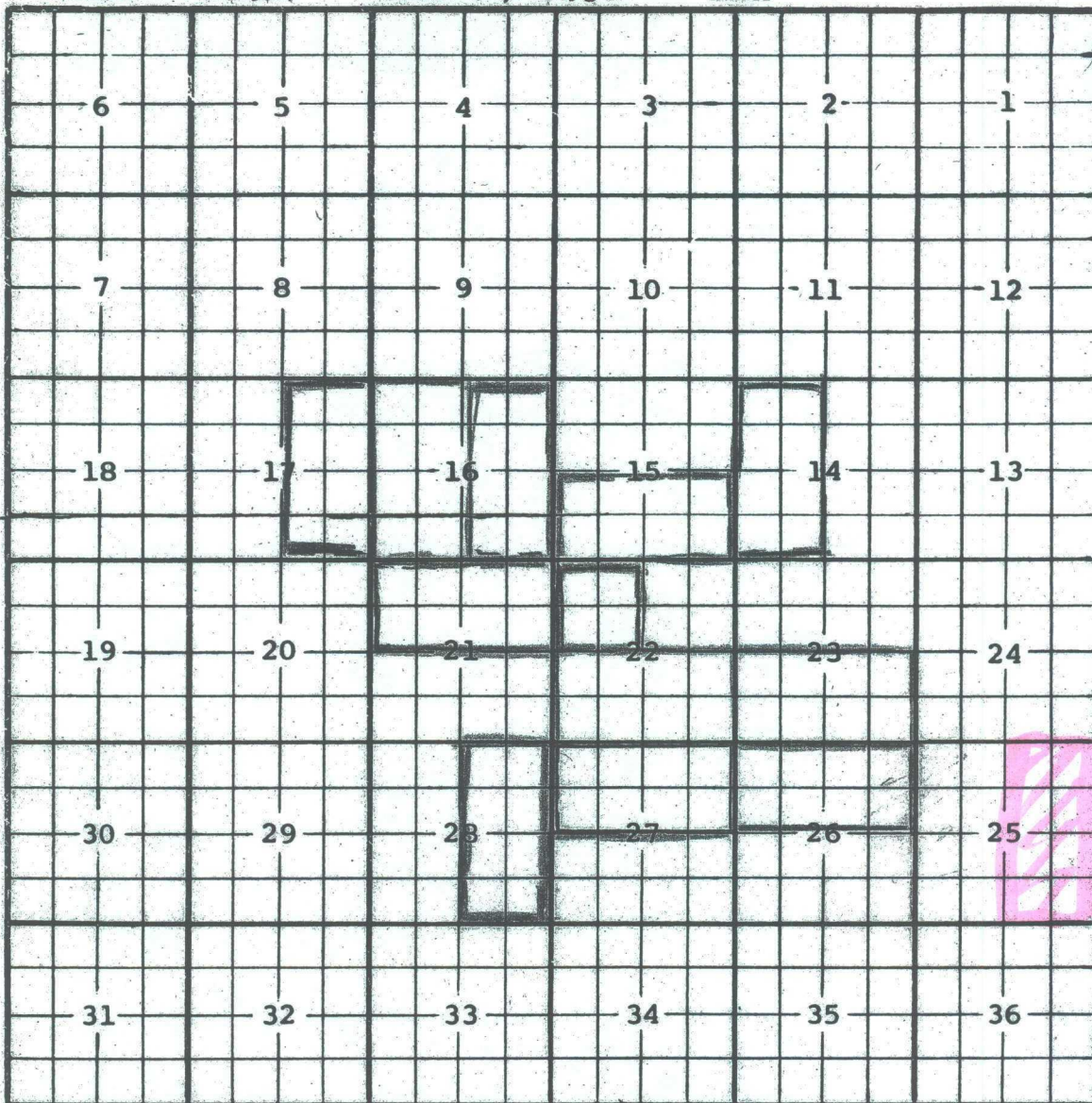
NMPM



Description : All Sec. 9 (R-6274, 3-1-80) Ext: $\frac{E}{2}$ sec 16 (R-6724, 7-16-81)
 Ext: $\frac{S}{2}$ Sec. 7, $\frac{S}{2}$ Sec. 8 (R-8179, 3-14-86) Ext: $\frac{N}{2}$ Sec. 7 (R-8391, 1-22-87)
 Ext: $\frac{W}{2}$ Sec. 6 (R-9709, 8-25-92) Ext: $\frac{W}{2}$ Sec. 17 (R-10042, 12-28-93)
 Ext: $\frac{E}{2}$ Sec. 17 (R-10124, 5-31-94) Ext: $\frac{W}{2}$ Sec. 16, $\frac{N}{2}$ Sec. 21 (R-10420, 7-17-95)
 Ext: $\frac{S}{2}$ Sec. 5, $\frac{N}{2}$ Sec. 8 (R-10713, 11-26-96) Ext: $\frac{S}{2}$ Sec. 21 (R-10844, 7-16-97)
 Ext: $\frac{E}{2}$ Sec. 18 (R-11678, 10-23-01) Ext: $\frac{E}{2}$ Sec. 19 (R-11705, 12-13-01)

COUNTY EddyPOOL Red Lake - Atoka - Morrow GasTOWNSHIP 18 SouthRANGE 27 East

NMPM



Description: $\frac{N}{2}$ Sec. 27 (R-3342, 12-1-67) Ext: $\frac{S}{2}$ Sec. 22, $\frac{S}{2}$ Sec. 23, $\frac{E}{2}$ Sec. 28 (R-6170, 11-1-75)

Extend vertical limits to include Atoka formation and redesignate as East Atoka Atoka - Morrow Gas Pool (R-7502, 4-20-84)

Redesignate as Red Lake Atoka - Morrow Gas Pool (R-7555, 6-14-84)

Ext: NW/4 SEC. 22 (R-8522, 10/1/87) EXT: $\frac{S}{2}$ SEC. 15 (R-8665, 6/9/88)

EXT: $\frac{N}{2}$ sec 26 (R-8969, 8-1-89) EXT: $\frac{E}{2}$ Sec. 16 (R-9326, 11-7-90)

EXT: $\frac{N}{2}$ SEC 21 (R-9473, 4-1-91) EXT: $\frac{W}{2}$ Sec. 16 (R-9709, 8-25-92)

Ext: $\frac{W}{2}$ Sec. 14 (R-10042, 12-28-93) EXT: $\frac{E}{2}$ Sec. 17 (R-10962, 2-23-98)

COUNTY *Eddy*

POOL *Illinois Camp - Morrow Gas*

TOWNSHIP *18 South*

RANGE *28 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: $\frac{1}{2}$ Sec 31 (R-5361, 3-1-77)

NSL-GAS. N144

PKRVO-221134586

Received: 8-29-02
Susp: NA
Released: ~~8~~ 9-3-02

September 3, 2002

Par Minerals Corporation
509 Market Street – Suite 300
Shreveport, Louisiana 71101-3275

Telefax No. (318) 221-6188

Attention: Windell B. Phillips

Administrative Order NSL-4772

Dear Mr. Phillips:

Reference is made to the following: (i) Par Minerals Corporation's initial application (*application reference No. pKRV0-221134586*) that was submitted to the New Mexico Oil Conservation Division ("Division") on July 29, 2002; (ii) the Division's initial response by letter dated August 14, 2002 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **denying** this application; (iii) your telephone conversations with Mr. Stogner on Tuesday, August 27, 2002 and on Friday, August 30, 2002; (iv) Mr. Don McClung's telephone conversation with Mr. Stogner on Thursday, August 29, 2002; (v) your re-submittal of this application to the Division by telefax on August 29, 2002; and (vi) the Division's records in Santa Fe: all concerning Par Minerals Corporation's request for an unorthodox Morrow gas well location for its proposed State "25" Well No. 1 to be drilled 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 25, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

The W/2 of Section 25 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Undesignated Illinois Camp-Morrow Gas Pool (**78880**), Undesignated North Illinois Camp-Morrow Gas Pool (**78890**), or Undesignated Red Lake-Atoka Morrow Gas Pool (**83620**).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Par Minerals Corporation seeks this location exception for both topographical and geological reasons.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location within the 320-acre unit comprising the W/2 of Section 25 is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery
Director

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office – Santa Fe