

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

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

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 Prairie Sun, Inc. P.O. Box 8280 Roswell, NM 88202-8280		² OGRID Number 173235
		³ API Number 30 - 015-27220
⁴ Property Code 32500	⁵ Property Name Lambchop "20"	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	County
B	20	24S	25E		479	North	1814	East	Eddy

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	County

⁹ Proposed Pool 1 WILDCAT	¹⁰ Proposed Pool 2
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¹¹ Work Type Code E	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 4137.9'
¹⁶ Multiple N	¹⁷ Proposed Depth 2870'	¹⁸ Formation Delaware	¹⁹ Contractor Undetermined	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	435'	475 sx	Circ.
12 1/4"	8 5/8"	32#	2700'	2120 sx	Circ.
7 7/8"	5 1/2"	17#	5806'	1650 sx	Circ.

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.

Operator proposes to re-enter above well. This well was previously drilled by Santa Fe Energy Operating Partners, L.P. as the Lambchop 20 Fed Com #1, with plug and abandonment on 5/20/93. The 5 1/2" casing will be cleaned out to 2870' to test the Delaware formation from previous perforations 2696'--2714'. A 3000 psi WP double ram BOP will be installed and tested prior to drilling the surface plug and tested daily. This location is unorthodox due to topographic reasons and was previously approved by the Santa Fe NMOCDD office.

BOP DIAGRAM IS ATTACHED.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Gene Lee</i>		OIL CONSERVATION DIVISION Approved by: <i>Jim A. Brown</i>	
Printed name: Gene Lee		Title: <i>District Supervisor</i>	
Title: Agent		Approval Date: MAY 15 2003	Expiration Date: MAY 15 2004
Date: 05/05/03	Phone: 505-622-7355 Cell - 626-4292	Conditions of Approval: Attached <input type="checkbox"/>	

District I

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1000 Rio Brazos Rd., Aztec, NM 87410

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-27220	² Pool Code	³ Pool Name Undesignated DELAWARE
⁴ Property Code	⁵ Property Name Lamb chop "20"	⁶ Well Number 1
⁷ OGRID No. 173235	⁸ Operator Name PRAIRIE SUN, INC.	⁹ Elevation 4137.9'

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	20	24S	25E		479'	NORTH	1814'	EAST	Eddy

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 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No. NSL-3200 APPROVED 11-22-92
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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 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Gene Lee</u> Printed Name: <u>GENE LEE</u> Title: <u>Agent</u> Date: <u>5-5-03</u>	
	¹⁸ 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. <u>Original Survey 10-9-92</u> Date of Survey:	
	Signature and Seal of Professional Surveyor:	
	Certificate Number	

OIL CONSERVATION DIVISION

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator SANTA FE ENERGY OPERATING PARTNERS, LP			Lease LAMBCHOP "20" FEDERAL COM.		Well No. 1
Unit Letter B	Section 20	Township 24 SOUTH	Range 25 EAST	County NMPM	EDDY
Actual Footage Location of Well: 479 feet from the NORTH line and 1814 feet from the EAST line					
Ground Level Elev. 4137.9	Producing Formation Strawn	Pool Undesignated (Strawn) Gas			Dedicated Acreage: 320.00 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☒ Yes ☐ No If answer is "yes" type of consolidation COMMUNITIZATION

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

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

Darrell Roberts

Printed Name

Darrell Roberts

Position

Senior Drilling Engineer
Company Santa Fe Energy
Operating Partners, L.P.

Date

October 29, 1992

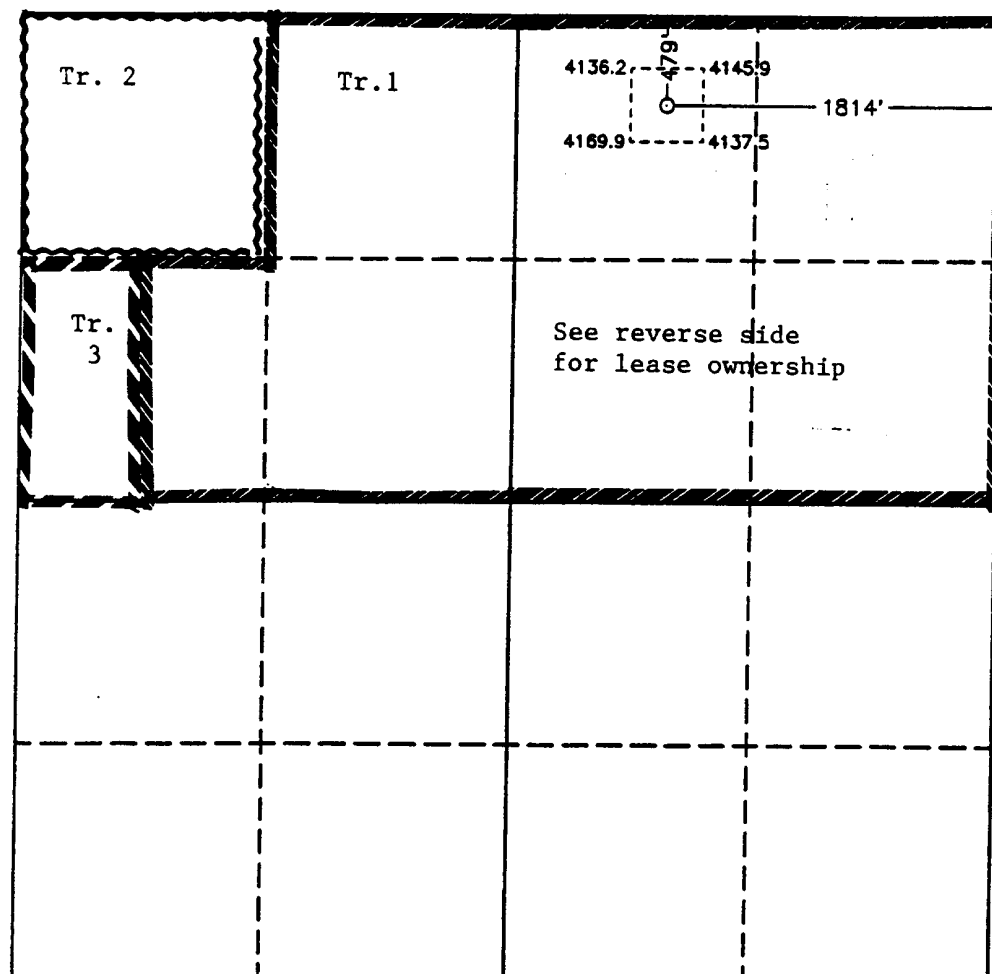
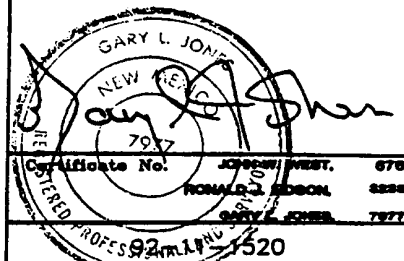
SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed

OCTOBER 9, 1992

Signature & Seal of
Professional Surveyor



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

H2S CONTINGENCY PLAN

**Prairie Sun, Inc.
P.O. Box 8280
Roswell, NM 88202**

**Lambchop "20" -#1
479' FNL & 1814' FEL
Sec. 20-T24S-R25E
Eddy County, New Mexico
30-015-27220**



Operator proposes to reenter the above well and clean out to a depth of 2872' to test the Delaware formation. Previous Operator, Santa Fe Energy had perforated and tested this formation with gas analysis showing H2S concentrations ranging from 7,000 ppm to 11,000 ppm.

Attached is a copy of a map showing the remote location of this well. There are no public county roads or houses within 2 miles of this location. At the onset of drilling, H2S safety equipment will be installed consisting of personal monitors for the employees on location, H2S sensors and alarms will be installed at the wellhead, pits, and other areas of the location. These will be provided by Indian Fire & Safety who will insure all personnel are certified in H2S safety.

In the event H2S gas is detected, all precautions will be taken to contain the gas to the wellbore and production facilities. All BOP equipment is rated to 3000 psi working pressure as is the wellhead and all valves.

As a precaution to protect the public from any exposure to H2S gas, all gates going into the location on Fee lands will be locked and signs posted along the access road and the location that warn of the danger of H2S gas being present.

The entire location will be fenced and locked with authorized personnel only to have access to the producing well and equipment. Warning signs and emergency air will be on location at all times during drilling and during production phases.

In the event of an emergency, the Eddy County Sheriff's office and the New Mexico State Police will be notified to block access into the location from the nearest public road which is 3 miles away. They will also be advised to contact their HazMat unit and request their presence. The only road going into and from the location is via private road on fee lands and then intersecting the Dark Canyon Road. This will be the evacuation route in the event of an emergency and the Sheriff and State Police will block access to the location at this point.

Top maximum rates that were tested from the producing zone was 750 mcf/d which will equate to an air concentration that is below minimum requirements in the event an emergency situation should occur.

All Tanks, pipelines, and flowlines will be clearly marked with warning signs. The closest residence which is over three miles away has been notified that the well contains H₂S gas and notified of care to be taken when at the producing location.

The danger to livestock and handling of livestock in the area is minimized by fencing off the location to prevent livestock or animals from being able to have access to the immediate areas around the production tanks, separation equipment and wellhead.

External gaging devices will be installed on the tanks to prevent having to open hatches on tanks for proper measurement.

All Precautions will be taken to insure the safety of the general public in the event an emergency should occur and all steps will be taken to not create any environmental hazards as well.

Federal BLM and State Lands border the Lambchop Lease and in an emergency, the following personnel will be notified:

New Mexico State Police—	911 or 505-885-3137
Eddy County Sheriff Office—	911 or 505-887-7551
Oil Conservation Division	505-748-1283
Bureau of Land Management	505-887-6544
Gene Lee—Oper. Mgr	505-622-7355
Cellular	505-626-4292