

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address AMERISTATE EXPLORATION, L.L.C. 111 CONGRESS AVE., STE. 2700 AUSTIN , TX 78701		2. OGRID Number 158898
		3. API Number 30-015-34859
4. Property Code 302255	5. Property Name EAST MILLMAN UNIT	6. Well No. 231

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	14	19S	28E	C	200	N	2514	W	EDDY

8. Pool Information

MILLMAN;YATES-SR-QN-GB-SA, EAST	46555
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3428
14. Multiple N	15. Proposed Depth 3000	16. Formation San Andres Formation	17. Contractor	18. Spud Date 5/16/2006
Depth to Ground water 105		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 6500 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	375	350	0
Prod	7.875	5.5	14	3000	700	0

Casing/Cement Program: Additional Comments

Drill 12 1/4" hole to approx. 350' & set 8 5/8" surf csg. circ C1C cmt. Drill 7 7/8" hole to TD 3000'. Run OH logs. Run 5 1/2" csg & circ cmt. Perf the QN-GR-SA zone & stimulate as necessary for optimum production. Anticipated H2S levels are not expected to be high enough to require H2S Contingency Plan.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	2000	1600	Hydrill

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Mark Nearburg Title: President Email Address: maryd@ameristate.net Date: 5/12/2006 Phone: 512-391-0300	OIL CONSERVATION DIVISION
	Approved By: Bryan Arrant
	Title: Geologist
	Approved Date: 5/15/2006 Expiration Date: 5/15/2007
	Conditions of Approval Attached

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name EAST MILLMAN UNIT	
⁷ OGRID No.	⁸ Operator Name AMERISTATE EXPLORATION, LLC	⁶ Well Number 231
		⁹ Elevation 3428

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
C	14	19-S	28-E		200	NORTH	2514	WEST	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 Acre	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.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division. Signature: <i>[Signature]</i> Date: 5/11/06 Printed Name: JOHN J. MAZZULLO	
	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. MAY 10, 2006 Date of Survey: _____ Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate No. 5412 DAN R. REDDY, PROFESSIONAL SURVEYOR	

Permit Comments

Operator: AMERISTATE EXPLORATION, L.L.C. , 158898

Well: EAST MILLMAN UNIT #231

API: 30-015-34859

Created By	Comment	Comment Date
MKNEARBURG	Surveyor has stated that the section is only 5491' east to west corners.	5/12/2006
MKNEARBURG	1. This well is part of the East Millman Unit and there are no other operators in the Unit. 2. Plan to drill 12 1/4" hole to approx. 350' & set 8 5/8" surf csg. Circ CI C cmt. drill 7 7/8" hole to TD 3000'. Run OH logs. Run 5 1/2" csg & circ cmt. Perf the QN-GB-SA zone & stimulate as necessary for optimum production. Anticipated H2S levels are not expected to be high enough to require H2S Contingency Plan.	5/12/2006

Permit Conditions of Approval

Operator: AMERISTATE EXPLORATION, L.L.C. , 158898

Well: EAST MILLMAN UNIT #231

API: 30-015-34859

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Operator to drill surface hole with 'fresh water' mud.