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

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-101
May 27, 2004

Submit to appropriate District Office

CONFIDENTIAL ☐ AMENDED REPORT

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

[1] Operator Name and Address	[2] OGRID Number
SWEPI LP, P.O. Box 576, Houston, Texas 77001 (Local Contact: Shell Exploration & Production Company, 4582 S. Ulster St. Pkwy., Suite 1400, Denver, CO 80237)	250036
	[3] API Number 30-019-20135

[3] Property Code	[5] Property Name	[6] Well No.
37164	Hage and Webb Land and Cattle, Inc.	Webb 3-23

[9] Proposed Pool 1	[10] Proposed Pool 2

[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
K	23	11N	23E		1654	South	1646	West	Guadalupe

[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

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	R	P	4553.6 graded
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
N	13,150	Mississippian	Nabors Drilling	June 9, 2008

Depth to Groundwater	Distance from nearest fresh water well	Distance from nearest surface water
~900 feet (Santa Rosa aquifer)	~ 3 miles (Webb CD-1 water well)	~1200 feet (Cherisco Creek-mainstem)

Pit: Liner: Synthetic ☒ 20 mils thick Clay ☐ Pit Volume: 84,430 bbls Drilling Method: Fresh Water 0-1,300', Brine 1,300'-13,500'

Closed-Loop System ☐ Fresh Water ☒ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
30-inch	20-inch	Conductor	90 feet	NA	0 feet
14.75-inch	10.75-inch	40.5 lbs.	1300 feet	930	0 feet
9.875-inch	7.625-inch	29.7 lbs.	5800 feet	1165	1000 feet
6.5-inch	4.5-inch	13.5 & 15.1 lbs.	13150 feet	368	5300 feet

[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.

See Attachment A – Webb 3-23 Drilling & Completion Plan

Attachment A3 – Nabors B.O.P. Stack Diagram
See Attachment B – Webb 3-23 Surface Use Plan
See Attached Maps
Location Photos
Well Location, Webb 3-23
Location Layout for Webb 3-23
Topographic Map A
Topographic Map B

COLLECT AND BACK SAMPLES FOR
NEW MEXICO BUREAU OF MINES, SOCORRO
AT AT LEAST TEN FOOT INTERVALS

OIL CONSERVATION COMMISSION TO BE NOTIFIED
WITHIN 24 HOURS OF BEGINNING OPERATIONS

[23] 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 ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐**

Signature: Michael L. Bergstrom

Printed name: Michael L. Bergstrom

Title: Regulatory Coordinator

E-mail Address: michael.bergstrom@shell.com

Date: 5/9/2008 Phone: 303.222.6347

OIL CONSERVATION DIVISION

Approved by: Ed Martin

Title: DISTRICT SUPERVISOR

Approval Date: 5/15/08 Expiration Date: 5/15/10

Conditions of Approval Attached ☐

Webb 3-23 Drilling and Completion Plan

The well will be drilled with potable (TDS<3,000 ppm) water–based fluids from surface to the bottom of the Santa Rosa Formation ("freshwater aquifer"). Surface conductor and intermediate casing strings will be installed and cemented. Below the Santa Rosa Formation, the well will be drilled with nonpotable (TDS>10,000 ppm) water-based fluids to total vertical depth (TVD). Additional intermediate casing strings and production casing will be installed and cemented. Upon completion of drilling, the casing will be perforated in selected prospective zones. Hydraulic fracturing will be performed in the prospective zones, and gas and water flow testing will be conducted in individual and/or commingled zones.

Drilling Program

- Lithology
  - Tucumcari Basin
    - This area has been the subject of limited oil & gas exploration activity
    - Approximate depths of key geologic formations are shown in Attachment A1
  - Prospective formations are in the Pennsylvanian section
- Fluid Bearing Formations
  - Potable water (Surface – 1500 feet below ground surface)
  - Brackish water (1500+ feet below ground surface)
  - Natural gas/condensate (~8000+ feet below ground surface)
- Drilling Fluids
  - Freshwater drilling fluids (see Attachment A2)
    - Potable (TDS< 3,000 ppm) water-based, 8.3-8.6 ppg, viscosifiers and LCM additives
  - Brackish water drilling fluids (see Attachment A2)
    - Non-potable (TDS>10,000 ppm) water-based fluids, 8.6-10.0 ppg, salt, lime, caustic soda, viscosifiers and LCM additives
  - Lost Circulation Materials (LCM)
    - As needed, LCM consisting of, but not limited to, cedar fibers, mica, drilling paper, graphite, walnut plug, cottonseed hulls and calcium carbonate may be introduced into the well bore to address any lost circulation zones encountered during drilling
- Wellhead Pressure Control (Blowout Prevention [BOP])
  - Wellhead BOP equipment is standard design for "tight gas" wells, as shown on Attachment A3
    - Maximum pressures for equipment (wellhead A section to be 11" 5,000 psi; wellhead B section to be 11" 10,000 psi; BOP with 11" 5,000 psi annular preventer; and Ram preventers with 11" 10,000 psi)
    - Maximum downhole pressures anticipated ~6500 psi
  - BOP testing procedures conducted by third party contractor upon installation
    - Ram preventers to 10,000 psi and 250 psi; Annular preventer to 2500 psi and 250 psi, for 10 minutes and 5 minutes, respectively

LATIGO 3-23 30-019-20135
P-2

Casing and Cementing Program

- All casing run and set will be new and unused. Details are included Table 1
- Surface Casing
  - 14.75-inch diameter well bore, drilled to 1300 feet.
  - 10.75-inch diameter casing installed and cemented to surface
- Intermediate Casing
  - 9.875-inch diameter well bore, drilled to 5800 feet.
  - 7.625-inch diameter casing installed and cemented to 1000 feet
- Production Casing
  - 6.5-inch diameter well bore, drilled to 13150 feet.
  - 4.5-inch diameter casing installed and cemented to 5300 feet

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Well Completion

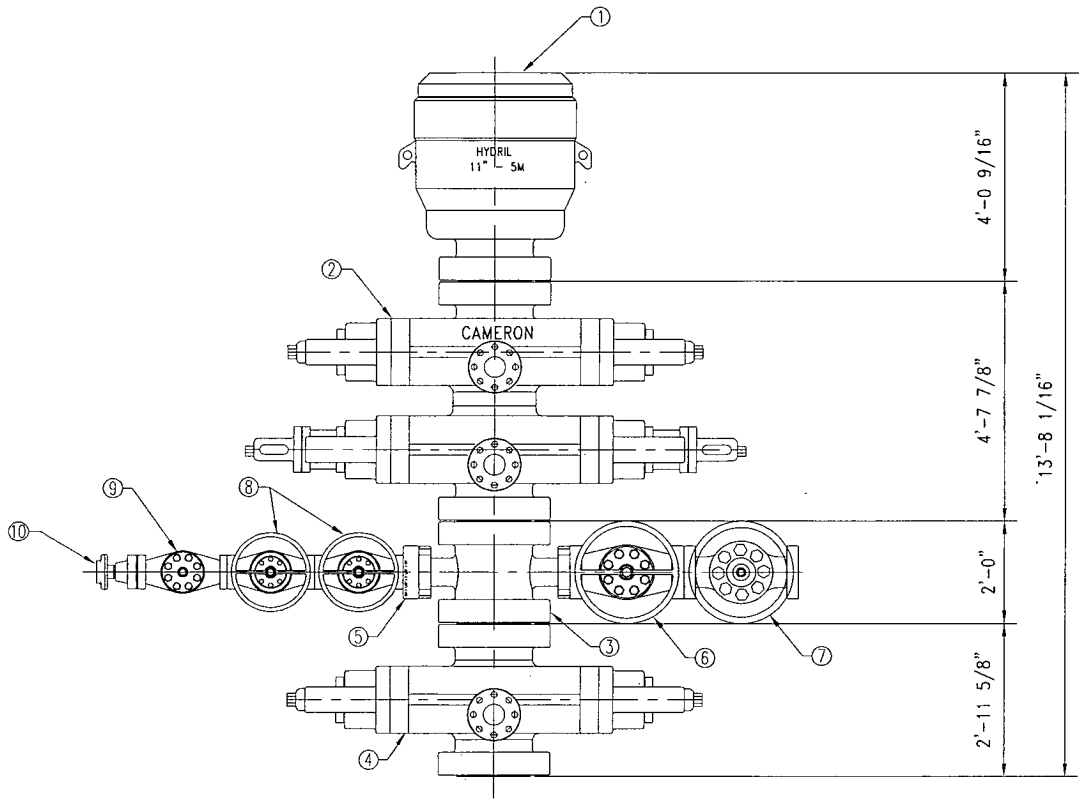
- Casing Perforation
  - Perforate casing in prospective sand zones, using three shots per foot (spf), 120 degree, phased perforating guns
- Hydraulic Fracturing
  - Treat prospective sand zones with ceramic and/or sand proppant materials during hydraulic fracturing

Logging and Testing

- Lithologic Logging
  - Mudlogging (to TVD); Selective coring (whole and/or rotary sidewall)
- Wireline-Logging, including but not limited to:
  - Gamma Ray, Resistivity, Porosity, Neutron and Sonic data collection
- Flow Testing
  - Flow individual production zones for up to 3 days
  - Flow entire well for up to 120 days

Water Supply for Drilling and Completions

- One water well (minimum 5 ½-inch and maximum 7-inch diameter casing) will be drilled on-site about 500 feet east of the well location, on the edge of the well site
  - A temporary appropriation of up to 3 acre feet (AF) of potable water will be obtained from the Office of State Engineer-District 6 (OSE) for production of potable water from the Santa Rosa aquifer
- Potable groundwater will be available from the CD-1 water well located on the Webb Ranch, about 3 miles from the well site
  - A temporary appropriation of up to 3 acre feet (AF) of potable water was previously approved by the Office of State Engineer-District 6 (OSE) for production of potable water from the Santa Rosa aquifer. This appropriation will expire in August 2008, and will be renewed with the OSE.
- Potable groundwater will be available from wells located on the Pajarito Ranch, about 22 miles from the well site
  - Parajito Creek Ranch holds appropriations for more than 500 acre feet (AF) of potable groundwater, which may be sold for any and all uses.
- Nonpotable produced water will be available from the CD-1 well located on the Webb Ranch, about 3 miles from the well site
  - Produced water from the completion and testing of CD-1 well is currently stored, and may be treated and re-used at other well locations



ELEVATION

BILL OF MATERIALS		
NO.	QTY	DESCRIPTION
1	1	11" 5M GK SCREW HEAD ANNULAR B.O.P. w/10M BTM FLANGE
2	1	11" 10M TYPE U DOUBLE B.O.P. C/W 4 OFF 4 1/16" 10M FLANGED OUTLETS
3	1	11" 10M DRILL SPOOL FLG. x FLG. CW 2 OFF 4 1/16" 10M FLANGED OUTLETS, 24" FACE TO FACE
4	1	11" 10M TYPE U SINGLE B.O.P. C/W 2 OFF 4 1/16" 10M FLANGED OUTLETS (2)
5	1	DSA 4 1/16" 10M x 2 1/16" 10M
6	1	4 1/16" 10M MANUAL VALVE
7	1	4 1/16" 10M HCR VALVE
8	2	2 1/16" 10M MANUAL VALVE
9	1	2 1/16" 10M CHECK VALVE
10	1	2 1/16" 10M X 2" 1502 ADAPTER

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NOTES:

1. VALVE SEQUENCE FOR BOP STACK MOUNTED CHOKE LINE VALVES IS OPTIONAL (ITEMS 6 AND 7).

TITLE© COPYRIGHTED

RIG PACE 750
B.O.P. STACK 11"-10M

THIS DRAWING IS SHOWN TRUE SCALE ONLY WHEN PRINTED ON THIS SIZE PAPER

B

REV.	DESCRIPTION	DATE	BY	APP.
0	ISSUED FOR INFORMATION ONLY	02/07/07	EES	PB
XREF				

NABORS

ER: RIG: P-750
DRN BY: EES SCALE: NONE
DATE: 11/21/2005 APP:
ER DWG: DWG: 755-404

Webb 3-23 Surface Use Plan

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The well location, associated facilities and access roads will be constructed on fee surface upon approval of the surface owner. Well site and access roads will be constructed to withstand the loads occurring during mobilization, placement and operation of drilling, completion and testing equipment. Construction activities will be conducted to minimize surface disturbances and to readily accommodate reclamation activities on disturbed areas.

Existing Roads

- Access to Location
  - From the town of Cuervo, New Mexico
    - Drive north on County Road, about 5.9 miles (Topographic Map A)
    - Follow Pipeline Corridor road west toward Webb CD-1 well location, about 2.6 miles (Topographic Map A)
    - Follow Webb Ranch road north toward Webb CD-1 well location, about 2.3 miles (Topographic Map A)
    - From Webb CD-1 well location, follow improved two track road northwest, about 1.4 miles, to Webb 3-23 well location (Topographic Map B)

Roads to be Constructed/Maintained

- Improved Roads
  - County Road (maintained by Guadalupe County)
    - Constructed of compacted crushed aggregate and fill
- Two-Track Roads
  - Latigo Ranch and Webb Ranch Roads
    - Existing improved 2-Track road extends to Webb CD-1 well location
      - Constructed of compacted crushed aggregate and fill
      - Culverts and/or rock-filled, low water crossings installed
    - Construct improved 2-Track road segments: (1) along Pipeline Corridor, and (2) extending to Webb 3-23 well location
      - Grade/crown road, placing crushed aggregate, as needed
      - Install culverts and/or rock-filled, low water crossings, as needed

Well Site Layout

- Well pad location and associated facilities are shown on Well Location, Webb Ranch 3-23, Topographic Map A, and Topographic Map B
  - The staked well location and proposed access road are shown on Location Photos
  - Well location, water well, access roads, lined pits, above-ground tanks and temporary buildings, and storage areas are shown on Location Layout for Webb Ranch 3-23

Water Supply

- Water well will be drilled at a location about 500 feet east of the well location, on the edge of the well site (Location Layout for Webb Ranch 3-23)

Existing Oil & Gas Wells

- Webb CD-1 well (API 30-019-20134) is located in SE1/4, SW1/4, Section 25, T11N, R23E
  - Well is temporarily abandoned (19.15.13.1105.C)

Existing and/or Proposed Facilities

- Well Site Facilities
  - Located at well site at approximate locations shown on Location Layout for Webb Ranch 3-23
- Temporary living quarters
  - Located at well site initially, possibly moved to other, more centrally located area in the near future

Storm Water Management Plan

- Stormwater management and erosion control practices will be implemented during construction, operations and reclamation
  - in compliance with Storm Water Prevention Plan (SWPP), approved by the New Mexico Department of Environment (NMED)

Waste Management and Disposal

- Drilling fluids and cuttings and other solids will be dried on-site and buried on-site during lined pit closure and reclamation
- Other solid wastes will be accumulated and dispose of off-site at permitted landfill

Produced Water Management and Disposal

- Produced water, and hydraulic fracturing fluids will be evaporated on-site; some fluids may be treated and re-used on-site or at other well locations. Concentrated waste fluids will be disposed of off-site at permitted disposal facility

Construction Materials

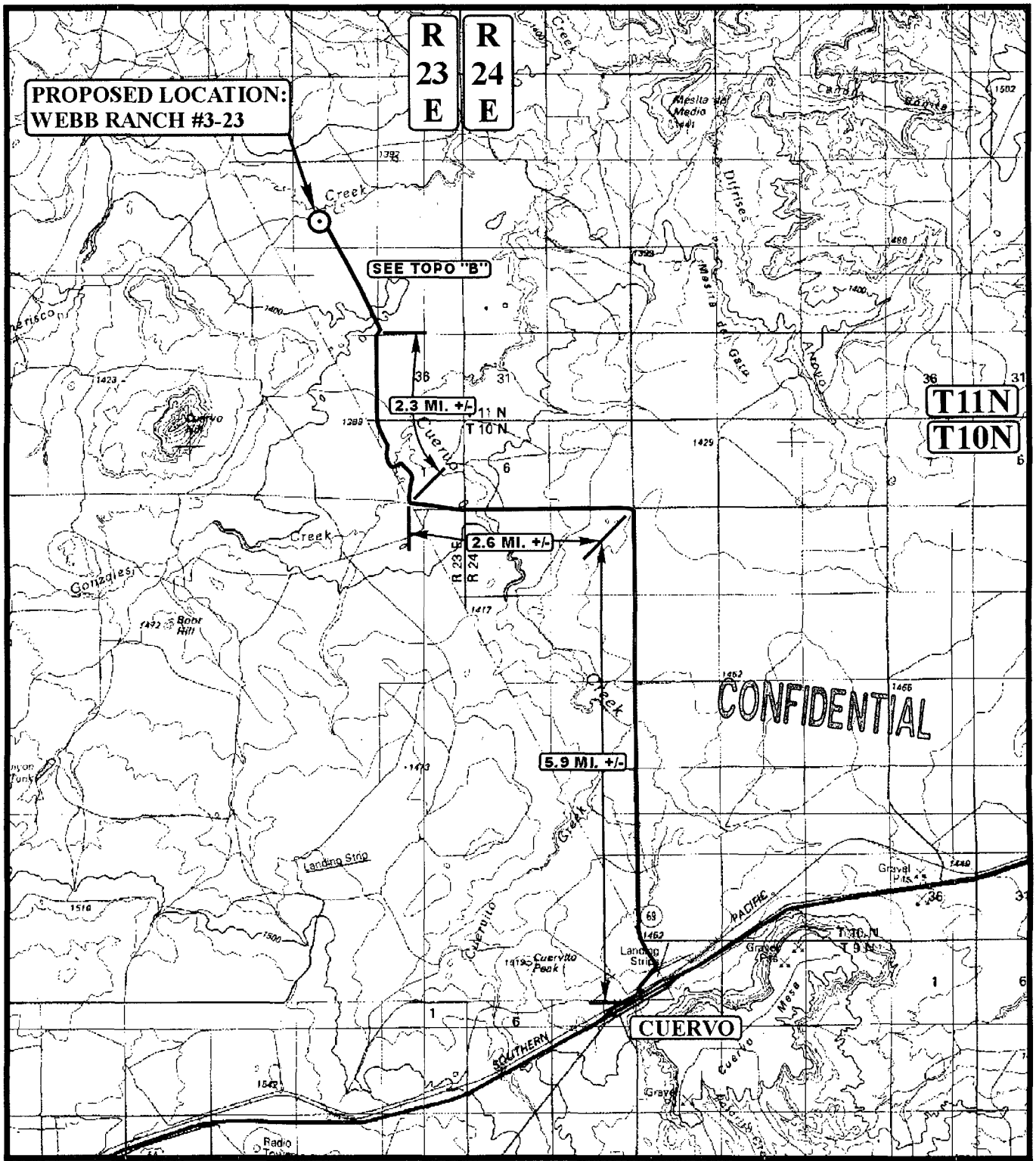
- Fill material and Aggregate - obtained from local sources
- Top Soil - temporarily stockpiled at perimeter of well pad and along construction corridors for subsequent use during reclamation

Reclamation

- Areas temporarily disturbed during construction, and well drilling, completion and testing will be reclaimed to original conditions, as soon as is practical and in consultation with the surface owner
  - Disturbed areas will be re-contoured to match existing topography
  - Topsoil salvaged during construction activities will be spread to a minimum thickness of 6 inches
  - Reclaimed areas will be planted with seed mixture recommended by local Soil Conservation Service and/or BLM staff, and approved by surface owner
- Areas disturbed during construction and subsequent oil & gas production will be reclaimed to original conditions, as soon after oil & gas production ceases as is practical, and in consultation with the surface owner

Other Information

- Construction and operation of oil & gas well in Guadalupe County, New Mexico does not require a special use permit or waiver from the County Commissioners and/or Planning Department



LEGEND:

⊙ PROPOSED LOCATION

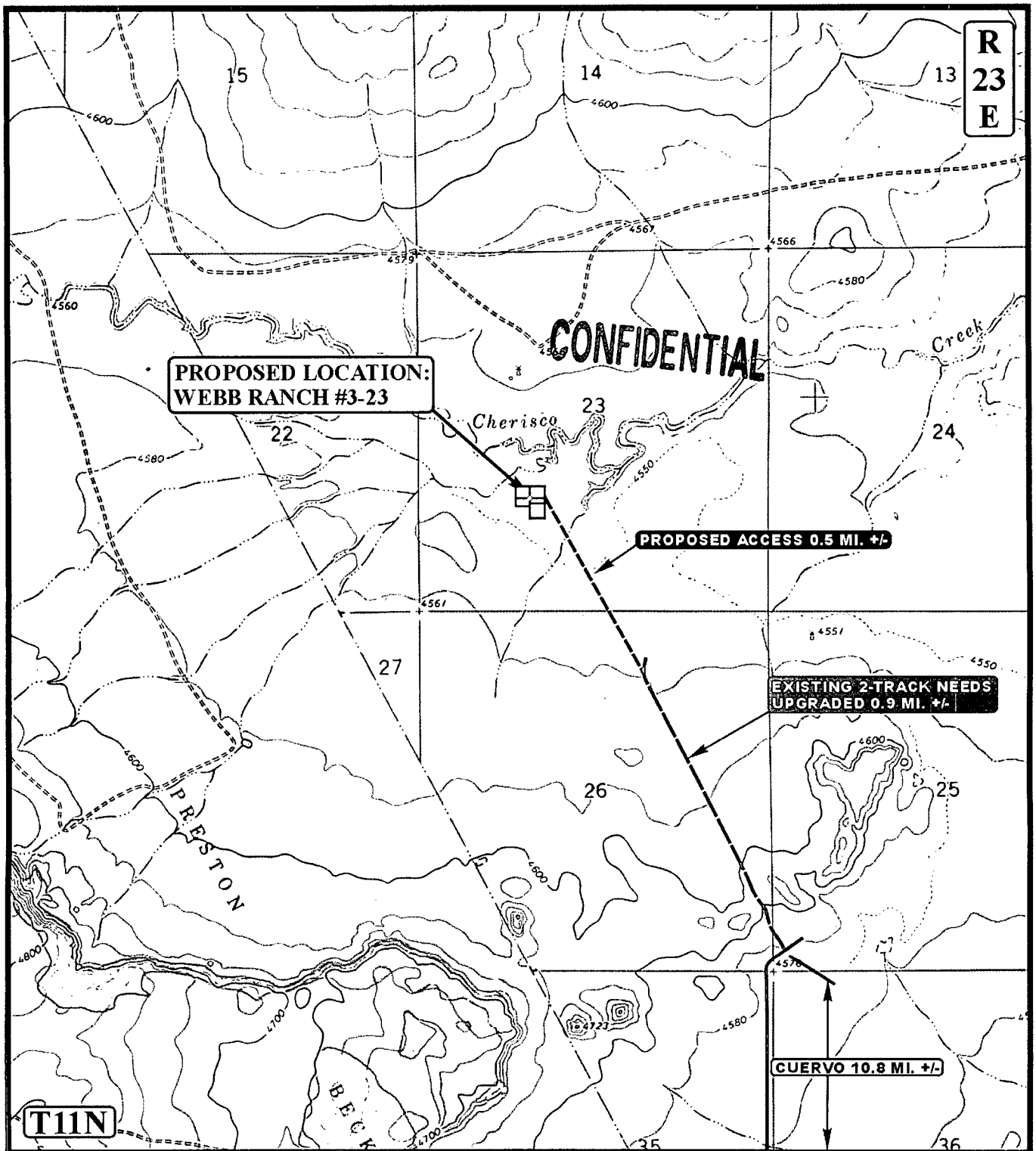
N

SWEPI

WEBB RANCH #3-23
SECTION 23, T11N, R23E, N.M.P.M.
1654' FSL 1646' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	03 MONTH	05 DAY	08 YEAR	A TOPO
SCALE: 1:100,000	DRAWN BY: Z.L.	REVISED: 04-23-08		



LEGEND:

EXISTING ROAD

PROPOSED ACCESS ROAD

EXISTING 2-TRACK NEEDS UPGRADED

N

SWEPI

WEBB RANCH #3-23
SECTION 23, T11N, R23E, N.M.P.M.
1654' FSL 1646' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	03 MONTH	05 DAY	08 YEAR	B TOPO
SCALE: 1" = 2000'	DRAWN BY: Z.L.	REVISED: 04-23-08		

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

CONFIDENTIAL

Form C-102
Revised October 12, 2005
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
30-019-20135		

[4] Property Code	[5] Property Name	[6] Well Number
37164	Hage and Webb Land and Cattle, Inc.	Webb 3-23

[7] OGRID No.	[8] Operator Name	[9] Elevation
250036	SWEPI LP	4553.6 graded

[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
K	23	11N	23E		1654	South	1646	West	Guadalupe

[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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
160.00			

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
See Attached Map - Well Location, Webb Ranch #3-23

[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 or unleased mineral 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Michael L. Bergstrom 7/9/08
Signature Date

Michael L. Bergstrom
Printed Name

[18] SURVEYOR CERTIFICATION

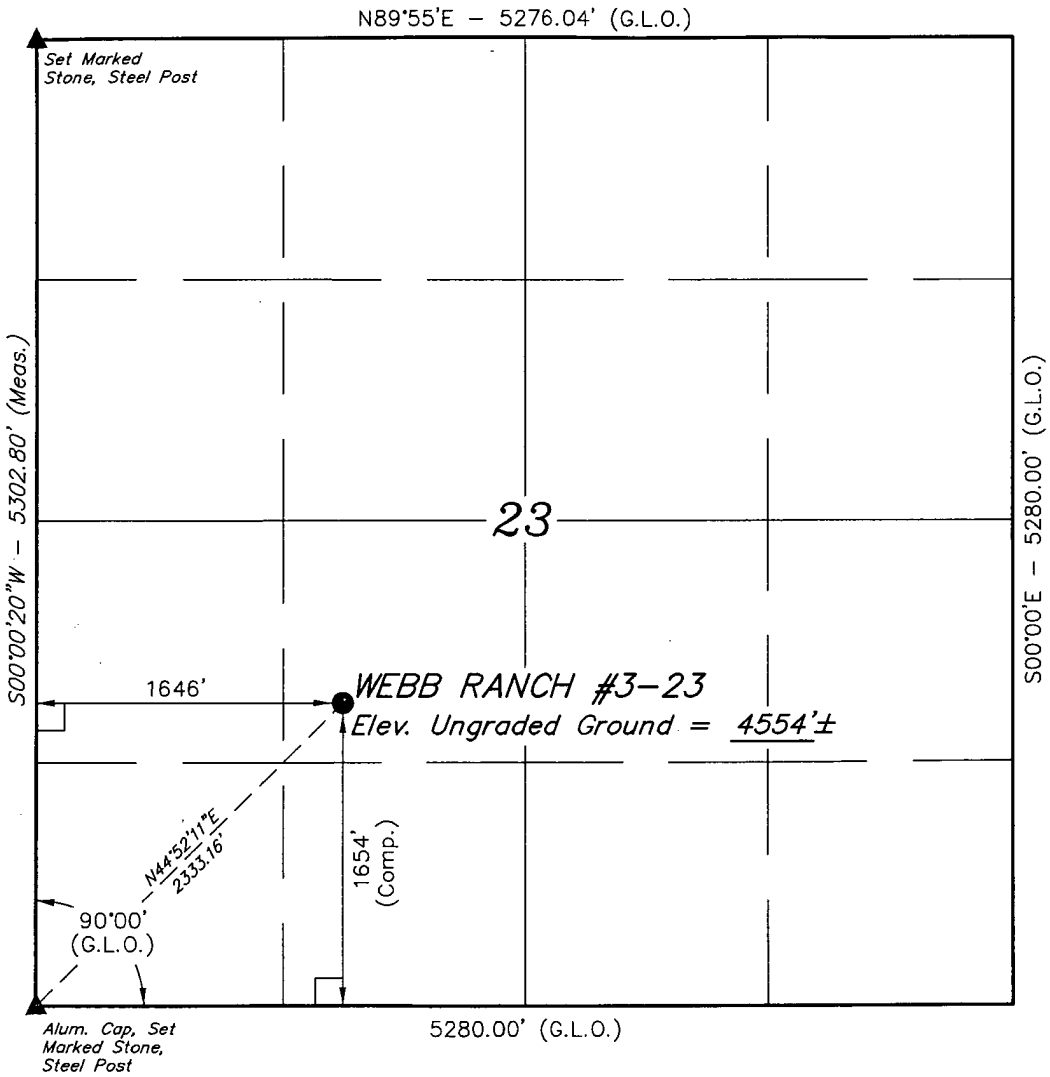
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

T11N, R23E, N.M.P.M.



SWEPI

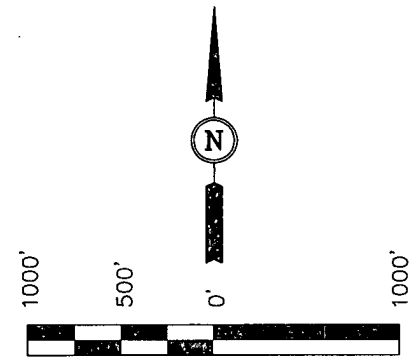
Well location, WEBB RANCH #3-23, located as shown in the NE 1/4 SW 1/4 of Section 23, T11N, R23E, N.M.P.M., Guadalupe County, New Mexico.

BASIS OF ELEVATION

HILL TRIANGULATION STATION LOCATED IN T10N, R23E, N.M.P.M. TAKEN FROM THE CUERVO QUADRANGLE, NEW MEXICO, GUADALUPE COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5356 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Nelson J. Marshall

REGISTERED LAND SURVEYOR
REGISTRATION NO. 12446
STATE OF NEW MEXICO

NELSON J. MARSHALL — NEW MEXICO — REGISTERED LAND SURVEYOR

CONFIDENTIAL

REVISED: 04-22-08

LEGEND:

- └ = 90° SYMBOL
- ● = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 35°09'45.71" (35.162697)
LONGITUDE = 104°28'24.06" (104.473350)
(NAD 27)
LATITUDE = 35°09'45.52" (35.162644)
LONGITUDE = 104°28'22.12" (104.472811)

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST – VERNAL, UTAH 84078
(435) 789-1017

SCALE: 1" = 1000'	DATE SURVEYED: 03-03-08	DATE DRAWN: 03-12-08
PARTY: B.B. M.A. L.K.	REFERENCES: G.L.O. PLAT	
WEATHER: COLD	FILE: SWEPI	

District I
1625 N. French Dr., Hobbs, NM 88240
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: _SWEPI LP_____ Telephone: _(303) 222-6347_____ e-mail address: _michael.bergstrom@shell.com_____
Address: _P.O. Box 567, Houston, TX 77001_____(Local contact: Shell Exploration & Production Company, 4582 S. Ulster St. Pkwy., Suite 1400, Denver, CO 80237)____
Facility or well name: _Webb 3-23_____ API #: 30-019-20135 U/L or Qtr/Qtr _K_____ Sec _23_____ T _11N_____ R _23E___
County: _Guadalupe_____ Latitude _35.162369_____ Longitude _104.472511_____ NAD: 1927 ☐ 1983 ☒
Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☒ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness __20__mil Clay ☐ Pit Volume _84,430_bbl	Volume: _____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	0

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results.
(5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
See Attached Map - Location Layout for Webb 3-23, for proposed design and specifications for pits.

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

Date: _5/9/08_____
Printed Name/Title _Michael L. Bergstrom_____ Signature Michael L. Bergstrom

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title DISTRICT SUPERVISOR Signature Ed Martin Date: 5/15/08

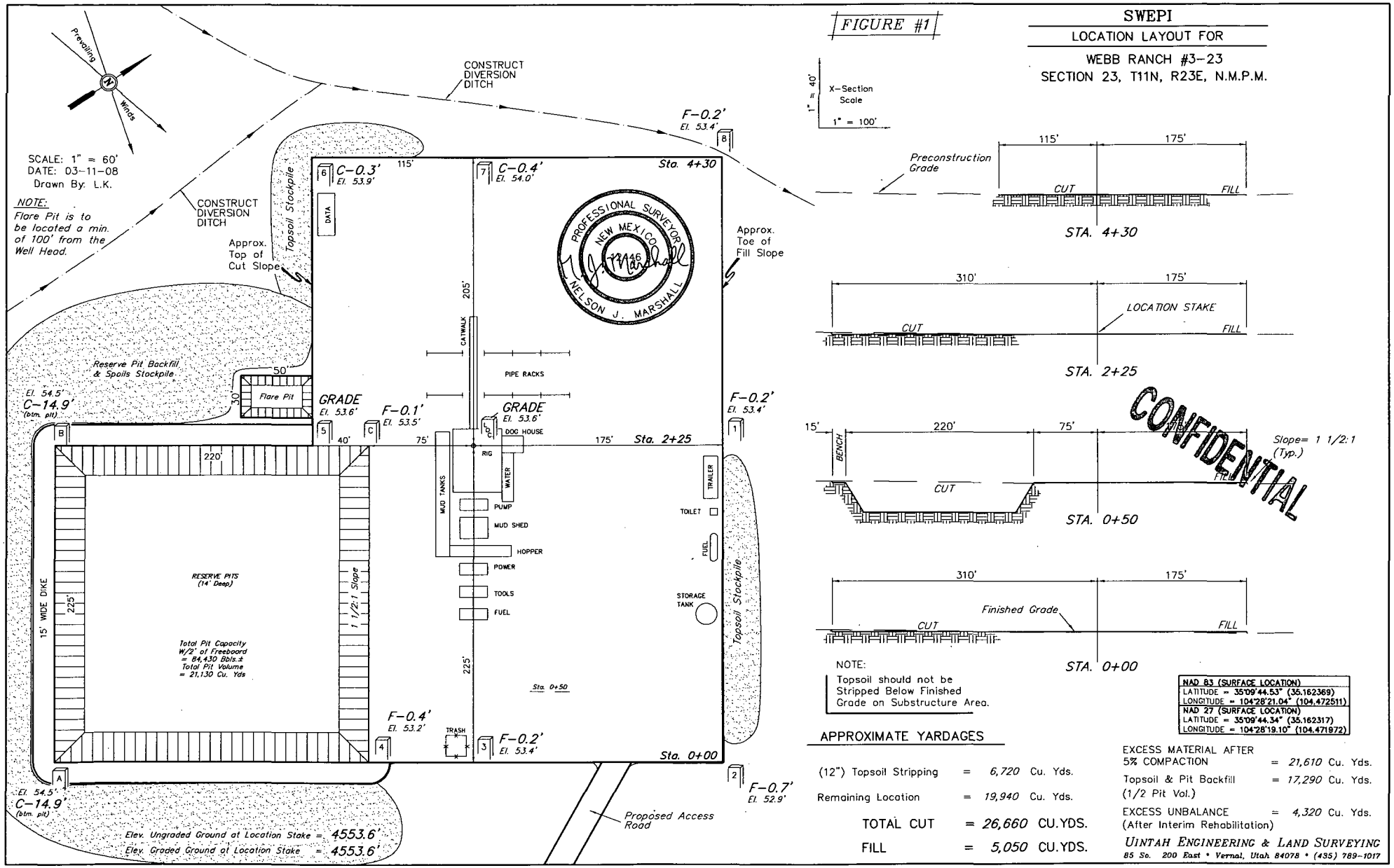

FIGURE #1

SWEPI

LOCATION LAYOUT FOR

WEBB RANCH #3-23

SECTION 23, T11N, R23E, N.M.P.M.

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NOTE:
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

NAD 83 (SURFACE LOCATION)
LATITUDE = 35°09'44.53" (35.162369)
LONGITUDE = 104°28'21.04" (104.472511)
NAD 27 (SURFACE LOCATION)
LATITUDE = 35°09'44.34" (35.162317)
LONGITUDE = 104°28'19.10" (104.471972)

APPROXIMATE YARDAGES

(12") Topsoil Stripping	=	6,720 Cu. Yds.
Remaining Location	=	19,940 Cu. Yds.
TOTAL CUT	=	26,660 CU.YDS.
FILL	=	5,050 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION = 21,610 Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Vol.) = 17,290 Cu. Yds.

EXCESS UNBALANCE (After Interim Rehabilitation) = 4,320 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

CONFIDENTIAL

SWEPI

WEBB RANCH #3-23

LOCATED IN GUADALUPE COUNTY, NEW MEXICO
SECTION 23, T11N, R23E, N.M.P.M.

PHOTO: VIEW FROM PIT CORNER "C" TO LOCATION STAKE — CAMERA ANGLE: NORTHERLY

PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS — CAMERA ANGLE: NORTHWESTERLY

- Since 1964 -

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	03 MONTH	05 DAY	08 YEAR	PHOTO
TAKEN BY: B.B.	DRAWN BY: Z.L.	REVISED: 04-23-08		

Shell Exploration & Production

RECEIVED

2008 MAY 12 PM 1 44

Shell Exploration & Production Co.
Regulatory Affairs-EP Americas
4582 S. Ulster Way Parkway
Suite 1400
Denver, Colorado 80237

State of New Mexico
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division-District 4
1220 South St. Francis Drive
Sante Fe, New Mexico 87505
Attn.: Ed Martin, District Supervisor

May 9, 2008

CONFIDENTIAL

Subject: Application for Permit to Drill (APD)
Shell Exploration & Production Co., Webb 3-23
Guadalupe County, New Mexico

Dear Mr. Martin:

Shell Exploration & Production Company, dba SWEPI LP (Shell) requests that New Mexico Oil Conservation Division-District 4 (OCD) review and approve the APD for the subject well. This exploration well is located in area that has no existing oil &n gas production, and is targeting prospective zones that have been the subject of limited exploration. Therefore, Shell requests that OCD hold any information regarding this well confidential during and for one year after drilling and completion. All documents submitted are clearly marked as "confidential".

Shell is currently investigating alternative access routes to this well location, and will amend the APD, if an alternative route is selected for this well. Shell anticipates beginning drilling, completion and testing activities for this well, on or about June 9, 2008.

Shell requests that OCD expedite review of our APD and supporting documentation, such that any possible deficiencies can be identified and properly addressed. If you have any questions or require any additional information regarding this APD, please contact me at (303) 222-6347, or David Janney at Kleinfelder in Albuquerque at (505) 344-7373.

Regards,

Michael L. Bergstrom
Regulatory Coordinator
Shell Exploration & Production Company

Attachments: Form C-101
Drilling & Completion Plan
Surface Use Plan
Form C-144
Location Photos and Maps
Form C-102