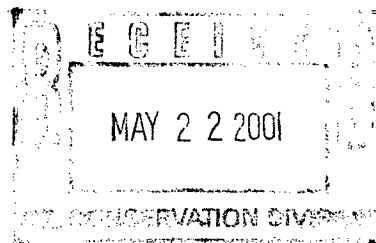


FIDELITY LAND COMPANY

May 21, 2001

Michael Stogner
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87504



RE: Flying "M" Prospect
T-9-S R-33-E NE/4 SE/4 of SEC 7
Lea County, New Mexico
Application for a Non Standard Proration Unit

Dear Mr. Stogner:

Fidelity Land Company (FLC) desires to drill a development well on an orthodox location in the Flying "M" San Andres Pool as referenced above. Current Pool rules indicate 80 acre spacing ordered by the Commission in July, 1965. FLC is applying for a non standard proration unit as we only have acquired 40 acres.

Two wells have previously been drilled in the northwest and southeast quarters of the same quarter section and have only produced 4844 BBLS/OIL and 558 BBLS/OIL respectively. We have contacted the offset operator (Wallace Petroleum Investments, Inc.) and they have signed a waiver of any objection to the drilling of a well on 40 acre spacing.

I have enclosed the following for you review:

1. Map of Flying "M" Prospect
2. C-101 & C-102 OCD Forms
3. Partial Assignment from Bill Wallace
4. 1964 & 1965 hearings of Flying "M" pool extension
5. Waiver of Objection from Bill Wallace

*Trilogy Operations
Inc.
will be the
operator*

Should you have any questions or require additional information, please do not hesitate to call.

Sincerely,

Katherine Driskell
Operations

1406 CAMP CRAFT ROAD
512-329-0548 OFFICE

SUITE 100

AUSTIN, TEXAS 78746
512-329-8889 FAX

District I
PO Box 1980, Hobbs, NM 88241-1980

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 & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised October 18, 1994
Instructions on back
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

Operator Name and Address Trilogy Operating, Inc. P.O. Box 7606 Midland, Texas 79708		OGRID Number 021602
		API Number 30 - 0
Property Code	Property Name Flying "M" State	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County-
I	7	9S	33E		1980	South	660	East	Lea

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
Proposed Pool 1 Flying M : San Andres					Proposed Pool 2				

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 4403
Multiple No	Proposed Depth 4600	Formation San Andres	Contractor Key Drilling	Spud Date 05-01-01

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	8 5/8	24	400	375	circulate
7 7/8	5 1/2	15.5	4800	850	circulate

²²Describe 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.

- 1) Drill 12 1/4" hole w/ fresh water mud to approximately 400'
- 2) Cement 8 5/8" -24# - K55 casing w/ 375 sx class "c" - circulate cement to surface
- 3) Drill 7 7/8" hole w/ brine water mud to approximately 4800'
- 4) Run open hole logs - set pipe if productive or P&A as per NMOCD instructions
- 5) Run 5 1/2" - 15.50# - J55 casing to approximately 4800'
- 6) RDMO drilling rig and attempt completion

²³I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: Michael G. Mooney

Title: Petroleum Engineer

Date: 04-13-01

Phone: 915/686-2027

OIL CONSERVATION DIVISION

Approved By:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:
Attached: ☐

DISTRICT I
P.O. Box 1900, Hobbs, NM 88241-1900

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 22, Artesia, NM 88211-0719

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

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 22800	Pool Name Eumont (Yates-Seven Rivers-Queen)
Property Code	Property Name JEANNIE STATE 18	Well Number 1
OGRM No. 021602	Operator Name TRILOGY OPERATING INC.	Elevation 3635'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	18	20-S	36-E		660	SOUTH	1980	EAST	LEA

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.
40	I		

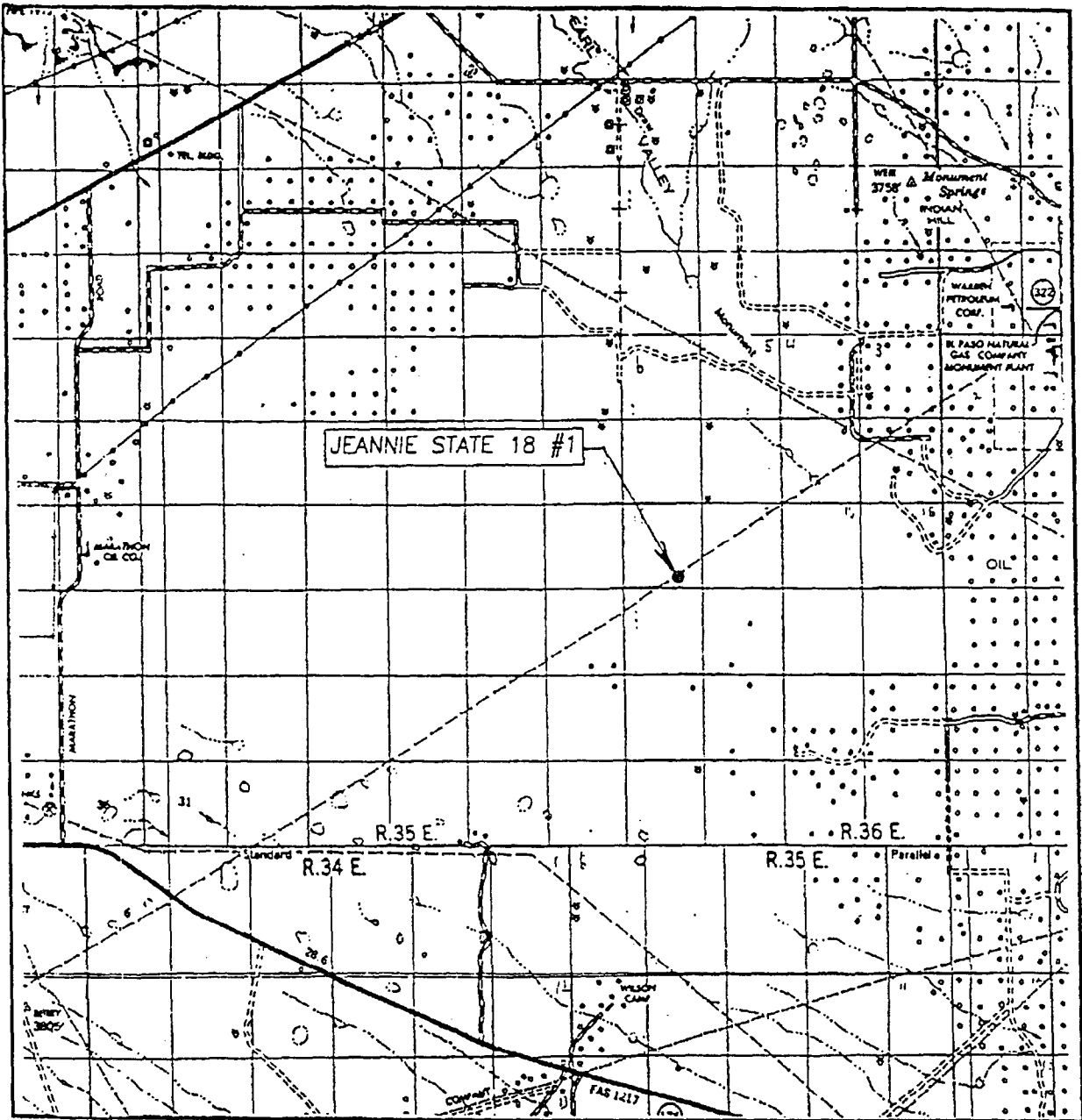
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 1				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Michael G. Mooney</i> Signature Michael G. Mooney Printed Name Petroleum Engineer Title 3/26/01 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 21, 2001</p> <p>Date Surveyed Signature of Seal of Professional Surveyor RONALD J. EDSON Certificate No. 01-11-0345 RONALD J. EDSON 3239 GARY KIDSON 12641</p>
39.48 AC				
LOT 2				
39.48 AC				
LOT 3				
39.48 AC				
LOT 4				
39.48 AC				

1980'

580'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 18 TWP. 20-S RGE. 36-E

SURVEY N.M.P.M.

COUNTY LEA

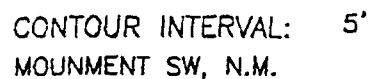
DESCRIPTION 660' FSL & 1980' FEL

ELEVATION 3635'

OPERATOR TRILOGY OPERATING INC.

LEASE JEANNIE STATE 18

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117



U.S.G.S. TOPOGRAPHIC MAP
MOUNMENT SW, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117



NEW MEXICO STATE LAND OFFICE
ASSIGNMENT OF OIL AND GAS LEASE

From lease number
To lease number

KNOW ALL MEN BY THESE PRESENTS:

That Wallace Petroleum Investments, Inc.
(wife, if any or state of incorporation)

Box 10354 Midland, Texas 79702

hereinafter called "Assignor" (whether one or more), for and in consideration of Ten or more Dollars, paid by

Arrow Energy, Inc.

whose Post Office address is 8144 Walnut Hill Lane, Walnut Glen
Tower, Suite Nine Ninety-Eight, Dallas, TX. 75231

hereinafter called "Assignee" (whether one or more), does hereby sell, assign and convey to the Assignee the entire interest and title in and to that certain Oil and Gas Lease No. E-7481 made by the State of New Mexico to

Wallace Petroleum Investments, Inc.

under date of November 27, 1990, only insofar as said lease covers the following

land, in Lee County, New Mexico, to wit:

NE 1/4 SE 1/4 Section 7, T9S, R33E,
Containing 40.00 Acres

together with the rights incident thereto, and the personal property thereon, if any, appurtenant thereto, or used or obtained in connection therewith.

Assignee assumes and agrees to perform all obligations to the State of New Mexico insofar as said described land is affected, and to pay such rentals and royalties, and to do such other acts as are by said lease required as to said land, to the same extent and in the same manner as if the provisions of said lease were fully set out herein.

It is agreed that Assignee shall succeed to all the rights, benefits and privileges granted the Lessee by the terms of said lease, as to said lands.

With warranty covenants as to the leasehold estate herein assigned, except as to any valid overriding royalty, production payment, operating agreement or sub-lease, if any, now of legal record, and Assignor covenants that said leasehold estate so assigned is valid and subsisting and that all rentals and royalties due thereunder have been paid.

EXECUTED this 6th day of January, 19 96.

WALLACE PETROLEUM INVESTMENTS, INC.

By: William M. Wallace
William M. Wallace, President

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 19____.

by _____

My commission expires: _____
Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 16th day of January, 1996.

by William M. Wallace, President of Wallace Petroleum Investments, Inc.
(Name) (Title) (Corporation)

a Texas corporation, on behalf of said corporation.

My commission expires: _____
Jane Clark
Notary Public

(ACKNOWLEDGMENT BY ATTORNEY-IN-FACT)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 19____.

by _____ as attorney-in-fact in behalf of _____

My commission expires: _____
Notary Public

APPROVAL OF THE COMMISSIONER

Office of Commissioner of Public Lands
Santa Fe, New Mexico

I hereby certify that the within Assignment was filed in my office on _____,
approved by me and to be effective as to the State of New Mexico on _____.

Commissioner of Public Lands

INSTRUCTIONS AND INFORMATION

1. An annual rental, at the rate of 504 per acre shall become due and payable to the lessor by the lessee, or by any transferee or assignee of the same, or any part hereof, where such transferee or assignee has been recognized, and such transfer or assignment approved by the lessor, upon each acre of land above described and then claimed by such lessee, transferee or assignee, and the same shall be due and payable in advance to the lessor on the successive anniversary dates of the lease, (not the date this assignment was executed) but the annual rental on any assignment shall in no event be less than Six Dollars (\$6.00).
2. The lease is for a primary term of Five Years from the date of the lease, and as long thereafter as oil and gas in paying quantities, or either of them is produced from said land by the lessee, subject to all of the terms and conditions set forth in the lease.
If the lessee shall have failed to make discovery of oil and/or gas in paying quantities during the primary term of the lease, the lessee may continue the lease in full force and effect for an additional term of five years and as long thereafter as oil and gas in paying quantities, or either of them is produced from the leased premises, by paying each year in advance, as herein provided, double the rental provided herein for the primary term, or the highest rental prevailing at the commencement of the secondary term in any rental district, or districts in which the lands or any part thereof, may be situated, if it be greater than double the rental provided for the primary term. But the annual rental on any assignment shall in no event be less than Twelve Dollars (\$12.00) during the secondary term.
3. All Assignments must be filed in triplicate in the State Land Office within 100 days from the date of signing and accompanied by Cashier's Check, Bank Draft, P.O. or Express Money Order.
4. The recording fee for each assignment is \$30.00 (if filed over 100 days from date of signing, additional fee of \$75.00 is charged).
5. When assignments are accompanied by personal check, the Commissioner of Public Lands reserves the right to withhold approval of assignment until checks are paid.
6. Assignments will not be approved when assigned to more than two persons, or for less than a regular subdivisions or for undivided interests. By a regular subdivision is meant forty acres or a tract described by Lot number which may be more or less than 40 acres.
7. Assignments must show complete post office address of assignee.
8. Assignments must be executed before an officer authorized to take acknowledgments of deeds. Corporations must use corporate form of acknowledgment.
9. Assignments must show whether assignors are married or single; if married, both husband and wife must sign the assignment, and certificate of acknowledgment must show marital status of assignors.
10. All official business, letters and communications must be addressed to and sent direct to the Commissioner of Public Lands.
11. Make all payments for annual rental and recording and approval fees to:

COMMISSIONER OF PUBLIC LANDS
P.O. Box 1148
Santa Fe, New Mexico 87504-1148



JANE CLARK
NOTARY PUBLIC
State of Texas
Comm Exp 01-24-98

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3072
Order No. R-2746

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR THE EXTENSION
OF A POOL AND FOR SPECIAL TEMPORARY
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 1, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of July, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Coastal States Gas Producing Company, seeks extension of the Flying "M" San Andres Pool in Township 9 South, Range 33 East, NMPM, Lea County, New Mexico.
- (3) That the proposed extension of the Flying "M" San Andres Pool should be considered in a nomenclature case to be called by the Commission and docketed for hearing in the near future.
- (4) That the applicant seeks the promulgation of temporary special rules and regulations governing the Flying "M" San Andres Pool, including a provision for 80-acre spacing.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Flying "M" San Andres Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That an administrative procedure should be established whereby the operators in the pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease during the temporary one-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That this case should be reopened at an examiner hearing in July, 1965, at which time the operators in the subject pool should appear and present all available reservoir information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the subject pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED;

That temporary Special Rules and Regulations for the Flying "M" San Andres Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
FLYING "M" SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the Flying "M" San Andres Pool or in the San Andres formation within one

mile of the Flying "M" San Andres Pool, and not nearer to or within the limits of another designated San Andres pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Flying "M" San Andres Pool shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. The first well drilled on every standard or non-standard unit in the Flying "M" San Andres Pool shall be located in the NW/4 or the SE/4 of a governmental quarter section. All wells shall be located within 200 feet of the center of a governmental quarter-quarter section.

RULE 5. The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

CASE No. 3072
Order No. R-2746

RULE 6. A standard proration unit (79 through 81 acres) in the Flying "M" San Andres Pool shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the Flying "M" San Andres Pool as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That an 80-acre allowable shall not be assigned to a well in the Flying "M" San Andres Pool until the operator of the well files a new Form C-128 and Form C-116 with the Commission.

(2) That any well presently drilling to or completed in the San Andres formation within the Flying "M" San Andres Pool or within one mile of said pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 10, 1964.

(3) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s)

CASE No. 3072
Order No. R-2746

have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowable upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(4) That this case shall be reopened at an examiner hearing in July, 1965, at which time the operators in the subject pool shall appear and present all available reservoir information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the Flying "M" San Andres Pool should not be developed on 40-acre spacing units.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

S E A L

A. L. PORTER, Jr., Member & Secretary

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3072

Order No. R-2746-A

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR THE EXTENSION
OF A POOL AND FOR SPECIAL TEMPORARY
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 7, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of July, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2746, dated July 29, 1964, temporary Special Rules and Regulations were promulgated for the Flying "M" San Andres Pool, Lea County, New Mexico.

(3) That pursuant to the provisions of Order No. R-2746, this case was reopened to allow the operators in the subject pool to appear and show cause why the Flying "M" San Andres Pool should not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the Flying "M" San Andres Pool can efficiently and economically drain and develop 80 acres.

-2-

CASE No. 3072

Order No. R-2746-A

(5) That the Special Rules and Regulations promulgated by Order No. R-2746 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) That to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-2746 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Flying "M" San Andres Pool promulgated by Order No. R-2746 are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

S E A L

A. L. PORTER, JR., Member & Secretary

esr/

WALLACE PETROLEUM INVESTMENTS, INC.

P.O. BOX 10354
MIDLAND, TX 79702
Office (915) 684-8292
Fax (915) 684-6495
E-mail: billw@threespan.com

May 17, 2001

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

RE: Wavier of Objection
Application for Permit to Drill
NE1/4SE1/4 Section 7, T-9-S, R-33-E, NMPM,
Fidelity Land Company Flying "M" Prospect
Lea County, New Mexico

Dear Ms. Wrotenbery:

Wallace Petroleum Investments, Inc., the owner of off-setting leasehold interest and working interest in State of New Mexico Oil and Gas Lease E-7481 as shown on the accompanying plat, hereby waives any objection to the drilling of a well on 40 acre spacing at an orthodox location in the above referenced NE1/4SE1/4 of Section 7, T-9-S, R-33-E, NMPM, Lea County, New Mexico, in the Flying "M" San Andres Pool.

Thank you very much for your attention in this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "W. Wallace", with a stylized flourish at the end.

William M. Wallace, President
WALLACE PETROLEUM INVESTMENTS, INC.

wmw/cmm
Encs.

FIDELITY LAND COMPANY

FLYING "M" PROSPECT
LEA COUNTY, NEW MEXICO

LOCATION PLAT

EXHIBIT "A"

TOBAC W, 6

SA, 60 (Abnd)

21102
Nearburg
1-Griffin
TD 20

Fundamental
1-Superior-
Price
TD 9225

21119
21101
TD 9400
Manks, Ltd
(Shell)
1-Collins Fr
TD 9540

Patoll
1-Price
TD 4560

20683
Ultramar
1-Phillips
TD 9044

10120
TD 9114

TD 9111

TD 9095

21064
Yates
2-Cola
TD 9475

Gr W'sm
1-Davis
TD 9140

Yates
1 Enstar
TD 9439

21020
Yates
1-Big Sky
TD 9406

McAlester
1-D State
TD 9323

Cabot
1-Tidewater
TD 9268

Yates
(Lovely)
1-ADN Lovely
(1-Lario)
TD 9290

21002
Manzano
1-Sunburst "36"
TD 9519

33743
1-AQT

TD 9250

Nat'l Engy
(Boran)
1-Lario
TD 9220

CHAVES

Pan Am
1-Marshall
TD 4785

Saxon
1-Crystal St
TD 9608

Reading
1-McAlester St
TD 4680

JENKINS

Delaware-Apache
1-Superior
TD 9575

TD 9610

Lovely
1-Sheridan
TD 9657

Hanson
1-Midwest
TD 9600

TD 9650

FLYING 'M', 63

FIDELITY LAND COMPANY
FLYING "M" PROPOSED LOCATION

WALLACE PETROLEUM
INVESTMENTS, INC.
120 ACRES

LONE N, 79

ription, et al
(Chase)
1-Tapp
TD 9668

TD 9711

Amoco
1-Wilson
TD 9765

Read
2-Ainswo
TD 9890

C&E
1-Kyle-Fed
TD 9700

TD 9700

TD 9690

1-E

2-H
TD 9800

TD 9100

29097

TD 10, 925

TD 9610

30938 23123

309113

31017 00969 31061

31060 00964

308

[illegible]