

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Jennifer A. Sallsbury Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

EXHIBIT

August 8, 2001

Jeff Phillips TMBR/Sharp Drilling, Inc. PO Drawer 10970 Midland, 1X 79702

RE: 1) Application to drill TMBR/Sharp Drilling, Inc., IEAVELLE 23 # 1, located in G-23,T16S.R35E 2038 FNL and 1998 FEL. API number 30-025-35654

2) Voiding API Number 30-025-35654

Dear Mr. Jeff Phillips

We can not approve Form C-101 Application for permit to drill the above well do to the overlapping of the dedicated acreage in the E/2 of Sec 23, T16s, R3SE. The proposed completion interval for this application was the Townsend; Mississippian, North (Gas) pool, with the E/2 of Sec 23, T16S, R35E comprising 320 acres dedicated to this well. On July 30, 2001 the Oil Conservation Division office in Hobbs approved an application to drill a well from David H Arrington Oil & Gas, Inc. This well was the David H Arrington Oil & Gas, Inc., Blue Drake 23 # 1, located in I-23,T16S.R35E, 1980 FSL and 660 FEL and dedicated to this well was the E/2 of Sec 23, T16S, R35E comprising 320 acres for the proposed completion in the Townsend; Mississippian, North (Gas) pool. Therefor API number 30-025-35654 is here by voided.

Since TMBR/Sharp Drilling believes that they are the only operator with the rights to drill this well, it is suggested that they take this mater up with David Arrington Oil & Gas Inc.

Yours very truly,

OIL CONSERVATION DIVISION

hri William 1832 Chris Williams

District I. Supervisor

PFK

District I PQ Max 1980, Hobbs, NM 88241-1980 District II

State of New Mexico
Energy, Minerals & Natural Resources Department

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

BIT South First, Arteus, Nm 64210 District III 1000 Rie Brazes Rd., Azsec, NM 87410			OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505					Submit to Appropriate District Office State Lease - 6 Copies Fee Lease - 5 Copies				
District IV 2040 South Pacheco, Santa Fe, NM 87505										J AMEN	NDED REPORT	
APPLICA	TION I	OR PE				TER, DEE	PEN,	PLUGB	ACK,		D A ZONE	
'Operator Name and Addra TMBR/Sharp Drilling, P. O. Drawer 10970 Midland, TX 79702					Drilling, Inc.	Inc.				* OGRID Number 036554		
								,			15 - 3 5 6 5	
7 8 5	Ny Code		' Property Name Leavelie "23"								* Well No.	
	<u></u>					Location						
UL or lot no.	Section 23	Township 16S	Range Lot Idn Feet from		Feet from the					Vest line East	Count	
				Bottom	Hole Locat		rent l			154.54	1	
UL or lot ma.	Section	Township	Range	Let Idn	Peet from the	North/South I		est from the		Vest line	Coun	
	Tow	'Prepor nsend; M	ed Pool 1 ississippi	an, N.		* Preposed Peal 2 Townsend; Morrow						
11 Work T		,	' Well Type			#Retary 14 Lease Type Co		ode	ir Ground Level Elevation 3965			
¹⁴ Mu	•		17 Proposed Depth		" Fermatien			¹⁴ Centracter			Spud Date	
N	•		13,200			g and Cement Program						
Hole 84	re l	Casis			weight/foot	. Setting Depth		Sacks of Cement		Estimated TOC		
17%		1;	136		54.5	420		500			Surface	
121/4			94%		40	5,000		1800		Surface		
8%		7			3 & 26	12,000		1000		5,000		
6¼		4	'/	-	11.6	13,200		135		11,900		
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 blowaut prevention program, if any. Use additional sheets if necessary. It is prososed to drill a 17½" hole to ±420' with fresh water & set 13½" esg & cement to surface. A 12¼" intermediate hole will be drilled to ±5000' with cut-brine system & 9½" esg will be set & cemented back to surface. A 3000 psl annular preventer & 3000 psl dual ram BOP will be used on the intermediate hole. An 8½" hole will be drilled to a TD of ±12,000' with FW mud where 7" esg will be set at TD & cemented back to the intermediate esg @ 5000'. We will drill a 6½" hole to TD of ±13,200'. We plan to run a 4½" liner to TD with top of liner @ 11,900' & cement w/135 sacks. A 3000 psi annular preventer & a 5000 psi double ram BOP will be used on the 8½" & 6½" hole. Mud up will occur between 9000' & 10,000' & several DST's are planned.												
I heretry certify they the information given above is true and complete to the DIL CONSERVATION DIVISION						SION						
Eignature Approved by: Printed names Lonale Arnold Title:												
Title: Production Manager					Approval Date: Expiration Date:							
Date: August 6, 2001 Phone: (915) 679-5050					H	Contitions of Approved : Alfoched						

State of New Mexico

Farm C-10 Submit to Appropriate District 9034

OIL CONSERVATION DIVISION P.O. Box 2008

DISTRICT III	Santa Fe, New	Mexico 87504-2088				
DISTRICT IV	WELL LOCATION AND	ACREAGE DEDICATION PLAT	D AMENDED REPOR			
API Number	Pool Code	Peol Num	•			
30-025-35654	86390	Townsend; Mississip	pian, N.			
Property Code	Peop	perty Name	Tell Humber			
28580	LEAV	ELLE 23	1			
OGRED No.						
036554	TMBR/SHARP DRILLING, INC.					
	Surfa	ce Lecation	·			

					Surface Loc	ation		:	
UL ar let Na.	Soctions 23	Township 16-S	35-E	Let him	Post from the 2038	North/South line NORTH	Yest from the 1998	EAST	Creat
			Bottom	Hole Lo	cation if Diffe	rent From Sur	face	<u> </u>	<u> </u>
UL or let No.	Section	Township	Sange	Lot ida	Fest from the	North/South line	Feet from the	East/West line	Count
Dedicated Acres	Joint :	or banu Ce	assidation	Code Dr	rday No.	<u></u>			<u>L</u>
320		İ							

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE HEEN CONSOLIDATED

OR A NON-STAI	IDARD UNIT HAS	BEEN APPROVED	BY TH	E DIAISION
SPC NME NAD 1927 N=895558.64 E=778537.78	2038	1908'		OPERATOR CERTIFICATION / hareby corting the the information contoined herein is true and complete to the best of my branchings and belta; Eignature Lonnie Arnold Printed Rame Production Manager Title 8/6/01 Bata SURVEYOR CERTIFICATION / hareby sareby that the well leaders show an abide plant was pinched from field notes of a supervision and that the most is frue and correct to the best of my belta? JULY 26, 2001 Bata Buryanguahuminan AWS Signature: See Best of my belta? JULY 26, 2001 Cortificate Marting and the content of the best of my belta? JULY 26, 2001 Data Buryanguahuminan AWS Cortificate Marting and the content of the best of my belta? JULY 26, 2001 Data Buryanguahuminan AWS Cortificate Me. Morting and Decore Same AWS Links AND

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