N. M. Oil Cons. Division

811,S., 1ST, ~ Form 3160-3 FORM APPROVED **JED STATES** (July 1992) ARTESIA NM 88 OMB NO. 1004-0136 DEPARTMENT OF THE INTERIOR reverse side) Expires February 28, 1995 BUREAU OF LAND MANAGEMENT LEASE DESIGNATION AND SERIAL NO APPLICATION FOR PERMIT TO DRILL OR DEEPEN LC-060529 1a. TYPE OF WORK 6. IF INDIAN, ALLOTTEE OR TRIBE NAME Drill Χ Deepen b. TYPE OF WELL 7. UNIT AGREEMENT NAME Oil Well Х Gas Well Multiple Zone 2. NAME OF OPERATOR 8. FARM OR LEASE NAME, WELL NO. Shahara Oil, LLC Beeson "F" Federal No. 14 3. ADDRESS AND TELEPHONE NO 9. API WELL NO 207 W. McKay Phone: 505-885-5433 Carlsbad, NM 88220 Fax: 505-885-4989 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) Loco Hills QN-GB-SA At surface 11. SEC., T., R., M., OR BLK. 2310' FNL & 2310' FEL, Unit G AND SURVEY OR AREA At proposed prod. zone Same Section 31, T17S, R30E 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 12. COUNTY OR PARISH 13. STATE 2 1/2 miles SW of Loco Hills Eddy NM 15. DISTANCE FROM PROPOSED 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED LOCATION TO NEAREST TO THIS WELL PROPERTY OR LEASE LINE, FT. 330' 440 40 (Also to nearest drig. unit line, if any) 18. DISTANCE FROM PROPOSED LOCATION* 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOOLS 330' TO NEAREST WELL, DRILLING, COMPLETED, 3200 Rotary OR APPLIED FOR, ON THIS LEASE, FT. 21. ELEVATIONS (Show whether DF, RT, GR, etc) 22. APPROX. DATE WORK WILL START * 3572' GR May 1, 1999 23 PROPOSED CASING AND CEMENTING PROGRAM SIZE OF HOLE GRADE, SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT 6 1/4" 4 1/2" 3200' 600 sx - Circulate The operator proposes to re-enter well and deepen from 2850' to a depth of 3200' for injection purposes. Well drilled in 1962 and P&A in 1993. Specific programs are outlined in the following attachements: DRILLING PROGRAM SURFACE USE AND OPERATING PLAN **EXHIBIT A - ROAD MAP EXHIBIT B - EXISTING WELL MAP** EXHIBIT C - LOCAITON AND ACREAGE DEDICATION PLAT **EXHIBIT C-1 - TOPO MAP** EXHIBIT D - DRILLING AND RIG LAYOUT (Pulling Unit) **EXHIBIT E - 3M BOP EQUIPMENT** IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any 24 (This space for Federal or State office use) PERMIT NO APPROVAL DATE Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Acting Assistant Field Office Manager, CONDITIONS OF APPROVAL, IF ANY Lands and Minerals (ORIG. SGD.) ARMANUU A. LU: EZ APPROVED BY *See Instructions On Reverse Side

APPROVED FOR 1 YEAR Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, ficticious ro fraudulent statements or representations as to any matter within its jurisdiction.

