

(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN 1 E
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

0144

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

| | | | | | |
|--|-----------------------|-----------------------------------|---|---|--|
| 1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/> | | | 5. LEASE DESIGNATION AND SERIAL NO. NM-060528 0467934 | | |
| b. TYPE OF WELL Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone <input type="checkbox"/> | | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME Grayburg Jackson WFU | | |
| 2. NAME OF OPERATOR Shahara Oil, LLC 143119 | | | 7. UNIT AGREEMENT NAME 17364 | | |
| 3. ADDRESS AND TELEPHONE NO. 207 W. McKay Carlsbad, NM 88220 Phone: 505-885-5433 Fax: 505-885-4989 | | | 8. FARM OR LEASE NAME, WELL NO. Tract AD No. 13 | | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1310' FNL & 2310' FWL, Unit C At proposed prod. zone Same | | | 9. API WELL NO. 30-DIS-30343 | | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 1.5 miles southeast of Loco Hills, NM | | | 10. FIELD AND POOL OR WILDCAT Grayburg Jackson 7 Rivers-QN-GB-SA | | |
| 15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330' | | 16. NO. OF ACRES IN LEASE 1080 | | 17. NO. OF ACRES ASSIGNED TO THIS WELL 40 | |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 660' | | 19. PROPOSED DEPTH 3500' | | 20. ROTARY OR CABLE TOOLS Rotary | |
| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | | | |
| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT | |
| 12 1/4" | 8 5/8" | 24# K-55 | 500' | 300 sx - circulate WITNESS | |
| 7 7/8" | 5 1/2" | 17# J-55 | 3500' | 600 sx - | |
| | | | | 100' above 8 5/8" csg shoe | |

The operator proposes to drill to a depth sufficient to test the Queen and Grayburg for oil.
Specific programs are outlined in the following attachments:

SURFACE USE AND OPERATING PLAN

EXHIBIT A - ROAD MAP

EXHIBIT B - EXISTING WELL MAP

EXHIBIT C - LOCATION AND ACREAGE DEDICATION PLAT

EXHIBIT C-1 - TOPO MAP

EXHIBIT D - DRILLING AND RIG LAYOUT

EXHIBIT E - 3M BOP EQUIPMENT

ROSWELL CONTROLLED WATER BASIN

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Perry L. Lopez TITLE President DATE 6/12/98

(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.

CONDITIONS OF APPROVAL, IF ANY:

(ORIG. SGD.) ARMANDO A. LOPEZ

Acting

Assistant Field Office Manager,
Lands and Minerals

APPROVED BY _____ TITLE _____ DATE JUL 14 1998

*See Instructions On Reverse Side

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, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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 DD, Artesia, NM 88211-0719

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

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|----------------------------------|------------------------------------|
| API Number | Pool Code | Pool Name |
| | 28509 | Grayburg Jackson 7 Rivers-QN-GB-SA |
| Property Code | Property Name | Well Number |
| 17364 | GRAYBURG JACKSON W.F.U. TRACT AD | 13 |
| OGRID No. | Operator Name | Elevation |
| 143119 | SHAHARA OIL, LLC | 3647' |

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 | 27 | 17 S | 30 E | | 1310 | NORTH | 2310 | WEST | EDDY |

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. | | | | | | |

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

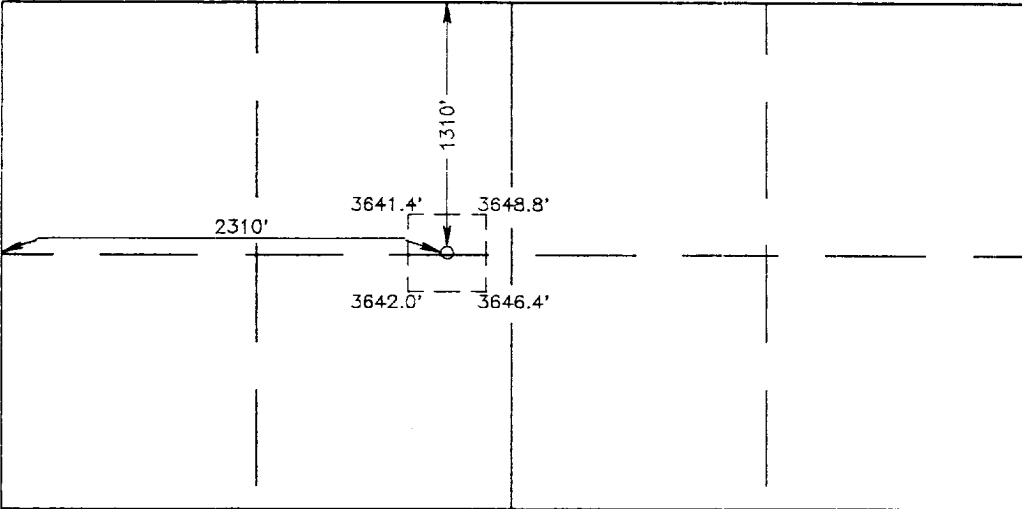
| | |
|---|--|
|  | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kerry L. Hughes</i> Signature Kerry L. Hughes Printed Name President Title 6/5/98 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I 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>APRIL 24, 1998 Date Surveyed CDG</p> <p>Signature of Seal of Professional Surveyor RONALD S. EDSON 3239 98-11-0658 4-27-98</p> <p>Certificate No. RONALD S. EDSON 3239 GARY EDSON 12641</p> |
|---|--|

Exhibit "E"

BOP Equipment

Shahara Oil, LLC

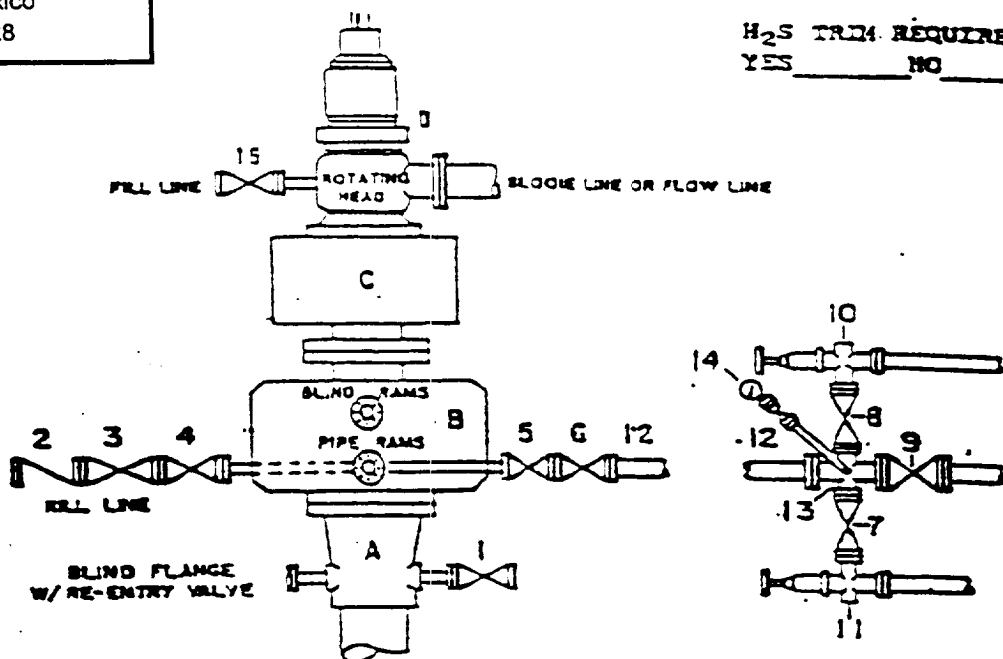
Grayburg Jackson WFU Tract AD No. 13

1310' FNL & 2310' FWL, Unit C

Section 27, T17S, R30E

Eddy County, New Mexico

Lease No. NM-060528

**DRILLING CONTROL
CONDITION III-B 3000 PSI WP**H₂S TRIM REQUIRED
YES _____ NO _____**DRILLING CONTROL****MATERIAL LIST - CONDITION III - B**

- A Wellhead
- B 3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram preventers may be utilized with 3000# W.P. drilling spool with 1" minimum flanged outlet for kill line and 1" minimum flanged outlet for choke line. The drilling spool is to be installed below the single ram type preventers).
- C 3000# W.P. Annular Preventer with 1" steel, 3000# W.P. control lines.
- D Rotating Head with fill up outlet and extended Blower line.
- 1,3,4, 7,8, 1" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Le Torr Plug valve.
- 2 1" minimum 3000# W.P. back pressure valve.
- 3,6,9 1" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Le Torr Plug valve.
- 12 1" minimum Schedule 80, Grade 2, seamless line pipe.
- 13 2" minimum x 1" minimum 3000# W.P. flanged cross.
- 10,11 2" minimum 3000# W.P. adjustable choke bodies.
- 14 Cameron Mud Gauge or equivalent (location optional in Choke line).
- 15 1" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Le Torr Plug valve.

| SCALE: | DATE | REV. NO. | APP. NO. |
|-------------|------|----------|----------|
| DRAWN BY | | | |
| CHECKED BY | | | |
| APPROVED BY | | | |

EXHIBIT E