

District 1/
1301 W. Grand Ave., Artesia, NM 88210
Phone: (505) 748-1383 Fax: (505) 748-9720

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-145
Permit 106494

Change of Operator

Previous Operator Information

OGRID: 148394
Name: VERNON E. FAULCONER, INC.
Address: PO BOX 7995
Address:
City, State, Zip: TYLER, TX 75711

New Operator Information

Effective Date: Effective on the date of approval by the OCD
OGRID: 163645
Name: JKM ENERGY, LLC
Address: 26 EAST COMPRESS RD.
Address:
City, State, Zip: ARTESIA, NM 88210

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: [Signature]
Printed Name: JEAN CRAWLEY
Title: VICE PRESIDENT
Date: 1-4-2010 Phone: 503 581-4382

New Operator

Signature: [Signature]
Printed Name: JKM Energy LLC
Title: MAN. Member
Date: 12-12-09 Phone: (575) 718-3854

NMOCD Approval

Electronic Signature: Jacqueta Reeves, District 2
Date: January 26, 2010

From Operator VERNON E. FAULCONER, INC. OGRID 148394
To Operator JKM ENERGY, LLC OGRID 163645
Wells Selected for Transfer, Permit 106494
Permit Status: REVIEW

OCD District: Artesia

Property Well	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name	Last Prod/Inj	Additional Bonding
18757 STATE LG-2985 #001	S	K-26-18S-28E	K	30-015-23160	G	86500	TURKEY TRACK, MORROW, NORTH (GAS)	11/09	0
Total Additional bond							<u>out of Cap.</u>		0

ChangeOp Comments

OGRID: [148394] VERNON E. FAULCONER, INC.
Permit Number: 106494
Permit Type: ChangeOp

Created By	Comment	Comment Date
SPHILLIPS	I cannot approve the transfer as you have one well on your financial assurance report in violation. The well is 30-015-23818. I need a bond for this well until you bring it back online or plug it. Questions? Please call me at 505-478-3481. You can view your report by going to our web site. Click on OCB Online and then on word EPERMITTING. Click on financial assurance and put in your OGRID 163045 and get report. All your active wells are listed and you will see to the far right that there is a Y in the penalty box.	1/8/2010