

Ricks Exploration, Inc.

5600 North May, Suite 350

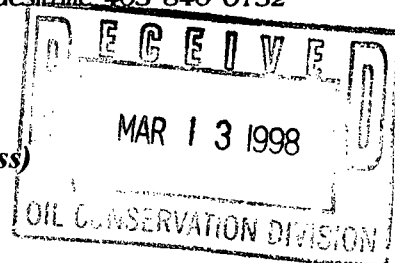
Oklahoma City, Oklahoma 73112 4299

March 12, 1998

Telephone 405 840 9099
Facsimile 405 840 0152

Mr. Michael Stogner
New Mexico Oil Conservation Division
240 Pacheco Street
Santa Fe, New Mexico 87505-5472
Fax: (505) 827-1389

(Via Federal Express)



Subject

Well: West Hobbs State Unit #1
Location: 1120' FSL & 860' FEL of Section 8-18S-37E
Lea County, New Mexico

Primary

Objective: Abo Formation

Secondary

Objectives: Grayburg, San Andres, and Drinkard

Total Depth: 8700'

Dear Sirs:

Please consider this our request for an unorthodox oil well location, to State of New Mexico Energy Mineral and Natural Resources Department Oil Conservation Division Rule Number 104, at the subject location.

This location was picked after an extensive 3-D seismic survey program of the area. We have located this well at what we believe to be very best Geologic position in order to maximize our probability for success at this wildcat location. Please find enclosed our "Abo Stacked Reef" Time Map as evidence for this location pick.

This well is located in the West Hobbs Exploratory Unit Area, as authorized in NMOCD Case No. 11886, effective February 2, 1998. Ricks Exploration, Inc. and its partners are the sole owners within the unit, and at this time there is no production within the unit boundary, or adjacent to the Unit, towards which we are moving.

Thank you.

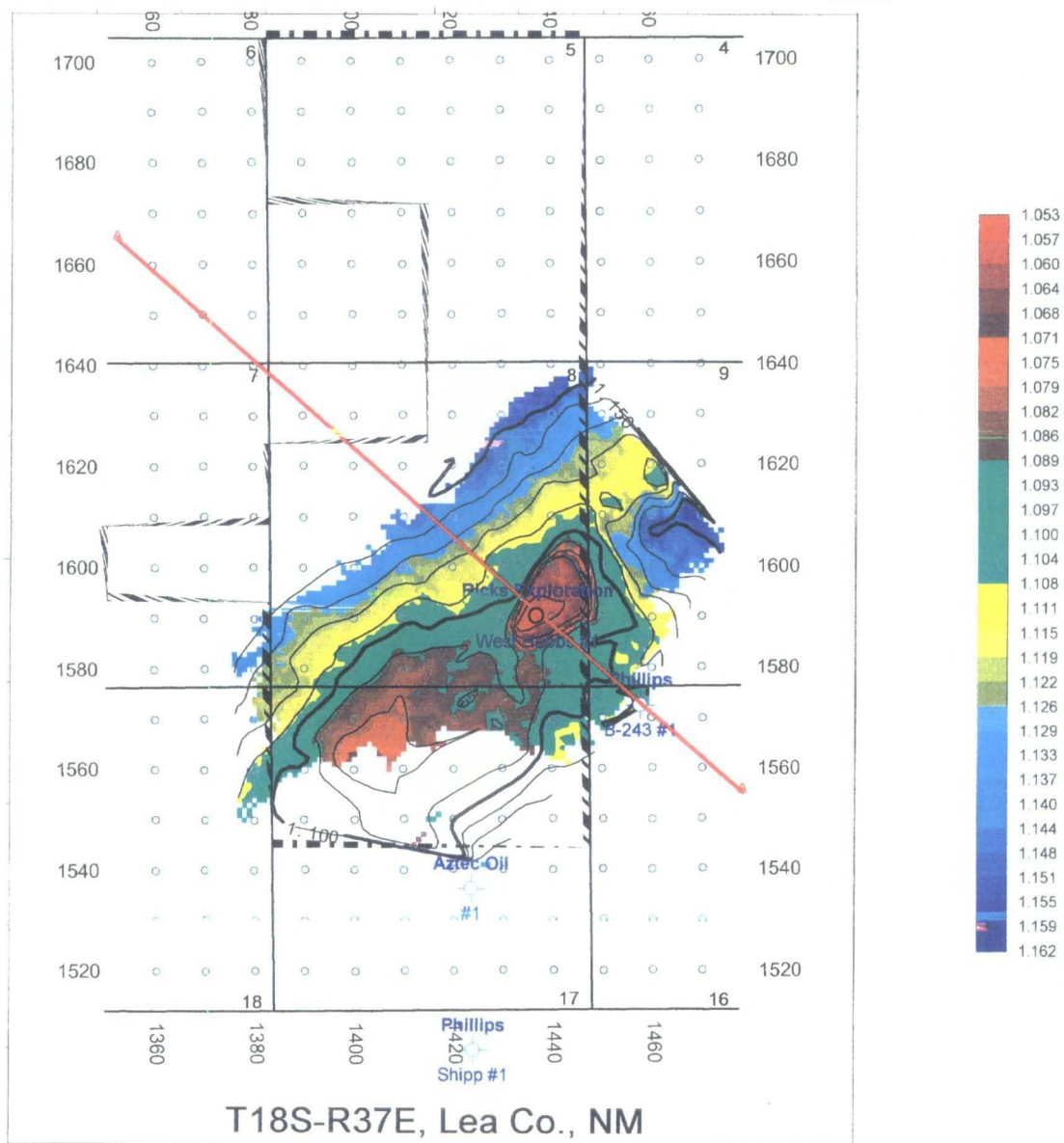
Yours very truly,
Ricks Exploration, Inc.


C. S. Collier, Landman

Enclosures: Abo Stacked Reef Time Map
Form C-101
Form C-102

X/Y :

833000



Ricks Exploration West Hobbs Prospect

"Abo Stacked Reef" Time Map

Scale: 1"=2000'

Contour Interval = 10 ms

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. Ricks Exploration, Inc. 5600 No. May, Suite 350 Oklahoma City, OK 73112		OGRID Number
		API Number 30 - 0
Property Code	Property Name WEST HOBBS STATE UNIT	Well No. 1

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	18S	37E		1120'	South	860'	East	LEA

8 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

9 Proposed Pool 1

10 Proposed Pool 2

Work Type Code N	Well Type Code G/O	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3741'
Multiple No	Proposed Depth 8700'	Formation Abo	Contractor Lakota Drilling	Spud Date 3/15/98

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14-3/4"	13-3/8"	54.5#	350'	410sx	Surface
12-1/4"	8-5/8"	24#	3000'	1200SX+150SX tail	Surface
7-7/8"	5-1/2"	17#	8700'	500 sx	6600'

22 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 blowout prevention program, if any. Use additional sheets if necessary.

To drill to a depth of 8700', or less in the Abo formation.
Set 13-3/8" surface string @350', & 8-5/8" @3000'. Production casing (5 1/2") @TD.
Hydril Double BOP PDL w/blind rams & pipe rams - 3000# Hydril ladder on top.

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

Signature:

Lynne Suchy

Printed name: Lynne Suchy

Title:

Drilling Operations Assistant

Date:

March 11, 1998

Phone:

405/8409099

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

C-101 Instructions

Measurements and dimensions are to be in feet/inches. Well locations will refer to the New Mexico Principal Meridian.

IF THIS IS AN AMENDED REPORT CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

program. Attach additional sheets if necessary.

23

The signature, printed name, and title of the person authorized to make this report. The date this report was signed and the telephone number to call for questions about this report.

- 1 Operator's OGRID number. If you do not have one it will be assigned and filled in by the District office.
- 2 Operator's name and address
- 3 API number of this well. If this is a new drill the OCD will assign the number and fill this in.
- 4 Property code. If this is a new property the OCD will assign the number and fill it in.
- 5 Property name that used to be called 'well name'
- 6 The number of this well on the property.
- 7 The surveyed location of this well New Mexico Principal Meridian NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD Unit Letter.
- 8 The proposed bottom hole location of this well at TD
- 9 and 10 The proposed pool(s) to which this well is being drilled.
- 11 Work type code from the following table:

N	New well
E	Re-entry
D	Drill deeper
P	Plugback
A	Add a zone
- 12 Well type code from the following table:

O	Single oil completion
G	Single gas completion
M	Multiple completion
I	Injection well
S	SWD well
W	Water supply well
C	Carbon dioxide well
- 13 Cable or rotary drilling code

C	Propose to cable tool drill
R	Propose to rotary drill
- 14 Lease type code from the following table:

S	State
P	Private
- 15 Ground level elevation above sea level
- 16 Intend to multiple complete? Yes or No
- 17 Proposed total depth of this well
- 18 Geologic formation at TD
- 19 Name of the intended drilling company if known.
- 20 Anticipated spud date.
- 21 Proposed hole size ID inches, proposed casing OD inches, casing weight in pounds per foot, setting depth of the casing or depth and top of liner, proposed cementing volume, and estimated top of cement
- 22 Brief description of the proposed drilling program and BOP

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name WEST HOBBS STATE UNIT	Well Number 1
OGRID No.	Operator Name RICKS EXPLORATION	Elevation 3741'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	18 S	37 E		1120	SOUTH	860	EAST	LEA

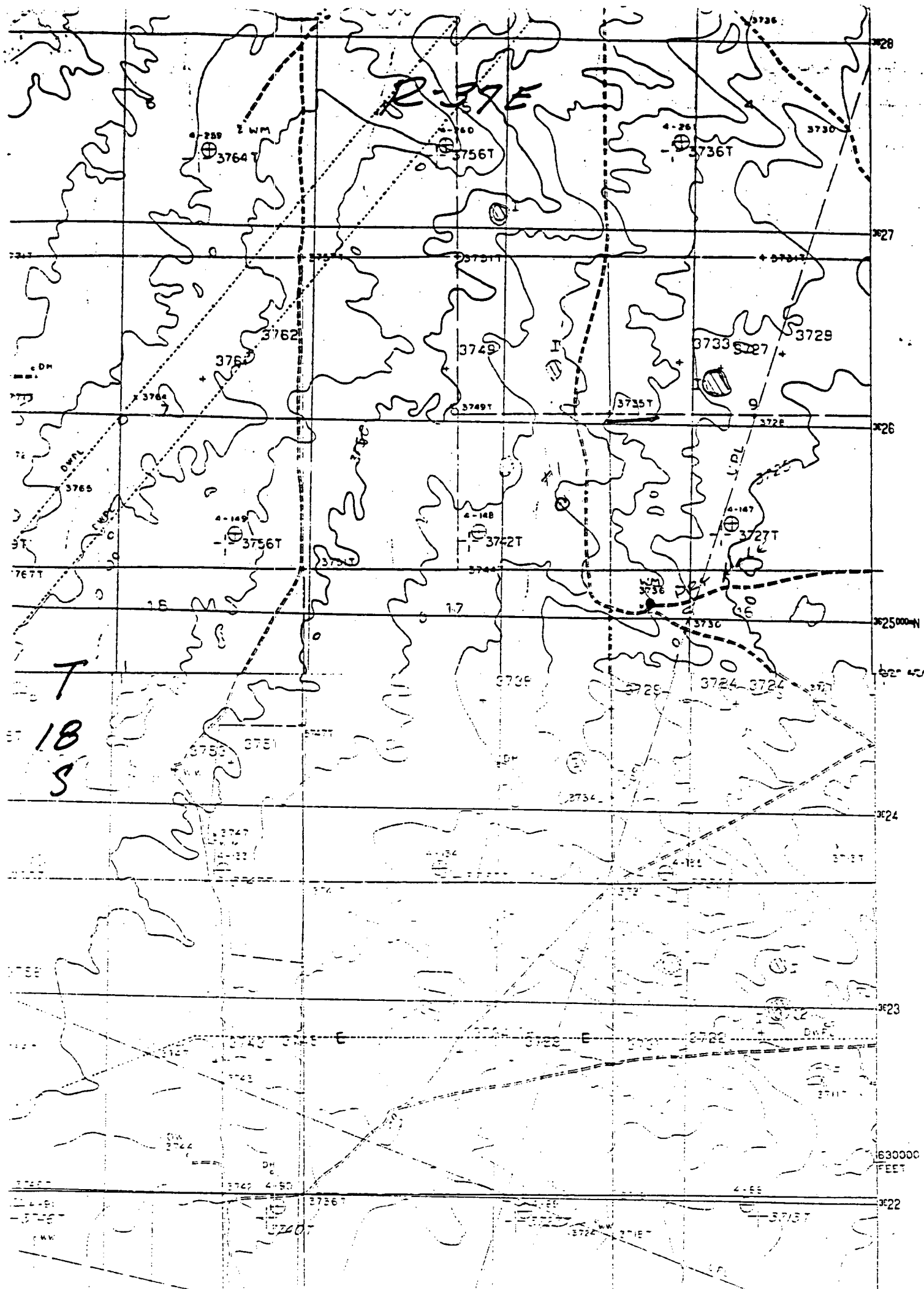
Bottom Hole Location If Different From Surface

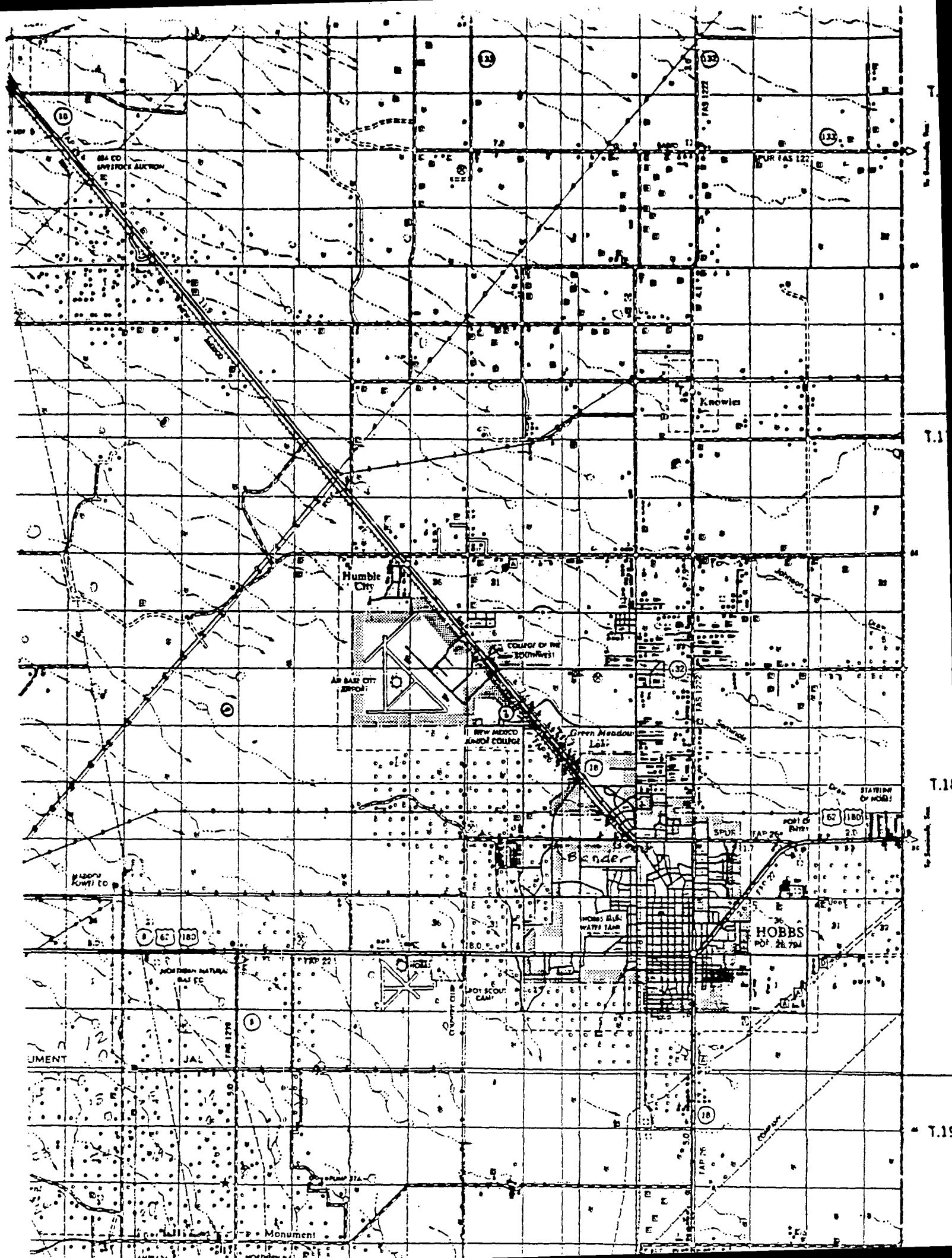
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature Lynne Suchy Printed Name Drilling Oper. Asstnt Title March 5, 1998 Date	
	SURVEYOR CERTIFICATION 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. Date Surveyed Signature & Seal of Professional Surveyor Certification No. 3640 Gregory Jones GENERAL SURVEYING	





BASIN SURVEYS

HOBBS, NEW MEXICO

SURVEY GENERAL SURVEYING Co SHEET NO. OF
 CLIENT LAUNINGTON, N.M. 28760 JOB NO.
Box 996 BY DATE

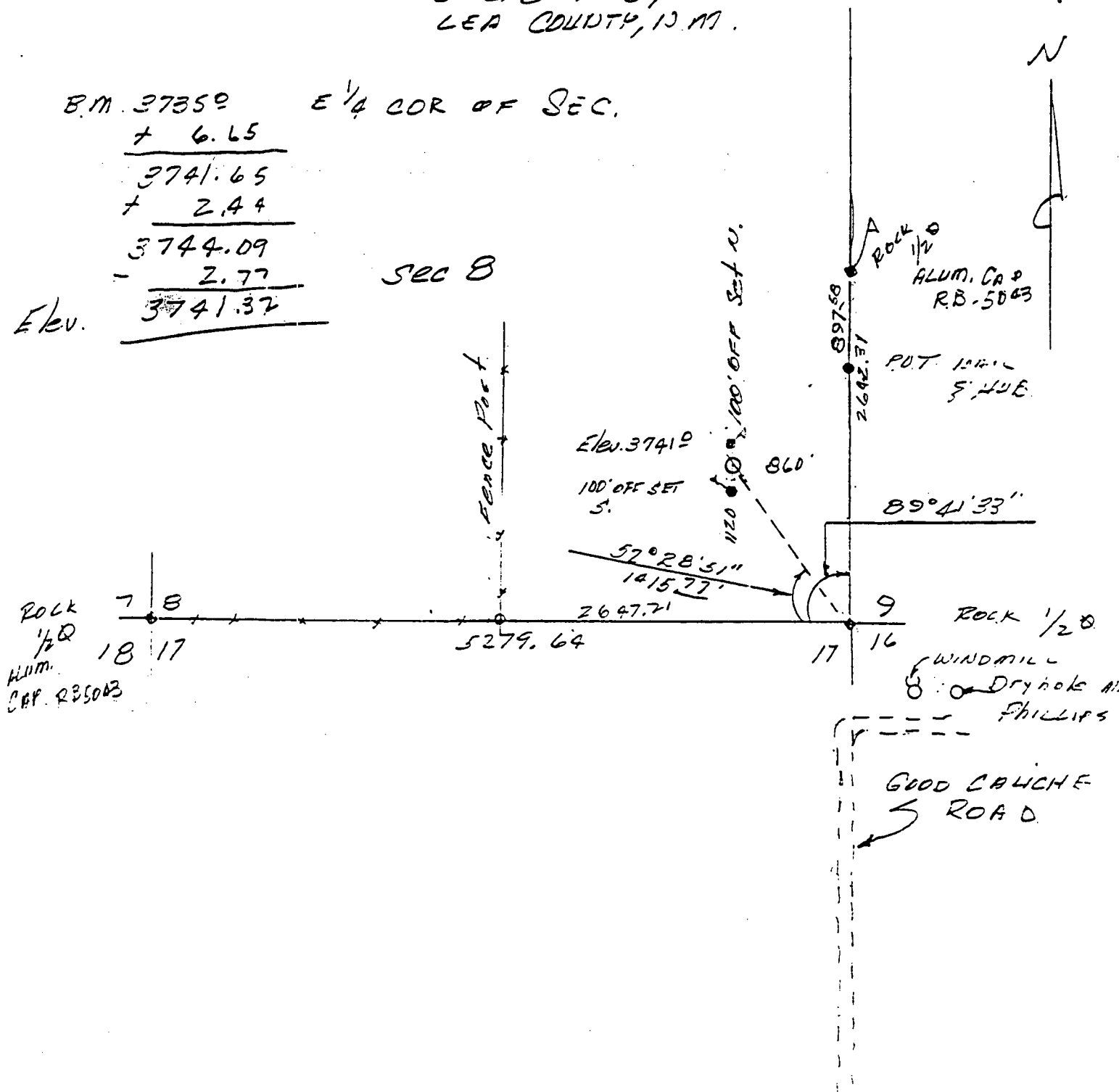
RICKS EXPLORATION
 WEST HOBBS
 STATE UNIT NO. 1
 1120'S & 860'E
 SEC. 8-18-97
 LEA COUNTY, N.M.

B.M. 37350 E 1/4 COR OF SEC.

+ 6.65
3741.65
 + 2.44
3744.09
 - 2.77
3741.32

Elev.

SEC 8



Ricks Exploration, Inc. 5600 North May Avenue, Suite 350, Oklahoma City, Oklahoma 73112

RicksFax

Date: March 12, 1998Number of pages including cover sheet: 10

To: State of New Mexico

Mr. Michael StognerPhone: 505 827 8185Fax phone: 505 827 1389

CC: _____

From: Ricks Exploration, Inc.

Chet CollierPhone: (405) 840-9099Fax phone: (405) 840-0152

REMARKS:

☐ Urgent☒ For your review☐ Reply ASAP☐ Please comment

Dear Michael,

Thank you for your help. We are forwarding the originals to you directly via federal express.


Chet

see *shw* NSL-DLL

Ricks Exploration, Inc.*land@telepath.com*

5600 North May, Suite 350

Oklahoma City, Oklahoma 73112 4299

March 12, 1998

Telephone 405 840 9099
Facsimile 405 840 0152

Mr. Michael Stogner
New Mexico Oil Conservation Division
240 Pacheco Street
Santa Fe, New Mexico 87505-5472
Fax: (505) 827-1389

(Via Federal Express)

Subject
Well: West Hobbs State Unit #1
Location: 1120' FSL & 860' FEL of Section 8-18S-37E
Lea County, New Mexico
Primary
Objective: Abo Formation *> Wildcat*
Secondary
Objectives: Grayburg, San Andres, and Drinkard *> Wildcat*
Total Depth: 8700'

Dear Sirs:

Please consider this our request for an unorthodox oil well location, to State of New Mexico Energy Mineral and Natural Resources Department Oil Conservation Division Rule Number 104, at the subject location.

This location was picked after an extensive 3-D seismic survey program of the area. We have located this well at what we believe to be very best Geologic position in order to maximize our probability for success at this wildcat location. Please find enclosed our "Abo Stacked Reef" Time Map as evidence for this location pick.

This well is located in the West Hobbs Exploratory Unit Area, as authorized in NMOCB Case No. 11886, effective February 2, 1998. Ricks Exploration, Inc. and its partners are the sole owners within the unit, and at this time there is no production within the unit boundary, or adjacent to the Unit, towards which we are moving.

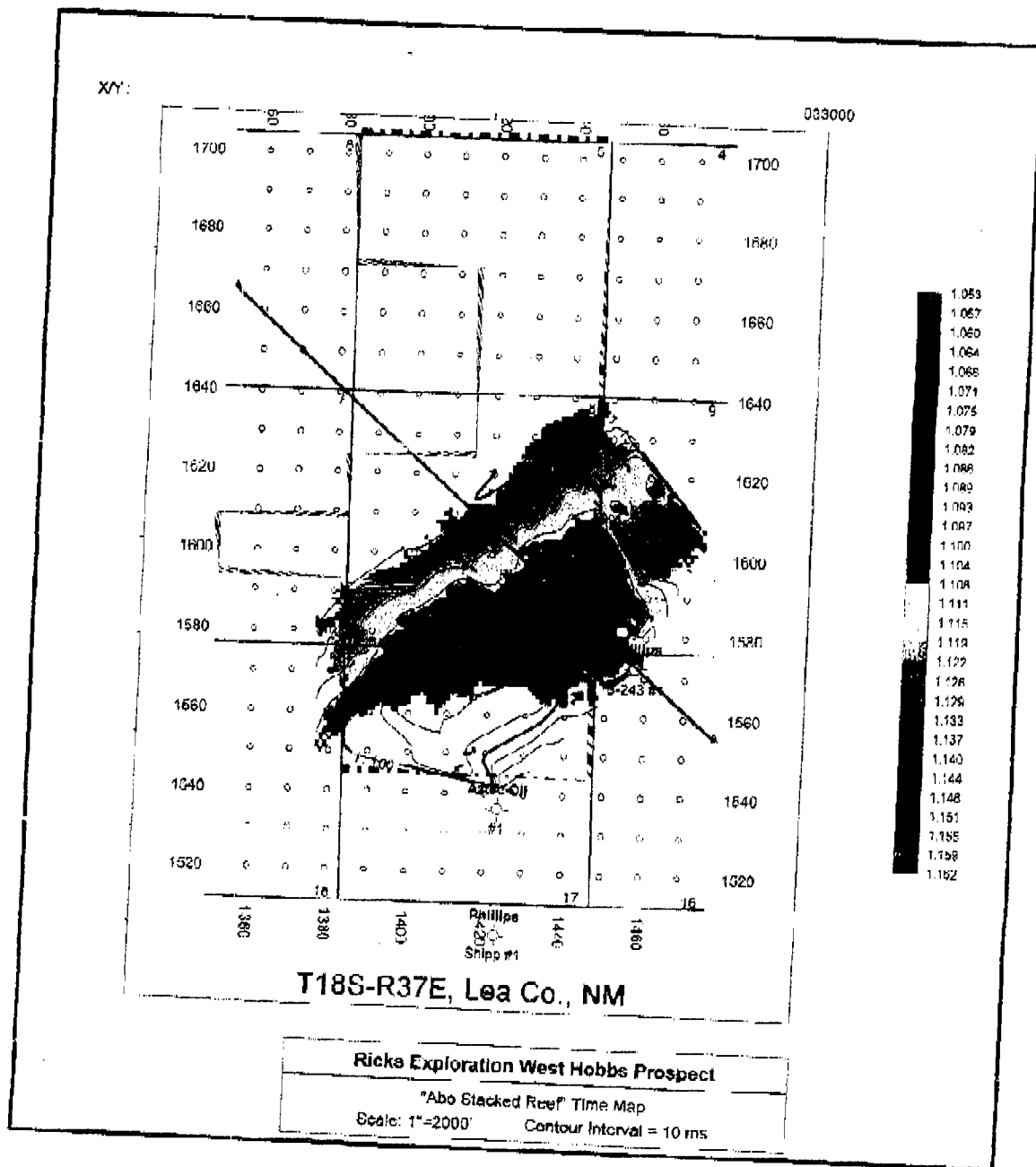
Thank you.

Yours very truly,
Ricks Exploration, Inc.

C. S. Collier, Landman

Enclosures: Abo Stacked Reef Time Map
Form C-101
Form C-102

*Ricks operates
the Unit.
Ricks 30%*



MAR 12 '98 04:39PM RICKS EXPLORATION 405

811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form P.04/10
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: Ricks Exploration, Inc. 5600 No. May, Suite 350 Oklahoma City, OK 73112		OGUID Number
		API Number 30 - 0
Property Code	Property Name WEST HOBBS STATE UNIT	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
P	8	18S	37E		1120'	South	860'	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					Proposed Pool 2				

Work Type Code	Well Type Code	Cable/Rotary	Lease Type Code	Ground Level Elevation
N	C/O	R	P	3741'
Multiple	Proposed Depth	Formation	Contractor	Spud Date
No	8700'	Abu	Lakota Drilling	3/15/98

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14-3/4"	13-3/8"	54.5#	350'	410sx	Surface
12-1/4"	8-5/8"	24#	3000'	1200sx+1200 tail	Surface
7-7/8"	5-1/2"	17#	8700'	500 sx	6600'

" 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 blowout prevention program, if any. Use additional sheets if necessary.

To drill to a depth of 8700', or less in the Abu formation.
Set 13-3/8" surface string @350', & 8-5/8" @3000'. Production casing (5 1/2") STD.
Hydril Double BOP PDL w/blind rams & pipe rams - 3000# Hydril ladder on top.

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

Signature: *Lynne Suchy*
Printed name: Lynne Suchy
Title: Drilling Operations Assistant
Date: March 11, 1998
Phone: 405/8409099

OIL CONSERVATION DIVISION

Approved by:
Title:
Approval Date:
Expiration Date:
Conditions of Approval:
Attached ☐

4058400152

P.04

MAR 12 '98 04:40PM RICKS EXPLORATION 405

FAX NO. 15053930720

P. 5/10
P. 2

C-101 Instructions

Measurements and dimensions are to be in feet/inches. Well locations will refer to the New Mexico Principal Meridian.

If THIS IS AN AMENDED REPORT CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Program. Attach additional sheets if necessary.

1 Operator's OGRS number. If you do not have one it will be assigned and filed in by the District office.

23

The signature, printed name, and title of the person authorized to make this report. The date this report was signed and the telephone number to call for questions about this report.

2 Operator's name and address

3 API number of the well. If this is a new well the OGD will assign the number and fill this in.

4 Property code. If this is a new property the OGD will assign the number and fill it in.

5 Property name that used to be called 'well name'

6 The number of this well on the property.

7 The surveyed location of this well New Mexico Principal Meridian NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OGD Unit Letter.

8 The proposed bottom hole location of this well at TD

9 and 10 The proposed well(s) to which this well is being drilled.

11 Work type code from the following table:

N	New well
E	Re-entry
D	Drill disposal
P	Plugging
A	Add a zone

12 Well type code from the following table:

O	Single oil completion
G	Single gas completion
M	Multiple completion
I	Injection well
S	SWD well
W	Water supply well
C	Carbon dioxide well

13 Cable or rotary drilling code

C	Propose to cable tool drill
R	Propose to rotary drill

14 Lease type code from the following table:

S	State
P	Private

15 Ground level elevation above sea level

16 Intend to multiple complete? Yes or No

17 Proposed total depth of this well

18 Geologic formation at TD

19 Name of the intended drilling company if known.

20 Anticipated spud date.

21 Proposed hole size ID inches, proposed casing OD inches, casing weight in pounds per foot, casing depth of the casing or depth and top of liner, proposed cementing volume, and estimated top of cement

22 Brief description of the proposed drilling program and BOP

4058400152

P. 05

MAR 12 '98 04:40PM RICKS EXPLORATION 405

P.6/10

DISTRICT I
P.O. Box 1080, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
San Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name WEST HOBBS STATE UNIT	Well Number 1
OCED No.	Operator Name RICKS EXPLORATION	Elevation 3/41'

Surface Location

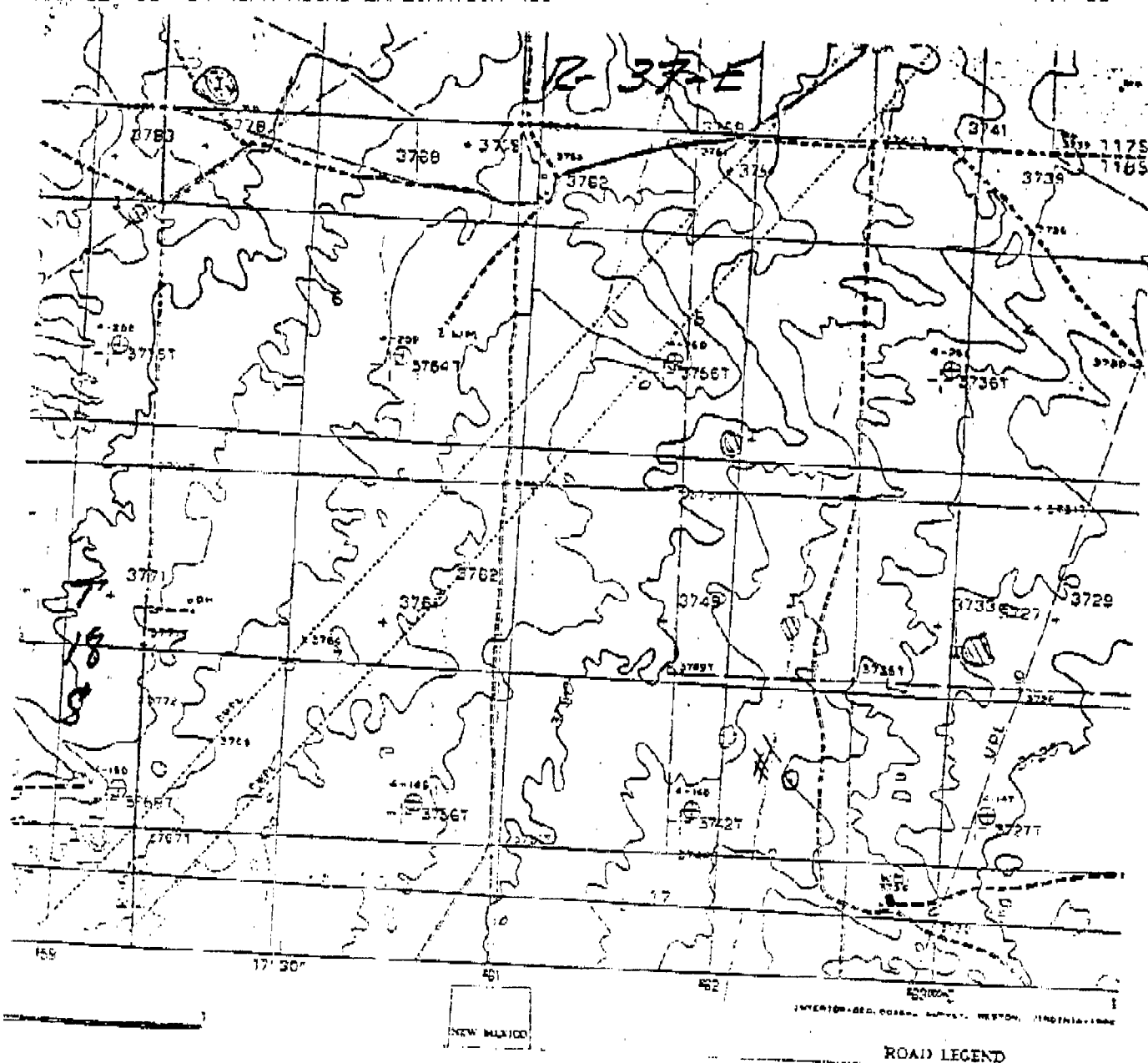
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	18 S	37 E		1120	SOUTH	860	EAST	LEA

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 Acre		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 that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>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>February 19, 1998</p> <p>Date Surveyed _____</p> <p>Signature _____</p> <p>Professional _____</p>
	<p>3640</p> <p>W.O. No.</p> <p>Certified _____</p> <p>GENERAL SURVEYING</p>
	<p>4058400152</p> <p>P.06</p>



RICKS EXPLORATION
 WEST HOBBS STATE UNIT #1
 1120' FSL & 860' FEL
 Sec. 8, T-18-S, R-37-E,
 Lea County, New Mexico.

SCALE: 1"=2000'

GENERAL SURVEYING

LOVINGTON, NEW MEXICO

2000'

0

2000'

4000 Feet

W.C. Number:

Ricks

Drawn By:

K. COAD

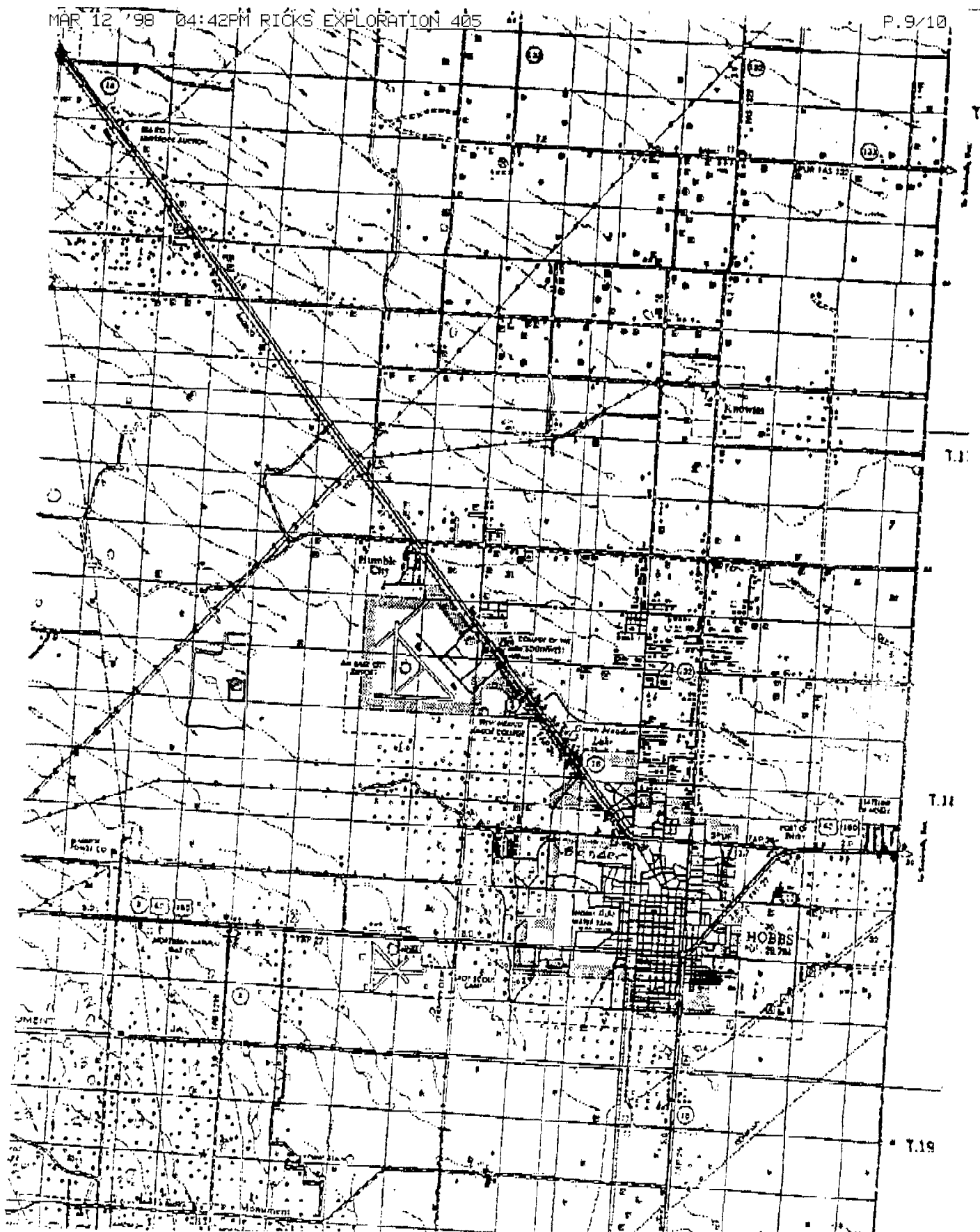
Survey Date:

07-10-00

Page:

4058400152

P.07



BASIN SURVEYS

HOBBS, NEW MEXICO

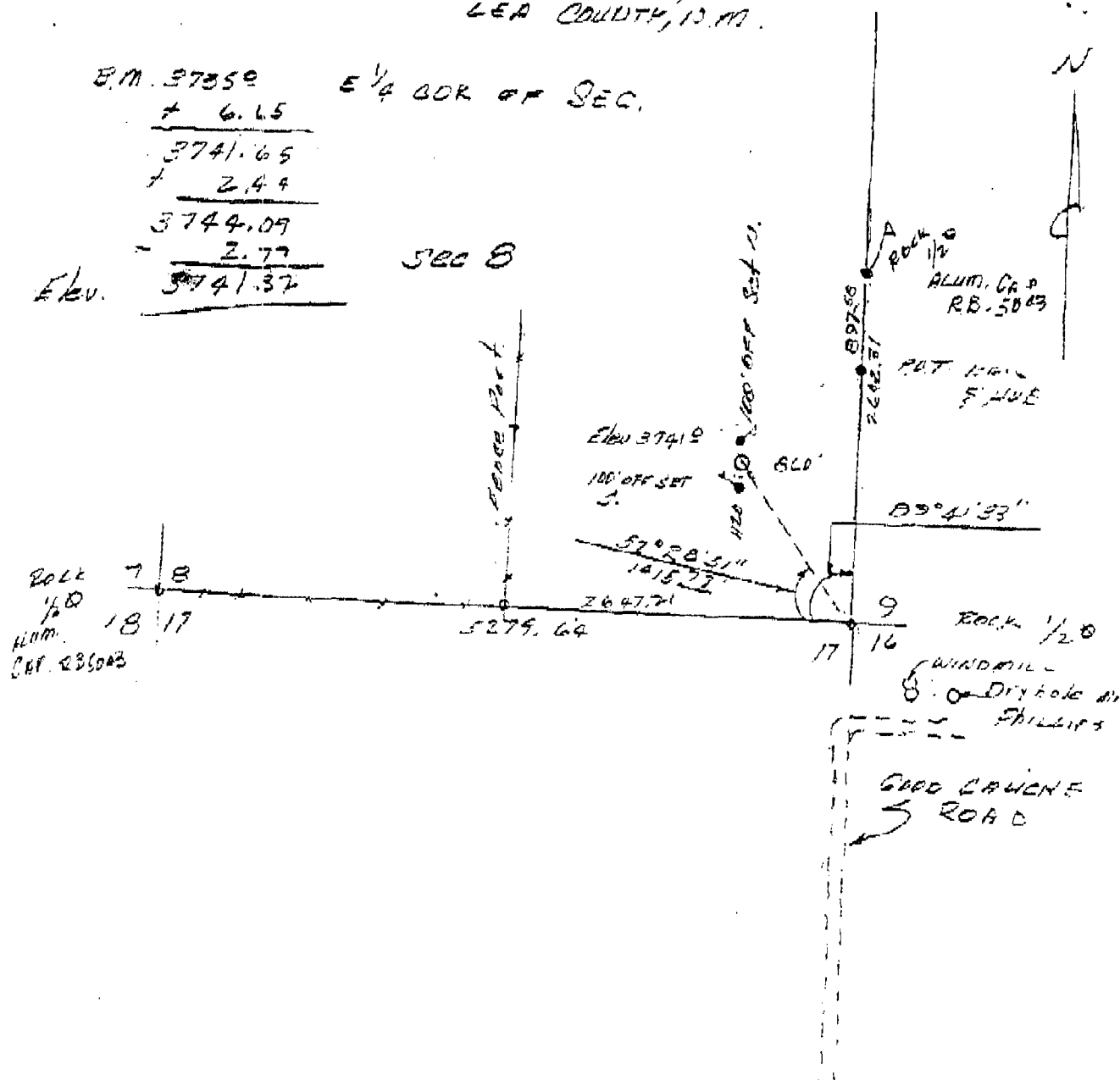
SURVEY _____
 CLIENT _____
 SHEET NO. _____ OF _____
 JOB NO. _____
 BY _____ DATE _____

RICKS EXPLORATION
 WEST HOBBS
 STATE UNIT NO. 1
 1120'S & 860'E
 SEC. 8-10-37
 LEA COUNTY, N.M.

B.M. 37359 E 1/4 COR. OF SEC.

+ 6.65
 3741.65
 + 2.44
 3744.09
 - 2.77
 ELEV. 3741.32

SEC 8



**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 11886
ORDER NO. R-10932**

**APPLICATION OF NADEL AND GUSSMAN
PERMIAN, L.L.C. FOR A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION:

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 4 and 18, 1997, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 7th day of January, 1998, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Nadel and Gussman Permian, L.L.C., seeks approval of the West Hobbs Unit Agreement for all oil and gas in any and all formations underlying the following described 1,359.6 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM

Section 5: N/2, SE/4

Section 8: S/2, NE/4, S/2 NW/4

Section 17: N/2

(3) No interested party appeared and objected to the proposed unit agreement.

(4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.

(5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The West Hobbs Unit Agreement is hereby approved for all oil and gas in any and all formations underlying the following described 1,359.6 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM

Section 5: N/2, SE/4

Section 8: S/2, NE/4, S/2 NW/4

Section 17: N/2

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 11886
Order No. R-10932
Page -3-

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'K. Garland', with a stylized flourish at the end.

KATHLEEN GARLAND, Acting Director

S E A L