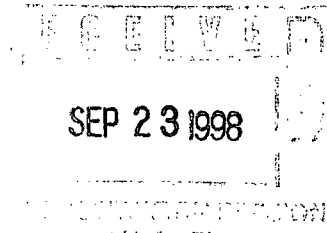


ENERQUEST

EnerQuest Resources, LLC

P.O. Box 11150
508 W. Wall, Suite 444
Midland, Texas 79702

Telephone (915) 685-3116
Fax (915) 687-4804



September 21, 1998

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Attention: Mr. Michael Stagner
Engineer

Re: Non-Standard Location Drilling Permit Application
Laney "A" No. 1
UL J, 1,650' FSL & 1,650' FEL
Sec. 30, T-18-S, R-39-E
Lea County, NM

Dear Mr. Stagner:

EnerQuest Resources, LLC respectfully requests approval of the subject non-standard drilling location in the East Hobbs (San Andres) Pool. Enclosed for your review are copies of the State of New Mexico Forms C-101 and C-102. The Laney lease is comprised of the NW/4 SE/4 and S/2 SE/4 of Sec. 30, T-18-S, R-39-E, Lea County, NM, containing 120 acres more or less. Currently, UL J is dedicated to the Laney No. 1 (API No. 30 025 07956) located at a standard well location 2310' FSL & 1650' FEL of said Section 30. Further, it is intended that East Hobbs (San Andres) oil production from the Laney No. 1 and Laney "A" No. 1 be simultaneously dedicated to the subject 40 acre tract (Unit J).

It should be noted that absolutely no working interest owner, royalty interest owner, or overriding royalty interest owner will be effected by the drilling of this non-standard location. The purpose of drilling this well at a non-standard location is to capture additional reserves that could not be obtained on conventional 40 acre spacing, and to evaluate and implement the reservoir for possible secondary recovery at a later date.

Your consideration of this request is appreciated. Please feel free to contact the undersigned at the letterhead address and telephone number should additional information be required at this time.

Page 2
September 21, 1998
State of New Mexico
Oil Conservation Division

Very truly yours,

EnerQuest Resources, LLC

A handwritten signature in black ink, appearing to read 'C.P. Renaud', with a long horizontal flourish extending to the right.

Christopher P. Renaud
Vice President/Engineering

Enclosure

xc: OCD District I - Hobbs, NM
Attn: Chris Williams - Director

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

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

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
	32300	Hobbs, East (San Andres)
Property Code	Property Name	Well Number
	LANEY A	1
OGRID No.	Operator Name	Elevation
160620	ENERQUEST RESOURCES, LLC	3612'

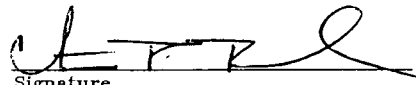
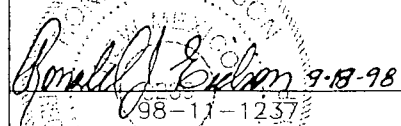
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	18 S	39 E		1650	SOUTH	1650	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.						
40									

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> Signature</p> <p>Christopher P. Renaud Printed Name</p> <p>Vice President/Engineering Title</p> <p>09-21-98 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>SEPTEMBER 17, 1998</p> <p>Date Surveyed CDG</p> <p>Signature & Seal of Professional Surveyor</p> <p> 98-11-1237</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>

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

¹ Operator Name and Address. EnerQuest Resources, LLC P. O. Box 11150 Midland, TX 79702		² OGRID Number 160620
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name Laney "A"	⁶ 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
J	30	18S	39E		1,650	south	1,650	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 East Hobbs (San Andres)	¹⁰ Proposed Pool 2
---	-------------------------------

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation
¹⁶ Multiple No	¹⁷ Proposed Depth 4,700'	¹⁸ Formation San Andres	¹⁹ Contractor Rod Ric	²⁰ Spud Date 10-19-98

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24	1,900	750	Surface
7 7/8"	5 1/2"	15.50	4,700	615	1,500

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.

- 1) Move in & rig up rotary rig.
- 2) Spud 12 1/4" hole & drill to top of anhydrite @ est depth of 1,900'.
- 3) Set 8 5/8" surface casing & cement to surface.*
- 4) Drill out below surface casing with 7 7/8" bit using 10#/gal brine water.
- 5) Mud up w/yellow starch @ 4,400' & drill hole to est TD of 4,700'.
- 6) Run open hole "E" logs & evaluate for production casing & completion.

*After setting 8 5/8" surface casing, NUBOP & pressure test.

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

Signature: 
Printed name: Christopher P. Renaud

Title: Vice President/Engineering

9-17-98

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

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-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name	
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation

ENERQUEST RESOURCES, LLC

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹¹ 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
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶				¹⁷ OPERATOR CERTIFICATION	
<p>ENERQUEST SAMUEL CAIN</p> <p>ENERQUEST D.F. FERGUSON</p> <p>Sec. 30, T18S, R29E</p> <p>#1 (Active)</p>				<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Christopher P. Renard</i></p> <p>Signature</p> <p>CHRISTOPHER P. RENARD</p> <p>Printed Name</p> <p>V.P./ENGINEERING</p> <p>Title</p> <p>9/18/98</p> <p>Date</p>	
<p>ENERQUEST ROBERT CAIN</p> <p>ENERQUEST LANEY</p> <p>LYNX (Fuels) LANEY - ROSE</p> <p>"A" No. 1</p>				<p>¹⁸ 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>	

9/18/98

EXHIBIT SHOWING OFFSET LEASEHOLD & OPERATORS
TO ENERQUEST "A" No. 1 PERMIT APPLICATION