

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico

Form C-101
Revised December 16, 2011

Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
SEP 11 2012
NMOCD ARTESIA

Permit

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Tarco Energy, L.C. 12403 CR 2300 Lubbock, TX 79423		² OGRID Number 279579
⁴ Property Code 39362		³ Property Name BLAKE STATE
		⁵ API Number 30-015-40678
		⁶ Well No 2

7 Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
B	2	18 SOUTH	27 EAST N.M.P.M.		330'	NORTH	2300'	EAST	EDDY

8 Pool Information

EMPIRE; Yates - 7R	22230
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Additional Well Information

⁹ Work Type N	¹⁰ Well Type O	¹¹ Cable/Rotary AIR ROTARY	¹² Lease Type S	¹³ Ground Level Elevation 3588.8
¹⁴ Multiple NO	¹⁵ Proposed Depth 540	¹⁶ Formation SEVEN RIVERS	¹⁷ Contractor	¹⁸ Spud Date 10-04-2012
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
7.875		4.5"	9.5#	540	95	0

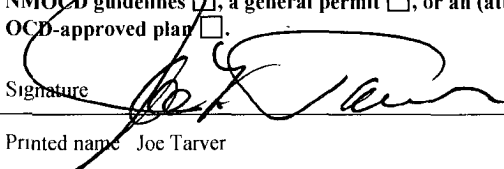
Casing/Cement Program: Additional Comments

The Drill Rig is truck mounted. The Air Compressor is operated from a "PTO" from the drilling engine. Drill 7.875" hole to 540'. Run Compensated Neutron and Gamma Ray -CCL logs. Set 4.5" casing, cement to surface. Perforate Seven Rivers formation. Perform acid treatment job w/approx 1500 gal 15% acid & additives.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer

I hereby certify that the information given above is true and complete to the best of my knowledge and belief
I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Signature: 

Printed name: Joe Tarver

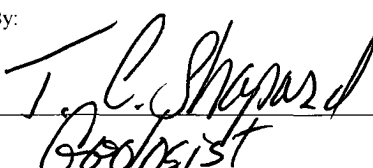
Title: President

E-mail Address: joe@tarcosupply.com

Date: 09/11/2012

Phone: 806-787-5138

OIL CONSERVATION DIVISION

Approved By: 

Title: Geologist

Approved Date: 9/13/2012

Expiration Date: 9/13/2014

Conditions of Approval Attached

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40678	Pool Code 22230	Pool Name EMPIRE; YATES-7R
Property Code 39362	Property Name BLAKE STATE	
UGRID No.	Operator Name TARCO ENERGY, L.C.	
		Well Number 2
		Elevation 3588.8'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	2	18 SOUTH	27 EAST, N.M.P.M.		330'	NORTH	2300'	EAST	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>SURFACE LOCATION NEW MEXICO EAST NAD 1927 Y=648356.5 X=526300.0 LAT: N 32.7823939° LONG.: W 104.2477587°</p>	<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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 09/11/2012 Date</p> <p>JOE L. TARCO Printed Name</p> <p>JOE@TARCOSupply.com E-mail Address</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>MAY 21 2012 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>15079 Certificate Number</p>

OPERATOR: Please do not report production under this pool id code until OCD confirms perms and appropriate pool designation on completion and C104 approvals.

OPERATIONAL & MAINTENANCE:

Solids removed from well bore with air will go to roll off bins. The solids are then hauled to disposal.

Operation and Maintenance

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.

Any leak in system will be repaired and/or contained immediately.

OCD notified within 48 hours

Remediation process started

Closure Plan

During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI(Controlled Recovery Incorporated Permit R-9166)