

DISTRICT I
1626 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ALBUQUERQUE, NM 88210

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

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-34623	Pool Code 96464	Pool Name Corral Canyon; Delaney, N
Property Code	Property Name KARLSBAD CORRAL 2	Well Number 6-H
GRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3064'

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	2	25-S	29-E		790	NORTH	2498	WEST	EDDY

Bottom Hole Location If Different From Surface

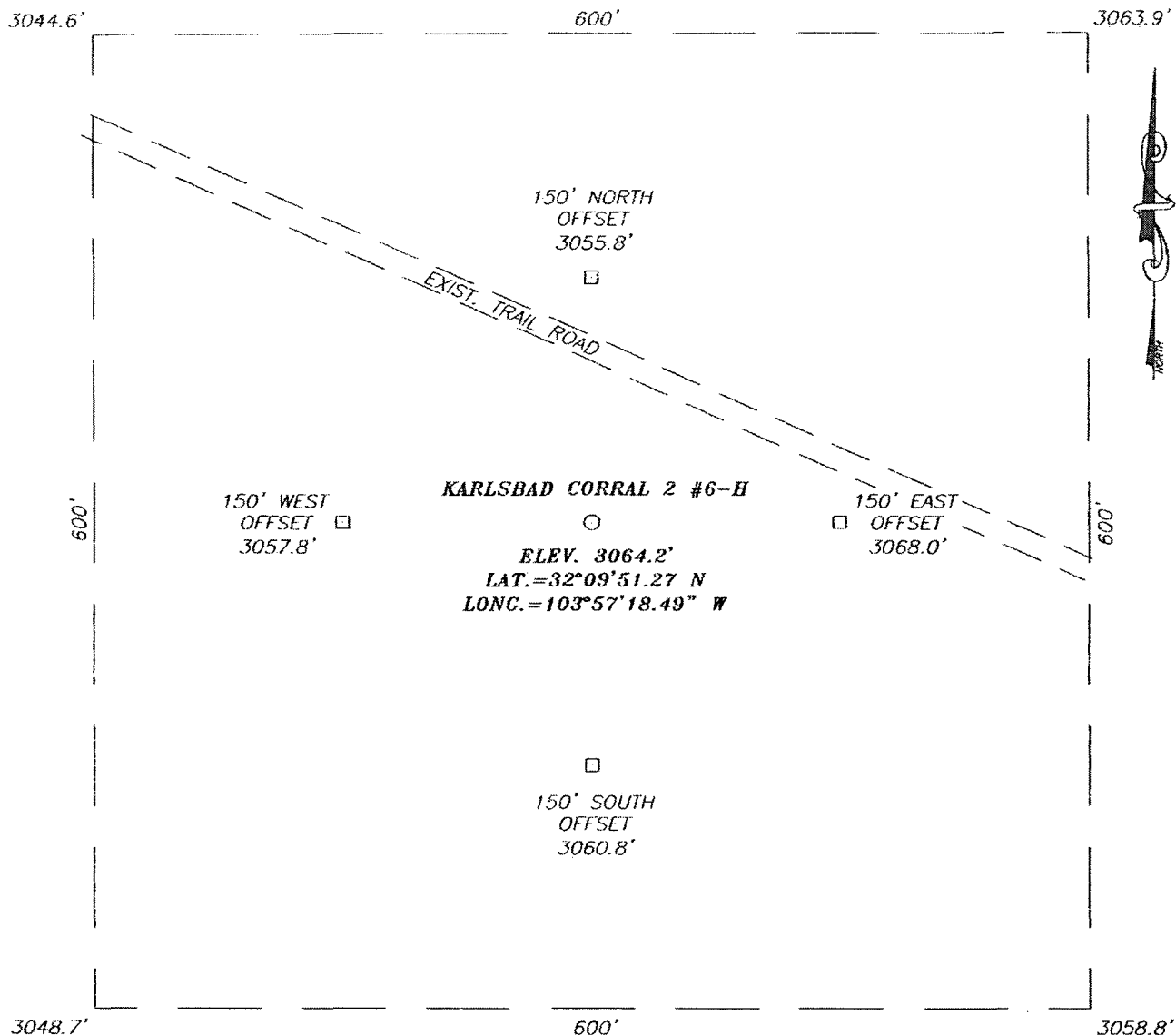
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	2	25-S	29-E		348	NORTH	358	EAST	EDDY

Dedicated Acres 120	Joint or Infill	Consolidation Code	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

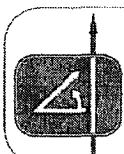
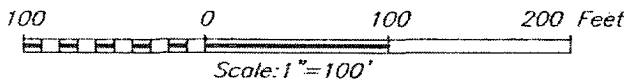
LOT 4 LOT 3 LOT 2 LOT 1 3044.6' 790' 3063.9' 2498' #6H SURF. 600' 3048.7' 3058.8' 357' #3H B.H. 286' #6H 358' 646' Project Area Producing Area AVG. GRID. AZ 359°33'22" HD = 4626.9' (AS PLOTTED FROM DOWN HOLE REPORT) 324' #3H SURF. 640'	GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=423677.6 N X=617029.7 E LAT.=32°09'51.27" N LONG.=103°57'18.49" W BOTTOM HOLE LOCATION Y=424107.6 N X=619469.7 E A1-GRID. AZ = 71°09'36" DIST. = 551' A2-GRID. AZ = 80°34'25" DIST. = 1660' A3-GRID. AZ = 90°00'00" DIST. = 273' KARLSBAD CORRAL 2 #3H GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=419491.3 N X=619193.9 E BOTTOM HOLE LOCATION Y=424117.3 N X=619173.9 E	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <i>[Signature]</i> Signature James Alan Grimsley Printed Name Drilling Engineer Title 2/2/06 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. JANUARY 4, 2006 Date Surveyed LA REV: 1/25/06 Signature & Seal of Professional Surveyor <i>[Signature]</i> 06.11.0011 Certificate No. GARY EIDSON 12641
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SECTION 2, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF BUCK JACKSON RD. & TWIN WELLS ROAD GO WEST ON TWIN WELLS ROAD APPROX. 0.1 MILES. TURN LEFT @ EL PASO PIPELINES AND GO SOUTHWEST APPROX. 0.4 MILES. TURN RIGHT AND GO NORTHWEST APPROX. 0.6 MILES. VEER RIGHT AND CONTINUE NORTH APPROX. 1.3 MILES TO A "T" INTERSECTION. TURN LEFT AND GO WEST APPROX. 1.0 MILES. VEER RIGHT AND CONTINUE NORTHWEST APPROX. 0.7 MILES. VEER LEFT AND CONTINUE WEST-NORTHWEST APPROX. 0.9 MILES. TURN RIGHT AND FOLLOW TRAIL ROAD APPROX. 0.2 MILES. THIS LOCATION IS APPROX. 100 FEET SOUTH OF ROAD.



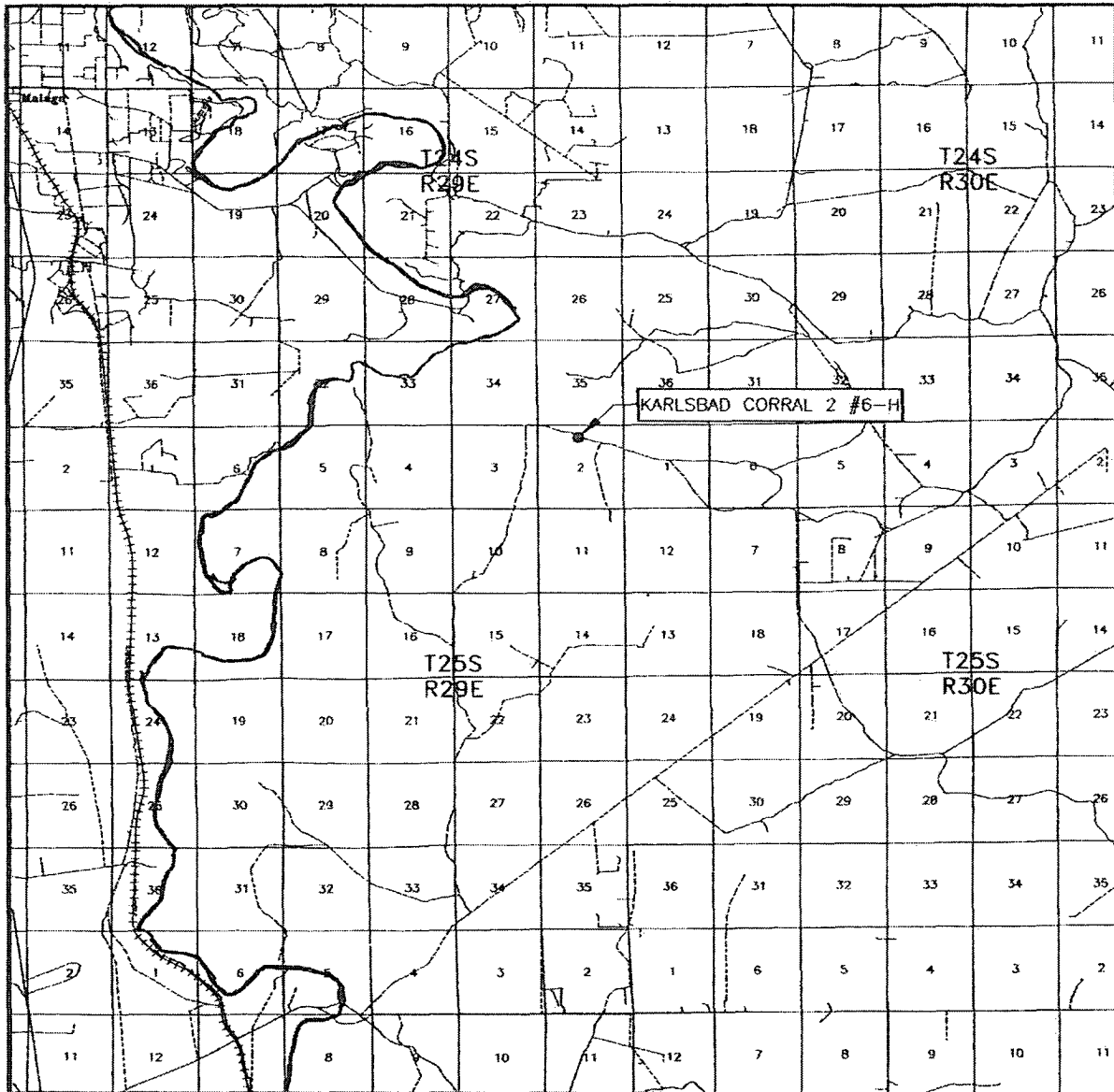
PROVIDING SURVEYING SERVICES
 SINCE 1943
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBES, N.M. 88240
 (505) 393-3117

SOUTHWESTERN ENERGY PRODUCTION COMPANY

KARLSBAD CORRAL 2 #6-H WELL
 LOCATED 790 FEET FROM THE NORTH LINE
 AND 2498 FEET FROM THE WEST LINE OF SECTION 2,
 TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 1/4/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0011	Dr By: LA
Date: 1/13/06	Disk: CD#4
06110011	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 2 TWP. 25-S RGE. 29-E

SURVEY N.M.P.M.

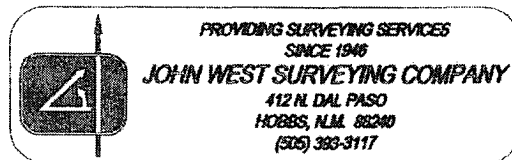
COUNTY EDDY

DESCRIPTION 790' FNL & 2498' FWL

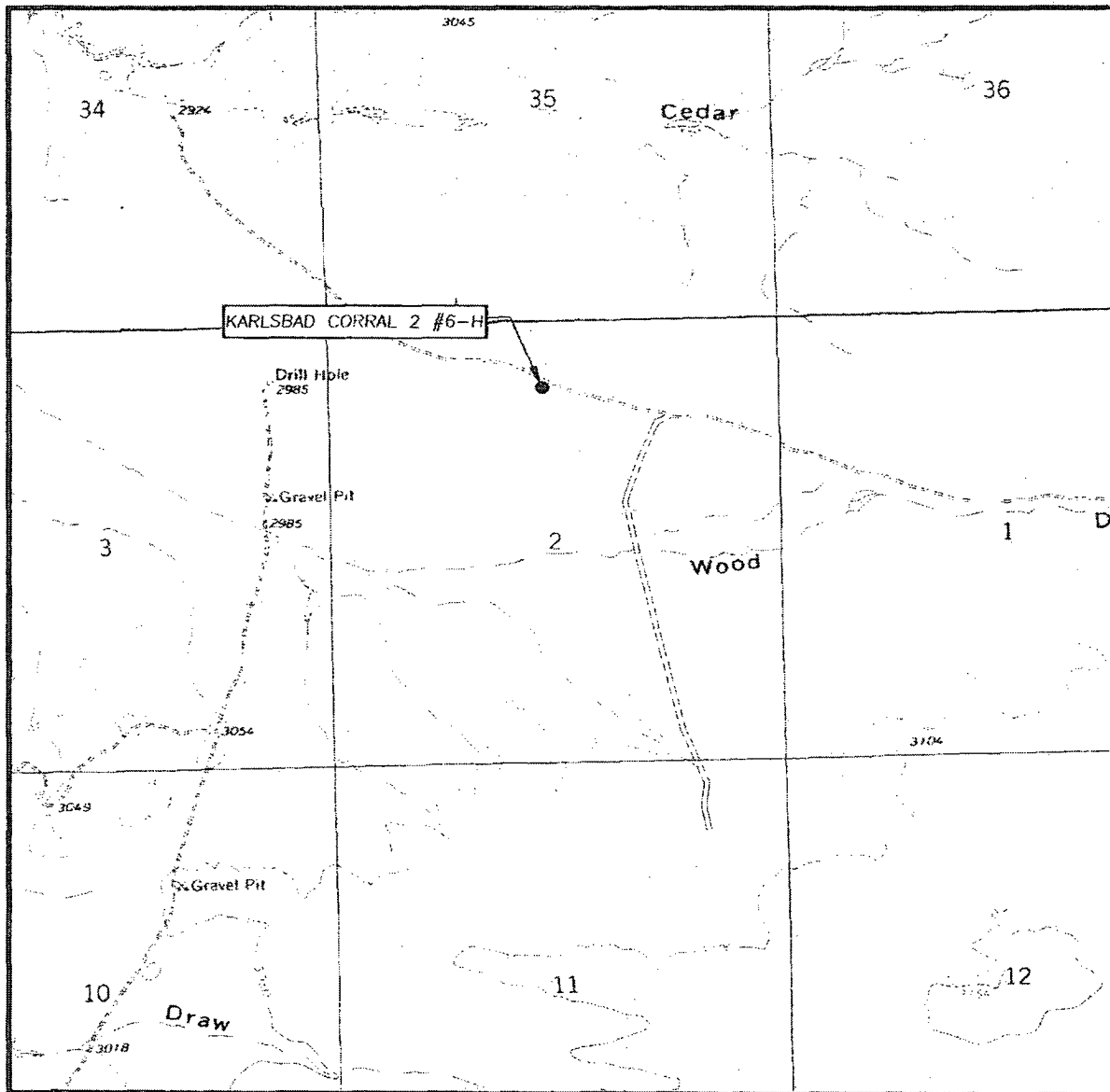
ELEVATION 3064'

OPERATOR SOUTHWESTERN ENERGY PRODUCTION COMPANY

LEASE KARLSBAD CORRAL 2



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
PIERCE CANYON, N.M. - 10'

SEC. 2 TWP. 25-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

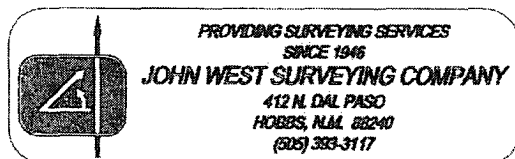
DESCRIPTION 790' FNL & 2498' FWL

ELEVATION 3064'

OPERATOR SOUTHWESTERN ENERGY
PRODUCTION COMPANY

LEASE KARLSBAD CORRAL 2

U.S.G.S. TOPOGRAPHIC MAP
PIERCE CANYON, N.M.



Southwestern Energy Production Co.

Karlsbad Corral 2 #6H
Eddy County, New Mexico
Plan #4 01-31-06

PATHFINDER
ENERGY SERVICES

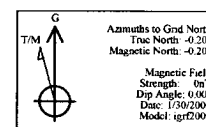
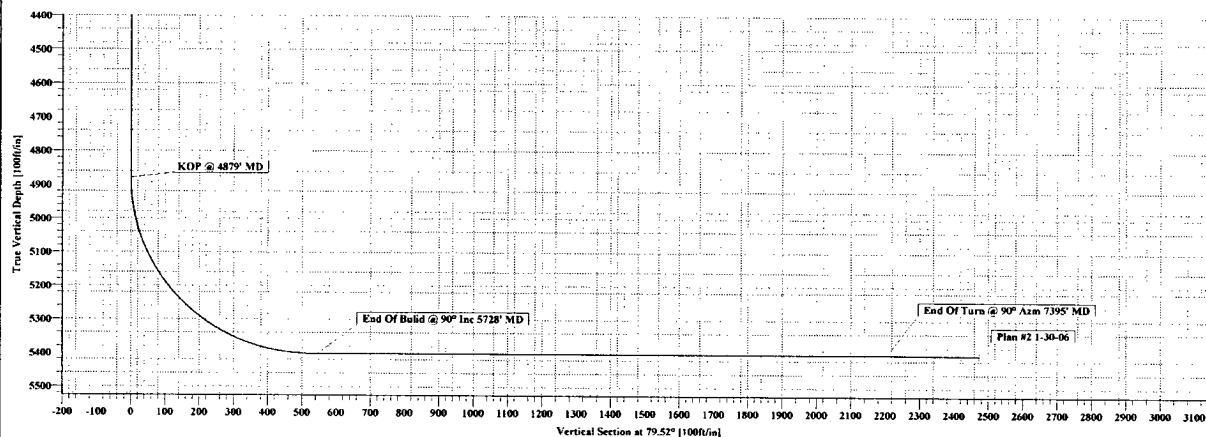
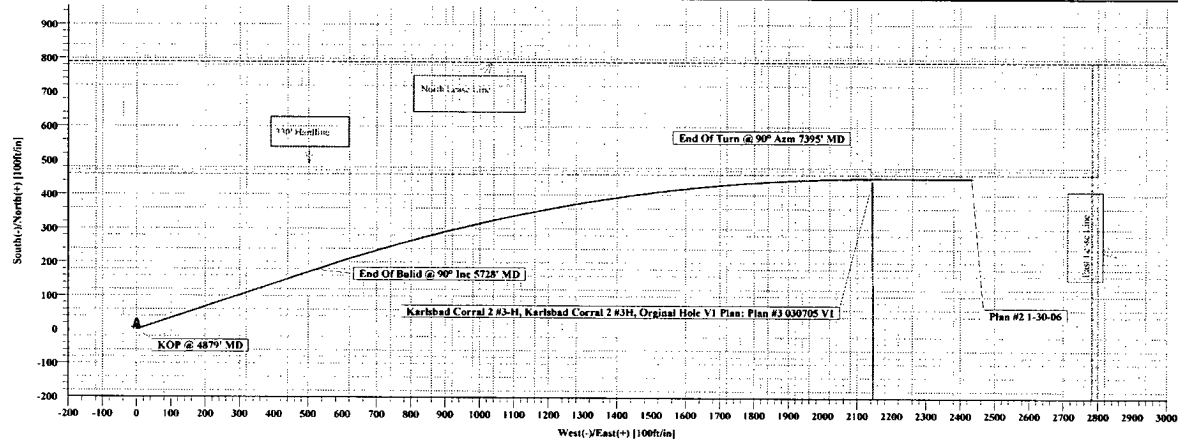
NTF DETAILS
Karlsbad Corral 2 #6-H
Site Centre Latitude: 32°09'51.270"N
Longitude: 103°57'18.490"W
Water Depth: 0.00
Provisional Uncertainty: 0.00
Corrections: 0.20

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4879.00	0.00	0.00	4879.00	0.00	0.00	0.00	0.00	0.00	
3	5615.36	81.00	71.16	5393.46	141.89	415.85	11.00	71.16	434.72	
4	5727.86	90.00	71.16	5402.28	178.07	521.88	8.00	0.00	545.57	
5	7395.12	90.00	90.00	5402.28	449.72	2159.26	1.13	90.00	2205.04	
6	7667.87	89.28	89.88	5404.00	450.00	2432.00	0.27	-170.87	2473.28	PBHL

WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
Karlsbad Corral 2 #6-H	0.00	0.00	423677.70	617030.04	32°09'51.270"N	103°57'18.490"W	N/A



FIELD DETAILS
Karlsbad Corral Section 2
Eddy County, New Mexico
Geodetic System: US State Plane Coordinate System 1927
Ellipsoid: NAD83 (Clarke 1866)
Zone: New Mexico, Eastern Zone
Magnetic Model: tgrf2005
System Datum: Mean Sea Level
Local North: Grid North

Plan: Plan #4 01-31-06, Karlsbad Corral 2 #6-H, Eddy County, New Mexico
Prepared by: South Energy Date: 1/31/06

PathFinder

Planning Report - Geographic

Company: Southwestern Energy Production
Field: Karlsbad Corral Section 2
Site: Karlsbad Corral 2 #6-H
Well: Karlsbad Corral 2 #6-h
Wellpath: Plan #1 1-30-06

Date: 1/31/2006 **Time:** 11:00:16 **Page:** 1
Co-ordinate(NE) Reference: Well: Karlsbad Corral 2 #6-h, Grid North
Vertical (TVD) Reference: System: Mean Sea Level
Section (VS) Reference: Well (0.00N,0.00E,79.52Azi)
Plan: Plan:#2 1-30-06

Field: Karlsbad Corral Section 2
 Eddy County, New Mexico

Map System: US State Plane Coordinate System 1927
Geo Datum: NAD27 (Clarke 1866)
Sys Datum: Mean Sea Level

Map Zone: New Mexico, Eastern Zone
Coordinate System: Well Centre
Geomagnetic Model: igrf2005

Site: Karlsbad Corral 2 #6-H

Site Position:
From: Geographic
Position Uncertainty: 0.00 ft
Ground Level: 0.00 ft

Northing: 423677.70 ft
Easting: 617030.04 ft

Latitude: 32 9 51.270 N
Longitude: 103 57 18.490 W
North Reference: Grid
Grid Convergence: 0.20 deg

Well: Karlsbad Corral 2 #6-h

Slot Name:

Well Position: +N/-S 0.00 ft **Northing:** 423677.70 ft **Latitude:** 32 9 51.270 N
 +E/-W 0.00 ft **Easting:** 617030.04 ft **Longitude:** 103 57 18.490 W
Position Uncertainty: 0.00 ft

Wellpath: Plan #1 1-30-06

Current Datum: Mean Sea Level **Height** 0.00 ft
Magnetic Data: 1/30/2006
Field Strength: 0 nT
Vertical Section: Depth From (TVD) +N/-S
 ft ft
 0.00 0.00 0.00 79.52

Drilled From: Surface
Tie-on Depth: 0.00 ft
Above System Datum: Mean Sea Level
Declination: 0.00 deg
Mag Dip Angle: 0.00 deg
+E/-W **Direction**
 ft deg

Plan: Plan #2 1-30-06

Date Composed: 1/30/2006
Version: 1
Tied-to: From Surface

Principal: Yes

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4879.00	0.00	0.00	4879.00	0.00	0.00	0.00	0.00	0.00	0.00	
5615.36	81.00	71.16	5393.46	141.89	415.85	11.00	11.00	0.00	71.16	
5727.86	90.00	71.16	5402.28	178.07	521.88	8.00	8.00	0.00	0.00	
7395.12	90.00	90.00	5402.28	449.72	2159.26	1.13	0.00	1.13	90.00	
7667.87	89.28	89.88	5404.00	450.00	2432.00	0.27	-0.27	-0.04	-170.87	PBHL

Section 1 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4800.00	0.00	0.00	4800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4879.00	0.00	0.00	4879.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Section 2 : Start Build 11.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
5000.00	13.31	71.16	4998.91	4.52	13.24	13.84	11.00	11.00	0.00	0.00
5200.00	35.31	71.16	5180.06	30.94	90.69	94.80	11.00	11.00	0.00	0.00
5400.00	57.31	71.16	5317.37	77.36	226.72	237.01	11.00	11.00	0.00	0.00
5600.00	79.31	71.16	5390.83	137.00	401.52	419.74	11.00	11.00	0.00	0.00
5615.36	81.00	71.16	5393.46	141.89	415.85	434.72	11.00	11.00	0.00	0.00

PathFinder

Planning Report - Geographic

Company: Southwestern Energy Production
Field: Karlsbad Corral Section 2
Site: Karlsbad Corral 2 #6-H
Well: Karlsbad Corral 2 #6-h
Wellpath: Plan #1 1-30-06

Date: 1/31/2006 **Time:** 11:00:16 **Page:** 2
Co-ordinate(NE) Reference: Well: Karlsbad Corral 2 #6-h, Grid North
Vertical (TVD) Reference: System: Mean Sea Level
Section (VS) Reference: Well (0.00N,0.00E,79.52Azi)
Plan: Plan #2 1-30-06

Section 3 : Start Build 8.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
5727.86	90.00	71.16	5402.28	178.07	521.88	545.57	8.00	8.00	0.00	0.00

Section 4 : Start DLS 1.13 TFO 90.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
5728.00	90.00	71.16	5402.28	178.11	522.01	545.70	0.00	0.00	0.00	0.00
5800.00	90.00	71.98	5402.28	200.88	590.32	617.01	1.13	0.00	1.13	90.00
6000.00	90.00	74.24	5402.28	259.00	781.67	815.74	1.13	0.00	1.13	90.00
6200.00	90.00	76.50	5402.28	309.53	975.17	1015.21	1.13	0.00	1.13	90.00
6400.00	90.00	78.76	5402.28	352.38	1170.51	1215.08	1.13	0.00	1.13	90.00
6600.00	90.00	81.02	5402.28	387.51	1367.39	1415.07	1.13	0.00	1.13	90.00
6800.00	90.00	83.28	5402.28	414.84	1565.50	1614.84	1.13	0.00	1.13	90.00
7000.00	90.00	85.54	5402.28	434.34	1764.54	1814.10	1.13	0.00	1.13	90.00
7200.00	90.00	87.80	5402.28	445.97	1964.19	2012.54	1.13	0.00	1.13	90.00
7395.00	90.00	90.00	5402.28	449.72	2159.14	2204.92	1.13	0.00	1.13	90.00
7395.12	90.00	90.00	5402.28	449.72	2159.26	2205.04	1.13	0.00	1.13	90.00

Section 5 : Start DLS 0.27 TFO -170.87

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
7400.00	89.99	90.00	5402.28	449.72	2164.14	2209.84	0.27	-0.27	-0.04	-170.87
7600.00	89.46	89.91	5403.25	449.88	2364.13	2406.53	0.27	-0.27	-0.04	-170.87
7667.87	89.28	89.88	5404.00	450.00	2432.00	2473.28	0.27	-0.27	-0.04	-170.87

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<--- Latitude ---> Deg Min Sec			<--- Longitude ---> Deg Min Sec		
4800.00	0.00	0.00	4800.00	0.00	0.00	423677.70	617030.04	32	9	51.270 N	103	57	18.490 W
4879.00	0.00	0.00	4879.00	0.00	0.00	423677.70	617030.04	32	9	51.270 N	103	57	18.490 W
5000.00	13.31	71.16	4998.91	4.52	13.24	423682.22	617043.28	32	9	51.314 N	103	57	18.336 W
5200.00	35.31	71.16	5180.06	30.94	90.69	423708.65	617120.73	32	9	51.573 N	103	57	17.434 W
5400.00	57.31	71.16	5317.37	77.36	226.72	423755.06	617256.76	32	9	52.028 N	103	57	15.849 W
5600.00	79.31	71.16	5390.83	137.00	401.52	423814.71	617431.56	32	9	52.612 N	103	57	13.813 W
5615.36	81.00	71.16	5393.46	141.89	415.85	423819.59	617445.89	32	9	52.660 N	103	57	13.646 W
5727.86	90.00	71.16	5402.28	178.07	521.88	423855.77	617551.92	32	9	53.014 N	103	57	12.411 W
5728.00	90.00	71.16	5402.28	178.11	522.01	423855.82	617552.05	32	9	53.014 N	103	57	12.410 W
5800.00	90.00	71.98	5402.28	200.88	590.32	423878.58	617620.36	32	9	53.237 N	103	57	11.614 W
6000.00	90.00	74.24	5402.28	259.00	781.67	423936.70	617811.71	32	9	53.806 N	103	57	9.386 W
6200.00	90.00	76.50	5402.28	309.53	975.17	423987.23	618005.21	32	9	54.299 N	103	57	7.132 W
6400.00	90.00	78.76	5402.28	352.38	1170.51	424030.09	618200.55	32	9	54.716 N	103	57	4.858 W
6600.00	90.00	81.02	5402.28	387.51	1367.39	424065.21	618397.43	32	9	55.057 N	103	57	2.566 W
6800.00	90.00	83.28	5402.28	414.84	1565.50	424092.54	618595.54	32	9	55.321 N	103	57	0.260 W
7000.00	90.00	85.54	5402.28	434.34	1764.54	424112.04	618794.57	32	9	55.506 N	103	56	57.944 W
7200.00	90.00	87.80	5402.28	445.97	1964.19	424123.67	618994.22	32	9	55.615 N	103	56	55.621 W
7395.00	90.00	90.00	5402.28	449.72	2159.14	424127.43	619189.18	32	9	55.645 N	103	56	53.353 W
7395.12	90.00	90.00	5402.28	449.72	2159.26	424127.43	619189.30	32	9	55.645 N	103	56	53.351 W
7400.00	89.99	90.00	5402.28	449.72	2164.14	424127.43	619194.18	32	9	55.645 N	103	56	53.295 W
7600.00	89.46	89.91	5403.25	449.88	2364.13	424127.58	619394.17	32	9	55.639 N	103	56	50.968 W
7667.87	89.28	89.88	5404.00	450.00	2432.00	424127.70	619462.04	32	9	55.638 N	103	56	50.178 W

February 14, 2006

Southwestern Energy Production Company
2350 N. Sam Houston Parkway East – Suite 300
Houston, Texas 77032

Attention: J. Alan Grimsley
Alan_Grimsley@SWN.COM

Re: *Southwestern Energy Production Company's ("SwEPC") proposed development of the Cherry Canyon "4" Sand formation within a portion of the Karlsbad Corral "2" State Lease (New Mexico State Land Office Lease No. VO-3361) underlying a 120-acre "Project Area," more or less, comprising Lots 1, 2, and 3 of Section 2, Township 25 South, Range 29 East, NMPM, Undesignated Northwest Corral Canyon-Delaware Pool (96464) Eddy County, New Mexico, utilizing horizontal drainhole drilling techniques.*

Dear Mr. Grimsley:

Reference is hereby made to your application that was submitted to the New Mexico Oil Conservation Division's Santa Fe office on February 3, 2006 and assigned ***administrative application reference No. pTDS0-603458143***, styled as an exception to the well location requirements of Division Rules 104.B (1) and 111.A (13) [see division Rule 111.C (2)].

As you know, the Northwest Corral Canyon-Delaware Pool and that area within one-mile of the pool boundaries [see Division Rule 104.A (2) (a)] are subject to the statewide rules and regulations, as promulgated by Rule 104.B (1), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit.

It is my understanding that SwEPC intends to drill its Karlsbad Corral "2" Well No. 6-H from a surface location 790 feet from the North line and 2498 feet from the West line (Lot 3/Unit C) of Section 2, vertically to an approximate measured depth (MD) of 4,840 feet; kick-off to the east and build angle at a rate of 12 degrees per 100 feet until a 90 degree deviation off of vertical is achieved at an approximate measured depth of 5,402 feet (MD); and continue to drill horizontally for an approximate distance of 2,000 feet to a bottomhole location, or end-point, within the Cherry Canyon "4" Sand unit of the Delaware Mountain Group at a targeted subsurface location approximately 348 feet from the North line and 358 feet from the East line (Lot 1/Unit A) of Section 2. The top of the Undesignated Northwest Corral Canyon-Delaware Pool should be intercepted at an approximate depth of 3,200 feet. I further understand that the proposed 120-acre, more or less, "Project Area", pursuant to Division Rules 111.A (9) and C (3), will be established by combining three standard 40-acre, more or less, oil spacing and proration units in the Undesignated Northwest Corral Canyon-Delaware Pool.

However, the proposed path way of the proposed wellbore vertically from the entry point into the Delaware formation all the way to the bottom-hole location, or end point, is considered to be standard pursuant to Division Rules 104.B (1) and 111.A (13).

Under Division Rules 111.A (7) and 111.C (1) your proposed horizontal directional drilling project can be processed at the Artesia district office of the Division.

I am therefore forwarding your request to the Division's district office in Artesia for processing. Please review Division Rules 111 and 104 in their entirety (see <http://www.emnrd.state.nm.us/OCD/default.htm>). After which you may contact the Division's Artesia district office at (505) 748-1283 for any additional instructions.

Sincerely

Michael E. Stogner
Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office – Santa Fe