

DERREL C. MELTON
3905 Martingale Drive
Plano, Texas 75023
972-758-1073 (Phone)
972-758-1934 (Fax)

August 9, 2004

Mr. Chris Williams
New Mexico Oil Conservation Division
1625 North French
Hobbs, New Mexico 88240

Re: Dyad - #4 New Mexico "BO" State
API #30-02502321
S/2 SE/4 of Section 12-T18S-R34E
Lea County, New Mexico

Dear Chris,

Attached is a copy of a previously approved C-101 with respect to the above captioned well. As you will note the permit is for a re-entry attempt. We began operations last week and have been unsuccessful in getting back in the cut 8 5/8ths casing. A wellbore schematic is also attached. We have probably washed down and drill beside the casing stub. Our total depth is 1,050 feet. The top of the stub is at 1,021 feet by wireline measurements.

Therefore, we propose to run our 8 5/8ths casing to 1,050 feet and cement per your instructions and continue to drill a new 7 7/8ths inch hole to a depth of approximately 5,000 feet. Evaluate and run 4 1/2" or 5 1/2" casing.

We are using a drilling rig for our re-entry attempt and it is capable of drilling to 5,000 feet.

We respectfully request your approval to continue our operations per the above.

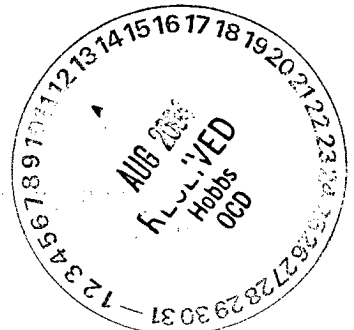
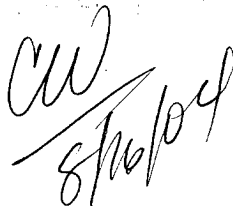
Your very earliest consideration to this request will be appreciated. Please give me a call at 972-758-1073 (o) or 972-489-6803 (c) or Mike Ethridge at 325-650-5700.

Very truly yours,



Derrel C. Melton
on behalf of Dyad Petroleum Company

Dyad Petroleum Company
Fairway Minerals Corporation



District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Form C-101

March 4, 2004

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 Dyad Petroleum Company 306 West Wall Suite 1410 Midland, Texas 79701		² OGRID Number 227257
³ Property Code 33997		⁴ API Number 30 -02502321
⁵ Property Name New Mexico "BO" State		⁶ Well No. #4

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	12	18S	34E		999'	South	990'	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 Vacuum Abo Reef					¹⁰ Proposed Pool 2				

Drilling Pit Location and Other Information

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	12	18S	34E						Lea
¹¹ Depth to ground water 76' - 100' AWE = 92'					¹² Distance from nearest fresh water well 600'		¹³ Distance from nearest surface water NONE		
¹⁴ Work Type Code Re-entry		¹⁵ Well Type Code Single - Oil		¹⁶ Cable/Rotary Rotary		¹⁷ Lease Type Code State B-936		¹⁸ Ground Level Elevation 3983'	
¹⁹ Multiple No		²⁰ Proposed Depth 3900'		²¹ Formation Abo Reef		²² Contractor United		²³ Spud Date May 10, 2004	

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	295'	325	Surface
11"	8 5/8"	24#	3372'	600	1890'
7 7/8"	4 1/2"	9.5 & 11.6#	9485'	1300'	2200'
					RECEIVED Hobbs OCD

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. MIRU Rotary w/BOPs. Drill out cement plugs at surface, 300-63'; 1015-53'; Tie-back 8 5/8" & cement. Drill plugs @ 2200-2357'. Tie-back 4 1/2" at 2200' & cement. Drill CIBP & cement at 8600'. Run 2 3/8" tubing & packer. Prep to test & acidize old perfs of 8612-24'.

²³ 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 NMOC guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature:

Derrel C. Melton

Printed name: Derrel C. Melton

Title: Agent

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY
PAUL E. KAUTZ
PETROLEUM ENGINEER

Title:

Approval Date:

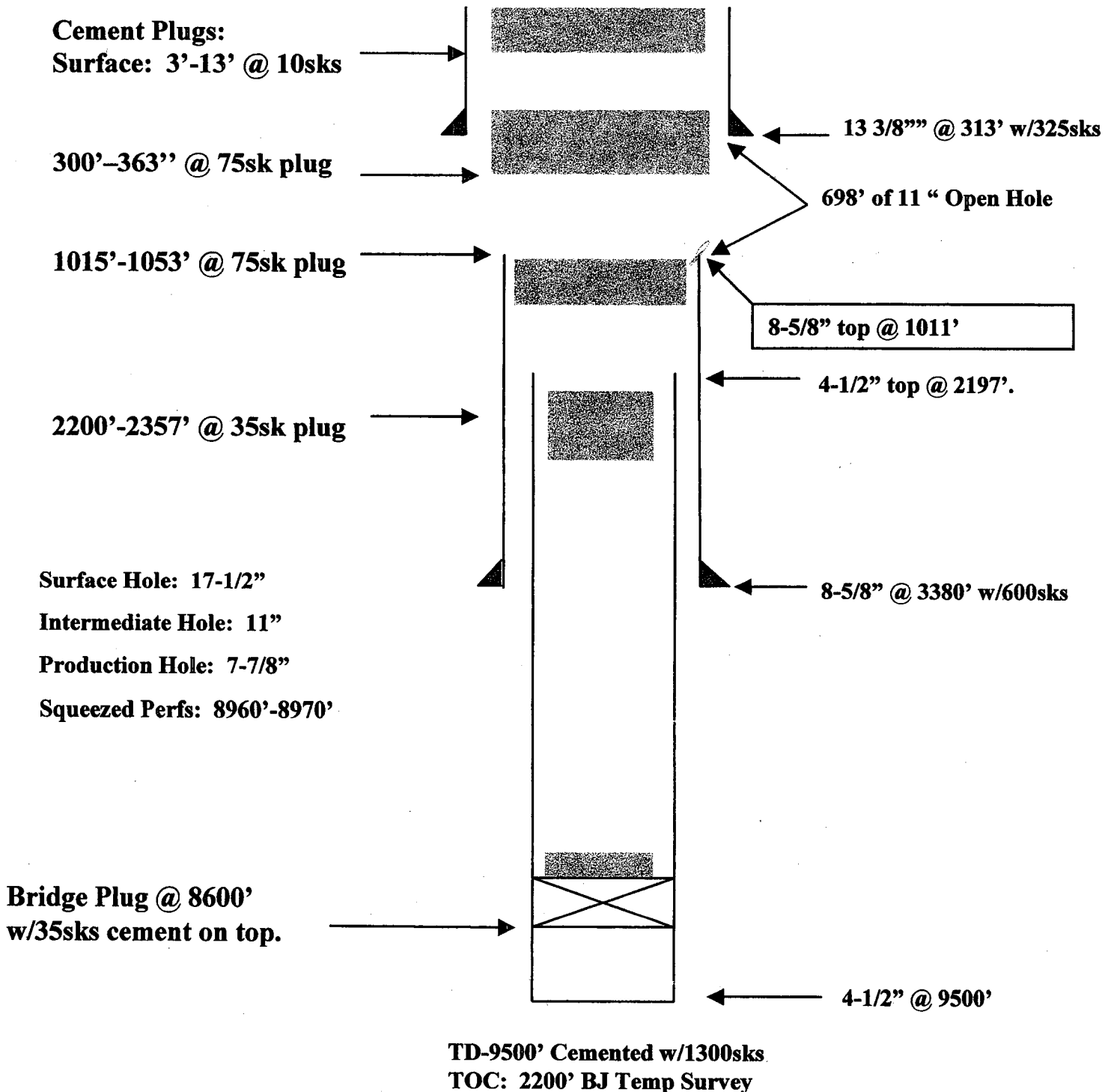
MAY 18 2004

Expiration Date:

Dyad Petroleum Company

P&A Schematic

“BO” State #4, Lea Co., New Mexico

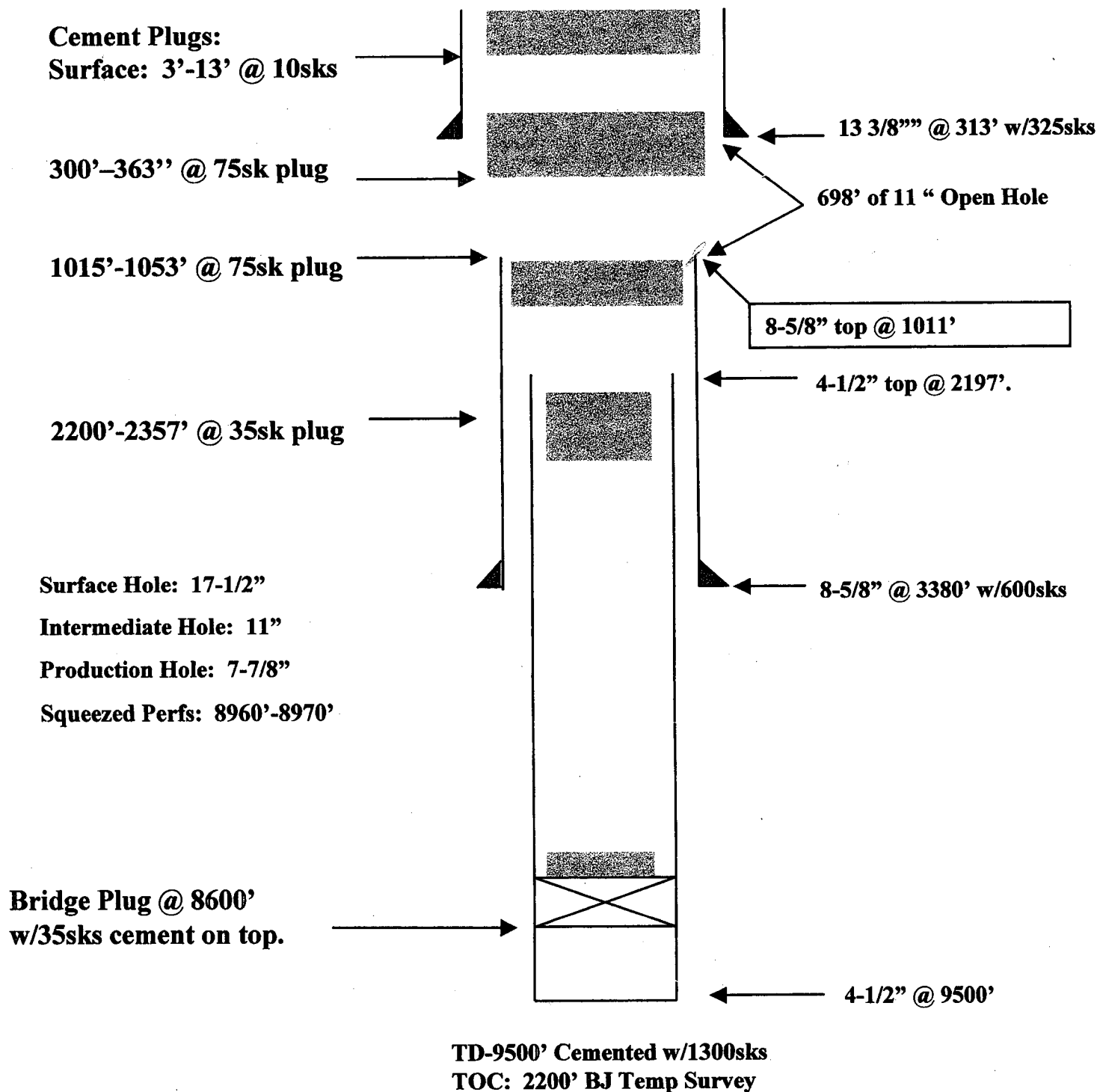


22 March 2004
Mike Ethridge

Dyad Petroleum Company

P&A Schematic

“BO” State #4, Lea Co., New Mexico



22 March 2004
Mike Ethridge