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 Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

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

[1] Operator Name and Address	[2] OGRID Number
Platinum Exploration Inc. 550 W. Texas, Suite 500 Midland, TX 79701	227103
	[3] API Number 30 – 025-07123

[5] Property Code	[5] Property Name	[6] Well No.
34352	Markham State	001

[9] Proposed Pool 1	[10] Proposed Pool 2
SWD; Devonian	

[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
O	32	11S	38E		660	South	1980	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

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
E	S	R	S	3878'
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	12,800	Devonian		ASAP

Depth to Groundwater 45" | Distance from nearest fresh water well >1000' | Distance from nearest surface water >1000'

Pit: Liner: Synthetic ☒ 12 mils thick Clay ☐ Pit Volume: 500 bbls Drilling Method:

Closed-Loop System ☐ Fresh Water ☒ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
19	13 3/8	50	328	425	Circ to surface
11	8 5/8	32	4462	2000	Circ to surface
7 7/8	5 ½	17 & 20	12066	1255	4350

JAN 2005 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.

Re-Enter the P&A Markham State #1 well. The well was P&A in June of 1968. Platinum proposes to drill out cement plugs, patch 5-1/2" casing and cement with 250 sx. The current Devonian perfs (12,046-12,063') will be squeezed with 250 sxs and the well will be deepened to 12,800'. The Markham State #1 will then be converted well to a SWD well, disposing of Devonian water into the Devonian formation thru the open hole interval of 12,066-12,800. Detailed procedure attached.

SWD application submitted to OCD 12/10/04.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

Re-Entry

SWD-958

[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 NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Printed name: Julie Figel

Julie Figel

Title: Prod Eng

E-mail Address: jfigel@t3wireless.com

Date: 1/20/05 Phone: 432-687-1664

OIL CONSERVATION DIVISION

Approved by:

Title: PETROLEUM ENGINEER

Approval Date: FEB 10 2005 Expiration Date:

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 June 10, 2003
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
30-025-07123	96101	SWD; Devonian

[4] Property Code	[5] Property Name	[6] Well Number
34352	Markham State	001

[7] OGRID No	[8] Operator Name	[9] Elevation
227103	Platinum Exploration Inc.	3878'

[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
O	32	11S	38E		660	South	1980	East	Lea

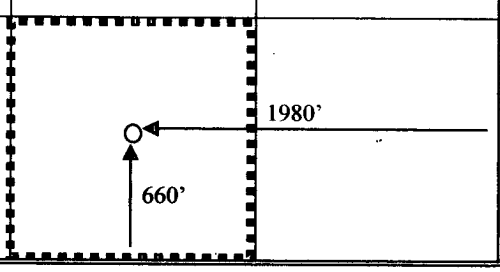
[11] Bottom Hole Location If Different From Surface

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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			SWD-958

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

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Julie Figel
Signature

Julie Figel
Printed Name

Regulatory Analyst, dkuykendall@t3wireless.com
Title and E-mail Address

1/20/05
Date

[18] 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 of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

PLATINUM EXPLORATION INC.

MARKHAM STATE No. 1

RE – ENTER P&A'd WELLBORE, DRILL OUT PLUGS and DEEPEN FOR INJECTION INTO THE DEVONIAN

Elevation: 3,878' GL 3,890'KB
Location: 660' FSL & 1,980' FEL, Unit O, Sec. 32, T-11-S, R-38-E, Lea, NM
Total Depth: 12,066' (August 30, 1957)
API No: 30-025-07123
Casing: 13 3/8", 50# @ 328' Cemented w/ 425sx to surface
8 5/8", 32# @ 4462', Cmt'd 2,000sx to surface
5 ½" 17 & 20# @ 12,066', **Cut Off @ 5,028'**
Workstring: 2 7/8" L80 8rd
Tubing: 4 ½ " 12.75# & 3 ½" 9.3# L-80 integral jt IPC
Wellhead: As needed.. (8 $^{5}/_{8}$" SOW X 7 $^{1}/_{16}$" 3000)

Comments:

0-10'	10 sx	8 5/8" csg
4,454'-4,462'	25 sx	8 5/8" csg
5028'-4,914'	35 sx	7 7/8" Openhole
5,028'		Top of 5 ½ " csg
CIBP @ 11,900'	5 sx	5 ½" csg

Old Perforations:

Perf 12,046'-12,063' DEVONIAN

PROCEDURE

1. Survey in well, build location, & set anchors.
2. Build cellar & weld on 8 $^{5}/_{8}$" wellhead.
3. MIRU Pulling unit, NU BOP.
4. PU 7 $^{7}/_{8}$" bit and DC drill out surface plug. RIH while picking up work string circulating out heavy mud in 1,000' stages to second cement plug from 4,374' TO 4,454'.
5. Test 8 $^{5}/_{8}$" csg and plug to 1,000 psi.
6. Drill out cement and clean out to top of 5 ½" casing anticipated at 5,028'±. **Be prepared to encounter top of casing at a shallower depth.** Note bit behavior on top of 5 ½" casing. Dress off 5 ½" casing to 5,035' with 7 $^{5}/_{8}$" OD mill to insure good top to 5 ½" casing. Circ clean and POOH.
7. PU 4 $^{5}/_{8}$" bit, 6- 3 ¼" DC and drill out cement plug in top of 5 ½" casing. Stage in hole as in Step 4 to 11,856'±.
8. Circulate hole clean and POOH.
9. RU Schlumberger and run USIT/ GR/CCL log, to determine casing integrity for the 5 ½" and 8 $^{5}/_{8}$" casings.

10. Pull test 5 ½" casing stub and tie-back with casing patch to Liner hanger from 5,035' to 4,350', if 8 $^{5}/_{8}$" casing is OK.
11. Cement Liner with 250 sx 50:50 Poz "C".
12. Drill out Liner squeeze, if casing holds, drill out cement plug from 11,856' to 11,900'CIBP. Circulate clean, if possible. (**If Liner leaks, re-squeeze.**)
13. Establish injection rate into Devonian Perfs from 12,046' to 12,063'.
14. RU and squeeze perfs with 250 sx Class "H" cement.
15. Drill out cement to 12,066', Continue drilling Devonian formation to 12,800' or until circulation is lost. Circulate clean and POOH.
16. PU 4,200'-4 ½" 12.75# & 7,800' 3 ½ " integral joint IPC Injection tubing & GIH set 5 ½" packer at 12,000'± and establish injection rate into openhole section from 12,066' to 12,800'.
17. Acidize Devonian openhole as directed.
18. **Report must show each piece of injection equipment, describing its: Brand, length, wellhead type.**
19. Place well on injection.

11/23/04

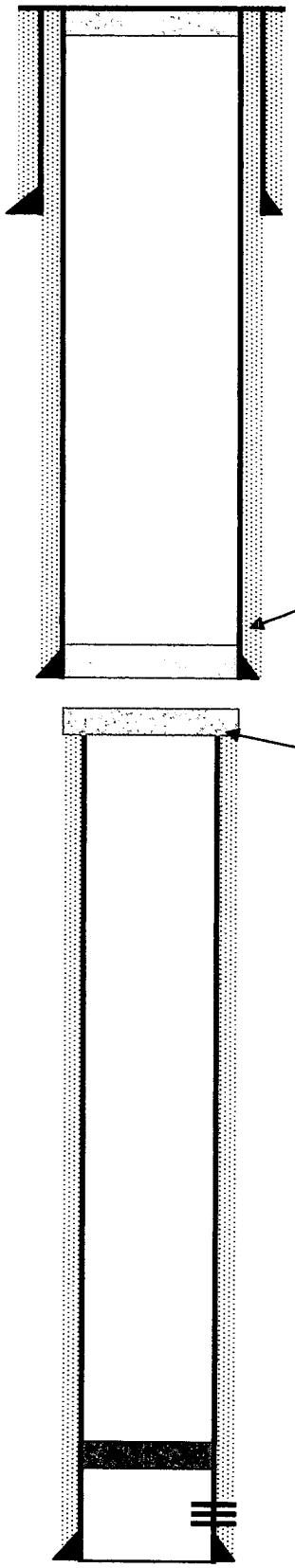
Prior to Conversion

Markham State No. 1

660' FSL & 1,980' FEL
Unit O, Sec 32, T-11S, R-38E
Lea County, NM
API# 30-025-07123

Well Type: Plugged (June 1968)

GL: 3878' KB: 3890'



19" Hole

Cmt plug @ surf w/ 10 sx

13 3/8" 50# @ 328' w/ 425 sx
Circ'd cmt to surface.

11" Hole

Cmt plug @ 4,454'-4,374' w/ 25 sx in & out of csg (6/14/1968)

8 5/8" 32# @ 4,462' w/ 2,000 sx
Circ'd cmt to surface.

5 1/2" Csg cut off @ 5,028'
Cmt plug on top of 5 1/2" stub @ 5,028'-4,914'
w/ 35 sx (6/14/1968)

7 7/8" Hole

CIBP @ 11,900' w/ 5 sx on top (6/14/1968)

Perf 12,046'-63'
5 1/2", 17 & 20# @ 12,066' w/ 1,255 sx

TD: 12,066' (8/30/1957)
PBTD: 12,059'

1/3/2005

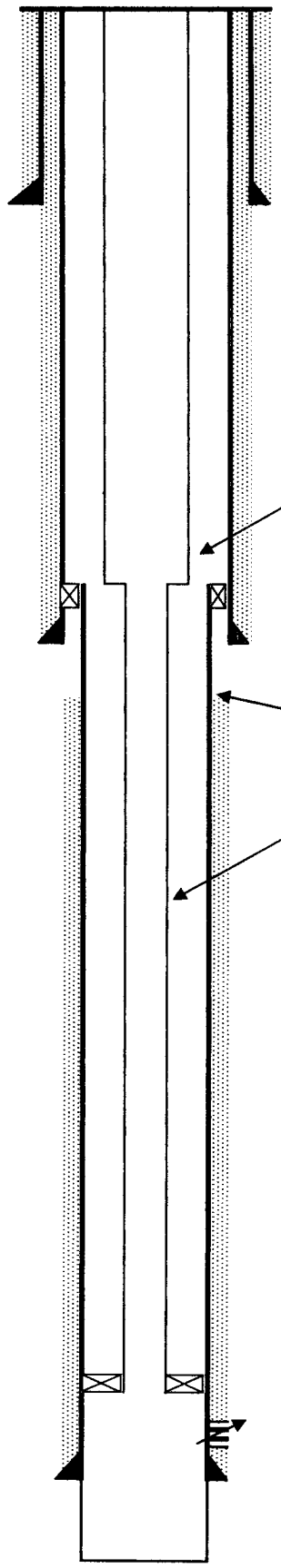
AFTER CONVERSION

#19

Markham State No. 1

660' FSL & 1,980' FEL
Unit O, Sec 32, T-11S, R-38E
Lea County, NM
API# 30-025-07123
Well Type: **Proposed SWD**
Plugged (June 1968)
Surface Owner: State of New Mexico

GL: 3878' KB: 3890'



13 3/8" 50# @ 328' w/ 425 sx
Circ'd cmt to surface.

Formation tops

Yates	3070'
San Andres	4457'
Glorieta	5890'
Tubb	7130'
Abo	7820'
Wolfcamp	9080'
Mississippian	11,100'
Devonian	12,044'

4 1/2" 10.5# IPC tubing

8 5/8" 32# @ 4,462' w/ 2,000 sx
Circ'd cmt to surface.

5 1/2" Csg Patch @ 5,035'

3 1/2" 9.3# IPC tubing

Max Injection Rate	20,000 BPD
Max Injection Pressure	2,000 psi
Avg. Injection Rate	10,000 BPD
Avg. Injection Pressure	1,300 psi
Injection Tubing	4 1/2" 12.75# & 3 1/2" 9.3# L-80 IPC Tubing
Injection Interval	12066" to 12,800" Devonian

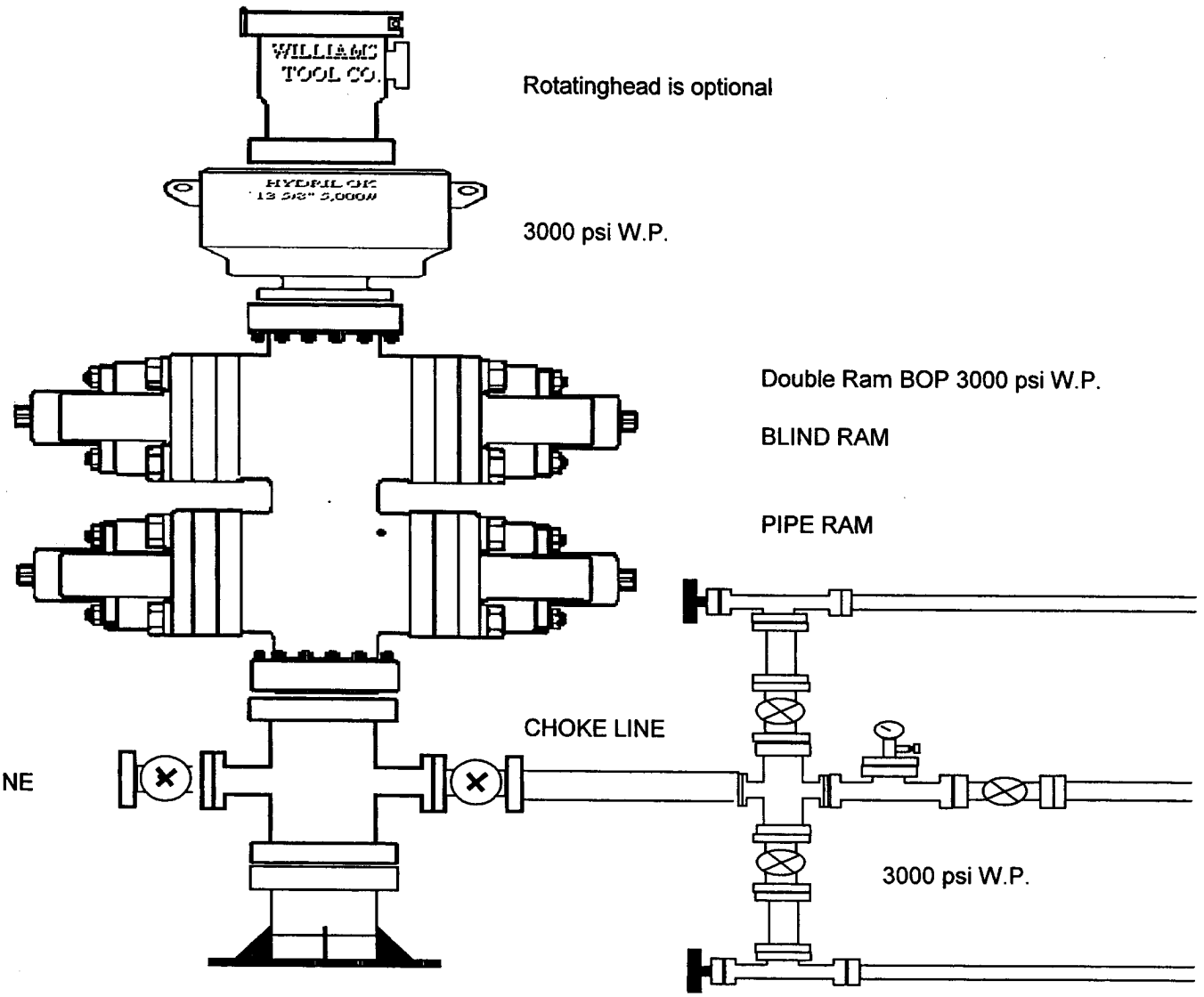
5 1/2" Arrowset I packer @ 12,000'

Perf 12,046'- 12,063' Sqz'd
5 1/2", 17 & 20# @ 12,066' w/ 1,255 sx

11/23/04 JMR

TD: 12,800'

1/3/2005



Rotatinghead is optional

3000 psi W.P.

Double Ram BOP 3000 psi W.P.

BLIND RAM

PIPE RAM

CHOKE LINE

KILL LINE

3000 psi W.P.

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Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Platinum Exploration, Inc. Telephone: 432-687-1664 e-mail address: jfigel@t3wireless.com
Address: 550 W. Texas, Suite 500 Midland, TX 79701
Facility or well name: Markham State #1 API #: 30-025-07123 U/L or Qtr/Qtr O Sec 32 T 11S R 38E
County: Lea Latitude Longitude NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Pit Volume 1600 bbl	Volume: ____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 45'	Less than 50 feet XX 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) >1000'	Yes No XX	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) >1000''	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more XX	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	20

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: 1/20/05
Printed Name/Title Julie Figel / Prod Eng Signature Julie Figel

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title PETROLEUM ENGINEER Signature _____ Date: _____
FEB 10 2005