

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

Form C-101
May 27, 2004

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

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 Saber Resources LLC, 400 W Illinois, Ste 950, Midland, Texas 79701		² OGRID Number 236378
		³ API Number 30-025-07192
⁵ Property Code 36468	⁵ Property Name Rosa Shults	⁶ Well No. 2
⁹ Proposed Pool 1 Gladiola; Devonian		¹⁰ Proposed Pool 2

7 Surface Location

UL or lot no. N	Section 18	Township 12S	Range 38E	Lot Idn	Feet from the 330	North/South line S	Feet from the 2310	East/West line W	County Lea
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8 Proposed Bottom Hole Location If Different From Surface

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

¹¹ Work Type Code E	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3873'
¹⁶ Multiple N	¹⁷ Proposed Depth 11,950'	¹⁸ Formation Devonian	¹⁹ Contractor Nabors	²⁰ Spud Date ASAP
Depth to Groundwater 55'		Distance from nearest fresh water well >1000'		Distance from nearest surface water > 1000'
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

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"	40#	303'	350	surface
12-1/4"	9-5/8"	36/40#	4524'	2456	surface
8-3/4"	7"	26/29#	11935'	150	11250'
5-5/8"	4-1/2"	12.6#	11887'/959'	25	11887'

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 plugged and abandoned Rosa Shults #2. Clean out well bore to 11,950'. Tie back 7" to surface. Acidize Devonian and put on production. BOP's will be 3000 psi blind & pipe rams. Well will be drilled utilizing steel pit closed loop system.

Permit Expires 1 Year From Approval

Data Unless Drilling Underway

Re-Entry

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 ☐. Close Loop System.

Printed name: Doug Keathley

Title: Vice President of Production

E-mail Address: doug@saberresources.com

Date: 4/23/07 Phone: 432-685-0169

OIL CONSERVATION DIVISION

Approved by:

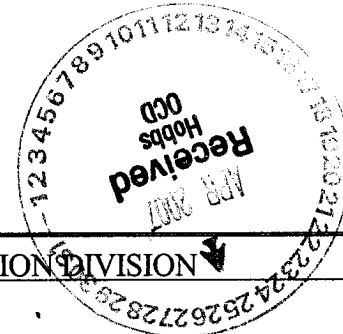
Chris Williams

Title:

Approval Date:

DISTRICT SUPERVISOR/GENERAL MANAGER

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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-07192	² Pool Code 27740	³ Pool Name Gladiola; Devonian
⁴ Property Code 36468	⁵ Property Name Rosa Shults	⁶ Well Number 2
⁷ OGRID No. 236378	⁸ Operator Name Saber Resources LLC	⁹ Elevation 3873

¹⁰ Surface Location

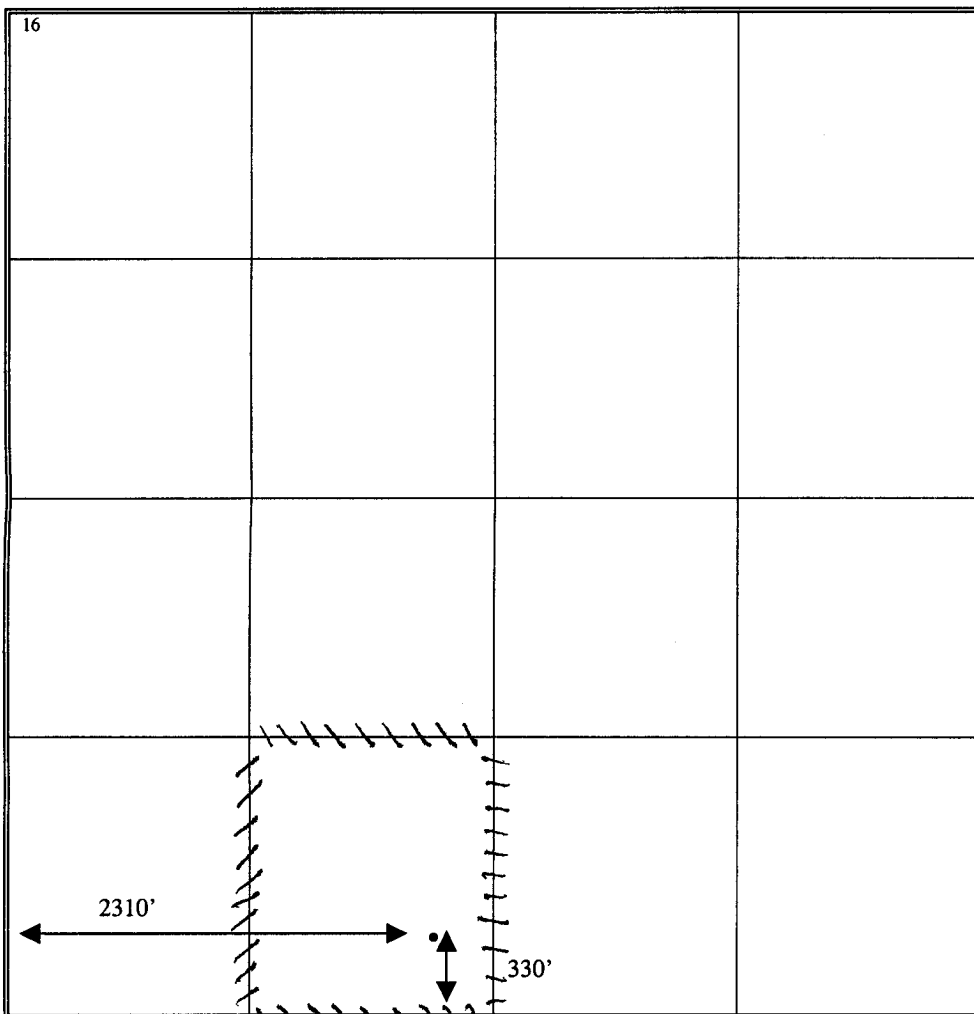
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	18	12S	38E		330'	South	2310'	West	Lea

¹¹ Bottom Hole Location If Different From Surface

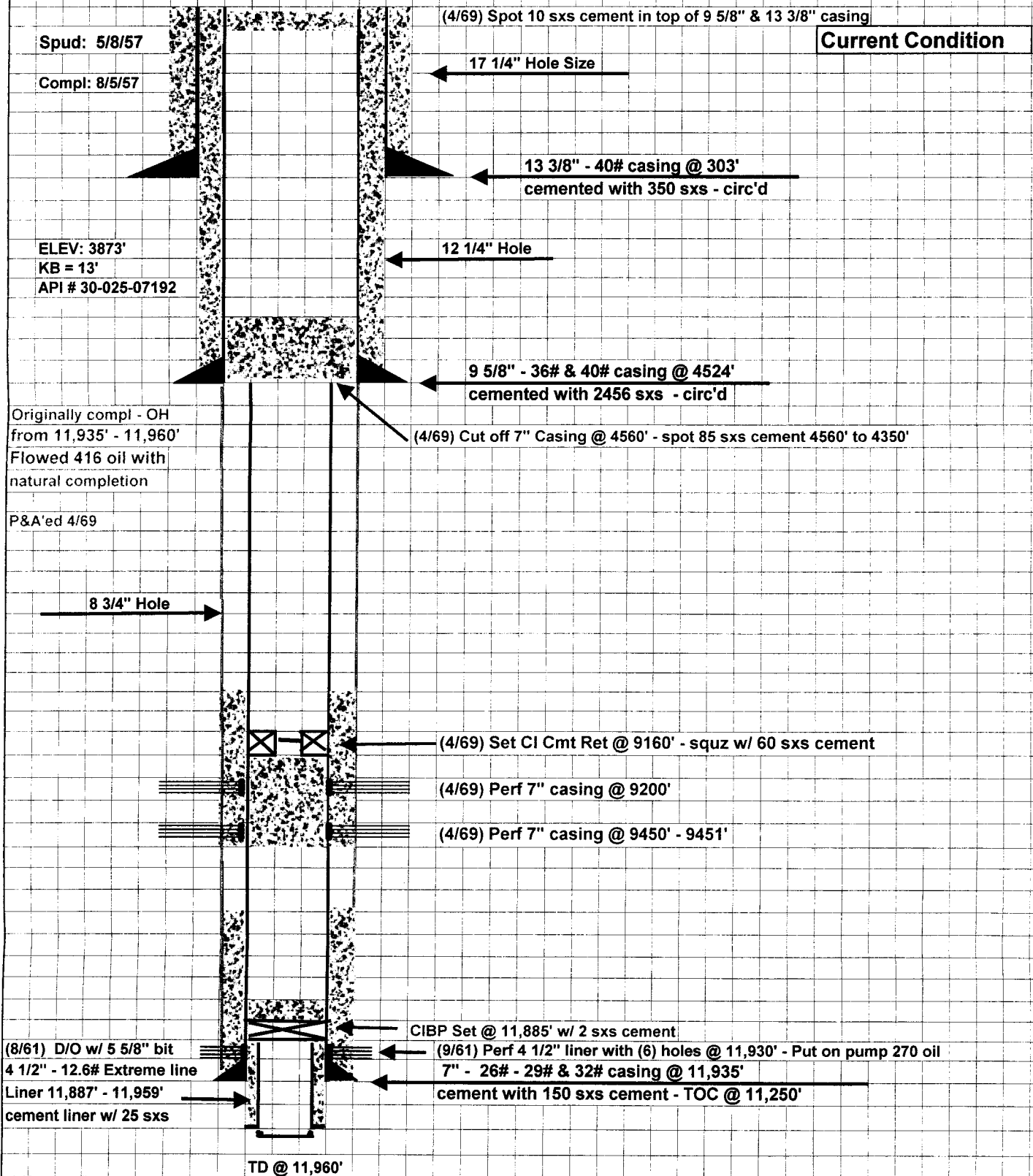
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	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.

<div>16</div> 	<div>17 OPERATOR CERTIFICATION</div> <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>Douglas Keathley</i> 4/23/07 Signature Date</p> <p>Douglas Keathley Printed Name</p>
	<div>18 SURVEYOR CERTIFICATION</div> <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>
	Date of Survey Signature and Seal of Professional Surveyor:
	Certificate Number

Rosa Shults # 2 - 2310' FWL & 330' FSL of Sec. 18, T-12S, R-38E, Unit Letter "N"



Rosa Shults # 2 - 2310' FWL & 330' FSL of Sec. 18, T-12S, R-38E, Unit Letter "N"

Spud: 5/8/57

Compl: 8/5/57

Proposed Condition

17 1/4" Hole Size

13 3/8" - 40# casing @ 303'
cemented with 350 sxs - circ'd

ELEV: 3873'
KB = 13'
API # 30-025-07192

12 1/4" Hole

9 5/8" - 36# & 40# casing @ 4524'
cemented with 2456 sxs - circ'd

7" Casing tied back together

8 3/4" Hole

Wolfcamp Perfs Squeezed

(8/61) D/O w/ 5 5/8" bit
4 1/2" - 12.6# Extreme line
Liner 11,887' - 11,959'
cement liner w/ 25 sxs

(9/61) Perf 4 1/2" liner with (6) holes @ 11,930' - Put on pump 270 oil
7" - 26# - 29# & 32# casing @ 11,935'
cement with 150 sxs cement - TOC @ 11,250'

TD @ 11,960'



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 27, 2007

Doug Keathley
Saber Resources LLC
400 W Illinois, Suite 950
Midland, TX 79701

RE: Application for Permit to Drill, Deepen or Plug Back:
Rosa Shults #2-N, 18-12s-38e
API # 30-025-07192

Dear Mr. Keathley:

Rule 102.C [19.15.3.102.C NMAC] provides that the Director of the Oil Conservation Division or his designee may deny a permit to drill, deepen or plug back if the applicant is not in compliance with Rule 40.A [19.15.1.40.A NMAC]. An operator who operates from 4 to 100 wells is out of compliance with Rule 40.A(4) if it has more than 2 wells on the inactive well list kept pursuant to Rule 40.F [19.15.1.40.F NMAC]. In considering whether to deny the application, Rule 102.C requires the Director or his designee to consider the number of wells not in compliance, the length of time the wells have been out of compliance, and the operator's efforts to bring the wells into compliance.

Saber Resources LLC (Saber) operates 61 wells; 17 of those wells appear on the inactive well list. Saber is out of compliance with Rule 40.A(4).

Daniel Sanchez, Enforcement and Compliance Manager and the Director's designee, has determined to grant Saber's application.

Please note, however, that under Rule 1104 [19.15.13.1104 NMAC] the Oil Conservation ("OCD") cannot assign an allowable to a well or issue authorization to transport oil or natural gas from a well if the operator is out of compliance with Rule 40. **If Saber is not in compliance with Rule 40 at the time it requests an allowable and authorization to transport, its request shall be denied.**

Saber can return to compliance with Rule 40 by reducing the number of wells that appear on the Rule 40 inactive well list. A well will be removed from the inactive well list when the operator takes one of the following actions: 1) plugs the wellbore and files an approved C-103 reporting the plugging; 2) places the well on approved temporary abandonment status; 3) returns the well to production or other beneficial use and files a C-115 reporting that production or use; or 4) enters into an Agreed Compliance Order with the OCD covering the well. An Agreed Compliance Order sets a schedule for returning the operator's inactive wells to compliance and imposes a penalty if the schedule is not met. If you would like to discuss entering into an Agreed Compliance Order for your non-compliant wells, please contact OCD attorney Gail MacQuesten at (505) 476-3451.

Yours truly,

OIL CONSERVATION DIVISION

Chris Williams
District I Supervisor

CW: dm

EC: OCD Santa Fe -- Gail MacQuesten, Assistant General Counsel
 OCD Santa Fe – Daniel Sanchez, Enforcement and Compliance Manager