

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. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-101
Revised March 17, 1999
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 CAPATAZ OPERATING, INC., PO BOX 10549, MIDLAND, TX 79702 | | ² OGRID Number 3659 |
| | | ³ API Number 30 - 025 - 36421 |
| ⁴ Property Code -- 32977 | ⁵ Property Name DIXIE QUEEN | ⁶ Well No. 1 |

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 | 11 | 20S | 38E | | 330 | SOUTH | 660 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

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| ⁹ Proposed Pool 1 HOUSE, ABO | ¹⁰ Proposed Pool 2 HOUSE, DRINKARD |
|--|--|

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|-----------------------------------|---------------------------------------|--------------------------------------|-------------------------------------|--|
| ¹¹ Work Type Code N | ¹² Well Type Code O | ¹³ Cable/Rotary ROTARY | ¹⁴ Lease Type Code P | ¹⁵ Ground Level Elevation 3570 |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 7800' | ¹⁸ Formation ABO | ¹⁹ Contractor ROD RIC | ²⁰ Spud Date 10/18/03 |

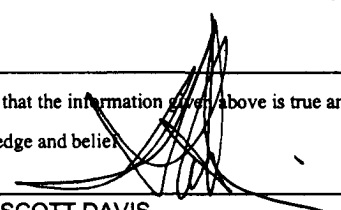
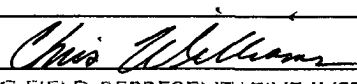
²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17-1/2 | 13-3/8 | 61# | 84' | 50 | SURFACE |
| 12-1/4 | 8-5/8 | 24# | 1650' | 975 | SURFACE |
| 7-7/8 | 5-1/2 | 17# | 7800' | 1200 | 1200' |
| | | | | | |
| | | | | | |

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.

DRILL CONDUCTOR HOLE TO 84' AND SET 84' 13-3/8" CONDUCTOR. DRILL 12-1/4" HOLE TO 1650' IN 1650' 8-5/8" 24" CASING AND CIRCULATE CEMENT TO SURFACE. VOLUME BASED UPON CALC. W/ 16 HRS. DRILL OUT SHOE JT. AND DRILL 7-7/8" HOLE TO 7800'. OPEN HOLE LOG. RUN AND CEMENT 5-1/2" 17# CASING IF INDICATED BY LOGS AND SHOWS.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

| | | | |
|--|--|---|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature:  | | OIL CONSERVATION DIVISION | |
| Printed name: H SCOTT DAVIS | | Approved by:  | |
| Title: AGENT | | Title: OC FIELD REPRESENTATIVE II/STAFF MANAGER | |
| Date: 09/23/03 | | Approval Date: SEP 25 2003 Expiration Date: | |
| Phone: 432-620-8820 | | Conditions of Approval: Attached <input type="checkbox"/> | |

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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 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-----------------------------------|--|---------------------------|--------------------------------|
| API Number 30-025-36421 | | Pool Code 33210 | Pool Name House, Abo |
| Property Code 32977 | Property Name DIXIE QUEEN | | Well Number 1 |
| GRID NO. 3659 | Operator Name Capataz Operating, Inc | | Elevation 3570' |

¹⁰ Surface Location

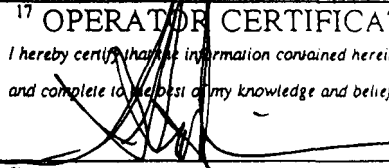
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 11 | 20S | 38E | | 330 | South | 660 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

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|--|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 40 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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

| | | | | | |
|----|--|--|--|--|--|
| 16 | | | | | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature H Scott Davis Printed Name Agent Title 9/23/03 Date |
| | | | | | |
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| | | | | | 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 |
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330 660

BLOWOUT PREVENTER

3000 PSI WP

THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. All chokes will be adjustable. Choke spool may be used between rams.

