

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED
OCT 12 2005

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

HOBBS OIL
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|---|
| API Number 30-025-39080 | Pool Code 86800 | Pool Name Vacuum; Atoka-Morrow, N (Gas) |
| Property Code 37275 | Property Name WILLOW PEG STATE | Well Number 2 |
| OGRID No. 189951 | Operator Name ENCORE OPERATING, L.P. | Elevation 4056' |

Surface Location

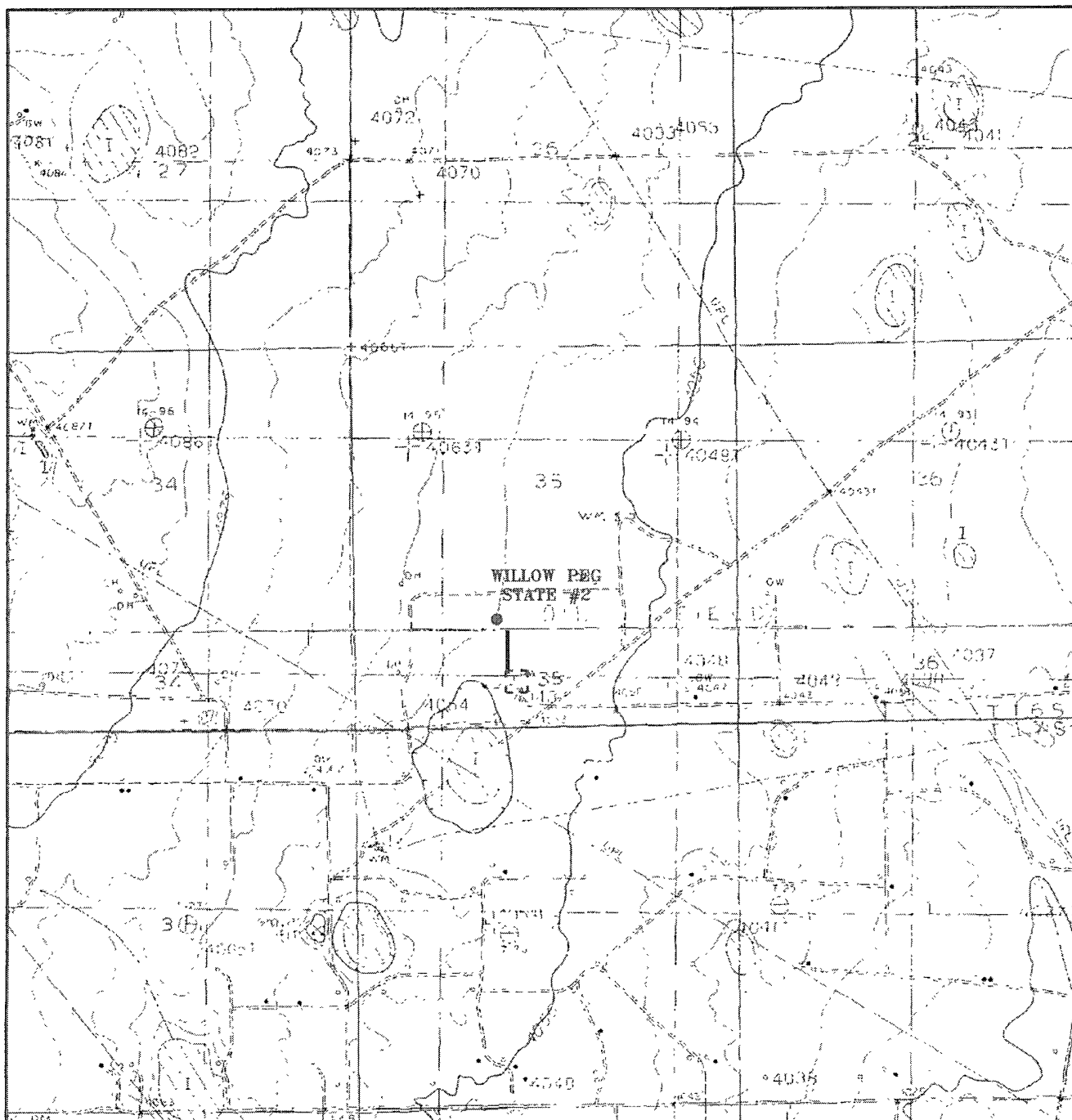
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| K | 35 | 16 S | 34 E | | 1500 | SOUTH | 1980 | WEST | LEA |

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 |
|-------------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres 320 | Joint or Infill | Consolidation Code | 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

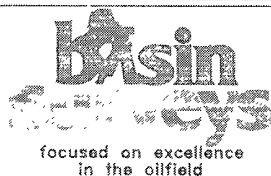
| | |
|--|--|
| | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location 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>[Signature]</i> 8/12/08 Signature Date</p> <p>Ann Burdette Wiley Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <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> <p>JULY 27 2008 Date Surveyed</p> <p>GARY L. JONES Signature Professional Surveyor</p> <p>7977 Certificate No.</p> <p>7977 Certificate No.</p> <p>BASIN SURVEYS</p> |
|--|--|



WILLOW PEG STATE #2

Located at 1500' FSL and 1980' FWL

Section 35, Township 16 South, Range 34 East,
N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 20083

Survey Date: 07-21-2008

Scale: 1" = 2000'

Date: 07-22-2008

**ENCORE
OPERATING, L.P.**



Encore

Operating, L.P.

A Subsidiary of
Encore Acquisition Company

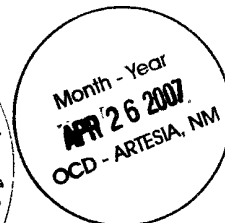
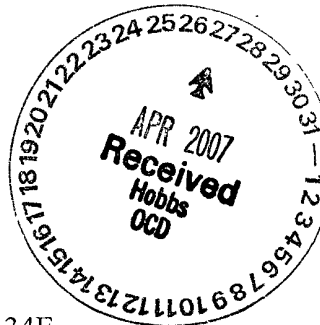
30-025-39080

777 Main Street
Suite 1400
Fort Worth, Texas 76102
(817) 877-9955
fax: (817) 877-1655

**DELIVERY BY CERTIFIED MAIL NO. 7006 2760 0005 4759 4309 - RETURN
RECEIPT REQUESTED**

April 23, 2007

Marathon Oil Company
P.O. Box 3487
Houston, TX 77253
Attn: Mr. J.F. Rusnak



Re: Willowpeg State No. 2
1500' FSL & 1980' FWL of Section 35, T16S-R34E
Lea County, New Mexico

Gentlemen:

As you know, Marathon Oil Company ("Marathon") is the operator of the Willowpeg State No. 1 well situated 1980' FNL & 1980' FWL of Section 35, T16S-R34E, Lea County, New Mexico. The west one-half (W/2) of Section 35 is the spacing or proration unit for said well.

Encore Operating, L.P. ("Encore") intends to drill Willowpeg State No. 2 to a depth of 13,400' to test the Atoka and Morrow Formations at a location being 1500' FSL & 1980' FWL of Section 35, T16S-R34E, Lea County, New Mexico and dedicating the west one-half of Section 35 and the drilling and spacing unit for said well.

This notice of intent is made pursuant to the State of New Mexico Oil Conservation Division Rule 19.15.3.104, Multiple Operators within a Spacing Unit. In the event Marathon has an objection to Encore's plans for the drilling of the Willowpeg State No. 2 well and the dedication of the west one-half (W/2) of Section 35, T16S-R34E as the drilling and spacing unit for said well, Marathon must so advise Encore of that fact by written statement within twenty (20) days from the date this notice was mailed to Marathon. In the event Marathon has no objection for the drilling of the Willowpeg State No. 2 well as described above, no further action is required by Marathon.

Should you have any questions please contact me at 817-339-0769.

Sincerely,

ENCORE OPERATING, L.P.

Zack B. Brittain
Senior Landman

Willowpeg State No. 2
Marathon Oil Company
April 23, 2007
Page 2

cc: ✓ State of New Mexico Oil Conservation Division, District I
1625 N. French Dr.
Hobbs, NM 88240
Attn: District Geologist