

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR TREND EXPLORATION I, LLC

PENJU #1 OIL WELL

4135' FSL & 2318' FEL SEC. 2, T. 16 S., R. 36 E., LEA COUNTY, NM

I. The well is on private surface and a private oil and gas lease. The proposed location is non-standard for the Lovington Penn NE (aka, Northeast Lovington-Pennsylvania Pool). Standard location must be within 150' of the center of a quarter-quarter. Well is 335' too far south and 188' too far west. (Closest standard location would be 4470 FSL and 2130 FEL.) The APD is attached.

II. A C-102 showing the well location and proration unit (Lots 10 and 15 of Sec. 2 which totals 80.00 acres) is attached. A General Land Office survey plat is also attached which shows Section 2 (boldly outlined). The lease (Lots 9, 10, 15, and 16 = 160.00 acres) is shown on the attached CONFIDENTIAL 3-D isochron map.

III. According to NM Oil Conservation Records, there is no production from the Strawn within a mile radius. A copy of the Lovington 7.5' USGS map is attached showing the proposed well site, spacing units (dashed lines), and lease (thick solid line). There is only one lease within a minimum 322' radius. Trend is the operator of all oil and gas interests in its private lease. A registered letter was sent on January 19 to the offset interest owners. A copy of the receipt and letter will be provided.

IV. A copy of the Lovington 7.5' USGS map is attached. The proposed well site is marked. Proration unit (80 acre stand up including Lots 10 and 15) are marked by dashed lines.

V. Trend selected its location based on a 3-D seismic survey. A standard drilling window does not overlap the optimum top of the indicated reservoir (see attached CONFIDENTIAL isochron map from the seismic survey).

VI. No archaeology sites were found.