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1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-104  
Revised 1-1-89  
See Instructions  
at Bottom of Page

REQUEST FOR ALLOWABLE AND AUTHORIZATION  
TO TRANSPORT OIL AND NATURAL GAS

|   |  |                                     |
|---|--|-------------------------------------|
| Operator<br><b>Terra Resources, Inc.</b>  |  | Well API No.<br><b>30-025-30515</b> |
| Address<br><b>10 Desta Dr., Suite 500 West, Midland, Texas 79707</b>  |  |                                     |
| Reason(s) for Filing (Check proper box)<br>New Well <input checked="" type="checkbox"/> Other (Please explain) <input checked="" type="checkbox"/><br>Recompletion <input type="checkbox"/> Change in Transporter of:<br>Change in Operator <input type="checkbox"/> Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/> Test allowable for January 1989<br>Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/> 1000 bbls |  |                                     |
| If change of operator give name and address of previous operator  |  |                                     |

II. DESCRIPTION OF WELL AND LEASE

|  |                      |  |  |                            |
|--|----------------------|--|--|----------------------------|
| Lease Name<br><b>Terra Exxon 23 State</b>  | Well No.<br><b>1</b> | Pool Name, Including Formation<br><b>wildcat</b><br><del>Reeves</del> Wolfcamp | Kind of Lease<br>(State, Federal or Fee) | Lease No.<br><b>V-1092</b> |
| Location<br>Unit Letter <b>H</b> : <b>1980'</b> Feet From The <b>FNL</b> Line and <b>990'</b> Feet From The <b>FEL</b> Line<br>Section <b>23</b> Township <b>18S</b> Range <b><del>25E</del> 35</b> NMPM, Lea County |                      |  |  |                            |

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

|   |   |              |
|---|---|--------------|
| Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/><br><b>Koch Oil Company</b> | Address (Give address to which approved copy of this form is to be sent)<br><b>PO Box 1558, Breckenridge, TX. 76024</b> |              |
| Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/><br><b>None</b>                | Address (Give address to which approved copy of this form is to be sent)<br>---   |              |
| If well produces oil or liquids, give location of tanks.<br>Unit <b>H</b> Sec. <b>23</b> Twp. <b>18S</b> Rge. <b><del>25E</del> 35</b>      | Is gas actually connected?<br>---   | When?<br>--- |

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

|   |  |          |  |          |                                    |           |            |            |
|---|--|----------|--|----------|------------------------------------|-----------|------------|------------|
| Designate Type of Completion - (X)                            | Oil Well <input checked="" type="checkbox"/>   | Gas Well | New Well <input checked="" type="checkbox"/> | Workover | Deepen                             | Plug Back | Same Res'v | Diff Res'v |
| Date Spudded<br><b>12-4-88</b>                                | Date Compl. Ready to Prod.<br><b>1-19-89</b>   |          | Total Depth<br><b>11,000</b>                 |          | P.B.T.D.<br><b>10,600</b>          |           |            |            |
| Elevations (DF, RKB, RT, GR, etc.)<br><b>3870 GL, 3885 KB</b> | Name of Producing Formation<br><b>Wolfcamp</b> |          | Top Oil/Gas Pay<br><b>10,354</b>             |          | Tubing Depth<br><b>10,277</b>      |           |            |            |
| Perforations  |  |          |  |          | Depth Casing Shoe<br><b>10,999</b> |           |            |            |
| TUBING, CASING AND CEMENTING RECORD                           |  |          |  |          |                                    |           |            |            |
| HOLE SIZE   | CASING & TUBING SIZE                           |          | DEPTH SET                                    |          | SACKS CEMENT                       |           |            |            |
| <b>17-1/2</b>   | <b>13-3/8"</b>                                 |          | <b>415</b>                                   |          | <b>420</b>                         |           |            |            |
| <b>12-1/4</b>   | <b>8-5/8"</b>                                  |          | <b>4595</b>                                  |          | <b>3100</b>                        |           |            |            |
| <b>7-7/8</b>  | <b>5-1/2"</b>                                  |          | <b>10949</b>                                 |          | <b>225</b>                         |           |            |            |

V. TEST DATA AND REQUEST FOR ALLOWABLE  
OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)

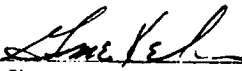
|                                |                 |   |            |
|--------------------------------|-----------------|---|------------|
| Date First New Oil Run To Tank | Date of Test    | Producing Method (Flow, pump, gas lift, etc.) |            |
| Length of Test                 | Tubing Pressure | Casing Pressure                               | Choke Size |
| Actual Prod. During Test       | Oil - Bbls.     | Water - Bbls.                                 | Gas - MCF  |

GAS WELL

|                                  |                           |                           |                       |
|----------------------------------|---------------------------|---------------------------|-----------------------|
| Actual Prod. Test - MCF/D        | Length of Test            | Bbls. Condensate/MMCF     | Gravity of Condensate |
| Testing Method (pitot, back pr.) | Tubing Pressure (Shut-in) | Casing Pressure (Shut-in) | Choke Size            |

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature   
Gene Kelm Administrative Supervisor  
Printed Name  
January 19, 1989 Title  
Date (915) 684-3861 Telephone No.

OIL CONSERVATION DIVISION

JAN 20 1989

Date Approved

By

Orig. Signed by  
Paul Kautz  
Geologist

Title

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- 1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- 2) All sections of this form must be filled out for allowable on new and recompleted wells.
- 3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- 4) Separate Form C-104 must be filed for each pool in multiple completed wells