STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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IL CONSERVATION DIVISIC

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-101
Revised 10-1-78

5A. Indicate Type of Lease STATE [X] FEE [ ]

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work

b. Type of Well
DRILL [ ] DEEPEN [X] PLUG BACK [ ]
OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [X]

7. Unit Agreement Name

8. Farm or Lease Name
Elk State

2. Name of Operator
American Exploration Company

9. Well No.
1

3. Address of Operator
2100 RepublicBank Center, Houston, Texas 77002

10. Field and Pool, or Wildcat
~~Teague Blinebry~~
Undesig. Abo

4. Location of Well UNIT LETTER M LOCATED 330 FEET FROM THE South LINE
AND 2310 FEET FROM THE West LINE OF SEC. 16 TWP. 23S RGE. 37E NMPM

12. County
Lea

19. Proposed Depth	19A. Formation	20. Rotary or C.T.
7130 PBTD	Abo	

21. Elevations (Show whether DF, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3296.6 GL			November, 1988

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/2	9-5/8"	32.3	1055	450	
8-3/4	7"	25# & 26#	7350	550	

Attached is the procedure to test the Abo and perforate additional pay in the Tubb and Blinebry in the subject well. The Abo was tested at completion and abandoned later because of the sand causing numerous pulling jobs. Additional pay exists in the Tubb and Blinebry that could be produced. If successful, we will downhole commingle these zones.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Marty B. McClanahan Title Production Dept. Date November 8, 1988

(This space for State Use)
ORIGINAL SIGNED BY JERRY SEXTON
DISTRICT I SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval Date Unless Drilling Underway.

OIL CONSERVATION DIVISI I

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section:

Operator	Lease	Well No.
American Exploration Company	Elk State	1

Unit Letter	Section	Township	Range	County
M	16	23S	37E	Lea

Actual Footage Location of Well:
330 feet from the South line and 2310 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3296.6	~~Blinebry~~ Abo	Undesignated ~~Teague Blinebry~~	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

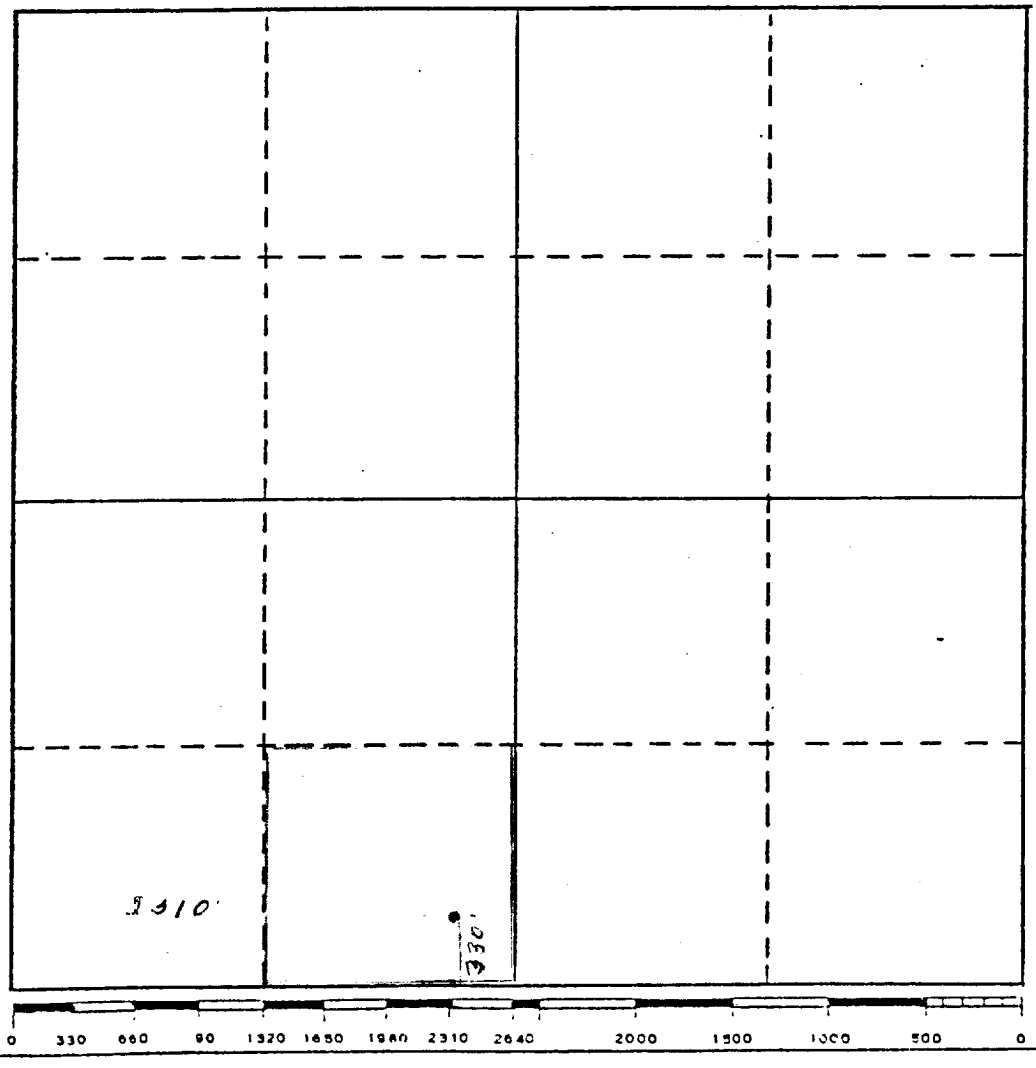
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation Not Applicable

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Marty B. McClanahan

Name: Production Dept.

Position: Regulatory Asst.

Company: American Exploration Co.

Date: November 8, 1988

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 knowledge and belief.

Date Surveyed

Registered Land Surveyor

Certificate No.

ELK STATE #1
SEC. 16-T23S-R37E
TEAGUE FIELD
LEA COUNTY, NEW MEXICO

TEST THE ABO

1. RU WSU. Pull production equipment. ND wellhead. NU BOP. Pull tbg.

2. RIH w/bit, collars, and tbg. Drill out cement @ ± 6360-6505', retainer and cement @ 6522-6676', and CIBP @ 6700'. Tag PBTD and circulate hole clean.

3. Perforate using a 4" steel hollow carrier casing gun w/2 premium charge JSPF @ 6120-24', 6090-96', 5386-94', 5363-74', and 5354' (SWS BHC Sonic log dated 1/23/68).

4. RIH w/RBP and pkr. Test tbg going in hole to 5000 psi. Set plug @ 7130' and test to 1000 psi. Set pkr @ 6680'.

5. Swab test perfs.

6. Acidize perfs 6728-7071' w/10,000 gals 15% NEFE containing surfactant and inhibitor + 1000# moth balls as follows:

   A. Pump 500 gals. acid.
   B. Pump 500 gals acid + 200# moth balls.
   C. Repeat steps A and B. Adjust divert as necessary.
   D. Pump 1500 gals acid.
   E. Pump 500 gals acid + 200# moth balls.
   F. Repeat Steps D and E. Adjust divert as necessary.
   G. Repeat Steps D and E. Adjust Divert as necessary.
   H. Pump 2000 gals acid.
   I. Overflush 30 bbl w/2% KCl water.

   Pump @ 5-7 BPM.

7. RU swab. Swab back load. Swab test until stabilized rate is determined.

8. Move plug to 6190' and test to 1000 psi. Set pkr @ 5990'.

9. Acidize perfs 6090-6124' w/2000 gals 15% NEFE containing surfactant and inhibitor + 16 BS. Pump @ 4-6 BPM. Overflush 20 bbl w/2% KCl water.

10. Swab back load. Swab test to determine stabilized rate.

11. Move plug to 5500' and test to 1000 psi. Set pkr @ 5250'.

12. Acidize perfs 5354-5458' w/5000 gals 15% NEFE containing surfactant and inhibitor + 500# moth balls in 6 equal stages. Adjust divert as necessary after Stage 1. Pump @ 4-6 BPM. Overflush 20 bbl w/2% KCl water.

13. Swab back load. Swab test to determine stabilized rate.

14. Retrieve plug and POOH. RIH w/production tbg. ND BOP. NU wellhead. RIH w/production equipment. Put well on pump. RD WSU.

MCG/kjw