F-105

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-56741

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: 32333

8. FARM OR LEASE NAME, WELL NO.: LOTOS "A" FEDERAL # 3

9. API WELL NO.: 30-015-32779

10. FIELD AND POOL, OR WILDCAT: SAND DUNES DELAWARE-WEST

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 15 T24S-R31E

12. COUNTY OR PARISH: EDDY C.

13. STATE: NEW MEXICO

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER 193467 SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: RICKS EXPLORATION, INC. (GREG WILKES 915-683-7443)

3. ADDRESS AND TELEPHONE NO.: 110 WEST LOUISIANA SUITE 410 MIDLAND, TEXAS 79701 (915-683-7443)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FNL & 660' FWL SECTION15 T24S-R31E EDDY CO. NM
At proposed prod. zone: SAME

Wt. E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 25 miles East of Carlsbad New Mexoco

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 660'

16. NO. OF ACRES IN LEASE: 160

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1320'

19. PROPOSED DEPTH: 8500'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3496' GR.

22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40'	Cement to surface with Redi-mix.
17½"	J-55 13 3/8"	54.5	975'	900 Sx. circulate cement to sur.
11"	J-55 8 5/8"	32	4300'	1100 Sx " " " "
7 7/8"	J-55 5½"	17 & 15.5	8500'	1000 Sx. estimate TOC 4000'

1. Drill 25" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.
2. Drill 17½" hole to 975'. Run and set 975' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 900 Sx. of Class "C" cement + ¼# Flocele/Sx, + 2% CaCl, circulate cement to surface.
3. Drill 11" hole to 4300'. Run and set 4300' of 8 5/8" 32# J-55 ST&C casing. Cement with 600 Sx. of Class "C" Light Cement + additives, tail in with 500 Sx. of Class "C" cement + ¼# Flocele/Sx., + 2% CaCl, circulate cement to surface.
4. Drill 7 7/8" hole to 8500'. Run and set 8500' of 5½" casing as follows: 2500' of 5½" 17# J-55 LT&C, 5000' of 5½" 15.5# J-55 LT&C, 1000' of 5½" 17# J-55 LT&C. Cement with 600 Sx. of Class "C" Halco Light cement + additives, tail in with 400 Sx. of Class "C" cement + ¼# Flocele/Sx., + 2% CaCl, estimate top of cement 4000' from surface.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Carlsbad Controlled Water Basin

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Joe T. Janica TITLE Agent DATE 03/01/03

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /S/ GARY L. JOHNSON ACTING TITLE STATE DIRECTOR DATE APR 28 2003

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

MAY 2003
RECEIVED
OCD - ARTESIA

e 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the ted States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	53815	SAND DUNES DELAWARE-WEST

Property Code	Property Name	Well Number
	LOTOS "A" FEDERAL	3

OGRID No.	Operator Name	Elevation
193407	RICKS EXPLORATION, INC.	3496'

Surface Location

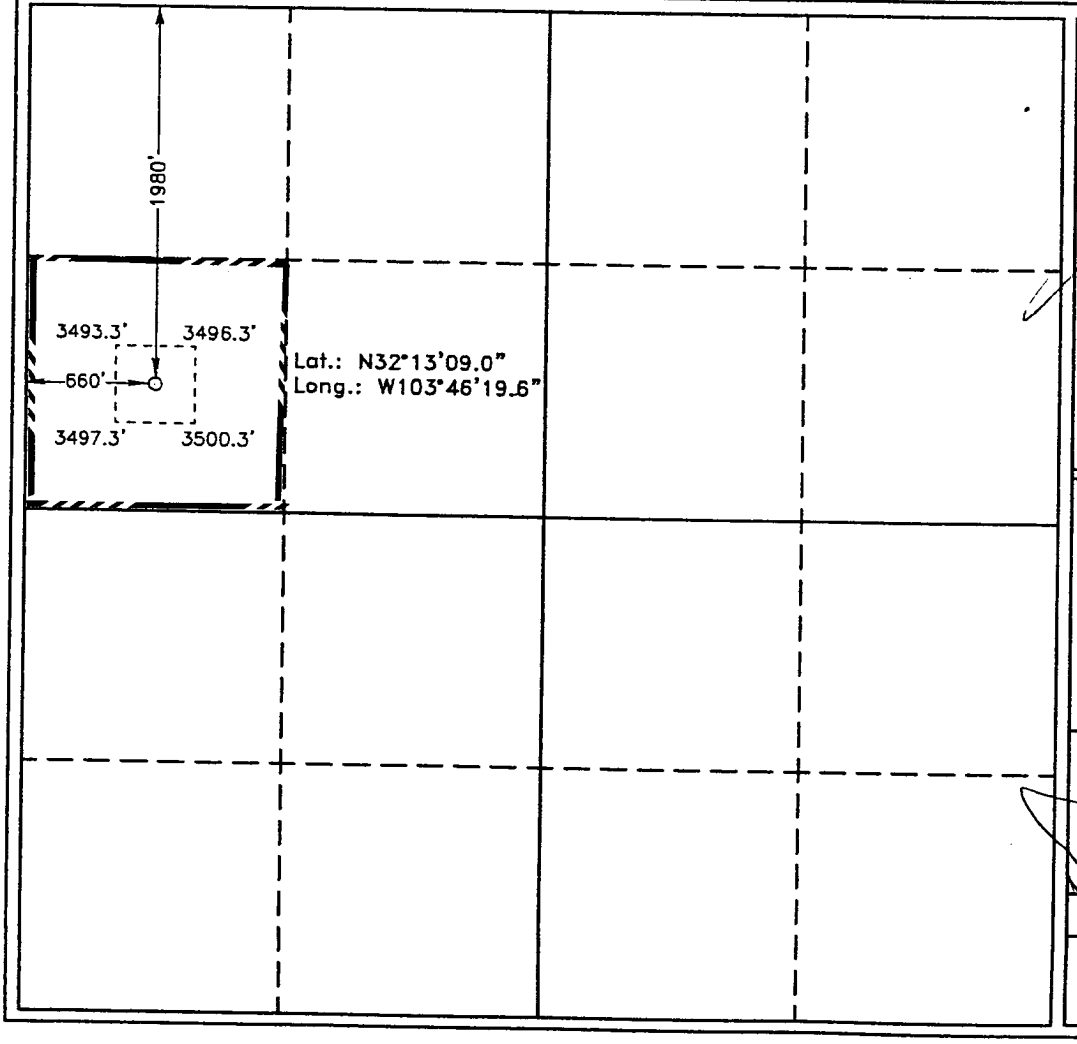
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	15	24 S	31 E		1980	NORTH	660	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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

Signature

Joe T. Janica
Printed Name

Agent
Title

03/01/03
Date

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 supervison, and that the same is true and correct to the best of my belief.

Feburary 21, 2003
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 8034

Certificate No. Gary L. Jones 7977

JLP

BASIN SURVEYS

APPLICATION TO DRILL

RICKS EXPLORATION, ING.
LOTOS "A" FEDERAL # 3
UNIT "E" SECTION 15
T24S-R31E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is providedfor your consideration.

1. Location of well: 1980' FNL & 660' FWL SECTION 15 T24S-R31E EDDY CO. NM

2. Ground Elevation above Sea Level: 3496' GR.

3. Geological age of surface formation: Quaternary Deposits.

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 8500'

6. Estimated tops of geological markers:

Rustler Anhydrite	650'	Lamar	4300'
Top of Salt	1000'	Cherry Canyon	5085'
Delaware	4249'	Brushy Canyon	6445'
		Bone Spring	8280'

7. Possible mineral bearing formations:

Brushy Canyon	Oil
Bone Spring	Oil

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
25"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-975'	13 3/8"	54.5	8-R	ST&C	J-55
11"	0-4300'	8 5/8"	32#	8-R	ST&C	J-55
7 7/8"	0-8500'	5½"	17# & 15.5 #	8-R	LT&C	J-55

APPLICATION TO DRILL

RICKS EXPLORATION, ING.
LOTOS "A" FEDERAL # 3
UNIT "E" SECTION 15
T24S-R31E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 975' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 900 Sx. of Class "C" cement + ¼# Flocele/Sx, + 2% CaCl, circulate cement to surface.
8 5/8"	Intermediate	Set 4300' of 8 5/8" 32# J-55 ST&C casing. Cement with 600 Sx. of Halco Light + additives, tail in with 500 Sx. of Class "C" cement + ¼# Flocele/Sx, + 2% CaCl, circulate cement to surface.
5½"	Production	Set 8500' of 5½" casing as follows: 2500' of 5½" 17# J-55 LT&C, 5000' of 5½" 15.5# J-55 LT&C, 1000' of 5½" 17# J-55 LT&C. Cement with 6oo Sx. of Class "C" Halco Light cement + additives, tail in with 400 Sx. of Class "C" cement + ¼# Flocele/Sx, + 2% CaCl, estimate top of cement 4000' from surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nipplled up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-975'	8.5-8.7	29-36	NC	Fresh water Spud Mud add Paper to control seepage.
975-4300'	9.9-10.2	29-38	NC	Brine water add paper to control seepage and use high viscosity sweeps to clean hole.
4300-8000'	8.4-8.8	29-38	NC	Fresh water mud system use high viscosity sweeps to hole.
8000-8500'	8.4-8.8	32-40	10 cc or less	Fresh water Polymer Mud to control water loss, use high viscosity sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's , open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Induction, SNP, LDT, MSFL, Gamma Ray, Caliper from TD back to 4300'. Run Gamma Ray, Neutron log from 4300' to surface.

B. A mud logger may be rigged up on hole at 4300'±.

C. No cores or DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 4200 PSI, and Estimated BHT 165°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 38 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Bone Spring formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E" & "E-1"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

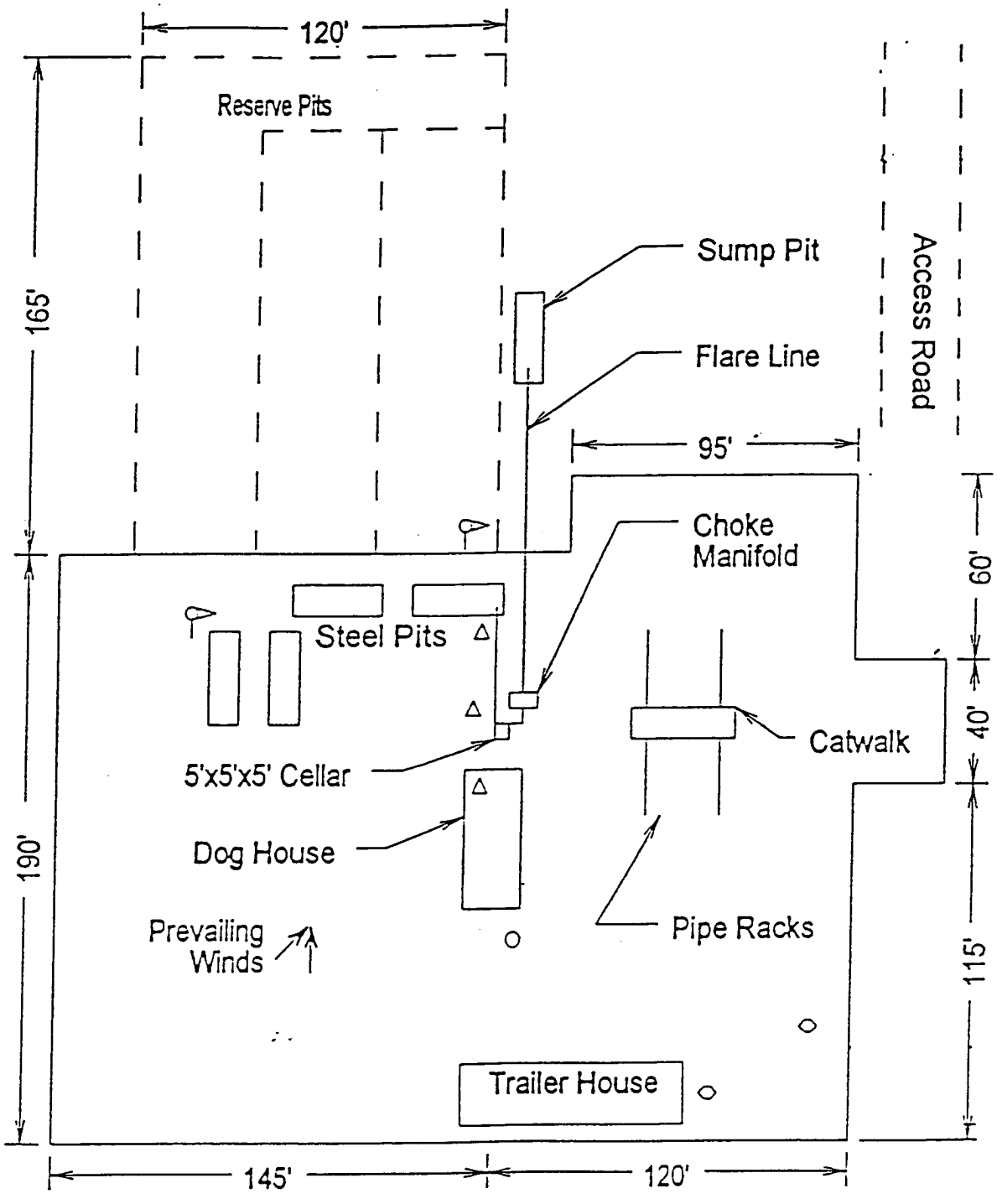
7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If the location is near to a dwelling a closed DST will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

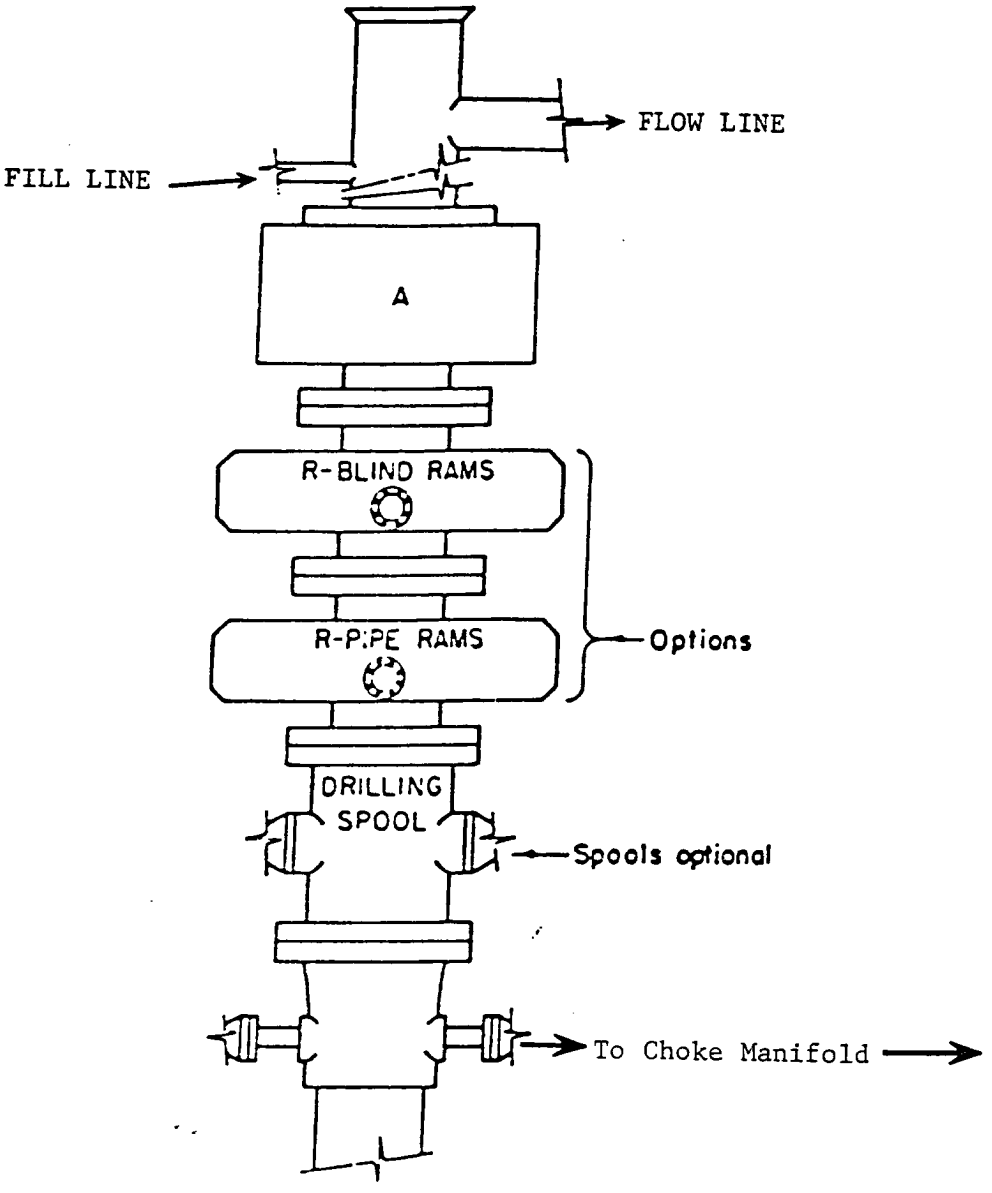
9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.



- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- ◇ Briefing Areas
- ○ Remote BOP Closing Unit
- □ Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

RICKS EXPLORATION, INC.
LOTOS "A" FEDERAL # 3
UNIT "E" SECTION 15
T24S-R31E EDDY CO. NM



ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

RICKS EXPLORATION, INC.
LOTOS "A" FEDERAL # 3
UNIT "E" SECTION 15
T24S-R31E EDDY CO. NM

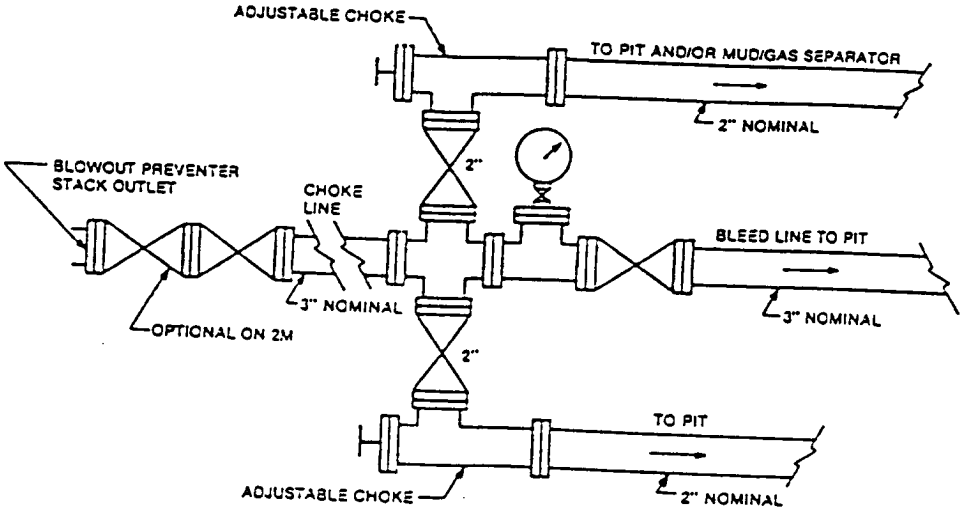


FIGURE K-1. Typical choke manifold assembly for 2M and 3M rated working pressure service — surface installation.

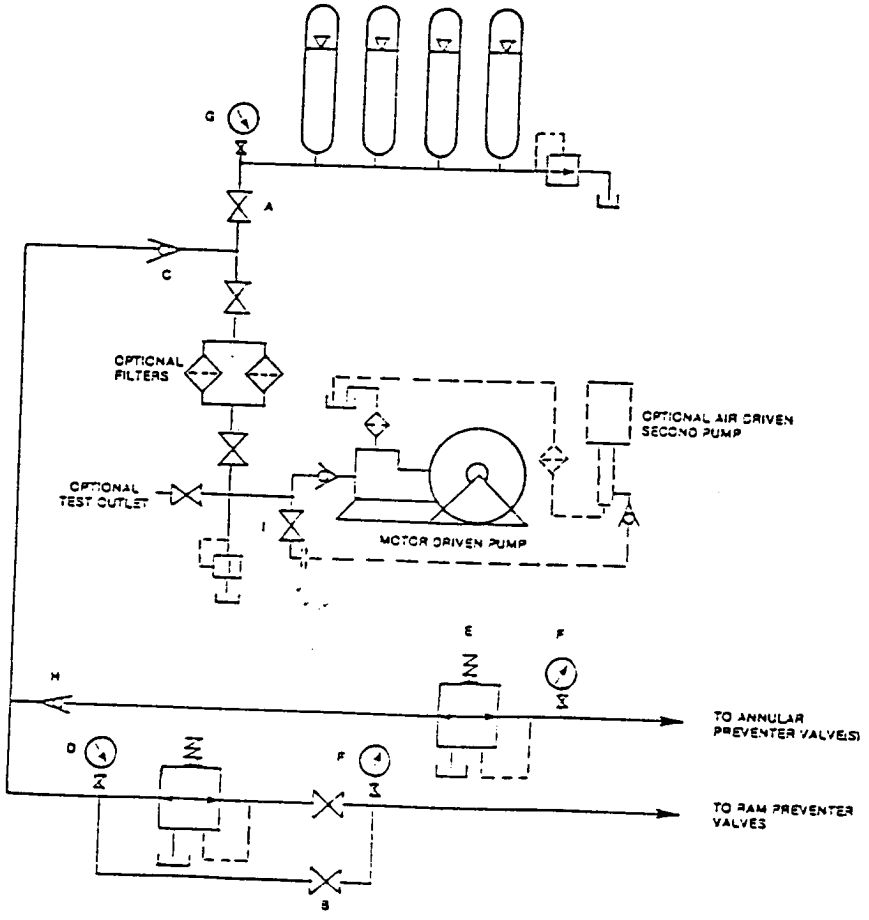


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

RICKS EXPLORATION, INC.
LOTOS "A" FEDERAL # 3
UNIT "E" SECTION 15
T24S-R31E EDDY CO. NM