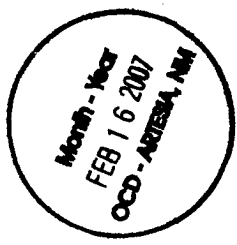


ATS-07-263

OCD-ARTESIA 07-364



Form 3160-3 (April 2004)

CONFIDENTIAL

FORM APPROVED OMB No. 1004-0137 Expires March 31, 2007

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 114969
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name —
2. Name of Operator BTA Oil Producers		7. If Unit or CA Agreement, Name and No. —
3a. Address 104 S. Pecos Midland, TX 79701	3b. Phone No. (include area code) (432) 682-3753	8. Lease Name and Well No. Owl, 20504 JV-P, #5 35555
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2310' FSL & 2130' FEL NW/SE At proposed prod. zone CARLSBAD CONTROLLED WATER BASIN		9. API Well No. 30-015-35435
10. Field and Pool, or Exploratory Wildcat (Delaware)		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 18, T26S-R27E
14. Distance in miles and direction from nearest town or post office* 14 miles southwest from Malaga, NM		12. County or Parish Eddy
13. State NM		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2130'	16. No. of acres in lease 760.24	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1000'	19. Proposed Depth 3800'	20. BLM/BIA Bond No. on file NM 1195
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3289'	22. Approximate date work will start*	23. Estimated duration 45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification
- 6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Pam Inskeep</i>	Name (Printed/Typed) Pam Inskeep	Date 02/13/2007
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Title Regulatory Administrator

Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed)	Date FEB 13 2007
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Title ACTING FIELD MANAGER
CARLSBAD FIELD OFFICE

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, are attached. APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 97012	Pool Name Wildcat (Delaware)
Property Code	Property Name 20504 JV-P OWL	Well Number 5
OGRID No. 003002	Operator Name BTA OIL PRODUCERS	Elevation 3289'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	18	26-S	27-E		2310	SOUTH	2130	EAST	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 40	Joint or Infill	Consolidation Code	Order No.
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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>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p> <p>GEODETTIC COORDINATES NAD 27 NME Y=378798.0 N X=532902.5 E LAT.=32.041386° N LONG.=104.227147° W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Pam Inskeep</i> 01/09/07 Signature Date</p> <p>Pam Inskeep 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>SEPTEMBER 12, 2006</p> <p>Date Surveyed MR</p> <p>Signature & Seal Professional Surveyor GARY EIDSON NEW MEXICO 06.11.1405 9/25/06</p> <p>Certificate No. GARY EIDSON 12641</p>

APPLICATION FOR DRILLING

BTA OIL PRODUCERS
Owl, 20504 JV-P, NO. 5
2310' FSL & 2130' FEL
Sec. 18, T26S, R27E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, BTA Oil Producers submits the following 10 items for pertinent information in accordance with BLM requirements:

1. The geologic surface formation is Quaternary.
2. The estimated top of geologic markers are as follows:

Base Salt	1,800'
Delaware	2,015'
* Ramsey	2,085'
* Cherry Canyon	2,862'

3. The estimated depth at which anticipated water, oil or gas formations are expected to be encountered are noted with the * above.

All shows of fresh water and minerals will be reported and protected. A sample will be taken of any water flows and furnished to the BLM, Division of Minerals. All oil and gas shows will be adequately tested for commercial possibilities, reported and protected.

4. Proposed Casing and Cementing Program:

<u>Casing Size</u>	<u>Setting From</u>	<u>Depth to</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
13-3/8 "	0	400'	48#	J55	STC
9-5/8"	0	1,850'	36#	J55	STC
7"	0	3,800'	23#	J55	STC

Depending upon availability at the time that the casing is run, equivalent weights and grades may be substituted.

Handwritten notes:
Hole
17 1/2
12 1/4
8 3/4

13-3/8" casing will be cemented with 450 sx Class "C" cement. Circulated to the surface.

9-5/8" casing will be cemented with 400 sx light cement tailed-in with 300 sx Class "C". Circulated to the surface.

7" casing will be cemented with 700 sx light, tailed in w/300 sx Class "H" to cement back above 9-5/8" shoe.

Note: All casing strings will be pressure tested to 0.22 psi/ft. of setting depth or 1500 psi (whichever is greater) after cementing and prior to drillout.

5. Pressure Control Equipment: See Attached Diagrams.

6. Mud Program:

Surface to 400': Fresh water spud with 35 to 45 sec/1000 cc viscosity.

400' to 1,850': Brine water. Circulate to reserve pit. Will use lime for pH control in range 10 to 11. Will sweep hole with gel slugs as required for hole cleaning. Mud wt = 10 ppg

1850' ~~1,900'~~ to TD: 8.6 to 9.2 ppg controlled brine water. Will use lime for pH control in range 10 to 11. Will sweep hole with salt gel slugs as required for hole cleaning. Will use paper for seepage losses. Will adjust fluid weight as required using brine water.

7. Auxiliary Equipment:

- a) Upper kelly cock valve with handle available.
- b) Lower kelly cock valve with handle available.
- c) Safety valves and subs to fit all drill string connections in use.
- d) Monitoring of mud system will be mechanical.

8. Testing Logging and Coring Program:

Drill Stem Tests will only be run when samples, drilling time and other data indicate a test is warranted.

It is planned that electric logs will include Gamma Ray-CNL, SDL logs and dual laterologs.

Note: A gamma ray log will be run over the surface casing from its base to the ground surface.


No coring is planned.

9. No abnormal pressure is anticipated.

10. Anticipated Starting Date:

It is planned to commence drilling operations, upon approval of our BLM permit.

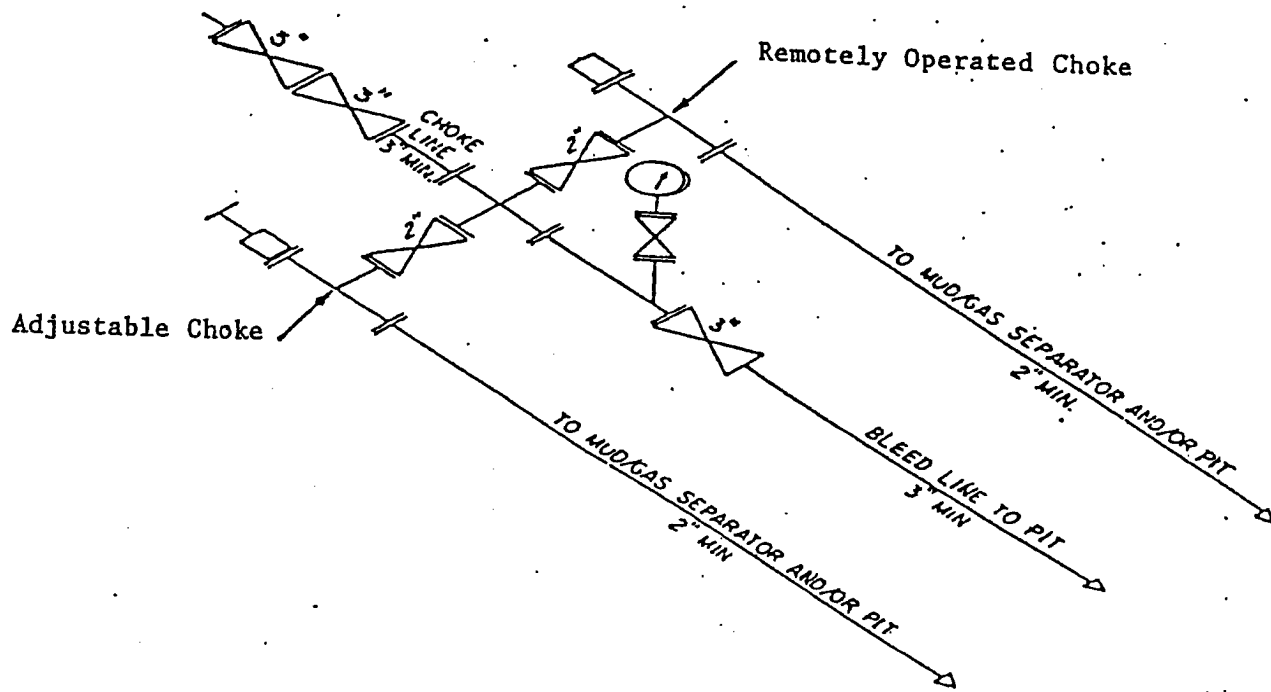
Contact L. G. JOHNSON at 432-682-3753
With any questions concerning the Drilling Plan.



L. G. JOHNSON
Drilling Manager

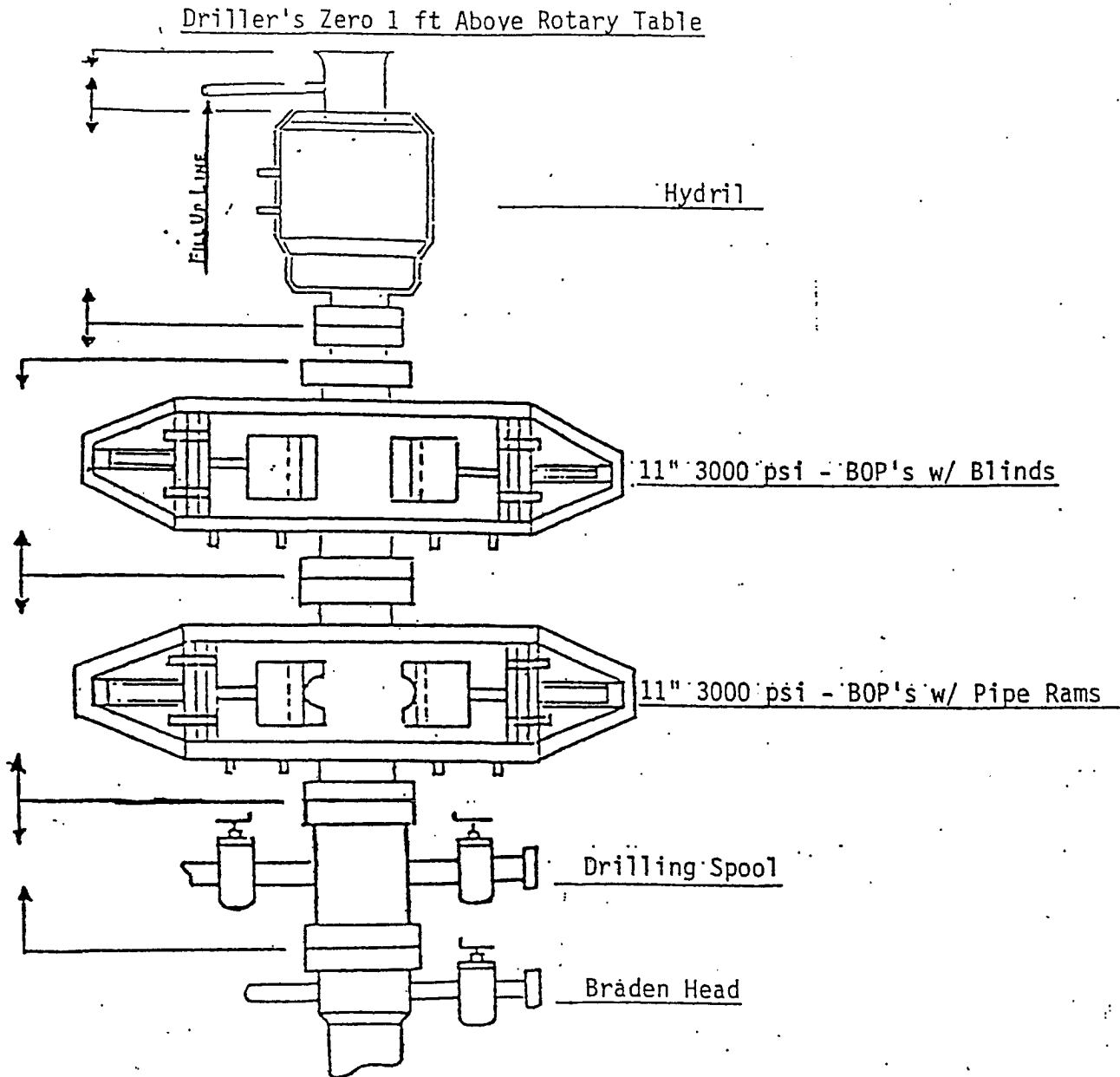
B T A O I L P R O D U C E R S

BTA OIL PRODUCERS
Owl, 20504 JV-P, NO. 5
2310' FSL & 2130' FEL
Sec. 18, T26S, R27E
Eddy County, New Mexico



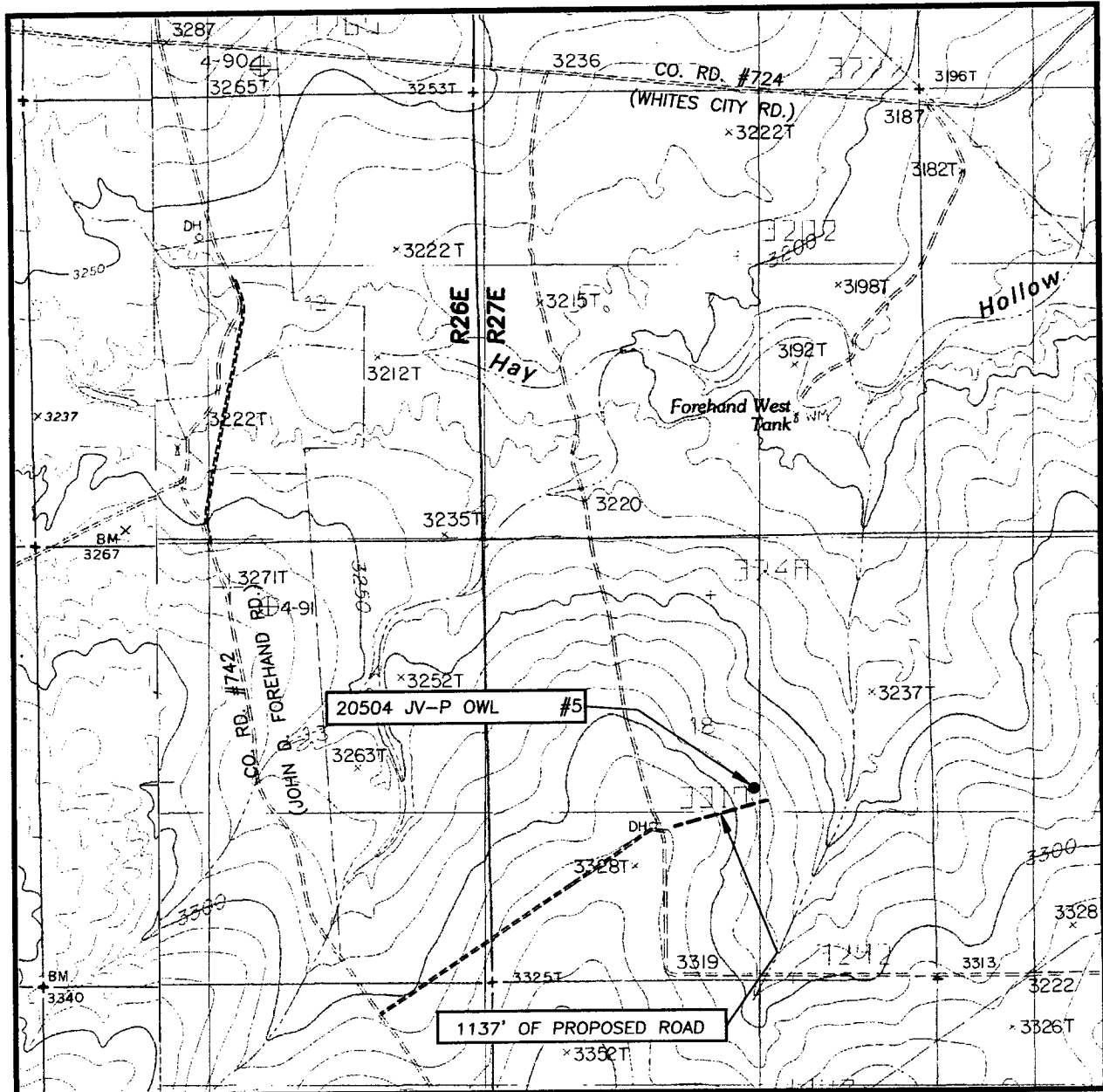
3M CHOKES MANIFOLD EQUIPMENT — CONFIGURATION MAY VARY

B T A O I L P R O D U C E R S



BTA OIL PRODUCERS
Owl, 20504 JV-P, NO. 5
2310' FSL & 2130' FEL
Sec. 18, T26S, R27E
Eddy County, New Mexico

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
COTTONWOOD HILLS, N.M. - 10'

SEC. 18 TWP. 26-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO


DESCRIPTION 2310' FSL & 2130' FEL

ELEVATION 3289'

OPERATOR BTA OIL PRODUCERS

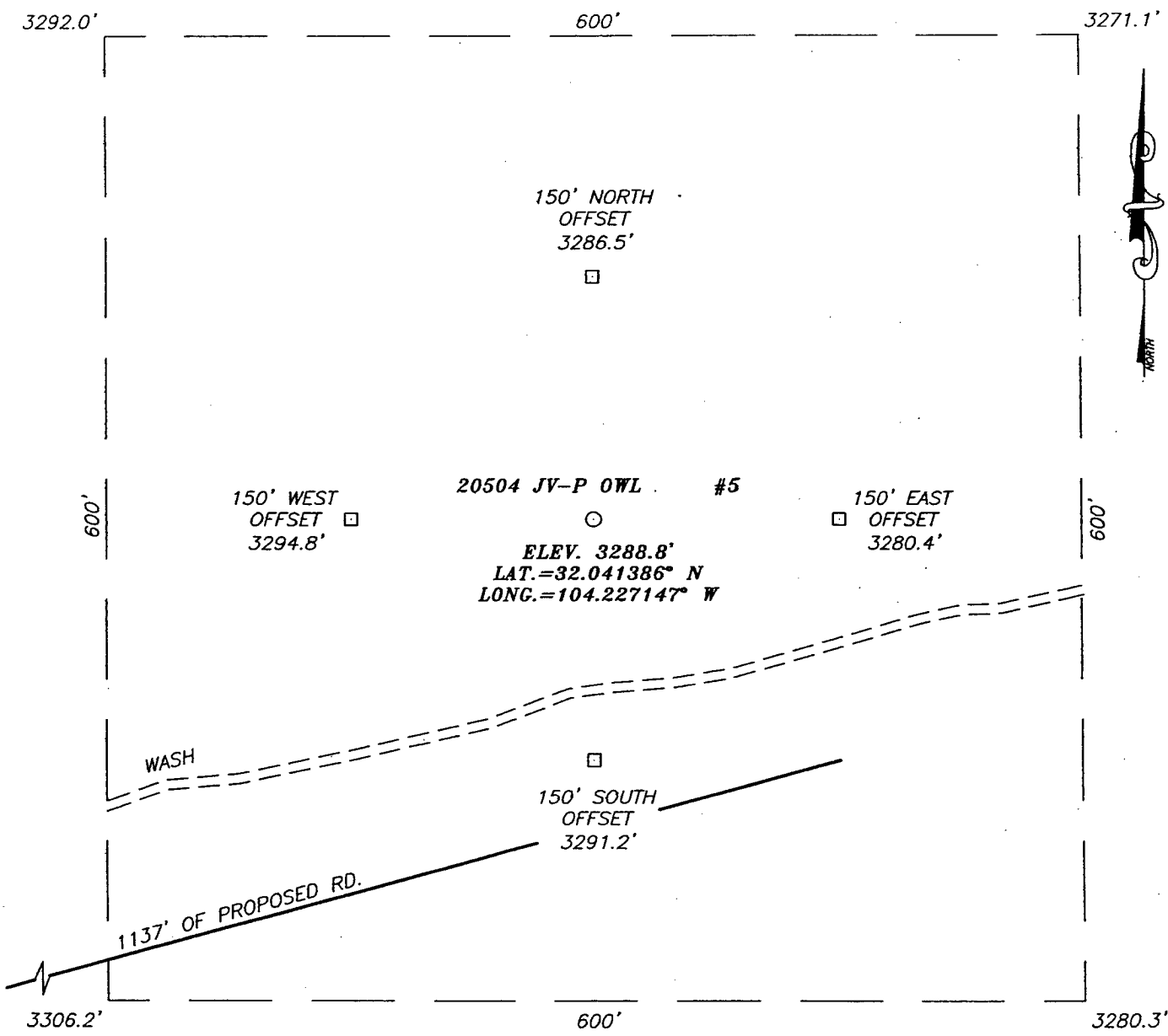
LEASE 20504 JV-P OWL

U.S.G.S. TOPOGRAPHIC MAP
COTTONWOOD HILLS, N.M.



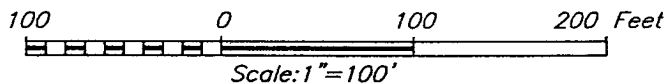
PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

SECTION 18, TOWNSHIP 26 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM CO. RD. #724 (WHITE'S CITY RD.) AND CO. RD. #742 (JOHN D. FOREHAND RD.-CALICHE), GO SOUTH-SOUTHEAST ON CALICHE RD. APPROX. 2.2 MILES. VEER LEFT AND GO NORTHEAST APPROX. 0.8 MILES TO AN EXISTING INJECTION WELL. ON EAST EDGE OF PAD FOLLOW PROPOSED ROAD SURVEY APPROX. 1137' TO THIS LOCATION.



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

BTA OIL PRODUCERS			
20504 JV-P OWL #5 LOCATED 2310 FEET FROM THE SOUTH LINE AND 2130 FEET FROM THE EAST LINE OF SECTION 18, TOWNSHIP 26 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.			
Survey Date: 09/12/06	Sheet 1 of 1 Sheets		
W.O. Number: 06.11.1405	Dr By: M.R.	Rev 1:N/A	
Date: 09/21/06	Disk: CD#6	06111405	Scale: 1"=100'

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 5 - Owl 20504 JV-P
Operator's Name: BTA Oil Producers
Location: 2310FSL, 2130FEL, Section 18, T-26-S, R-27-E
Lease: NMNM 114969

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5972 or (505) 361-2822 - for wells in Eddy County in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 9-5/8 inch 7 inch

C. BOP tests

2. **Although H₂S has not been reported, it could be present.**

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

If equivalent weights and grades of casing are substituted, these substitutions must meet API standards and a sundry submitted detailing the change.

1. The 13-3/8 inch surface casing shall be set **at approximately 400 feet**, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

Possible lost circulation in the Delaware.

2. The minimum required fill of cement behind the 9-5/8 inch salt protection casing is **cement shall circulate to surface. Casing to be set a minimum 100 feet and not more than 600 feet below the salt.**

3. The minimum required fill of cement behind the 7 inch production casing is **cement shall extend 200 feet into intermediate casing.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 13-3/8 inch casing shall be 3M psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

Engineer on call phone: 505-706-2779

WWI 020607

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Tuesday, February 20, 2007 9:16 AM
To: 'Pam Inskeep'
Subject: Owl 20504 JV-P # 5

Dear Pam,

In regards to the above noted well, please submit a h2s well contingency plan that meets the requirements on NMOCD rule 118. Or if in your review a plan is not necessary per NMOCD rule 118 a letter of statement. Please call if you have any questions.

Yours truly,

Bryan G. Arrant
District II Geologist
NMOCD-Artesia
505-748-1283