



OCD-ARTESIA

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

7/12/07  
corrections  
for OCD copy  
on

FORM APPROVED  
OMB No 1004-0002  
Expires March 31, 2007

JUL 26 2007

OCD-ARTESIA

1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. NM-0467933
1b Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name
2 Name of Operator Premier Oil & Gas, Inc.		7 If Unit or CA Agreement, Name and No
3a Address P.O. Box 1246, Artesia, NM 88211-1246	3b Phone No. (include area code) 505-748-2093	8 Lease Name and Well No. Dale H. Parke B Tr. C #19
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface 2310' FNL & 1650' FEL At proposed prod zone Roswell Controlled Water Basin		9 API Well No. 30-015-35733
10 Field and Pool, or Exploratory Loco Hills; Gloriera- yeso		11 Sec, T R M or Blk and Survey or Area Section 15, T-17S & R-30E
14 Distance in miles and direction from nearest town or post office* 1.5 miles		12 County or Parish Eddy County
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 990'		13 State NM
16 No of acres in lease 160		17 Spacing Unit dedicated to this well 40
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft		20 BLM/BIA Bond No. on file NMB000081
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3707'		22 Approximate date work will start* 07/21/2007
		23 Estimated duration 21 Days

24. Attachments

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

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

25 Signature <i>Nancy T. Agnew</i>	Name (Printed Typed) Nancy T. Agnew	Date 07/11/2007
Title Authorized Agent		

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed Typed) /s/ Don Peterson	Date JUL 24 2007
Title FIELD MANAGER		Office 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 TWO YEARS

Title 18 USC Section 1001 and Title 43 USC 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

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

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

## State of New Mexico

Energy, Minerals and Natural Resources Department

## 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

## 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 <b>96718</b>	Pool Name <b>Loco Hills; Glorieta - Uteso</b>
Property Code <b>36628</b>	Property Name <b>DALE H. PARKE B TR. C</b>		Well Number <b>19</b>
OGRID No. <b>17985</b>	Operator Name <b>PREMIER OIL &amp; GAS, INC.</b>		Elevation <b>3707'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	15	17-S	30-E		2310	NORTH	1650	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	Joint or Infill	Consolidation Code	Order No.
<b>40</b>			

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>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=667796.5 N X=615884.9 E</p> <p>LAT.=32.835290° N LONG.=103.956046° W</p>	<p><b>OPERATOR CERTIFICATION</b></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>Nancy T. Agnew</i> <b>6/20/07</b> Signature Date</p> <p><b>Nancy T. Agnew</b> Printed Name</p> <hr/> <p><b>SURVEYOR CERTIFICATION</b></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><i>Donald J. Eidson</i> Signature &amp; Seal of Professional Surveyor</p> <p>Date Surveyed <b>6/23/07</b> JR</p> <p>Certificate No. <b>GARY EIDSON</b> 12641</p>
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## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Date: June 21, 2007

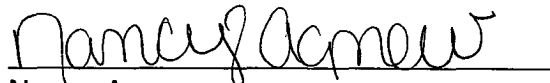
Lease #: NM-0467933  
Dale H. Parke B Tr. C #19

Legal Description: Sec. 15-T17S-R30E  
Eddy County, New Mexico

Formation(s): Permian

Bond Coverage: Statewide

BLM Bond File #: NMB000081

A handwritten signature in cursive script, reading "Nancy Agnew", is written over a horizontal line.

Nancy Agnew  
Authorized Agent

**PREMIER OIL & GAS, INC.**  
**DRILLING AND OPERATIONS PROGRAM**

**Dale H. Parke B Tr. C No. 19**  
**2310' FNL and 1650' FEL**  
**Section 15-17S-30E**  
**Eddy County, New Mexico**

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Premier Oil & Gas, Inc. submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is Permian.
2. The estimated tops of geologic markers are as follows:

Quaternary	Surf	Yates	1280
Rustler	365	Queen	2160
Top of Salt	565	San Andres	2880
Base of Salt	1100	Glorieta	4330

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Formation	Depth	Water, Oil or Gas
Water Sand	150	Fresh Water
Grayburg	2360	Oil/Gas
San Andres	2880	Oil/Gas
Paddock	4390	Oil/Gas

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 350' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them by inserting a float shoe joint into the 5 1/2" production casing which will be run at TD to sufficiently cover all known oil and gas horizons 200' above.

4. Proposed Casing Program:

see COA →

Hole Size	Interval	OD Casing	Wt	Grade		New or Used	Collapse	Burst	Tension
17 1/2"	350'	13 3/8	48#	H-40	STC	New	1.125	1.125	1.6
12 1/4"	1300'	8 5/8	24#	J-55	STC	New	1.125	1.125	1.6
7 7/8"	6150'	5 1/2"	17#	J-55	LTC	New	1.125	1.125	1.6

Proposed Cement Program:

see COA →

Casing	Cement		Class	Yield
Surf: 13 3/8"	350 sk.	Circulate to surface.	"C"	1.34
Interm. 8 5/8"	350 sk.	Circulate to surface.	"C" Light	1.92
Prod. 5 1/2"	800 sk.	200' above all O & G zones.	"C" Light/H	1.92/1.62

5. Pressure Control Equipment:

See Exhibit #1. Premier proposes to nipple up on the 13 3/8" casing and 8 5/8" casing with a 2M system, testing it to 1000 psi with rig pumps. Function Test Daily (Pipe Rams)  
Function Test on Trips (Blind Rams)

ANTICIPATED BHP: 2500 psi

6. Mud Program: The applicable depths and properties of this system are as follows:

See  
COA →

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
350'	Fresh Water	8.5	28	N.C.
1300'	Brine	9.8-10.2	40-45	N.C.
6150'	Cut Brine	9.0-9.2	30-32	L10CC

7. Auxiliary Equipment: Kelly Cock; Sub with full opening valve on floor; and drill pipe connections.

8. Testing, Logging and Coring Program:

No drillstem tests are anticipated.

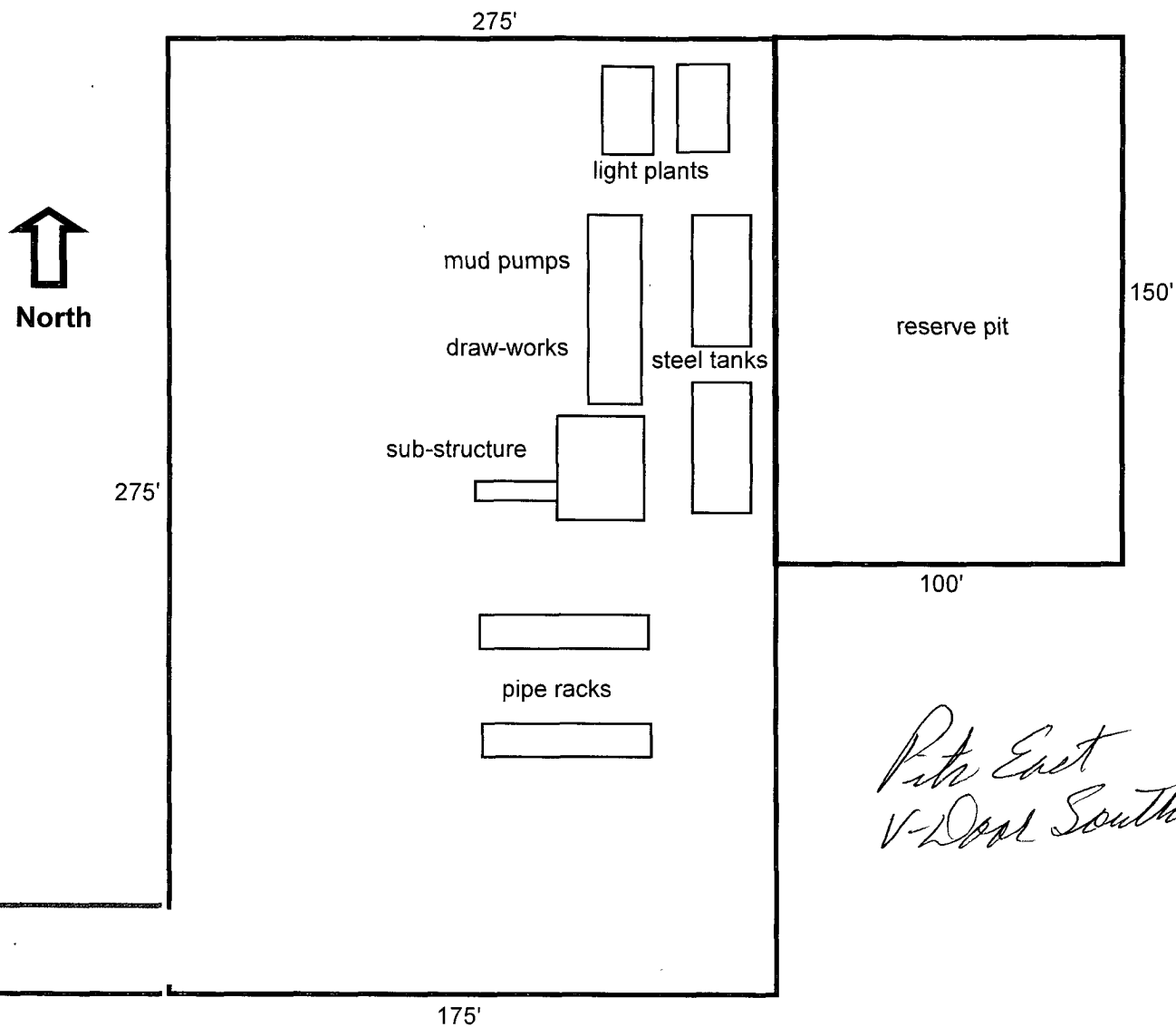
The electric logging program will consist of Dual Laterolog Micro SFL, Spectral Density Dual Spaced Neutron Csg Log, and Depth Control Log.

No conventional coring is anticipated.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

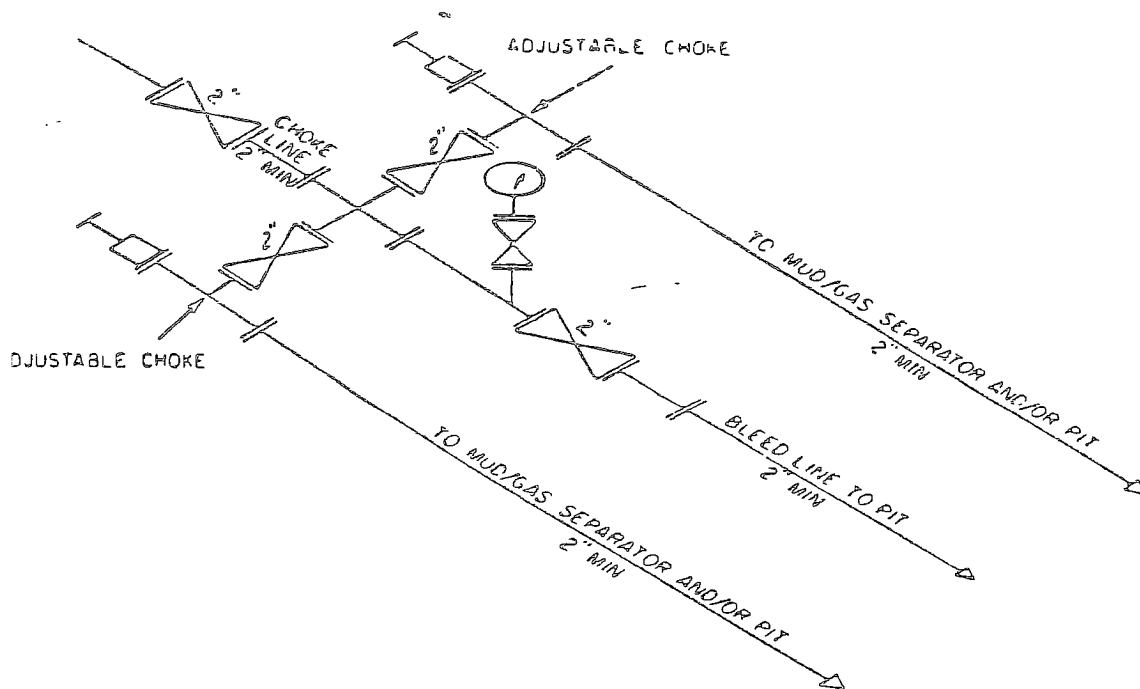
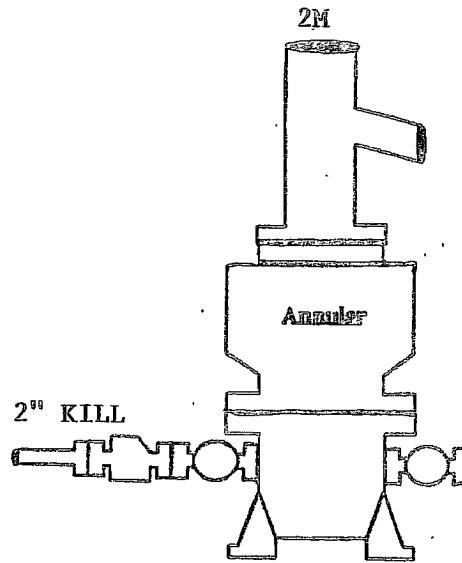
# Well Site Lay-Out Plat



Dale H. Parke B Tr. C No. 19  
2310' FNL and 1650' FEL  
Section 15-17S-30E  
Eddy County, New Mexico

EXHIBIT THREE

# BOPE SCHEMATIC



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

Exhibit One

## **PREMIER OIL & GAS, INC.**

### **HYDROGEN SULFIDE DRILLING OPERATIONS PLAN**

#### **I. HYDROGEN SULFIDE TRAINING**

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.



## **II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS**

Note: All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H<sub>2</sub>S.

### **A. Well Control Equipment:**

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

### **B. Protective equipment for essential personnel:**

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

### **C. H<sub>2</sub>S detection and monitoring equipment:**

2 - portable H<sub>2</sub>S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.

### **D. Visual warning systems:**

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

# **W A R N I N G**

**YOU ARE ENTERING AN H<sub>2</sub>S AREA  
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CK WITH MARBOB FOREMAN AT MAIN OFFICE**

**MARBOB ENERGY CORPORATION**

**1-505-748-3303**

**PREMIER OIL & GAS, INC.**  
**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Dale H. Parke B Tr. C No. 19**  
**2310' FNL and 1650' FEL**  
**Section 15-17S-30E**  
**Eddy County, New Mexico**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

**1. EXISTING ROADS:**

Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2.

**DIRECTIONS:**

From the intersection of U.S. Hwy 82 and Co. Rd. 219 (Goat Ropers Rd.), go North on Co. Rd. #219 approx. 0.4 miles. Turn right and go East approx. 1.1 miles, veer left and go Northeast approx. 1.0 mile. Turn left and go southwest approx. 0.4 miles. This location is approx. 300 feet south.

**LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. Premier Oil & Gas, Inc. proposes a collection facility, if well is productive, to be located on Dale H. Parke B Tr. C #19 well pad.

**2. METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed of in the lined pit.
- B. Drilling fluids will be allowed to evaporate in the lined pit until the pit is dry.
- C. Water produced during completion may be disposed into the lined reserve pit.
- D. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained to prevent scattering by the wind.

**3. WELLSITE LAYOUT:**

- A. Exhibit 3 shows the relative location and dimensions of the well pad, the pit.
- B. The reserve pit will be lined with high quality plastic sheeting.

**4. PLANS FOR RESTORATION:**

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Reserve pit will be fenced until they have dried and been leveled.
- C. All rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

**5. SURFACE OWNERSHIP:**

The well site and lease are located on Federal surface

- A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.
- B. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

**6. OTHER INFORMATION:**

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

**8. OPERATOR'S REPRESENTATIVE:**

A. Through A.P.D. Approval:

Dean Chumbley, Landman  
Phone (505)748-3303  
Cell (505)748-5988

B. Through Drilling Operations

Sheryl Baker, Drilling Supervisor  
Phone (505)748-3303  
Cell (505)748-5489

**CERTIFICATION:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Premier Oil & Gas, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

6/21/2007  
Date

Dean Chumbley  
Dean Chumbley  
Authorized Agent

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Premier Oil and Gas, Inc  
Well Name & No. 19-Dale H. Parke B Tr. C  
Location: 2310' FNL, 1650' FEL, Sec. 15, T-17-S, R-30-E, Eddy County, NM  
Lease: NM-0467933

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### I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 2 hours in advance for a representative to witness:
1. Spudding well
  2. Setting and/or Cementing of all casing strings
  3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822.
- B. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan should be activated 500 feet prior to drilling into the Grayburg formation. **H<sub>2</sub>S has been reported in Sections 12 and 15 from the Grayburg Jackson pool measuring 500-1800 ppm in the gas stream.**
- C. 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.

### II. CASING:

- A. The 13-3/8 inch surface casing shall be set a minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 380 feet and cemented to the surface.
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
  2. Wait on cement (WOC) time for a primary cement job will be a minimum of 18 hours, 24 hours in the potash area or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
  3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
  4. **If cement falls back, remedial action will be done prior to drilling out that string.**

**Possible lost circulation in the Grayburg and San Andres formations.**

**Possible water flows in the Salado and Artesia Groups.**

- B. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is **for cement to come to surface**. If cement does not circulate see A.1 thru 4.

- C. The minimum required fill of cement behind the 5-1/2 inch production casing is **for cement to extend a minimum of 200 feet inside the intermediate casing. Prior to moving the rig, please provide verification of cement top.**
- D. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

### **III. PRESSURE CONTROL:**

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- B. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
  - 1. The tests shall be done by an independent service company.
  - 2. The results of the test shall be reported to the appropriate BLM office.
  - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
  - 5. A variance to test **only the surface casing and BOP/BOPE** to the reduced pressure of 1000 psi with the rig pumps is approved.

**Engineer on call phone (after hours): Carlsbad - 505-706-2779**

**WWI 072007**