

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

Form 3160-3
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JAN 26 2004

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

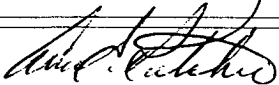
FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER			5. Lease Serial No. NM 030752
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 Crossland Operating, LLC			7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 600070, Dallas, TX 75360		3b. Phone No. (include area code) (214) 621-7763	8. Lease Name and Well No. Empire "A" Fed Com 2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1650' FNL & 660' FEL of Sec. 27 At proposed prod. zone			9. API Well No. 30-015-29618
10. Field and Pool, or Exploratory Turkey Track N. Morrow			11. Sec., T., R., M., or Blk. and Survey or Area Sec. 27, T18S, R29E
12. County or Parish Eddy			13. State NM
14. Distance in miles and direction from nearest town or post office* 8 miles SW of Loco Hills, NM		15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	
16. No. of Acres in lease 320		17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		19. Proposed Depth 11,630	
20. BLM/BIA Bond No. on file Filed 11-21-03		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3456' GR	
22. Approximate date work will start* 1-30-04		23. Estimated duration 30 days	

24. Attachments Copy of prior filings

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. | 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 shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Ann E. Ritchie	Date 12-3-03
Title Regulatory Agent		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 23 JAN 2004
Title ACTING FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify the 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 reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

CAPITAN CONTROLLED WATER BASIN

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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 86480		³ Pool Name Turkey Track N. Morrow	
⁴ Property Code		⁵ Property Name Empire "A" Federal Com			⁶ Well Number 2
⁷ OGRID No. pending		⁸ Operator Name Crossland Operating, LLC			⁹ Elevation 3456' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	27	18S	29E		1650	North	660	East	Eddy

¹¹ 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

¹² Dedicated Acres 320 E/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Ann E. Ritchie Printed Name Regulatory Agent ann.ritchie@wtcr.net Title and E-mail Address 12-3-03 Date	
	¹⁸ 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 supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor:	
	Certificate Number	

Exhibit H

Multi-Point Surface Use and Operations Plan
InterCoast Oil and Gas Company
7130 South Lewis Avenue, Suite 700
Tulsa, OK 74136

Empire "A" Federal Com. No. 2
990 ft FNL & 990 ft FEL
NE/4, Section 27-T18s-R29E, N.M.P.M.
Eddy County, New Mexico

Lease Number N.M. 030752

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

1. Existing Roads

- A. 'Exhibit C' is a portion of a road map showing the location of the proposed well as staked. 'Exhibit D' is a portion of a topographic map showing the existing secondary roads in the area and the proposed new road construction. The well is approximately eight miles SSW of Loco Hills.
- B. Directions: From the intersection of Highways US 82 and NM 360 East of Artesia, NM, go approximately 8.5 mi SE. The well location will be on the right side of the road. Turn right and go approximately 400 ft to well.

2. Planned Access Road

- A. Length and Width: The new road will be about 240 ft long and about 20 ft wide, including the shoulders. The road centerline has been flagged.
- B. Surfacing Material: The new road will be constructed of material-in-place. If necessary the road will be surfaced with caliche.
- C. Maximum Grade: Less than 2%
- D. Turnouts: None are necessary.
- E. Drainage Design: The road will be constructed with about 4 in of crown at the centerline.
- F. Culverts: None appear to be necessary except possibly on the State ROW..
- G. Cuts and Fills: Any cut or fill on the location would be less than 5 ft.

- H. Gates and Cattleguards: A cattle guard will be set essentially in line with the State Right-of -Way as shown on the attached plat.
- I. Right of Way: None is needed. Permits needed to exit the highway ROW at the location will be acquired by InterCoast Oil and Gas. A copy of the plat accompanying the permit is attached.

3. Location of Existing Wells

- A. Existing wells are shown on 'Exhibit J'.

4. Location of Existing and/or Proposed Facilities

- A. If the well is productive, production, storage, and measurement facilities will be constructed on the wellpad.

5. Location and Type of Water Supply

- A. Water for drilling operations will be purchased from a commercial water hauler.

6. Source of Construction Materials

- A. Plans call for use of material-in-place for construction. If caliche or other additional material is necessary for road or pad surfacing that is unavailable onsite, It would be obtained commercially or from a permitted pit. No caliche or other material will be taken from Public Land without prior approval.

7. Methods of Handling Waste Disposal

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during testing will be disposed of in the drilling pits. Oil produced during testing will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage, and junk will be stored in a trash trailer and will be contained to prevent scattering by the wind.
- F. All trash and debris will be removed from the wellsite within 30 days after completing drilling, completion, and construction operations and disposed of in an approved trash disposal facility.

8. Ancillary Facilities

- A. None are necessary.

9. Well Site Layout

- A. The wellsite and 400 ft X 400 ft surrounding area have been surveyed and flagged. A survey of the location is included as Exhibit B.
- B. Dimensions and relative location of the drill pad, pit, and equipment are shown on 'Exhibit G'
- C. Top soil for the restoration will be stock-piled on the north and west sides of the location.

10. Plans for Restoration of the Surface

- A. After completion of drilling, completion, and construction operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk so as to leave the wellsite in as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the well is not productive, the disturbed area will be restored to Federal Agency requirements and will be accomplished as expeditiously as possible.

11. Surface Ownership

- A. All of Section 27-T18S-R29E is owned by the United States Federal Government.

12. Other Information

- A. Topography: The following description is taken from the archaeological report which is attached as "Exhibit I". "The area is in an undulating dunal plain of moderate to low relief with no associated deflation basins. Sheetwash is evident on the northeastern area of the survey. Project is adjacent to NM State road 360".
- B. Soil: The soil is described as Kermit-Berino Association: Sandy, deep soils from wind-worked mixed sand deposits.
- C. Flora and Fauna: The vegetation is described a mesquite, shin oak, sage snake weed, yucca, and assorted grasses. No wildlife was observed but there was some evidence of rodents. Probably other small animals and reptiles inhabit the area.

- D. Pond or Streams: There are no pond or streams within one mile.
- E. Residences and Other Structures: The nearest structures appear to be more than one-half mile from the proposed location.
- F. Archaeological, Historical, and other Cultural Sites: An archaeological survey of the well pad and road was made on April 9, 1997 by David Wilcox of Desert West Archaeological Services, Carlsbad, NM. A copy of their report is included with this application as Exhibit I.
- G. Land Use: Although no livestock was seen there was some evidence that the land is used to some extent for grazing.
- H. Operator's Representative:

Freddie Cowan
Lovington Inn
1600 Ave B
Lovington, NM 88260

Mobil (505) 370-3815
Phone (505) 396 5346

Lee C. Francis
7130 S. Lewis Ave., Suite 700
Tulsa, OK 74136

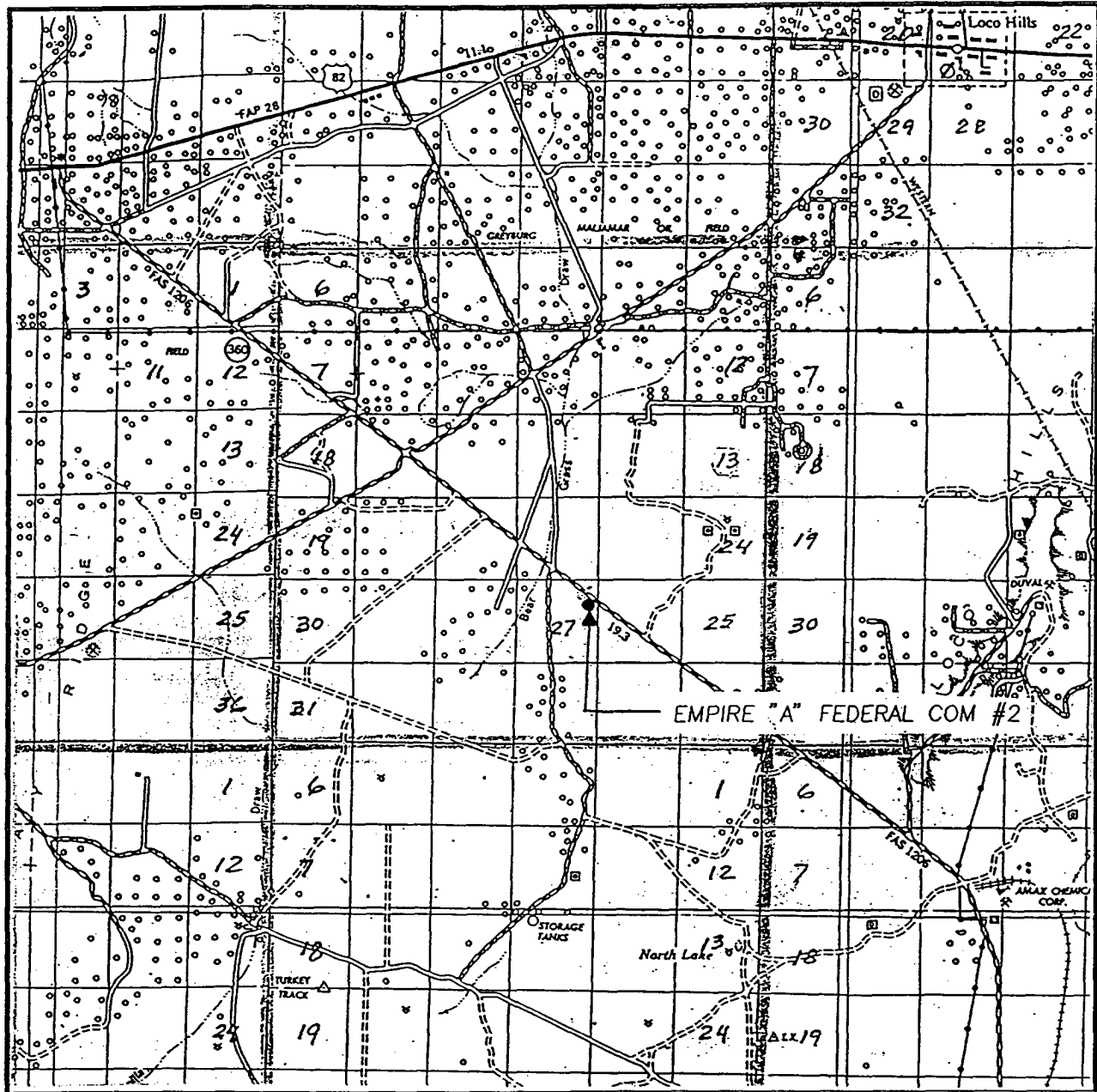
Phone: 918 491-4114

Certification:

I 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; that the work associated with the operations proposed herein will be performed by InterCoast Oil and Gas Company and its 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.

Date 4/11/97 Signed Lee C. Francis
Title: Director of Drilling

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 27 TWP. 18-S RGE. 29-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1650' FNL & 660' FEL
 ELEVATION 3434
 OPERATOR INTERCOAST OIL AND GAS COMPANY
 LEASE EMPIRE "A" FEDERAL COM

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

MARCH



CONTOUR INTERVAL:
ILLINOIS CAMP NE - 10'
WITH 5' SUPL.

ILLINOIS CAMP NE, N.M.

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117**

SUPPLEMENTAL DRILLING DATA

Crossland Operating, L.L.C.
Re-entry: Empire "A" Fed Com 2
NM 030752
1650' FNL & 660' FEL
Section 27, T18S, R29E
Eddy County, New Mexico

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil & Gas Order No. 1:

1. Surface Formation: Artesia Group of Permian Age
2. Estimated Tops of Geologic Markers: Top Bone Spring-6780'; Top Wolfcamp-8800'; Top Middle Morrow-11,130'; Top Lower Morrow-11,300'.
3. Estimated Depths to Water, Oil and/or Gas Formation:
Water-300'; Gas-11,350-11,390' * 0-8630' 17# N-80
8630'-11630' 17# P-110
- * 4. Proposed Casing Program:
Existing: 13 3/8" casing @ 330', cemented to surface w/ 365 sx cmt
8 5/8" casing @ 3200', cemented to surface w/1335 sx cmt
Proposed: 5 1/2" casing to approximately 11,630' (old TD), cemented w/
sufficient cement to 500' above zone of interest @ approx.
11,130'. 3000#
- * 5. Pressure Control Equipment: Pressure control equipment will be include a 2000# WP blowout preventer stack, with Series 900 blind and pipe rams. The BOP stack will include a kill line and choke manifold tested to 1000 psi. BOP hydraulic controls will be operated at least daily. A diagram sketch of the BOP stack is attached.
6. Circulating Medium: Fresh water mud conditions for control of weight, viscosity and water lose.
7. Auxiliary Equipment: A full-opening safety valve to fit the drill string in use will be kept on the rig floor at all times.
8. Testing, Logging and Coring Program:
Samples: none (re-entry); DST & Cores: none (re-entry); Logging: well has been logged.
9. Abnormal Pressures, Temperatures or Hydrogen Sulfide: None anticipated.
Bottom hole pressure anticipated to be less than 1000 #.
10. Anticipated Starting Date: As soon as permitted. Rig available 2-6-04. Initial application for re-entry submitted to BLM 12-3-03. This submittal of subsequent data.

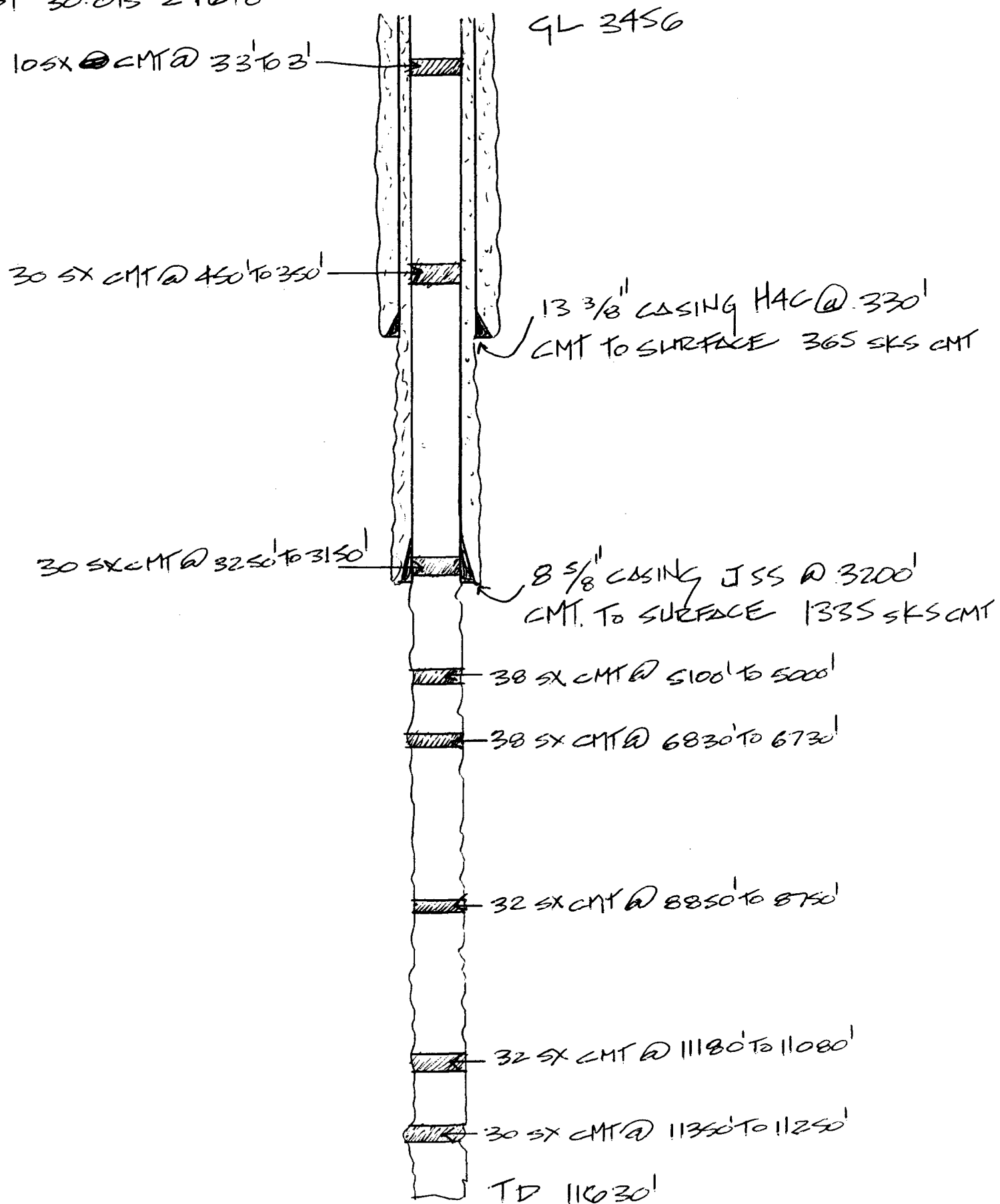
* Corrections per Tony Beilman - Crossland Operating - Jan 16, 2004
(214) 762-0830

Les Babyak

EMPIRE A FED #2 1650' FNL 660' FEL

SEC 27 185-29#

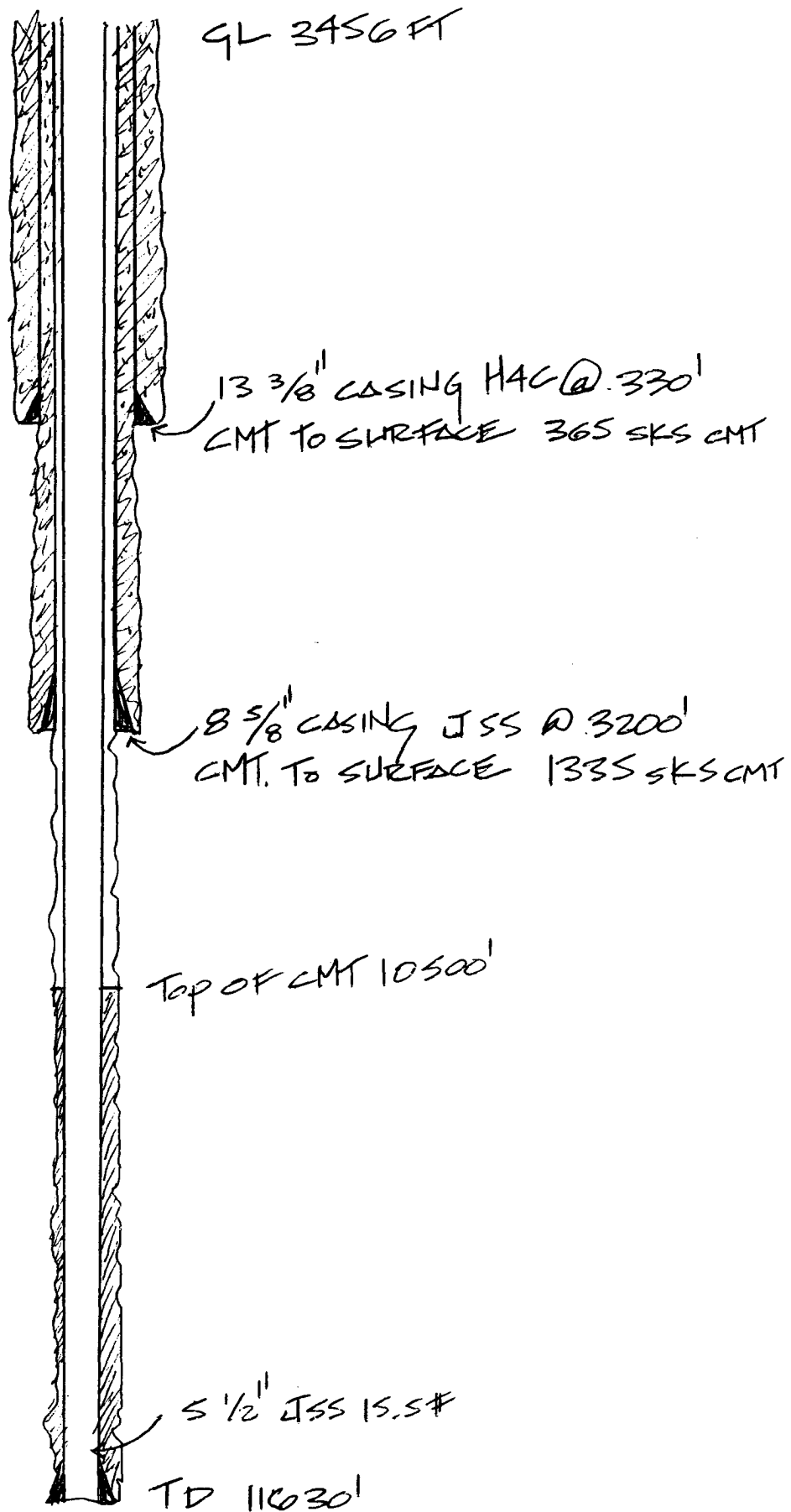
API 30.015-29618

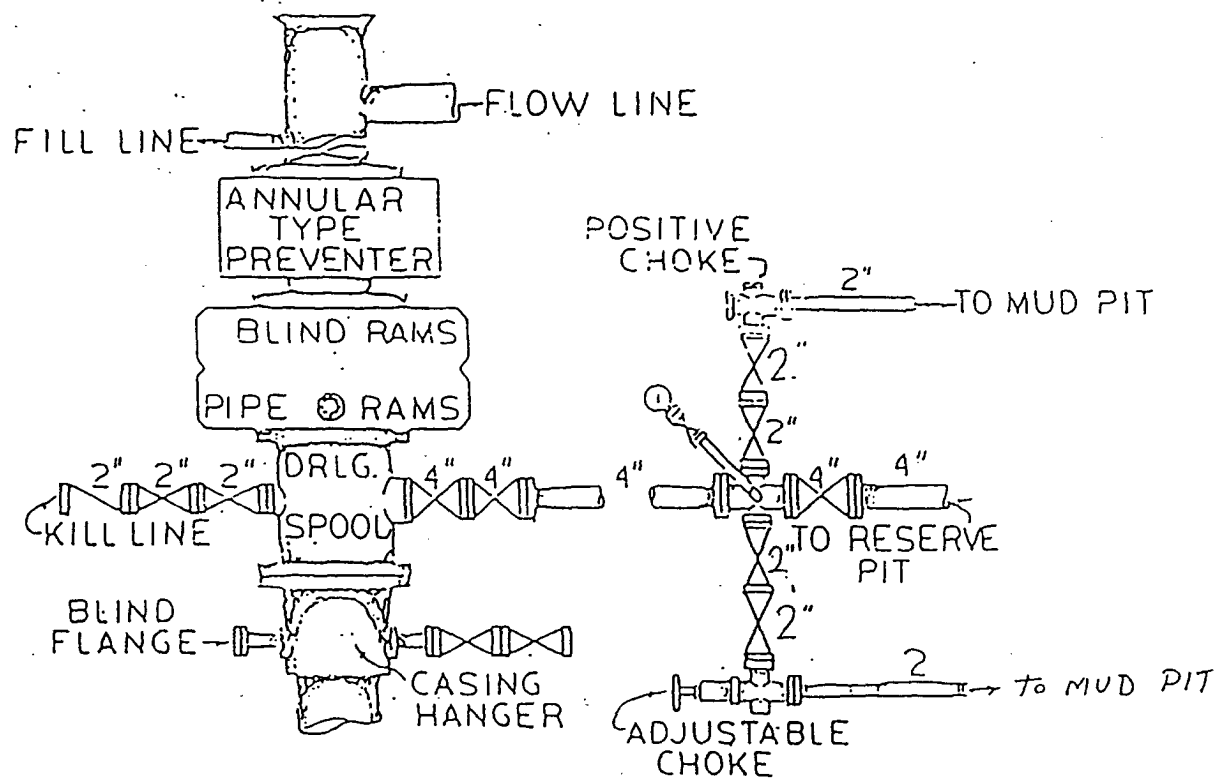


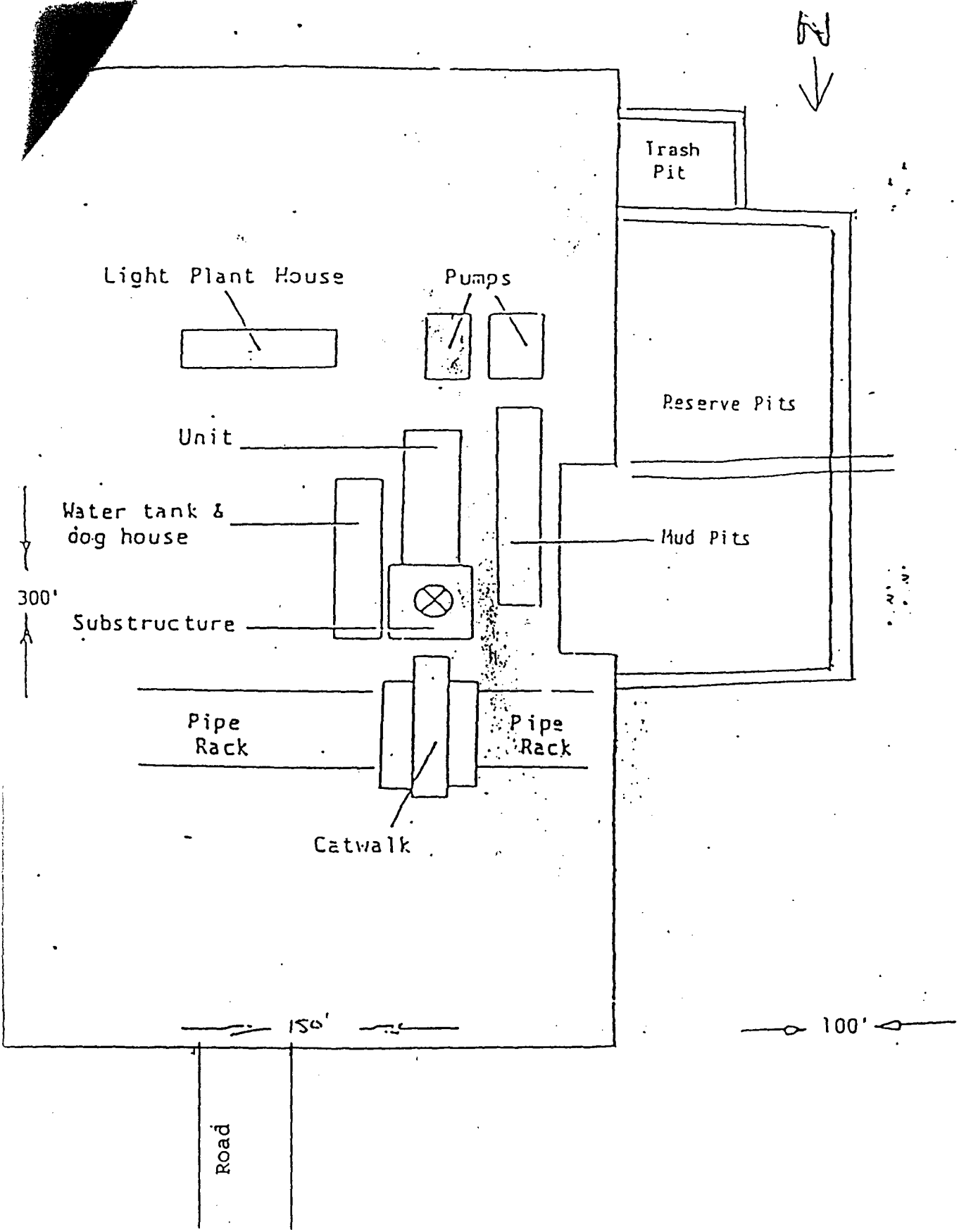
EMPIRE A FED #2 1650' FNL 660' FEL

SEC 27 18S-29E

API 30.015-29618







Corrections to "Multi-Point Surface Use and Operations Plan" submitted with the Crossland Operating, LLC, Empire "A" Fed Com 2, Lease No. 030752, 1650' FNL and 660' FEL, Section 27 T18S, R29E, Eddy County, New Mexico

Item H:

Operator's Representative:

Tony Beilman, PE
511 W. Ohio, Suite 620
Midland, TX 79701

Mobil: 214 762-0830
Phone: 972 771-6148

Barry Bradford
P.O. Box 600070
Dallas, TX 75360

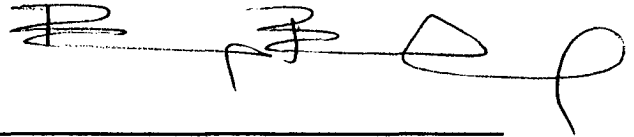
Phone: 214 621-7763

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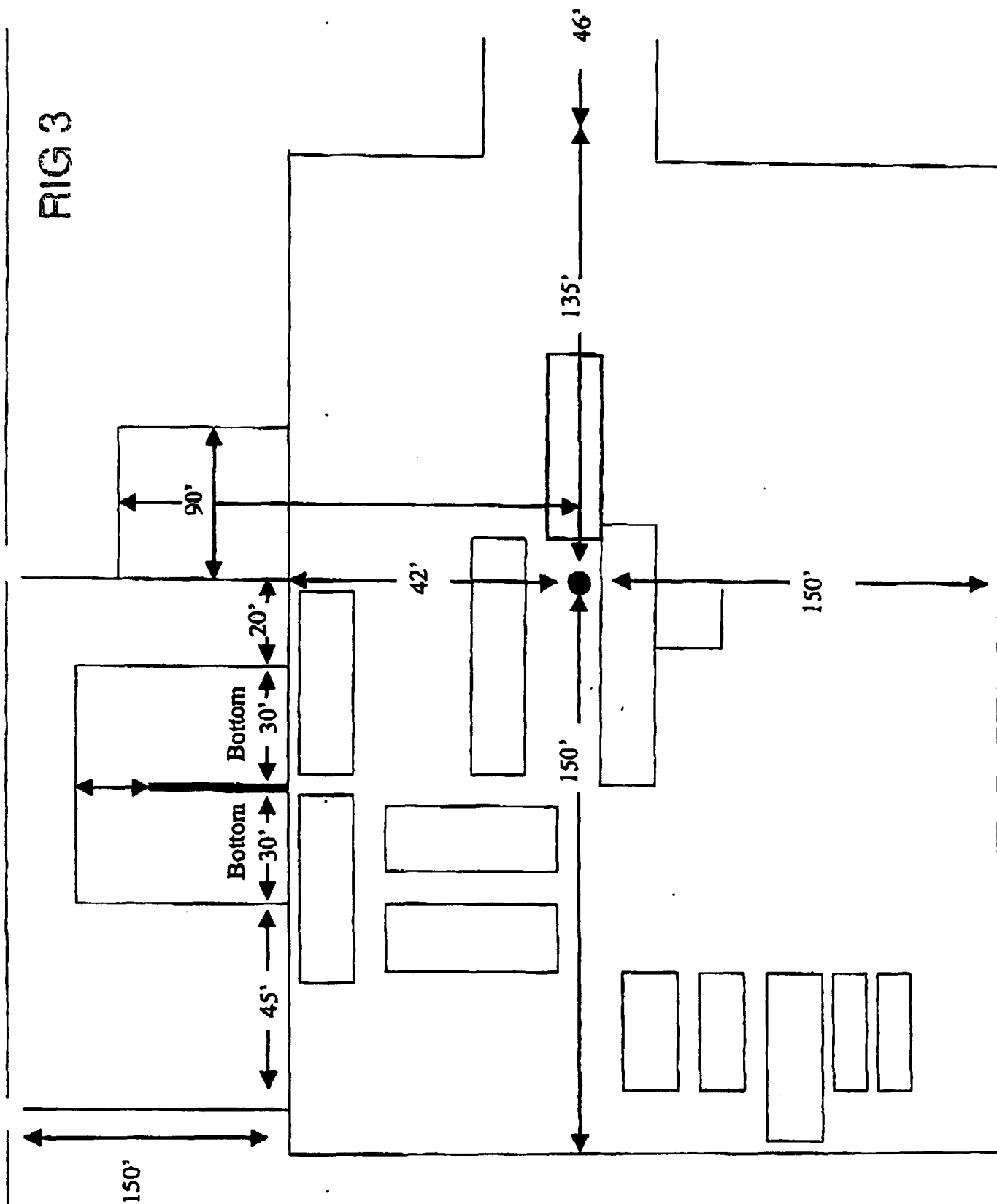
Date: 1-15-04

Crossland Operating, LLC

A handwritten signature in black ink, appearing to read 'Barry Bradford', written over a horizontal line.

Barry Bradford, Partner

RIG 3



10-18-01

Patterson-UTI Drilling Company

Rig #3

13,500'

DRAWWORKS

Brewster N-46, 800 HP
Brake: Single Parmac Hydromatic 22"
Automatic Driller

ENGINES

Two Caterpillar 3408 Engines

DERRICK

Al Hicks, 137', 450,000# rated capacity

SUBSTRUCTURE

Lee c. Moore, 15 1/2' floor, KB = 17', 460,000#,
13' vertical clearance

MUD PUMPS

Pump #1: Emsco DB550 /378
Pump #2: Emsco DB550 w/Cat379

DRILL STRING

Drill Pipe 4-1/2" 16.60-16.60x-95&20#E
(24) 6 1/2" Drill Collars
(6) 5" Drill Collars

BLOWOUT PREVENTERS

12" 3000# Ram/Ram/Annular Shaffer LS

MUD SYSTEM

Two Steel Pits w/900 bbls volume, two pit
stirrers, six guns, high speed vibrating shaker &
transfer pump

MUD HOUSE

None

COMMUNICATIONS

24 hour direct cellular telephone

OTHER EQUIPMENT

Blocks. Brewster 250 Ton
Hook. Brewster 250 Ton
Swivel. Emsco LB 300
Rotary Table. Brewster 18" - 250 Ton
Shale Shaker. Single Double Rumba
Electrical Power. Two 320 kw generators,
vapor proof lights.
Fresh Water Storage. 1000 bbls
Housing.

"Hole Requirements will dictate actual Reserve Pit size (TOOLPUSHER SHOULD BE CONSULTED)"

