

1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

CSF

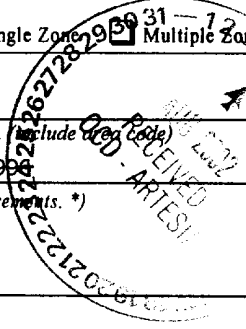
712

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

7007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-28397 NM 28097	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Manzano Oil Corporation		7. If Unit or CA Agreement, Name and No. 30398	
3a. Address P.O. Box 2107 Roswell, NM 88202		8. Lease Name and Well No. Green Flash Federal Com., #1	
3b. Phone No. (505) 623-1996		9. API Well No. 30-015-32402	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL & 660' FWL At proposed prod. zone Log 1		10. Field and Pool, or Exploratory Turkey Track Morrow N.	
14. Distance in miles and direction from nearest town or post office* 22 miles road miles southwest of Loco Hill, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec, 30-T18S-R30E	
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 1076.65	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 12,000'	20. BLM/BIA Bond No. on file NM-2567	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3461' GL	22. Approximate date work will start* September 2, 2002	23. Estimated duration 3 - 4 weeks	



24. Attachments **Capitan Controlled Water Basin**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. I, 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>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 7/03/02
Title Agent for Manzano Oil Corporation		
Approved by (Signature) <i>/s/ Mary J. Rugwell</i>	Name (Printed/Typed) <i>/s/ Mary J. Rugwell</i>	Date AUG 01 2002
Title <i>ACTING</i> 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 reverse)

Lease Responsibility Statement: Manzano Oil Corporation accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

George R. Smith
George R. Smith, agent

RECEIVED
2002 JUL - 3 AM 9:59
SUPERVISOR
PORTLAND, OR

District I
1825 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1800 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

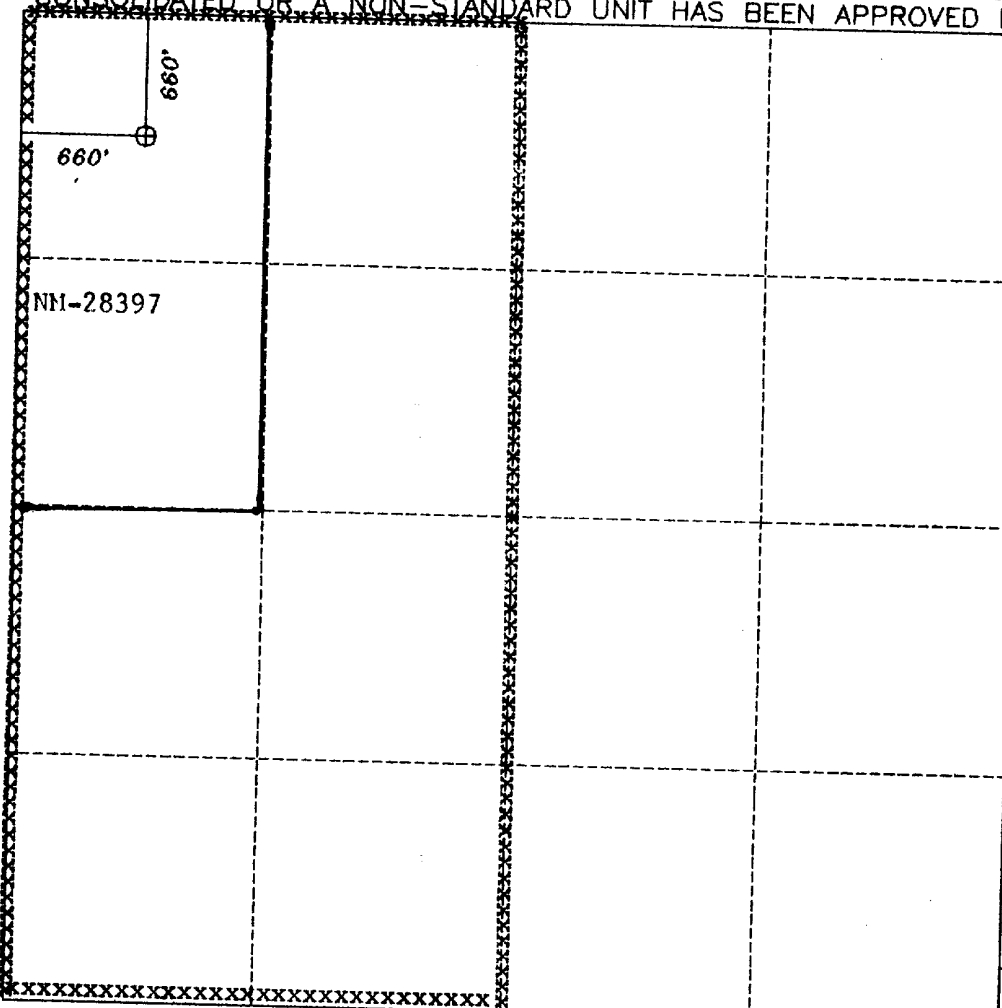
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Turkey Track Morrow N.
Property Code	Property Name GREEN FLASH FEDERAL COM	Well Number 1
OGRID No.	Operation Name MANZANO OIL CORP.	Elevation 3461

Surface Location									
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
1	30	18 S	30 E		660	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				
<table border="1"> <tr> <td>Dedicated Acres 320</td> <td>Joint or Infill</td> <td>Consolidation Code Com.</td> <td>Order No.</td> </tr> </table>										Dedicated Acres 320	Joint or Infill	Consolidation Code Com.	Order No.
Dedicated Acres 320	Joint or Infill	Consolidation Code Com.	Order No.										

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

George R. Smith
Signature George R. Smith

Printed Name Agent for:

Title Manzano Oil Corp.

Date July 3, 2002

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 KNOWLEDGE AND BELIEF.

JUNE 19, 2002
Date of Survey

Signature and Seal of Registered Surveyor

APPLICATION FOR DRILLING

MANZANO OIL CORPORATION
 Green Flash Federal Com., Well No. 1
 660' FNL & 660' FWL, Sec. 30-T18S-R30E
 Eddy County, New Mexico
 Lease No.: NM-28097
 (Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Manzano Oil Corporation submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Yates	1,050'	Strawn	10,500'
Queen	1,750'	Atoka	10,800'
Bone Spring	4,300'	Morrow	11,300'
Wolfcamp	9,200'	T.D.	12,000'

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

Water: Surface water between 100' - 300'.

Oil: Possible in the Bone Spring

Gas: Possible in the Atoka below 10,800' and the Morrow below 11,300'.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48.0#	J-55	ST&C	450' 400'	Circ. 400 sx Prem Plus + add.
11"	8 5/8"	32.0#	J-55	ST&C	3,500'	Circ. 800 sx Interfill "C" cement + add..
7 7/8"	5 1/2"	17.0#	N-80/P110	LT&C	12,000'	1100 sx of Premium + add TOC to 3400'.

5. Proposed Control Equipment:

A 12" 5000 psi wp Shaffer Type LWS Double Gate BOP will be installed on the 13 3/8" casing to be operated as a 3000 psi wp system. Request that casing and BOP be tested as described in Onshore Oil & Gas Order No. 2 with rig pump before drilling out with the 11". The 8 5/8" casing will be tested to a maximum of 1500 psi as per Onshore Order No. 2 before drilling out with the 7 7/8". See Exhibit "E".

MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 450': Fresh water mud:	8.4 - 8.5 ppg	40 - 45	No W/L control
450' - 3500': Brine mud:	10.0 - 10.1 ppg	30 - 32	No W/L control
3500' - 12,000': Cut Brine +Poly/KCL	8.8 - 9.2 ppg	30 - 32	W/L control 10 cc +/-

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: As deemed necessary.

Logging: TD - 3500': GR-Azimuthal Laterlog, and GR-Compensated Density-Neutron w/optional Sonic log
 3500' - surface: GR/CNL.

Coring: As dictated by logs.

Manzano Oil Corporation

Green Flash Federal Com., Well No. 1

Page 2

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated partially evacuated surface pressure = 2640 psi with a temperature of 180°.
10. H₂S: None expected based on information from surrounding wells.
11. Anticipated starting date: September 2, 2002.
Anticipated completion of drilling operations: Approximately 30 days.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

MANZANO OIL CORPORATION
Green Flash Federal Com., Well No. 1
660' FNL & 660' FWL, Sec. 30-T18S-R30E
Eddy County, New Mexico
Lease No.: NM-28097
(Development Well)

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, to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM color quad map showing the location of the well as staked. The well site location is approximately 33 road miles southeast of Artesia, New Mexico. Traveling east of Artesia on U.S. Highway 82, NM Hwy 360 and county road No. 251 there will be approximately 30 miles of paved highway and 3 miles of gravel oilfield road.
- B. Directions: Travel east from Artesia, NM on U.S. Highway 82 for approximately 14 miles; turn southeast on NM Hwy 360 for approximately 13 miles to paved county road 251. Turn left (north) onto the county road for 2.75 miles to an old water flood plant on the west side of county road. Turn west at the plant onto a gravel road and continue west for 1.4 miles; turn north for .15 mile and then west for .7 mile to the Elliott Fed. #1. Continue west for .2 mile to the Elliott Fed. #2 and then northwest for .4 mile to the start of the proposed access road on the south side of the Santo Nino "30" Fed. #1 well pad. The proposed access road will run west for approximately 1400 feet to the southeast corner of the proposed location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be constructed to a width of 12 feet and will be approximately 1400 feet in length. The proposed access road is color coded red on Exhibit "A".
- B. Construction: The proposed access road will be constructed by blading and topping with compacted caliche and will be properly drained.
- C. Turnouts: One turnout at midpoint may be required increasing the width to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: There will be the normal leveling and filling of the 4 – 6 foot sand dunes and basins.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: A Right of Way is being submitted for part of the proposed access road and the existing access road back to the county Rd. #251.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no production facilities for Manzano Oil Corp. on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the access road and well site pad will be obtained on location, if possible, or from an approved Federal pit in SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 28-T18S-R30E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The well pad and pit area have been staked and flagged, 400' X 400'.
- B. Mat Size: 230' X 190', plus 60' X 140' reserve pits on the south.
- C. Cut & Fill: Will require a 3-4 foot cut on the south with fill to the north.
- D. The surface will be topped with compacted caliche and the dirt pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced and screened until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and/or the fee surface owner, Steve Haines, will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are sufficiently dried.

11. OTHER INFORMATION:

- A. Topography: The well site and access road are located in an area of large sand hills and normal sand dunes and deflation basins west of the Loco Hills with an overall 1% slope to the south from a 3461' GL elevation.
- B. Soil: The topsoil at the well site is a fine reddish brown sandy loam of the Kermit-Berino fine sands soils complex.
- C. Flora and Fauna: The vegetation cover on the proposed access road and location is a sparse to fair grass cover of three-awn, dropseed, blue stem and other misc. native grasses along with plants of yucca, mesquite, shinnery oak brush, sage broomweed and miscellaneous weeds and wildflowers. The wildlife consists of deer, rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the area.
- E. Residences and Other Structures: None.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and 500 feet of the access road are on fee surface owned by Steve Haines. A landowner agreement is being forwarded to BLM. The balance of the access road is on Federal surface and minerals.

11. OTHER INFORMATION: cont.....

H. There is evidence of archaeological, historical or cultural sites in the area. Archaeological Survey Consultants, P. O. Box 2285, Roswell, NM 88202, is conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:


Ronnie Carre
P.O. Box 3
Loco Hills, NM 88255
Office Phone: (505) 623-1996
Home Phone: (505) 677-3454

Kenneth Barbe
Manzano Oil Corporation
P. O. Box 2107
Roswell, NM 88202
Office Phone: (505) 623-1996

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 Manzano Oil Corporation 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.

July 3, 2002



George R. Smith
Agent for: Manzano Oil Corporation

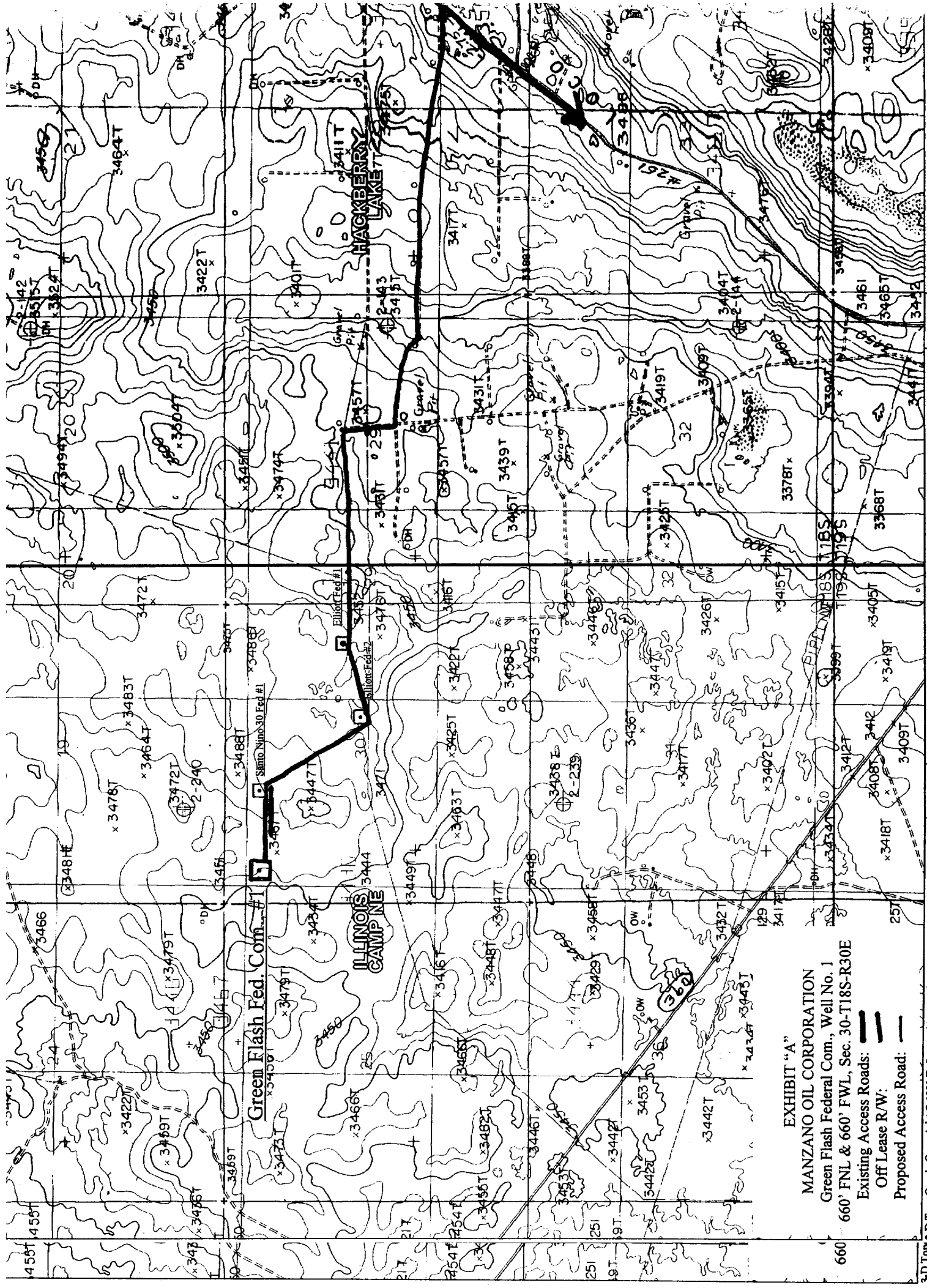


EXHIBIT "A"
MANZANO OIL CORPORATION
 Green Flash Federal Com., Well No. 1
 660' FNL & 660' FWL, Sec. 30-T18S-R30E
 Existing Access Roads: ———
 Off Lease R/W: ———
 Proposed Access Road: ———

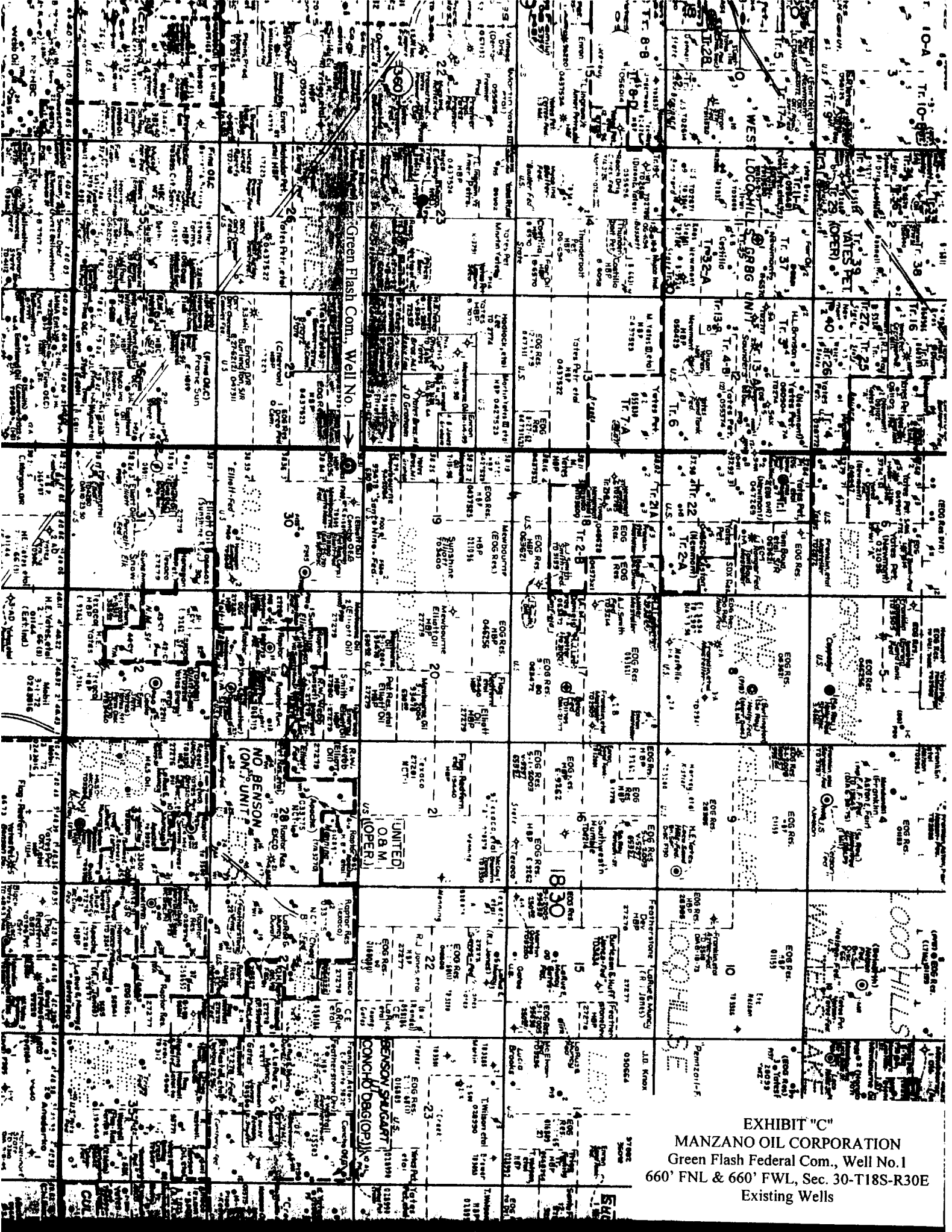


EXHIBIT "C"
 MANZANO OIL CORPORATION
 Green Flash Federal Com., Well No. 1
 660' FNL & 660' FWL, Sec. 30-T18S-R30E
 Existing Wells



MVAY DRILLING COMPANY
Post Office Box 924
Hobbs, New Mexico 88241
(505) 397-3311
(505) 393-3744

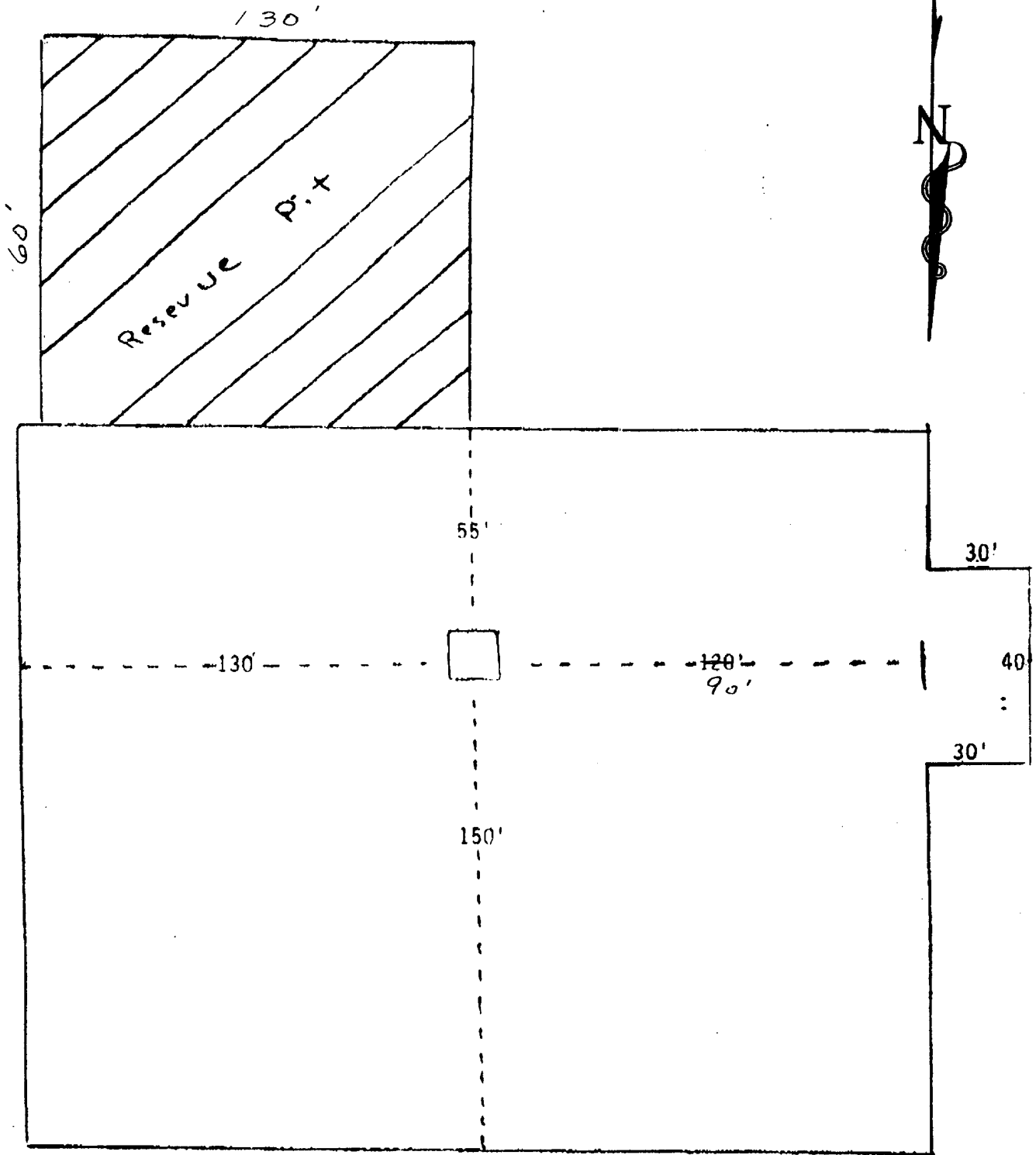
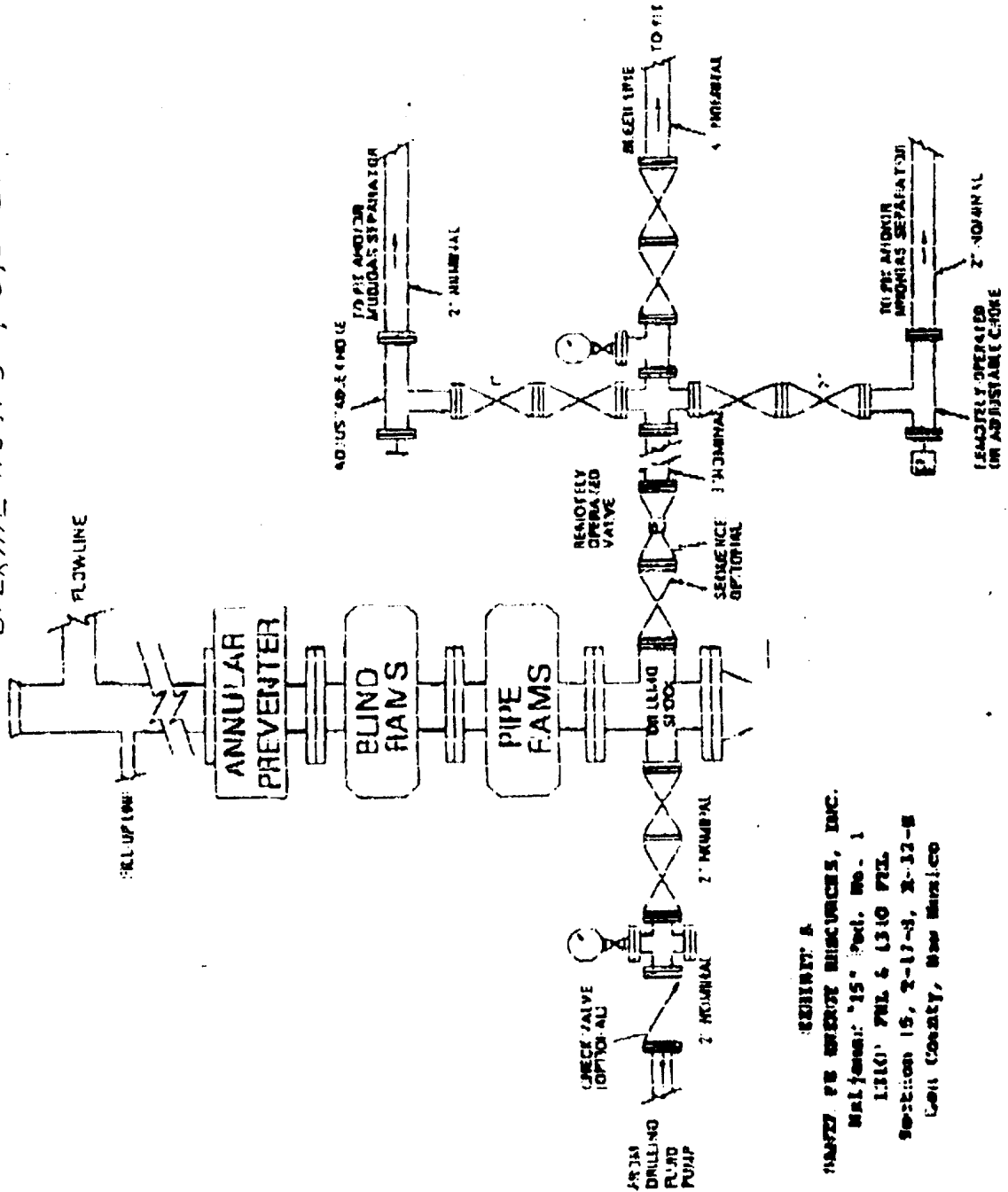


EXHIBIT "D"
MANZANO OIL CORPORATION
Green Flash Federal Com., Well No. 1
Pad & Pit Layout

PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT OPERATE AS A 3M SYSTEM



SCHEMATIC A
 MANZANO OIL CORPORATION, INC.
 Well No. 1
 Section 15, T-17-S, R-32-S
 Well County, New Mexico

EXHIBIT "E"
 MANZANO OIL CORPORATION
 Green Flash Federal Com., Well No. 1
 BOP Specifications

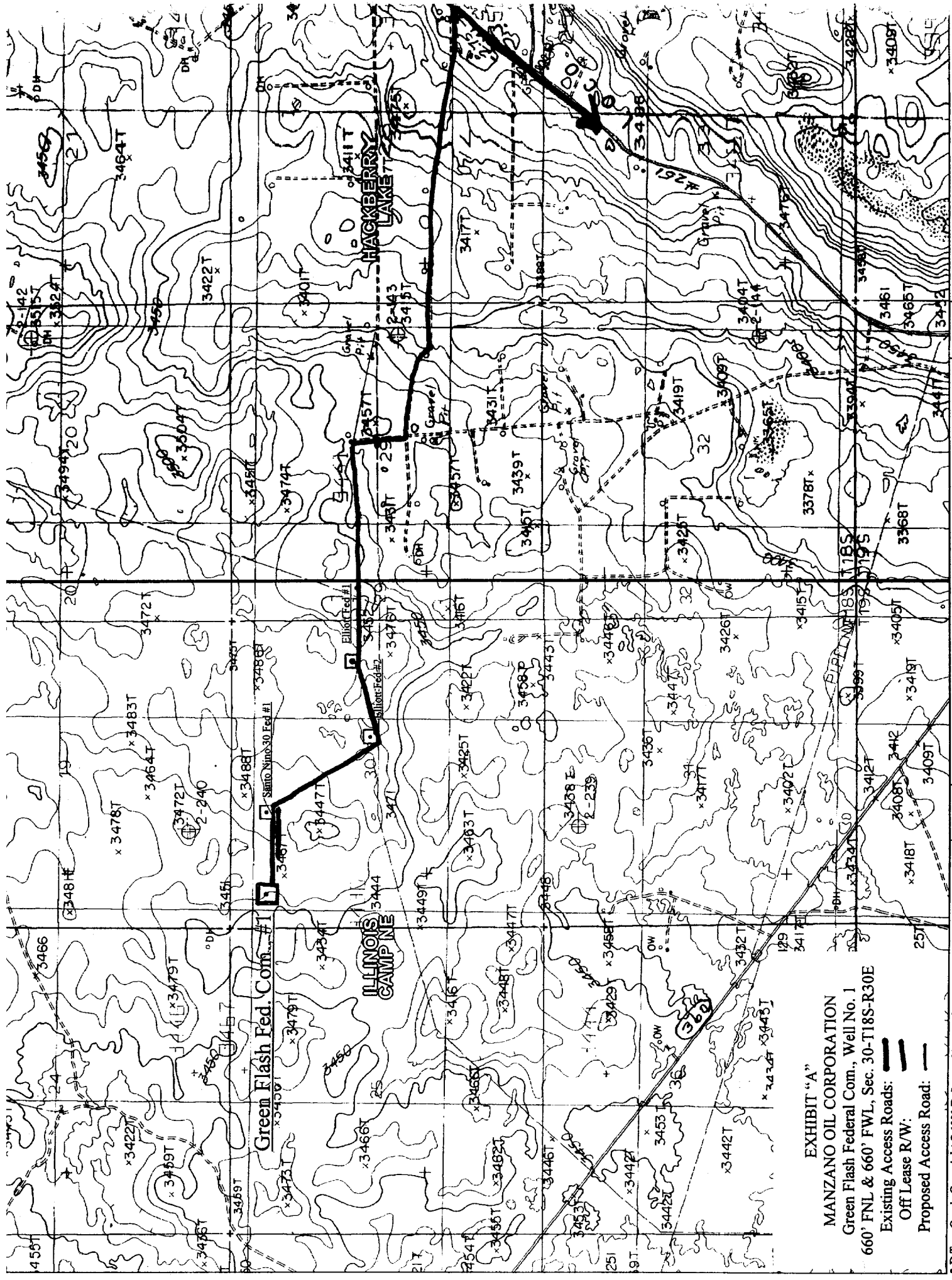


EXHIBIT "A"
MANZANO OIL CORPORATION
 Green Flash Federal Com., Well No. 1
 660' FNL & 660' FWL, Sec. 30-T18S-R30E
 Existing Access Roads: **—**
 Off Lease R/W: **- - -**
 Proposed Access Road: **- - -**