

Instructions

General: This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated, on Federal and Indian lands pursuant to applicable Federal law and regulations, and, if approved or accepted by any State, on all lands in such State, pursuant to applicable State law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 17: Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by local Federal and/or State offices. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well; and date well site conditioned for final inspection looking to approval of the abandonment.

If no commercial production is found in stage 1 thru 5, we will take a poll from the working interest owners on testing the following zones:

Set bridge plug at 13,519' - 524'
Morrow - 13,444' - 464'
Strawn - 12,464' - 525'
Wolfcamp - 11,688' - 914'
Wolfcamp - 11,468' - 590'
Wolfcamp - 10,618' - 762'
Wolfcamp - 10,194' - 198' & 10,473' - 512'
Bone Springs 9,590' - 9,900'
Bone Springs 9,386' - 9,470'
Bone Springs 8,846' - 9,260'
Bone Springs 8,420' - 8,560'

If these zones are not tested, we would go back to our current producing Wolfcamp zone at 11,598' - 605' and reestablish production hopefully at the average of 10 bbls a day of oil, as we are producing now.