

Mike Stogner



August 20, 2004 ~ 3:00pm

- Michael Felkewist called to expedite this application

- told Florence that he had left messages which he had not

- he was trying to tell me that BLM and the Bureau of Reclamation had just approved this location.

Notes.....

Stogner, Michael

From: Michael H. Feldewert [MFeldewert@hollandhart.com]
Sent: Friday, August 20, 2004 3:25 PM
To: mstogner@state.nm.us
Subject: Application of Cabal Energy Corporation for unorthodox well location (Palms 20 Federal Com Well No.1)

As we discussed by telephone today, Cabal has a rig coming available next week and therefore requests an expedited order approving the unorthodox location. Pursuant to your request, attached is the approved APD from the BLM for this well.

I am also told the BLM will not issue an API # for this well until the OCD has signed off on the unorthodox location.

Thank you for your attention to this matter, and have a great weekend.

*Michael H. Feldewert
Santa Fe Office
505-988-4421
505-983-6043 (fax)
mfeldewert@hollandhart.com*

HOLLAND&HART



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OPERATOR'S COPY

Form 3160-3
(September 2001)

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

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. NM 13627-A
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 type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Cabal Energy Corporation		7. If Unit or CA Agreement, Name and No.
3a. Address 415 W. Wall, Suite 1700 Midland, TX 79701		8. Lease Name and Well No. Palms 20 Federal Com #1
3b. Phone No. (include area code) 432-628-0440		9. API Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface: 2130' FNL & 1880' FWL At proposed prod. zone		10. Field and Pool, or Exploratory Lake East Morrow
14. Distance in miles and direction from nearest town or post office* 13 miles North of Carlsbad		11. Sec., T., R., M., or Bk. and Survey or Area Section 20 T19S, R27E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 760'	16. No. of Acres in lease NM 13627-A 400 NM109762 40	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2000'	19. Proposed Depth 10,400'	20. BLM/BIA Bond No. on file NM 2860
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3370' GL	22. Approximate date work will start* December 16, 2003	23. Estimated duration 35 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:

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

25. Signature: *Randell K Ford* Name (Printed/Typed): **Randell K. Ford** Date: **10-15-03**

Title: **President**

Approved by (Signature): *Joe G. Lara* Name (Printed/Typed): **Joe G. Lara** Date: **7/27/09**

Title: **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)

Controlled Water Basin

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**