1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NM-20181
6. If Indian, Allotee or Tribe Name
7. If Unit or CA Agreement, Name and No.

1a. Type of work: ☑ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. 1625 Fed Com #271 34020

2. Name of Operator: Perenco LLC

9. API Well No. 30-015-34195

3a. Address: 6 Desta Drive, Suite 6800, Midland, TX 79705

3b. Phone No. (include area code): (432) 682 8553

RECEIVED
MAY 05 2005
OCD-ARTESIA

10. Field and Pool, or Exploratory: Wildcat Cottonwood Creek Abo E.

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface: 660 FNL & 660 FWL unit letter D
At proposed prod. zone: Bottom Hole Location : 660 FSL & 660 FWL unit Letter M

11. Sec., T. R. M. or Blk. and Survey or Area: Sec 27, T-16-S, R-25-E

14. Distance in miles and direction from nearest town or post office*: 3 miles NW of Artesia

SUBJECT TO LIKE APPROVAL BY STATE

12. County or Parish: Eddy
13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
660 ft	600	320 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
N/A	5100'	NMB000094
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3499 GL	08/01/2005	1 month

24. Attachments

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.
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	Name (Printed/Typed)	Date
Lisa Hunt	lisa Hunt	02/18/2005

Title: Regulatory Technician

Approved by (Signature)	Name (Printed/Typed)	Date
/s/ Tony J. Herrell	/s/ Tony J. Herrell	MAY 03 2005
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 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 page 2)

432 687 1575 Larry Gillette

Roswell Controlled Water Basin

WITNESS 9 5/8" CEMENT JOB

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NM-101081

6. If Indian, Allottee or Tribe Name
---

7. If Unit or CA/Agreement, Name and/or No.
---

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
FEDERAL-COM. 1625 # 271

2. Name of Operator
PERENCO LLC. (FRANK NIX 432-682-8553)

9. API Well No.
30-015-34195

3a. Address 6 DESTA DRIVE SUITE 6800 MIDLAND, TEXAS 79705

3b. Phone No. *(include area code)*
432-682-8553

10. Field and Pool, or Exploratory Area
COTTON WOOD ABO EAST GAS

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
SURFACE LOCATION: 200' FNL & 700' FWL SEC. 27 T16S-R25E
BOTTOM HOLE LOCATION 660' FSL & 660' FWL SEC. 27 T16S-R25E

11. County or Parish, State
EDDY CO. NEW MEXICO

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Move Location
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

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JUL 06 2005
OCD-ARTESIA

1. Perenco requests the approval to move their location from;

   660' FNL & 660' FWL SECTION 27 T16S-R25E EDDY CO. NEW MEXICO

   TO" 700' FWL & 200' FNL SECTION 27 T16S-R25E EDDY CO. NEW MEXICO

2. This is a horizional well and the hole will enter the pay zone at 660' FNL & 660'FWL OF SECTION 27 T16S-R25E.

3. The reason for this move is that water lines and pipelines are in the way of the original location.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* Joe T. Janica — Title Agent

Signature Joe T Janica — Date 05/18/05

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Joe G. Lara — Title FIELD MANAGER — Date JUL 01 2005

Conditions of approval, if any, are attached. Approval of this notice 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.

Office CARLSBAD FIELD OFFICE

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.

[redacted] Dr., Hobbs, NM 88240

[redacted] II
Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 S Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 S Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	75255	COTTONWOOD CREEK EAST ABO GAS

Property Code	Property Name	Well Number
	FED-COM 1625	271

OGRID No.	Operator Name	Elevation
218885	PERENCO, LLC	3499'

Surface Location

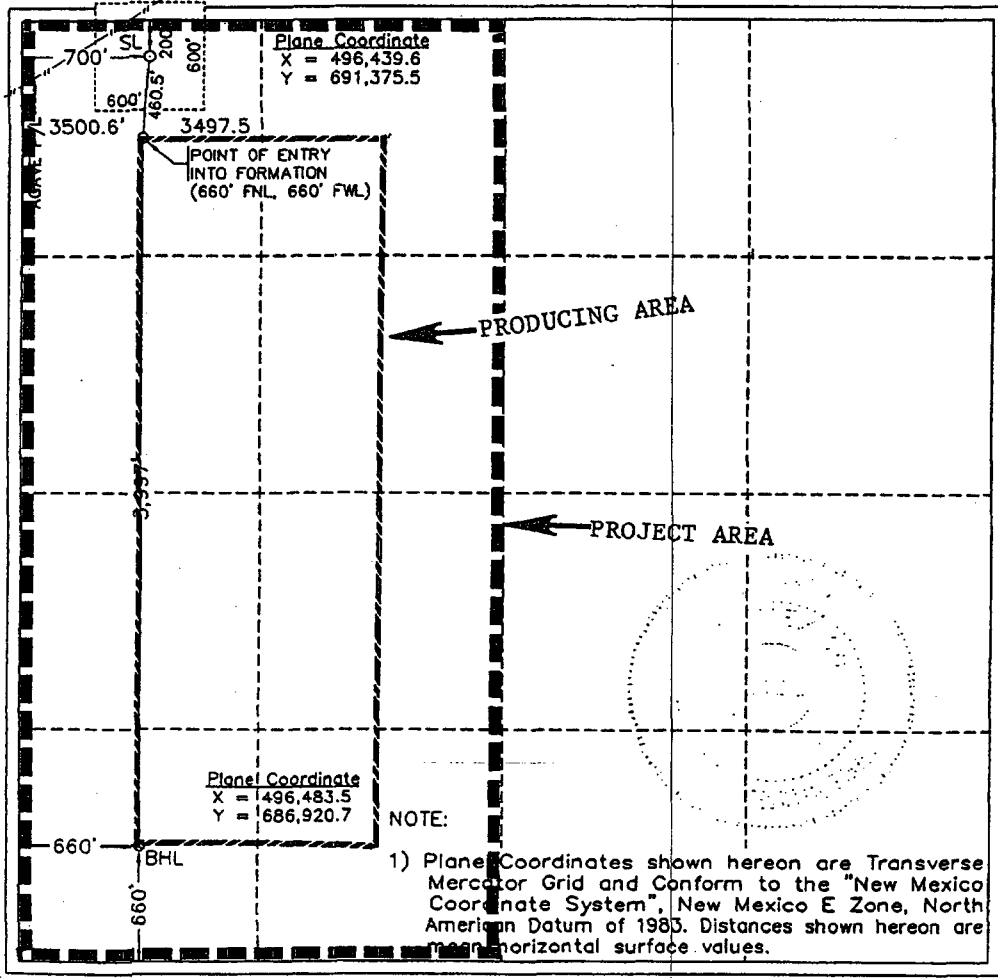
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	27	16 S	25 E		200	NORTH	700	WEST	EDDY

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
M	27	16 S	25 E		660	SOUTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico E Zone, North American Datum of 1983. Distances shown hereon are mean horizontal surface values.

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Joe T. Janica

Printed Name: Agent

Title: 05/18/05

Date

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 supervison and that the same is true and correct to the best of my belief.

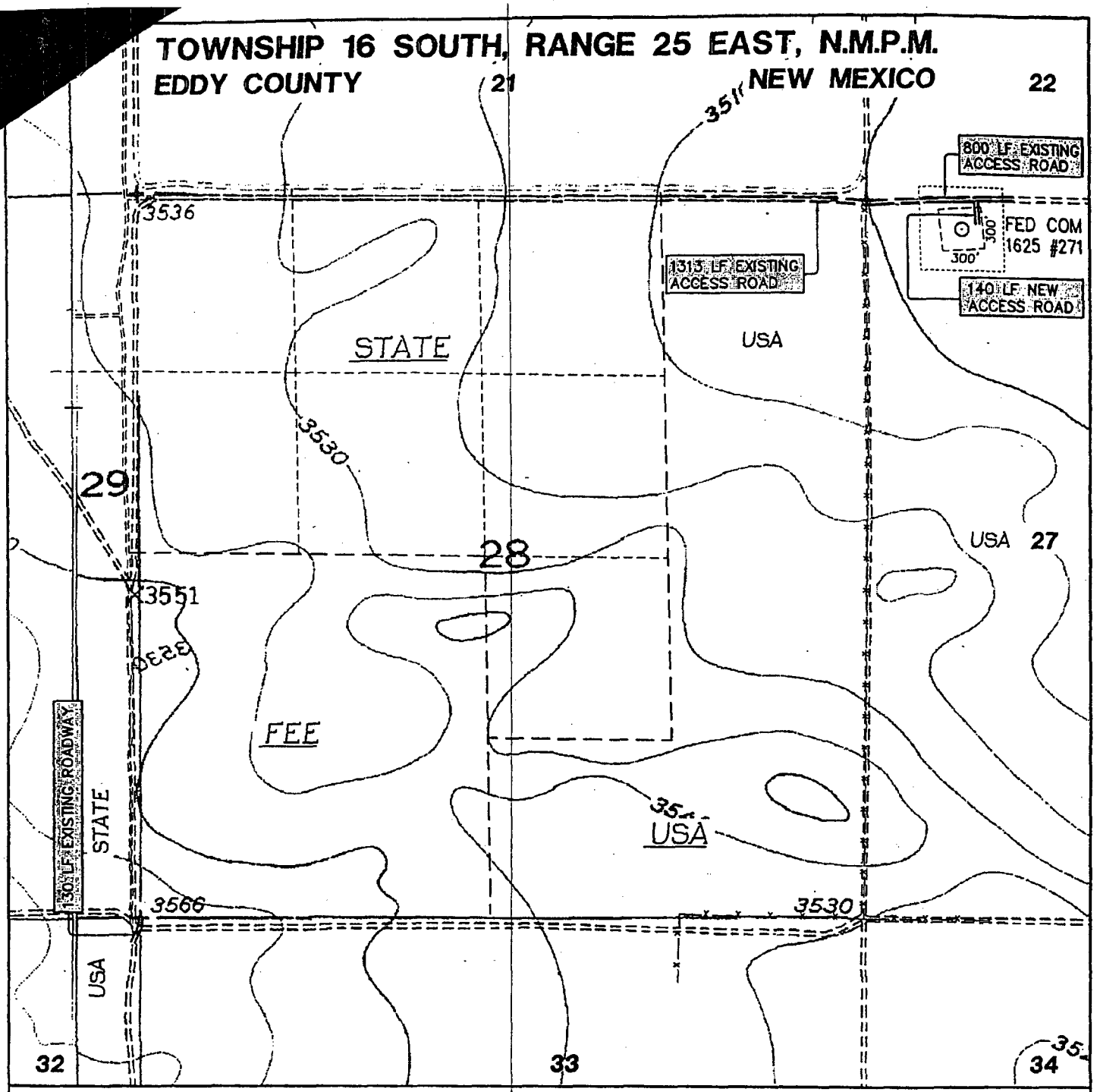
May 6, 2005

Date Surveyed JSR

Signature & Seal of Professional Surveyor

W.O. Num. 2005-0350

Certificate No. MACON McDONALD 12185



1000 0 1000 2000 FEET

PERENCO LLC

30' WIDE ROADWAY EASEMENTS CROSSING USA LAND IN SECTIONS 22, 27, 28 & 32, TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION

MACON McDONALD N.M. P.L.S. No. 12185

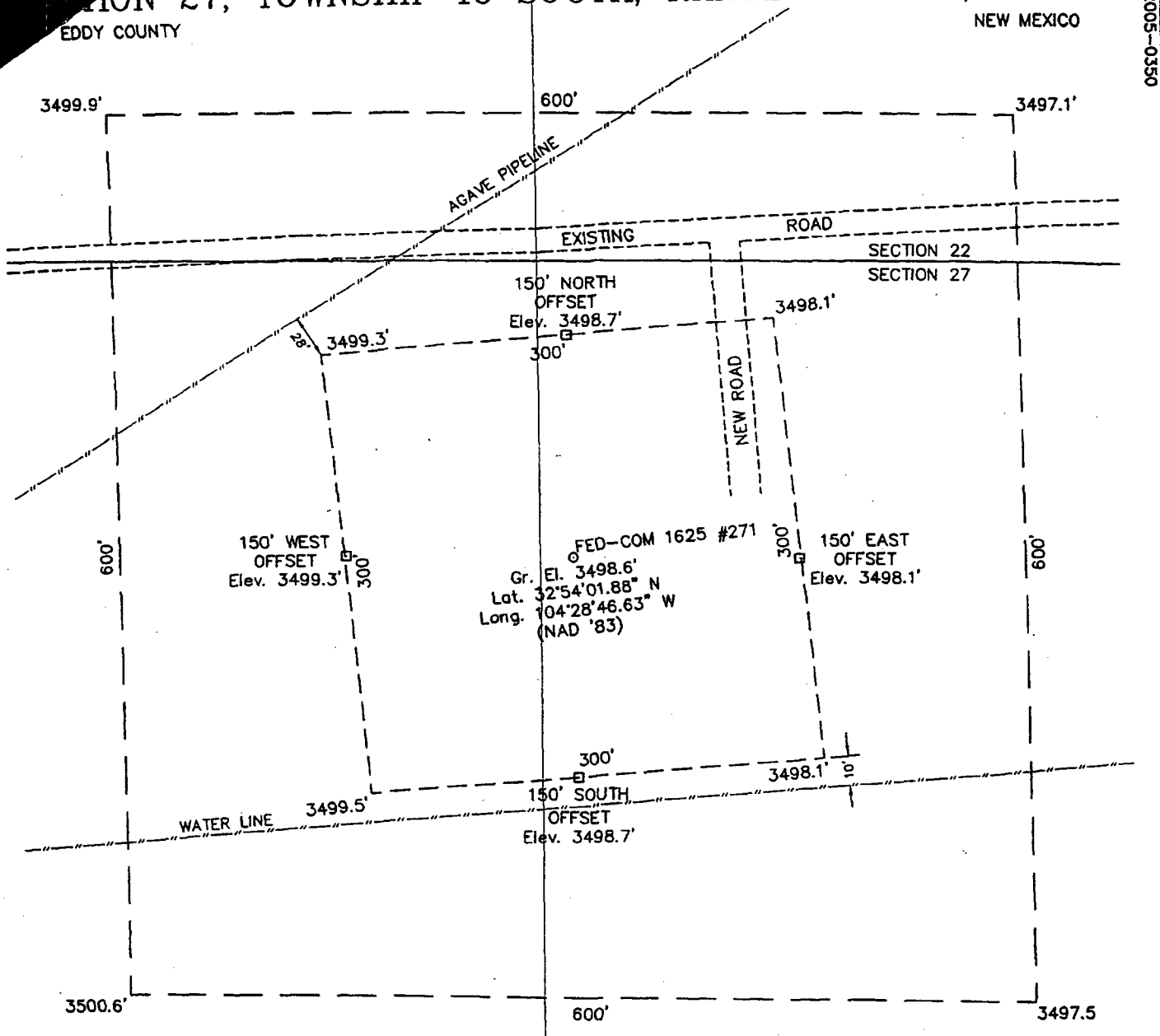
WEST COMPANY OF MIDLAND, INC.
110 W. LOUISIANA AVE. STE. 110
MIDLAND TEXAS, 79701
(915) 687-0865 - FAX: (915) 687-0868

Survey Date: May 12, 2005	Sheet 1 of 1 Sheets	
W.O. Number: 2005-0350	Drawn By: J.S.R.	
Date: May 5, 2006	2005-0350.DWG	Scale: 1" = 1000'

ION 27, TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO

L-2005-0350



DRIVING DIRECTIONS

FROM THE INTERSECTION OF US HIGHWAY 285 AND US HIGHWAY 82 IN ARTESIA, PROCEED WEST ALONG HIGHWAY 82, 5.85 MILES; THEN NORTH ALONG PERENCO LEASE ROAD (COUNTY ROAD "LONESOME TRAIL") 3 MILES; THEN NORTH ALONG EXISTING 2-TRACK ROAD ON EAST SIDE OF FENCE 1 MILE, THEN EAST ALONG EXISTING ROAD 1.1 MILE. LOCATION WILL BE SOUTH 250± FEET, IN PASTURE

PERENCO, LLC

FED-COM 1625 #271

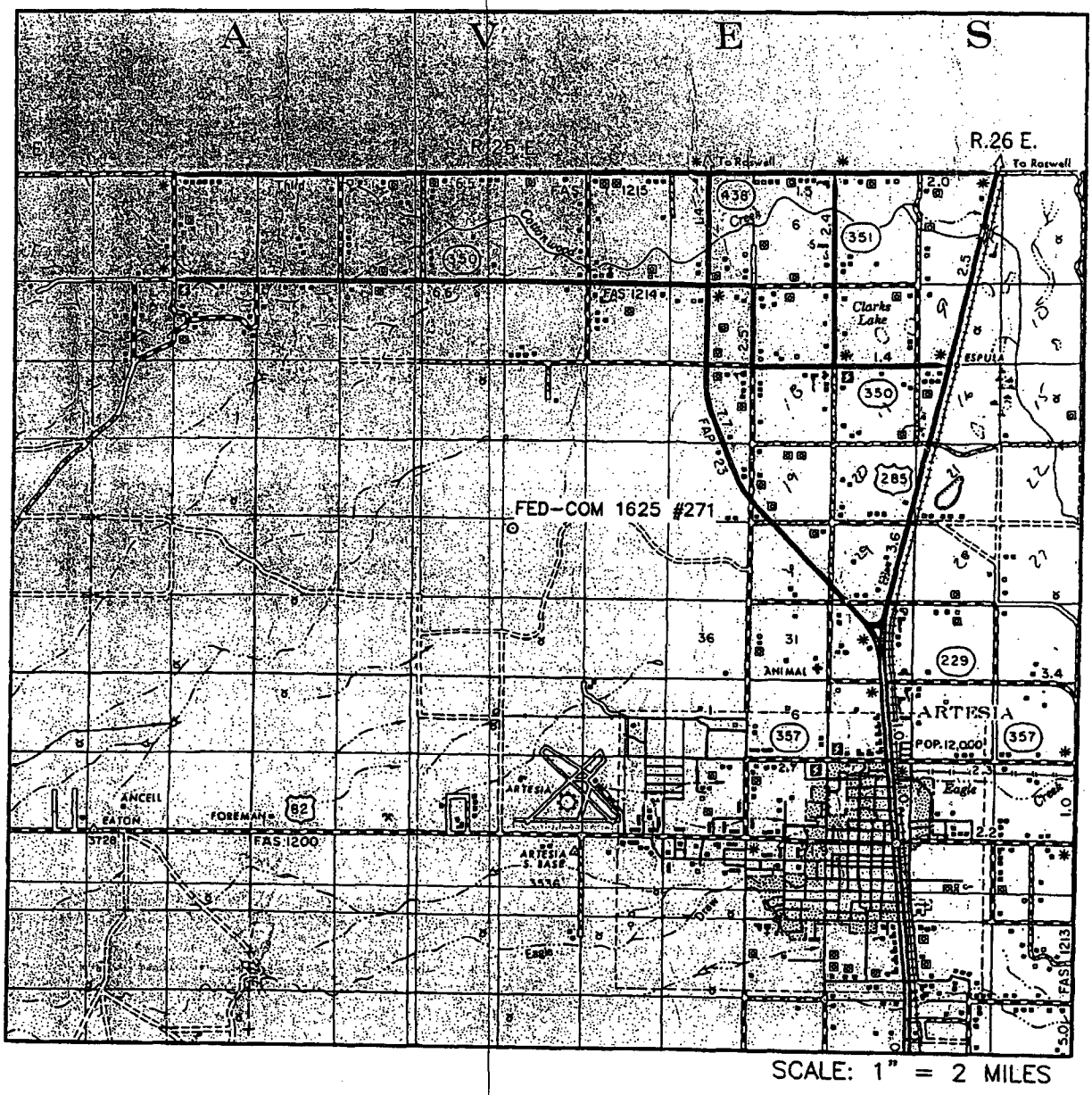
Located 200' FNL & 700' FWL, Section 27
Township 16 South, Range 25 E, N.M.P.M.
Eddy County, New Mexico

Drawn By: JSR	Date: May 12, 2005
Scale: 1"=100'	Field Book: 272 / 53-54
Revision Date:	Quadrangle: Espuela
W.O. No: 2005-0350	Dwg. No.: L-2005-0350

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 27 TWP. 16-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 3499'

OPERATOR PERENCO, LLC

LEASE FED-COM 1625

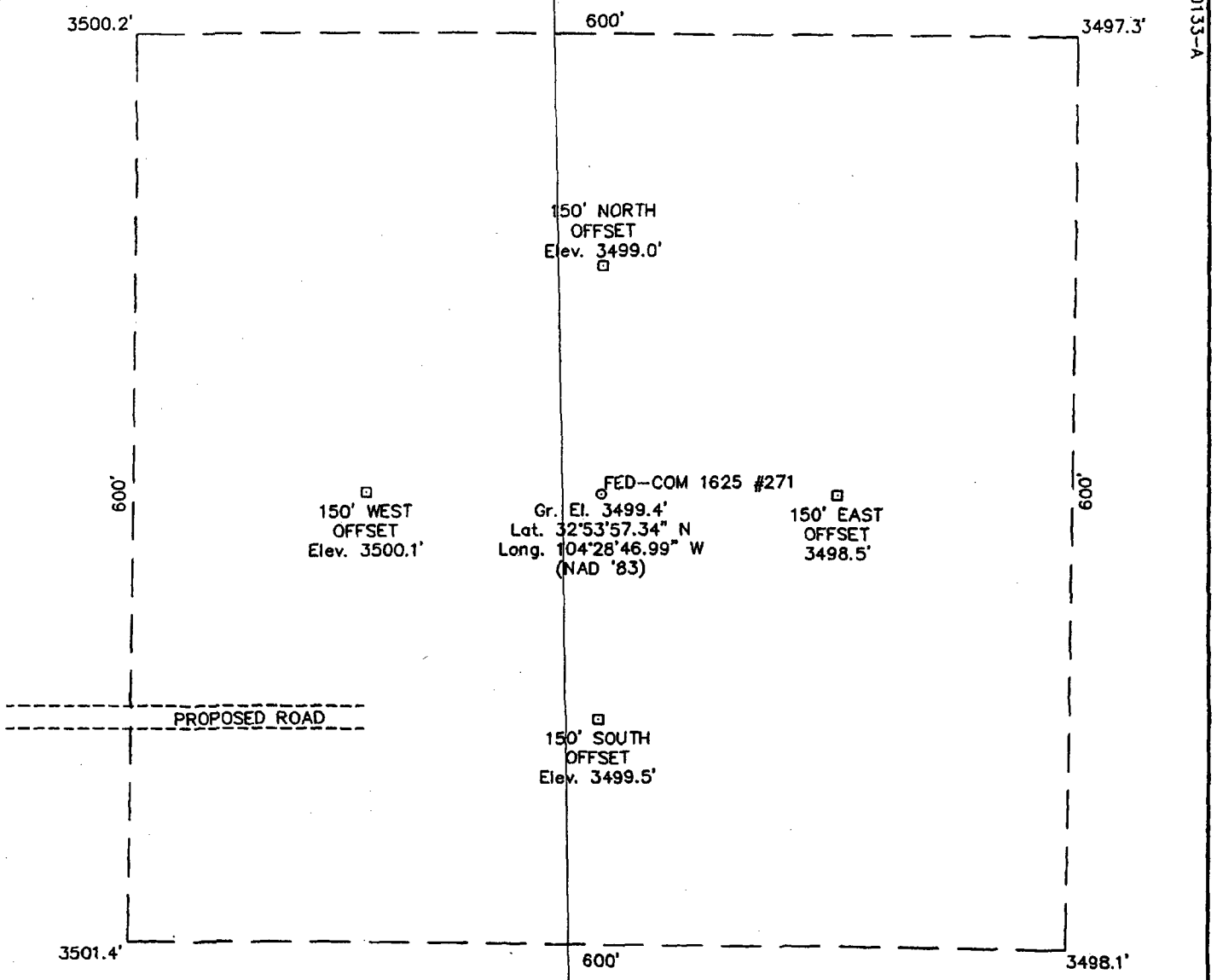
WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

TION 27, TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO

L-2005-0133-A



100 0 100 200

Graphic Scale in Feet

DRIVING DIRECTIONS

FROM THE INTERSECTION OF US HIGHWAY 285 AND US HIGHWAY 82 IN ARTESIA, PROCEED WEST ALONG HIGHWAY 82, 5.85 MILES; THEN NORTH ALONG PERENCO LEASE ROAD (COUNTY ROAD "LONESOME TRAIL") 3 MILES; THEN EAST ALONG PROPOSED LEASE ROAD 1 (ONE) MILE; THEN NORTH ALONG PROPOSED LEASE 0.9 MILE TO LOCATION #271 IN SECTION 27.

PERENCO, LLC

FED-COM 1625 #271

Located 660' FNL & 660' FWL, Section 27
Township 16 South, Range 25 East, N.M.P.M.
Eddy County, New Mexico

Drawn By: JSR	Date: February 21, 2005
Scale: 1"=100'	Field Book: 272 / 53-54
Revision Date:	Quadrangle: Espuela
W.O. No: 2005-0133	Dwg. No.: L-2005-0133-A

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

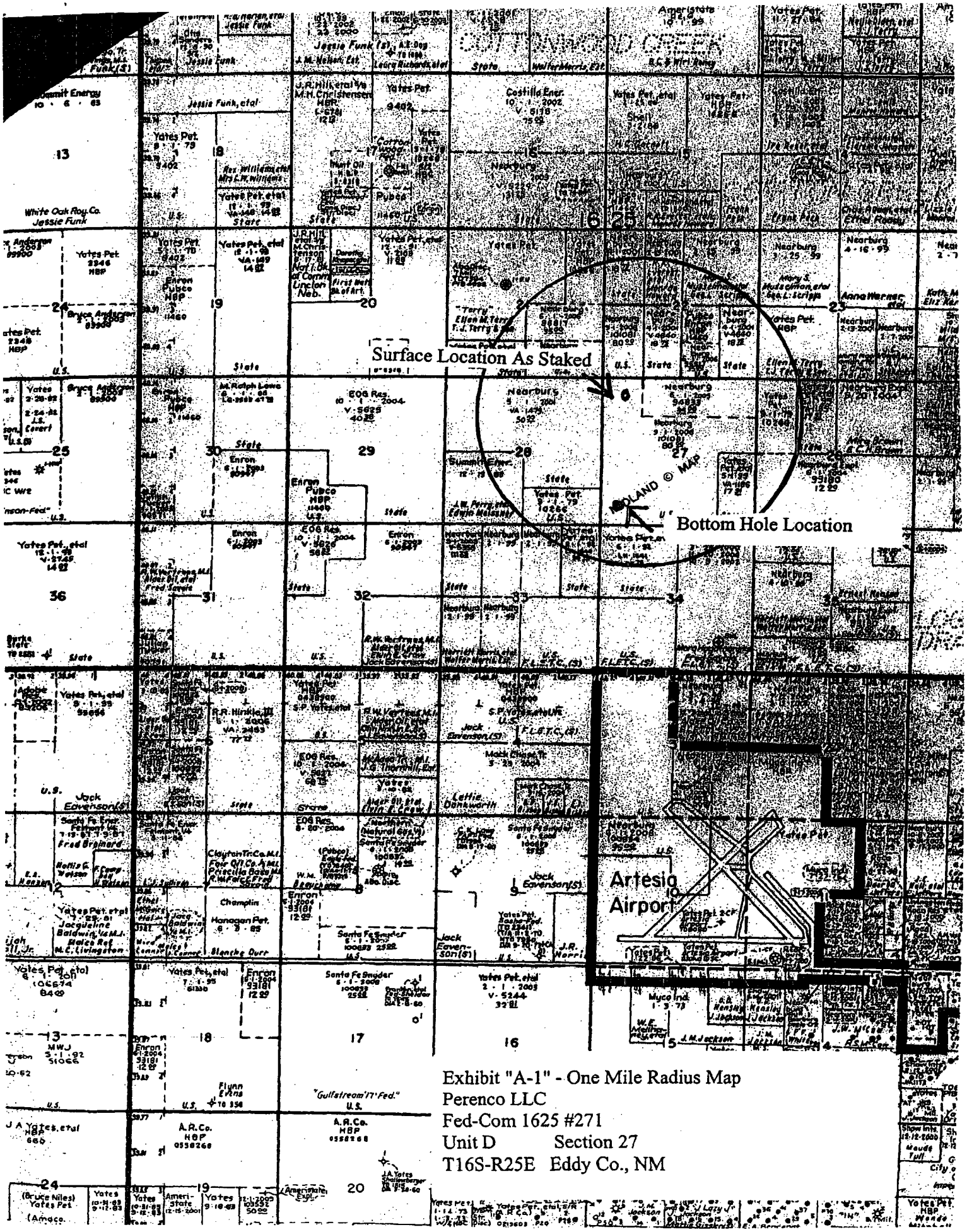


Exhibit "A-1" - One Mile Radius Map
Perenco LLC
Fed-Com 1625 #271
Unit D Section 27
T16S-R25E Eddy Co., NM

Drilling Program: 1625 Fed Com #271

Objectives

Drill vertically to ~5100' TD and then drill laterally to test the lower Abo formation for hydrocarbons.

Location

Surface Location
Section: 27 *Township:* 16 *Range:* 25 *FNL:* 660 *FWL:* 660
Bottom Hole Location
Section: 27 *Township:* 16 *Range:* 25 *FSL:* 700 *FWL:* 660
Elevation
3499'

Estimated Days to Completion

30 days drilling
30 days testing and completion

Geology

Estimated Tops of Important Geological Markers

Chalk Bluff	0-200'
San Andres	525'
Glorieta	1713'
Tubb	3174'
Abo	3855'
Wolfcamp	5015'
TD	5100'

Estimated Depths of Anticipated Fresh Water and Protential Hydrocarbon Producing Zones

Quanternary Alluvium	0-200'	Fresh Water
San Andres	525'	Oil
Glorieta	1713'	Oil/Gas
Tubb	3174'	Oil/Gas
Abo Pay	4875'	Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 13-3/8" casing at 350' and circulating cement back to surface, and 9-5/8" casing will be set at 1200' with cement circulated back to surface.

Drilling Information

H2S
No hydrogen sulfide or other hazardous gasses or fluids have been encountered, reported or are known to exist at this depth in this area.

Shallow Gas
No shallow accumulations of have been encountered, reported or are known to exist at this depth in this area.

Lost Circulation
No major lost circulation zones have been reported in offsetting wells. However in the wider area around the well site, minor lost circulation events have been experienced between 171- 730' and at 4670'.

Conditions at TD
The estimated bottom hole temperature (BHT) at TD is 110 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 2500 psig.

Data Acquisition Program

Electric logging program will consist of:

GR-Dual Laterlog-MSFL 1100' to TD
GR-Compensated Density-Neutron from 1100' to TD
GR-Compensated Neutron run from Surface to 1100'

No cores are planned.

Well Control

Minimum Specifications for Pressure Control (See exhibit 1)
The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (2000 psi WP) preventer and an annular preventer (2000-psi WP). Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All BOP's and accessory equipment will be tested in accordance with Onshore Oil & Gas order No. 2. Before drilling out of 1st intermediate casing, the ram-type BOP and accessory equipment will be tested to 2000/1000 psi and the annular to 2000 psig pressure.

Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

Auxiliary Well Control and Monitoring Equipment
A kelly cock will be kept in the drill string at all times.

A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

A mud-logging unit will be continuously monitoring drilling penetration rate and hydrocarbon shows from 1100' to TD of Horizontal Lateral.

Mud Program - Summary

The well will be drilled to TD with a Fresh Water /gel mud system. The applicable depths and properties of this system are as follows:

Depth	Type	(PPG) Wt(sec)	Viscosity	Water loss(cc)
0-1200	Fresh Water (Spud Mud)	8.5	28	N.C.
1200-5100'	F. Water Gelled System	9.3	28-30	N.C.
KOP - TD	Fresh Water w/ Polymer Sweeps	8.4-8.6	28	N.C.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

Casing & Cementing Program - Summary

Casing

Hole Size	Interval	OD Casing	Weight Grade Jt.
17-1/2"	0-350'	13-3/8"	48# H-40 ST&C
12-1/4"	0-1200'	9-5/8"	40# N-80 LT&C
8-3/4"	0-5500'	7"	26# J-55 LT&C
6-1/8"	4850-9000'	4-1/2"	11.35# N-80 HDL

Cement

17-1/2" Surface Casing	Cement to surface with 450 sx Class C w/ 2% CaCl
9-5/8" Intermediate	Cement to surface. Lead with 375 sx 65/35 Class C Poz + 5% NaCl + .25#/sk Celloflake + 6% Bentonite. Tail with 100 sx C + 2% CaCl
7" Production	Cement w/ Lead 500 sx 50/50 Class C Poz + 5% NaCl + 10% gel. Tail w/ 170 sx Class C
4-1/2" slotted liner	Will not be cemented

Drilling Program

1. Surface-350'
   1.1 MIRU
   1.2 P/U 17.5" bit and surface BHA, drill to 350'

Surface BHA		Mud Characteristics	
1 x Drill Bit	17.5"	Mud Weight	8.4
1 x Bit Sub	8"	Viscosity	28
1 x Crossover	8"	pH	11
1 x Shock absorber	8"	Other	
8 x Collar	8"		

   1.3 Circulate high-viscosity sweep
   1.4 POOH and RIH 13-3/8 surface casing to 350'.

Size	13-38"	Cement	Class C + 2% CaCl
Specification	40# N-80 (LT&C)	# Sacks	450
# Joints	8	Estimated TOC	Surface

   1.5 Cement and circulate to surface
   1.6 Cut off casing and weld on 13-3/8" casing head
   1.7 NU spacer spool, flowlines, and annular BOP
   1.8 Per NM regs, wait until lower 20% of cement has reached a compressive strength of 500 psi, at least 8 hours.

---

2. 350'- 1100'
   2.1 P/U 12-1/4 bit and intermediate BHA. RIH to TOC. Tag and note depth.

Intermediate BHA		Mud Characteristics	
1 x Drill Bit	12-1/2"	Mud Weight	8.4
1 x Shock absorber	8"	Viscosity	28
2 Drill Collar	8"	pH	11
1 x IB Stabilizer	12-1/4	Other	
1 x Collar	8"		
1 x IB Stabilizer	12-1/4"		
5 x Collar	8"		
1 x Cross Over	8"		
23 x Collar	6-1/4"		

   2.2 Pressure test casing to at least 600 psi
   2.3 Drill out plug and cement.

2.4 Drill ahead to 1200'
2.5 Circulate high-viscosity sweep
2.6 POOH and lay down 12-1/2 BHA
2.7 P/U and RIH 9-5/8 intermediate casing to 1200'

Size	9-5/8"	Cement	Class C + 5% CaCl + 5% NaCl + 6% Bentonite + 0.25 lb/sk celloflake
Specification	40# N-80 (LT&C)	# Sacks	375 + 100 tail
# Joints	27	Estimated TOC	Surface

2.8 Cement and circulate to surface
2.9 Install 9-5" casing head
2.10 NU spacer spool, flow lines, and annular BOP
2.11 Test BOP to 2000 psi, annular to 1500 psi

---

3. 1200 - 5500'

3.1 P/U 8-3/4" bit and production string BHA. RIH, tag and note TOC
3.2 Drill through cement and plug. Continue to 5100' (TD to be finalized by geologist)

BHA		Mud Characteristics	
1 x Drill Bit	8-3/4"	Mud Weight	9.3
1 x Tri Collar	8-3/4"	Viscosity	28
2 x Drill Collar	6-1/4"	pH	11
1 x IBS	8-3/4"	Other	
26 x Collar	6-1/4"		

3.3 At TD, circulate to clean hole
3.4 Spot high-viscosity mud on bottom. POOH
3.5 Run triple combo log (GR-Dual Laterlog-MSFL and GR-Compensated Density-Neutron)
3.6 P/U and RIH 7" Production Casing

Size	7"	Cement	Class C + 5% NaCl + 10% Bentonite + 0.25 lb/sk celloflake
Specification	26# L80 (LT&C)	# Sacks	500 + 170 tail
# Joints	120	Estimated TOC	900'

3.7 Cement, circulate TOC to 1000' (200' overlap with intermediate casing)
3.8 Install 7" casing head
3.9 NU spacer spool, flow lines, and annular BOP

3.10 Run Cement Bond Log

---

4. Lateral Section

4.1 Run cast iron bridge plug on wireline to 4535 ft
4.2 RIH with whipstock assembly
4.3 RIH with wireline to check orientation: 180° (south)
4.4 Set whipstock and shear off. POOH W/S setting string
4.5 RIH with window mill, cut window between 4507' and 4525' including 8 ft of formation to create rat hole
4.6 Circulate high viscosity sweep
4.7 P/U and RIH Lateral section BHA, drill and kickoff to west, building angle at 23°/100ft degrees until 90° is reached.

Lateral Section BHA		Mud Characteristics	
Bit	6-1/8	Mud Weight	8.4
Motor (2.5 Deg)	4-3/4	Viscosity	28
Float Sub	4-11/16	pH	11
UBHO	4-5/8	Other	
Monel Collar	4-3/4		
Monel Collar	4-11/16		

4.8 Drill and slide horizontal section to 9000' MD (4875' TVD)
4.9 At TD circulate to clean hole
4.10 Spot slider fluid
4.11 POOH

---

5. Completion

5.1 RIH with 105 joints pre-perforated 11.6# L080 (ULTFS) 4.5" liner and packer hanger.
5.2 Set hanger at 4400 ft.
5.3 POOH
5.4 Nipple Down BOPs
5.5 R/D and release drilling rig

---

6. Stimulation

6.1 RU Stinger's Casing Saver
6.2 RU Acid truck
6.3 Test lines to 7500 psi
6.4 Load well with 40 bbls water
6.5 Pump 65,000 bbls 15% NEFE HCL at 100 bbls/min
6.6 Flush with 245 bbls slick water

Surface Use and Operations Plan

EXISTING ROADS
To be proposed

PROPOSED ACCESS ROAD
To be proposed

LOCATION OF EXISTING WELLS
Exhibit #3 shows all existing wells within a one-mile radius of this well

LOCATION OF EXISTING AND/OR PROPOSED FACILITIES
There are no existing production facilities. If production is encountered, a temporary facility will be established on the drill pad, and if warranted, a production facility would be built at a later date in the immediate area of the drill pad location. If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.

LOCATION AND TYPE OF WATER SUPPLY
Fresh water for drilling will come from commercial sources and transported to the well site over the roads as described above.

PLANS FOR RESTORATION OF THE SURFACE
After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Location will be cleaned of all trash and junk to leave the well in an aesthetically pleasing condition as possible.

Any unguarded pits containing fluid will be fenced until they are dry and back filled.

After abandonment of the well, surface restoration will be in accordance with current federal laws and regulations. Location will be cleaned, and the well pad removed to promote vegetation and disposal of human waste will be complied with. Trash, waste paper, garbage and junk will be hauled to an approved disposal site in an enclosed trash trailer.

All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES
No airstrip, campsite, or other facilities will be built.

WELL SITE LAYOUT
Exhibit #4 shows the relative location and dimensions of the well pad.

OTHER INFORMATION
The area around the well site is grassland and the topsoil is duned and sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.

CERTIFICATION
I HEREBY CERTIFY that I, or persons under my direct supervision, have inspected the proposed drill site 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 Perenco LLC and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Frank Nix
Land Manager

Bryan Arrant (505) 748-1283; FAX 748-9720; emergency 746-4302
State of New Mexico, Oil Conservation District (OCD), Artesia Office

Bryan,

This is to confirm that the FLETC has approved well drilling operations by LCX/Perenco, LLC in the north 828-feet of the northwest corner of Section 27, T16S, R25E, NMPM. This land is owned by the BLM and has been Withdrawn for use by the FLETC pursuant to existing mineral leases. Let me know if you have any questions.

Tom Heath

Chief, Master Plan Construction Branch
(505) 748-8141

FLETC
1300 W. Richey Ave.
Artesia, NM 88210

LCX ENERGY LLC
110 N. Marienfeld St., Suite 200
Midland, TX 79701
(432) 687-1575
July 6, 2005

Fed Com 1625 # 271 200' FNL & 700' FWL, D, Sec 27, T-16-S, R-25-E Eddy Co., NM

Attn: Brian Arrant

Brian,

There are no habitable dwellings within 1 mile of this well location at this time.

Please find the attached plat of the fence we built for FLETC to mark their North boundary. Also attached is Tom Heath's last e-mail to me approving the fence after it was completed.

You can e-mail the API # to me at larryg@eeronline.com or fax at 432-687-2521.

Thanks,

Larry Gillette

Larry Gillette

From: Heath, Tom [Tom.Heath@dhs.gov]
Sent: Wednesday, June 22, 2005 2:57 PM
To: Larry Gillette
Cc: Furman, Jonathan
Subject: RE: New Mexico Fence

fence looks good... thanks, Tom

From: Larry Gillette [mailto:Larryg@eeronline.com]
Sent: Wednesday, June 22, 2005 10:52 AM
To: Heath, Tom
Subject: New Mexico Fence

Tom,

The fence builders have finished the fence. Please let me know if it passes and is approved. Is there anything else we need to do?

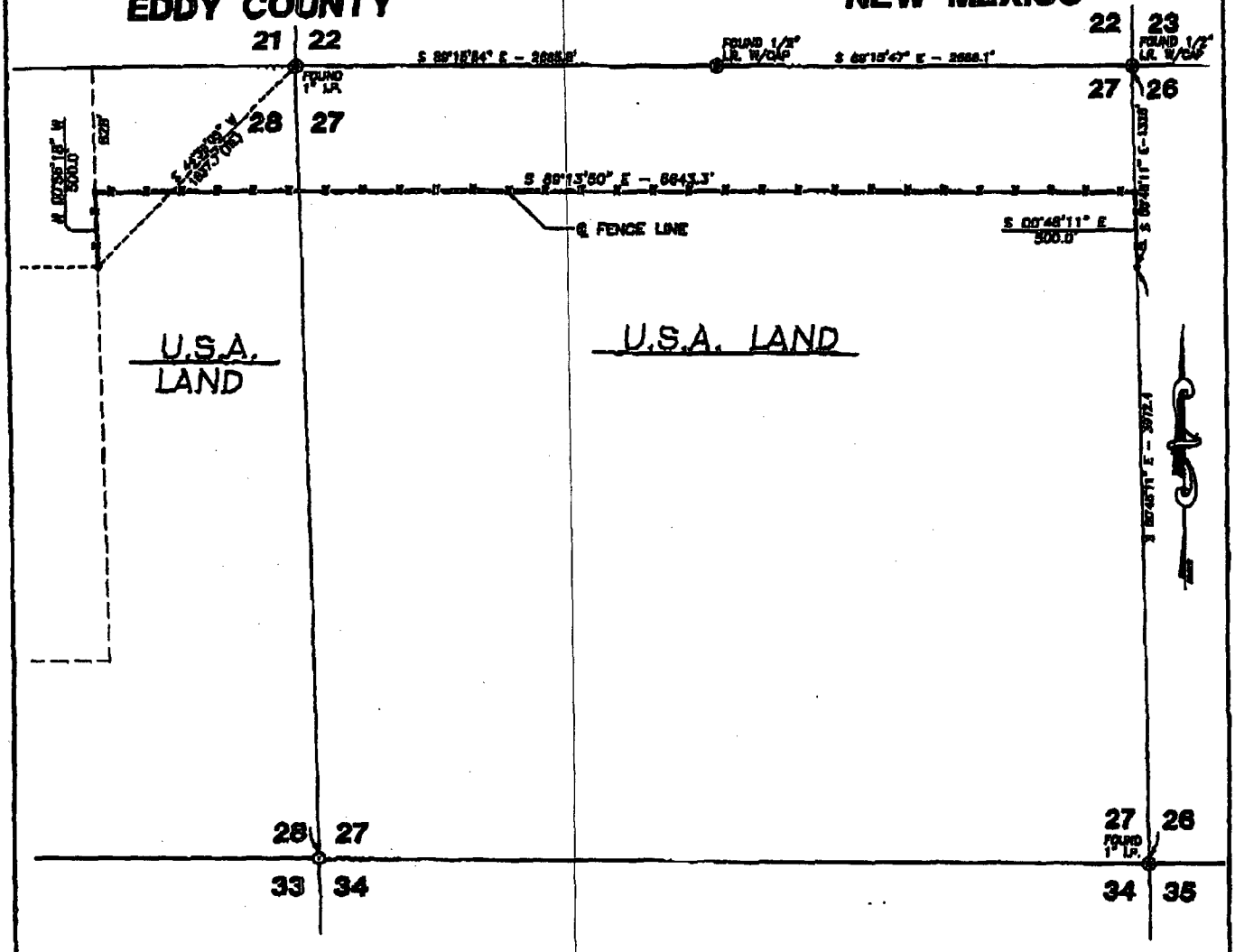
I will be starting my location on July 1st or 5th. The suepension of lease has been approved but their clock starts at the first of each month. So if I started the location today the effective date would be June 1st which means I would have to be drilling by June 30th.

I will keep you updated on what we are doing.

Thanks,

Larry Gillette

SECTIONS 27 & 28 , TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



LEGAL DESCRIPTION

A FENCE LINE BEING 7643.3 FEET OR 1.448 MILES IN LENGTH AS SHOWN BY THE THE ABOVE PLATTED CENTERLINE.

LEGEND

⊙ – DENOTES CALCULATED CORNER

● – DENOTES FOUND U.S.G.L.O. BRASS CAP

1000 0 1000 2000 FEET

PERENCO LLC

A FENCE LINE CROSSING U.S.A. LAND IN SECTIONS 27 & 28, TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 5-20-2005		Sheet 1 of 1 Sheets	
W.O. Number:		Drawn By:	
Date: 5-20-2005		Scale: 1" = 1000'	

PERENCO

May 18, 2005

Oil Conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210

RECEIVED
MAY 19 2005
OCD-ARTESIA

Attn: Mr. Brian Arant

Re: Directional Drilling Plan
1625 Fed Com #271
T16S, R25E, Section 27: W/2
Eddy County, New Mexico

Dear Mr. Arant,

Reference is made to our recent telephone conversation in which you ask me to provide you a Directional Drilling Plan and a C-102 showing formation penetration, dedicated acreage and project area for our proposed 1625 Fed Com #271 well. Enclosed, please find the requested directional drilling plan. Also note, Joe Janica is forwarding a revised C-102 showing the items you requested.

Should you need anything further, feel free to cal me at 432-688-0949.

Very truly yours,

Perenco, LLC

Frank G. Nix
Land Manager

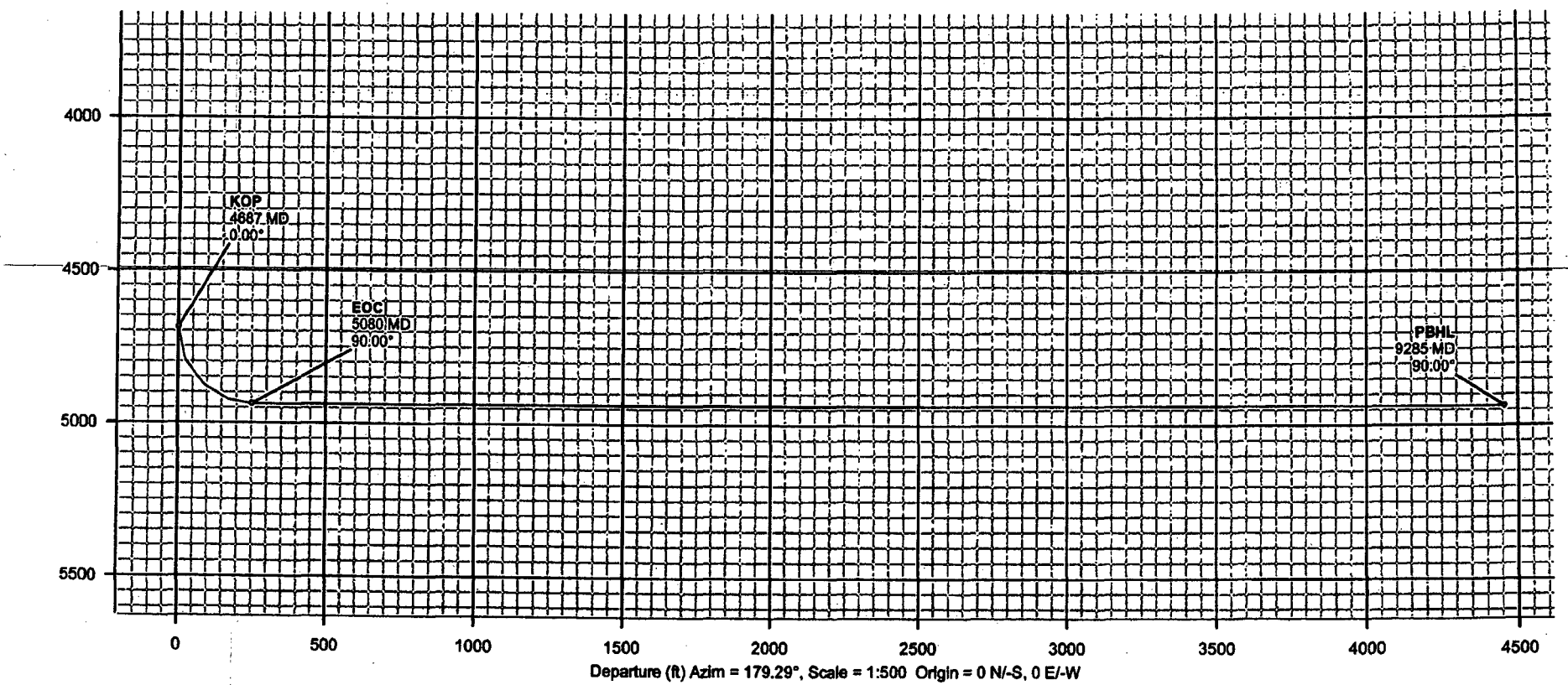
Cc: Joe Janica

Perenco LLC 6 Desta Drive, Suite 6800, Midland, Texas 79705 Tel: 915-682-8553 Fax: 915-682-8078

Endeavor Energy

WELL	FIELD	STRUCTURE
Fed-Com 1625 #271	Eddy County, NM Nad 83	Fed-Com 1625 #271

Magnetic Parameters				Surface Location				Miscellaneous			
Model: IGRF 2005	Dip: 60.799°	Date: May 17, 2005		Lat: N32 04 1.852	Northing: 601375.90 ftUS	Grid Conv: -0.07940664°		Slot: Fed-Com 1625 #271	TVD Ref: RKB (0.00 ft above)		
	Mag Dec: +8.788°	FS: 49365.6 nT		Lon: W104 29 49.527	Easting: 496439.60 ftUS	Scale Fact: 0.9999113983		Plan: FC 1625-271_r1	Srvy Data: Tue 02:57 PM May 17, 2005		



RECEIVED
MAY 19 2005
OCD-ARTESIA

INTREPID
Directional Drilling Specialists

Proposal

Report Date:	May 17, 2005	Survey / DLS Computation Method:	Minimum Curvature / Lubinski
Client:	Endeavor Energy	Vertical Section Azimuth:	179.290°
Field:	Eddy County, NM Nad 83	Vertical Section Origin:	N 0.000 ft, E 0.000 ft
Structure / Slot:	Fed-Com 1625 #271 / Fed-Com 1625 #271	TVD Reference Datum:	RKB
Well:	Fed-Com 1625 #271	TVD Reference Elevation:	0.0 ft relative to
Borehole:	Fed-Com 1625 #271	Sea Bed / Ground Level Elevation:	0.000 ft relative to
UWI/API#:		Magnetic Declination:	8.765°
Survey Name / Date:	FC 1625-271_r1 / May 17, 2005	Total Field Strength:	49565.754 nT
Tort / AHD / DDI / ERD ratio:	90.000° / 4455.54 ft / 5.877 / 0.902	Magnetic Dip:	60.799°
Grid Coordinate System:	NAD83 New Mexico State Planes, Eastern Zone, US Feet	Declination Date:	May 17, 2005
Location Lat/Long:	N 32 54 1.882, W 104 28 46.627	Magnetic Declination Model:	IGRF 2005
Location Grid N/E Y/X:	N 691375.500 ftUS, E 496439.600 ftUS	North Reference:	Grid North
Grid Convergence Angle:	-0.07945964°	Total Corr Mag North -> Grid North:	+8.844°
Grid Scale Factor:	0.99991140	Local Coordinates Referenced To:	Well Head

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	179.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	179.29M
KOP	4687.00	0.00	179.29	4687.00	0.00	0.00	0.00	0.00	0.00	0.00	179.29M
	4700.00	2.98	179.29	4699.99	0.34	-0.34	0.00	0.34	179.29	22.92	179.29M
	4800.00	25.90	179.29	4796.19	25.11	-25.10	0.31	25.11	179.29	22.92	0.00G
	4900.00	48.82	179.29	4875.15	85.38	-85.37	1.05	85.38	179.29	22.92	0.00G
	5000.00	71.73	179.29	4924.40	171.64	-171.63	2.12	171.64	179.29	22.92	0.00G
EOC	5079.70	90.00	179.29	4937.00	250.00	-249.98	3.09	250.00	179.29	22.92	0.00G
PBHL	9285.24	90.00	179.29	4937.00	4455.54	-4455.20	55.00	4455.54	179.29	0.00	0.00G

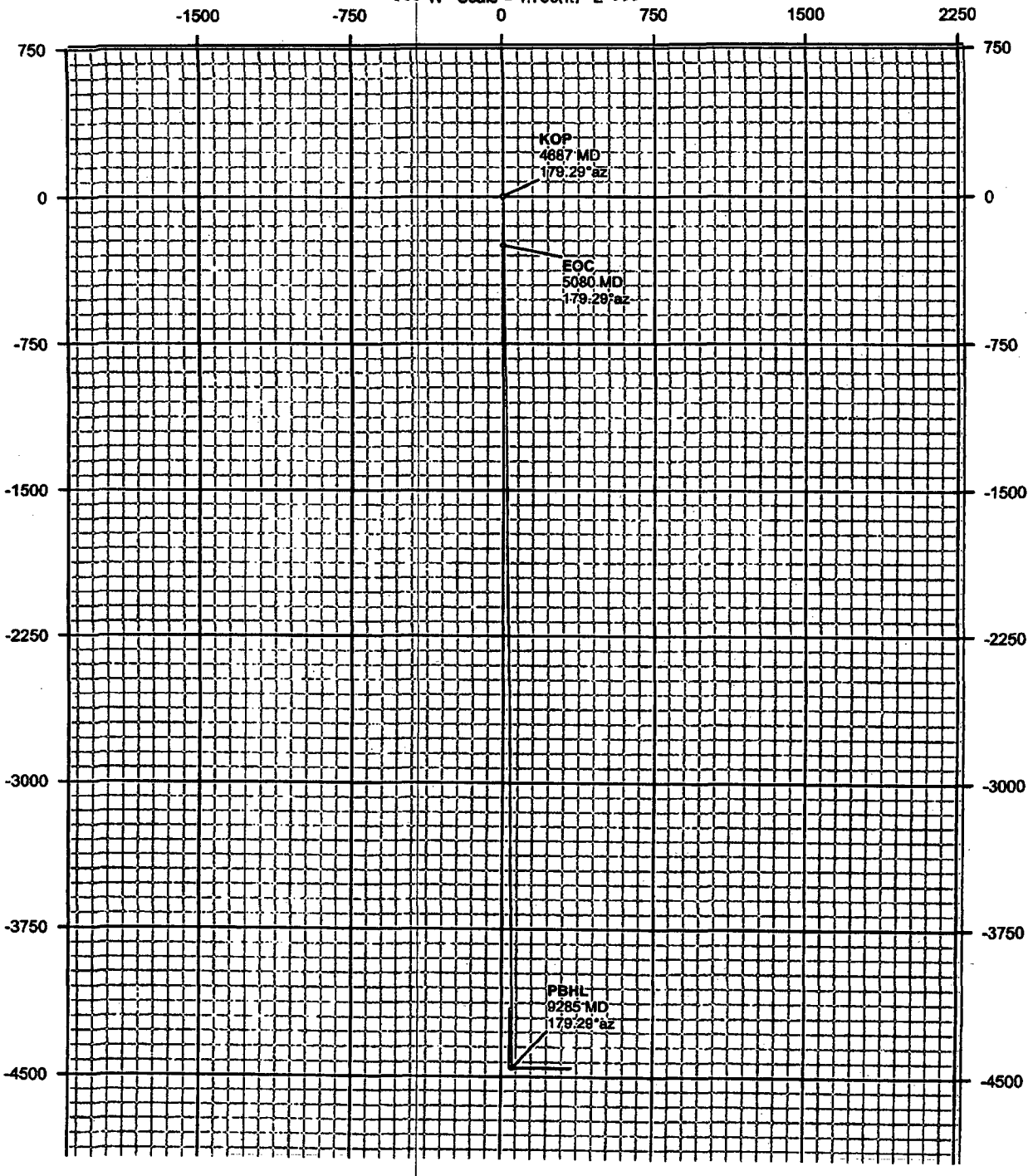
Top of Abo 3900'

Endeavor Energy

WELL	FIELD	STRUCTURE
Fed-Com 1625 #271	Eddy County, NM Nad 83	Fed-Com 1625 #271

Magnetic Parameters				Surface Location				NAD83 New Mexico State Planes, Eastern Zone, US Feet				Miscellaneous			
Model: IGRF 2005	Dip: 60.709°	Date: May 17, 2005		Lat: N32 54 1.852	Northing: 691375.60 sUS	Grid Conv: -0.0704594°		Slot: Fed-Com 1625 #271	TVD Ref: RKB (0.00 ft above)						
	Mag Dec: +8.766°	FS: 49668.8 nT		Lon: W104 28 46.627	Easting: 499439.60 sUS	Scale Fact: 0.9999113993		Plan: FC 1625-271_r1	Srvy Date: Tue 02:57 PM May 17, 2005						

<<< W Scale = 1:750(ft) E >>>



INTREPID
Directional Drilling Specialists