Susp: 11-3-03

FOSSIL OPERATING, INC.

9870 Plano Road
Dallas, Texas 75238
972-681-8047
972-681-9687 Fax

IA # pMESO-328844182

9:10 AM 11-17-03
talked w/
Mr. Sepulveda

October 6, 2003

Mr. Mike Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
OCT 14 2003
OIL CONSERVATION DIVISION

30-005-00441

Dear Mr. Stogner:

Fossil Operating, Inc. hereby applies for an administrative approval for an unorthodox location. Please note the following:

1. Well is on Federal Lease in Chaves County. – see enclosed APD

2. Well is a Wolfcamp gas re-entry at location shown on enclosed Form C-102. Fossil Operating, Inc. has 320 contiguous acres comprising the N ½ of Section 27.

3. There is one contiguous lessee. Yates Petroleum Corporation has a Federal Lease covering the SE ¼ of Section 27. Yates Petroleum has drilled no wells on their lease.

4. P&A wells on the lease include:

    a. BTA Oil Producers Honolulu Federal No.1; 2310' FN & EL of Section 27; 7-23-61 (Re-entry well)

    b. British-American Oil Prod. Co. Honolulu Federal No.1; 660' FNL & 1980' FEL of Section 27; 7-21-59

    c. Bridge Oil Yates Federal No. 1; 660' FNL & 990' FWL of Section 27; 2-25-93

    d. Fossil Operating Fossil Federal No. 1; 1550' FNL & 1200' FEL of Section 27; 2-22-03

5. Fossil Operating, Inc. plans to re-enter the BTA Oil Producers well as a potential Wolfcamp gas producer. Fossil Operating, Inc. believes that the Wolfcamp is potentially productive in this well-bore for the following reasons:

    a. While drilling the well, the mud log indicated an extremely good gas show while drilling the Wolfcamp Formation starting at approximately 8,218'. The gas show continued throughout the Wolfcamp interval to approximately 8,520'. (See Mud Log)

    b. The Microlog shows excellent separation from 8,212'-8,224' and from 8,276'-8,316'. These zones indicate the existence of good permeability in the formation and coincide exactly with the beginning of the excellent gas show on the mud log. (See Microlog)

c. The Induction Electrical Log shows very good resistivity across the Wolfcamp in the intervals mentioned above. Resistivity readings above 100 ohms indicate the potential for gas production. (See Induction Electrical Log)

6. Fossil Operating, Inc. believes that the Wolfcamp Formation is a difficult exploration target. Whenever enough information is present to warrant the re-entry of a previously drilled well, such as the BTA Oil Producers well, it should be attempted. The BTA well was drilled in 1961. At that time there were no nearby pipelines or ready market for the gas. Currently there is a gas pipeline less than one mile from the well-bore and the purchasers are extremely interested in purchasing any gas discovered on Fossil's lease.

7. Fossil Operating, Inc. believes that re-entering the BTA Oil Producers Honolulu Federal No. 1 would be necessary to prevent waste.

Please call me if you have any questions. Thank you.

Sincerely,

Richard M. Sepulvado

Exploration Manager

exploration@taurenexploration.com

FOSSIL OPERATING, INC.

9870 Plano Road
Dallas, Texas 75238
972-681-8047
972-681-9687 Fax

October 6, 2003

Fossil Operating, Inc. hereby attests that, on or before the date that the application was submitted to the Division, sent notification to Yates Petroleum Corporation, 105 S. 4th Street, Artesia, New Mexico 88210 by submitting a copy of the application by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the Division receives the application.

Richard M. Sepulvado
Exploration Manager

Form 3160-3
(August 1999)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM-103265

6. If Indian, Allottee or Tribe Name:

1a. Type of Work: ☐ DRILL ☑ REENTER

7. If Unit or CA Agreement, Name and No.:

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

8. Lease Name and Well No.: Fossil Operating Fed. Com. #2

2. Name of Operator: Fossil Operating, Inc.

9. API Well No.:

3a. Address	3b. Phone No. *(include area code)*	10. Field and Pool, or Exploratory
P.O. Box 181688 Dallas, TX 75218	972-681-8047	Wildcat (Wolfcamp)

4. Location of Well *(Report location clearly and in accordance with any State requirements. *)*

At surface 2310' FNL & 2310' FEL

At proposed prod. zone same

11. Sec., T., R., M., or Blk. and Survey or Area: Sec. 27-T14S-R29E

14. Distance in miles and direction from nearest town or post office*	12. County or Parish	13. State
24 miles east of Hagerman, NM	Chaves	NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 330'	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
	360	320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1345'	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
	10,242'	NMB-000036
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3827' GL	9/27/03	30 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:

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
George R. Smith	George R.. Smith	9/12/03

Title: agent for Fossil Operating, Inc.

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/LARRY D. BRAY	/S/LARRY D. BRAY	OCT 07 2003
Title Assistant Field Manager, Lands And Minerals	**Office** ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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.

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: Fossil Operating, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

GRS

George R. Smith, agent

NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-128
Revised 5/1/57

WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

SECTION A

Operator	Lease	Well No.
Fossil Operating, Inc. B. T. A. OIL PRODUCERS	Fossil Operating Fed. Com. "HF"	1

Unit Letter	Section	Township	Range	County
G	27	14 South	29 East	CHAVES

Actual Footage Location of Well: 2310 feet from the North line and 2310 feet from the East line

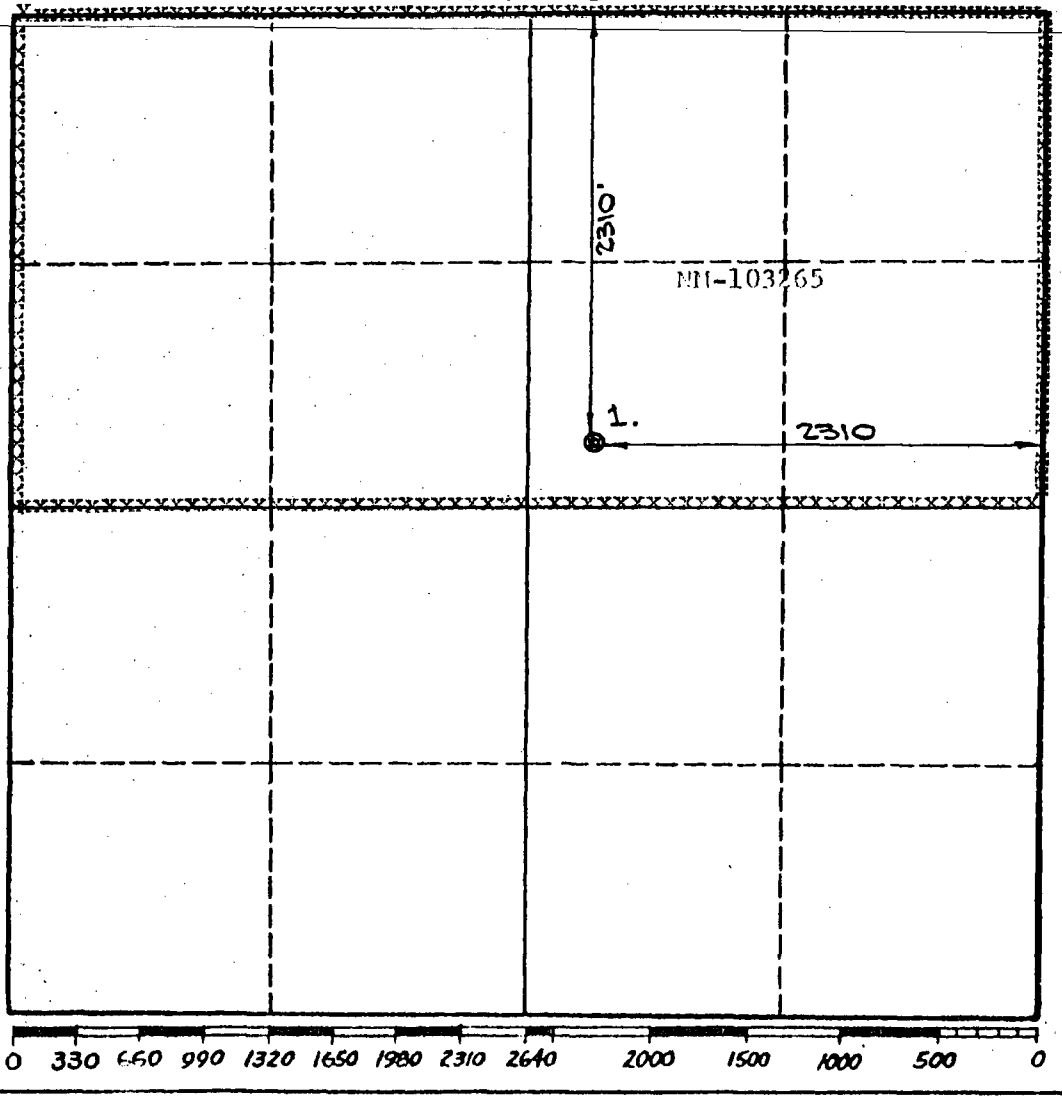
Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3826.8	DEVONIAN-(2nd Obj.)	KING CAMP (ABANDONED) Undesignated Wolfcamp	320 40 Acres

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES X NO _____. *("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)*
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES _____ NO _____. If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

RECEIVED
JUN 19 1961
U. S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

SECTION B



CERTIFICATION

I hereby certify that the information in *SECTION A* above is true and complete to the best of my knowledge and belief.

J.B. Taylor

Name: J. B. Taylor

Position: Engineer

Company: B. T. A. Oil Producers

Date: June 15, 1961.

I hereby certify that the well location shown on the plat in *SECTION B* 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.

Date Surveyed: June 12, 1961

Registered Professional Engineer and/or Land Surveyor

Certificate No. 1000

REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR NEW MEXICO

SCHLUMBERGER INDUCTION-ELECTRICAL LOG

COUNTY CHAVES
FIELD or LOCATION KING CAMP
WELL HONOLULU FED. #1
COMPANY BTA OIL PRODUCERS

COMPANY BTA OIL PRODUCERS

WELL HONOLULU FEDERAL #1

FIELD KING CAMP

LOCATION SEC. 27-14S-29E

COUNTY CHAVES

STATE NEW MEXICO

Other Surveys: GRSL-ML

Location of Well: 2310' FN & EL

Elevation: D.F. ___ K.B. 3844 or G.L. 3827

FILING No. ___

RUN No.	1					
Date	7-20-61					
First Reading	10,244					
Last Reading	3993					
Feet Measured	6243					
Csg. Schlum.	3995					
Csg. Driller	4002					
Depth Reached	10,245					
Bottom Driller	10,242					
Depth Datum	KB					
Mud Nat.	DRISCOSE-CAUSTIC-OIL-QUEBRACHO					
Dens. Visc.	9.4 38					
Mud Resist.	.78@ 84°F	@ °F	@ °F	@ °F	@ °F	@ °F
" Res. BHT	.49@140°F	@ °F	@ °F	@ °F	@ °F	@ °F
Rmf (M)	.59@ 83°F	@ °F	@ °F	@ °F	@ °F	@ °F
Rmc	1.48@ 83°F	@ °F	@ °F	@ °F	@ °F	@ °F
" pH	10 @ °F	@ °F	@ °F	@ °F	@ °F	@ °F
" Wtr. Loss	6. SC 30 min.	CC 30 min.	CC 30 min.	CC 30 min.	CC 30 min.	
Bit Size	7 7/8					
Spcgs.—AM	16"					
MN	27'2"					
IND.	40"					
Opr. Rig Time	5 HRS.					
Truck No.	1555-ARTESIA					
Recorded By	FRY					
Witness	WORD-JENKINS-GILLIAM					

TAUREN EXPLORATION, INC.
GEOLOGY DEPARTMENT

Reproduced By
West Texas Electrical Log Service
Dallas 2, Texas

REFERENCE W1087L

ELSI

12 COMPLETION RECORD

SPUD DATE

COMP DATE

DST RECORD

CASING RECORD

PERFORATING RECORD

ACID. FRAC SHOT

IP

GOR GR

TP CP

REMARKS:

FOLD HERE

REMARKS C.D. 0519 S.O. 1 1/2"

Cartridge No. IRC-C-241
Panel No. IRS-3-210
Sonde No. IRS-E-151
IAP-D-57

SPONTANEOUS-POTENTIAL millivolts	DEPTHS	CONDUCTIVITY millimhos/m = 1000/ohms. m²/m
− 10 +		INDUCTION 400 200 0
GAMMA RAY 0 µg Ra eq ton 6		600 400 200
		RESISTIVITY -ohms. m²/m
		16" NORMAL 0 100
		0 1000
		INDUCTION 0 100

FOLD HERE

REMARKS. C.D. 0519 S.O. 1 1/2"

Cartridge No. IRC-C-241
Panel No. IRP-A-210
Sonde No. IRS-C-151
IAP-D-57

SPONTANEOUS-POTENTIAL
millivolts

DEPTHS

CONDUCTIVITY
millimhos/m = 1000 / ohms. m²/m

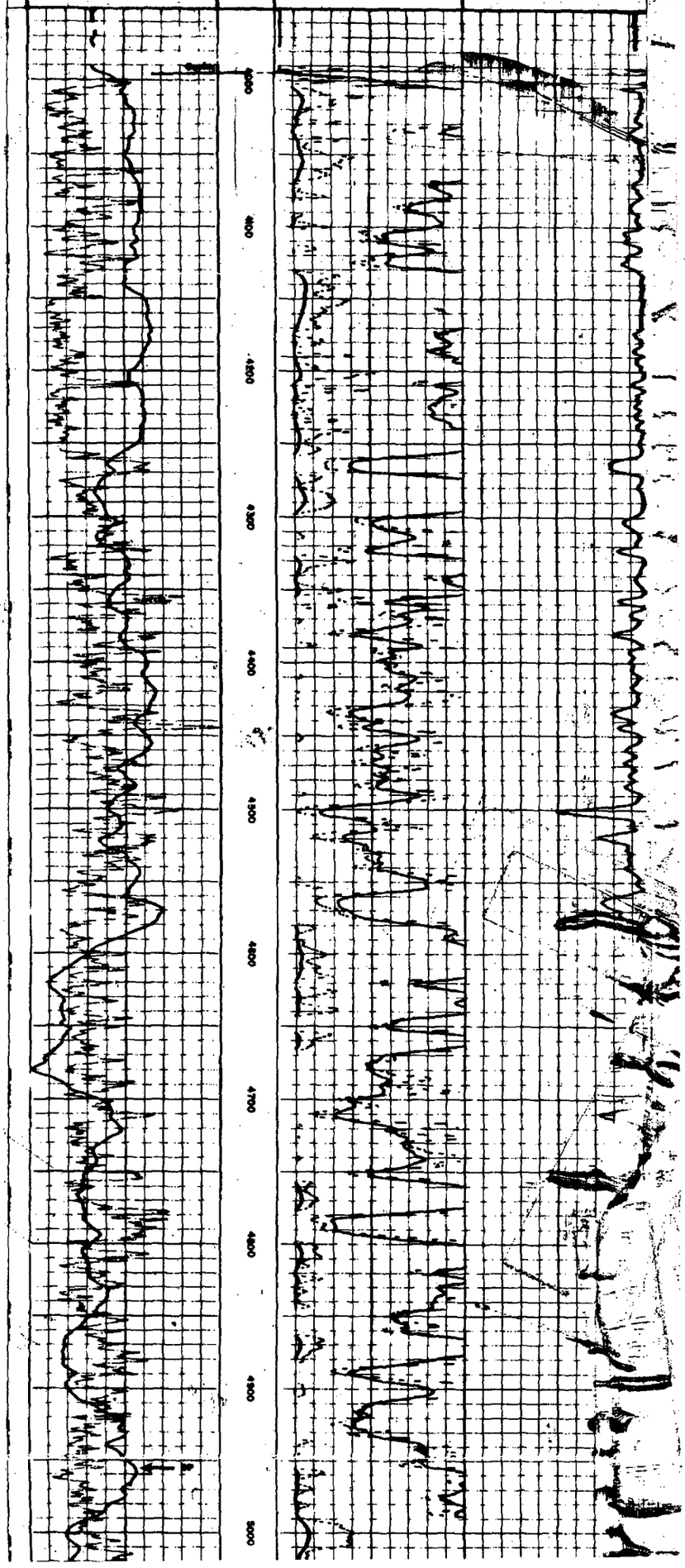
INDUCTION
+00 200
600 400

RESISTIVITY
-ohms. m²/m

16" NORMAL
0 100
0 1000

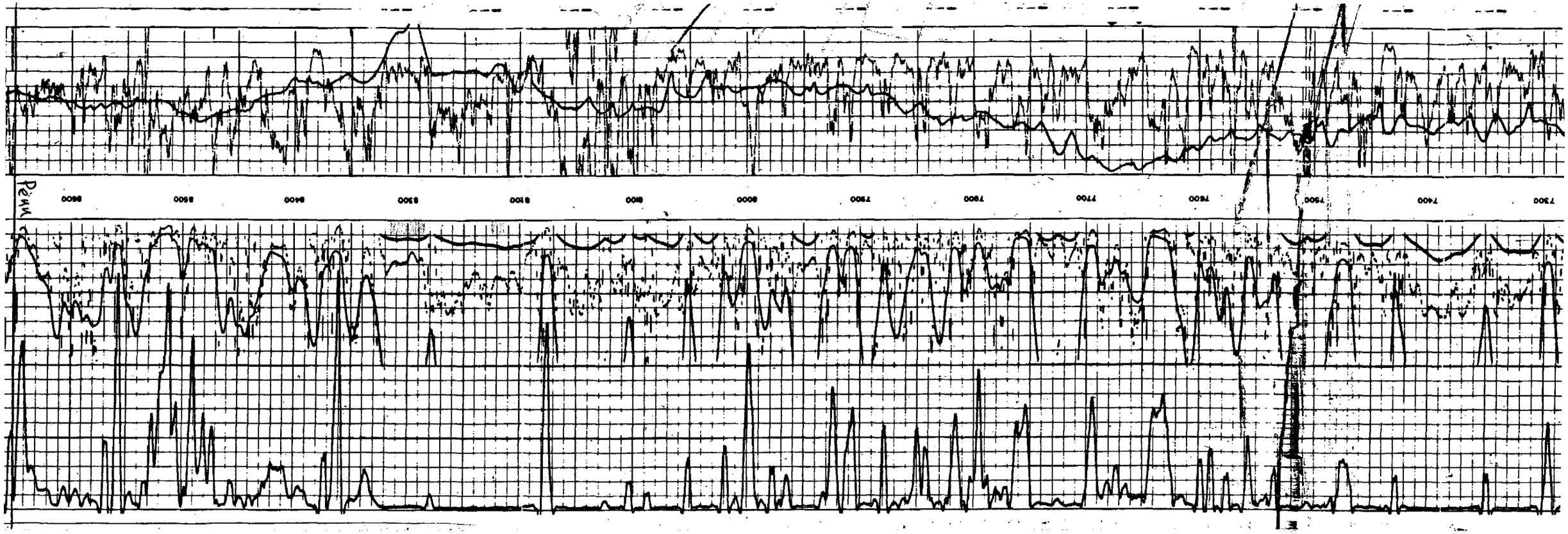
INDUCTION
0 100
0 1000

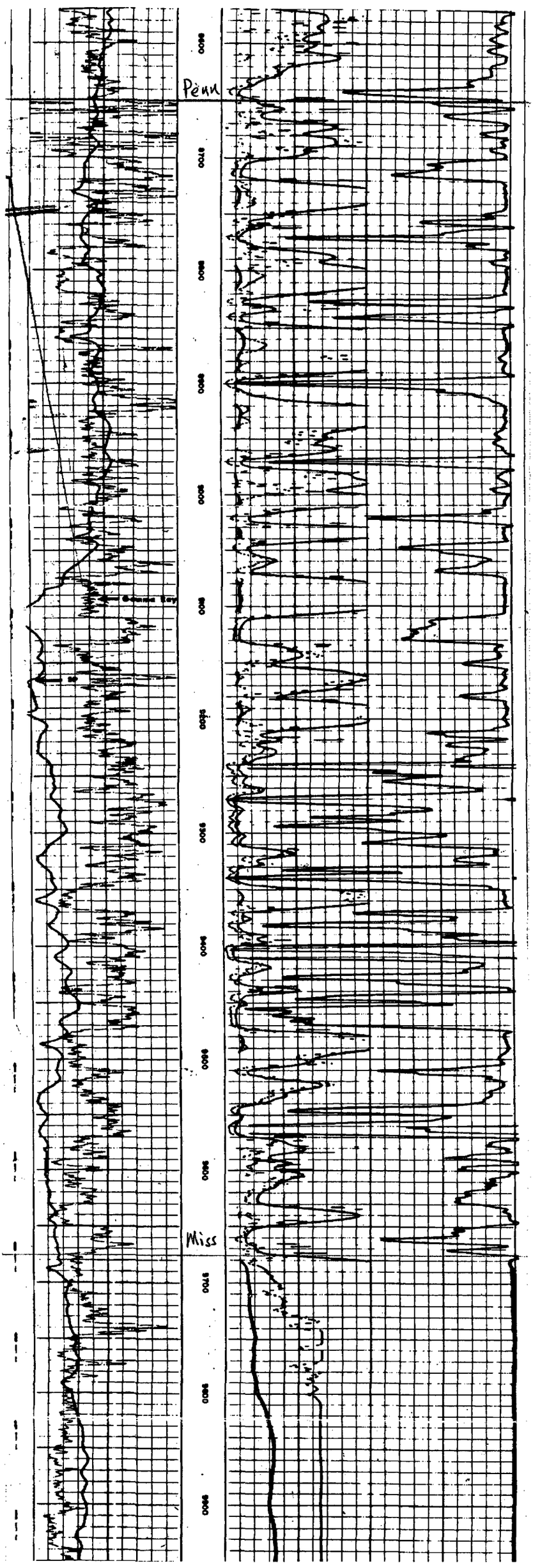
GAMMA RAY
− 10 +
0 µg Ra-eq ton 6

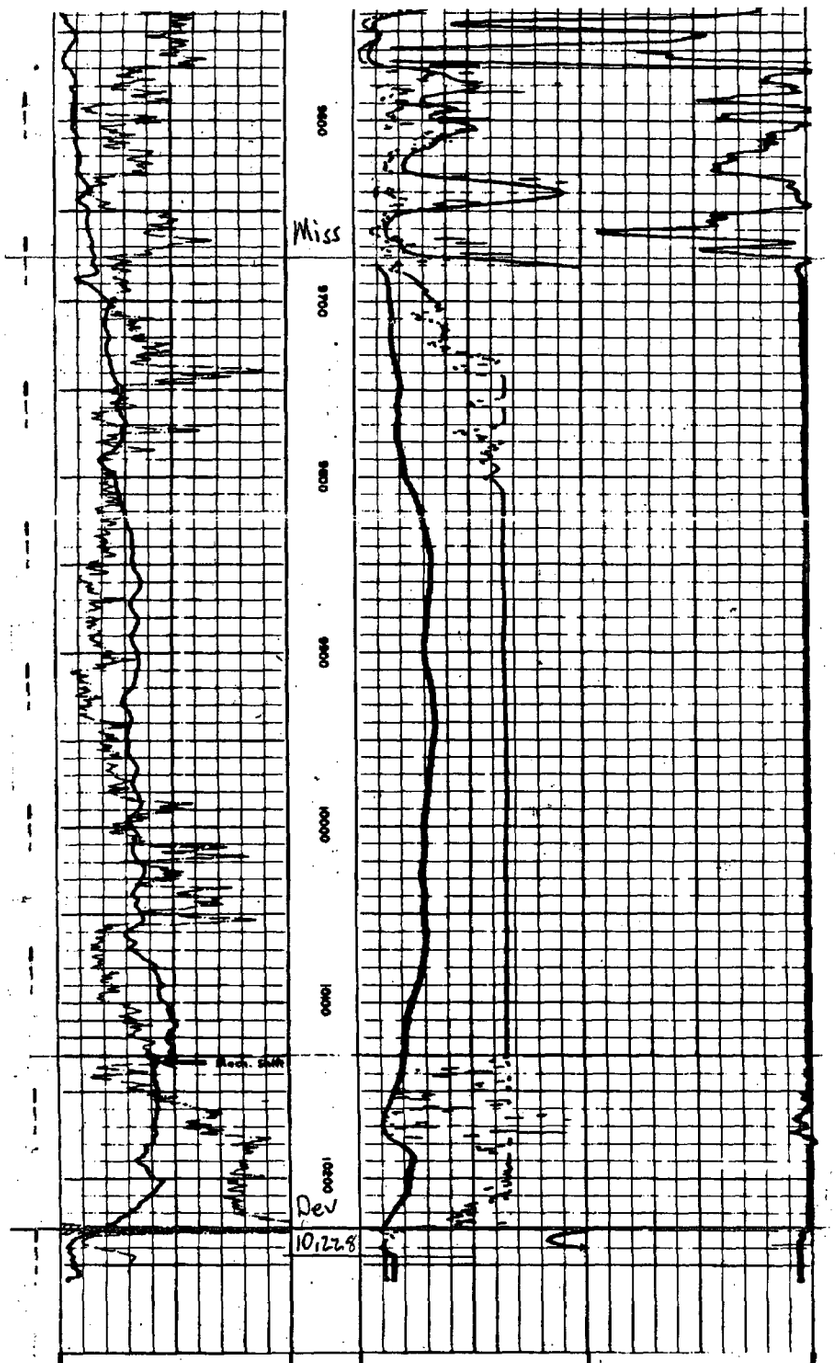


Tu66
Ab0

6800
6900
7000
7100
7200
7300
7400
Wolf


Renin
8600
8500
8400
8300
8200
8100
8000
7900
7800
7700
7600
7500
7400
7300


Penn
Miss



16" NORMAL
0 100
0 1000

INDUCTION
0 100
0 1000

RESISTIVITY
-ohms. m²/m

GAMMA RAY
0 µg Ra-eq ton 6
- 10 +

INDUCTION
400 200 0
600 400

SPONTANEOUS-POTENTIAL
millivolts

DEPTHS

CONDUCTIVITY
millimhos/m = 1000 / ohms. m²/m

COMPANY BTA OIL PRODUCERS
WELL HONOLULU FEDERAL #1
FIELD KING CAMP
COUNTY CHAVES STATE NEW MEXICO

SWSC FR 10244
SWSC TD 10245
DRLR TD 10242
Elev:
KB 3844
DF
GL 3827

DETAIL LOG
5" = 100'

SPONTANEOUS-POTENTIAL
millivolts

DEPTHS

CONDUCTIVITY
millimhos/m = 1000 / ohms. m²/m

- 10 +
GAMMA RAY
0 µg Ra-eq ton 6

INDUCTION
400 200 0
600 400

RESISTIVITY
-ohms. m²/m

16" NORMAL
0 100
0 1000

INDUCTION
0 100
0 1000

WELL HONOLULU FEDERAL #1

FIELD KING CAMP

COUNTY CHAVES STATE NEW MEXICO

SWSC TD 10245
DRLR TD 10242
Elev:
KB 3844
DF
GL 3827

DETAIL LOG

5" = 100'

SPONTANEOUS-POTENTIAL
millivolts

− 40 +

GAMMA RAY
0 µg Ra-eq ton 6

DEPTHS

CONDUCTIVITY
millimhos/m = 1000 / ohms. m²/m

INDUCTION
400 200 0
600 400

RESISTIVITY
-ohms. m²/m

16" NORMAL
0 100
0 1000

INDUCTION
0 100
0 1000

8000
8100
8200
8300
8400

Potash Bed

COUNTY Chaves FIELD King Camp-Devonian STATE N.M. NO.

OPR. B.T.A. Oil Producers MAP

NO. 1 LSE. HF

SEC. 27 T. 14S BLK. R 29E SUR. CO-ORD.

LOC. 2310' fr N & E Lines of Sec.

MI. FROM P&A CLASS. EL. 3827 Gr.

SPUD. 6-21-61 COMP. 7-23-61

FORMATION	DATUM	FORMATION	DATUM
RT.			
Spl			
Miss 9675'			
CSG. & SX.			
LOG:			
13 3/8" 349' 220			
Dev 10228'			
8 5/8" 4000' 1300			
TBG. DEPTH SIZE			
LOGS EL GR RA IND HC A			
TD 10242'		PB	

PROD INT.	IP (DAILY RATE)	BS&W	GH	GOR	GTY	C. P.	T. P.	HRS. TEST

PLUGGED & ABANDONED

CONT.

DATE F.R. 6-21-61 PROP DEPTH 10,500' TYPE Devonian

10 3821 / -6401

6-26-61	Drlg. 712'.
7-3-61	Drlg. 7600' ls.
7-10-61	Drlg. 9228' ls. & sh.
7-17-61	Drlg. 9996' ls. & ch. DST 8472-8547', open 1 hr, rec 270' SGC&VSOCM, 30" ISIP 200#, FP 130-130#, 30" FSIP 140#.
7-24-61	TD 10,242', PLUGGED & ABANDONED. DST 10212-242', op 5 hrs, GTS in 55 min, rec 1450' sli. mud & wtr cut dist. + 1090' blk. salty dist. & GCM + 120' salty sul. wtr. 60" ISIP 4200#, FP 200-740#, 60" FSIP 2300#.

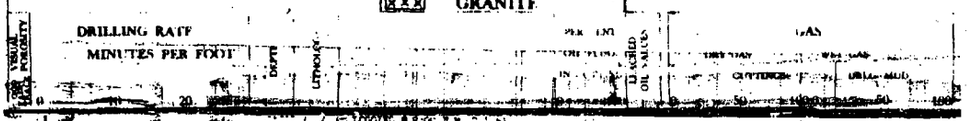
WINDELL & THOMASON

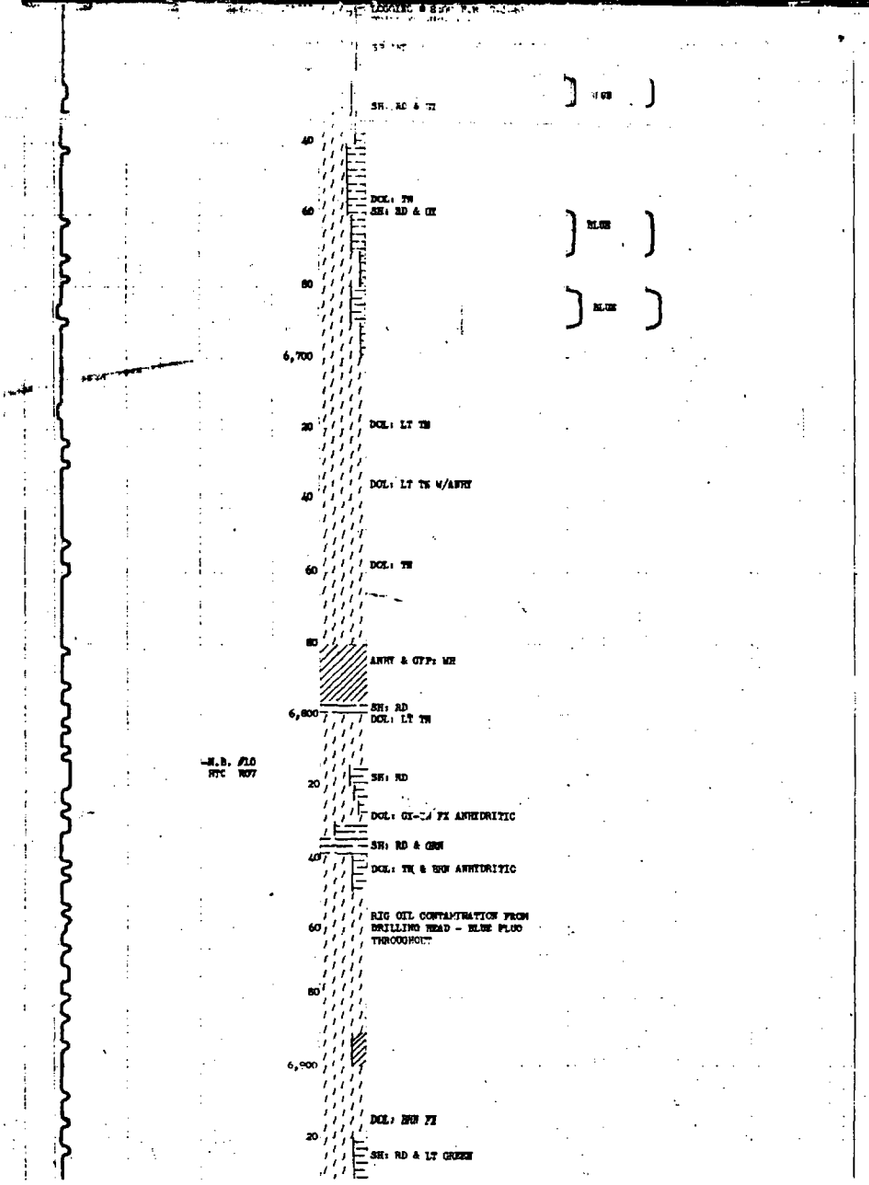
PERMIAN LOGGING COMPANY

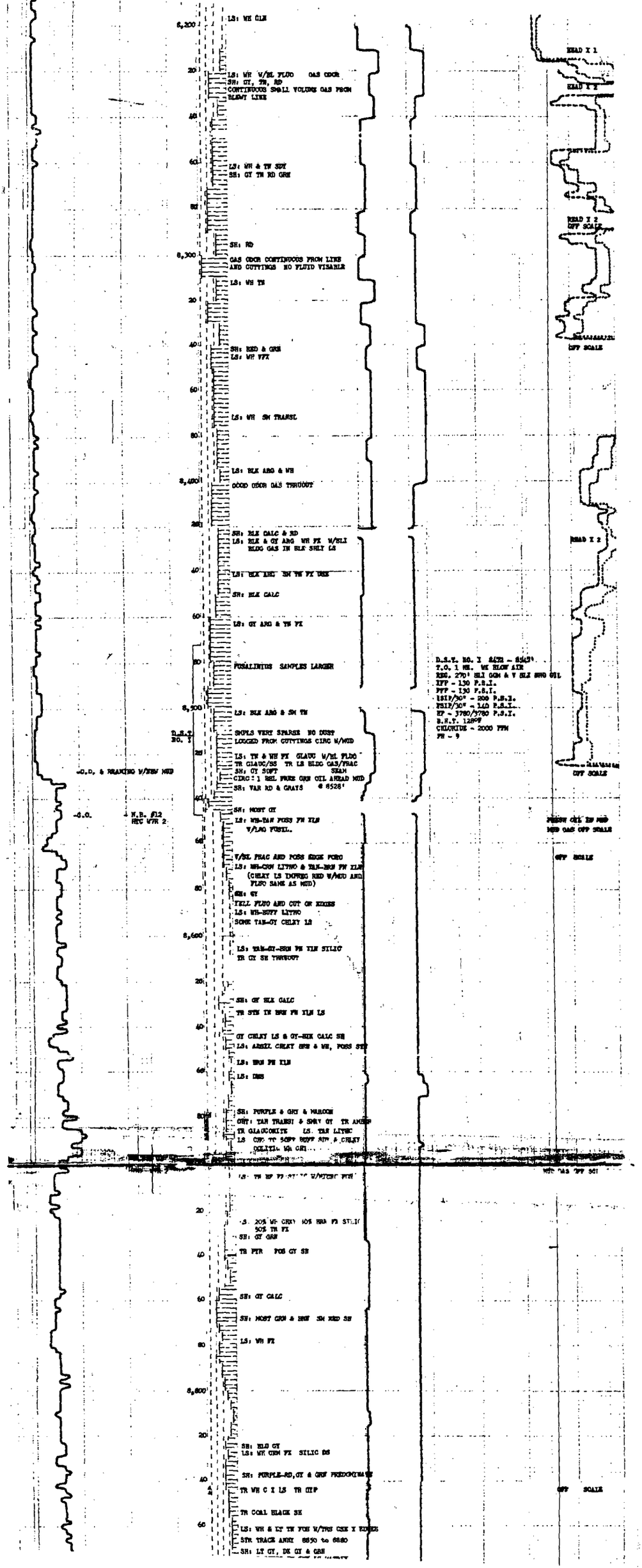
Box 1298 — MIDLAND, TEXAS — Phone 4-4114

		FROM	TO
COMPANY	BTA Oil Producers		
WELL	# 1 Honolulu Federal		
FIELD	Wildcat	DEPTH LOGGED	6600 9092
LOCATION	Chaves Co., New Mex.	DATE LOGGED	7-1-61 7-14-61
ELEVATION		ENGINEERS:	Bass & Byrom

N. B.	NEW BIT	— SAND	REMARKS:
C. O.	CIRCULATE OUT	— SHALE	
N. R.	NO RETURNS	— LIMESTONE	
S. H. S.	STRAIGHT HOLE SUR.	— DOLOMITE	
D. S. T.	CORE	— CHERT	
& No.	& No.	— ANHY., GYP.	
		— CONGLOMERATE	
		— GRANITE WASH.	
		— GRANITE	






8,200
LS: WH CLN
LS: WH W/BL FLUO GAS ODOR
SH: GY, TN, RD
CONTINUOUS SMALL VOLUME GAS FROM BLOWT LINE
LS: WH & TN SDY
SH: GY TN RD GRN
SH: RD
8,300
GAS ODOR CONTINUOUS FROM LINE AND CUTTINGS NO FLUID VISABLE
LS: WH TN
SH: RED & GRN
LS: WH VFX
LS: WH SM TRANSL
LS: BLK ARG & WH
8,400
ODOR GAS THROUOUT
SH: BLK CALC & RD
LS: BLK & GY ARG WH FX W/SLI BLDG GAS IN BLK SHLY LS
LS: BLK ARG SM TN FX DSK
SH: BLK CALC
LS: GY ARG & TN FX
FOSALINIDS SAMPLES LARGER
8,500
LS: BLK ARG & SM TN
D.S.T. NO. 1
SMPLS VERY SPARSE NO DUST LOGGED FROM CUTTINGS CIRC W/MUD
LS: TN & WH FX GLAUC W/BL FLDC TR GLAUC/SS TR LS BLDG GAS/FRAC
SH: GY SOFT SEAM
CIRC: 1 BBL FREE GRN OIL AHEAD MUD
SH: VAR RD & GRAYS @ 8528'
SH: MOST GY
LS: WH-TAN FOSS FN XLN W/LAG FOSIL.
W/SL FRAC AND POSS EDGE PORO
LS: WH-CRM LITHO & TAN-BRN FN XLN (CHLKY LS DOWNS RED W/MUD AND FLUO SAME AS MUD)
SH: GY
TRILL FLUO AND CUT ON EDGES
LS: WH-BUFF LITHO
SOME TAN-GY CHLKY LS
8,600
LS: TAN-GY-BRN FN XLN SILIC
TR GY SH THROUOT
SH: GY BLK CALC
TR STN IN BRN FN XLN LS
GY CHLKY LS & GY-BLK CALC SH
LS: ARGIL CHLKY BRN & WH, POSS STN
LS: BRN FN XLN
LS: DNS
SH: PURPLE & GRY & MAROON
CHT: TAN TRANSL & SHKY GY TR AMBER
TR GLAUCONITE LS. TAN LITHC
LS CHT TT SOFT BUFF STN & CHLKY
QUALITY WA GR1
LS: TN BF FX SI W/MICRO PYR
20
LS: 20% WH CHKY 80% BRN FX SILIC 50% TN FX
SH: GY GRN
TR PYR POS GY SH
SH: GY CALC
SH: MOST GRN & BRN SM RED SH
LS: WH FX
8,800
SH: BLU GY
LS: WH CRM FX SILIC DS
SH: PURPLE-RD,GY & GRN FRECKLED SH
TR WH C X LS TR CHT
TR COAL BLACK SH
LS: WH & LT TN FOS W/TRS CHK X EDGES
STR TRACE ANHY 8850 to 8880
SH: LT GY, DK GY & GRN
HEAD X 1
HEAD X 2
OFF SCALE
HEAD X 2
OFF SCALE
HEAD X 2
OFF SCALE
D.S.T. NO. 1 8478' - 8543'
T.O. 1 HR. WK BLOW AIR
REC. 270' SLI OCM & V SLY SHO OIL
IFP - 130 P.S.I.
FFP - 130 P.S.I.
ISIP/30" - 208 P.S.I.
FSIP/30" - 140 P.S.I.
HP - 3780/3780 P.S.I.
B.H.T. 128°F
CHLORIDE - 2000 PPM
PH - 9
O.D. & REAMING W/FRSH MUD
C.O.
N.B. #12
REC WTR 2
FRESH OIL ZP MUD
MUD GAS OFF SCALE
OFF SCALE
OFF SCALE

SCHLUMBERGER WELL SURVEYING CORPORATION
HOUSTON, TEXAS

MICRO LOGGING®

COUNTY CHAVES
FIELD or LOCATION KING CAMP
WELL HONOLULU FED. 1
COMPANY BTA OIL PRODUCERS

COMPANY BTA OIL PRODUCERS
WELL HONOLULU FEDERAL 1
FIELD KING CAMP
LOCATION SEC. 27-14S-29E
COUNTY CHAVES
STATE NEW MEXICO

Other Surveys
GRSL-IES

Location of Well
2310' FN & EL

Elevation: D.F.:
K.B.: 3844
or G.L.: 3827

Log Depths Measured From KB 14.5 Ft. above G.

RUN No.	1		
Date	7-21-61		
First Reading	10244		
Last Reading	8000		
Feet Measured	2244		
Depth Reached	10245		
Bottom Driller	10242		
Mud Nat.	DRISCOSE-CAUSTIC-OIL-QUEBRACHO		
Dens. | Visc.	9.4 | 38		
Mud Resist.	.78 @ 84 F	@ F	@ F
" Res. BHT	.45 @ 140 F	@ F	@ F
" pH	10 @	@ F	@ F
" Wtr. Loss	6.8 CC 30 min	CC 30 min	CC 30 min
" Rmf	.50 @ 83 F	@ F	@ F
" Rmc	1.46 @ 33 F	@ F	@ F
Mud Log: Rm	.47		
Depth	9430		
Bit Size	7 7/8		
Sonde Type	PMS-A		
Pad Type	1.YD		
Opr. Rig Time	12 HRS		
Truck No.	1555-ARTESIA		
Recorded By	FRY		
Witness	JENKINS-GILLIAM		

TAUREN EXPLORATION, INC.
GEOLOGY DEPARTMENT

Reproduced By
West Texas Electrical Log Service
Dallas 2, Texas

REFERENCE W1087M

ELSI

6

COMPLETION RECORD

SPUD DATE

COMP DATE

DST RECORD

CASING RECORD

PERFORATING RECORD

ACID. FRAC SHOT

I P

GOR GR

T P C P

REMARKS:

REMARKS "B" AT BACK PLATE

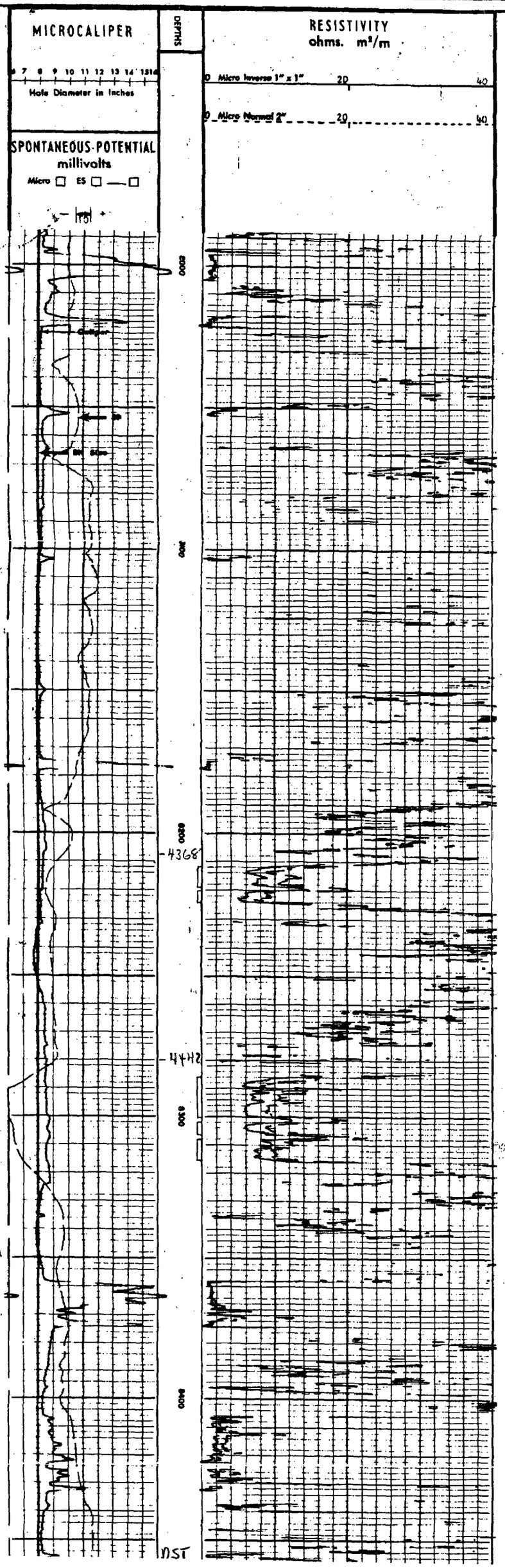
MICROCALIPER
6 7 8 9 10 11 12 13 14 15 16
Hole Diameter in Inches

DEPTHS

RESISTIVITY
ohms. m²/m
0 Micro Inverse 1" x 1" 20 40
0 Micro Normal 2" 20 40

SPONTANEOUS-POTENTIAL
millivolts
Micro ☐ ES ☐ —☐
− 150 +

8000


MICROCALIPER
6 7 8 9 10 11 12 13 14 15 16
Hole Diameter in Inches
SPONTANEOUS-POTENTIAL
millivolts
Micro ☐ ES ☐ —☐
DEPTHS
RESISTIVITY
ohms. m²/m
0 Micro Inverse 1" x 1" 20 40
0 Micro Normal 2" 20 40
8200
8300
8400
-4368
-4442
DST