ATS-11-632

RESUBMITTAL OCD Artesia

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-013
Expires 3, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **NM-0467930**

6. If Indian, Allotee 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. **Dale H. Parke A Tr. 1 #34** ✓

2. Name of Operator **Premier Oil & Gas, Inc.**

9. API Well No. 30-015-39434 ✓

3a. Address **PO Box 1246 Artesia, NM 88211-1246**

3b. Phone No. *(include area code)* **972-470-0228**

10. Field and Pool, or Exploratory **Loco Hills; Glorieta-Yeso**

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **990' FNL & 1650' FEL**
At proposed prod. zone

11. Sec., T. R. M. or Blk. and Survey or Area **Section 22, T-17S & R-30E**

14. Distance in miles and direction from nearest town or post office* **About 1 mile from Loco Hills, NM**

12. County or Parish **Eddy County**

13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **330'**

16. No. of acres in lease **320**

17. Spacing Unit dedicated to this well **40**

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth **6300** ✓

20. BLM/BIA Bond No. on file **NMB000081**

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **3681' GL** ✓

22. Approximate date work will start* **07/14/2011**

23. Estimated duration **21 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)* **Daniel Jones** — Date **04/14/2011**

Title **Vice President**

Approved by *(Signature)* /s/ Don Peterson — Name *(Printed/Typed)* — Date SEP 20 2011

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 TWO YEARS

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)*

RECEIVED
SEP 22 2011
NMOCD ARTESIA

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

PREMIER OIL & GAS, INC.
DRILLING AND OPERATIONS PROGRAM

Dale H. Parke A Tr. 1 No. 34
990' FNL and 1650' FEL
Section 22-T17S-R30E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Premier Oil & Gas, Inc. submits the following ten items of pertinent information in accordance with BLM requirements.

1. Geological surface formation: Permian

2. The estimated tops of geologic markers are as follows:

Quarternary	Surf		Yates	1280
Rustler	365		Queen	2160
Top of Salt	565		San Andres	2880
Base of Salt	1100		Glorieta	4330

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

Formation	Depth	Water, Oil or Gas
Water Sand	150	Fresh Water
Grayburg	2360	Oil/Gas
San Andres	2880	Oil/Gas
Yeso Group	4390	Oil/Gas

Formation will be Yeso Group from 4390' to TD

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 380' and circulating cement back to surface. 8 5/8" casing will be set at 1300' to case off the salt and cemented back to surface. If any producing formation is found 5 ½" casing will be run to T.D. and cemented to 200' above the base of the 8 5/8" casing.

4. Proposed Casing Program:

Hole Size	Interval	OD Casing	New or Used	Wt	Collar	Grade	Collapse Design , Factor	Burst Design Factor	Tension Design Factor
17 ½"	0' – ~~380'~~ OK	13 3/8	New	48#	STC	H-40	1.125	1.125	1.6
11"	380' - 1300'	8 5/8	New	24#	STC	J-55	1.125	1.125	1.6
7 7/8"	1300' - 6300'	5 1/2"	New	17#	LTC	J-55	1.125	1.125	1.6

5. Proposed Cement Program:

a. 13 3/8" Surface	Cement to surface with 350 sk, class "C", 2% calc, wt 14.8 ppg, yield 1.34, 100% excess
b. 8 5/8" Int	Cement to surface with 300 sk, dass "C" lite Yield 1.99 wt 12.7 ppg. Tail in with 250 sk class "C" 2% calc yield 1.34 wt 14.8 ppg, 100% excess
c. 5 ½" Prod	**1st Stage**, 400 sk "H" yield 1.68 wt 13.0#, 35% excess **2nd Stage**, 450 sk "H" Lite @ 12.7 ppg, yield 1.92, tail in with 100 sk "C" wt 14.8# yield 1.35, 50% excess DV Tool @ 3500' TOC @ 1100'

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 200' above the 8 5/8" casing shoe. If cement does not circulate on surface casing, than 1" pipe will be run to TOC and cement with class "C" pumped to surface. No temperature surveyor bond log will be required. All casing is new and API approved.

see COA

6. Minimum Specifications for Pressure Control: * See COA

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of nippling up on the 13 3/8" with a 2M system comprised of an 13-5/8" Annular Preventor and tested to 1000 psi, then nippling up on the 8 5/8" casing with a 2M system comprised of an Annular Preventor and tested to 2000# with an independent tester.

* Independent tester

The BOP will be operationally checked each 24 hour period. These checks will be noted on the daily tour sheets. A 2" kill line and a 3" choke line will be included in the drilling spool located below the Annular BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 2000 psi WP rating.

7. Estimated BHP: 2600 psi

8. Mud Program: The applicable depths and properties of this system are as follows:

Depth	Type System	Mud Weight	Viscosity (sec)	Waterloss (cc)
0' – 380'	Fresh Water	8.5	28	N.C.
380' – 1300'	Brine	9.8-10.2	40-45	N.C.
1300' – 6300'	Cut Brine	9.0-9.2	30-32	L10CC

The necessary mud products for weight addition and fluid loss control will be on location at all times.

9. Auxiliary Well Control and Monitoring Equipment:

a. A Kelly cock will be in the drill string at all times.
b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 ½" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

10. Testing, Logging and Coring Program: * See COA

a. Drill stem tests will be based on geological sample shows.
b. The open hole electrical logging program will be:
   i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron - Z Density log with Gamma Ray and Caliper.
   ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
   iii. No coring program is planned
   iv. Additional testing will be initiated subsequent to setting the 5 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

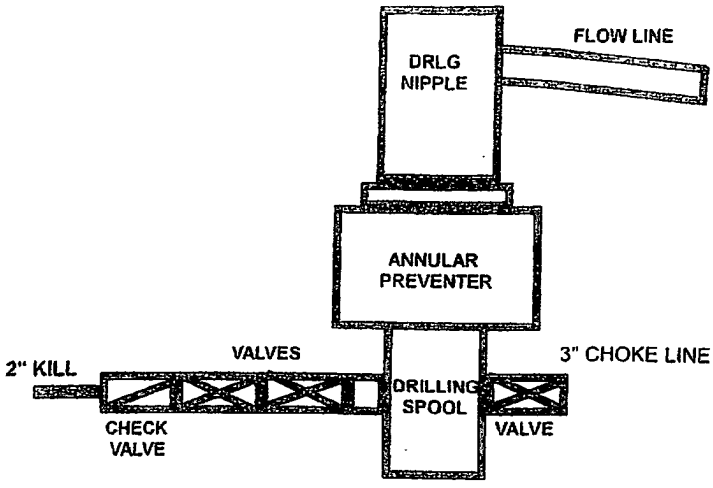
11. Potential Hazards:

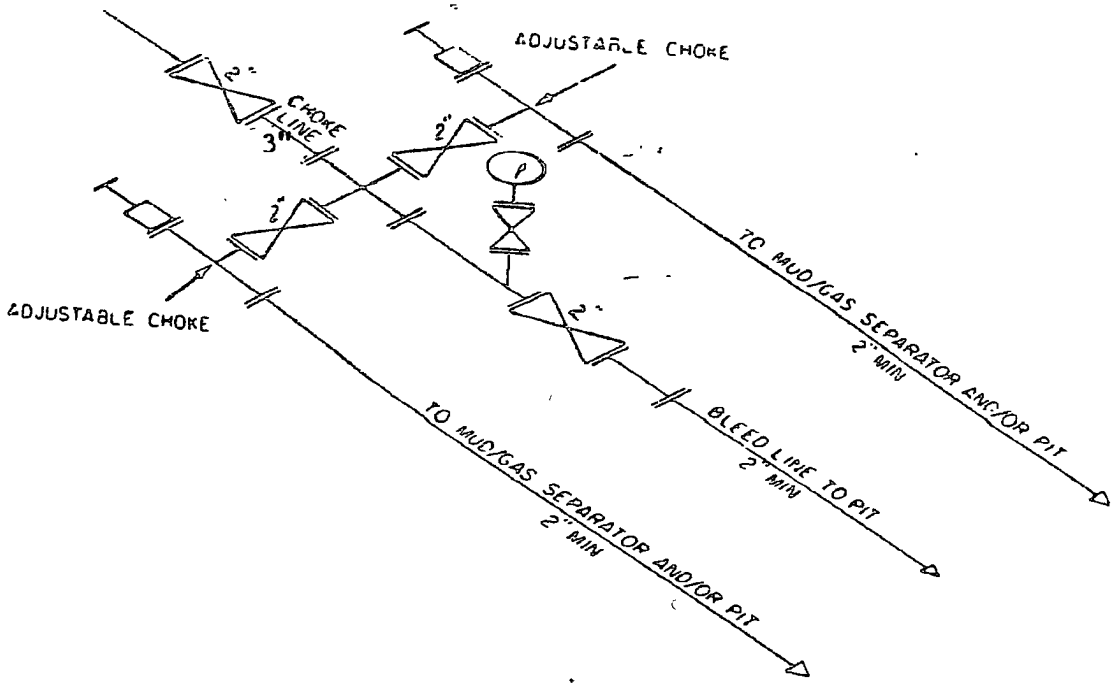
a. No abnormal pressures or temperatures are expected. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No.6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 2600 psi. Estimated BHT: 120°.

12. Anticipated starting date and Duration of Operations:

a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 21 days.

2M SYSTEM





2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES MAY VARY