11-834

OCD-ARTESIA

Form 3160-3
(August 2007)

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
LC-029020 A

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 Tract 2 #30

2. Name of Operator Premier Oil & Gas Inc.

9. API Well No.
30-015-39433

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

3b. Phone No. *(include area code)*
575-748-2093

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 355' FSL & 2230' FWL Unit N
At proposed prod. zone Same

11. Sec., T. R. M. or Blk. and Survey or Area
SEC. 15 - T 17S - R 30E

14. Distance in miles and direction from nearest town or post office*

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)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
355'	40	40

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
	6300' ✓	NMB000081

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3679' GL ✓	10/15/2011	21

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must 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 BLM.

25. Signature	Name *(Printed/Typed)*	Date
Kenneth C. Jones	KENNETH C. JONES	08/09/2011

Title
PRESIDENT

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

Title	Office
FIELD MANAGER	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.

(Continued on page 2)

*(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. 2 No. 30
335' FSL and 2230' FWL
Section 15-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	320		Queen	2160
Top of Salt	610		San Andres	2900
Base of Salt	975		Glorieta	4350

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	2450	Oil/Gas
San Andres	2900	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' ···	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 250 sk, class "C" with 4% bentonite and 2% CaCL2 lead slurry (13.5 ppg, 1.63 cfps, 9.2 gwps) followed by 250 sx Class "C" with 2% CaCl2 tail slurry (14.8 ppg, 1.35 cfps, 6.37 gwps). Slurry volumes based on 100% excess.

c

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 survey or 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.

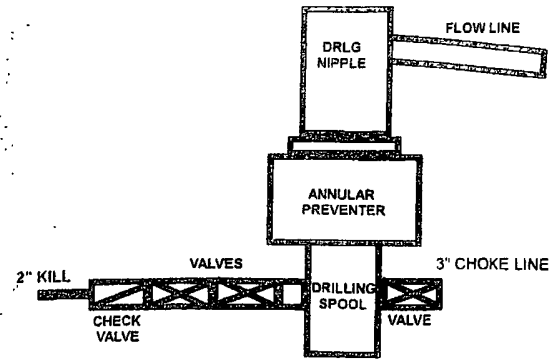
11. Potential Hazards:

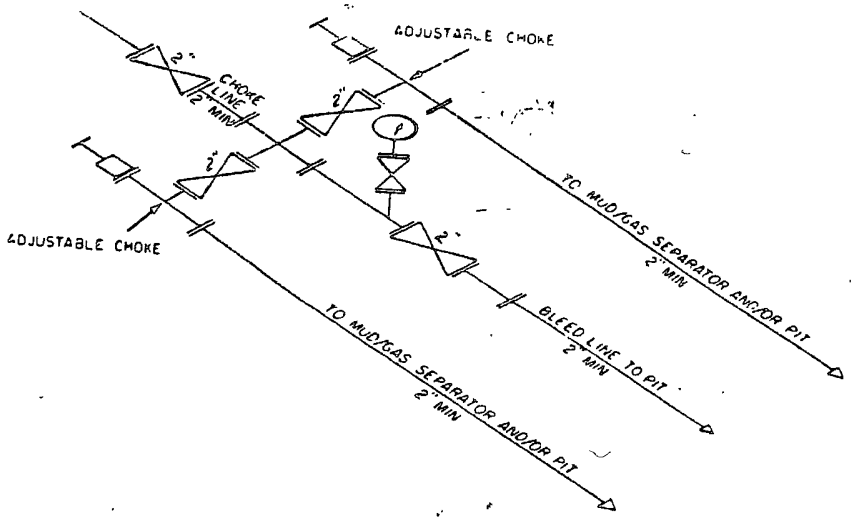
a. No abnormal pressures or temperatures are expected. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No.6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this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