Barry

N.M. Oil Cons. Div. Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

0671

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-26684-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: 30399 GOURLEY FEDERAL # 3

2. NAME OF OPERATOR: UNIT PETROLEUM COMPANY (MATT DOFFER 432-685-9020) 115970

9. API WELL NO.: 30-015-34152

3. ADDRESS AND TELEPHONE NO.: 407 NORTH BIG SPRING STREET SUITE 101 MIDLAND, TEXAS 79701

10. FIELD AND POOL, OR WILDCAT: DUBLIN RANCH-MORROW GAS 76140

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1650' FNL & 810' FEL SECTION 28 T22S-R28E EDDY CO. NM
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 28 T22S-R28E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 12 miles Southeast of Carlsbad New Mexico

12. COUNTY OR PARISH: EDDY CO

13. STATE: NEW MEXICO

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 810'

16. NO. OF ACRES IN LEASE: 400

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 2900'

19. PROPOSED DEPTH: 12,750'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3063' GR.

22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	20"	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48	400'	365 Sx. circulate cement
12¼"	J-55 9 5/8	36	2650'	580 Sx. " "
8 3/4"	HCP-110 7 5/8"	29.7 & 26.4	11,100'	200 Sx.
6¼"	HCP-110 4½"	11.6	12750'-10800'	310 Sx Top of liner hanger

WITNESS

RECEIVED
JUN 08 2005
OCD-ARTESIA

CARLSBAD CONTROLLED WATER BASIN

SEE ATTACHED SHEET

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

THIS WELL WAS ORIGINALLY APPROVED AUG 02, 2002 AND WAS ALLOWED TO EXPIRE. IT WAS GIVEN AN API# 3001532403 BUT IT MAY HAVE BEEN CANCELED.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Joe T Janica TITLE Agent DATE 05/04/05

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

ACTING

/s/ Joe G. Lara FIELD MANAGER JUN - 6 2005

APPROVED BY _____ TITLE _____ DATE _____

3a 17 95

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes 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.

UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.

2. Drill 17½" hole to 400'. Run and set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 365 Sx. of Class "C" cement + 2% CaCl, + ¼# of Flocele/Sx. Circulate cement to surface.

3. Drill 12¼" hole to 2650'. Run and set 2650' of 9 5/8" 36# J-55 ST&C casing. Cement with 580 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.

4. Drill 8 3/4" hole to 11,100'. Run and set 7 5/8" casing as follows: 2700 of 7 5/8" 29.7# HCP-110, LT&C, 8400' of 7 5/8" 26.4# HCP-110, LT&C casing. Cement with 200 Sx. of Class "H" Premium Plus cement + additives.

5. Drill 6¼" hole to 12,750. Run and set a 4½" 11.6# HCP-110 LT&C liner from 12,750' back to 10,800' (1950'). Cement with 310 Sx. of Class "H" Premium Plus cement + additives, top of cement liner hanger.

State of New Mexico
Energy, Minerals and Natural Resources Department

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	76140	DUBLIN RANCH-MORROW GAS

Property Code	Property Name	Well Number
30399	GOURLEY FEDERAL	3

OGRID No.	Operator Name	Elevation
115970	UNIT PETROLEUM COMPANY	3063'

Surface Location

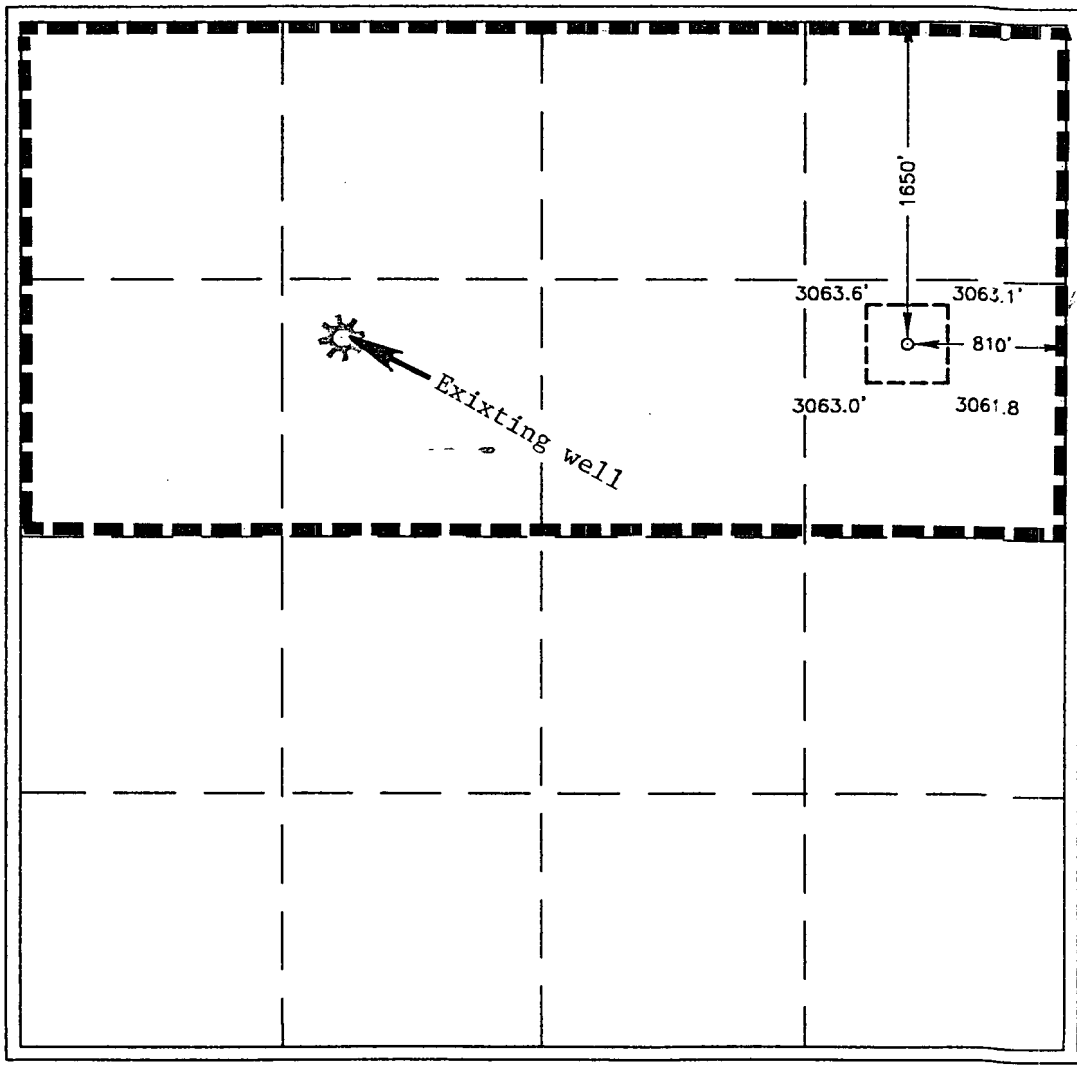
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	28	22-S	28-E		1650	NORTH	810	EAST	EDDY

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

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



OPERATOR CERTIFICATION

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

Joe T. Janica
Signature

Joe T. Janica
Printed Name

Agent
Title

05/04/05
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.

MARCH 03, 2002
Date Surveyed AWB

Signature & Seal of Professional Surveyor

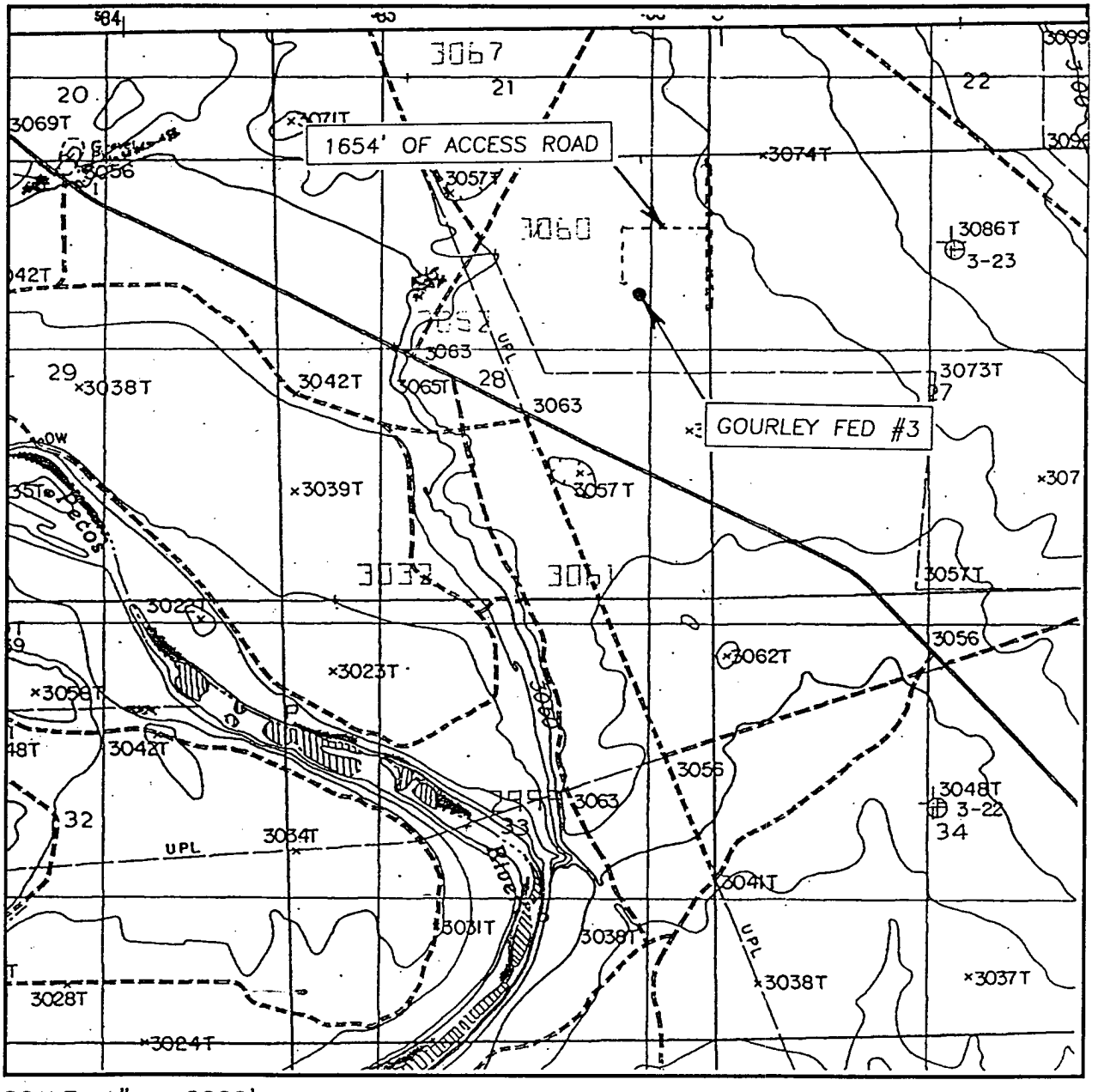
Gary L. Eidson 3/7/02

02.11.0176

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

EXHIBIT "A"

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
LOVING, N.M.

SEC. 28 TWP. 22-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1650' FNL & 810' FEL

ELEVATION 3063'

OPERATOR UNIT PETROLEUM COMPANY

LEASE GOURLEY FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
LOVING, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is providedfor your consideration.

1. Location of well: 1650' FNL & 810' FEL SECTION 28 T22S-R28E EDDY CO. NM

2. Ground Elevation above Sea Level: 3063' GR.

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 12,750'

6. Estimated tops of geological markers:

Cherry Canyon	3550'	Strawn	11,100'
1st Bone Spring	7050'	Atoka	11,450'
Wolfcamp	9550'	Morrow	11,950'

7. Possible mineral bearing formations:

Bone Spring	Oil	Strawn	Gas
Wolfcamp	Gas	Atoka	Gas
		Morrow	Gas

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
25"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-400'	13 3/8"	48#	8-R	ST&C	H-40
12¼"	0-2650'	9 5/8"	36#	8-R	ST&C	J-55
8 3/4"	0-11,100'	7 5/8"	26.4&29.7#	8-R	LT&C	HCP-110
6¼"	10,800-12,750'	4½" Liner	11.6	8-R	LT&C	HCP-110

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 365 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.
9 5/8"	Intermediate	Set 2650' of 9 5/8" 36# J-55 ST&C casing. Cement with 580 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.
7 5/8"	2nd Intermediate	Set 11,100' of 7 5/8" casing as follows: 2700' od 7 5/8" 29.7# HCP-110 LT&C, 8400' of 7 5/8" 26.4# HCP-110 LT&C casing. Cement with 200 Sx. of Class "H" cement + additives.
4½"	Liner	Set 1950' of 4½" 11.6# HCP-110 LT&C liner from TD back to 10,800'. Cement with 310 Sx. of Class "H" premium Plus cement + additives, cement to top of liner.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 1500 Series 5000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nipplled up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 5000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-400'	8.4-8.7	29-32	NC	Fresh water spud mud use paper to control seepage.
400-2650'	9.0-10.1	29-36	NC	Cut Brine add paper to control seepage and high viscosity sweeps to clean hole.
2650'-11,100'	9.0-10.1	29-38	25 cc or less	Same as above ues Gel to control viscosity and Polymer to control water loss.
11,100-12,750'	10-10.2	38-42	10 cc or less	Cut Brine, Dris-Pac system for water loss control, Gel for viscosity, use high viscosity sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's , open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual laterolog, MSFL, Neutron Density, Gamma Ray, Caliper from TD to 11,100'. Gamma Ray, Comp Neutron-Density from TD to surface.

B. Mud logger will be placed on hole at 11,100'.

C. No DST's or Cores are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S 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 6000 PSI, and Estimated BHT 195°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 55 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Morrow formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as agas well.

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E" & "E-1"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If the location is near to a dwelling a closed DST will be performed.

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM

11. OTHER INFORMATION:

A. To pography is relatively flat with a slight dip to the West toward the Pecos river. Soil consists of lag gravels and sandy soils. Vegetation consists of mesquite and native grasses.

B. Surface is owned by the U.S. Department of Interior and is administered by the Bureau of Land Management. The surface is leased to ranchers for grazing of live stock.

C. An archaeological survey has been done on the location and roads, the report is filed in The Bureau of Land Management in the Carlsbad Field office.

D. There are no domestic dwellings located within one mile of the location.

12. OPERATORS REPRESENTIVE:

Before construction:

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PHONE 505-391-8503

During and after construction:

UNIT PETROLEUM COMPANY
407 NORTH BIG SPRING STREET
SUITE 101
MIDLAND, TEXAS 79701
MATT DOFFER
OFFICE PH. 432-685-9020

13. 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 currently exist, that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by UNIT PETROLEUM COMPANY it's contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T. Janica
DATE : 05/04/05
TITLE : Agent

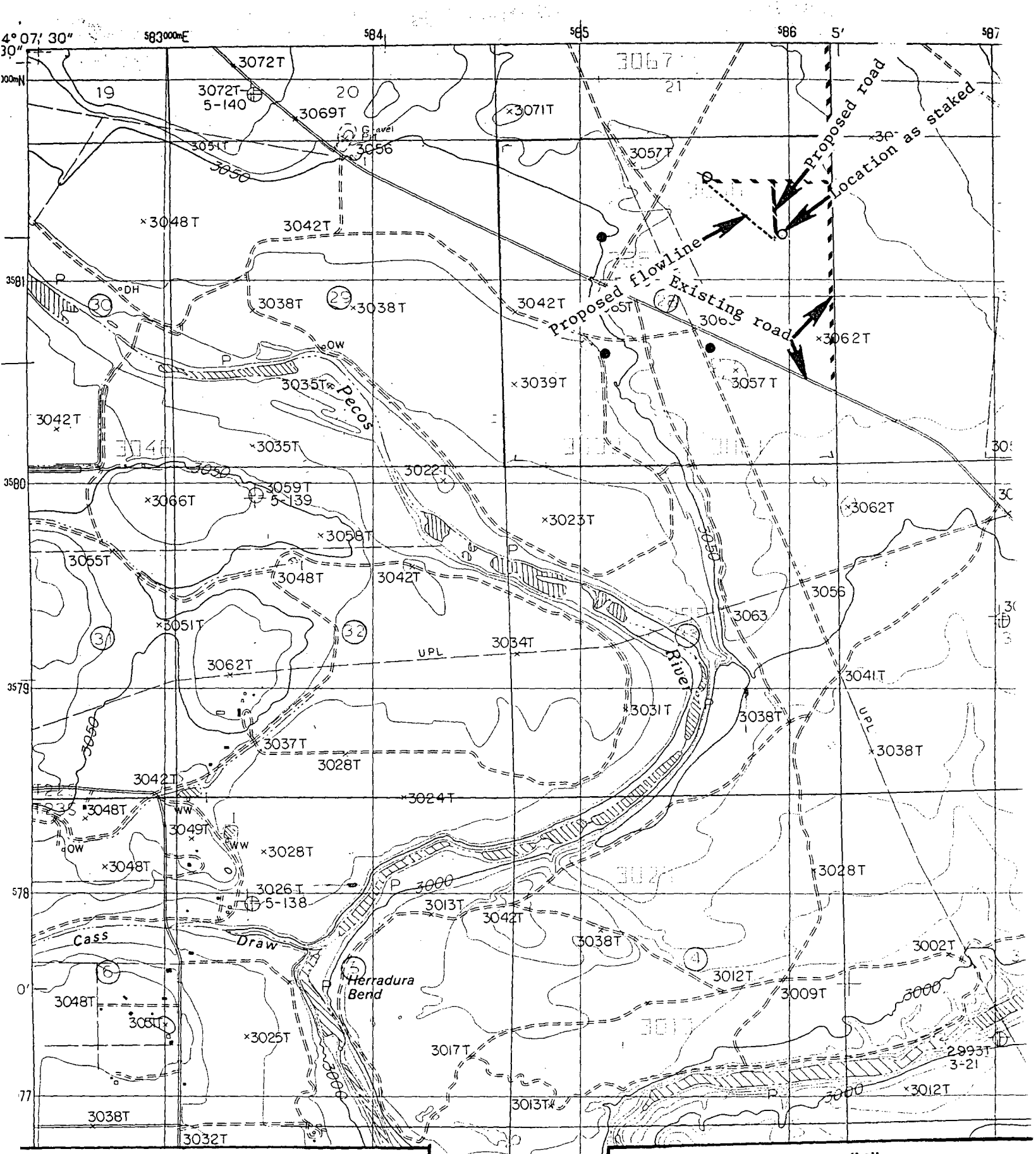
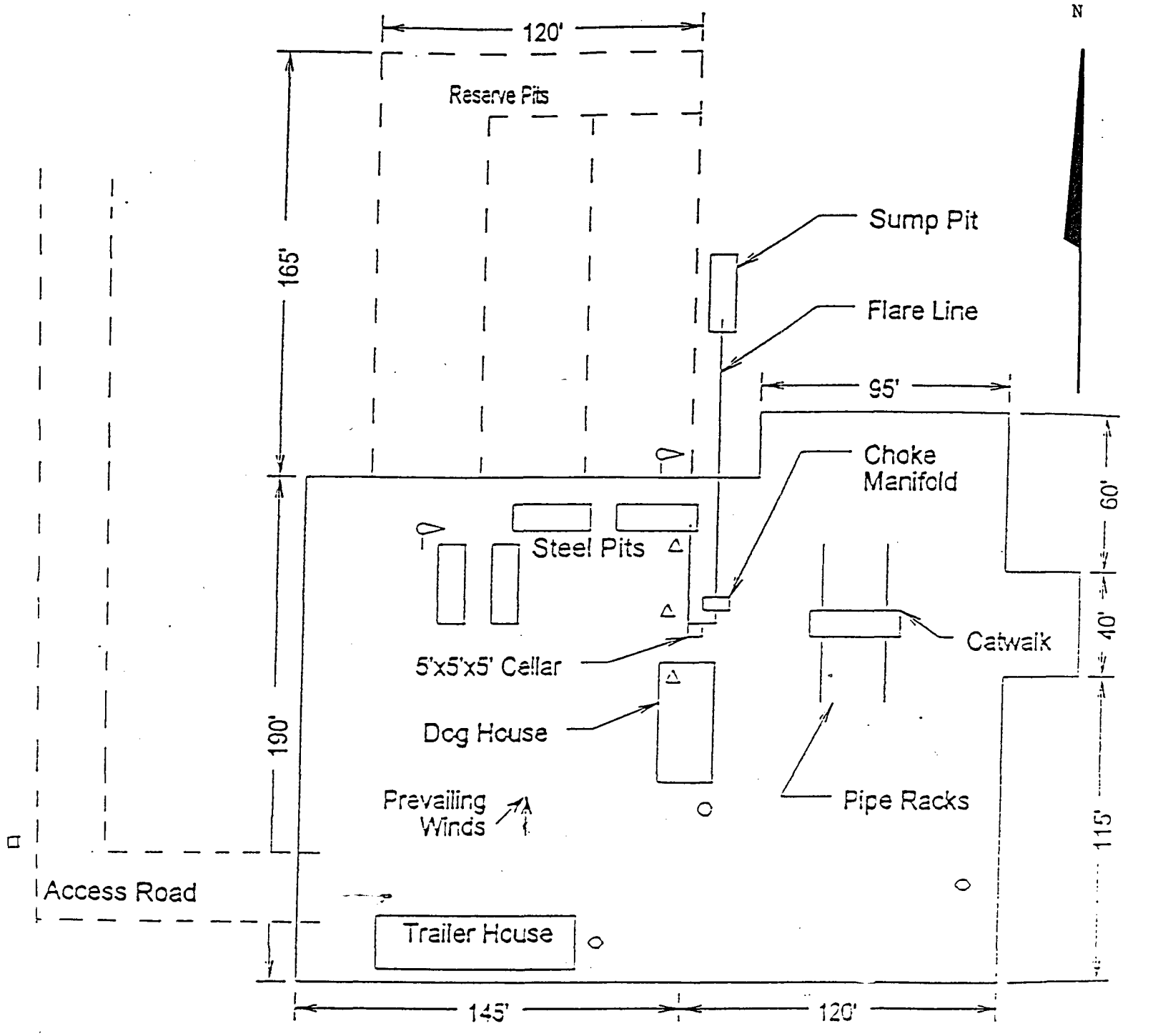


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

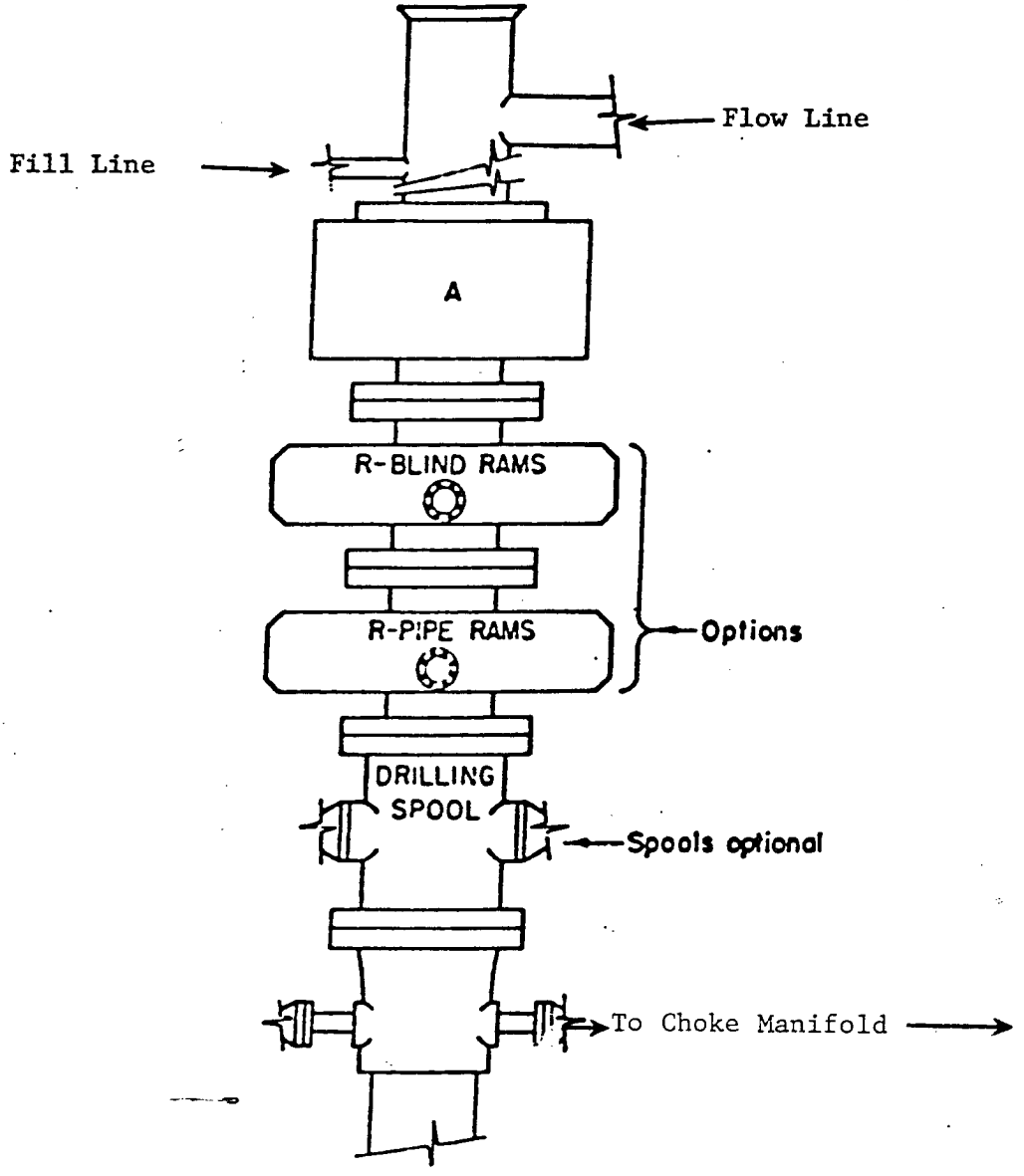
UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM



- Wind Direction Indicators (wind sock or streamers)
- H2S Monitors (alarms at bell nipple and shale sha
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM



ARRANGEMENT SRRA

1500 Series

5000# Working Pressure

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM

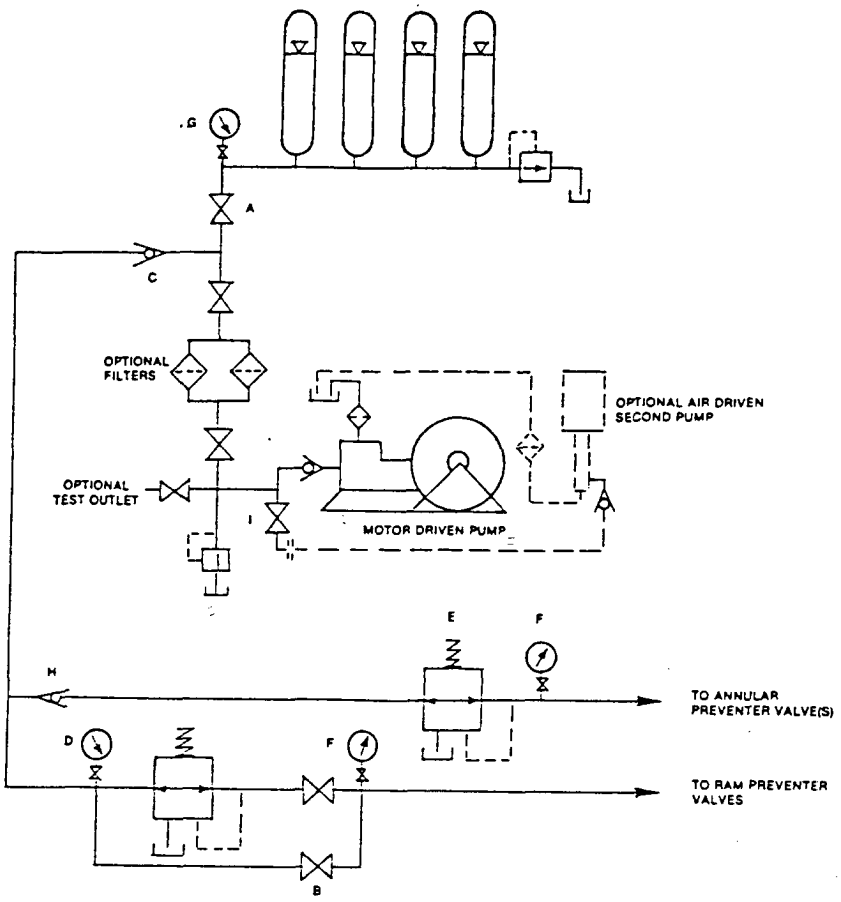


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

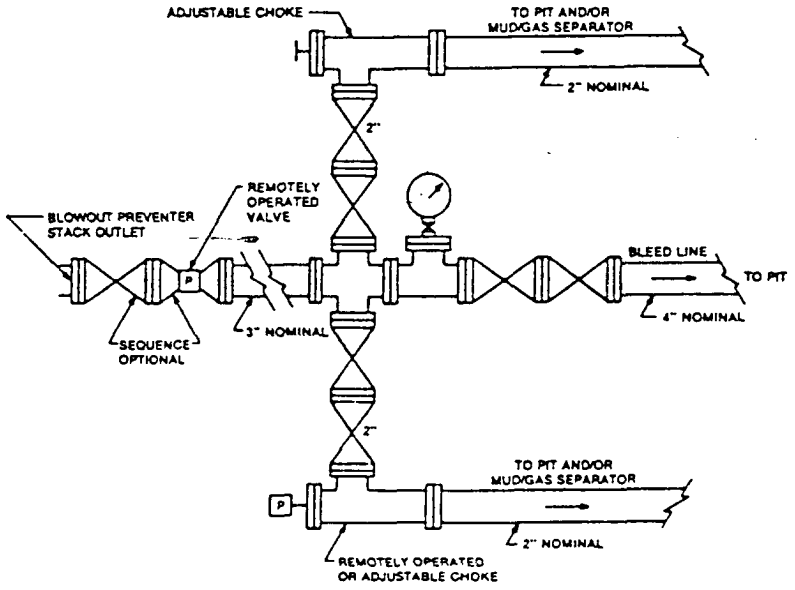


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

UNIT PETROLEUM COMPANY
GOURLEY FEDERAL # 3
UNIT "H" SECTION 28
T22S-R28E EDDY CO. NM