12-05-15

7005

UNITED STATES (Other instructions on reverse side)
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

0877

RECEIVED
SEP 6 2005
OCD-ARTESIA

5. LEASE DESIGNATION AND SERIAL NO.: LC-066445

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: 35150

8. FARM OR LEASE NAME, WELL NO.: MONTE CARLO FEDERAL COM. # 1

9. API WELL NO.: 30-015-34372

10. FIELD AND POOL, OR WILDCAT: ATOKA PENN (PRO-GAS) 70800

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 1 T18S-R26E

12. COUNTY OR PARISH: EDDY CO. NEW

13. STATE: MEXICO

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

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

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

3. ADDRESS AND TELEPHONE NO.: 407 NORTH BIG SPRING ST. SUITE 101 MIDLAND, TEXAS 79701 (432-685-9020

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 2385' FNL & 271' FEL SECTION 1 T18S-R26E EDDY CO. MN
At proposed prod. zone: 1905' FNL & 1350' FEL SECTION 1 T18S-R26E

SUBJECT TO LIKE APPROVAL BY STATE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 15 miles Southeast of Artesia New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1305'

16. NO. OF ACRES IN LEASE: -

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.: 100'

19. PROPOSED DEPTH: MD 9290 TVD 9010'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): GR. 3363'

Roswell Controlled Water Basin

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
26"	Conductor	NA	40'	Cement to surface W/Redi-mix
17½"	H-40 13 3/8"	48#	300'	450 Sx. circulate cement TS
12¼"	J-55 9 5/8"	36#	1500'	800 Sx. " " "
8 3/4"	N-80 5½"	17	9290'	500 Sx. Est. TOC 6000'

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.

2. Drill 17½" hole to 300'. Run and set 300' of 13 3/8" 48# H-40 ST&C casing. Cement with 450 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.

3. Drill 12¼" hole to 1500'. Run and set 1500' of 9 5/8" 36# J-55 ST&C casing. Cement with 550 Sx. of 35/65 Class "C" POZ cement + additives, tail in with 250 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.

4. Drill 8 3/4" hole to 9290' MD (9010' TVD) Run and set 9290' of 5½" 17# N-80 LT&C casing. Cement with 500 Sx. of Class "H" Premium Plus cement + additives, Estimate top of cement 6000' from surface, top of cement must be at least 500' above the uppermost hydrocarbon producing interval.

UNIT PETROLEUM COMPANY ACCEPTS THE RESPONSIBILITY FOR THE OPERATION OF THIS LEASE.

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 06/20/05

(This space for Federal or State office use)

PERMIT NO. NSL-5282(BHL) APPROVAL DATE

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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:

APPROVED BY /s/ Joe G. Lara TITLE ACTING FIELD MANAGER DATE SEP 02 2005

*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

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
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
	70800	ATOKA PENN (PRO. GAS)

Property Code	Property Name	Well Number
	MONTE CARLO FEDERAL COM	1

OGRID No.	Operator Name	Elevation
115970	UNIT PETROLEUM COMPANY	3363'

Surface Location

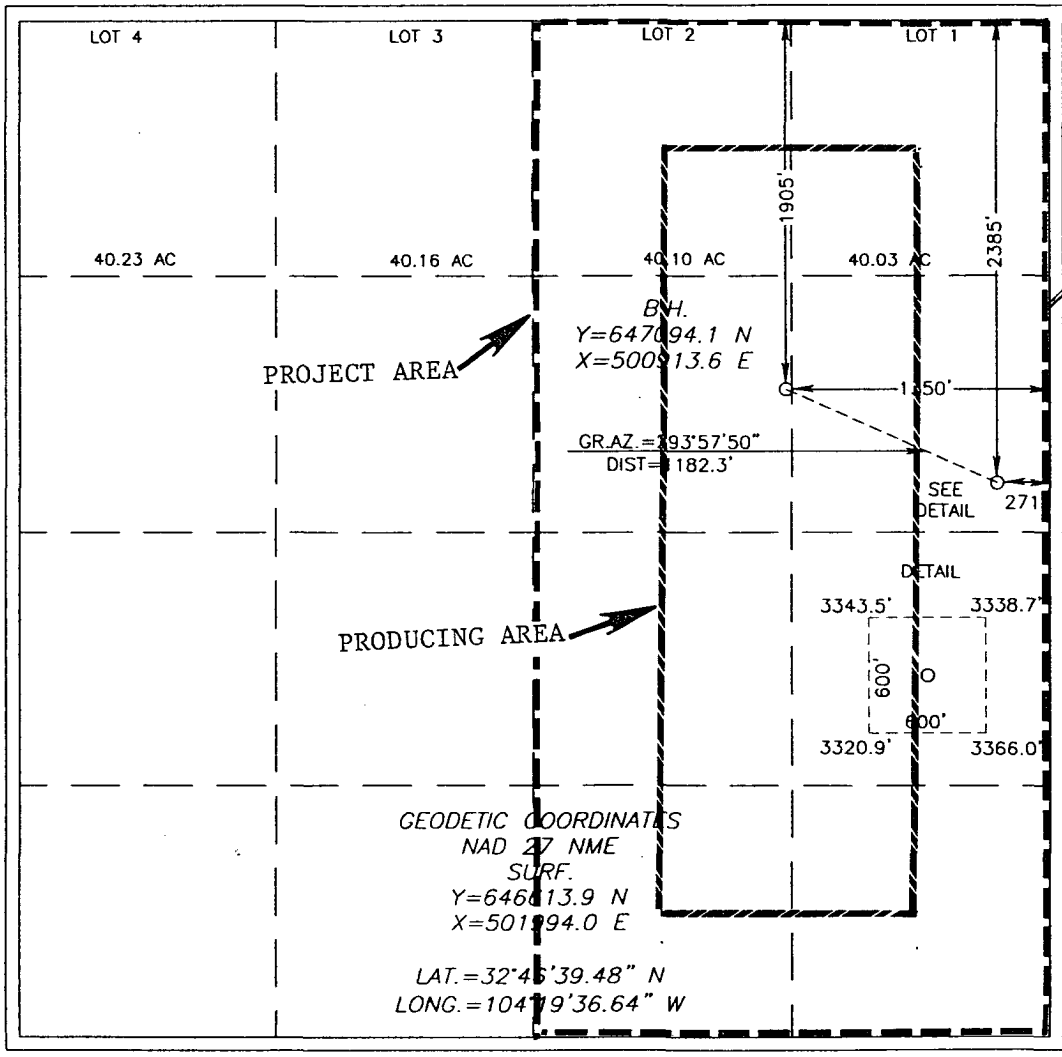
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	1	18-S	26-E		2385	NORTH	271	EAST	EDDY

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
G	1	18-S	26-E		1905	NORTH	1350	EAST	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



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
06/20/05

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 19, 2005

Date Surveyed REV. 05/31/05 JR

Signature & Seal of Professional Surveyor

Gary B. Eidson 5/31/05

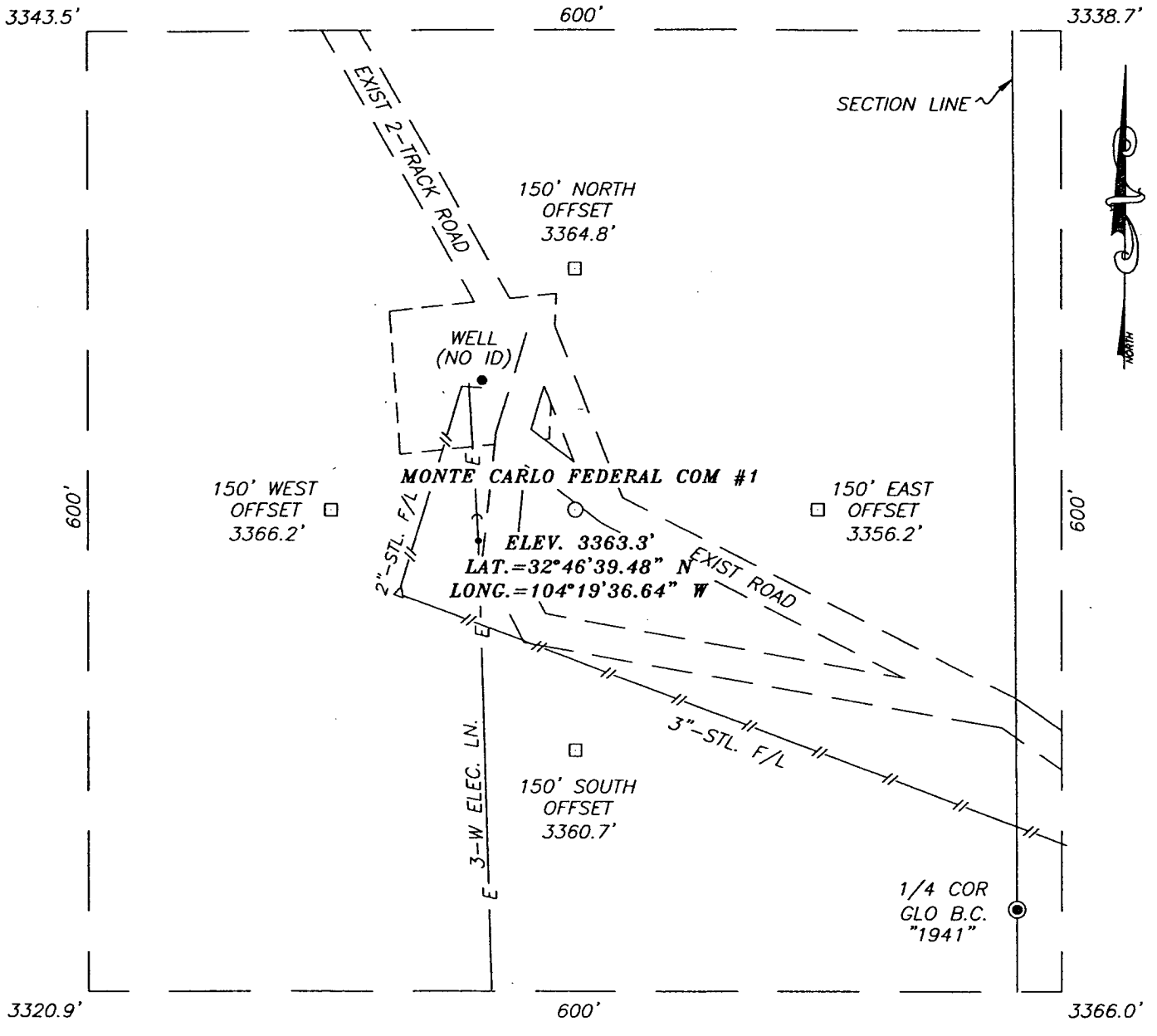
05.11.0774

Certificate No. GARY EIDSON 12641

EXHIBIT "A"

SECTION 1, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #201 (CHALK BLUFF RD.) GO SOUTH/SE ON CO. RD. #201 FOR APPROX. 4.0 MILES. TURN RIGHT (WEST) AND GO APPROX. 0.1 MILES WEST. ROAD BENDS LEFT (SW) AND GOES APPROX. 0.23 MILES. VEER RIGHT @ "Y" INTERSECTION AND GO WEST FOR APPROX. 0.2 MILES. VEER RIGHT @ "Y" AND GO WEST/NW FOR APPROX 0.55 MILES. VEER LEFT @ "Y" AND GO SW FOR APPROX. 0.6 MILES. ROAD BENDS RIGHT (NW) AND GOES APPROX. 0.13 MILES TO THE SWc OF EXIST WELL PAD. FOLLOW ROAD FOR APPROX. 0.15 MILES. PROPOSED LOCATION IS APPROX. 20' WEST.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

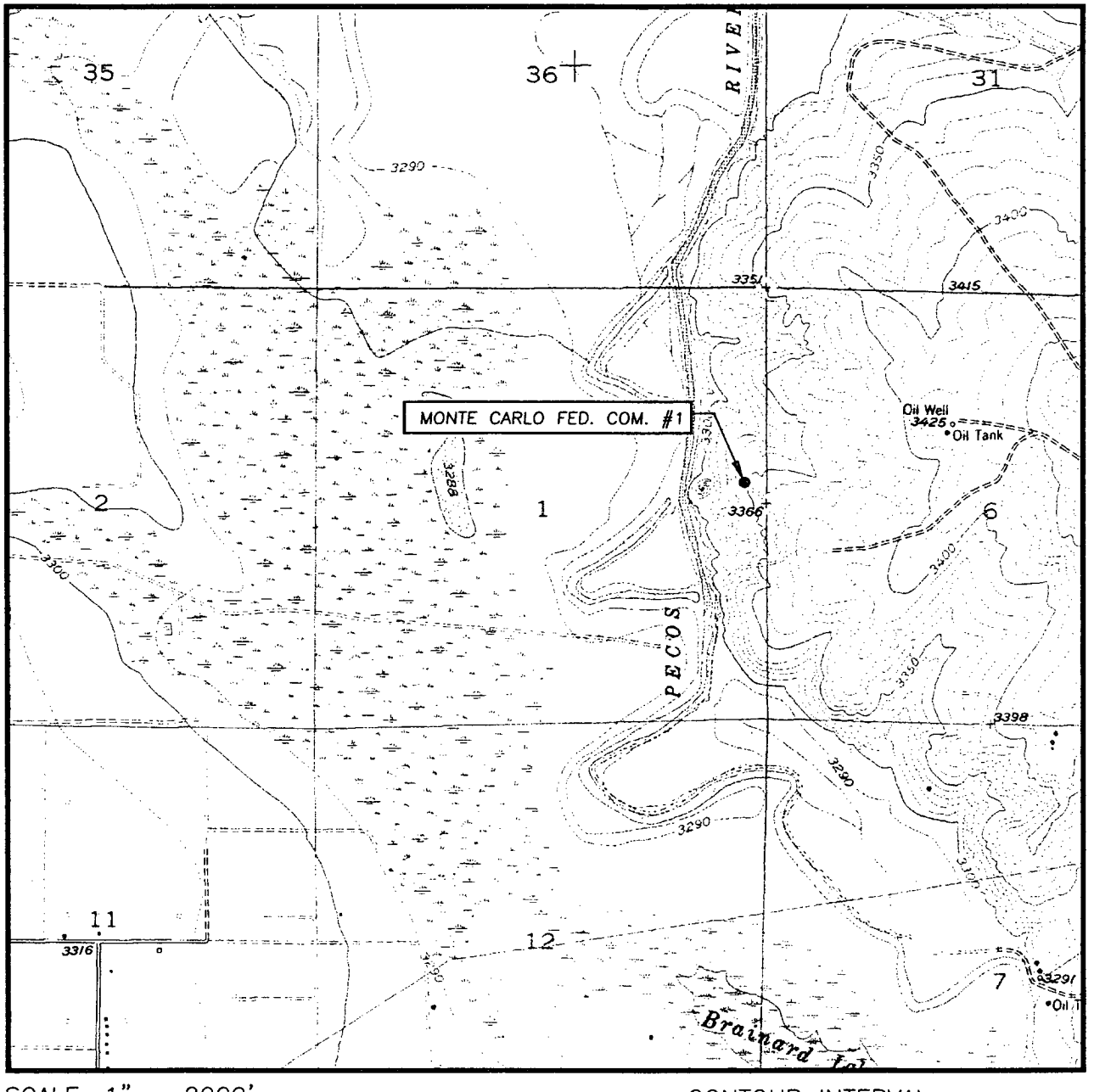
(505) 393-3117

UNIT PETROLEUM COMPANY

MONTE CARLO FEDERAL COM #1 WELL
LOCATED 2385 FEET FROM THE NORTH LINE
AND 271 FEET FROM THE EAST LINE OF SECTION 1,
TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 05/19/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.0774	Dr By: J.R.		Rev 1:N/A
Date: 05/20/05	Disk: CD#5	05110774	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SPRING LAKE, N.M. – 10'

SEC. 1 TWP. 18-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2385' FNL & 271' FEL

ELEVATION 3363'

OPERATOR UNIT PETROLEUM COMPANY

LEASE MONTE CARLO FED. COM.

U.S.G.S. TOPOGRAPHIC MAP
SPRING LAKE, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E 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: Surface location 2385' FNL & 271' FEL SEC. 1 T18S-R26E
Bottom hole location 1905' FNL & 1350' FEL SEC. 1 T18S-R26E

2. Ground Elevation above Sea Level: 3363' 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: 9290' MD. TVD 9010'

6. Estimated tops of geological markers:

San Andres	1230'	Cisco Canyon	7690'
Glorietta	2650'	Strawn	8230'
Abo	4780'	Atoka	8520'
Wolfcamp	6790'	Upper morrow Lime	8735'
		Lower Morrow	9040'

7. Possible mineral bearing formations:

Abo	Oil	Atoka	Gas
Wolfcamp	Oil	Morrow	Gas
Strawn	Gas		

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-300'	13 3/8"	48#	8-R	ST&C	H-40
12¼"	0-1500'	9 5/8"	36#	8-R	ST&C	J-55
8 3/4"	0-9290'	5½"	17#	8-R	LT&C	N-80

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E 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 300' of 13 3/8" 48# H-40 ST&C casing. Cement with 450 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx., circulate cement to surface.
9 5/8"	Intermediate	Set 1500' of 9 5/8" 36# J-55 ST&C casing. Cement with 550 Sx. of 36/65 POZ Class "C" cement, tail in with 250 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.
5½"	Production	Set 9290' of 5½" 17# N-80 LT&C casing. Cement with 500 Sx. of Class "H" Premium Plus cement + additives, estimate top of cement 6000' from surface. Top of cement must be at least 500' above the upper most hydrocarbon productive zone.

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 nippled 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
40-300'	8.4-8.7	29-32	NC	Fresh water use paper to control seepage.
300-1500'	8.4-8.7	29-34	NC	Fresh water use paper to control seepage and Gel to clean hole.
1500-8100'	9.5-9.8	32-38	25-30 cc	Cut brine use starch to control water loss and high viscosity sweeps to clean hole.
8100-9290'	9.5-10.0	32-38	10 cc or less	Cut brine use Salt Gel to control viscosity and Dris-pac to control water loss, 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.

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Laterolog, SNP, LDT, MSFL, Gamma Ray, Caliper from TD back to 9 5/8" casing shoe.

B. Cased hole logs: Gamma Ray, Compensated Neutron Density from 9 5/8" casing shoe back to surface.

C. Mud logger on hole from 5000' to TD.

D. No cores or DST's are planned at this time. Possible RFT's in the Morrow.

E. Dipmeter possible from TD back to 6500'.

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 5000 PSI, and Estimated BHT 150°.

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 32 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 a gas 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.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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 PETROLUEM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E EDDY CO. NM

1. EXISTING ROADS. Area map, Exhibit "B" is a reproduction of the New Mexico General Hi-way Co. Map. Exhibit "C" is a reproduction of a topographic map. Existings roads and proposed roads are shown on each exhibit. All roads will be maintained in a condition equal to or better than of construction.

   A. Exhibit "A" shows the proposed development well as staked.

   B. From Artesia New Mexico take U.S. Hi-way 82 East for 5.4± miles to CR-201 (Chalk Bluff), turn Right (South) go 4.0± miles, turn Right (West) go .1 mi, bear Left go .23 Mi, bear Right at "Y" go West .2± Mi, bear Right at "Y" go West Northwest for .55 ±Mi, bear Left at "Y" go .6 Mi. road bends North-West , go .13± mi. to location.

   C. If well is successful a Sundry Report will be submitted for flowlines if necessary.

2. PLANNED ACCESS ROADS No new roads will be required.

   A. The access road will be crowned and ditched to a 12'00" wide travel surface with 40' right-of-way.

   B. Gradient on all roads will be less than 5.00%.

   C. No turnouts will be necessary. However if required turnouts well be constructed.

   D. If needed, road will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.

   E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.

   F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Lopography.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A-1"

   A. Water wells - - None known

   B. Disposal wells - - None known

   C. Drilling wells - - None known

   D. Producing wells - - As shown on Exhibit "A-1"

   E. Abandoned wells - - As shown on Exhibit "A-1"

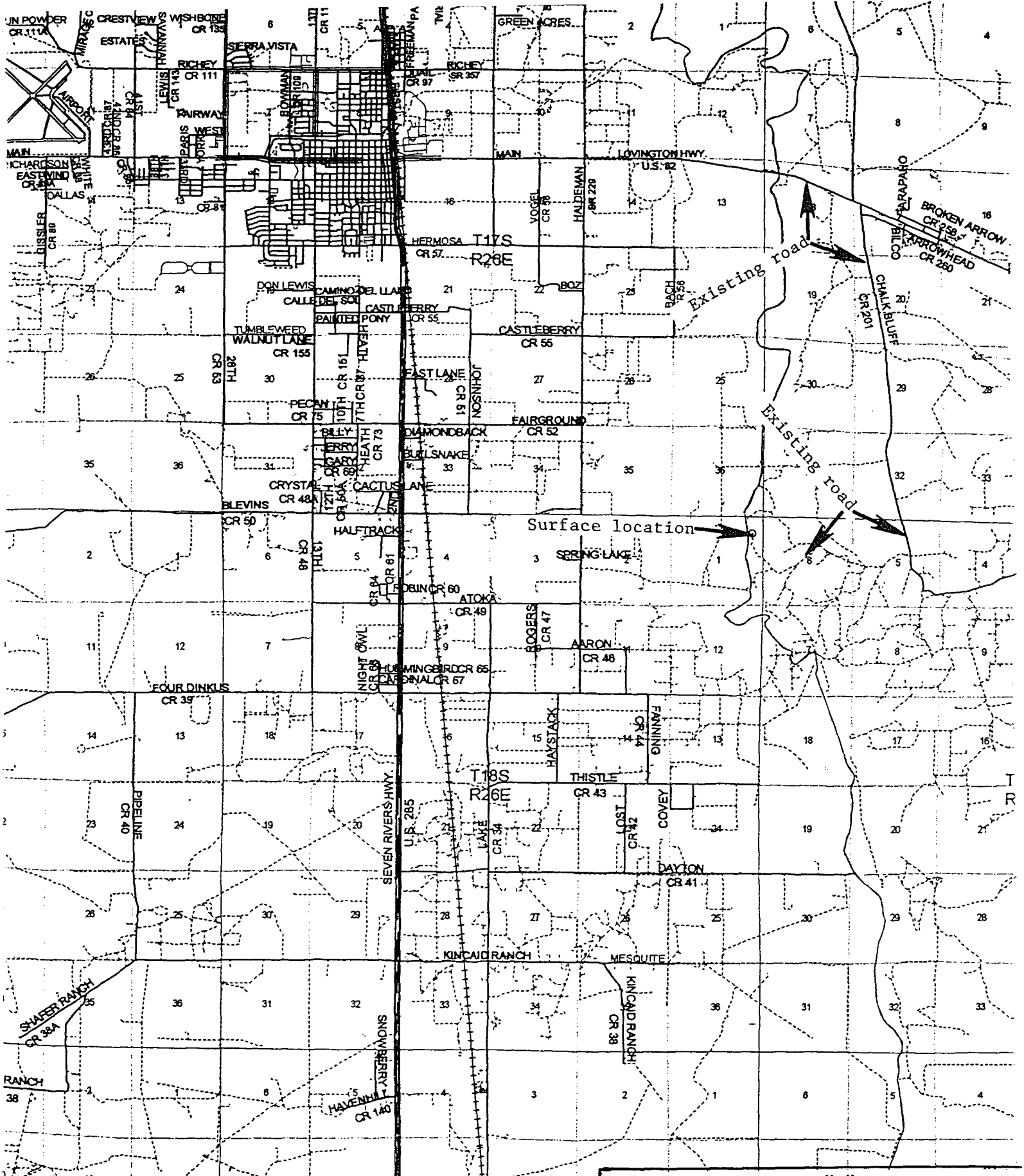


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E EDDY CO. NM

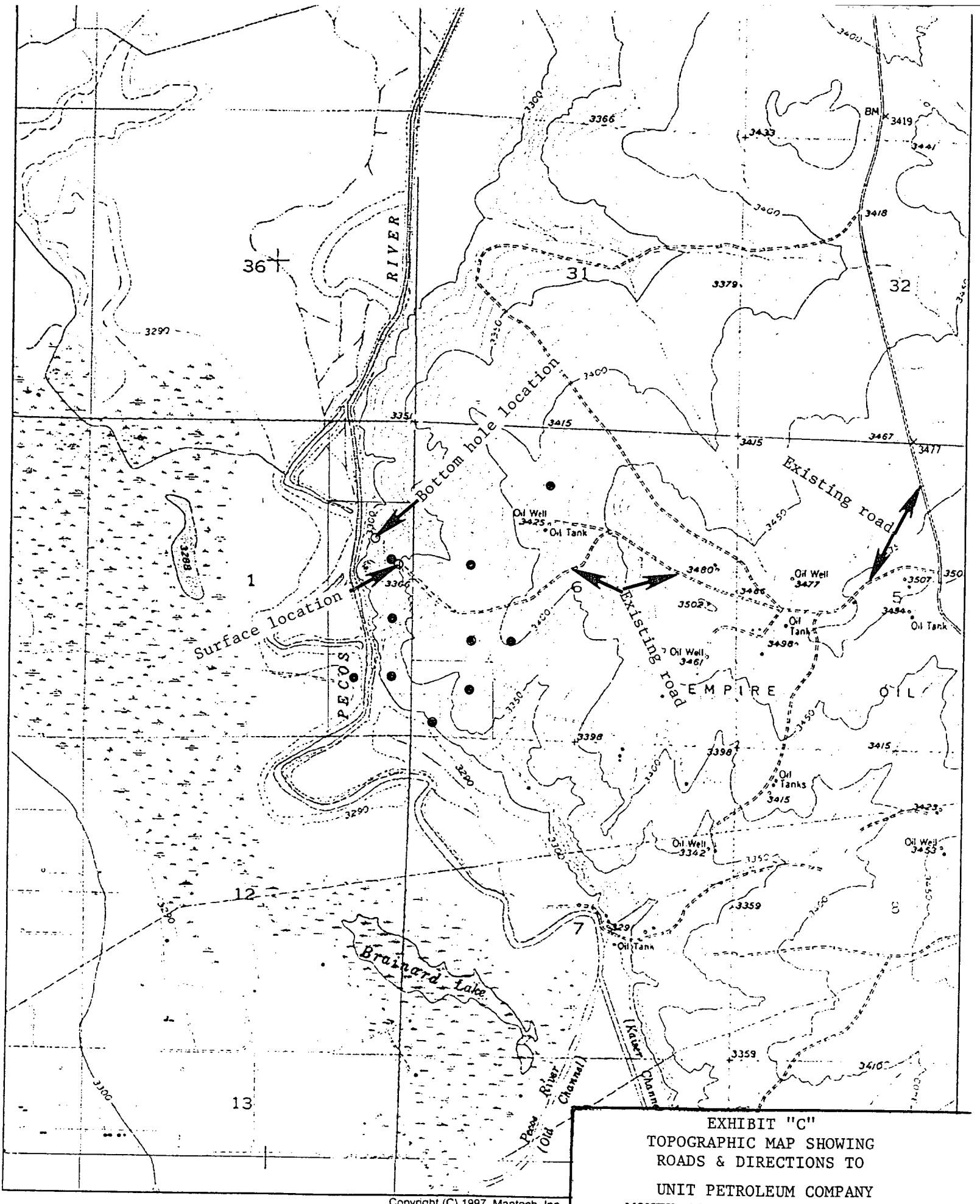
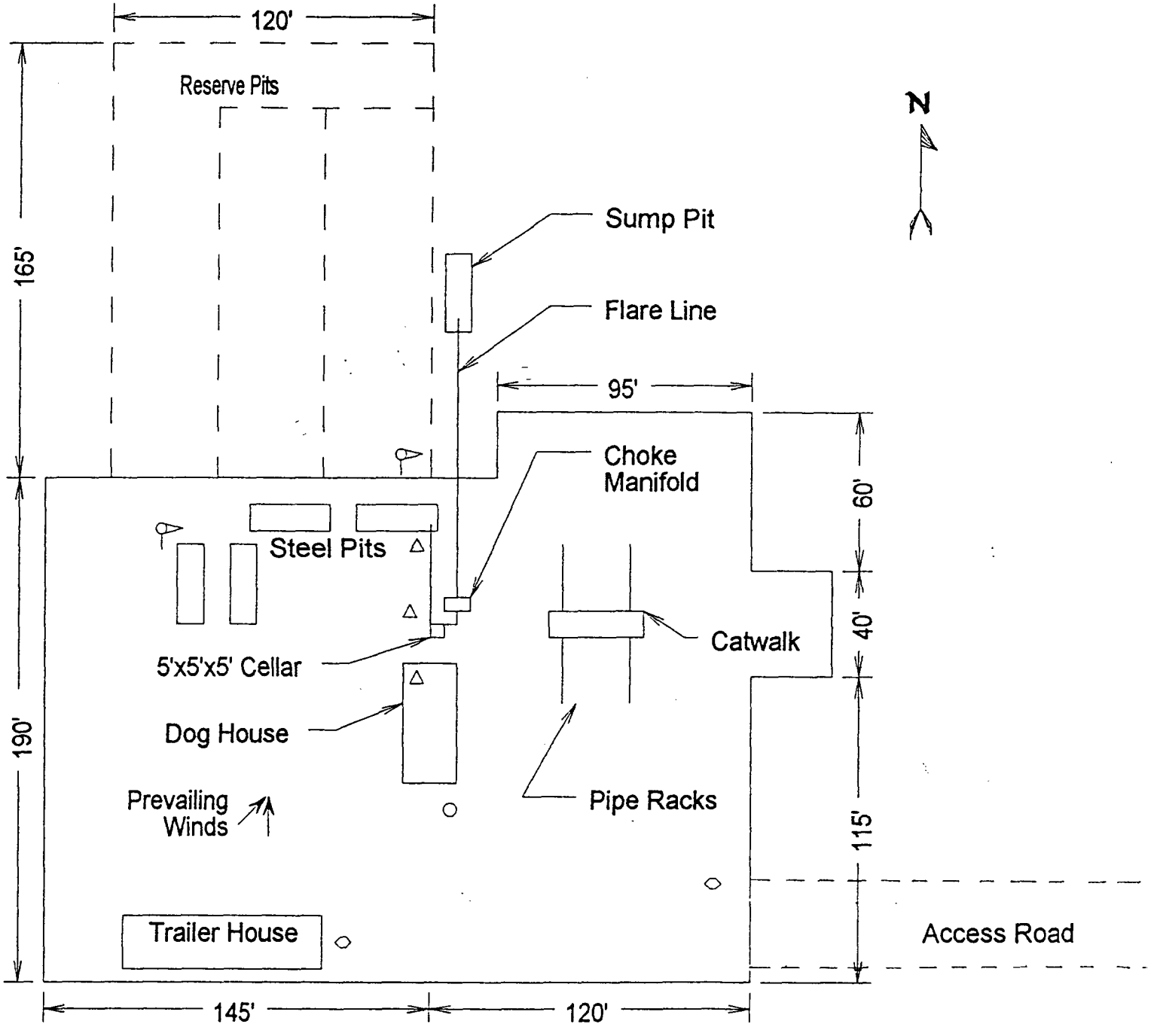


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

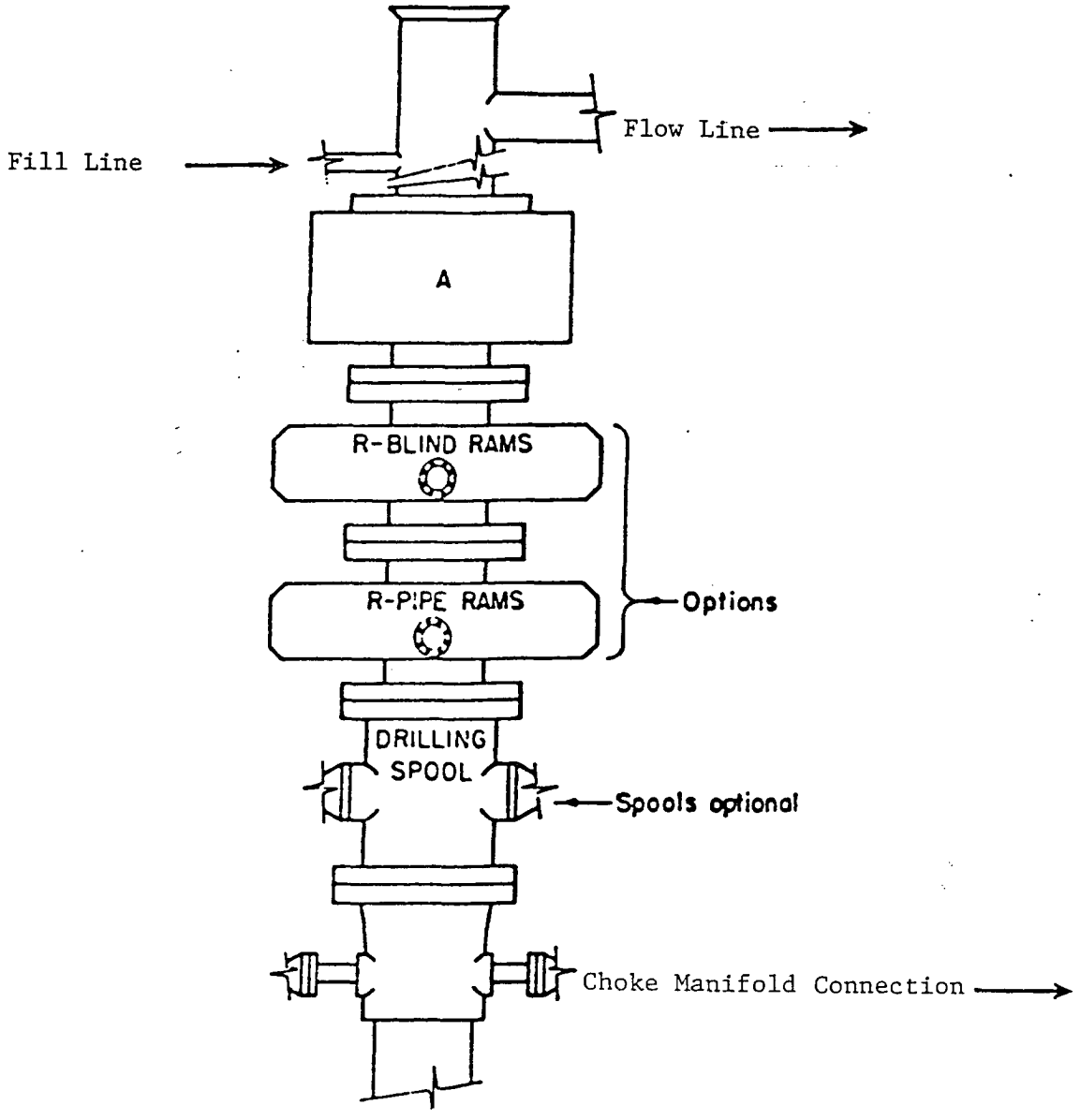
UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E EDDY CO. NM



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

EXHIBIT "D"
RIG LAY OUT PLAT

UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E EDDY CO. NM



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

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

UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E EDDY CO. NM

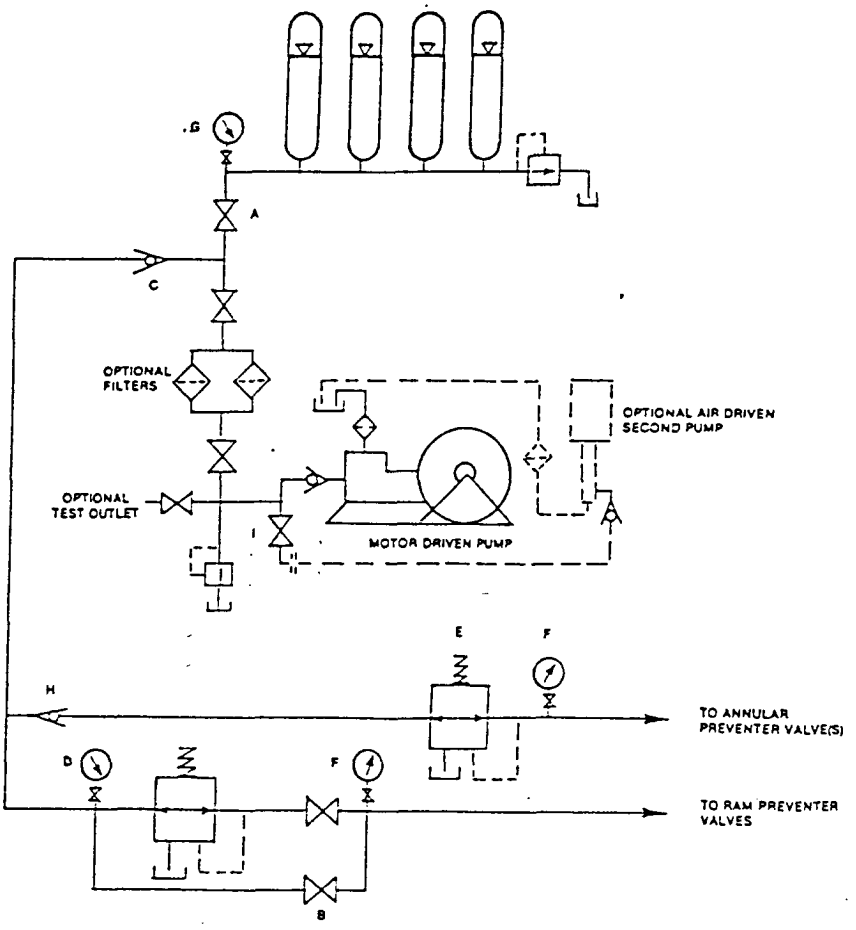


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

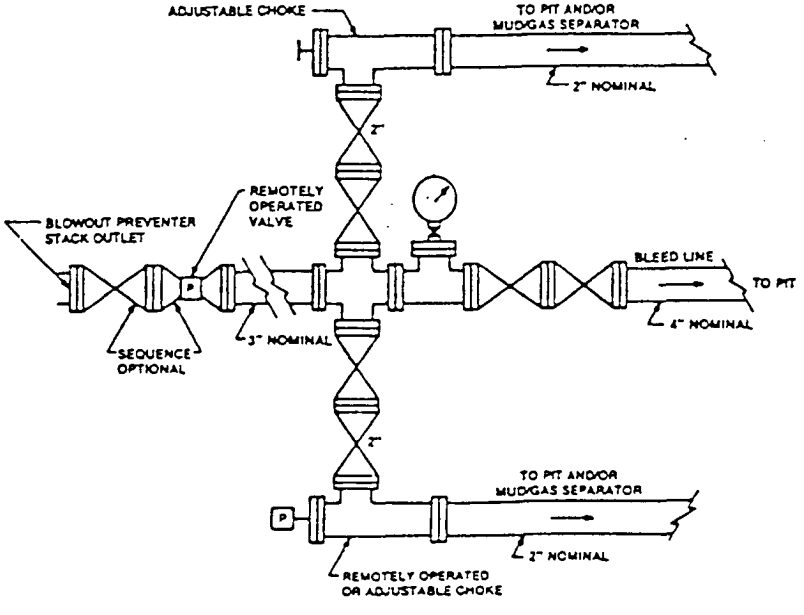


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

UNIT PETROLEUM COMPANY
MONTE CARLO FEDERAL COM. # 1
SHL UNIT "H" SECTION 1
BHL UNIT "G" SECTION 1
T18S-R26E EDDY CO. NM

Scientific Drilling

Scientific Drilling
Planning Report

Company:	Unit Petroleum Co.	**Date:**	2005-06-01	**Time:** 09:54:07	**Page:** 1
Field:	Monte Carlo	**Co-ordinate(NE) Reference:**	Well: Monte Carlo Fedral Com #1		
Site:	Eddy County, NM	**Vertical (TVD) Reference:**	SITE 0.0		
Well:	Monte Carlo Fedral Com #1	**Section (VS) Reference:**	Well (0.00N,0.00E,293.96Azi)		
Wellpath:	1	**Plan:**	Plan #1		

Field: Monte Carlo

Map System:	US State Plane Coordinate System 1927	**Map Zone:**	New Mexico, Eastern Zone
Geo Datum:	NAD27 (Clarke 1866)	**Coordinate System:**	Well Centre
Sys Datum:	Mean Sea Level	**Geomagnetic Model:**	igrf2005

Site: Eddy County, NM

Site Position:		**Northing:**	646613.90 ft	**Latitude:**	32	46	39.479	N
From:	Map	**Easting:**	501994.00 ft	**Longitude:**	104	19	36.644	W
Position Uncertainty:	0.00 ft			**North Reference:**			Grid	
Ground Level:	0.00 ft			**Grid Convergence:**			0.00	deg

Well: Monte Carlo Fedral Com #1 **Slot Name:**

Well Position:	+N/-S	0.00 ft	**Northing:**	646613.90 ft	**Latitude:**	32	46	39.479	N
	+E/-W	0.00 ft	**Easting :**	501994.00 ft	**Longitude:**	104	19	36.644	W
Position Uncertainty:		0.00 ft							

Wellpath: 1 **Drilled From:** Surface

Current Datum:	SITE	**Height**	0.00 ft	**Tie-on Depth:**	0.00 ft
Magnetic Data:	2005-04-13			**Above System Datum:**	Mean Sea Level
Field Strength:	49519 nT			**Declination:**	8.70 deg
				Mag Dip Angle:	60.72 deg

Vertical Section:	Depth From (TVD) ft	+N/-S ft	+E/-W ft	Direction deg
	0.00	0.00	0.00	293.96

Plan: Plan #1 **Date Composed:** 2005-04-13

Version: 1

Principal: Yes **Tied-to:** From Surface

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
6500.00	0.00	0.00	6500.00	0.00	0.00	0.00	0.00	0.00	0.00	
6957.36	27.44	293.96	6940.08	43.64	-98.19	6.00	6.00	-14.44	293.96	
9289.72	27.44	293.96	9010.00	480.20	-1080.40	0.00	0.00	0.00	0.00	BHL3

Section 1 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1000.00	0.00	0.00	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1100.00	0.00	0.00	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1200.00	0.00	0.00	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1300.00	0.00	0.00	1300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1400.00	0.00	0.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1600.00	0.00	0.00	1600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1700.00	0.00	0.00	1700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1800.00	0.00	0.00	1800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1900.00	0.00	0.00	1900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Scientific Drilling
Planning Report

Company:	Unit Petroleum Co.	**Date:**	2005-06-01	**Time:** 09:54:07	**Page:** 2
Field:	Monte Carlo	**Co-ordinate(NE) Reference:**	Well: Monte Carlo Fedral Com #1		
Site:	Eddy County, NM	**Vertical (TVD) Reference:**	SITE 0.0		
Well:	Monte Carlo Fedral Com #1	**Section (VS) Reference:**	Well (0.00N,0.00E,293.96Azi)		
Wellpath:	1	**Plan:**	Plan #1		

Section 1 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
2000.00	0.00	0.00	2000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2100.00	0.00	0.00	2100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2200.00	0.00	0.00	2200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2300.00	0.00	0.00	2300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2400.00	0.00	0.00	2400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2500.00	0.00	0.00	2500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2600.00	0.00	0.00	2600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2700.00	0.00	0.00	2700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2800.00	0.00	0.00	2800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2900.00	0.00	0.00	2900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3000.00	0.00	0.00	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3100.00	0.00	0.00	3100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3200.00	0.00	0.00	3200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3300.00	0.00	0.00	3300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3400.00	0.00	0.00	3400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3500.00	0.00	0.00	3500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3600.00	0.00	0.00	3600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3700.00	0.00	0.00	3700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3800.00	0.00	0.00	3800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3900.00	0.00	0.00	3900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4000.00	0.00	0.00	4000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4100.00	0.00	0.00	4100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4200.00	0.00	0.00	4200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4300.00	0.00	0.00	4300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4400.00	0.00	0.00	4400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4500.00	0.00	0.00	4500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4600.00	0.00	0.00	4600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4700.00	0.00	0.00	4700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4800.00	0.00	0.00	4800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4900.00	0.00	0.00	4900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5000.00	0.00	0.00	5000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5100.00	0.00	0.00	5100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5200.00	0.00	0.00	5200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5300.00	0.00	0.00	5300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5400.00	0.00	0.00	5400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5500.00	0.00	0.00	5500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5600.00	0.00	0.00	5600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5700.00	0.00	0.00	5700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5800.00	0.00	0.00	5800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5900.00	0.00	0.00	5900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6000.00	0.00	0.00	6000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6100.00	0.00	0.00	6100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6200.00	0.00	0.00	6200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6300.00	0.00	0.00	6300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6400.00	0.00	0.00	6400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6500.00	0.00	0.00	6500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Section 2 : Start DLS 6.00 TFO 293.96

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
6550.00	3.00	293.96	6549.98	0.53	-1.20	1.31	6.00	6.00	0.00	0.00
6600.00	6.00	293.96	6599.82	2.12	-4.78	5.23	6.00	6.00	0.00	0.00
6650.00	9.00	293.96	6649.38	4.78	-10.74	11.76	6.00	6.00	0.00	0.00
6700.00	12.00	293.96	6698.54	8.48	-19.07	20.87	6.00	6.00	0.00	0.00
6750.00	15.00	293.96	6747.15	13.22	-29.73	32.54	6.00	6.00	0.00	0.00
6800.00	18.00	293.96	6795.09	18.98	-42.71	46.74	6.00	6.00	0.00	0.00
6850.00	21.00	293.96	6842.22	25.76	-57.96	63.43	6.00	6.00	0.00	0.00
6900.00	24.00	293.96	6888.40	33.53	-75.44	82.56	6.00	6.00	0.00	0.00
6950.00	27.00	293.96	6933.53	42.27	-95.11	104.08	6.00	6.00	0.00	0.00
6957.36	27.44	293.96	6940.08	43.64	-98.19	107.45	6.00	6.00	0.00	0.00

Scientific Drilling
Planning Report

Company:	Unit Petroleum Co.	**Date:** 2005-08-01 **Time:** 09:54:07 **Page:** 3	
Field:	Monte Carlo	**Co-ordinate(NE) Reference:**	Well: Monte Carlo Fedral Com #1
Site:	Eddy County, NM	**Vertical (TVD) Reference:**	SITE 0.0
Well:	Monte Carlo Fedral Com #1	**Section (VS) Reference:**	Well (0.00N,0.00E,293.96Azi)
Wellpath:	1	**Plan:**	Plan #1

Section 3 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
7000.00	27.44	293.96	6977.92	51.62	-116.14	127.10	0.00	0.00	0.00	0.00
7100.00	27.44	293.96	7066.66	70.34	-158.26	173.18	0.00	0.00	0.00	0.00
7200.00	27.44	293.96	7155.41	89.06	-200.37	219.27	0.00	0.00	0.00	0.00
7300.00	27.44	293.96	7244.16	107.77	-242.48	265.35	0.00	0.00	0.00	0.00
7400.00	27.44	293.96	7332.91	126.49	-284.59	311.44	0.00	0.00	0.00	0.00
7500.00	27.44	293.96	7421.66	145.21	-326.70	357.52	0.00	0.00	0.00	0.00
7600.00	27.44	293.96	7510.40	163.93	-368.82	403.61	0.00	0.00	0.00	0.00
7700.00	27.44	293.96	7599.15	182.64	-410.93	449.69	0.00	0.00	0.00	0.00
7800.00	27.44	293.96	7687.90	201.36	-453.04	495.78	0.00	0.00	0.00	0.00
7900.00	27.44	293.96	7776.65	220.08	-495.15	541.86	0.00	0.00	0.00	0.00
8000.00	27.44	293.96	7865.40	238.80	-537.27	587.94	0.00	0.00	0.00	0.00
8100.00	27.44	293.96	7954.14	257.51	-579.38	634.03	0.00	0.00	0.00	0.00
8200.00	27.44	293.96	8042.89	276.23	-621.49	680.11	0.00	0.00	0.00	0.00
8300.00	27.44	293.96	8131.64	294.95	-663.60	726.20	0.00	0.00	0.00	0.00
8400.00	27.44	293.96	8220.39	313.67	-705.72	772.28	0.00	0.00	0.00	0.00
8500.00	27.44	293.96	8309.14	332.38	-747.83	818.37	0.00	0.00	0.00	0.00
8600.00	27.44	293.96	8397.88	351.10	-789.94	864.45	0.00	0.00	0.00	0.00
8700.00	27.44	293.96	8486.63	369.82	-832.05	910.54	0.00	0.00	0.00	0.00
8800.00	27.44	293.96	8575.38	388.54	-874.17	956.62	0.00	0.00	0.00	0.00
8900.00	27.44	293.96	8664.13	407.25	-916.28	1002.71	0.00	0.00	0.00	0.00
9000.00	27.44	293.96	8752.88	425.97	-958.39	1048.79	0.00	0.00	0.00	0.00
9100.00	27.44	293.96	8841.62	444.69	-1000.50	1094.88	0.00	0.00	0.00	0.00
9200.00	27.44	293.96	8930.37	463.41	-1042.62	1140.96	0.00	0.00	0.00	0.00
9289.72	27.44	293.96	9010.00	480.20	-1080.40	1182.31	0.00	0.00	0.00	0.00

Scientific Drilling

Field: Monte Carlo
Site: Eddy County, NM
Well: Monte Carlo Fedral Com #1
Wellpath: 1
Plan: Plan #1

Unit Petroleum Co.

SECTION DETAILS

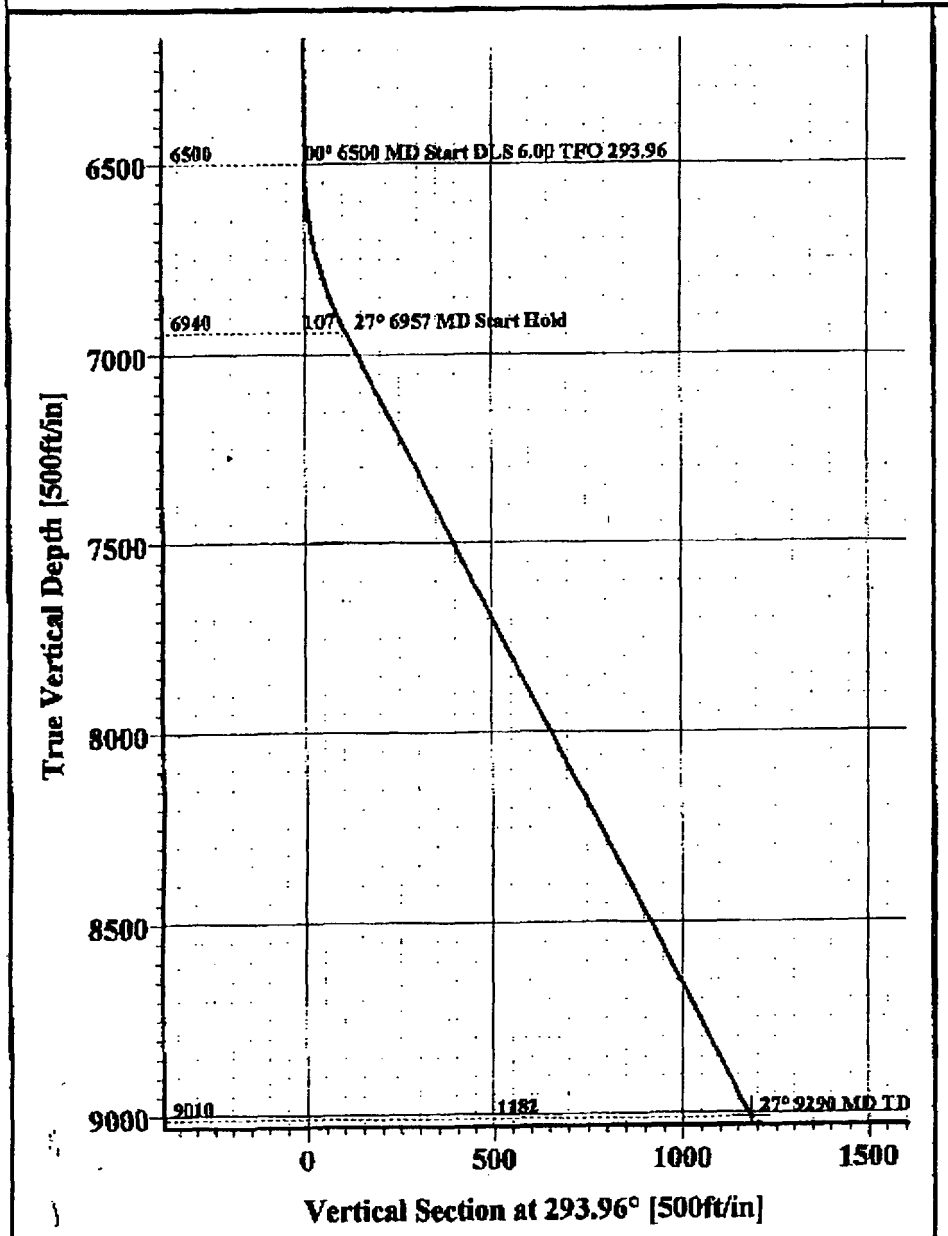
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	6500.00	0.00	0.00	6500.00	0.00	0.00	0.00	0.00	0.00	
3	6957.36	27.44	293.96	6940.08	41.64	-98.19	6.00	293.96	107.45	
4	9289.72	27.44	293.96	9010.00	480.20	-1080.40	0.00	0.00	1182.31	BHL3

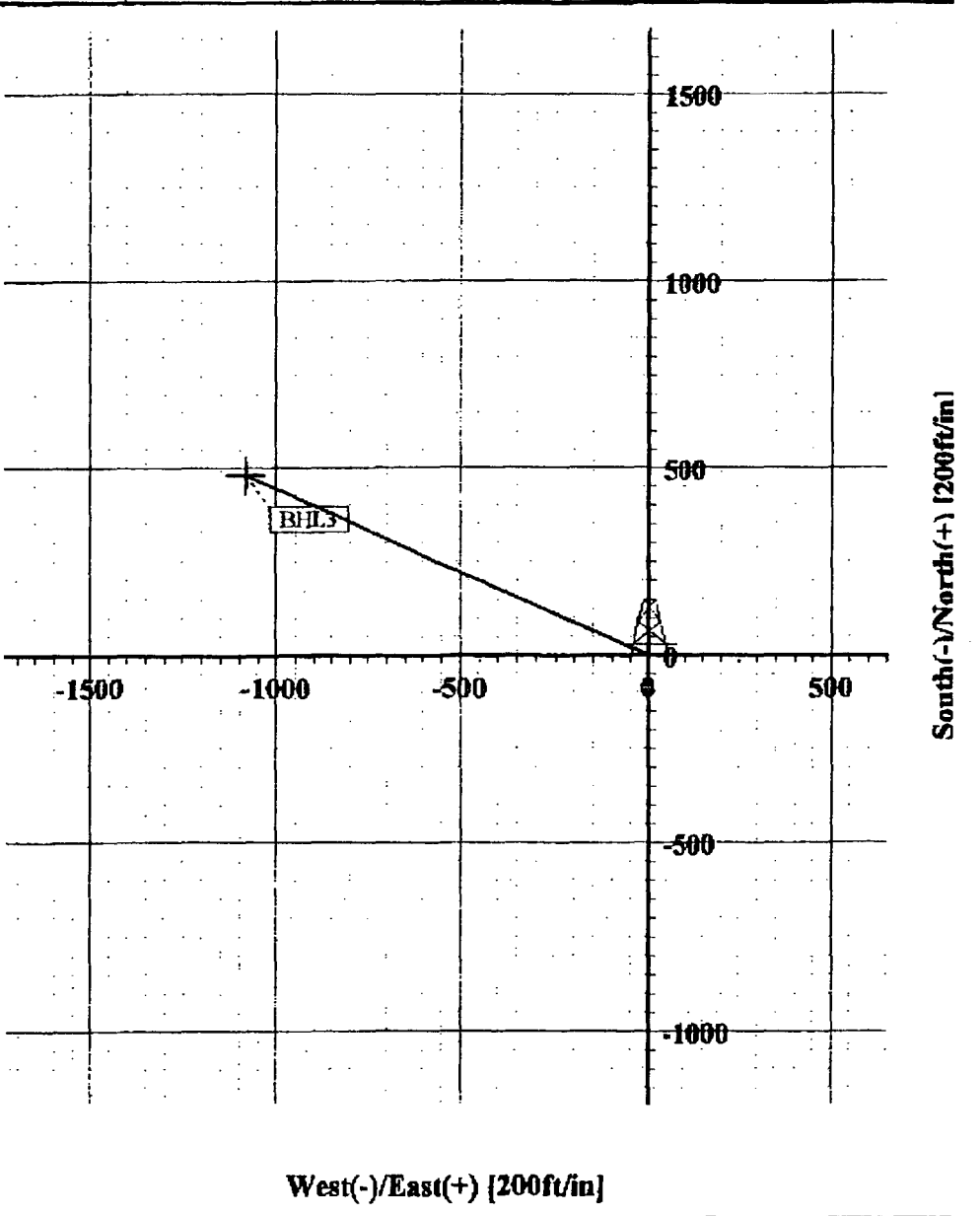
Azimuths to Grid North
True North: 0.00°
Magnetic North: 6.69°

Magnetic Field
Strength: 49511nT
Dip Angle: 60.72°
Date: 2015-04-15
Model: igrf2005

WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
Monte Carlo Fedral Com #1	0.00	0.00	446618.90	581991.00	32°46'39.473"N	104°25'36.610"W	N/A





CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Unit Petroleum Company
Well Name & No: Monte Carlo Federal Com No. 01
Location Surface: 2385' FNL & 271' FEL, Sec.01, T. 18 S., R. 26 E.
Bottom Location: 1905' FNL & 1350' FEL, Sec. 01, T.18 S., R. 26 E.
Lease: NMLC 066445
Lea County, New Mexico

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13 ⅜ inch; 9 ⅝ inch; 5 ½ inch.

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan shall be in operations 500 feet or three days prior to drilling into the Top of the Queen formation at approximately 555 feet. Regional H2S production is reported from Queen, Grayburg and San Andres formations.

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement (C.A.) shall be approved by this office prior to any sales from the well. Depending on the final outcome of the bottom hole location, this well may or may not be required to have a C.A.

II. CASING:

1. The 13 ⅜ inch shall be set at 300 **Feet** with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 9 ⅝ inch Intermediate casing is to **circulate to surface.**

3. The minimum required fill of cement behind the 5 ½ inch Production casing is to **place TOC at least 200 feet above any potential H-C bearing formations.** .

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 ⅜ inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **3 M psi.**

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

-The test shall be done by an independent service company
-The results of the test shall be reported to the appropriate BLM office.
-Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
-Use of drilling mud for testing is not permitted since it can mask small leaks.
-Testing must be done in safe workman-like manner. Hard line connections shall be required.
-Both low pressure and high pressure testing of BOPE is required.

TERRA Exploration Inc.

July 6, 2005

Oil Conservation Division
1301 West Grand Avenue
Artesia, New Mexico 88210

RECEIVED
JUL 0 8 2005
OCD-ARTESIA

Re: Permit to Drill Unit Petroleum Company
Monte Carlo Federal Com. # 1
Unit "G" Section 1 T18S-R26E
Eddy Co. NM.

Dear Mr. Gum:

This is to inform you that an APD has been filed with The Bureau of Land Management on the above referenced well. It is my understanding that this has been discussed with you, Mr. Lopez with The Bureau of Land Management, and Mr. Schantz with Unit Petroleum Company. The reason for this duplication is that the bottom hole location is very close to the dividing line between Fee minerals and BLM minerals. In case you have any questions on this matter please feel free to call me.

Sincerely

Joe T. Janica
Agent for
Unit Petroleum Company

cc Mr. Fred Schantz
File

(505) 391-8503 • FAX (505) 391-8603 • P.O. Box 2188 • Hobbs, New Mexico 88241

Mr. Bruce:

I have reviewed your application for Unit Petroleum Company's proposed Monte Carlo Federal Com. Well No. 1. The "*Special Rules and Regulations for the Atoka-Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, provide for (**i**) 320-acre spacing and proration units comprising two contiguous quarter sections within a single governmental section being a legal subdivision of the U. S. Public Land Surveys; and (**ii**) for wells to be located in the **northwest quarter or the southeast quarter of the section** and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line.

Notice to all effected offsetting interests (all sides) under Division Rule 1207.A (2) is therefore required before I can act on your application. Please submit proof of notice and a land plan that shows all effected lands by the end of the month.

Also, please provide me a copy of Unit's proposed directional drilling plan for this well. Thanks.