(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

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

0426 OCD-ARTESIA D-06-37

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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

b. TYPE OF WELL: OIL WELL [XX] GAS WELL [ ] OTHER 25111 SINGLE ZONE [X] MULTIPLE ZONE [ ]

35554

2. NAME OF OPERATOR: HUDSON OIL COMPANY OF TEXAS
RANDALL HUDSON 817-336-7190
JON SMITH 505-676-2266

3. ADDRESS AND TELEPHONE NO.: 616 TEXAS STREET FORT WORTH, TEXAS 76102-4612

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1880' FSL & 560' FWL SECTION 12 T17S-R31E EDDY CO. NM
At proposed prod. zone: SAME

RECEIVED
MAR 29 2006
OCD-ARTESIA

5. LEASE DESIGNATION AND SERIAL NO.: LC-029415-A B
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT AGREEMENT NAME:
8. FARM OR LEASE NAME, WELL NO.: PUCKETT NORTH # 1
9. API WELL NO.: 30-015-34746
10. FIELD AND POOL, OR WILDCAT: MALJAMAR-GRAYBURG SAN A.
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: 43329 SECTION 12 T17S-R31E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 6 miles Northwest of Maljamar, 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)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
560'	1920	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1300'	4300'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3962' GR.

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

23. PROPOSED CASING AND CEMENTING PROGRAM — Roswell Controlled Water Basin

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Conductor	NA	40'	Redi-mix cement to surface
12¼"	J-55 8 5/8"	24#	725'	520 Sx. Circulate cement
7 7/8"	J-55 5½"	17#	4300'	825 Sx " "

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

2. Drill 12¼" hole to 725'. Run and set 725' of 8 5/8" 24# J-55 ST&C casing. Cement with 520 Sx. of Class "C" cement + ¼# Flocele/Sx., + 2% CaCl, circulate cement to surface.

3. Drill 7 7/8" hole to 4300'. Run and set 4300' of 5½" 17# J-55 ST&C casing. Cement with 500 Sx. of Light Weight Class "C" cement + additives, tail in with 325 Sx. of Class "C" cement + additives, circulate cement to surface.

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOS t 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 01/20/06

(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:

APPROVED BY /s/ James Stovall TITLE ACTING FIELD MANAGER DATE MAR 28 2006

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

This 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
	43329	MALJAMAR-GRAYBURG SAN ANDRES

Property Code	Property Name	Well Number
	PUCKETT NORTH	1

OGRID No.	Operator Name	Elevation
25111	HUDSON OIL COMPANY OF TEXAS	3962'

Surface Location

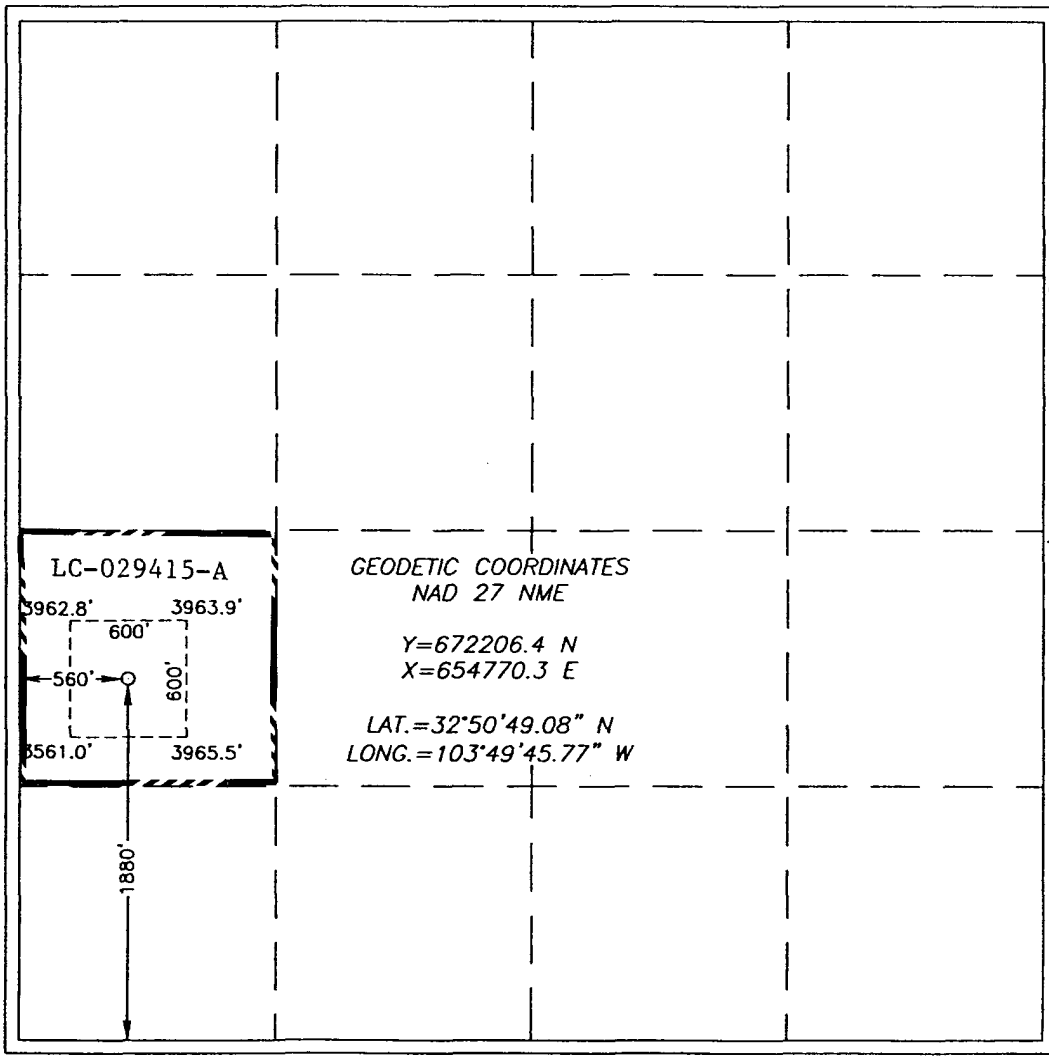
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	12	17-S	31-E		1880	SOUTH	560	WEST	EDDY

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.
40			

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

01/20/06
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.

OCTOBER 24, 2005
Date Surveyed LA

Signature & Seal of Professional Surveyor

RONALD J. EIDSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR

10/28/05

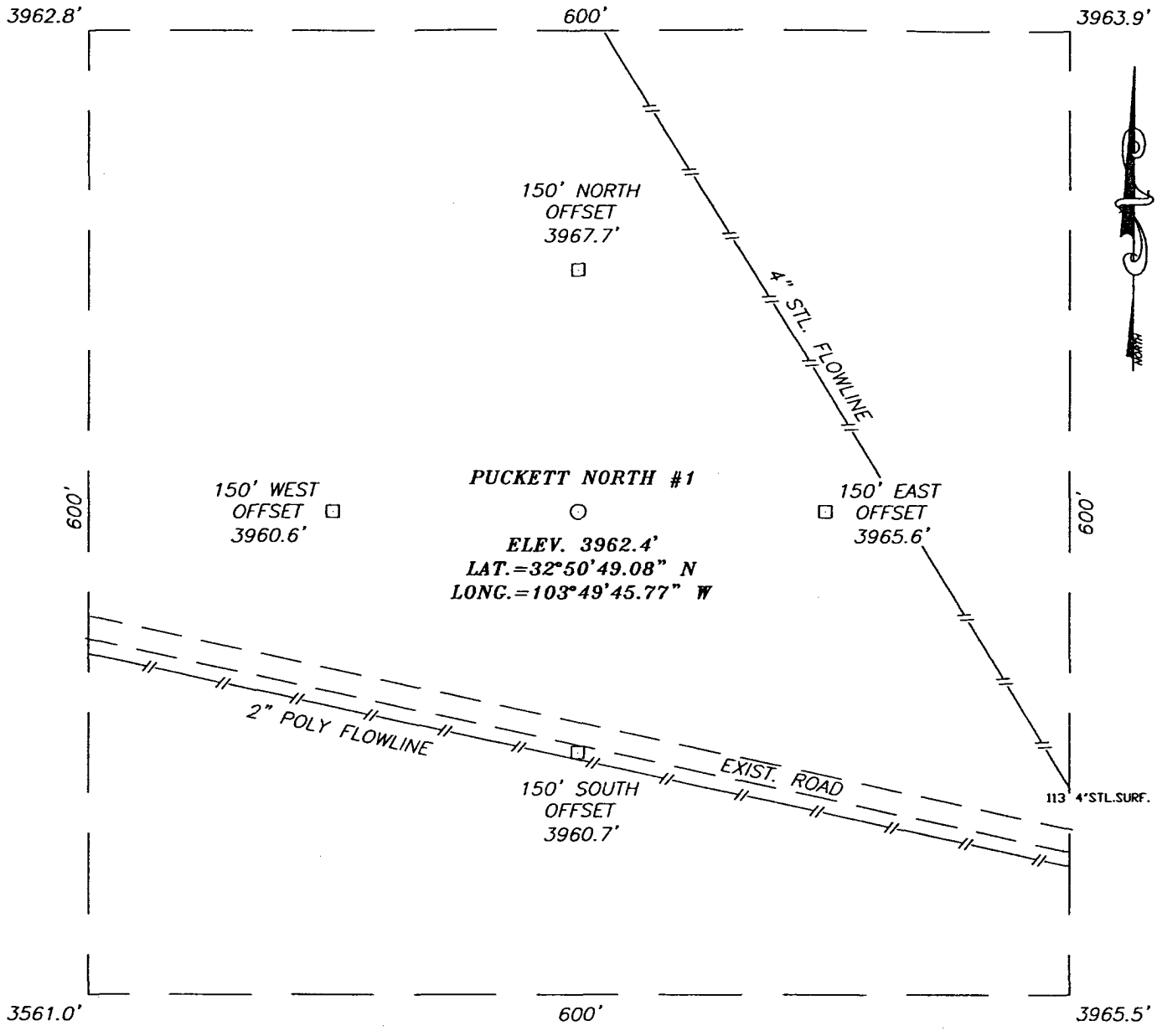
05.11.1614

Certificate No. RONALD J. EIDSON 3239

EXJIBIT "A"

SECTION 12, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND U.S. HWY. #529 GO NORTHEAST ON U.S. HWY. #82 APPROX. 2.0 MILES. TURN LEFT AND GO NORTHWEST APPROX. 0.3 MILES. TURN RIGHT AND GO NORTH APPROX. 0.3 MILES. TURN RIGHT AND GO NORTHEAST APPROX. 0.5 MILES. VIER TO THE LEFT AND CONTINUE NORTH APPROX. 1.0 MILES. TURN RIGHT AND GO EAST APPROX. 0.6 MILES. THIS LOCATION IS APPROX. 130 FEET NORTH OF ROAD.

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

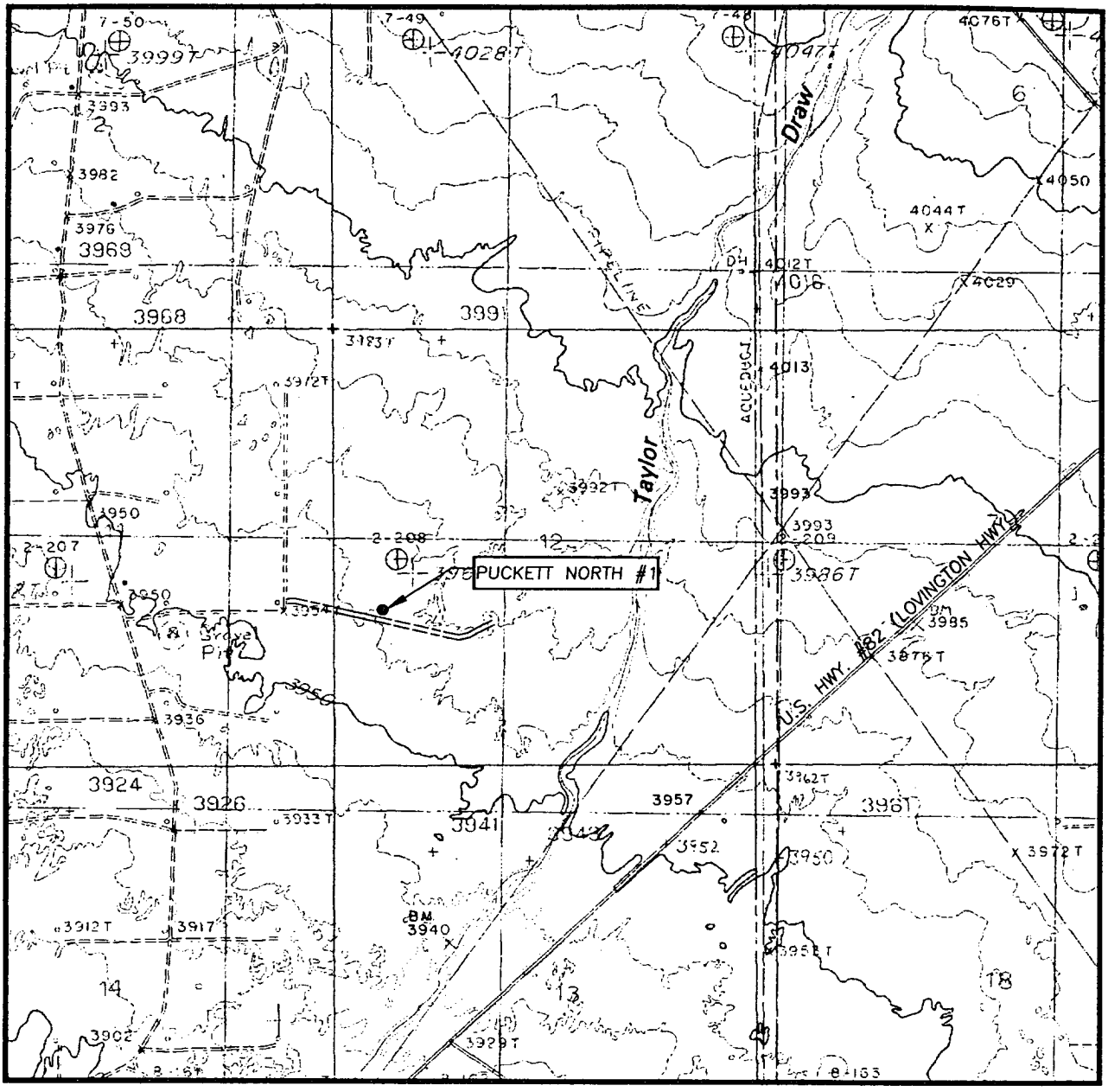
(505) 393-3117

HUDSON OIL COMPANY OF TEXAS

PUCKETT NORTH #1 WELL
LOCATED 1880 FEET FROM THE SOUTH LINE
AND 560 FEET FROM THE WEST LINE OF SECTION 12,
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 10/24/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1614	Dr By: LA	Rev 1:N/A	
Date: 10/27/05	Disk: CD#4	05111614	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MALJAMAR, N.M. – 10'

SEC. 12 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1880' FSL & 560' FWL

ELEVATION 3962'

OPERATOR HUDSON OIL COMPANY OF TEXAS

LEASE PUCKETT NORTH

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR, 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

HUDSON OIL COMPANY OF TEXAS
PUCKETT NORTH # 1
UNIT "L" SECTION 12
T17S-R31E 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: 1880' FSL & 560' FWL SECTION 12 T17S-R31E EDDY CO. NM

2. Ground Elevation above Sea Level: 3962' 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: 4300'

6. Estimated tops of geological markers:

Rustler Anhydrite	682'	Grayburg	3640'
Queen	3135'	San andres	3950'

7. Possible mineral bearing formations:

Queen	Oil
Grayburg	Oil
San Andres	Oil

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40	20"	NA	NA	NA	Conductor
12¼"	0-725'	8 5/8"	24#	8-R	ST&C	J-55
7 7/8"	0-4300'	5½"	15.5#	8-R	ST&C	J-55

APPLICATION TO DRILL

HUDSON OIL COMPANY OF TEXAS
PUCKETT NORTH # 1
UNIT "L" SECTION 12
T17S-R31E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
8 5/8"	Surface	Set 725' of 8 5/8" 24# J-55 ST&C casing. Cement with 520 Sx. of Class "C" cement + ¼# Flocele/Sx. + 2% CaCl, circulate cement to surface.
5½"	Production	Set 4300' of 5½" 17# J-55 ST&C casing. Cement with 825 Sx. of Class "C" cement + additives, circulate cement to surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 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 8 5/8" 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" 3000 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
40-725	8.4-8.7	29-32	NC	Fresh water spud mud add paper to co trol seepage.
725-4300'	10.0-10.2	29-38	NC	Brine water add Salt water Gel for viscosity control, use high viscosity sweeps to clean hole. If water loss control is required add starch.

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

HUDSON OIL COMPANY OF TEXAS
PUCKETT NORTH # 1
UNIT "L" SECTION 12
T17S-R31E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

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

B. Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.

C. No DST's, cores or mud logger will be used.

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 2400 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 12 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 Grayburg/San Andres formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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"

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 location is near any dwelling a closed D.S.T. 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

HUDSON OIL COMPANY OF TEXAS
PUCKETT NORTH # 1
UNIT "L" SECTION 12
T17S-R31E EDDY CO. NM

1. EXISTING ROADS & PROPOSED ROADS: Area maps; Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

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

   B. From the junction of State Hi-way 529 and U.S. Hi-way 82 turn on to U.S. 82 go approximately 2 miles turn Northwest go .3± miles, bear Right go .3± mi., bear Right go .5± mi, bear Left go approximately 1 mile , turn Right(East) go .3+ miles to well # 14 continue East for 1100' to location on the North side of road.

   C. Exhibit "C" shows the projected routes of flowlines and powerlines.

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

   A. The access roads will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.

   B, Gradient of all roads will be less than 5.00%.

   C. If turn-outs are necessary they will be constructed.

   D. If needed roads will be surfaced with a mimimum of 4" of caliche. This material will be obtained from a local source.

   E. Center-line for new roads will be flagged. Earth-work will be will be done as field conditions require.

   F. Culverts will be placed in the access road if they are necessary. The roads will be constructed to utilaze low water crossings for drainage as required by topography.

3. LOCATIONS 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"

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.

D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.

E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

9. WELL SITE LAYOUT:

A. Exhibit "D" shows the proposed well site layout.

B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.

C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encontered during pit construction indicate that a plastic liner is required to contain lateral migration.

D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.

E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completionphases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out.If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any will be reshaped to the original configuration with provisions made to alleviate furture erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

Should the well be a producer the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

HUDSON OIL COMPANY OF TEXAS
PUCKETT NORTH # 1
UNIT "L" SECTION 12
T17S-R31E EDDY CO. NM

11. OTHER INFORMATION:

A. Topography consists of sand dunes with localized blowouts, vegetation consists of mesquite, sagebrush, shinnery oak, narrow leaf yucca,prickley pear, snake weed and various 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 will be conducted on roads and location, the results will be filed in the Carlsbad Field Office of the Bureau of Land Management .

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

12. OPERATORS REPRESENTIVE:

Before construction:

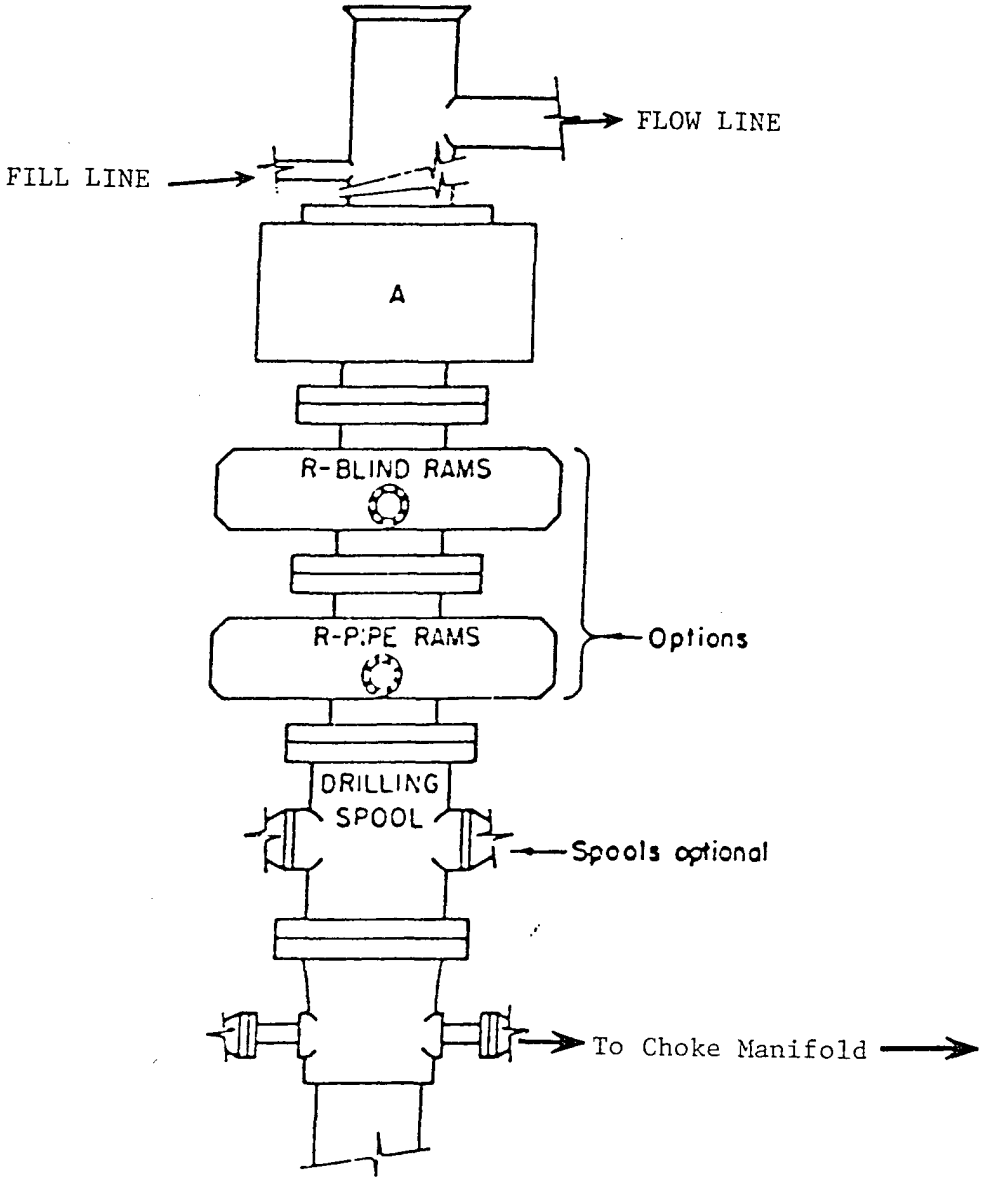
TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PHONE 505-391-8503

During and after construction:

HUDSON OIL COMPANY OF TEXAS
616 TEXAS STREET
FORT WORTH, TEXAS 76102-4612
RANDALL HUDSON 817-336-7190
JON SMITH 505-676-2266

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 HUDSON OIL CO. OF TEXAS 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 Joe T Janica
DATE : 01/20/06
TITLE : Agent

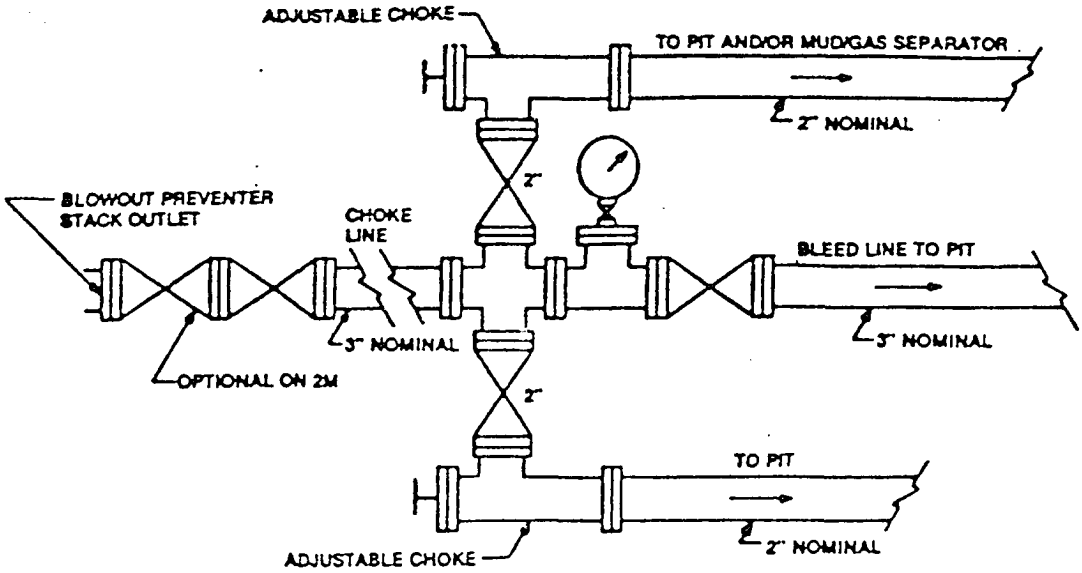


ARRANGEMENT SRRA

900 Series
3000 PSI WP

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

HUDSON OIL COMPANY OF TEXAS
PUCKETT NORTH # 1
UNIT "L" SECTION 12
T17S-R31E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

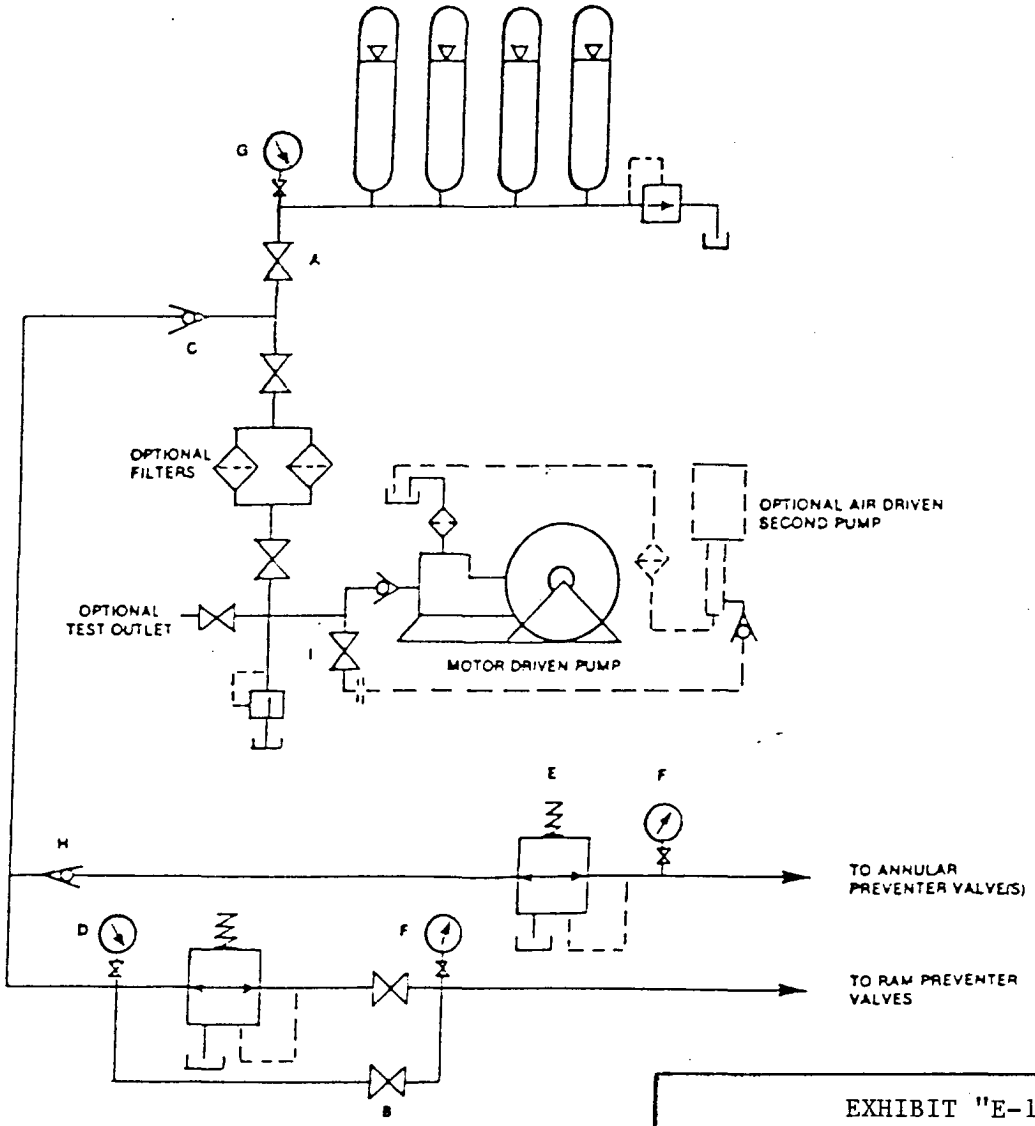


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

HUDSON OIL COMPANY OF TEXAS
PUCKETT NORTH # 1
UNIT "L" SECTION 12
T17S-R31E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Hudson Oil Company of Texas
Well Name & No. Puckett North #1
Location: 1880' FSL, 560' FWL, Section 12, T. 17 S., R. 31 E., Eddy County, New Mexico
Lease: LC-029415-B

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

   A. Well spud

   B. Cementing casing: **8-5/8** inch **5-1/2** inch

   C. BOP tests

2. A Hydrogen Sulfide (H2S) Drilling Operation Contingency Plan shall be activated prior to drilling into the **Queen** formation. A copy of the plan shall be posted at the drilling site.

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.

II. CASING:

1. The **8-5/8** inch surface casing shall be set at **approximately 725 feet or 25' into the top of the Rustler Anhydrite and 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 **5-1/2** inch production casing is **to be sufficient to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval**.

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 **8-5/8** 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 **2000** psi.

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

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2/7/2006