

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

Form 3160-3
(April 2004)

RECEIVED

APR 11 2006

CUU-ARTESA

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM 54839	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Sunset Well Service, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. Box 7139 Midland, Texas 79708		8. Lease Name and Well No. Robinia Draw Federal #1	
3b. Phone No. (include area code) (432)561-8600		9. API Well No. 30-015-26097	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2,310' FSL & 990' FWL At proposed prod. zone		10. Field and Pool, or Exploratory South Bandana Point (Strawn)	
14. Distance in miles and direction from nearest town or post office* 18 miles SW of Carlsbad, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 4-T23S-R24E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660' FNL lease 54839 810' FWL of pro. unit		12. County or Parish Eddy	
16. No. of acres in lease 320		13. State NM	
17. Spacing Unit dedicated to this well 320			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. none		19. Proposed Depth 9,660'	
20. BLM/BIA Bond No. on file NMB000303			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,122' GR		22. Approximate date work will start* 03/25/2006	
23. Estimated duration 30 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>M. Lee Roark</i>	Name (Printed/Typed) M. Lee Roark (432)634-9703	Date 02/21/2006
Title Operations Manager		

Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) <i>/s/ James Stovall</i>	Date APR 07 2006
Title ACTING 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 1 YEAR

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)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

NSL-

Required to produce

of Land Management
Received

FEB 28 2006

Carlsbad Field Office
Carlsbad, NM

SURFACE CASING
& INTERMEDIATE CASING
IN PLACE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator
B.C. OPERATING, INC.3a. Address
P.O. Box 50820, Midland, TX 797103b. Phone No. (include area code)
(432) 682-4002

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2310' FSL & 990' FWL Section 4, T-23-S, R-24-E

5. Lease Serial No.

NM-54839

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Robinia Draw Federal #1

9. API Well No.

30-015-25097

10. Field and Pool, or Exploratory Area

S. Bandana Point (Strawn)

11. County or Parish, State

EDDY COUNTY, NEW MEXICO

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change of Operator
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Effective March 23, 2006, B.C. OPERATING, INC. has taken over operations of this well from:

Sunset Well Service, Inc.
P.O. Box 7139
Midland, TX 79708

B.C. OPERATING, INC. - Bond #NM-2572

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Kenneth C. Dickeson

Title Authorized Agent

Signature

Date 3/23/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ James Stovall

Conditions of approval, if any, are attached. Approval of this notice 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.

Title **ACTING FIELD MANAGER**

Date APR 07 2006

Office **CARLSBAD FIELD OFFICE**

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(Instructions on page 2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

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SUBMIT IN TRIPLICATE- Other instructions on reverse side.1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator
B.C. OPERATING, INC.3a. Address
P.O. Box 50820, Midland, TX 797103b. Phone No. (include area code)
(432) 682-4002

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2310' FSL & 990' FWL Section 4, T-23-S, R-24-E

5. Lease Serial No.

NM-54839

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Robinia Draw Federal #1

9. API Well No.

30-015-25097

10. Field and Pool, or Exploratory Area

S. Bandana Point (Strawn)

11. County or Parish, State

EDDY COUNTY, NEW MEXICO

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
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<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Amend</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Acreage</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>Dedication</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Effective March 23, 2006, B.C. OPERATING, INC. has amended the acreage dedication for this well. The new acreage dedication is as follows:

S/2 Section 4,
T-23-S, R-24-E, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

A plat showing the acreage is attached.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Kenneth C. Dickeson

Title Authorized Agent

Signature

Date 3/23/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USEApproved by /s/ James Stovall

ACTING

FIELD MANAGER

Date

APR 07 2006

Conditions of approval, if any, are attached. Approval of this notice 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.

Office CARLSBAD FIELD OFFICE

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(Instructions on page 2)

**MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

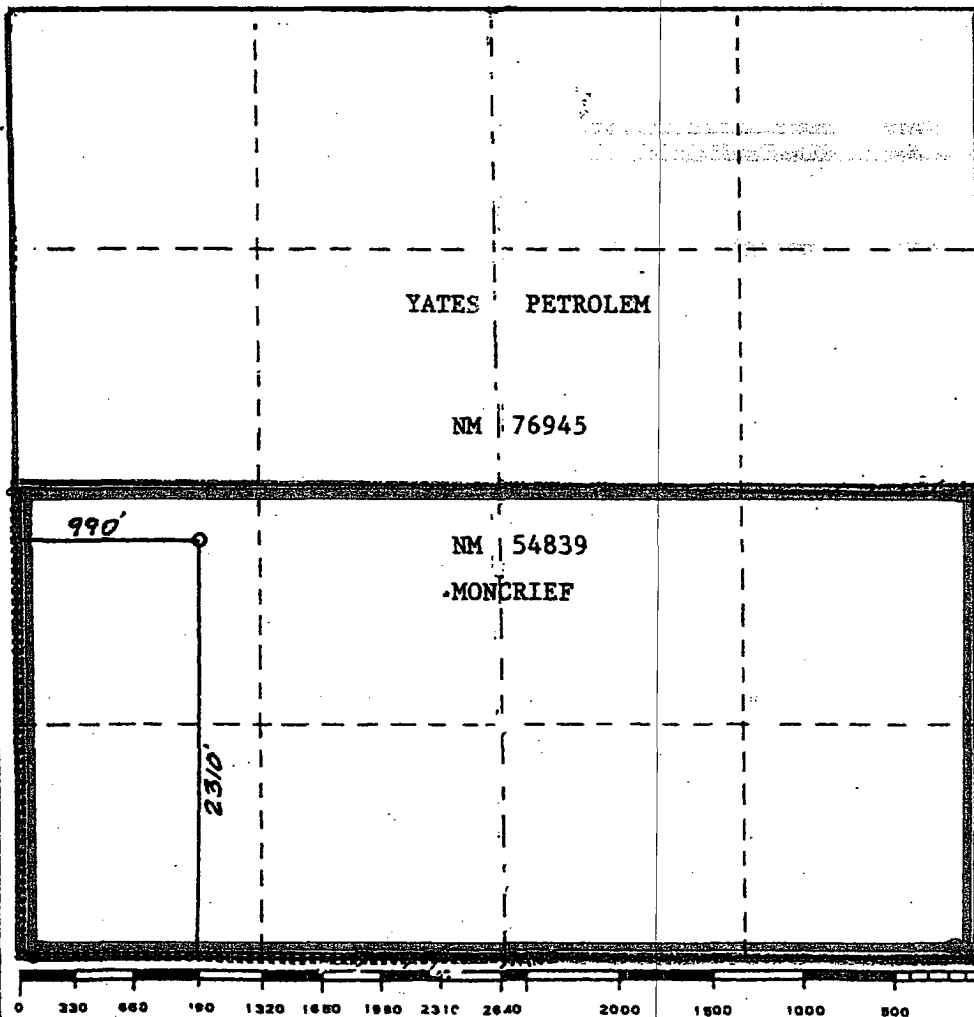
Operator B.C. Operating, Inc.			Lease Robinia Draw Federal		Well No. 1
Unit Letter L	Section 4	Township 23 South	Range 24 East	County Eddy County, N.M.	
Actual Footage Location of Well: 2310 feet from the South line and 990 feet from the West line					
Ground Level Elev. 4122.	Producing Formation Strawn		Pool South Bandana Point	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

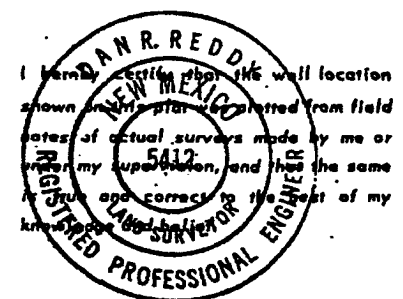
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name Kenneth C. Dickson
Authorized Agent

Position
B.C. Operating, Inc.

Company
March 23, 2006

Date



Date Surveyed
March 27, 1989

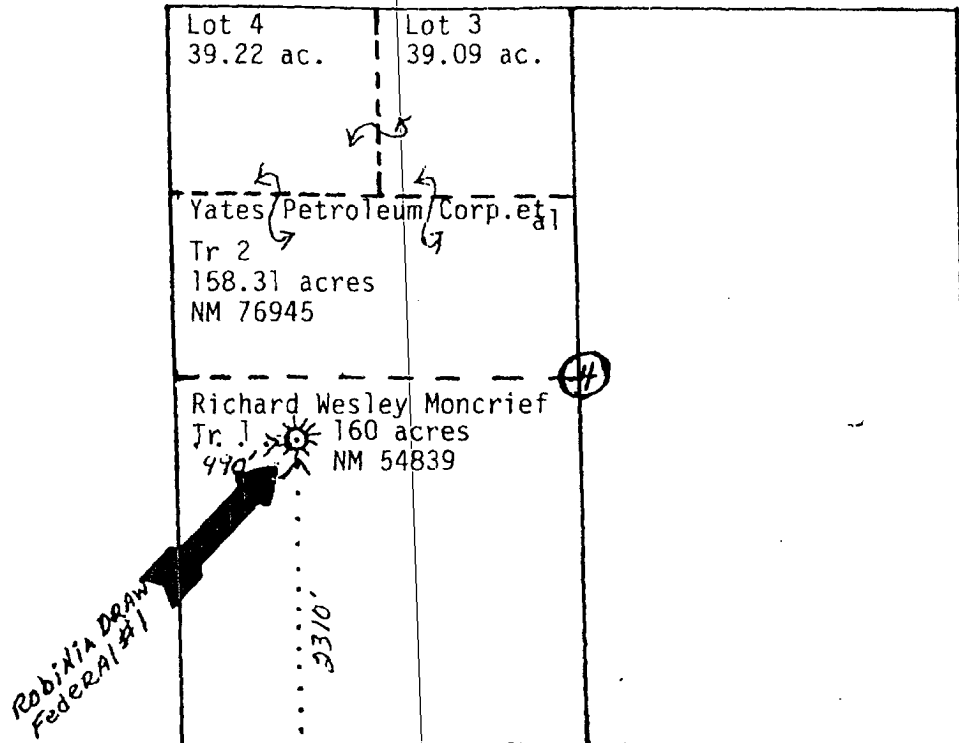
Registered Professional Engineer
and/or Land Surveyor

Dan R. Reddy

Certificate No.
NM PE&LS NO. 5412

EXHIBIT A

Plat of communitized area covering W/2 sec. 4, T. 23S,
R. 24 E., N.M.P.M., Unnamed field, Eddy County,
New Mexico



RE-ENTRY PROGRAM

1. MIRU Completion Unit
2. Weld onto 8-5/8" casing with casing head
3. NU 3000 lbs. manuel BOP. RU reverse unit.
4. Drill out cement plug at surface from surface to 60'.
5. SI BOP. Test BOP/8-5/8" casing head/8-5/8" casing to 2,500 lbs.
6. Drill out cement plugs from 326'-475', 2286'-2406', and cement from 3959'-4158'.
7. Tie back 5-1/2 casing from 4158'-surface and pressure test to 500#.
8. Drill out cement from 4158'-4234', 6111'-6411' and 8194'-8494'.

Formation Tops:	San Andres	1236'
	Bone Springs lm.	3940'
	1 st B.S. sand	4364'
	2 nd B.S. sand	4558'
	3 rd B.S. sand	7386'
	Wolfcamp	7735'
	Strawn	9726'

Tag cement plug and TD well at 9,660'

9. Pressure test 5-1/2" casing to 500#.
10. Complete well in Strawn from 9342'-9405' (OA).

Surface Use Plan

Wellsite surface has not been reclaimed. Steel pits will be used and no roads or change in wellsite will be performed with re-entry operations. Operator will restore wellsite surface to BLM regulations if and when well is plugged and abandoned.

Operator's Representative

M. Lee Roark
Operations Manager
4318 South County Road 1290
Odessa, Texas 79765

Business Phone: (432)561-8600
Home: (432)685-3500

Certification

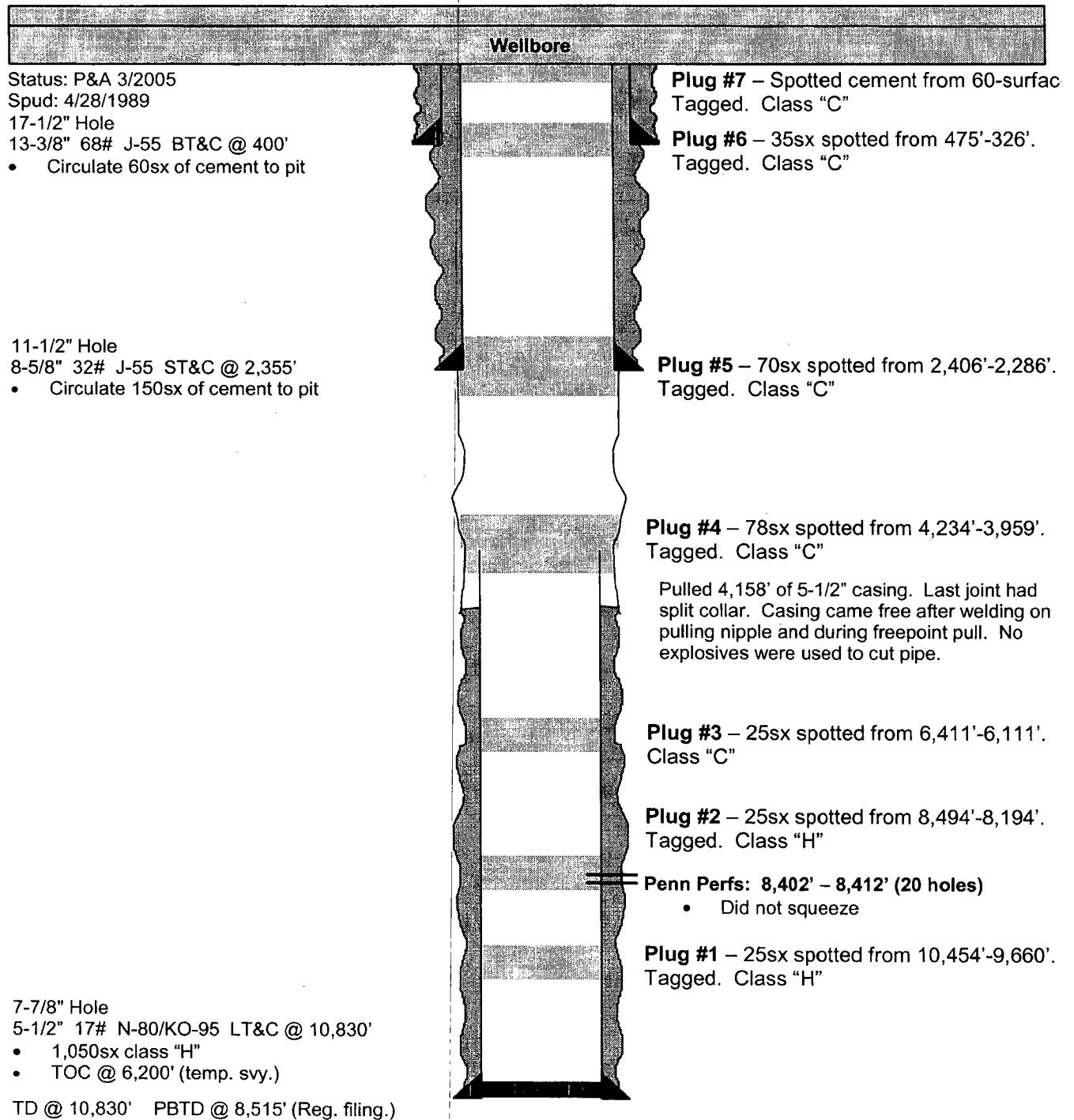
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exists; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Sunset Well Service, Inc. and his contractors and sub-contractors in conformity with this plan and the terms and conditioned under which it is approved, unless otherwise notified in writing.


M. Lee Roark
Operations Manager
Sunset Well Service, inc.

SUNSET WELL SERVICE, INC.
2,310' FSL & 990' FWL
Sec.4-T23S-R24E

ROBINA DRAW FEDERAL NO.1
EDDY CO., NEW MEXICO
JANUARY 10, 2006

WELLBORE SCHEMATIC





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
1474 Rodeo Road
P. O. Box 27115
Santa Fe, New Mexico 87502-0115



IN REPLY REFER TO:

Statewide Bond
3104 (NM921-tf)

July 11, 2005

DECISION

Operator # 235634

Obligor:

Sunset Well Service, Inc.
P.O. Box 7139
Midland, TX 79708

Financial Institution:

American State Bank
620 N. Grant
Odessa, TX 79761

BLM Bond No.: NMB000303
Bank Letter of Credit No.: 2011004030
Bond Type: Oil and Gas
Amount of Bond: \$25,000.00
Execution Date: June 10, 2005

Statewide Oil and Gas Bond and Letter of Credit Accepted

The Statewide Bond and Letter of Credit (LOC) described above are found satisfactory. We accepted these documents effective July 1, 2005, the date we received the required documents.

The bond is coverage of all operations conducted by or for the obligor on Federal leases in the State of New Mexico. The bond provides coverage of the obligor where that obligor has interest in, and/or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Federal leases do not include Indian leases.

The above referenced Letter of Credit is in our safe.

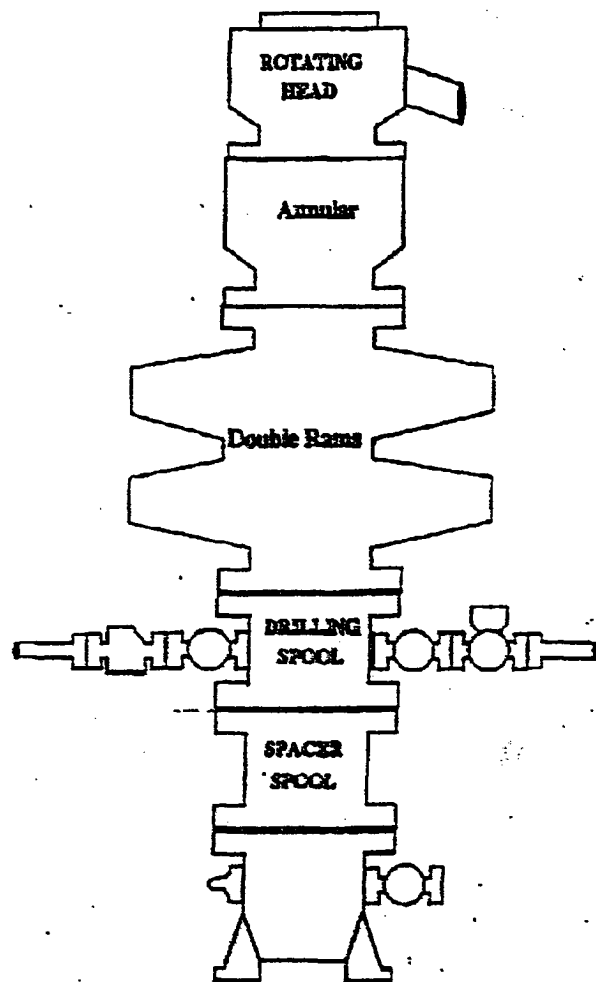
Liability ends under the bond only after this office becomes aware that there is no outstanding liability on the bond or satisfactory replacement bonding coverage is in our office.

Tony Ferrero
Land Law Examiner
Fluids Adjudication Team

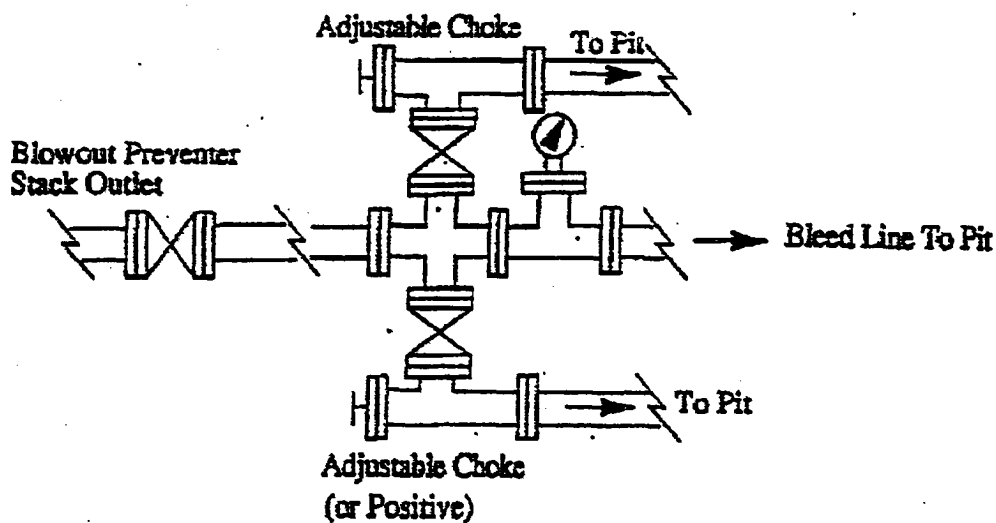
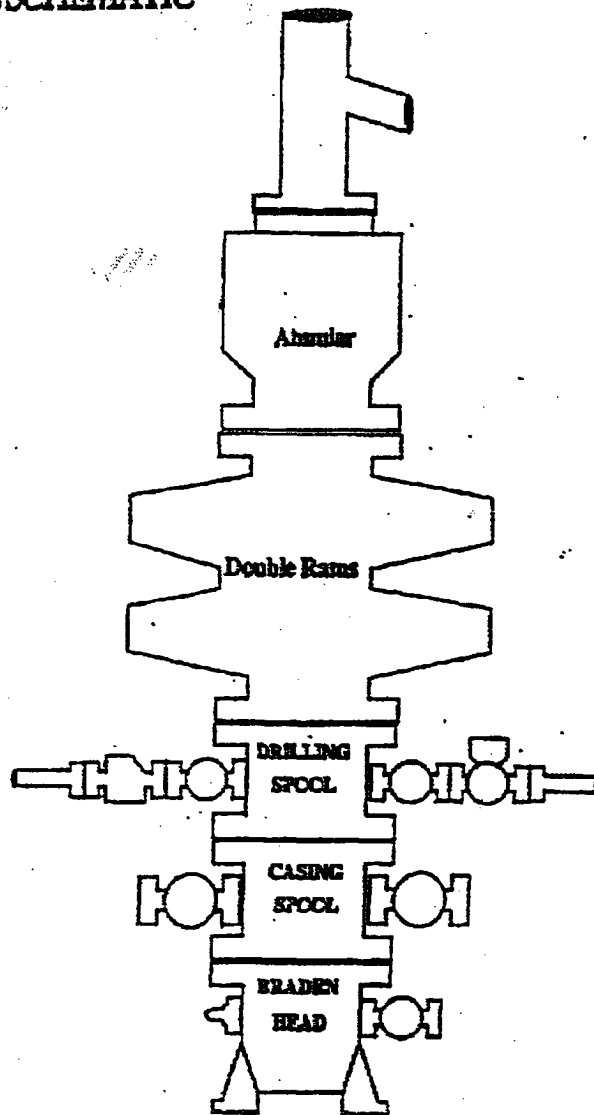
BC Operating, Inc.

P.O. Box 50820
Midland, Tx. 79710.

BOPE SCHEMATIC



Choke Manifold



RECEIVED

2006 MAR 31 PM 1:30

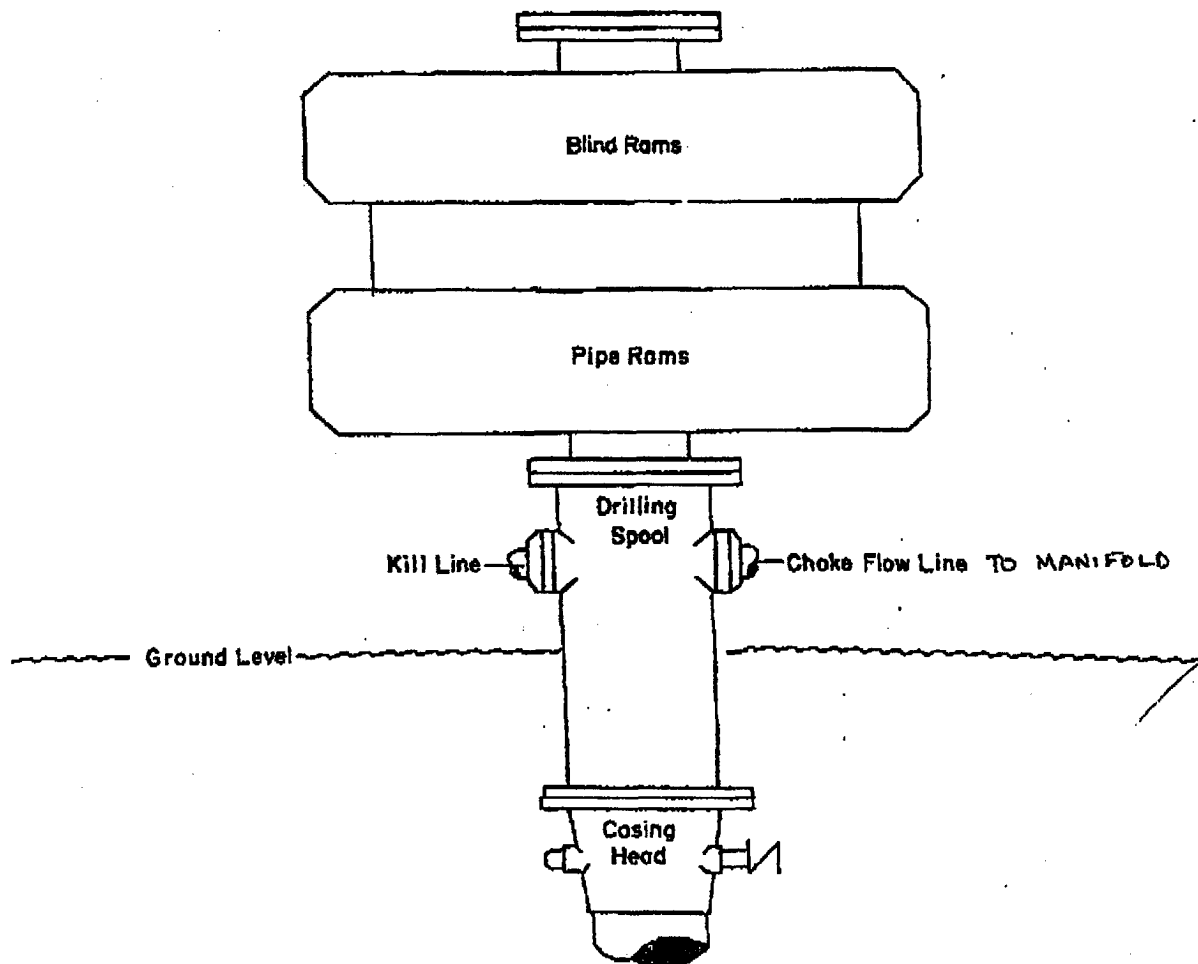
BUREAU OF LAND MGMT
CARLSBAD OFFICE

Robinia Draw Federal No. 1

2310' FSL & 990' FWL Sec. 4-T23S-R24E, Eddy County, NM

THE BLOWOUT PREVENTER

3,000psi Working Pressure



Conditions of Approval Cave and Karst

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Berming:

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 12 mil plastic liner.

No cuttings pit will be allowed, Steel tanks will be utilized. All cuttings and fluids will be hauled off.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. See geologist report for depth.

Casing:

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

Cementing:

All casing strings will be cemented to the surface.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

Pressure Tests:

Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

Differential Shut-off Systems:

A leak detection system and differential shut off systems will be installed for pipelines and tanks used in production or drilling.

Record Keeping:

The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence of absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Sunset Well Services, Inc.
Well Name & No. Robinia Draw Federal #1 - REENTRY
Location: 2310' FSL, 990 FWL, Section 4, T. 23 S., R. 24 E., Eddy County, New Mexico
Lease: NM-54839

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. Casing in place: 13-3/8 inch at 400', cement circulated
8-5/8 inch at 2355', cement circulated
5-1/2 inch from 4158' to 10,830', TOC @ 6200'

C. BOP tests

2. 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.

3. 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.

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

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. The minimum required fill of cement behind the 5-1/2 inch production casing is 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 3000 psi.

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

- The tests 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 a safe workman-like manner. Hard line connections shall be required.