

CONFIDENTIALForm 3160-3
(February 2005)**OCD Artesia**FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**Split Estate****APPLICATION FOR PERMIT TO DRILL OR REENTER**
NO NOS**438**

1a. Type of work: ☒ DRILL add leg ☐ REENTER		5. Lease Serial No. NMNM-100335	
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name ---	
2. Name of Operator BTA Oil Producers, LLC <260297>		7. If Unit or CA Agreement, Name and No. ---	
3a. Address 104 S. Pecos Midland, TX 79701		8. Lease Name and Well No. Ogden #1H	
3b. Phone No. (include area code) (432) 682-3753		9. API Well No. 30-015-24206	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FNL & 1830' FEL SWNE Sec. 29 At proposed prod. zone 2310' FNL & 1650' FEL SWNE Sec. 32		10. Field and Pool, or Exploratory Culebra Bluff; Bone Spring, South	
14. Distance in miles and direction from nearest town or post office* Approx 1938' southwest from Loving, NM		11. Sec., T. R. M. or Blk. and Survey or Area Secs. 29 & 32, T23S-R23E 28 KH	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1650'		12. County or Parish Eddy	
16. No. of acres in lease 240		13. State NM	
17. Spacing Unit dedicated to this well 400 acres (project area)			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1405'		20. BLM/BIA Bond No. on file NM1195	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3084'		22. Approximate date work will start* ASAP	
		23. Estimated duration 45 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>Pam Inskeep</i>	Name (Printed/Typed) Pam Inskeep	Date 05/29/2009
Title Regulatory Administrator		

Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed) /s/ Don Peterson	Date AUG 04 2009
Title 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 TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Carlsbad Controlled Water Basin**KG**

Inspected by: [Signature] SEE ATTACHED FOR CONDITIONS OF APPROVAL Approval Subject to General Requirements & Special Stipulations Attached
--

CONFIDENTIALForm 3160-3
(February 2005)

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**Split Estate**

APPLICATION FOR PERMIT TO DRILL OR REENTER

NO NOS

Lease Serial No.
NMNM-100335

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
Ogden #1H9. API Well No.
30-015-2420610. Field and Pool, or Exploratory
Culebra Bluff; Bone Spring, South11. Sec., T. R. M. or Blk. and Survey or Area
Secs. 29 & 32, T23S-R23E 28 KIT12. County or Parish
Eddy13. State
NM1a. Type of work: ☒ DRILL add leg ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone2. Name of Operator
BTA Oil Producers, LLC3a. Address 104 S. Pecos
Midland, TX 797013b. Phone No. (include area code)
(432) 682-3753

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 1980' FNL & 1830' FEL SWNE Sec. 29

At proposed prod. zone 2310' FNL & 1650' FEL SWNE Sec. 32

14. Distance in miles and direction from nearest town or post office*
Approx 1938' southwest from Loving, NM15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 1650'16. No. of acres in lease
24017. Spacing Unit dedicated to this well
400 acres (project area)18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 1405'19. Proposed Depth
12,600'20. BLM/BIA Bond No. on file
NM1119521. Elevations (Show whether DF, KDB, RT, GL, etc.)
3084'22. Approximate date work will start*
ASAP23. Estimated duration
45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature *Pam Inskeep*
Title Regulatory AdministratorName (Printed/Typed)
Pam InskeepDate
05/29/2009Approved by (Signature) */s/ Don Peterson*Name (Printed/Typed)
/s/ Don PetersonDate
AUG 04 2009Title
FIELD MANAGEROffice
CARLSBAD FIELD OFFICEApplication approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.**APPROVAL FOR TWO YEARS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Carlsbad Controlled Water Basin

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**Approval Subject to General Requirements
& Special Stipulations Attached*Hold drilling plan confidential
for 1 year (til 8/4/2010). CR*



PARTNERS
CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

BTA OIL PRODUCERS

104 SOUTH PECOS
MIDLAND, TEXAS 79701

432-682-3753
FAX 432-683-0311

May 29, 2009

GULF COAST DISTRICT
FOUR GREENSPPOINT PLAZA
16945 NORTHCHASE DRIVE, STE. 1600
HOUSTON, TEXAS 77060
PH. 281-872-5022 FAX 281-872-5054

ROCKY MOUNTAIN DISTRICT
600 17TH STREET, STE. 2230 SOUTH
DENVER, CO 80202
PH. 303-534-4404 FAX 303-534-4661

Re: **CONFIDENTIAL STATUS**
Ogden #1H
UL -G-, Sec. 29, T23S, R28E Surface
UL -G-, Sec. 32, T23S, R28E Bottom
Eddy County, New Mexico

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
620 East Greene Street
Carlsbad, NM 88220

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Gentlemen:

BTA hereby requests **CONFIDENTIAL STATUS** for all drilling information, forms and logs for the maximum length of time possible under BLM guidelines.

Should further information be required, please advise.

Respectfully,

PAM INSKEEP
For BTA Oil Producers

APPLICATION FOR DRILLING

BTA OIL PRODUCERS, LLC
 Ogden #1H
 1980' FNL & 1830' FEL
 UL -G-, Sec. 29, T23S, R28E Surface
 2310' FNL & 1650' FEL
 UL -G-, Sec. 32, T23S, R28E Bottom
 Eddy County, New Mexico

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In conjunction with Form 3160-3, Application for Permit to Drill, BTA Oil Producers submits the following 10 items for pertinent information in accordance with BLM requirements: **Note: We are proposing to add a horizontal leg to an existing wellbore.**

1. Geologic surface formation is Quaternary.
2. Top of geologic markers & depths of anticipated fresh water, oil or gas:

Delaware Mountain Group	2,494'	Oil
Cherry Canyon	3,540'	Oil
Brushy Canyon	4,535'	Oil
Bone Spring	6,050'	Oil
1 st Bone Spring	7,006'	Oil

No other formations are expected to yield oil, gas, or fresh water in measurable volumes. The surface fresh water sands are protected by existing 16" csg at 405' cemented back to surface. Potash/fresh water sands are protected by existing 10-3/4" csg at 2490' cemented back to surface. The Delaware and Bone Spring intervals will be isolated by existing 7-5/8" csg and by setting 5-1/2" & 4-1/2" csg to total depth and circulating cement above the base of the 10-3/4" casing.

All shows of fresh water and minerals will be reported and protected. A sample will be taken of any water flows and furnished to the BLM, Division of Minerals. All oil and gas shows will be adequately tested for commercial possibilities, reported and protected.

3. Proposed Casing and Cementing Program:

Hole Size	OD Casing	Setting From	Depth to	Weight	Grade	Joint	Collapse Factor	Burst Factor	Tension Factor
*20"	16"	0	405'	65#					
*14-3/4"	10-3/4"	0	2,490'	40.5#					
*9-1/2"	7-5/8"	0	9,595'	29.7&33.7#					
7-5/8" csg	5-1/2"	0	6,600'	20#	P110	STL	3.70	4.21	2.84
6-1/2"	4-1/2"	6,600'	12,523'	11.6#	P110	BTC	2.52	3.56	4.47

*Existing casing cemented in well

See COA
 Depending upon availability at the time that the casing is run, equivalent weights and grades may be substituted. All casing will be new.

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4. Cement Program:

16" casing was cemented with 500 sx and circulated to surface.

10-3/4" casing was cemented with 2050 sx and circulated to surface.

7-5/8" casing was cemented with 1150 sx with top of cement @ 5710' (CBL).

5-1/2" & 4-1/2" casing will be cemented with 370 sx Interfill C with 1/8#/sx Poly-E-Flake, 11.9 ppg, 2.47 yield. Tail with w/340 sx Super H w/3% salt, 0.5% Halad-344, 5 #/sx Gulsonite, 0.4% CFR-3, 13.2 ppg, 1.63 yield. Estimated top of cement will be 2000'.

Note: All casing strings will be pressure tested to 0.22 psi/ft. of setting depth or 1500 psi (whichever is greater) after cementing and prior to drillout.

5. Pressure Control Equipment:

The blowout preventer equipment (BOP) shown in Exhibit A will consist of a (3M system) double ram type (3000 psi WP) preventor and a bag-type (Hydril) preventor (3000 psi WP). Will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 3-1/2" drill pipe rams on bottom. The BOP's will be installed on the 7-5/8" casing and utilized continuously until TD is reached. All BOP's and associated equipment will be tested as per BLM drilling Operations Order No. 2.

Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily driller's log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines, and choke manifold having a 3000 psi WP rating.

6. Mud Program:

Fresh water. Will use lime for pH control in range 10 to 11. Will sweep hole with gel slugs as required for hole cleaning. Will use paper for seepage losses.

7. Auxiliary Equipment:

- a) Upper Kelly cock valve with handle available.
- b) Lower Kelly cock valve with handle available.
- c) Safety valves and subs to fit all drill string connections in use.
- d) Monitoring of mud system will be mechanical.

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8. Testing Logging and Coring Program:

- a) Drill Stem Testing will not be performed.
- b) No electrical logs will be run on the new horizontal leg.
- c) No coring program is planned.
- d) Additional testing may be initiated subsequent to setting the 4-1/2" & 5-1/2" production csg.

Specific intervals will be targeted based on evaluation and geological sample shows.

9. Potential Hazards:

No abnormal pressures or temperatures are anticipated. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 2550 psi. Estimated BHT: 130° F. No H₂S is anticipated to be encountered.

10. Anticipated Starting Date and Duration of Operations:

Road and location are in place. No surface disturbance is anticipated. Anticipated start date will be as soon as possible after BLM approval and as soon as a rig is available. Move-in operations and drilling is expected to take 45 days.

BTA Oil Producers, LLC
Ogden #1H
30-015-24206
Add Horizontal Leg
Culebra Bluff, Bone Spring, South
Eddy County, NM

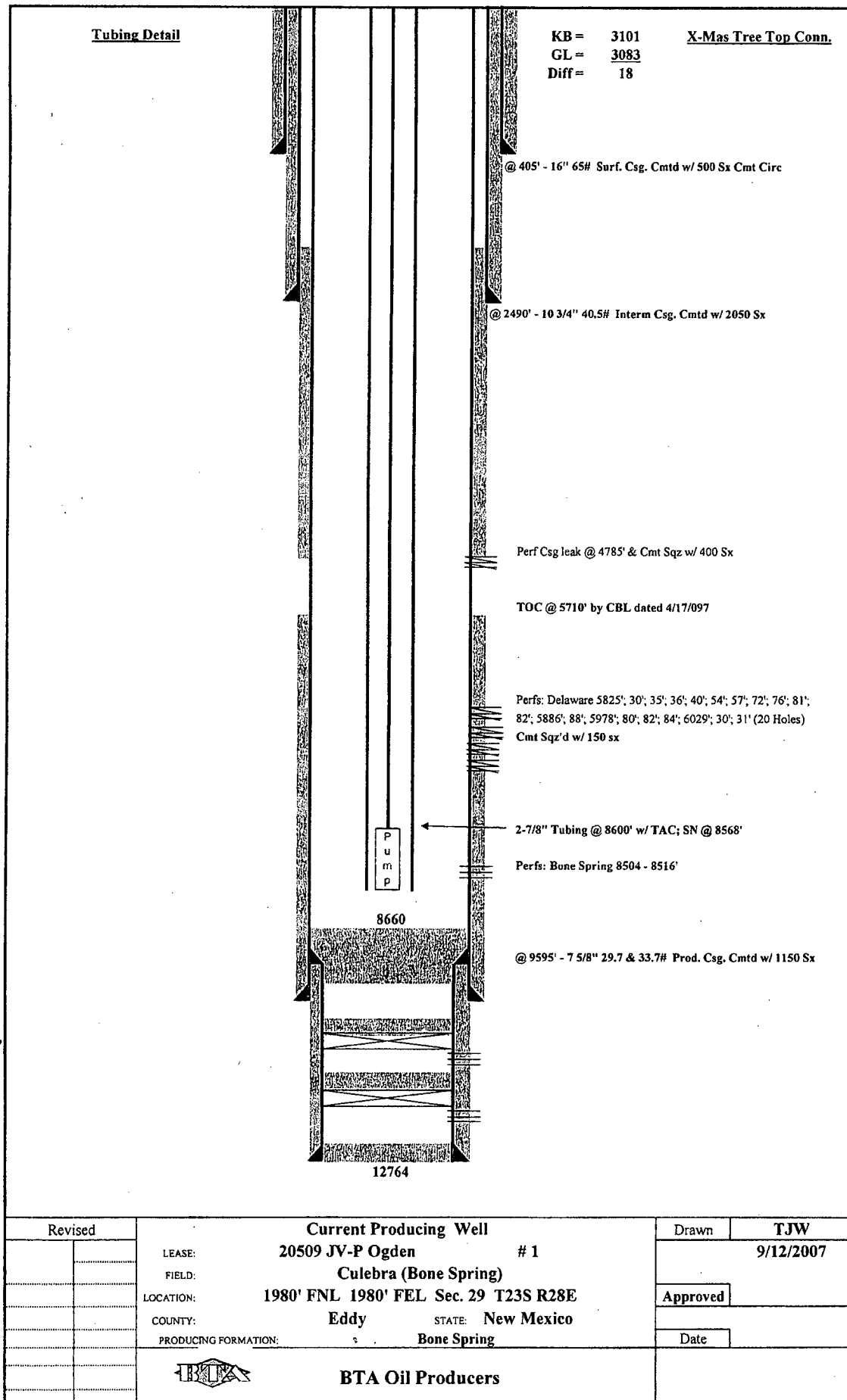
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BTA proposes to plug back and add a horizontal leg as follows:

- SEP
COA
1. Move prod equipment, as required, and prep location.
 2. MI & RU.
 3. Pull & LD prod equipment.
 4. RU WL and run gauge-ring/junk basket to $\pm 8,600'$. Set CIBP @ $\pm 8,490'$ and cap with 20' cement.
 5. Set CIBP @ $\pm 6,650'$
 6. Test csg to 1000 psi.
 7. PU 6-1/2" watermelon mill and casing scraper. GIH picking up 3-1/2" drill string to CIBP. Circ hole clean. POH (SLM).
 8. GIH w/7-5/8" casing and orientation sub.
 9. Orient whipstock using wireline gyro. Set whipstock on CIBP with face of whipstock on an azimuth of 178.05°.
 10. Mill window in 7-5/8" csg. Dress window as required and drill 4'-6' of formation.
 11. Trip for directional drilling BHA with gyro seat. Run wireline with surface read-out gyro.
 12. Mud logging will be required while drilling curve and lateral.
 13. Drill lateral per DDC profile with geological adjustments.
 14. At TD; Circ, sweep hole and short trip s required to clean up lateral. POH.
 15. Run and cement 5-1/2" x 4-1/2" combination casing string at TD.
 16. RD & MO.
 17. Completion program to follow.

BOP's

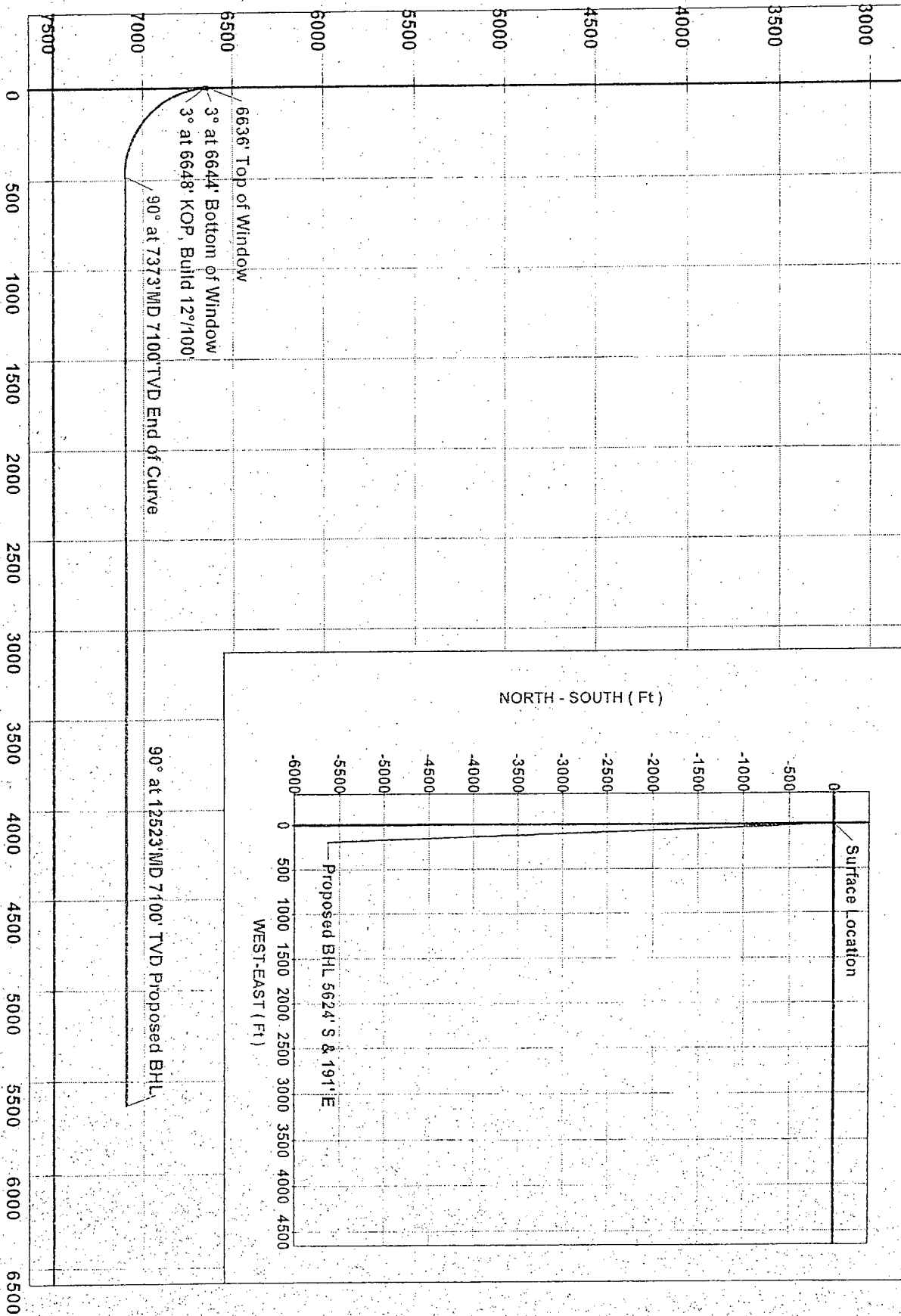
- Rotating head
- Double Ram Hydraulic – 3000 psi with blind rams and 3-1/2" pipe rams



Revised	Proposed Horizontal Well 20540 JV-P Ogden # 1- H Culberr (Bone Spring) 1980 FNL 1980 FEL Sec. 29 T23S R28E Eddy STATE: New Mexico Bone Spring		Drawn Approved Date	TJW 9/12/2007
	LEASE: FIELD: LOCATION: COUNTY: PRODUCING FORMATION:			
				
	BTA Oil Producers			

Company: BTA Oil Producers
 Lease/Well: 20509 JV-P Ogden #1H
 Location: Eddy County
 State/Country: New Mexico

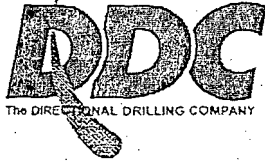
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VERTICAL SECTION (Ft) @ 178.05°



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Job Number: MI-09
Company: BTA Oil Producers
Lease/Well: 20509 JV-P Ogden #1H
Location: Eddy County
Rig Name:
RKB:
G.L. or M.S.L.: 3084'

State/Country: New Mexico
Declination:
Grid:
File name: C:\DOCUME~1\RICKEA~1\MYDOCU~1\PROPOS~1\BT
Date/Time: 29-Apr-09 / 12:34
Curve Name: Preliminary Plan

THE DIRECTIONAL DRILLING COMPANY

WINSERVE PROPOSAL REPORT Minimum Curvature Method Vertical Section Plane 178.05 Vertical Section Referenced to Wellhead Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	Dogleg Severity Deg/100
Top of Window							
6635.53	.00	.00	6635.53	.00	.00	.00	.00
Bottom of Window							
6643.53	3.00	178.05	6643.53	.21	-.21	.01	37.50
KOP, Build 12°/100'							
6647.53	3.00	178.05	6647.52	.42	-.42	.01	.00
6697.53	9.00	178.05	6697.22	5.64	-5.64	.19	12.00
6747.53	15.00	178.05	6746.11	16.03	-16.02	.55	12.00
6797.53	21.00	178.05	6793.64	31.48	-31.46	1.07	12.00
6847.53	27.00	178.05	6839.30	51.80	-51.77	1.76	12.00
6897.53	33.00	178.05	6882.58	76.79	-76.75	2.61	12.00
6947.53	39.00	178.05	6923.01	106.17	-106.11	3.61	12.00
6997.53	45.00	178.05	6960.15	139.61	-139.53	4.74	12.00
7047.53	51.00	178.05	6993.59	176.75	-176.65	6.01	12.00
7097.53	57.00	178.05	7022.97	217.18	-217.06	7.38	12.00
7147.53	63.00	178.05	7047.96	260.46	-260.31	8.85	12.00
7197.53	69.00	178.05	7068.29	306.12	-305.94	10.40	12.00
7247.53	75.00	178.05	7083.73	353.65	-353.45	12.02	12.00
7297.53	81.00	178.05	7094.12	402.54	-402.30	13.68	12.00
7347.53	87.00	178.05	7099.35	452.24	-451.98	15.37	12.00
End of Curve							
7372.54	90.00	178.05	7100.00	477.23	-476.96	16.22	12.00
7472.54	90.00	178.05	7100.00	577.23	-576.90	19.61	.00

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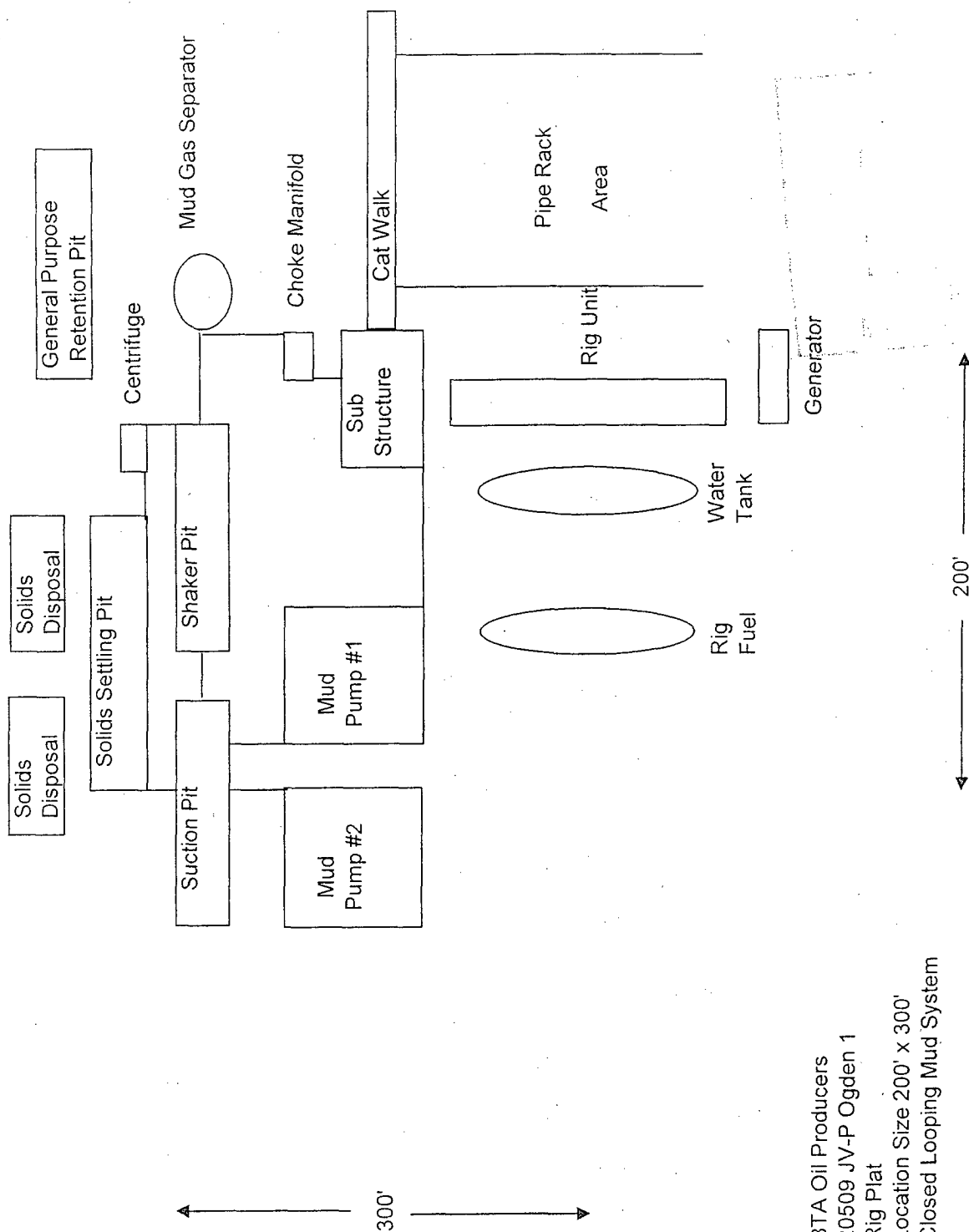
Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	Dogleg Severity Deg/100
7572.54	90.00	178.05	7100.00	677.23	-676.84	23.01	.00
7672.54	90.00	178.05	7100.00	777.23	-776.78	26.41	.00
7772.54	90.00	178.05	7100.00	877.23	-876.73	29.81	.00
7872.54	90.00	178.05	7100.00	977.23	-976.67	33.20	.00
7972.54	90.00	178.05	7100.00	1077.23	-1076.61	36.60	.00
8072.54	90.00	178.05	7100.00	1177.23	-1176.55	40.00	.00
8172.54	90.00	178.05	7100.00	1277.23	-1276.50	43.40	.00
8272.54	90.00	178.05	7100.00	1377.23	-1376.44	46.79	.00
8372.54	90.00	178.05	7100.00	1477.23	-1476.38	50.19	.00
8472.54	90.00	178.05	7100.00	1577.23	-1576.32	53.59	.00
8572.54	90.00	178.05	7100.00	1677.23	-1676.26	56.99	.00
8672.54	90.00	178.05	7100.00	1777.23	-1776.21	60.38	.00
8772.54	90.00	178.05	7100.00	1877.23	-1876.15	63.78	.00
8872.54	90.00	178.05	7100.00	1977.23	-1976.09	67.18	.00
8972.54	90.00	178.05	7100.00	2077.23	-2076.03	70.58	.00
9072.54	90.00	178.05	7100.00	2177.23	-2175.98	73.97	.00
9172.54	90.00	178.05	7100.00	2277.23	-2275.92	77.37	.00
9272.54	90.00	178.05	7100.00	2377.23	-2375.86	80.77	.00
9372.54	90.00	178.05	7100.00	2477.23	-2475.80	84.17	.00
9472.54	90.00	178.05	7100.00	2577.23	-2575.74	87.56	.00
9572.54	90.00	178.05	7100.00	2677.23	-2675.69	90.96	.00
9672.54	90.00	178.05	7100.00	2777.23	-2775.63	94.36	.00
9772.54	90.00	178.05	7100.00	2877.23	-2875.57	97.76	.00
9872.54	90.00	178.05	7100.00	2977.23	-2975.51	101.15	.00
9972.54	90.00	178.05	7100.00	3077.23	-3075.46	104.55	.00
10072.54	90.00	178.05	7100.00	3177.23	-3175.40	107.95	.00
10172.54	90.00	178.05	7100.00	3277.23	-3275.34	111.35	.00
10272.54	90.00	178.05	7100.00	3377.23	-3375.28	114.74	.00
10372.54	90.00	178.05	7100.00	3477.23	-3475.23	118.14	.00
10472.54	90.00	178.05	7100.00	3577.23	-3575.17	121.54	.00
10572.54	90.00	178.05	7100.00	3677.23	-3675.11	124.94	.00
10672.54	90.00	178.05	7100.00	3777.23	-3775.05	128.33	.00
10772.54	90.00	178.05	7100.00	3877.23	-3874.99	131.73	.00
10872.54	90.00	178.05	7100.00	3977.23	-3974.94	135.13	.00
10972.54	90.00	178.05	7100.00	4077.23	-4074.88	138.53	.00
11072.54	90.00	178.05	7100.00	4177.23	-4174.82	141.92	.00
11172.54	90.00	178.05	7100.00	4277.23	-4274.76	145.32	.00
11272.54	90.00	178.05	7100.00	4377.23	-4374.71	148.72	.00
11372.54	90.00	178.05	7100.00	4477.23	-4474.65	152.12	.00
11472.54	90.00	178.05	7100.00	4577.23	-4574.59	155.51	.00
11572.54	90.00	178.05	7100.00	4677.23	-4674.53	158.91	.00
11672.54	90.00	178.05	7100.00	4777.23	-4774.47	162.31	.00
11772.54	90.00	178.05	7100.00	4877.23	-4874.42	165.71	.00
11872.54	90.00	178.05	7100.00	4977.23	-4974.36	169.10	.00
11972.54	90.00	178.05	7100.00	5077.23	-5074.30	172.50	.00

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Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	Dogleg Severity Deg/100
12072.54	90.00	178.05	7100.00	5177.23	-5174.24	175.90	.00
12172.54	90.00	178.05	7100.00	5277.23	-5274.19	179.30	.00
12272.54	90.00	178.05	7100.00	5377.23	-5374.13	182.69	.00
12372.54	90.00	178.05	7100.00	5477.23	-5474.07	186.09	.00
12472.54	90.00	178.05	7100.00	5577.23	-5574.01	189.49	.00

Proposed BHL							
12522.90	90.00	178.05	7100.00	5627.60	-5624.35	191.20	.00

NORTH

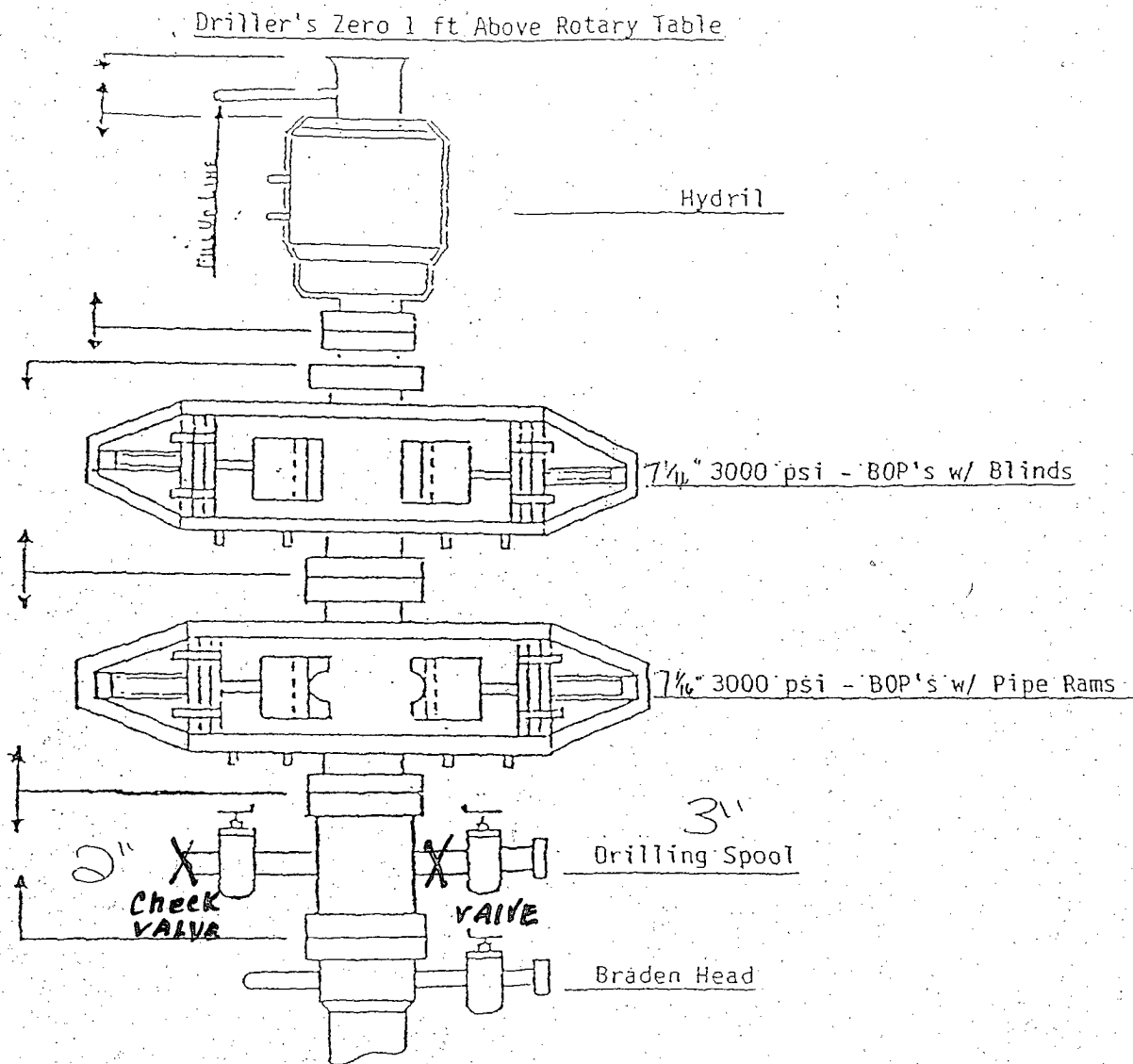


BTA Oil Producers
 20509 JV-P Ogden 1
 Rig Plat
 Location Size 200' x 300'
 Closed Looping Mud System

CONFIDENTIAL

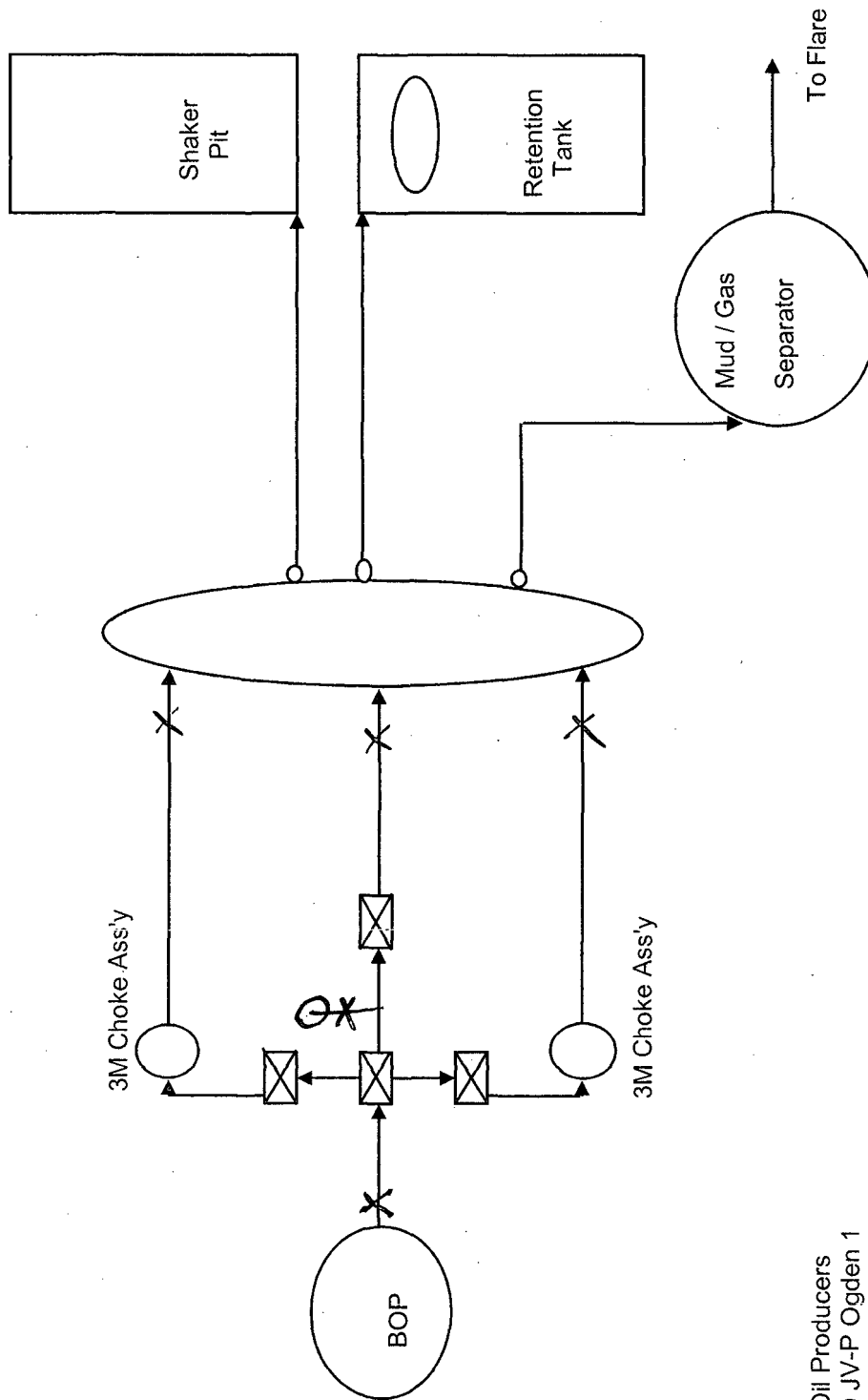
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BTA OIL PRODUCERS



BTA Oil Producers, LLC
Ogden #1H
30-015-24206
Eddy County, NM

CONFIDENTIAL



BTA Oil Producers
20509 JV-P Ogden 1
Choke Manifold Assembly Schematic
Connection to Closed Looping Mud System:
3M psi Rating