

RCVD MAY 30 '08

OIL CONS. DIV.

DIST. 3

Form 3160-3
(February 2005)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2007 JAN 16 PM 12:30

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

210 F&S

1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. SF-078899
1b Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name
2 Name of Operator Pro NM Energy, Inc.		7 If Unit or CA Agreement, Name and No NM NM-74050-DK
3a Address 460 St. Michael's Drive, Suite 300 Santa Fe, NM 87505	3b Phone No (include area code) (505) 988-4171	8 Lease Name and Well No Oneda No. 1E
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1480' FSL, 690' FWL At proposed prod zone Same		9 API Well No 30-045-34145
14 Distance in miles and direction from nearest town or post office*		10 Field and Pool, or Exploratory West Kutz PC / Basin Dakota / South Gallegos
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 630'		11 Sec, T R M or Blk and Survey or Area L Sec. 8, T26N, R11W
16 No of acres in lease 80		12 County or Parish San Juan
17 Spacing Unit dedicated to this well 50/52 160/320		13 State NM
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 500'		19 Proposed Depth 6252'
20 BLM/BIA Bond No on file B03641 NM 2048		21 Elevations (Show whether DF, KDB, RT, GL, etc) 6147' GL
22 Approximate date work will start* 06/01/2007		23 Estimated duration 30 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>Dana L. Delventhal</i>	Name (Printed/Typed) Dana L. Delventhal	Date 01/12/2007
----------------------------------------	--------------------------------------------	--------------------

Title

Agent

Approved by (Signature)

Name (Printed/Typed)

Date

Title

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

Title 18 USC Section 1001 and Title 43 USC 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)

Obtain a pit permit from NMOCD
prior to constructing location

JUN 16 2008

aw

NOTIFY AZTEC OCD 24 HRS
PRIOR TO CASING & CEMENT

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

NMOCD

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr. 12:30
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

RECEIVED
BLM

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30045-34145	² Pool Code 77310 / 71599	³ Pool Name S. Gallagors FS
⁴ Property Code 9417	⁵ Property Name ONEDA	⁶ Well Number 1-E
⁷ GRID No. 018118	⁸ Operator Name PRO NEW MEXICO ENERGY	⁹ Elevation 6147

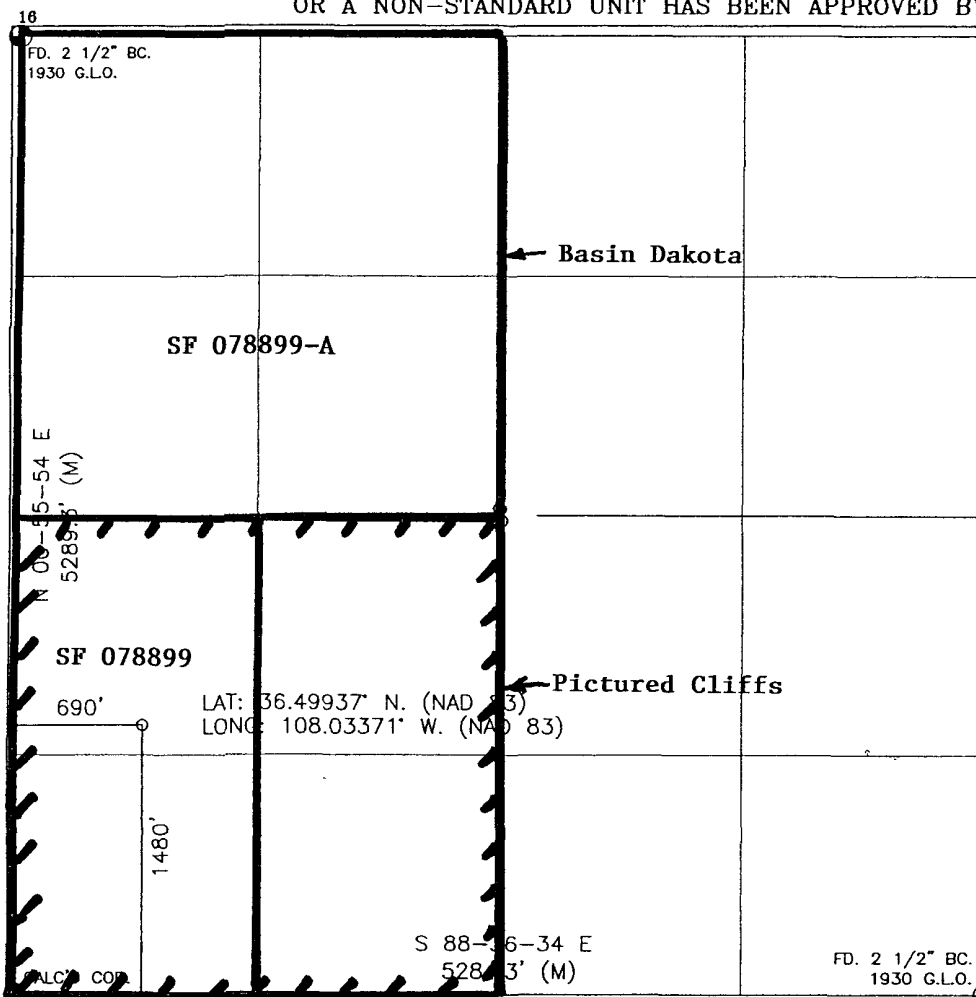
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	8	26-N	11-W		1480	SOUTH	690	WEST	SAN JUAN

¹¹ 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
¹² Dedicated Acres 160 / 320			¹³ Joint or Infill Y		¹⁴ Consolidation Code C		¹⁵ Order No.		

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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Dana L. Delventhal 1/12/07
Signature Date
Dana L. Delventhal, Agent
Printed Name

18 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 supervision, and that the same is true and correct to the best of my belief.

DATE
AUGUST 1 2006
8894
PROFESSIONAL LAND SURVEYOR
8894
Certificate Number

Drilling Program

1. Formation Tops

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>SS Elev.</u>
Pictured Cliffs	1462'	1477'	4685'
Mesaverde	2347'	2362'	3800'
Mancos Shale	4177'	4192'	1970'
Gallup	5027'	5042'	1120'
Greenhorn	5907'	5922'	240'
Graneros	5957'	5972'	190'
Dakota	6057'	6072'	90'
Total Depth (TD)	6237'	6252'	-90'

*All elevations reflect the ungraded ground level of 6147'.

2. Notable Zones

Oil and Gas Zones

Pictured Cliffs (1477')
Mesaverde (2362')
Gallup (5042')
Graneros (5972')
Dakota (6072')

The primary objectives are the West Kutz Pictured Cliffs and the Basin Dakota formations. Completion may require fracturing. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. Pressure Control

BOP systems will follow Onshore Order No. 2. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is shown on the attached page.

Once out from under the surface casing, a minimum 3000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

Pressure tests to 2,500 psi will be conducted with a BOP tester. All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. Casing and Cement

<u>Hole Size</u>	<u>OD</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Depth</u>
12 1/4"	8 5/8"	23.00	J-55	320'
7 7/8"	5 1/2"	15.50	J-55	6252'

Surface casing will be cemented to surface with 225 sx (265.5 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. Production casing will be cemented to surface in twostages: 1st stage: 500 sx (1030 cf) of Class B cement containing 2% Sodium Metasilicate and 1/4 #/sk cello flakes followed by 100 sx (118 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. 2nd stage: 275 sx (567 cf) of Class B cement containing 2% Sodium Metasilicate and 1/4 #/sk cello flakes followed by 100 sx (118 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes.

The total cement volume for the surface casing is 265.5 cf. The total cement volume for the production casing is 1833 cf. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud.

5. Mud Program

The proposed mud program is:

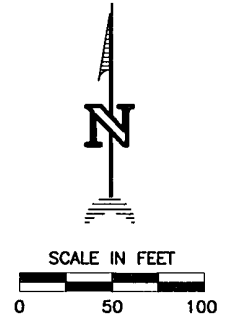
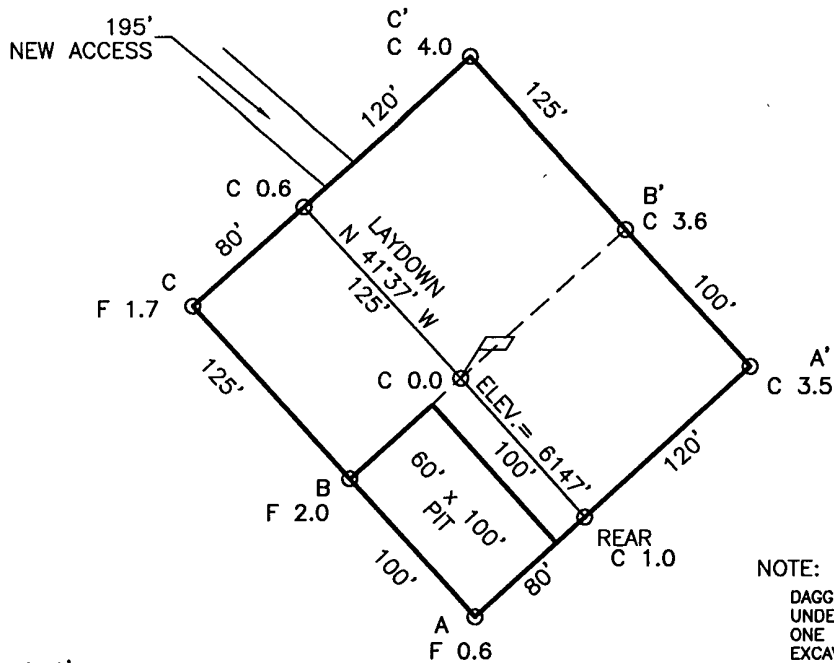
<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Vis(cp)</u>	<u>F1(cc)</u>
0-320'	Spud mud and Gel Lime	8.8	50	N/A
320'-4000'	Spud mud and Gel Lime	8.8	50	N/A
4000'-TD	LSND	9.2	45	10

6. Coring, Testing, and Logging

No cores are planned. The following logs are likely to be run:

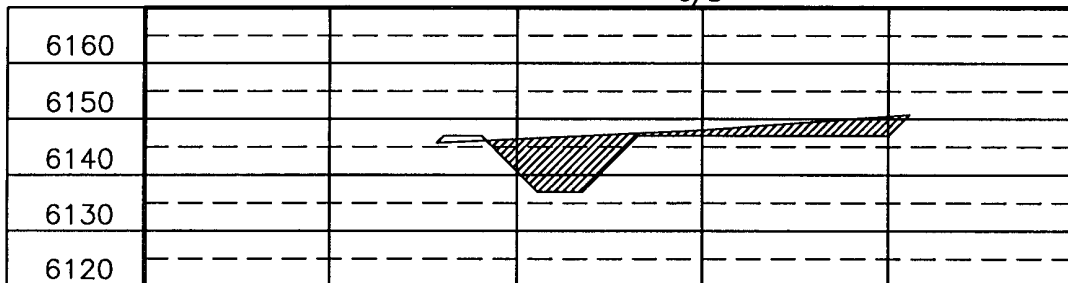
Dual Induction, Formation Density,
Compensated Neutron, SP, Gamma Ray

COMPANY: PRO NEW MEXICO ENERGY
 LEASE: ONEDA 1-E
 FOOTAGE: 1480' FSL, 690' FWL
 SEC.: 8, TWN: 26-N, RNG: 11-W, NMPM
 ELEVATION: 6147'

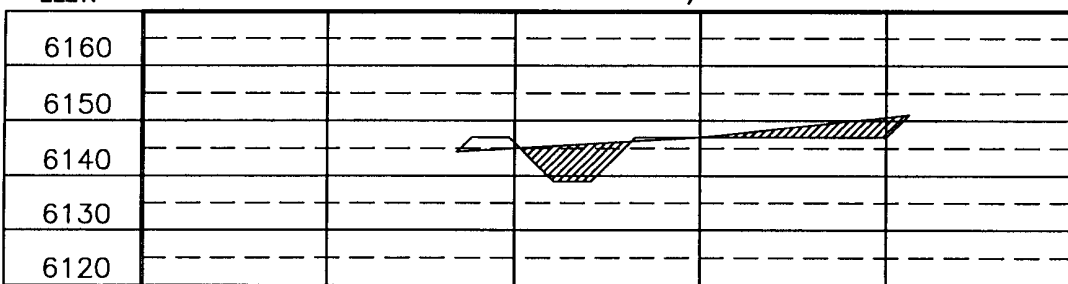


NOTE:
 DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR
 UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO
 ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO
 EXCAVATION OR CONSTRUCTION.

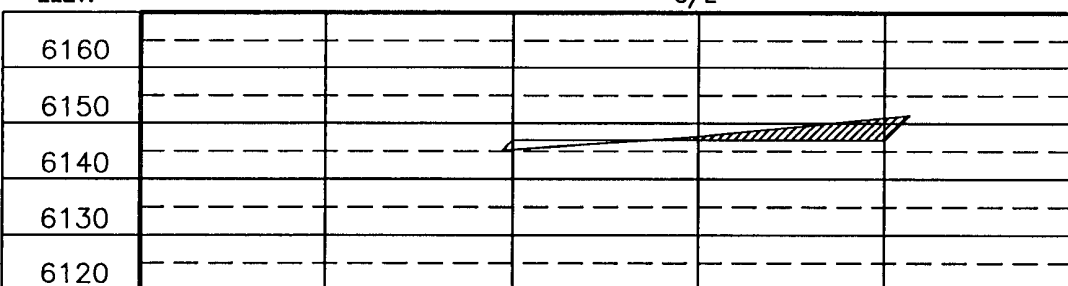
ELEV. A-A'



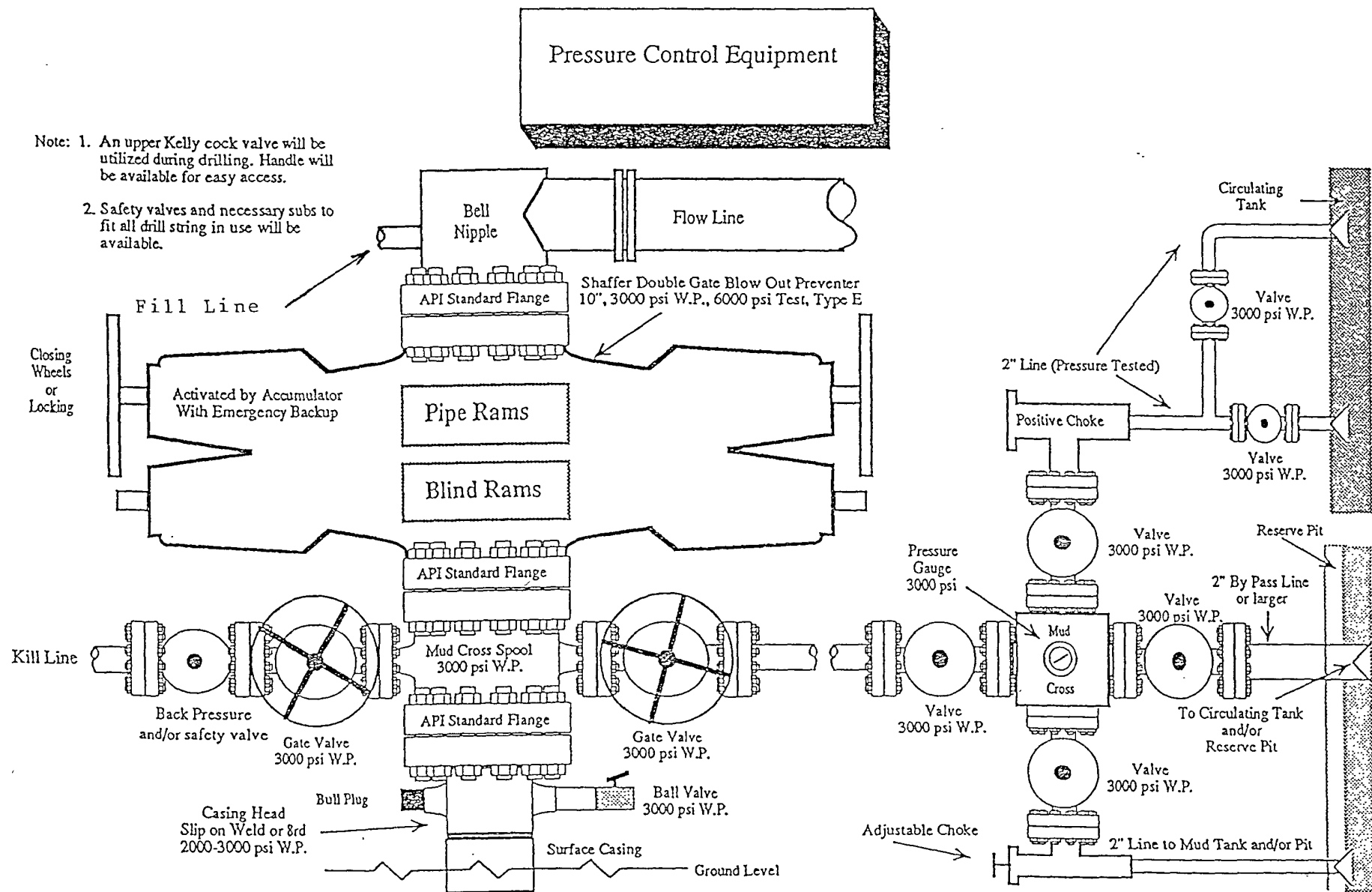
ELEV. B-B'



ELEV. C-C'



REVISION:	DATE:	REMOVED BY:
Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15088 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 COLORADO L.S. No. 20693 DRAWN BY: A.G. ROW: RW024		
DATE: 09/11/06		



Note: This equipment is designed to meet requirements for a 3-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

Pro NM Energy, Inc.
Oneda No. 1E
1480' FSL, 690' FWL
Sec. 8, T26N, R11W