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OCD Hobbs

ATS-09-437

Form 3160-3 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5 Lease Serial No. LC - 069515

6 If Indian, Allottee or Tribe Name

1a Type of work: [] DRILL [x] REENTER

7 If Unit or CA Agreement, Name and No. North El Mar Unit

1b. Type of Well [] Oil Well [] Gas Well [x] Other Inj. [x] Single Zone [] Multiple Zone

8 Lease Name and Well No. North El Mar Unit #26

2 Name of Operator Sahara Operating Company

9 API Well No. 30-025-08293

3a Address P.O.Box 4130 Midland, TX 79704

3b. Phone No. (include area code) 432-697-0967

10. Field and Pool, or Exploratory El Mar (Delaware)

4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface UL J, 1980' FSL & 1980' FEL, Sec. 26, T26S, R32E, Lea County, NM

11. Sec., T R. M or Blk. and Survey or Area Sec 26, T26S, R32E

14 Distance in miles and direction from nearest town or post office*

12 County or Parish Lea 13 State NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg. unit line, if any) 1980'

16. No. of acres in lease 1080

17. Spacing Unit dedicated to this well 40

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1320

19. Proposed Depth 4643'

20. BLM/BIA Bond No. on file NMB 000399

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3112' KB (original), GL 3101'

22. Approximate date work will start* 05/15/2009

23 Estimated duration 4 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. 2. A Drilling Plan. 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)

- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification 6. Such other site specific information and/or plans as may be required by the authorized officer.

25 Signature [Signature] Title President

Name (Printed/Typed) Robert McAlpine Date 04/17/2009

Approved by (Signature) /s/ Don Peterson

Name (Printed/Typed) /s/ Don Peterson Date JUL 16 2009

Title FIELD MANAGER

Office CARLSBAD FIELD OFFICE

Condition of Approval: Approval to recomplete and Test each zone for injection, but cannot inject into wellbore until operator is back into Financial Assurance

APPROVAL FOR TWO YEARS

person knowingly and willfully to make to any department or agency of the United within its jurisdiction.

R-4629

Carlsbad Controlled Water Basin 6/16-2011

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Witness CIT on longstring casing

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Condition of Approval: Notify OCD Hobbs office 24 hours prior to running MIT Test & Chart.

JUN 16 2011

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
Roswell field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Sahara Operating Company
Street or Box : P.O. Box 4130
City, State : Midland, Texas
Zip Code : 79704

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

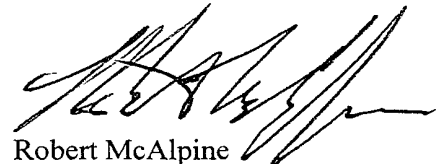
Lease No. : LC-069515

Legal Description of Land: Sec. 26, T-26-S, R-32-E, Lea County, New Mexico

Bond Coverage (State if individually bonded or another's bond): Individual, Sahara
Operating Company

BLM Bond file No. : NMB 000399

Authorized Signature:



Robert McAlpine

Title: President

Date: April 23, 2009

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JUL 29 2009
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NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-128
Revised 5/1/57

WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

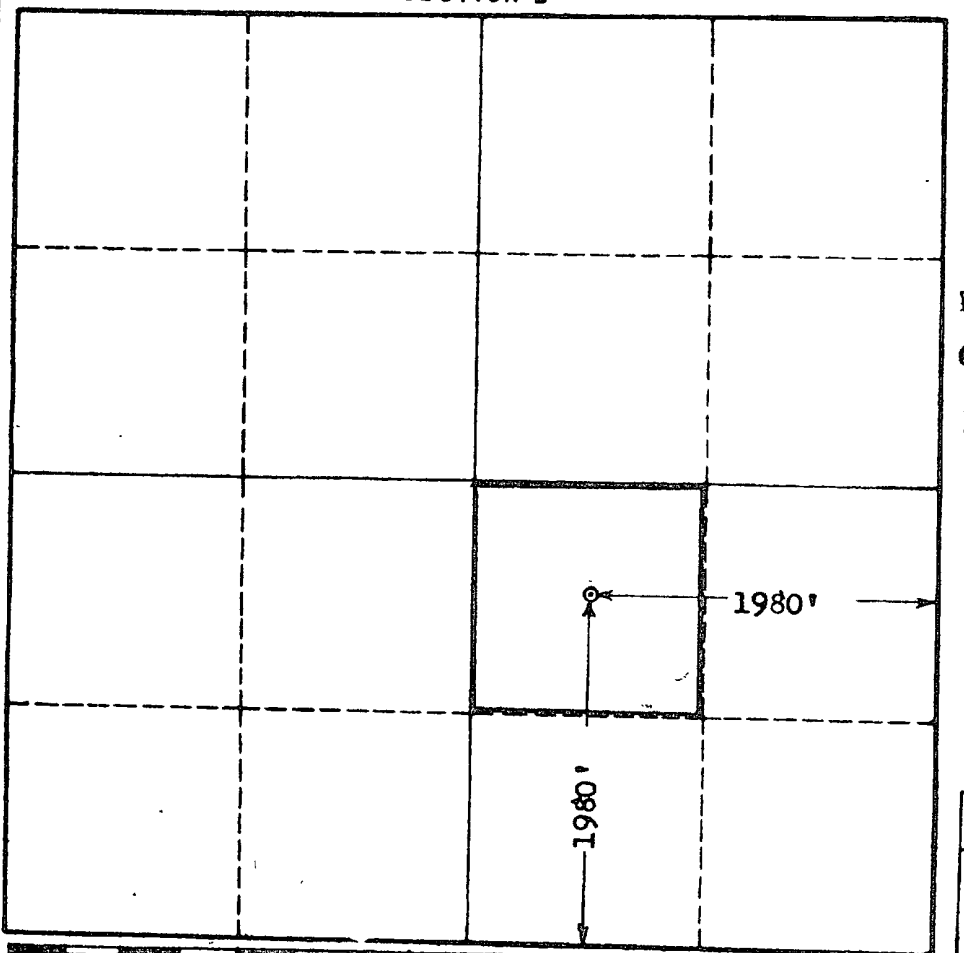
SECTION A

Operator Continental Oil Co.		Lease Wilder 1980 MAR 29 AM 8:22		Well No. 20
Unit Letter J	Section 26	Township 26 South	Range 32 East	County Lea
Actual Footage Location of Well: 1980 feet from the South line and 1980 feet from the East line				
Ground Level Elev. 3100.5	Producing Formation Delaware Sand	Pool Elmer Delaware	Dedicated Acreage: 40 Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES NO ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES NO . If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

SECTION B



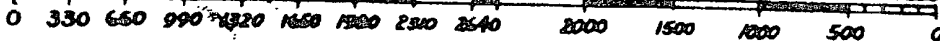
CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

J.R. Parker
Name
J. R. Parker
Position
District Superintendent
Company
Continental Oil Company
Date
March 22, 1960

I hereby certify that the well location shown on the plat in SECTION B 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 knowledge and belief.

Date Surveyed
2-18-60
Registered Professional Engineer
and/or Land Surveyor, **JOHN W. WEST**
John W. West
Certificate No.
19. 22. - P.E. - S.L.S. NO. 076



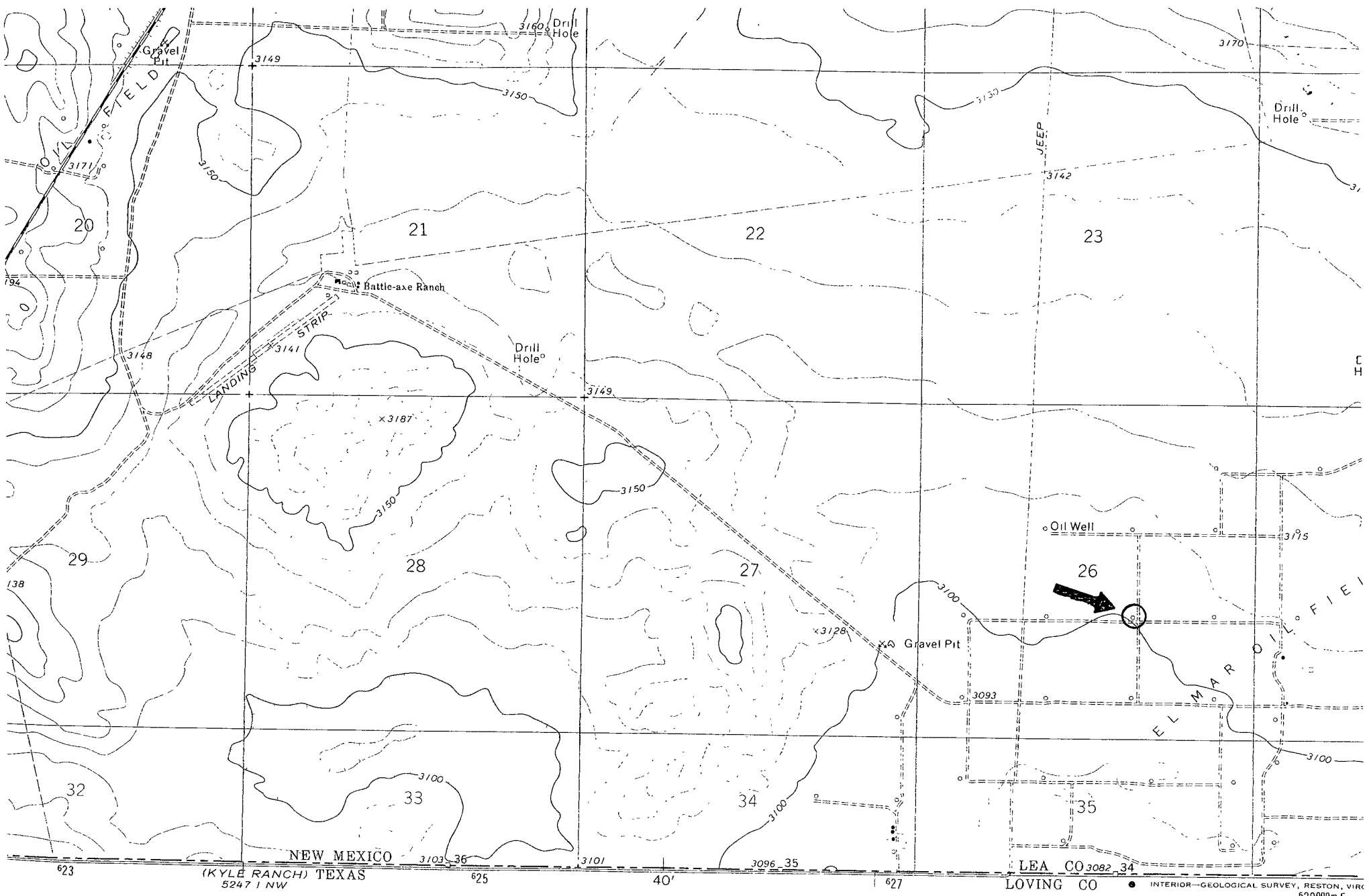
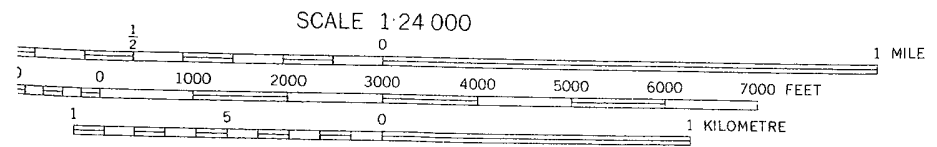
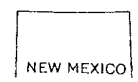


EXHIBIT A



CONTOUR INTERVAL 10 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929



- ROAD CLASSIFICATION**
- Primary highway, hard surface
 - Secondary highway, hard surface
 - Light-duty road improved surface
 - Unimproved road
 - Interstate Route
 - U S Route

S 2.9 MILES

110

B

C

D

111

E

SCALE: ONE II

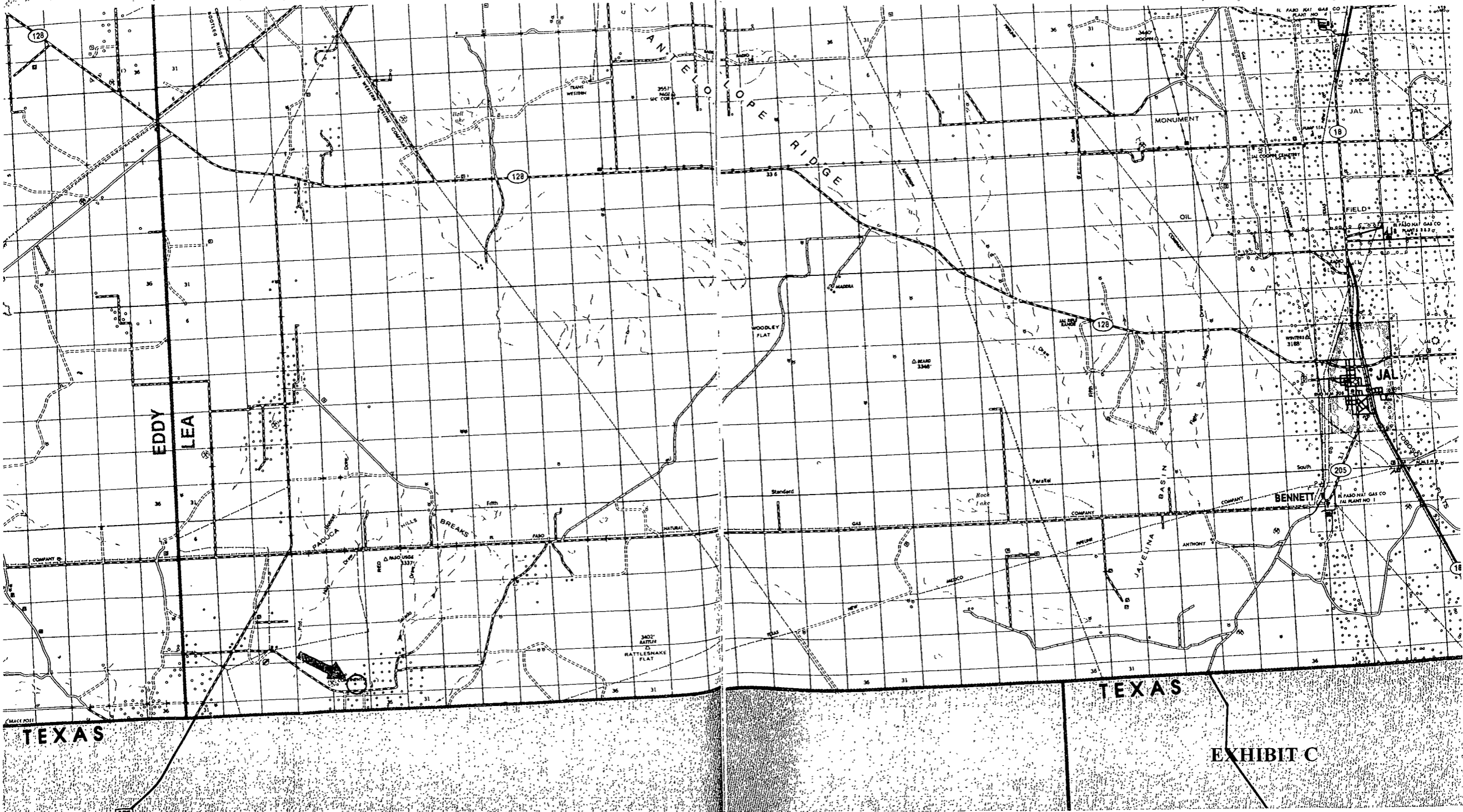
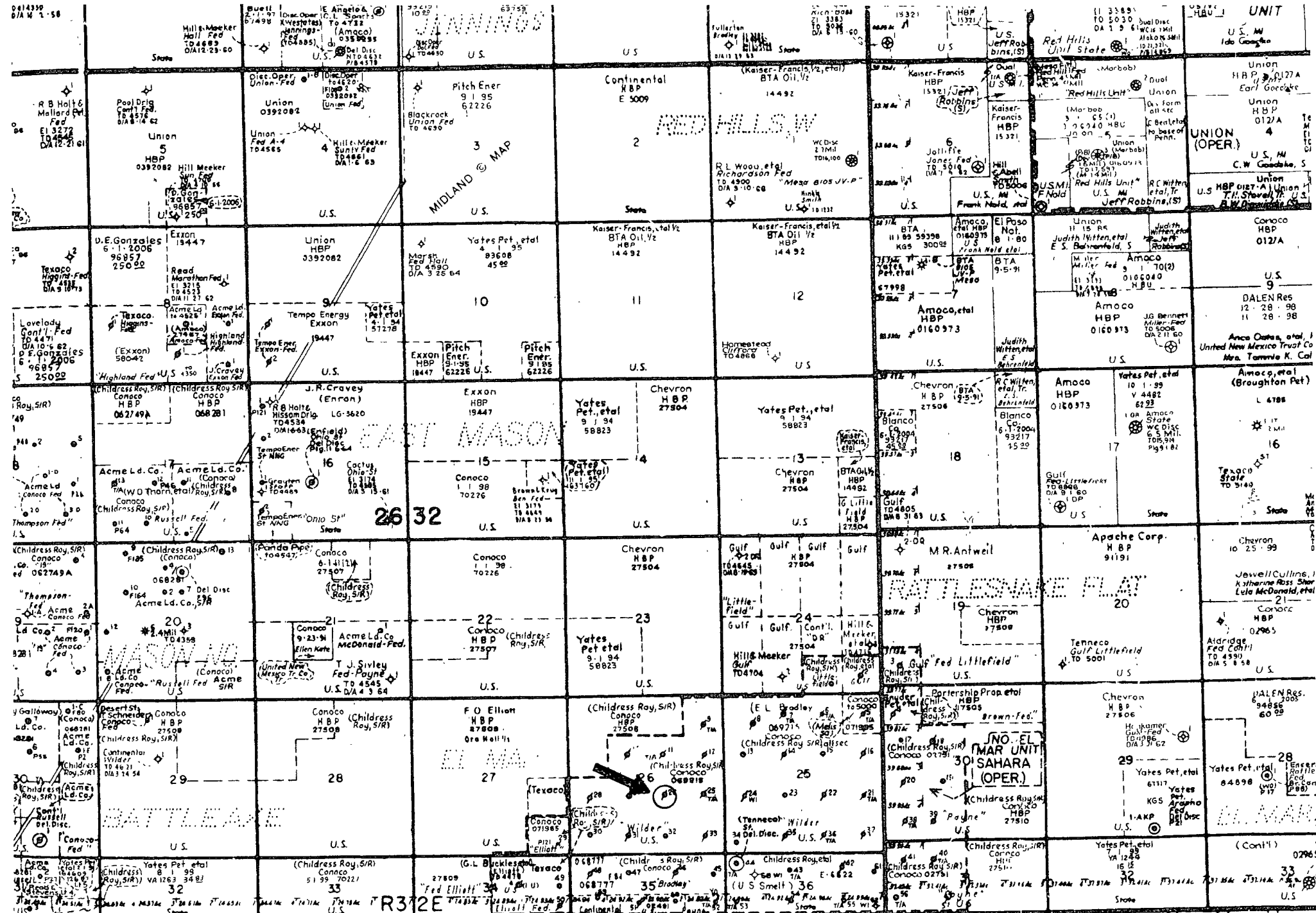


EXHIBIT C



LOVING County

EXHIBIT F

N

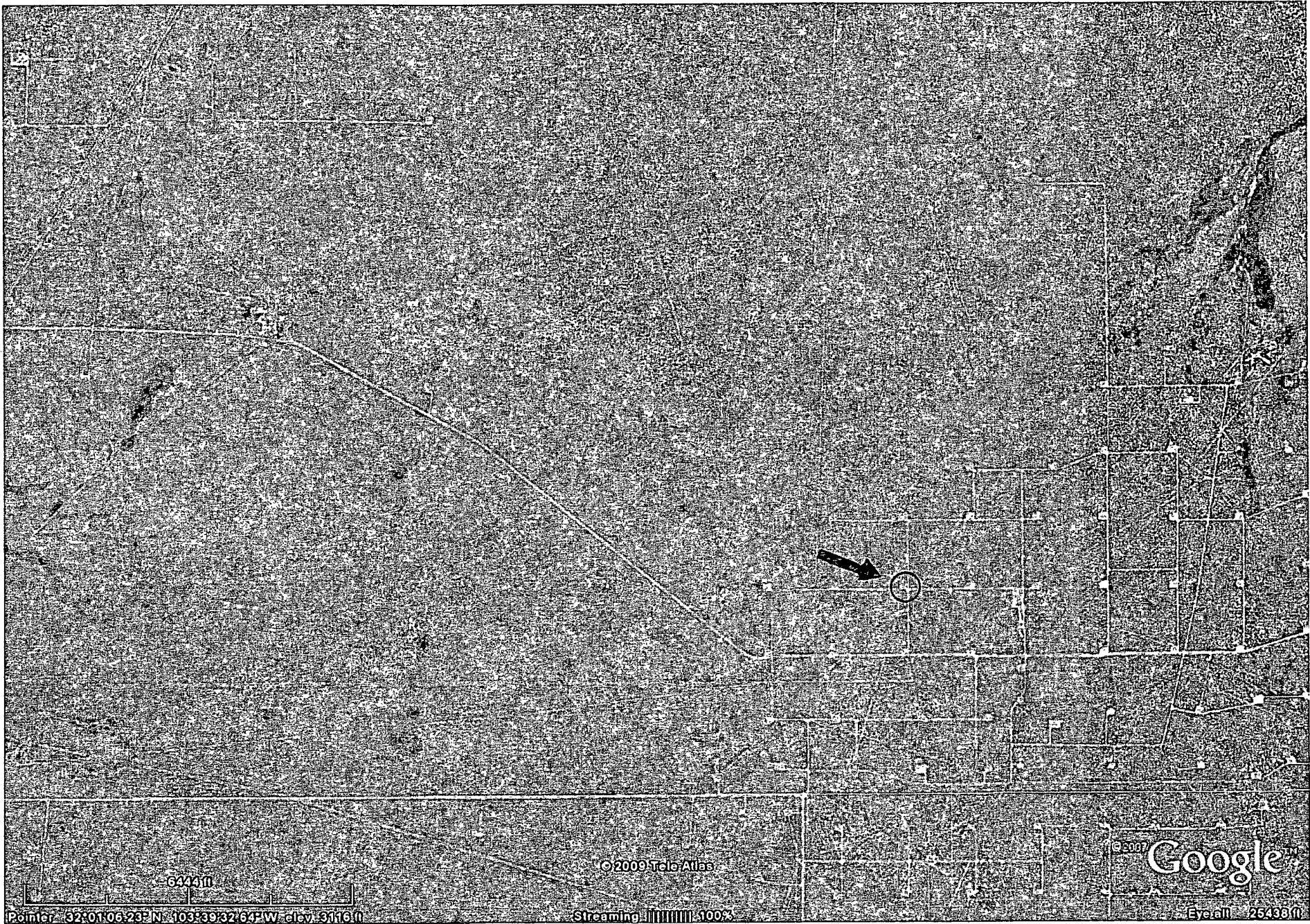


EXHIBIT B

TABLE OF CONTENTS

SAHARA OPERATING COMPANY
NORTH EL MAR UNIT #26
1980' FSL & 1980' FEL
Sec. 26, T26S, R32E

1. Form 3160-3
2. Form C-102 - Original
3. Form C-102 - New
3. Statement Accepting Responsibility for Operations
4. Table Of Contents
5. Drilling Plan
6. Drilling Plan Summary
7. Surface Use Plan
8. Exhibits

LIST OF EXHIBITS

Exhibit Letter	Description
A	Location Verification Map
B	Google Earth Aerial Photo
C	Vicinity Map
D	Completed Well Schematic
E	Well Site Layout
F	Land Map

SUMMARY

Drilling, Casing and Cementing Program

1. Dig out old, cut off casing stubs. Remove and save dry hole marker. Weld risers to surface. Extend 7-5/8" surface casing with 8-5/8" due to wellhead availability. Nipple up 8-5/8" Larkin Figure 92 type wellhead and 4-1/2" Model R tubing head.
2. Set new rig anchors. Nipple up 6", 2000# manual BOP. Move in Pulling Unit (well service rig) and reverse unit with fresh water in pit. Test BOP to 500# with rig pump.
3. TIH w/3-7/8" drill bit and 3-1/4" drill collars. Drill 10 sx surface, close BOP and test casing to 500 psi for 30 minutes.
4. TIH and tag plug @ 112'. Drill plug and test casing to 500# for 30 minutes.
5. TIH and tag plug @ 769'. Drill out plug and test casing to 500 psi for 30 minutes. If casing leaks, locate leak and squeeze casing.
6. TIH and tag final plug at 4287'. Drill out plug, circulate hole clean and POOH.
7. Run bit and casing scraper to 4600'. POH LD bit and scraper.
8. Run tubing and packer to 4500'. Set packer and test casing to 500# for 30 minutes. If casing fails, squeeze and retest. If casing passes, POH, laydown tools and workstring, release reverse unit.
9. Run 4-1/2" tension packer on 2-3/8" plastic lined tubing to ±4500', circulate inhibited fresh water down annulus, set packer, nipple down BOP and nipple up wellhead. test casing-tubing annulus to 500# for 30 minutes, running test chart. Rig down pulling unit, place well on injection.

DRILLING FLUID PROGRAM

This well will be reentered using fresh water mixed with the mud currently in the wellbore from the plugging process. No additional mud will be mixed.

APPLICATION FOR PERMIT TO REENTER
SAHARA OPERATING COMPANY
NORTH EL MAR UNIT #26
1980' FNL & 1980' FWL
Sec. 26, T26S, R32E

Approximate Lat/Long: N32° 00.697' ; W103° 38.606'

DRILLING PLAN

In conjunction with Form 3160-3, Application for Permit to Drill, Sahara Operating Company respectfully submits the following pertinent information in accordance with Onshore Oil & Gas Order Nos. 1&2, and with all other applicable federal and state regulations.

1. The geologic surface formation is Quarternary Alluvium.
2. Estimated tops of geologic markers are as follows:

<i>Rustler</i>	Top Anhydrite	529'	Lamar Lime	4498'	<i>T. Salt 940</i>
	Base Salt	4277'	Delaware Sand	4538'	

3. The estimated depths at which water, oil, or gas bearing formation are expected to be encountered:

Water: 100', 250' & 400' – Possible water sands based on wells over 2 miles away. No water wells on record in Section 26 or any adjacent Sections.

Oil and/or gas: 4544'-4571' (Delaware Sand)

4. Proposed Casing Program: The casing below was installed during the original drilling of this well in 1960. Except for stubs welded onto the existing casing strings to bring them to surface, no new casing will be installed.

Hole Size	Casing Size	Weight/ft	Grade <i>H-40</i>	Thread	Setting Depth	Cement	Est TOC
11"	7-5/8"	24.0	J-55	ST&C	343'	175 sx	Surface
6-3/4"	4-1/2"	9.50	K-55 <i>J-55</i>	LT&C	4643'	810 sx	425'

5. Pressure Control Equipment (Blowout Preventer): A 6", 2000# manual BOP with Pipe rams for 2" tubing and blinds rams will be installed prior to drilling any plugs. No accumulator choke manifold will be installed.
6. Mud Program: Fresh water mixed with the mud presently in the wellbore from the plugging process. It is estimated that less than 100 barrels of additional fluid will be used in the reentry.

7. This well is being reentered in order to resume water injection into this pattern in the North El Mar Unit waterflood. No mudlogging, testing, coring or electric logging is anticipated. Delaware Sand.

8. Abnormal Pressures, temperatures, or other hazards:

No abnormal pressures, temperatures or lost circulation are anticipated to be encountered in this well.

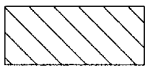
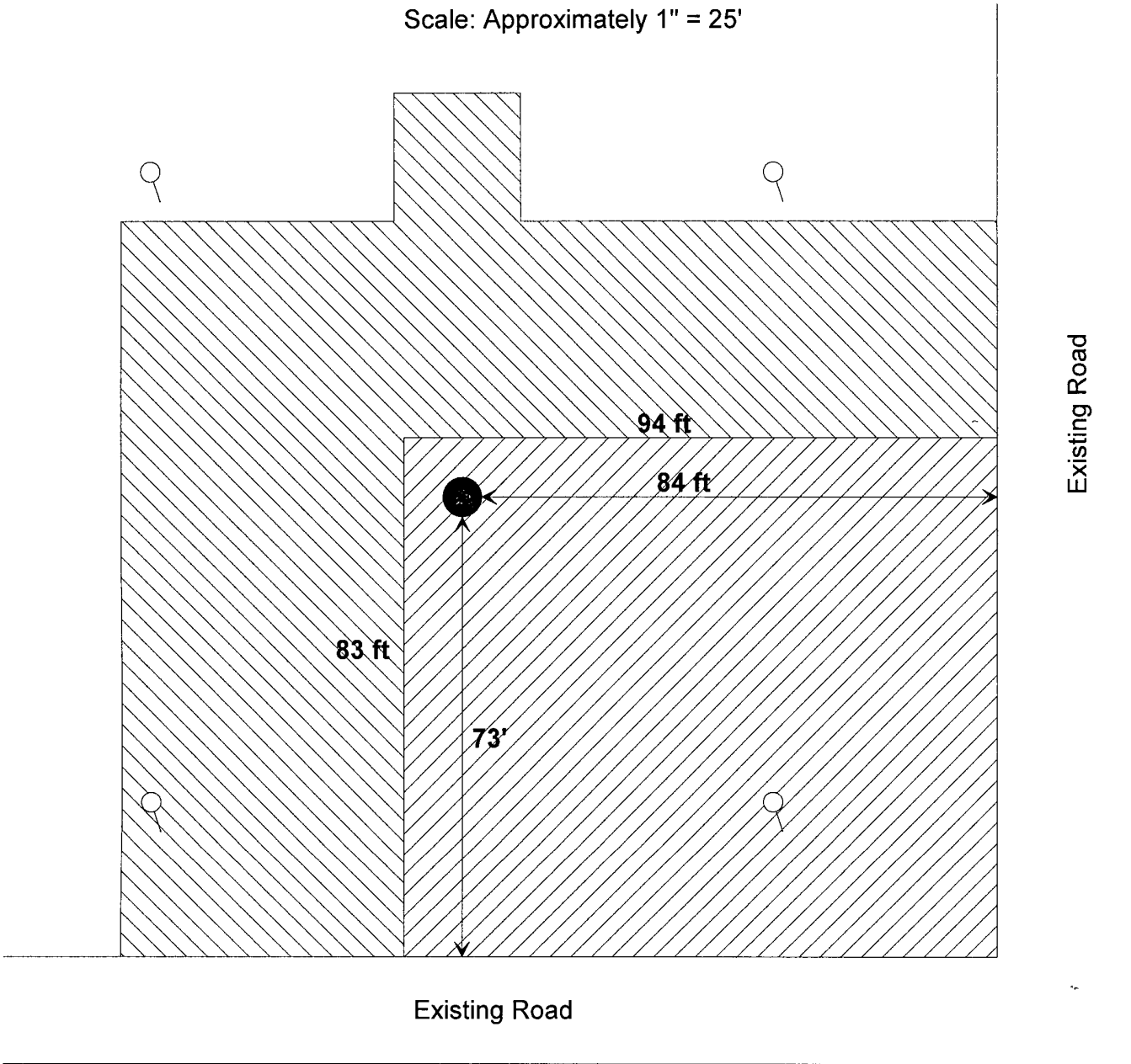
The bottom hole pressure is expected to be approximately 1000 psi.

No H₂S bearing formations will be encountered.

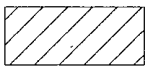
9. The anticipated starting date for this well is June 20, 2009.

North El Mar Unit #26
Unit Letter J, Section 26, T 26 S, R 32 E
Lea County, New Mexico
Proposed Location Plat

Scale: Approximately 1" = 25'



Original location - Approx 138' x 117' w/20' x 20' stinger; approx 16, 540 sq. ft.



Proposed Location - Approx 94' x 83' - 7,802 sq. ft. ; 47% of Original Location size

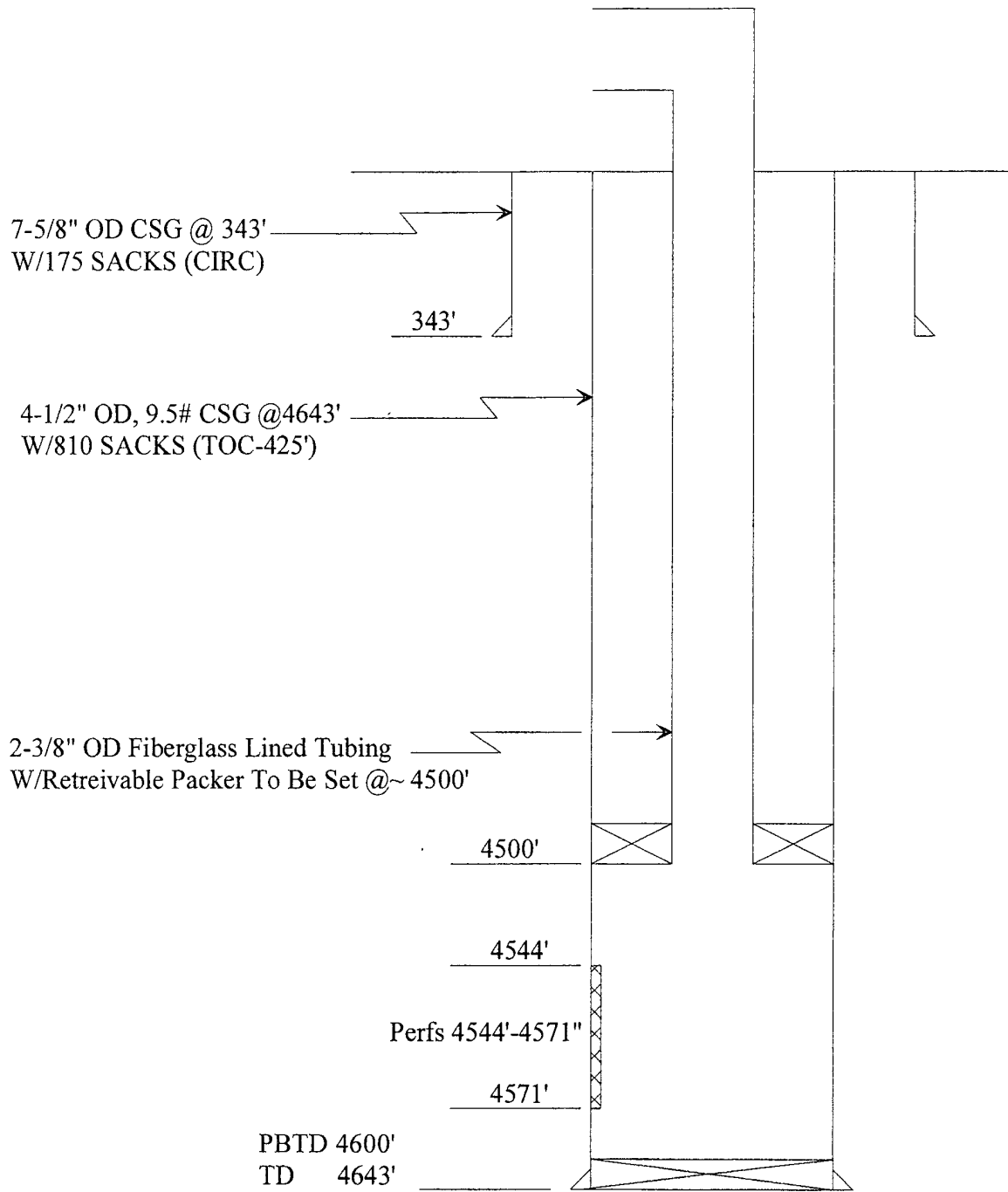


Rig Anchor - 4 set on corners of 100' square centered on well

SAHARA OPERATING COMPANY
North El Mar Unit #26

EXHIBIT D

Unit J, 1980' FSL & 1980' FEL
Section 26, T-26-S, R-32-E
Lea County, New Mexico
Elev. - 3100' GL



SAHARA OPERATING COMPANY

North El Mar Unit #26

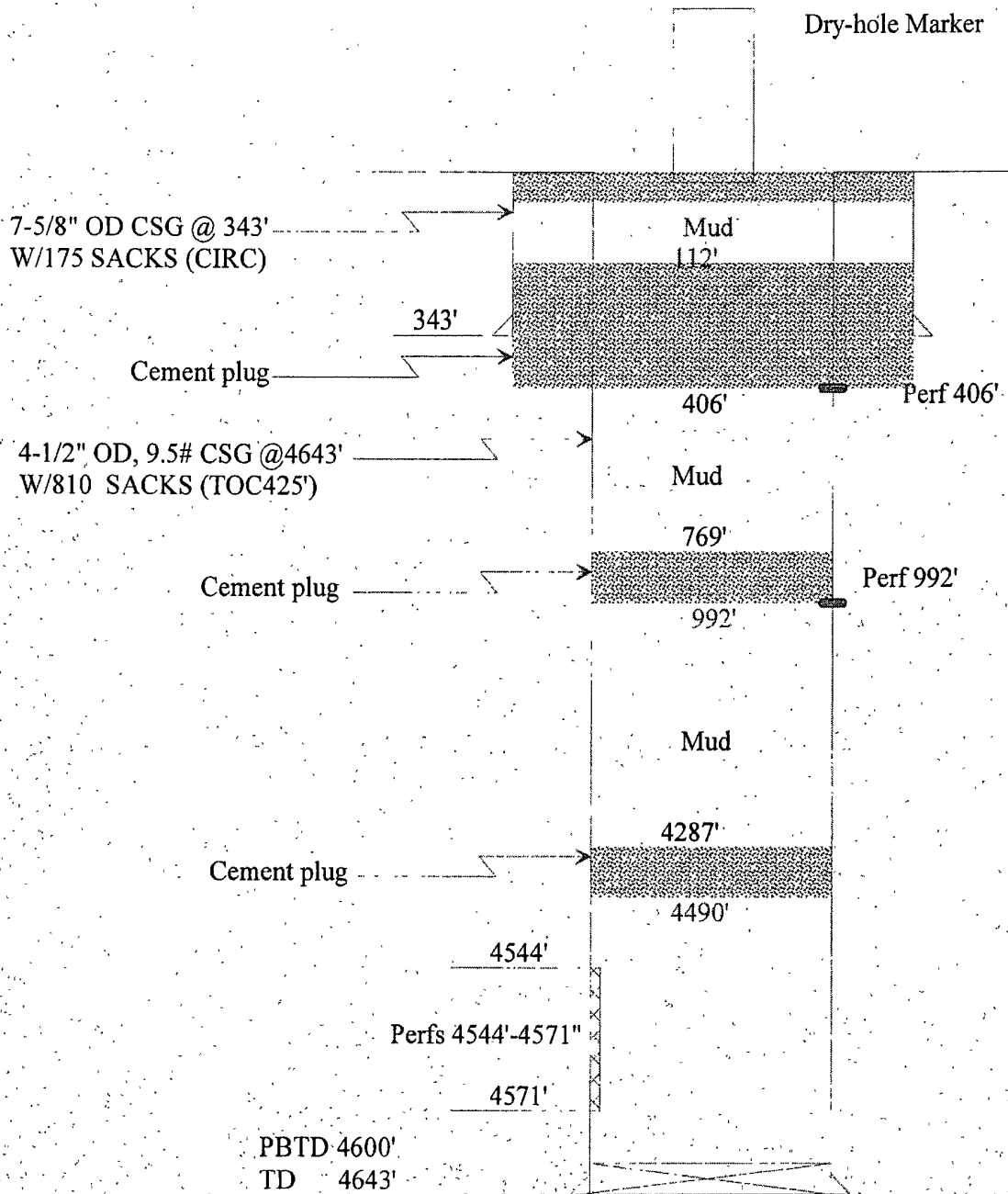
Unit J, 1980' FSL & 1980' FEL

Section 26, T-26-S, R-32-E

Lea County, New Mexico

Elev. - 3100' GL

"As Is" Diagram



SAHARA OPERATING COMPANY
North El Mar Unit #26

Unit J, 1980' FSL & 1980' FEL
Section 26, T-26-S, R-32-E
Lea County, New Mexico
Elev. - 3100' GL

BOP DIAGRAM

