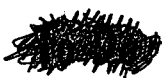


Mike Stogner



August 20, 2004 ~ 3:00pm

- Michael Felkewist called to expedite this application
- told Florine that he had left messages which he had not
- he was trying to tell me that BLM and the Bureau of Reclamation had just approved this location

Notes.....

Stogner, Michael

From: Michael H. Feldewert [MFeldewert@hollandhart.com]
Sent: Friday, August 20, 2004 3:25 PM
To: mstogner@state.nm.us
Subject: Application of Cabal Energy Corporation for unorthodox well location (Palms 20 Federal Com Well No.1)

As we discussed by telephone today, Cabal has a rig coming available next week and therefore requests an expedited order approving the unorthodox location. Pursuant to your request, attached is the approved APD from the BLM for this well.

I am also told the BLM will not issue an API # for this well until the OCD has signed off on the unorthodox location.

Thank you for your attention to this matter, and have a great weekend.

Michael H. Feldewert
Santa Fe Office
505-988-4421
505-983-6043 (fax)
mfeldewert@hollandhart.com

HOLLAND&HART.



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8/20/2004

OPERATOR'S COPY

Form 3160-3
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

5. Lease Serial No. NM 13627-A

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
Palms 20 Federal Com #1

9. API Well No.

10. Field and Pool, or Exploratory
Lake East Morrow11. Sec., T., R., M., or Bk. and Survey or Area
Section 20
T19S, R27E12. County or Parish
Eddy County13. State
New Mexico1a. Type of Work: ☒ DRILL ☐ REENTER1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone2. Name of Operator
Cabal Energy Corporation3a. Address 415 W. Wall, Suite 1700
Midland, TX 797013b. Phone No. (include area code)
432-628-0440

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

At surface 2130' FNL & 1880' FWL

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office*
13 miles North of Carlsbad15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 760'16. No. of Acres in lease
NM 13627-A 400
NM109762 4017. Spacing Unit dedicated to this well
32018. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 2000'19. Proposed Depth
10,400'20. BLM/BIA Bond No. on file
NM 286021. Elevations (Show whether DF, KDB, RT, GL, etc.)
3370' GL22. Approximate date work will start*
December 15, 200323. Estimated duration
35 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 SUPD 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

Randall K. Ford

Name (Printed/Typed)
Randall K. FordDate
10-15-03

Title President

Approved by (Signature)

Joe G. Lara

Name (Printed/Typed)

Joe G. Lara

Date

7/27/09

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the 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 reverse)

Known Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED