



Cabal 101

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 13, 2005

Cabal Energy Corporation
415 West Wall Street
Wilco Building – Suite 1700
Midland, Texas 79701

Attention: Lindsay Truesdell

Re: Your recent administrative application (*administrative application reference No. pSEM0-534035390*) for an exception to Rule 4 of the "*Special Rules and Regulations for the Pecos-Slope Abo Gas Pool*," as promulgated by Division Order No. R-9976-C, dated March 19, 1996, as amended by Division Order No. R-9976-D, issued in Case No. 13057 on February 4, 2004, for Cabal Energy Corporation's proposed Aztec "26" Federal Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the South line and 2280 feet from the West line (Unit N) of Section 26, Township 10 South, Range 25 East, NMPM, Pecos Slope-Abo Gas Pool (82730), Chaves County, New Mexico.

Dear Ms. Truesdell:

Per our brief telephone conversation this afternoon (Tuesday, December 13, 2005), the subject application is hereby withdrawn and is being returned to you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MS/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Roswell

CABAL ENERGY CORPORATION

PSEMO-534035390



November 29, 2005

Mr. Michael E. Stogner
Engineer/Hearing Officer
State of New Mexico
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
DEC 5 - 2005
OIL CONSERVATION
DIVISION

Re: Application of Cabal Energy Corporation for Administrative Approval of an Unorthodox Well Location for it Aztec 26 Federal #1 to be located 660 feet from the south line and 2280 feet from the west line (Unit N) of Section 26, Township 10 South, Range 25 East, N.M.P.M., Chaves County, New Mexico

Dear Mr. Stogner:

Cabal Energy Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F for an unorthodox gas well location for the above referenced well in the Abo formation (Pecos Slope Abo - Pool), and any other potentially productive gas pools spaced on 160 acres and governed by the Division's Statewide Rules. A standard 160-acre spacing and proration unit comprised of the SW/4 of section 26 will be dedicated to the well.

This location is unorthodox because Rule 104.C(2)(a) of the General Rules of the Division provides that wells in the Wolfcamp or any older formation shall be "no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary." This proposed location is 605 feet from the center boundary of the quarter quarter section, and therefore encroaches on the SE/4 by 55 feet.

Page 1 of 1

CABAL ENERGY CORPORATION



Exhibit "B" land plat showing the unorthodox well location and the adjoining spacing unit and wells. Exhibit "C" is the C-102 originally filed for this well showing the 160 acre spacing and proration unit for the surveyed location. Cabal Energy Corp. was forced to move the original location 300' to the east by Richard Hill with the Bureau of Land Management due to a canyon on the west side of the location.

Cabal Energy Corporation is the operator of the SW/4 of Section 26 under an Operating Agreement signed by all of the working interest owners. The mineral royalty ownership is federal. As a result, this is an internal non-standard location with no affected parties.

Your attention to this application is appreciated.

Sincerely,

Lindsay Truesdell
Lindsay Truesdell

1:35 PM
Called Ms. Truesdell to ask
about notice.
Operations have been transferred to
another operator.
- Application dismissed.
Mr. [Signature]

Page 2 of 2

OPERATORS NAME: Cabal Energy Corporation LEASE NO.: NM-07306
WELL NAME & NO: Aztec 26 Federal #1
QUARTER/QUARTER & FOOTAGE: SE¼SW¼ - 660' FSL & 2280' FWL
LOCATION: Section 26, T. 10 S., R. 25 E., NMPM
COUNTY: Chaves County, New Mexico

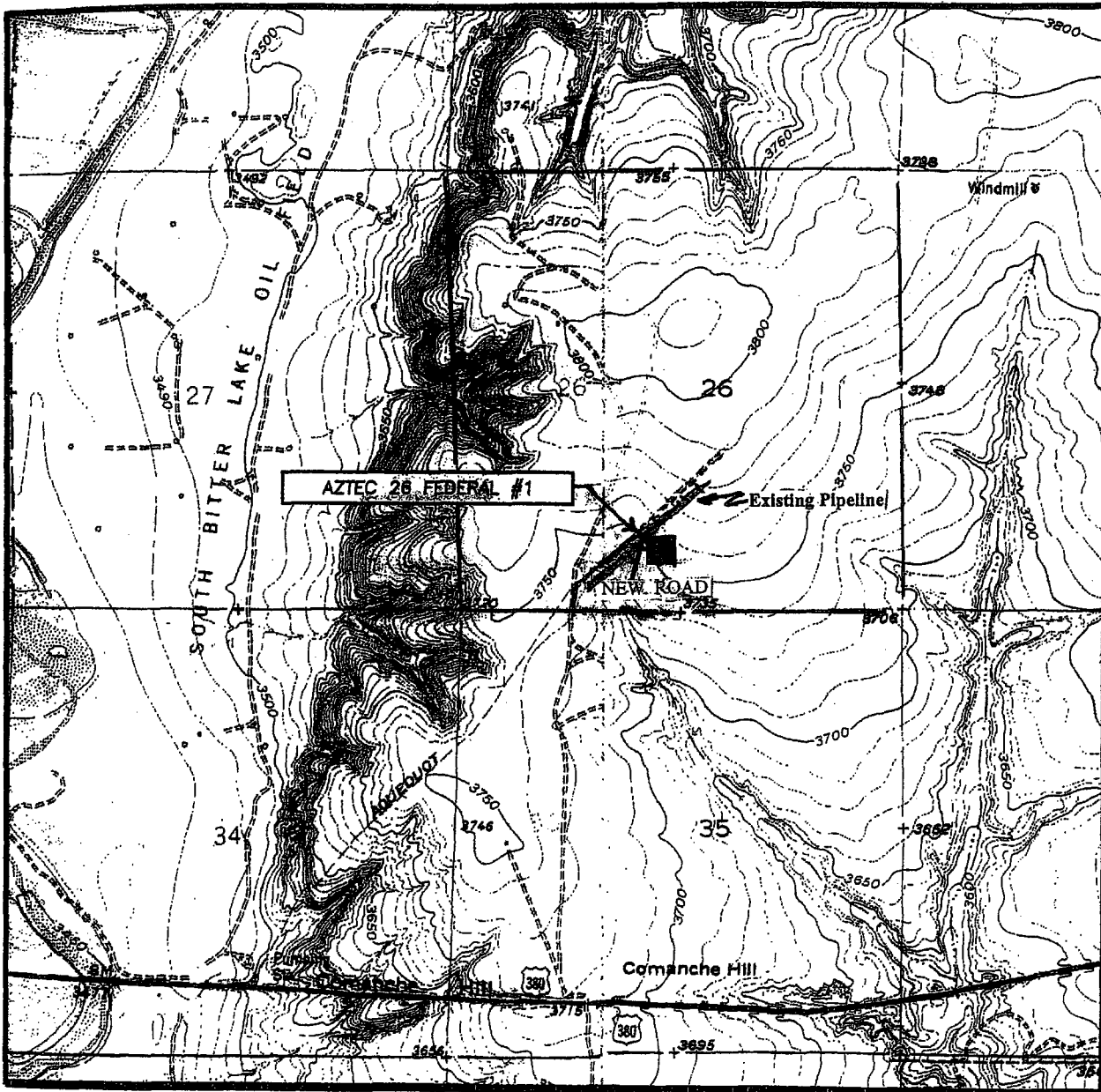


EXHIBIT "B"

STRICT I
5 N. FRENCH DR., HOBBS, NM 88240

STRICT II
1 W. GRAND AVENUE, ARTESIA, NM 88210

STRICT III
10 Rio Brazos Rd., Aztec, NM 87410

STRICT IV
1 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	82730	Pecos Slope Abo
Property Code	Property Name	Well Number
	AZTEC 26 FEDERAL	1
OGRID No.	Operator Name	Elevation
194930	CABAL ENERGY CORPORATION	3751'

Surface Location

Lot or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	10-S	25-E		660	SOUTH	2280	WEST	CHAVES

Bottom Hole Location If Different From Surface

Lot or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

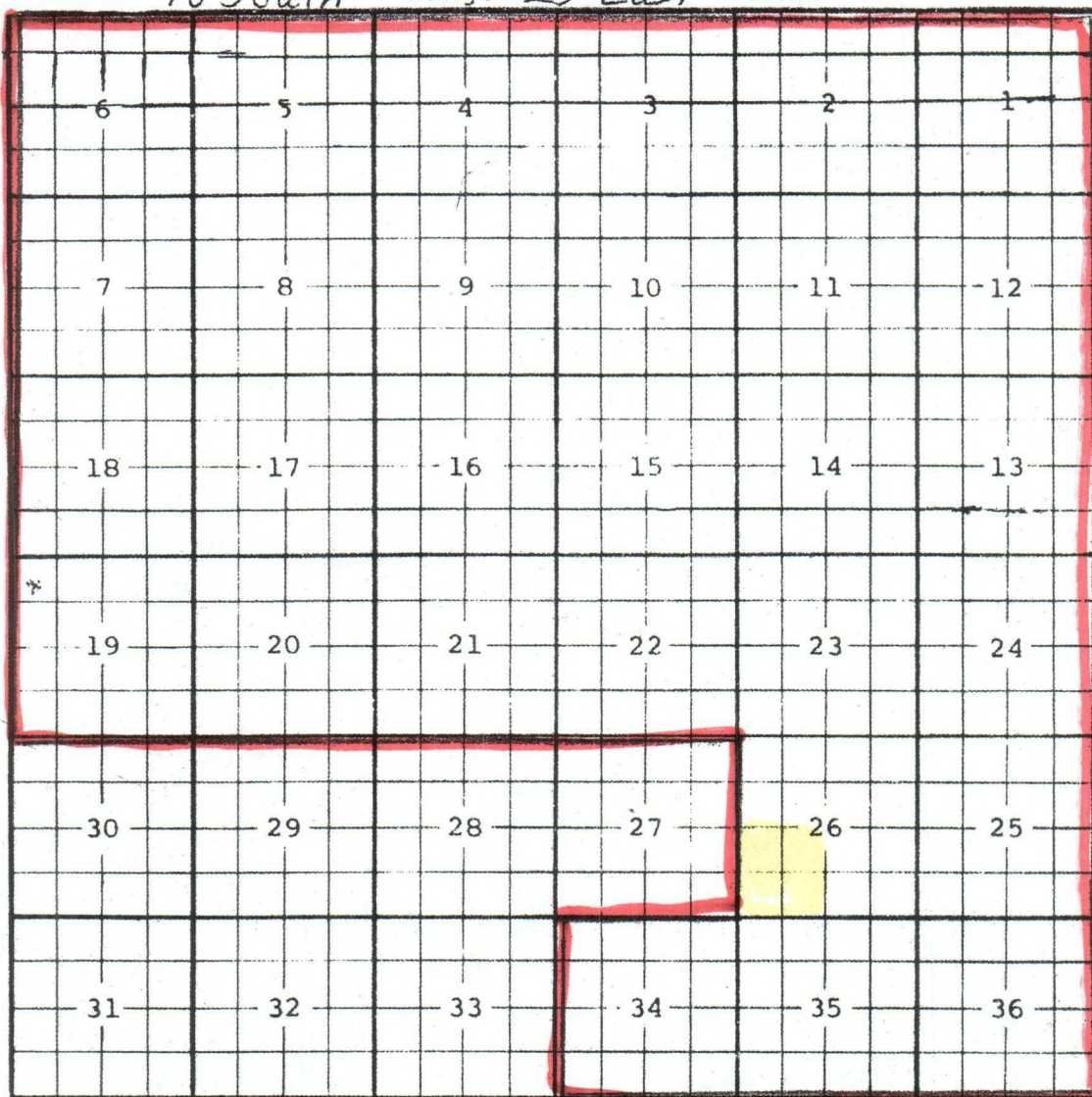
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=877013.5 N X=487869.2 E</p> <p>LAT.=33°24'39.26" N LONG.=104°22'23.11" W</p> <p>NM 07306</p> <p>NM-07384</p> <p>NM 1006675</p> <p>30-005-637421</p> <p>660' FSL-990' FSL</p> <p>Pecos Slope Abo</p> <p>SW 1/4</p> <p>160 acre spacing</p> <p>UNIT</p> <p>NM-18484</p> <p>3747.8'</p> <p>3764.7'</p> <p>600'</p> <p>2280'</p> <p>3733.5'</p> <p>600'</p> <p>3748.8'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lindsay Truesdell</i></p> <p>Signature</p> <p>Lindsay Truesdell</p> <p>Printed Name</p> <p>Consultant</p> <p>Title</p> <p>October 7, 2005</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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 same is true and correct to the best of my belief.</p> <p>GARY EIDSON</p> <p>SEPTEMBER 20, 2005</p> <p>Date Surveyed 12641</p> <p>Signature & Seal of Professional Surveyor</p> <p>05.11.1461</p> <p>Certificate No. GARY EIDSON 12641</p>

EXHIBIT "C"

TOWNSHIP 10 South Range 25 East NMPM



Ext: All Secs. 1 through 26, All Secs. 34 through 36 (R-9976-C, 3-19-96)

Stogner, Michael, EMNRD

From: Arrant, Bryan, EMNRD
To: Finchers@Grandecom.net
Cc: Stogner, Michael, EMNRD
Subject: Aztec '26' Federal Com. # 1/API # 30-005-63800
Attachments:

Sent: Wed 8/23/2006 2:38 PM

Dear Shelli,

We have received part of the required regulatory information for the above noted well. Please submit the following information no later than August 29, 2006. Also, I need a letter of explanation as to why this well was tested for production on 3/18/2006, why we are just now in receipt of a partial list regulatory forms?

Very truly yours,

Bryan G. Arrant
NMOCD District II Geologist
505-748-1283 ext. 103

The following information is needed:

- Notarized well deviation report.
- The completion report has not been filled out. Please provide a complete list of the geological tops penetrated on the back page of the form.
- "Non Standard Location" (NSL) approval from Santa Fe.

(One may have been issued, however, I cannot find any record indicating that one has been approved on our web site:) <http://www.emnrd.state.nm.us/ocd>

- Complete set of electric logs ran.

Form 3160-3
(April 2004)

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

AUG 17 2005

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 07306
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 type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Cabal Energy Corporation		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 415 West Wall Street, Suite 1700 Midland, Texas 79701		8. Lease Name and Well No. Aztec 26 Federal #1
3b. Phone No. (include area code) 432-682-0440		9. API Well No. 30-005-6380
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 660' FSL & 1980' FWL At proposed prod. zone Same as Above		10. Field and Pool, or Exploratory Pecos Slope Abo
14. Distance in miles and direction from nearest town or post office* 7 miles east of Roswell, New Mexico		11. Sec., T. R. M. or Blk. and Survey or Area Sec 26, T10S, R25E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 660'	16. No. of acres in lease 960	17. Spacing Unit dedicated to this well 160
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1910'	19. Proposed Depth 5,500'	20. BLM/BIA Bond No. on file NM 2860
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3741'	22. Approximate date work will start* 08/30/2005	23. Estimated duration 20 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>Lindsay Truesdell</i>	Name (Printed/Typed) Lindsay Truesdell	Date 07/27/2005
Title Consultant		

Approved by (Signature) <i>/S/LARRY D. BRAY</i>	Name (Printed/Typed) /S/LARRY D. BRAY	Date NOV 18 2005
Title ROSWELL FIELD OFFICE		APPROVED FOR 1 YEAR

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 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)

NSL-

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

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

Drill Only NSL required to produce well - OCD

DISTRICT I

1625 N. FRENCH DR., HOHEN, NM 88240

DISTRICT II

1801 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Elc Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
		82730	Pecos Slope Abo
Property Code	Property Name		Well Number
	AZTEC 26 FEDERAL		1
OGRID No.	Operator Name		Elevation
194930	CABAL ENERGY CORPORATION		3741'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	10-S	25-E		660	SOUTH	1980	WEST	CHAVES

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

<p>RECEIVED AUG 17 2005 OOU-ARTESIA</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=877016.5 N X=487569.3 E</p> <p>LAT.=33°24'39.29" N LONG.=104°22'26.65" W</p> <p>RECEIVED NOV 21 2005 OOU-ARTESIA</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lindsay Truesdell</i> Signature</p> <p>Lindsay Truesdell Printed Name</p> <p>Consultant Title</p> <p>July 27, 2005 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JULY 1, 2005</p> <p>Date Surveyed _____ DEL</p> <p>Signature _____ Professional Surveyor</p> <p>NEW MEXICO GARY E. RUSSELL 05.11.1030 REGISTERED PROFESSIONAL SURVEYOR</p> <p>Certificate No. GARY E. RUSSELL 12641</p>
	<p>Diagram showing well location and acreage:</p> <p>3753.2' 3757.7' 600' 600' 3726.4' 3744.7' 1980'</p>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1301 W. Grand Avenue

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 ☐ Other

2. Name of Operator Cabal Energy Corporation

3a. Address
415 West Wall Street, Suite 1700; Midland, Texas 797013b. Phone No. (include area code)
432-682-0440

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

660' FSL & 1980' FWL
Sec 26, T-10S, R-25E

5. Lease Serial No.

NM 07306

6. If Indian, Allottee or Tribe Name

N/A

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

N/A

8. Well Name and No.

Aztec 26 Federal #1

9. API Well No.

10. Field and Pool, or Exploratory Area
Pecos Slope Abo

11. County or Parish, State

Chaves Co., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 type="checkbox"/> Other
	<input checked="" 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 recompleat 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 recompleat 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.)

Cabal Energy Corporation is requesting to move the location 300' to the east. The new location will be located 600' FSL & 2280' FWL as per the attached C-102.

NSL-

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

Lindsay Truesdell

Title Consultant

Signature

Lindsay Truesdell

Date

10/07/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ LARRY D. BRAY

Title

Date

NOV 18 2005

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

ROSWELL FIELD OFFICE

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)

DISTRICT I
1625 N. FRANK DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Ed., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	82730	Pecos Slope Abo
Property Code	Property Name	Well Number
	AZTEC 26 FEDERAL	1
OGRID No.	Operator Name	Elevation
194930	CABAL ENERGY CORPORATION	3751'

Surface Location

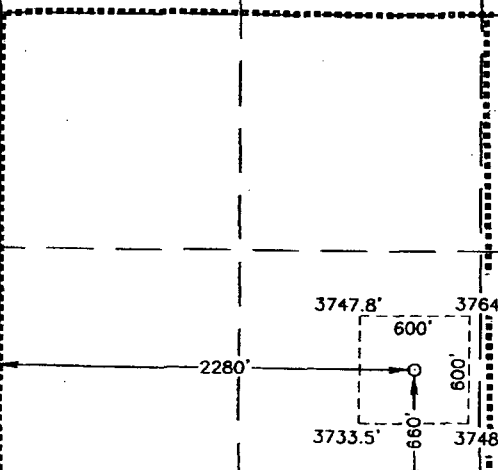
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	10-S	25-E		660	SOUTH	2280	WEST	CHAVES

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40/160			

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

<p>RECEIVED NOV 21 2005 OFFICE OF THE ATTORNEY GENERAL</p> <p>GEODETIC COORDINATES NAD 27 NME Y=877013.5 N X=487869.2 E LAT.=33°24'39.26" N LONG.=104°22'23.11" W</p> 	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lindsay Truesdell</i> Signature Lindsay Truesdell Printed Name Consultant Title October 7, 2005 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>GARY EIDSON</i> Signature GARY EIDSON JR Title SEPTEMBER 20 2005 Date Surveyed 12641 Signature & Seal of Professional Surveyor 05/11/05 05.11.1461 Certificate No. GARY EIDSON 12641</p>
--	--

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOC District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Cabal Energy Corporation Telephone: (432) 682-0440 e-mail address: lindsay@rnford.com
Address: 415 West Wall Street, Suite 1700; Midland, Texas 79701
Facility or well name: Aztec 26 Fed. #1 API #: _____ U/L or Qtr/Qtr N Sec 26 T 10S R 25E
County: Chaves Latitude 33°24'39.29"N Longitude 104°22'26.65"W NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume _____ bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points) 0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points) 0
Ranking Score (Total Points) 0	

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

USGS information shows this area to be water sensitive.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 08/02/2005

Printed Name/Title Lindsay Truesdell

Signature

Lindsay Truesdell

Your certification and NMOC approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title

Mike Bratcher

Asst. Dir.

Signature

Mike Bratcher

Date

AUG 18 2005

MULTI POINT SURFACE USE AND OPERATIONS PLAN FOR

Cabal Energy Corporation

Aztec 26 Federal #1

Surface Location: 660' FSL & 1980' FWL

Section 26, T-10-S, R-25-E

Chaves County, New Mexico

Lease No.: NM 07306

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a location verification map showing the location of the proposed well as staked.
- B. Directions: From Mile Post 164 on Hwy. #380 (Arlene Road). Go West on Hwy #380 approximately 0.6 miles. Turn Right (North) at tower and go through cattle guard. Follow bend Left (West) and go approximately 300'. Follow bend Right (North) and go approximately 0.8 miles. Turn Right (Northeast) and follow P/L road approximately 0.1 miles. This location is approximately 100' South of road.

2. PLANNED ACCESS ROAD:

- A. Length and Width: Exhibit "C" is the proposed access road.
- B. Construction: None necessary.
- C. Turnouts: None required.
- D. Culverts: None necessary.
- E. Cuts and Fills: None necessary.
- F. Gates and Cattle Guards: 1 Cattle Guard
- G. Off lease right of way: None required.

3. LOCATION OF EXISTING WELLS:

Existing wells in the immediate area are shown on the Vicinity Map, Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Cabal Energy Corporation has no production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIAL:

Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from an approved Federal pit. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil Produced during tests will be stored in test tanks.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged 500' x 500'.
- B. Mat Size: 225' x 300', plus 150' x 150' reserve pit on the southeast.
- C. Cut & Fill: None necessary
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of trash leaving the site aesthetically pleasing to the extent possible.
- B. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

- A. Surface Ownership - Bureau of Land Management
- B. Boone Archeological Services, 2030 North Canal Street; Carlsbad, NM 88220, conducted an archaeological survey. No significant archaeological resources were found in the area of the planned access road or of the proposed well site.

C. Oil & Gas Lease:
NM 07306

Township 10 South, Range 25 East
SW/4 of Section 26

D. RECORD LESSEE:

Pure Energy Group	50%
Chisos	50%

E. BOND COVERAGE:

\$25,000 Statewide Oil & Gas Surety Bond
BLM Bond #: NM 2860

12. OPERATOR'S REPRESENTATIVE:

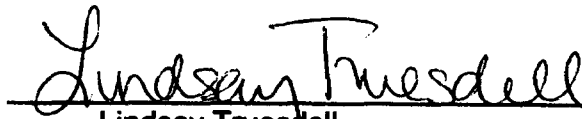
The field representative for assuring compliance with the approved use and operations plan is as follows:

R. K. Ford & Associates
415 West Wall, Suite 1700
Midland, Texas 79701
432-682-0440 (Office)
432-682-0441 (Fax)
432-570-7216 (Home)
432-559-2222 (Cell)
Randell@rkford.com (E-mail)

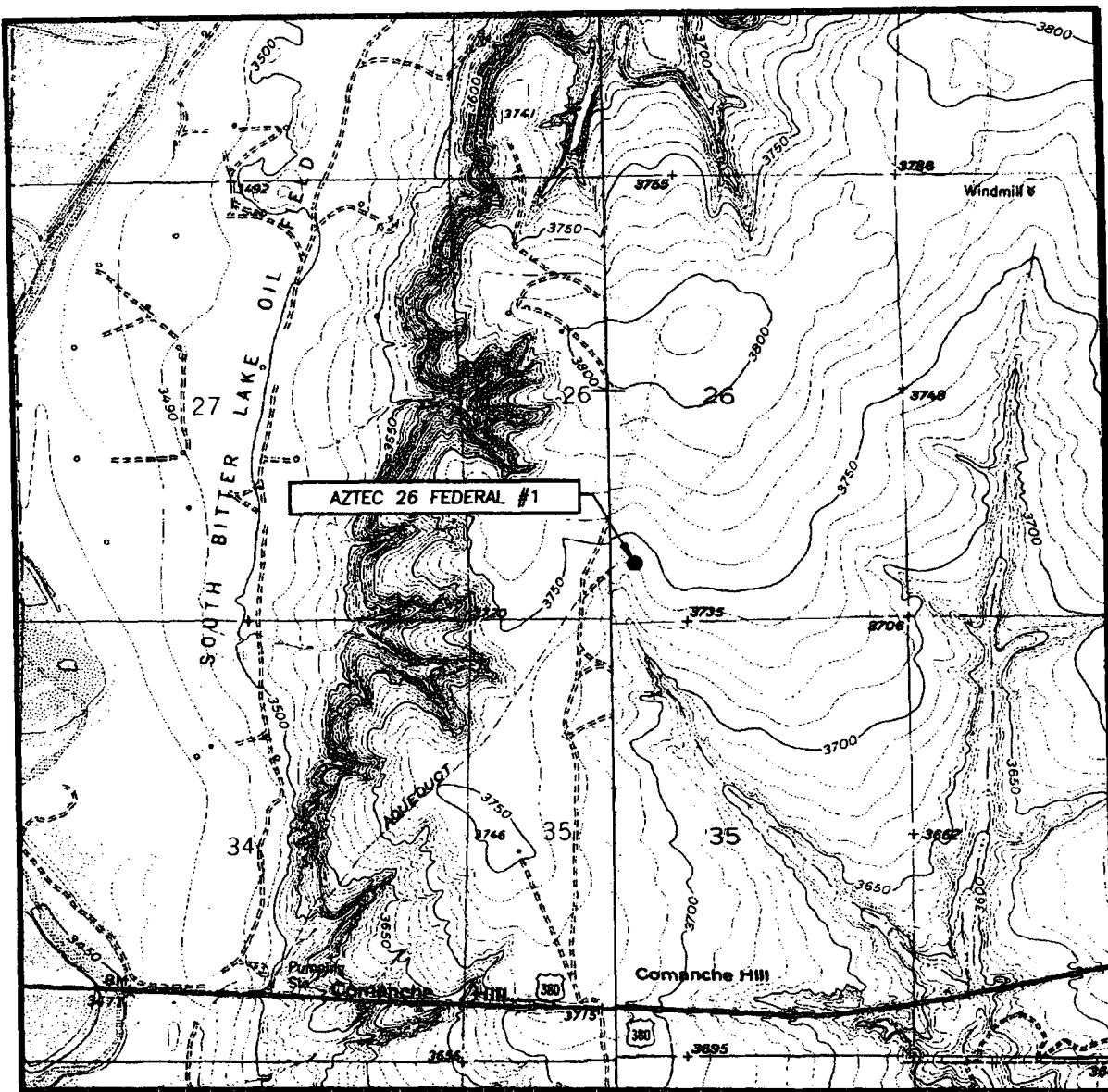
13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; 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 Cabal Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

July 11, 2005


Lindsay Truesdell
Consultant

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 26 TWP. 10-S RGE. 25-E

SURVEY _____ N.M.P.M.

COUNTY _____ CHAVES

DESCRIPTION 660' FSL & 1980' FWL

ELEVATION _____ 3741'

OPERATOR _____ CABAL ENERGY CORPORATION

LEASE _____ AZTEC 26 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
COMANCHE SPRING & BITTER LAKE, N.M.

CONTOUR INTERVAL:
COMANCHE SPRING, N.M. - 10'
BITTER LAKE, N.M. - 10'
SUPPLEMENTAL - 5'

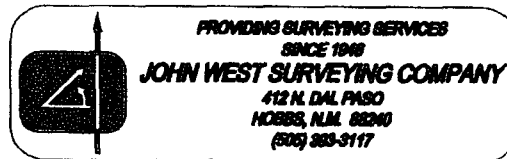
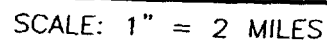
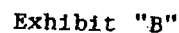


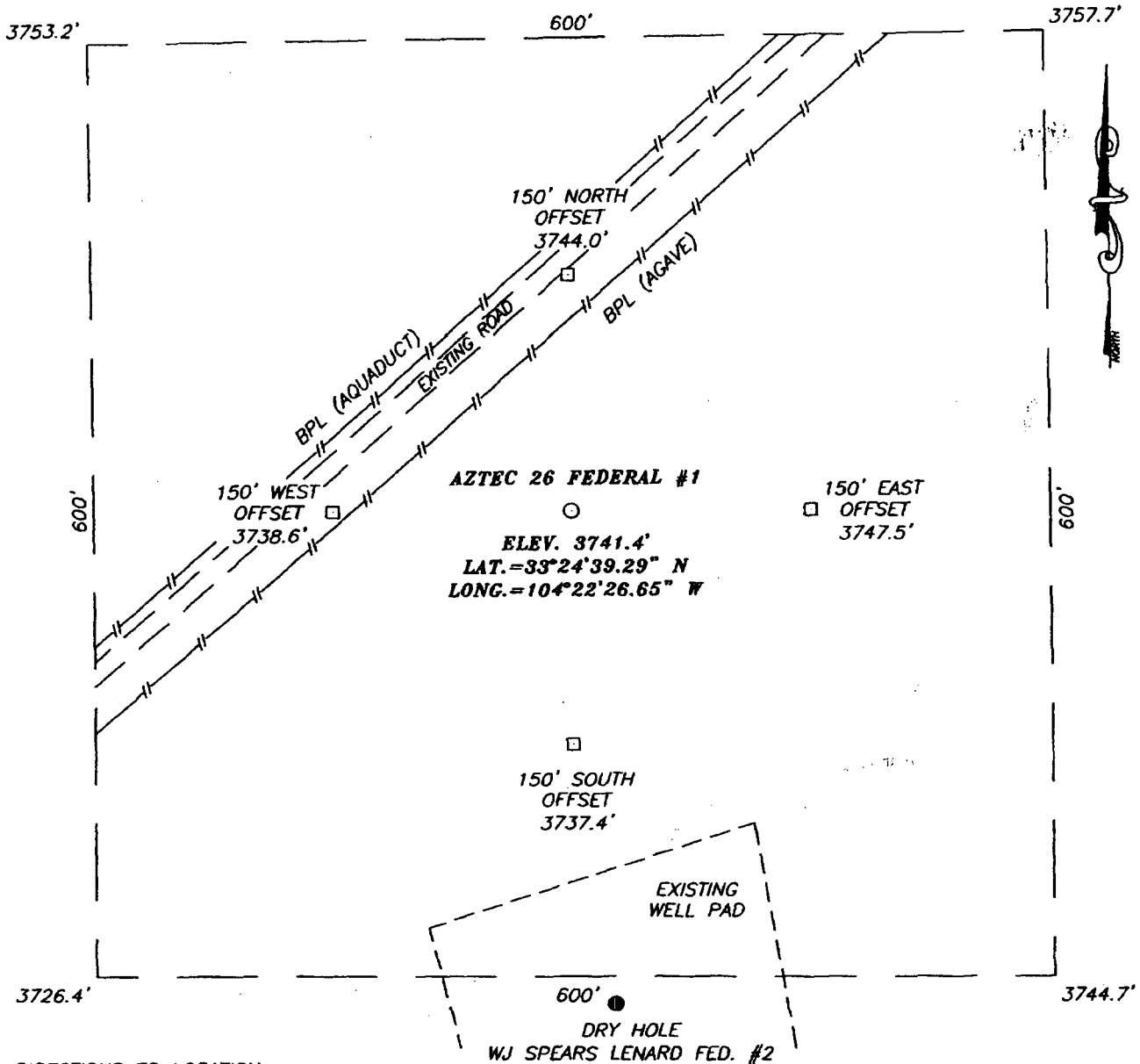
Exhibit "A"



LEASE AZTEC 26 FEDERAL

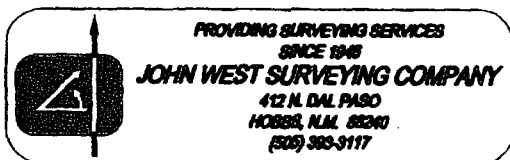
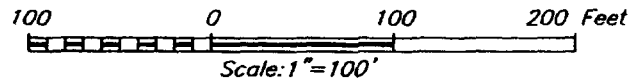


SECTION 26, TOWNSHIP 10 SOUTH, RANGE 25 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM MILE POST 164 ON HWY. #380 (ARLENE RD.). GO WEST ON HWY. #380 APPROX. 0.6 MILES. TURN RIGHT (NORTH) AT TOWER AND GO THROUGH CATTLE GUARD. FOLLOW BEND LEFT (WEST) AND GO APPROX. 300'. FOLLOW BEND RIGHT (NORTH) AND GO APPROX. 0.8 MILES. TURN RIGHT (NE) AND FOLLOW P/L ROAD APPROX. 0.1 MILES. THIS LOCATION IS APPROX. 100' SOUTH OF ROAD.



CABAL ENERGY CORPORATION

AZTEC 26 FEDERAL #1 WELL
 LOCATED 660 FEET FROM THE SOUTH LINE
 AND 1980 FEET FROM THE WEST LINE OF SECTION 26,
 TOWNSHIP 10 SOUTH, RANGE 25 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 07/01/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1030	Dr By: DEL
Date: 07/06/05	Disk: CD#4
05111030	Scale: 1"=100'

EXHIBIT "C"

Scale 1" = 100'

DRILLING RIG LAYOUT
Cabal Energy Corporation
Aztec 26 Federal #1

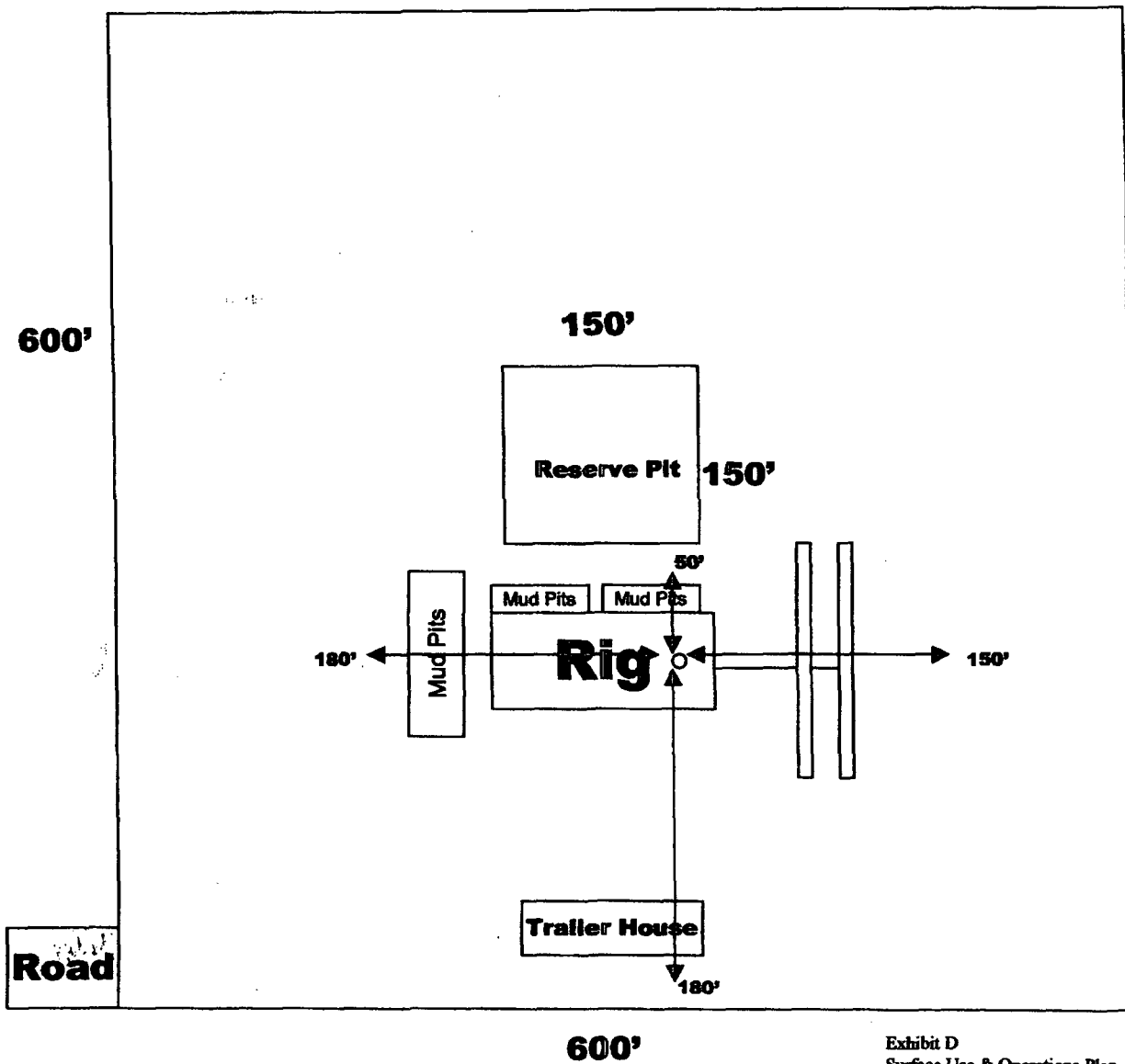
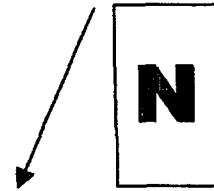


Exhibit D
Surface Use & Operations Plan

DRILLING PROGRAM

CABAL ENERGY CORPORATION

Aztec 26 Federal #1

Section 26, T-10-S, R-25-E

Chaves County, New Mexico

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Orders #1 and #2, and all other applicable federal and state regulations.

1. ESTIMATED TOPS OF GEOLOGIC MARKERS (TVD):

San Andres	726'
San Andres Porosity	1,267'
Glorietta	2,358'
Glorietta Sand	2,528'
Yeso	2,714'
Abo Clastic	4,107'
Zu Upper Abo Sd	4,236'
Zu Massive Abo Sd	4,364'
Lower Abo Sd #2	4,464'
Lower Abo Sd #1	4,514'
Total Depth	5,500'

2. ESTIMATED DEPTHS TO WATER, OIL, OR GAS FORMATIONS:

Fresh Water	Above 200'
Oil and Gas	Abo

3. Pressure control equipment: The blowout preventer stack for the production (7-7/8") hole as shown on Exhibit #2 will consist of at least a double-ram blowout preventer and annular preventer rated to 3000 psi working pressure. A diagram of the BOPs and choke manifold is attached. All BOPs and accessory equipment will be tested according to Onshore Order #2 before drilling out.

4. PROPOSED CASING PROGRAM:

<u>Hole Size</u>	<u>Interval</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade, Joint</u>
12-1/4"	0 - 850'	8-5/8"	24#	K-55, ST&C
7-7/8"	0 - 5,500'	5-1/2"	15.5#	J-55, ST&C

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability. Changes will be relayed to BLM prior to running.

5. PROPOSED CEMENTING PROGRAM

5. PROPOSED CEMENTING PROGRAM

14" conductor	cemented with ready mix to surface
8-5/8" surface	300 sxs Premium Plus cement, 2% calcium chloride
5-1/2" production	150 sxs Light Cement
	150 sxs Super "H" cement .5% Halad, .4% CFR-3, 3# per sx Gilsonite

6. PROPOSED MUD SYSTEM:

<u>DEPTH</u>	<u>DESCRIPTION</u>	<u>MUD WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0 - 850'	fresh water	8.6 - 8.8 ppg	28 - 30	NC
850' - 5,500'	brine water	10.0 - 10.2 ppg	28 - 34	12 cc

7. TESTING, LOGGING AND CORING PROGRAM:

Samples	From 850'
DST's	N/A
Logging	Dual Lateral, Gamma Ray, Caliper, Density Neutron, PE Factor
Coring	Possible sidewall core; San Andres, Glorietta, Yeso, Abo Sd

8. ABNORMAL PRESSURES AND TEMPERATURES:

None anticipated. Maximum bottom hole pressure should not exceed 5,200 psi. Although we do not anticipate encountering H₂S in amounts significant enough to require an H₂S contingency plan in accordance with Rule 118 of the OCD, we have prepared an H₂S drilling plan.

ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on August 15, 2005. Drilling should be completed within 20 days followed by completion operations.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

Cabal Energy Corporation **Aztec 26 Federal #1**

I. HYDROGEN SULFIDE TRAINING

A. All regularly assigned personnel, contracted or employed by Cabal Energy Corporation, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:

- 1.** The hazards and characteristics of hydrogen sulfide (H₂S).
- 2.** The proper use and maintenance of personal protective equipment and life support systems.
- 3.** The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
- 4.** The proper techniques for first aid and rescue procedures.

B. In addition, supervisory personnel will be trained in the following areas:

- 1.** The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- 2.** Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- 3.** The contents and requirements of the H₂S Drilling Operations Plan.

C. There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment.

- 1. Flare line with continuous pilot.**
- 2. Choke manifold with a minimum of one remote choke.**
- 3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.**
- 4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare.**

B. Protective Equipment for Essential Personnel:

Mark II Surviveair 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

C. H₂S Detection and Monitoring Equipment:

- 1. Two portable H₂S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.**
- 2. One portable SO₂ monitor positioned near flare line.**

D. Visual Warning Systems

- 1. Wind direction indicators are shown on well site diagram.**
- 2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.**

E. Mud Program

- 1. The Mud Program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weights, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.**

2. A mud-gas separator will be utilized as needed.

F. Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H₂S service.

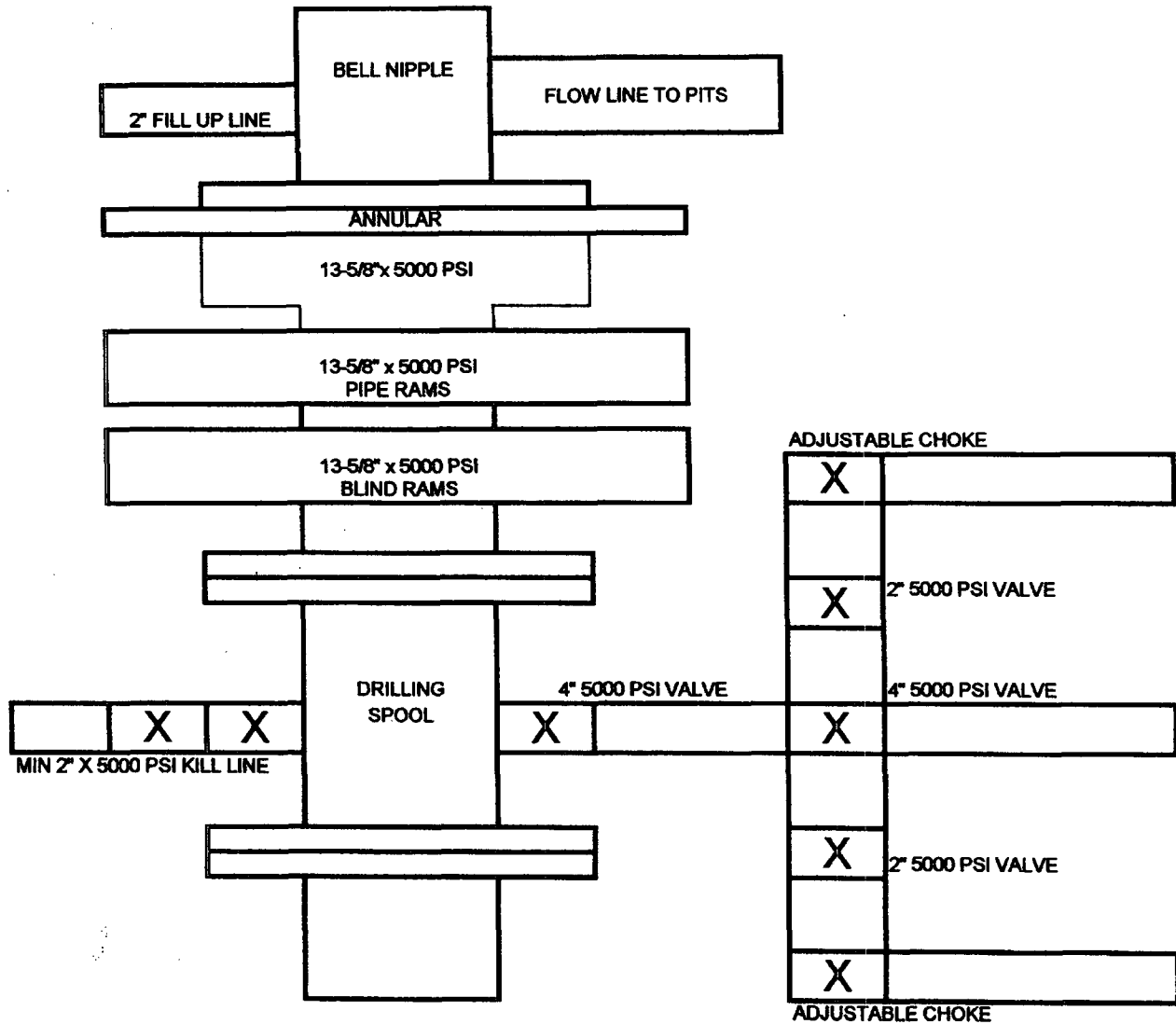
G. Communication:

Cellular telephone communications in company vehicles, rig floor and mud logging trailer.

H. Well Testing:

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing and an H₂S environment will be conducted during the daylight hours.

BOP SCHEMATIC FOR
7-7/8" HOLE



Cabal Energy Corporation
Aztec 26 Federal #1
Chaves County, New Mexico

Exhibit 2

United States Department of the Interior
Bureau of Land Management
Roswell Field Office
2909 Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Cabal Energy Corporation
Street or Box: 415 West Wall Street, Suite 1700
City, State: Midland, Texas
Zip Code: 79701

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: NM 07306

Legal Description of Land:

Township 10 South, Range 25 East, Eddy, New Mexico

SW/4 of Section 26

Bond Coverage:

Statewide Oil and Gas Surety Bond, Edge Petroleum Operating Company, Inc.

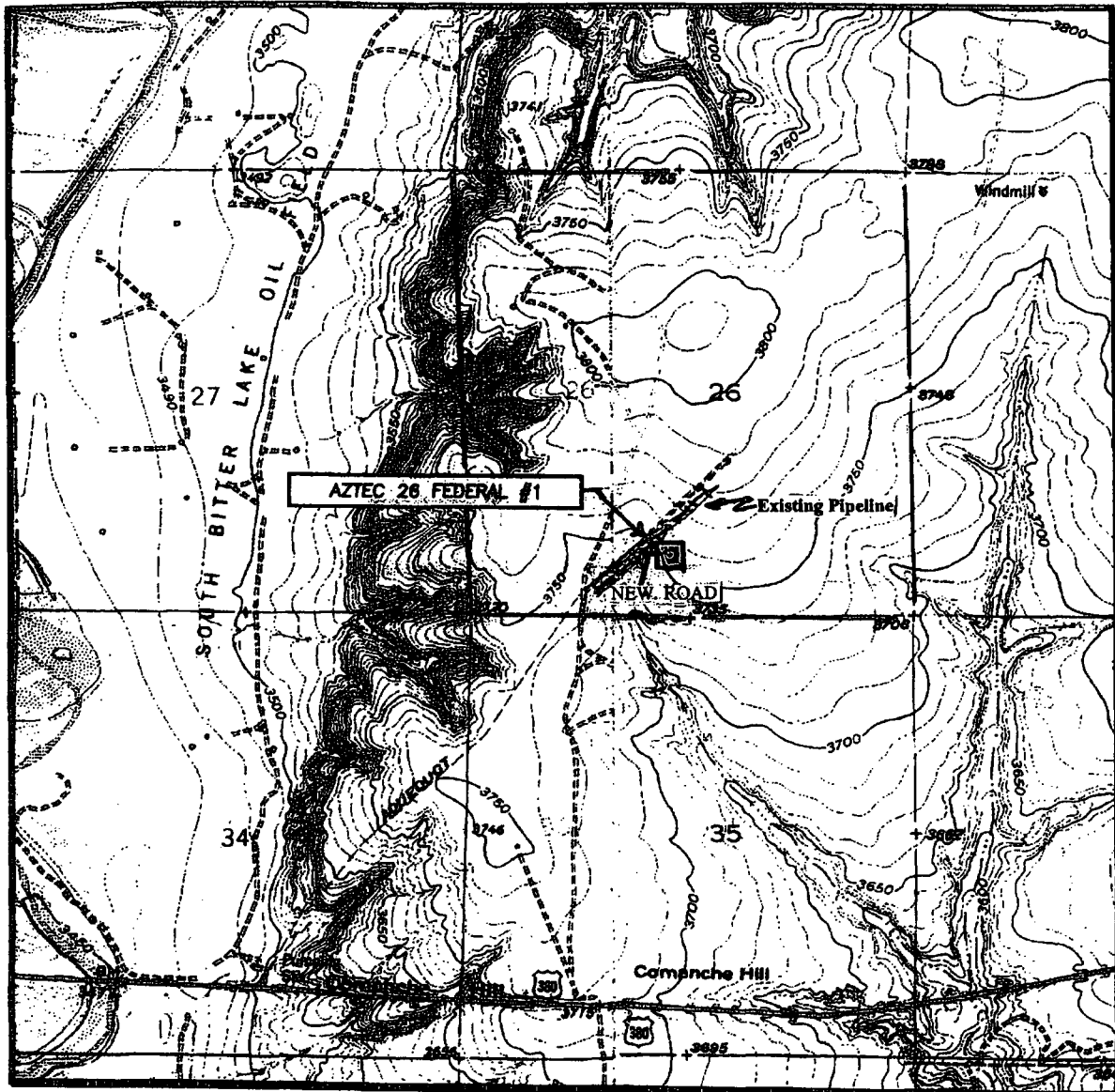
BLM Bond File No.: NM 2860


Lindsay Truesdell

Agent
July 26, 2005

EXHIBIT A

OPERATORS NAME: Cabal Energy Corporation LEASE NO.: NM-07306
WELL NAME & NO: Aztec 26 Federal #1
QUARTER/QUARTER & FOOTAGE: SE $\frac{1}{4}$ SW $\frac{1}{4}$ - 660' FSL & 2280' FWL
LOCATION: Section 26, T. 10 S., R. 25 E., NMPM
COUNTY: Chaves County, New Mexico



WELL DRILLING REQUIREMENTS

2 of 5 pages

4. The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.
5. The reserve pit shall be constructed so as not to leak, break, or allow discharge of drilling muds. Under no circumstances will the reserve pit be cut to drain drilling muds on the well location.
6. The reserve pit shall not be located in any natural drainage.
7. The reserve pit shall be equipped to deter entry by birds, bats, other wildlife, and livestock, if the reserve pit contains any oil and/or toxic fluids.
8. Drilling muds shall be properly disposed of before the reserve pit is reclaimed. Drilling muds can be allowed to evaporate in the reserve pit or be removed and transported to an authorized disposal site. The reserve pit shall be backfilled when dry.
9. Dumping of junk or trash into the reserve pit is not allowed. Junk or trash shall be removed from within the reserve pit before the reserve pit is reclaimed. **Junk or trash shall not be buried in the reserve pit.**

E. Federal Mineral Materials Pit Requirements:

1. Caliche, gravel, or other related materials from new or existing pits on Federal mineral estate shall not be taken without prior approval from the authorized officer. Contact Jerry Dutchover at (505) 627 -0236.
2. Payment for any Federal mineral materials that will be used to surface the access road and the well pad is required prior to removal of the mineral materials.
3. Mineral Materials extracted during construction of the reserve pit may be used for development of the pad and access road as needed, for the Aztec 26 Federal #1 gas well only. Removal of any additional material on location must be purchased from BLM prior to removal of any material.
 - a. An optional mineral material pit may be constructed within the archaeologically cleared area. The mineral material removed in the process can be used for pad and access road construction. However, a mineral material sales contract must be purchased from the BLM prior to removal of any material.

F. Well Pad Surfacing Requirement:

The well pad shall be surfaced with 6 inches of compacted caliche, gravel, or other approved surfacing material. The well pad shall be surfaced prior to drilling operations. See Permanent Resource Road Requirements - EXHIBIT D - requirement #4, for road surfacing.

G. Cave Requirements:

1. If, during any construction activities any sinkholes or cave openings are discovered, all construction activities shall immediately cease. Contact Larry Bray at (505) 627-0250.
2. The BLM Authorized Officer will, within 24 hours of notification in "A" above, conduct an on-the-ground field inspection for karst. At the field inspection the authorized field inspector will authorize or suggest mitigating measures to lessen the damage to the karst environment. A verbal order to proceed or stop the operation will be issued at that time.

III. DRILLING OPERATION REQUIREMENTS:**A. GENERAL DRILLING REQUIREMENTS:**

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 in sufficient time for a representative to witness:

A. Spudding B. Cementing casing: 8 $\frac{5}{8}$ inch 5 $\frac{1}{2}$ inch 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.

B. CASING:

1. The 8 $\frac{5}{8}$ inch surface casing shall be set at 850' and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5 $\frac{1}{2}$ inch intermediate casing is **cement shall extend upward a minimum of 200 feet above the top of the Glorieta formation.**

C. 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 $\frac{5}{8}$ 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 **2000** psi.

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

- A. The results of the test shall be reported to the appropriate BLM office.
- B. 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.
- C. Testing must be done in a safe workman-like manner. Hard line connections shall be required.

01/13/2006 11:56 2109303967

PEG

PAGE 02

Jan 13 06 10:58a Lindsay

432-082-0441

p1
PAGE 02

C104A Report

Page 1 of 1

State of New Mexico
Oil & Natural Gas, Admin. Serv. 85505
Hempden, Tex 77463 Phone: 282-6720State of New Mexico
Energy, Minerals and Natural ResourcesForm C-145
Paper 21246Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Change of Operator

Previous Operator Information

OGRID: 19830
Name: CABAL ENERGY CORPORATION
Address: 614 W WALL
Address: SUITE 1700
City, State, Zip: MIDLAND, TX 79701

New Operator Information

Effective Date: 01/10/06
OGRID: 20645
Name: FINE ENERGY OPERATIONS, INC.
Address: 133 TREELINE PARK
Address: SUITE 200
City, State, Zip: SAN ANTONIO, TX 78209

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: Randell K. Ford
Printed Name: Randell K. Ford
Title: President
Date: 1/12/06 Phone: (432) 682-0440

New Operator

Signature: Lawrence J. Ridley
Printed Name: Lawrence J. Ridley
Title: VP Exploration and Production
Date: 1/11/06 Phone: (210) 226-6700

NMOCD Approval

Electronic Signature: Carmen Reno, District 2Date: January 18, 2006

210-226-6700

01/13/2006 11:55 2109383967

PEG

PAGE 02

Jan 13 09 10:58a

Lindsay

432-682-0441

p.1
PAGE 02

C104AReport

Page 1 of 1

Form C-MS
Oil & Gas, Coal, Geothermal, Wind, Biomass
Permitting, 150-5157, 150-5158, 150-5159

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-MS
Permit 21298

Change of Operator

Previous Operator Information

OGRID: 174930
Name: CABAL ENERGY CORPORATION
Address: 615 W WALL
Address: SUITE 1700
City, State, Zip: AUSTIN, TX 78701

New Operator Information

Effective Date: 01/12/06
OGRID: 206485
Name: FURE ENERGY OPERATIONS, INC.
Address: 133 TREEHOUSE PARK
Address: SUITE 200
City, State, Zip: SAN ANTONIO, TX 78209

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: [Signature]
Printed Name: Randell K. Ford
Title: President
Date: 1/12/06 Phone: (432) 682-0440

New Operator

Signature: [Signature]
Printed Name: Lawrence J. Rieley
Title: VP Exploration and Production
Date: 1/11/06 Phone: (214) 226-6700

NMOCD Approval

Electronic Signature: Carmen Reno, District 2Date: January 13, 2006

210-226-6700



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 13, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

80-005-63400

RECEIVED

DEC 19 2005

OCU-ARTESIA

Cabal Energy Corporation
415 West Wall Street
Wilco Building – Suite 1700
Midland, Texas 79701

Attention: Lindsay Truesdell

Re: Your recent administrative application (*administrative application reference No. pSEM0-534035390*) for an exception to Rule 4 of the "*Special Rules and Regulations for the Pecos-Slope Abo Gas Pool*," as promulgated by Division Order No. R-9976-C, dated March 19, 1996, as amended by Division Order No. R-9976-D, issued in Case No. 13057 on February 4, 2004, for Cabal Energy Corporation's proposed Aztec "26" Federal Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the South line and 2280 feet from the West line (Unit N) of Section 26, Township 10 South, Range 25 East, NMPM, Pecos Slope-Abo Gas Pool (82730), Chaves County, New Mexico.

Dear Ms. Truesdell:

Per our brief telephone conversation this afternoon (Tuesday, December 13, 2005), the subject application is hereby withdrawn and is being returned to you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MS/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Roswell

CABAL ENERGY CORPORATION

PSEMO-534035390



November 29, 2005

Mr. Michael E. Stogner
Engineer/Hearing Officer
State of New Mexico
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

DEC 5 - 2005

OIL CONSERVATION
DIVISION

Re: Application of Cabal Energy Corporation for Administrative Approval of an Unorthodox Well Location for it Aztec 26 Federal #1 to be located 660 feet from the south line and 2280 feet from the west line (Unit N) of Section 26, Township 10 South, Range 25 East, N.M.P.M., Chaves County, New Mexico

Dear Mr. Stogner:

Cabal Energy Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F for an unorthodox gas well location for the above referenced well in the Abo formation (Pecos Slope Abo - Pool), and any other potentially productive gas pools spaced on 160 acres and governed by the Division's Statewide Rules. A standard 160-acre spacing and proration unit comprised of the SW/4 of section 26 will be dedicated to the well.

This location is unorthodox because Rule 104.C(2)(a) of the General Rules of the Division provides that wells in the Wolfcamp or any older formation shall be "no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary." This proposed location is 605 feet from the center boundary of the quarter quarter section, and therefore encroaches on the SE/4 by 55 feet.

Page 1 of 1

CABAL ENERGY CORPORATION



Exhibit "B" land plat showing the unorthodox well location and the adjoining spacing unit and wells. Exhibit "C" is the C-102 originally filed for this well showing the 160 acre spacing and proration unit for the surveyed location. Cabal Energy Corp. was forced to move the original location 300' to the east by Richard Hill with the Bureau of Land Management due to a canyon on the west side of the location.

Cabal Energy Corporation is the operator of the SW/4 of Section 26 under an Operating Agreement signed by all of the working interest owners. The mineral royalty ownership is federal. As a result, this is an internal non-standard location with no affected parties.

Your attention to this application is appreciated.

Sincerely,

Lindsay Truesdell
Lindsay Truesdell

*1:35 PM
Called Ms. Truesdell to ask
about notice.
Operations have been transferred to
another operator.
- Application dismissed.
[Signature]*

Page 2 of 2

OPERATORS NAME: Cabal Energy Corporation LEASE NO.: NM-07306
WELL NAME & NO: Aztec 26 Federal #1
QUARTER/QUARTER & FOOTAGE: SE $\frac{1}{4}$ SW $\frac{1}{4}$ - 660' FSL & 2280' FWL
LOCATION: Section 26, T. 10 S., R. 25 E., NMPM
COUNTY: Chaves County, New Mexico

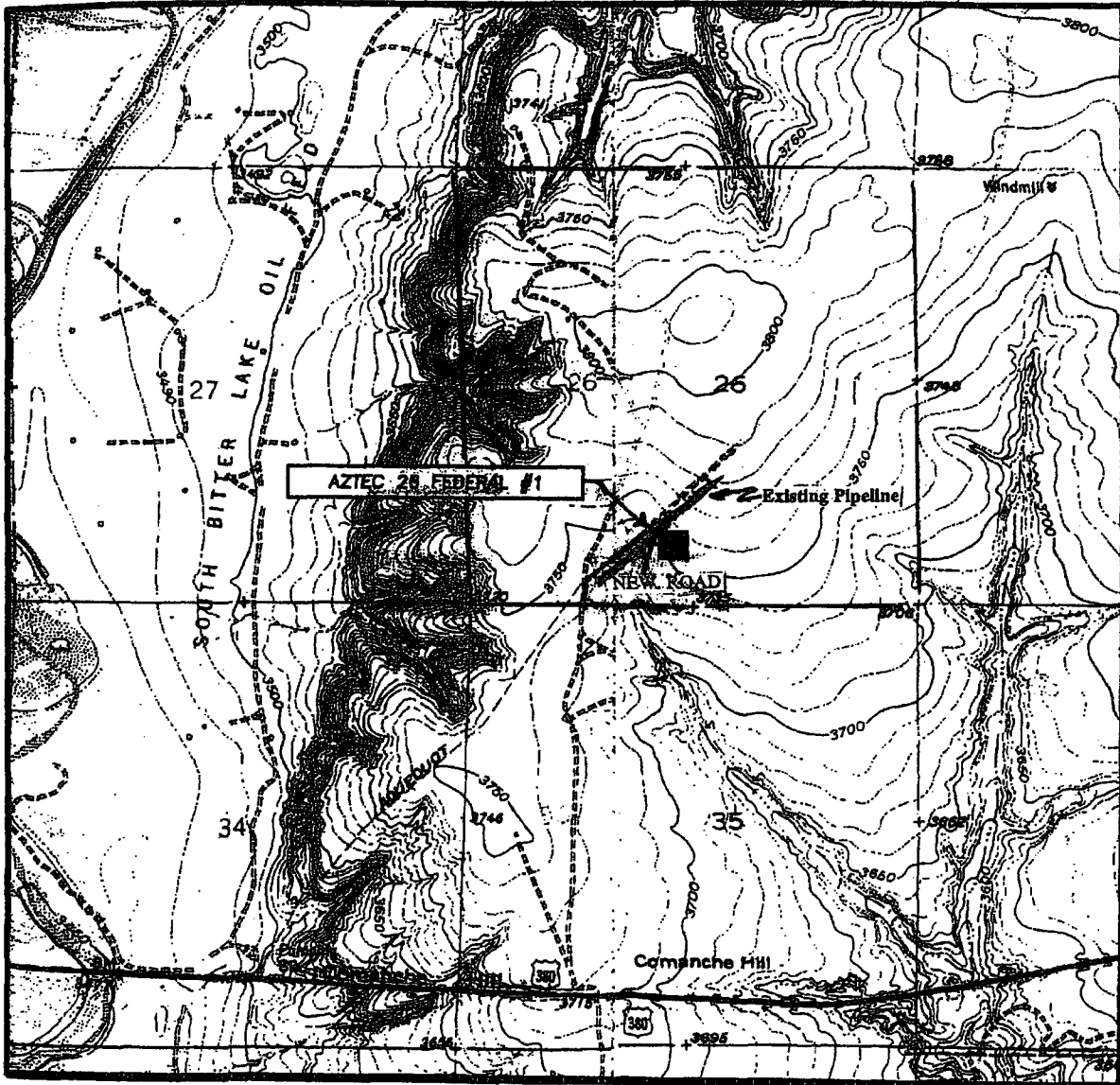


EXHIBIT "B"

STRICT I
S. N. FRENCH DR., HOBBS, NM 88240

STRICT II
I. W. GRAND AVENUE, ARTESIA, NM 88210

STRICT III
10 Rio Brasos Rd., Aztec, NM 87410

STRICT IV
S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 82730	Pool Name Pecos Slope Abo
Property Code	Property Name AZTEC 26 FEDERAL	Well Number 1
GRID No. 194930	Operator Name CABAL ENERGY CORPORATION	Elevation 3751'

Surface Location

L or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	10-S	25-E		660	SOUTH	2280	WEST	CHAVES

Bottom Hole Location If Different From Surface

L or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160	Joint or Infill	Consolidation Code	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

<p>GEODETIC COORDINATES NAD 27 NME Y=877013.5 N X=487869.2 E LAT.=33°24'39.26" N LONG.=104°22'23.11" W</p>	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature Lindsay Truesdell Printed Name Consultant Title October 7, 2005 Date
	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 Surveyed 12641 Signature & Seal of Professional Surveyor 05.11.1461 Certificate No. GARY EIDSON 12641

EXHIBIT "C"

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand AvenueUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Alamosa, NM 88210

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 ☐ Other

2. Name of Operator PURE ENERGY OPERATING, INC.

3a. Address
153 Treeline Park, Suite 220 San Antonio, TX 782093b. Phone No. (include area code)
210-226-6700

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

660' FSL & 2280' FWL
Sec 26 - T10S - R25E

MAR 15 2006

U.S. DEPARTMENT OF THE INTERIOR

5. Lease Serial No.
NM 07306

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Aztec 26 Federal Com #19. API Well No.
30-005-6380010. Field and Pool, or Exploratory Area
Pecos Slope Abo11. County or Parish, State
Chaves

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 Production Casing & Cementing Report
	<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 recompleat 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 recompleat 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.)

Pre-set 40' of 14" conductor w/ ready-mix. MIRU Permian Drilling Rig #1 & spud 12 1/2" hole @ 11:00 AM on 2/1/2006. Drilled to 895' surface casing point on 2/3/06. Ran 12 jts 8 5/8" 24# J-55 STC, stuck pipe while running - shoe @ 512'. Circulating w/ full returns but unable to free pipe. Attempted to free casing w/ driving tool, failed. Discussed w/ John Simitz with BLM in Roswell & received permission to cement casing in-place with shoe @ 512' - with the requirement that production casing be cemented to surface using a DV tool set at approx 1000'. Schlumberger cemented 8 5/8" csg w/ 410 sx 35:65 POZ - "C" cont'g 6% bentonite, 1/4# pps cello-flake, 2% CaCl, 0.3% D46 (12.6 ppg, 1.99 cu ft yield) followed by 200 sx "C" w/ 2% CaCl (14.8 ppg, 1.34 cu ft yield). Had full returns throughout job & circ estimated 199 sx to surface. Bumped plug w/ 1016 psi @ 6:09 PM on 2/3/06. WOC 6 hrs, cut off conductor & welded on 8 5/8" - 3000 psi SOW x 11" - 3000 psi CH. NU BOP and tested w/ 3000 psi, OK. WIH w/ bit, drilled float equp & cmt to 469' & tested csg w/ 1000 psi, OK (total WOC = 27 1/2 hrs). Resumed drilling formation on 2/5/06 & drilled 7 7/8" hole to 4600' TD on 2/11/06. Schlumberger ran Platform Express - HRLA log suite from 4600' WLTD to 8 5/8" shoe. Made conditioning trip w/ bit to TD and then ran 108 jts 5 1/2" 15.5# J-55 LTC csg w/ FS, FC & DV tool. Casing set @ 4600' w/ FC @ 4555' & DV tool @ 1013'. Schlumberger cemented casing to surface as follows: Stage 1 thru shoe: 600 sx 35:65 POZ-Class "C" cont'g 5% salt, 6% bentonite & 1/4 pps of cello-flake (12.7 ppg, 1.99 cu ft yield) followed by 175 sx Class "C" w/ 0.1% retarder (14.8 ppg, 1.32 cu ft yield). Opened DV tool @ 1013' & circ'd estimated 22 sx from above tool. Cont'd circ & WOC 6 hrs between stages. Stage 2 thru DV tool: mixed & pumped 250 sx 35:65 POZ-Class "C" cont'g 5% salt, 6% bentonite & 1/4 pps of cello-flake (12.7 ppg, 1.99 cu ft yield) followed by 75 sx Class "C" neat (14.8 ppg, 1.32 cu ft yield). Displaced plug w/ freshwater & closed DV tool w/ 1900 psi, held OK. Circ estimated 31 sx cement to surface. JC @ 11:51 PM on 2/13/06. ND BOP & installed 11" - 3000 psi x 7 1/16" - 5000 psi tubinghead. Cap wellbore. RR 2/14/06.

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

D. C. Dodd / Sierra Engineering

Title Agent for PURE ENERGY OPERATING, INC.

Signature

Date

3-10-06

ACCEPTED FOR RECORD FEDERAL OR STATE OFFICE USE

Approved by

DAVID H. GROSS

Title

Date

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

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 or to furnish any false information to any matter within its jurisdiction.

(Instructions on page 2)