

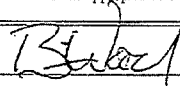
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM-108021	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. LAGUNA COLORADO 2/3 #1	
9. API Well No. 30-039-	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory West Puerto Chiquito Mancos
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone	11. Sec., T. R. M. or Blk. and Survey or Area 3-23N-1W NMPM
2. Name of Operator U. S. ENERCORP, LTD.	12. County or Parish RIO ARRIBA
3a. Address P. O. BOX 17098 SAN ANTONIO, TX 78217	13. State NM
3b. Phone No. (include area code) (210) 829-4888	
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 3250' FSL & 1220' FEL 3-23N-1W At proposed prod. zone 2180' FSL & 1870' FWL 2-23N-1W	
14. Distance in miles and direction from nearest town or post office* 5 AIR MILES NORTHEAST OF REGINA	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 770'	16. No. of acres in lease 2,326.12
17. Spacing Unit dedicated to this well W2 SEC. 2 & E2 SEC. 3	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 9,832' (MD)
20. BLM/BIA Bond No. on file BLM (\$25,000); SB501212	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7,295' GL	22. Approximate date work will start* 07/15/2007
23. Estimated duration 8 WEEKS	

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 	Name (Printed/Typed) ERIAN WOOD	Date 05/30/2007
Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-9682
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 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)

Oil Conservation Division
Case No. _____
Exhibit No. 2

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-		*Pool Code 50440		*Pool Name WEST PUERTO CHIQUITO MANCOS	
*Property Code		*Property Name LAGUNA COLORADO 2/3 (SURFACE)			*Well Number 1
*GRID No. 240473		*Operator Name U.S. ENERCORP. LTD.			*Elevation 7295

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
H	3	23 N	1 W		3250	SOUTH	1220	EAST	RIO ARRIBA

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
K	2	23 N	1 W		2180	SOUTH	1870	WEST	RIO ARRIBA

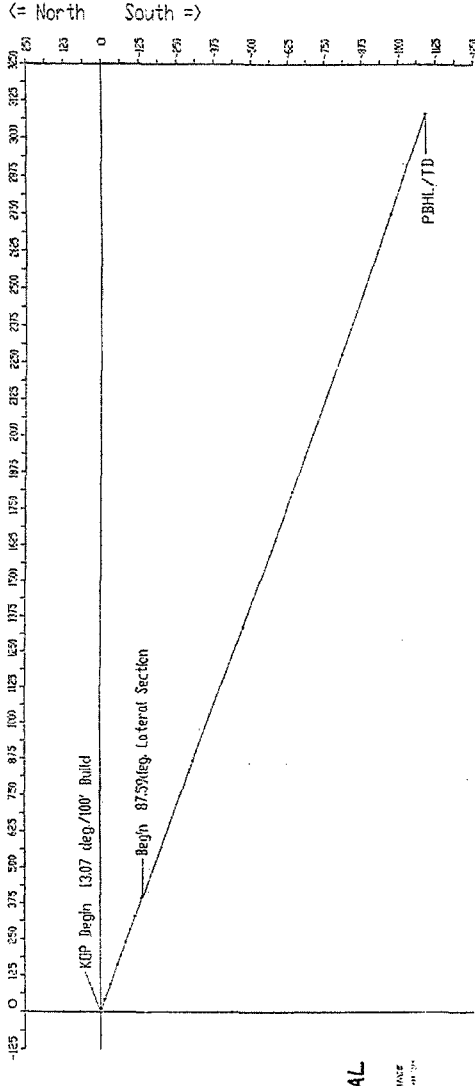
¹² Dedicated Acres 644.28	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

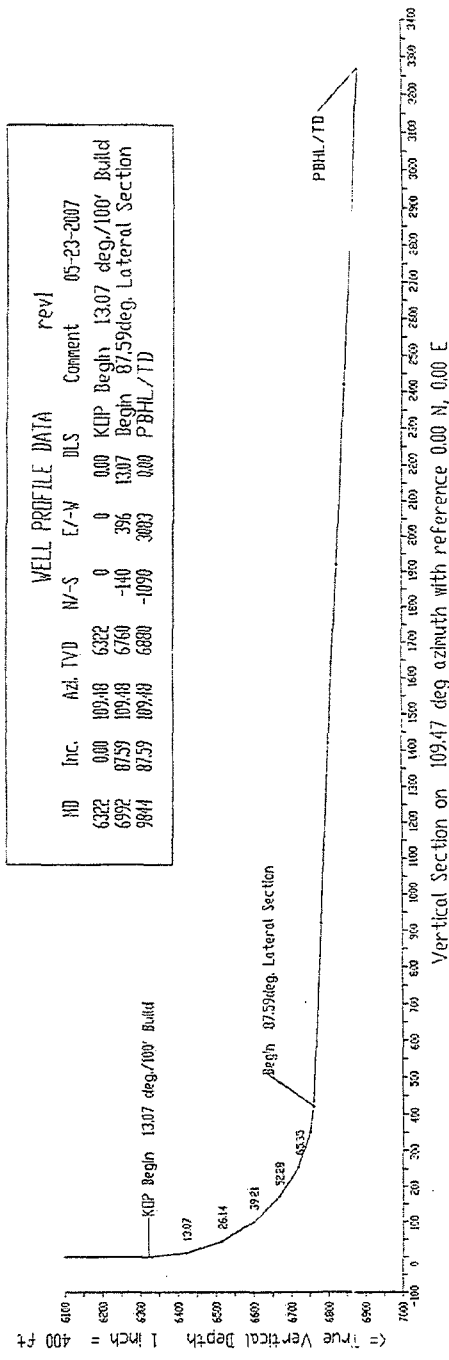
16 N 89°19'17" E 5301.16'	SECTION 3	NAD 83 LAT: 36.254457° N LONG: 106.925208° W	5287.12'	¹⁷ OPERATOR CERTIFICATION	
				<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest 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.</i></p> <p><i>Brian Wood</i> 5-30-07 Signature Date BRIAN WOOD Printed Name</p>	
N 0°33'29" W O = SURFACE LOCATION	SECTION 3	2646.21'	3250'	¹⁸ SURVEYOR CERTIFICATION	
				<p><i>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.</i></p> <p>5/16/07 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>	
S 89°30'18" W	2646.21'	S 89°30'18" W	2646.21'	2677.06'	
				S 0°37'10" E	
				S 0°36'40" E	

U.S. Enercorp, L.L.C.
 Laguna Colorado 2/3 #1
 Rio Arriba County, Colorado

(<= West East =>) 1 inch = 500 ft



ID	Incl.	Azi.	TVD	N-S	E-W	DLS	Comment	revl
6322	0.00	109.48	6322	0	0.00	KOP	Begin 13.07 deg./100' Build	
6992	87.59	109.48	6760	-140	396	1307	Begin 87.59deg. Lateral Section	
9884	87.59	109.48	6880	-1090	3083	0.00	PBHL/TD	



Vertical Section on 109.47 deg azimuth with reference 0.00 N, 0.00 E

Laguna Colorado 2/3 #1

SHL: 3250' FSL & 1220' FWL Sec. 3, T. 23 N., R. 1 W.

BHL: 2180' FSL & 1870' FEL Sec. 2, T. 23 N., R. 1 W.

Rio Arriba County, New Mexico

Drilling Program1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	0'	12'	+7,295'
Ojo Alamo	2,650'	2,662'	+4,645'
Kirtland Shale	2,820'	2,832'	+4,475'
Lewis Shale	3,170'	3,182'	+4,125'
Mesa Verde Sandstones	4,960'	4,972'	+2,335'
Mancos Shale	5,620'	5,632'	+1,675'
Gallup Sandstone	6,750'	6,762'	+545'
Lateral Measured Total Depth	9,832'	9,844'	(TVD) +458'

2. NOTABLE ZONES

The Pictured Cliffs and Gallup are potential oil or gas zones. Water may be found in the Nacimiento, Pictured Cliffs, and Gallup. Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented.

3. PRESSURE CONTROL

Maximum expected bottom hole pressure will be $\approx 1,500$ psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 3,000 psi model is on PAGE 3. A 3,000 psi BOP and choke manifold system will be installed and tested for ≈ 10 minutes to a high of $\approx 2,000$ psi and a low of ≈ 250 psi before drilling out the surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in

CONFIDENTIAL - TIGHT HOLE !!!



Professional Directional Ltd.

Company: U.S. Enercorp
 Well: Laguna Colorado 2/3 #1
 Location: Rio Arriba County, Colorado

Date: 23-May-2007
 Rev 1
 Page 1
 Job #: 3368

MD (feet)	Inclination (degrees)	Azimuth (degrees)	TVD (feet)	N/S (feet)	E/W (feet)	DLS (deg/100')	VS @ 100.54° Az (feet)	Grid y	Grid x	NAD27 NM Central	Comments
6322.01	0.00	109.48	6322.01	0.00	0.00	0.00	0.00	1912518.11	301098.77	301098.77	
6422.01	13.07	109.48	6421.14	-3.79	10.71	13.07	11.36	1912518.11	301098.77	301098.77	KOP Begin 13.07°/100' Build
6522.01	26.14	109.48	6515.14	-14.95	42.27	13.07	44.84	1912514.32	301109.47	301109.47	
6622.01	39.21	109.48	6599.14	-32.91	93.06	13.07	98.71	1912503.16	301141.04	301141.04	
6722.01	52.28	109.48	6668.77	-56.74	160.44	13.07	170.18	1912485.19	301191.83	301191.83	
6822.01	65.35	109.48	6720.44	-85.20	240.92	13.07	255.54	1912461.36	301259.21	301259.21	
6922.01	78.42	109.48	6751.46	-116.83	330.33	13.07	350.38	1912432.90	301339.68	301339.68	
6992.16	87.59	109.48	6760.00	-140.02	395.90	13.07	419.93	1912401.28	301429.10	301429.10	
7492.16	87.59	109.48	6781.03	-306.58	866.87	0.00	919.49	1912378.09	301494.67	301494.67	Begin 87.59° Lateral Section
7992.16	87.59	109.48	6802.07	-473.15	1337.84	0.00	1419.05	1912211.52	301965.64	301965.64	
8492.16	87.59	109.48	6823.11	-639.72	1808.81	0.00	1918.60	1912044.96	302436.61	302436.61	
8992.16	87.59	109.48	6844.14	-806.28	2279.78	0.00	2418.16	1911878.39	302907.58	302907.58	
9492.16	87.59	109.48	6865.18	-972.85	2750.76	0.00	2917.72	1911711.82	303378.55	303378.55	
9844.43	87.59	109.48	6880.00	-1090.20	3082.57	0.00	3269.68	1911545.26	303849.52	303849.52	
								1911427.91	304181.34	304181.34	PBHL/TD