...ASE EXPEDITE DRILLING RIG AVALIBLE IN 30 DAYS

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

Barry

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

RECEIVED
JUN 15 2005
OCD-ARTESIA

5. LEASE DESIGNATION AND SERIAL NO.: NM-029339-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: ---

7. UNIT AGREEMENT NAME: ---

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: BURNETT OIL "24" FEDERAL COM. # 1

2. NAME OF OPERATOR: GREAT WESTERN DRILLING COMPANY (CARY BILLINGSLEY 432-682-5241)

9. API WELL NO.: 30-015-34159

3. ADDRESS AND TELEPHONE NO.: P.O. BOX 1659 MIDLAND, TEXAS 79702 (432-682-5241)

10. FIELD AND POOL, OR WILDCAT: CEDAR LAKE-MORROW

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: SURFACE LOCATION 1330' FEL & 660' FNL SEC. 24 T17S-R30E
At proposed prod. zone: BOTTOM HOLE LOCATION 660' FNL & 660' FEL SEC. 24 T17S-R30E

SUBJECT TO LIKE APPROVAL BY STATE

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 24 T17S-R30E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 3.5 miles East of Loco Hills New Mexico.

12. COUNTY OR PARISH: EDDY CO. | 13. STATE: NEW MEXICO

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	320	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
330'	11,562'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3739' GR. Roswell Controlled Water Basin

22. APPROX. DATE WORK WILL START*:

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
22"	K-55 18 5/8"	87.5#	500'	450 Sx. circulate to surface.
12¼"	K-55 9 5/8"	36 #	5400'	1120 Sx. " " "
8 3/4"	P-110 & N-80 5½"	17 #	11,562'	1250 Sx. Estimate TOC 4500' FS

1. Drill 22" hole to 500'. Run and set 500' of 18 5/8" 87.5# K-55 ST&C casint. Cement with 450 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.
   WITNESS 18 5/8" Cement Job
2. Drill 12¼" hole to 5400'. Run and set 5400' of 9 5/8" 36# K-55 ST&C casing.Cement with 1120 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.
3. Drill 8 3/4" hole to 11,562'. Run and set 11,562' of 5½" 17# P-110 & N-80 LT&C casing. Cement with 600 Sx. of Class "C" cement + additives, tail in with 650 Sx. of Class "H" Premium Plus cement + additives. Estimate top of cement 4500' from surface.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Joe T Janica TITLE Agent DATE 05/18/05

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY /s/ Joe G. Lara ACTING TITLE FIELD MANAGER DATE JUN 14 2005

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes 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.

Sec 29.1

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
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD 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: GREAT WESTERN DRILLING COMPANY Telephone: 432-682-5241 e-mail address:
Address: P.O. BOX 1659 MIDLAND, TEXAS 79702
Facility or well name: BURNETT OIL "24" FED COM # 1 API #: 30-015-34159 U/L or Qtr/Qtr B Sec 24 T 17 R 30E
County: EDDY CO. Latitude 32°49'31" Longitude 103°55'14.3" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☐ Thickness 12 mil Clay ☐ Volume 18M bbl	Volume: ____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not. _____	RECEIVED JUN 0 2 2005 OCD-ARTESIA
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) NO RECORD OF ANY WATER WELLS	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more 0	(20 points) (10 points) (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 No 0	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) CEDAR LAKE 2 MILES SOUTHWEST	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more 0	(20 points) (10 points) (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: 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.

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 NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: _____
Printed Name/Title Joe T. Janica Agent Signature Joe T Janica

Your certification and NMOCD 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
Date: JUN 02 2005
Printed Name/Title Field Rep II Signature

State of New Mexico

Energy, Minerals and Natural Resources Department

...OBBS, NM 88240

...CT II
...W. GRAND AVENUE, ARTESIA, NM 88210

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

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

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
	74560	CEDAR LAKE-MORROW GAS

Property Code	Property Name	Well Number
	BURNETT OIL "24" FEDERAL COM	1

OGRID No.	Operator Name	Elevation
9338	GREAT WESTERN DRILLING CO.	3739'

Surface Location

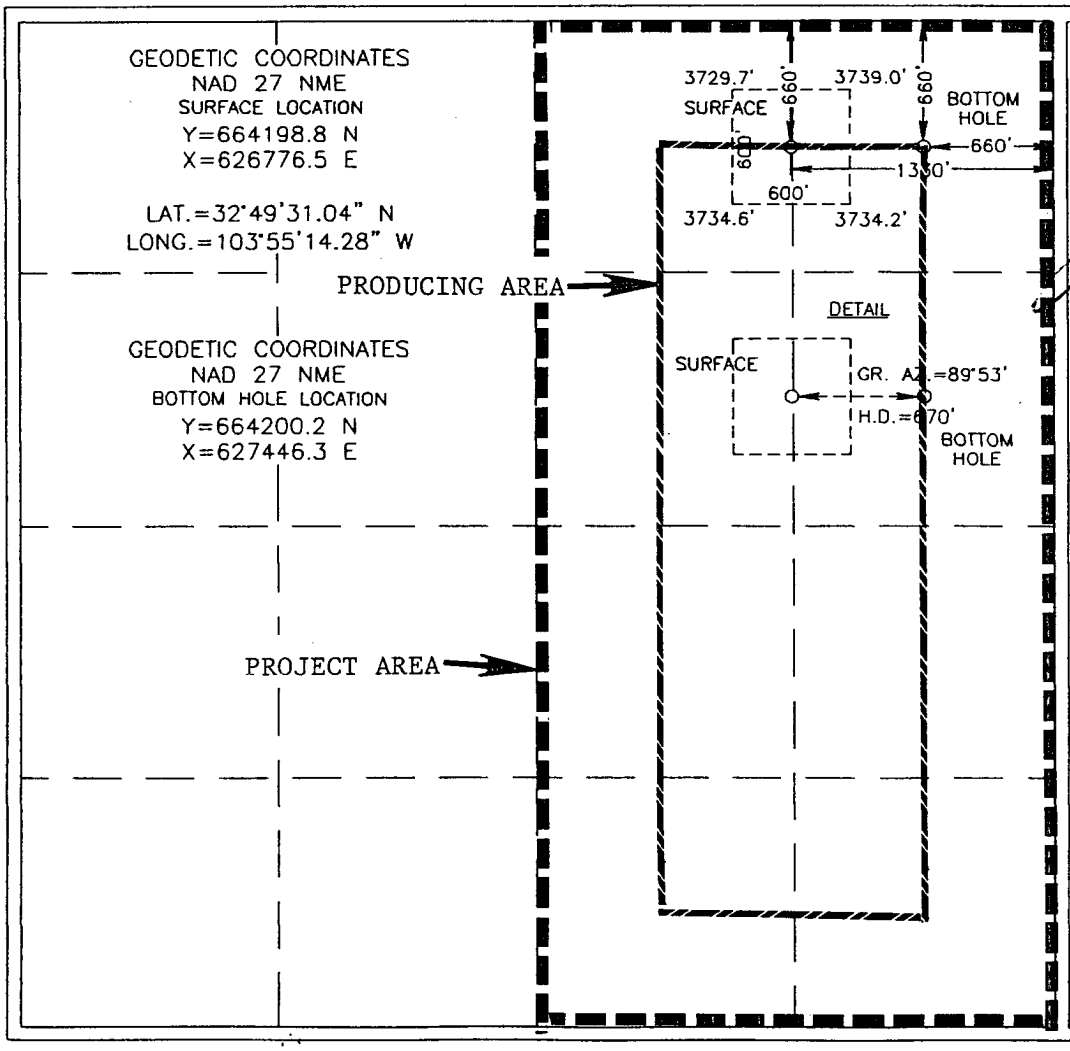
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	17-S	30-E		660	NORTH	1330	EAST	EDDY

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
A	24	17-S	30-E		660	NORTH	660	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Joe T Janica
Printed Name

Agent
Title

05/18/05
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 supervison, and that the same is true and correct to the best of my belief.

APRIL 14, 2005
Date Surveyed REV: 5/16/05 DEL

Signature & Seal of Professional Surveyor

GARY L. EIDSON
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR

5/16/05

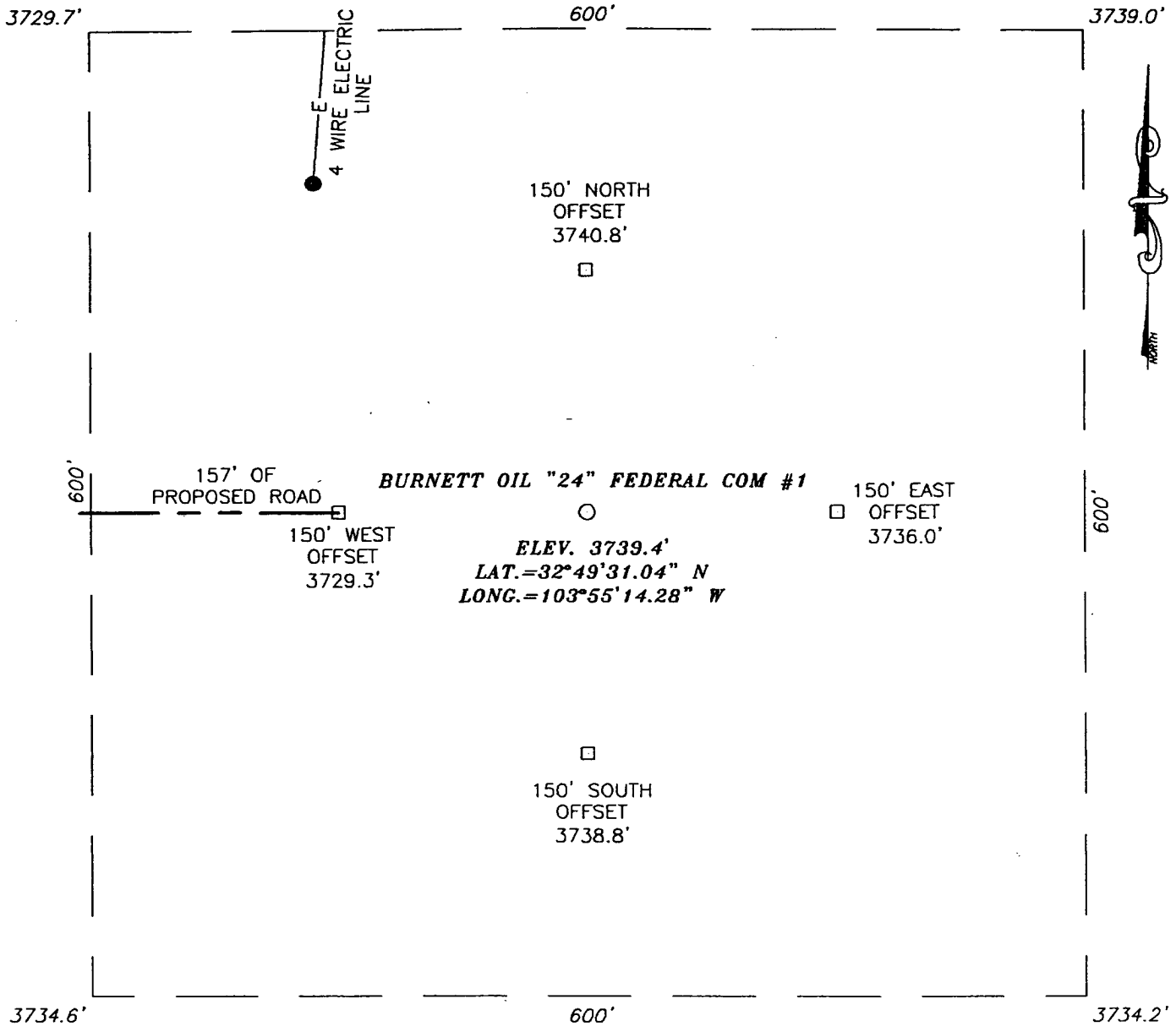
05.11.0540

Certificate No. GARY EIDSON 12641

EXHIBIT "A"

24, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,

DDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION U.S. HWY. #82 AND SKELLY ROAD. GO NORTH ON SKELLY RD. APPROX. 0.2 MILES AND TURN LEFT (WEST). GO APPROX. 0.4 MILES. TURN RIGHT (NORTH) AND GO APPROX. 0.2 MILES. THIS LOCATION IS APPROX. 500' EAST.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

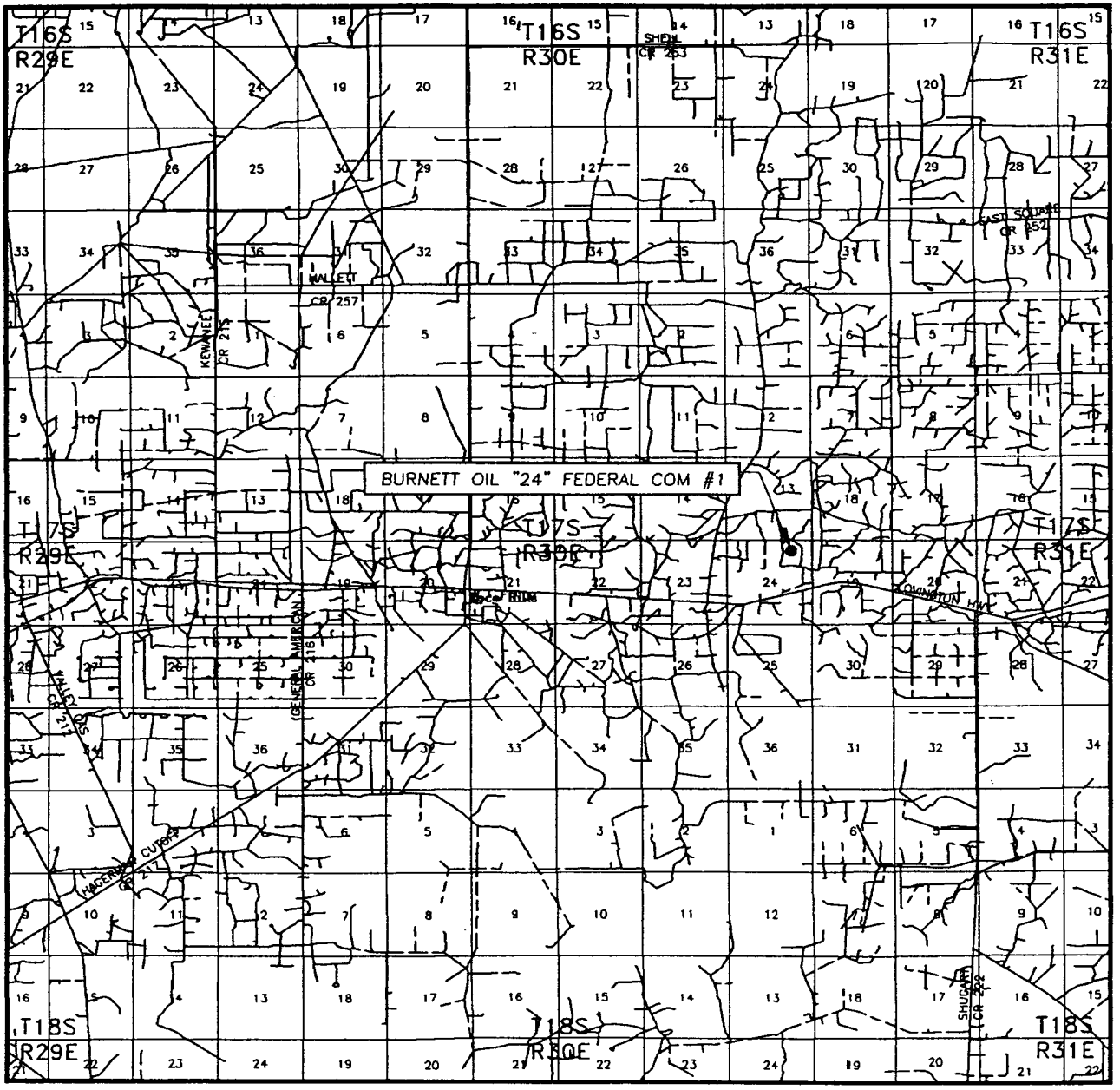
(505) 393-3117

GREAT WESTERN DRILLING CO.

BURNETT OIL "24" FEDERAL COM #1 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 1330 FEET FROM THE EAST LINE OF SECTION 24,
TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 04/14/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.0540	Dr By: DEL		Rev 1:N/A
Date: 04/25/05	Disk: CD#4	05110540	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 24 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 1330' FEL

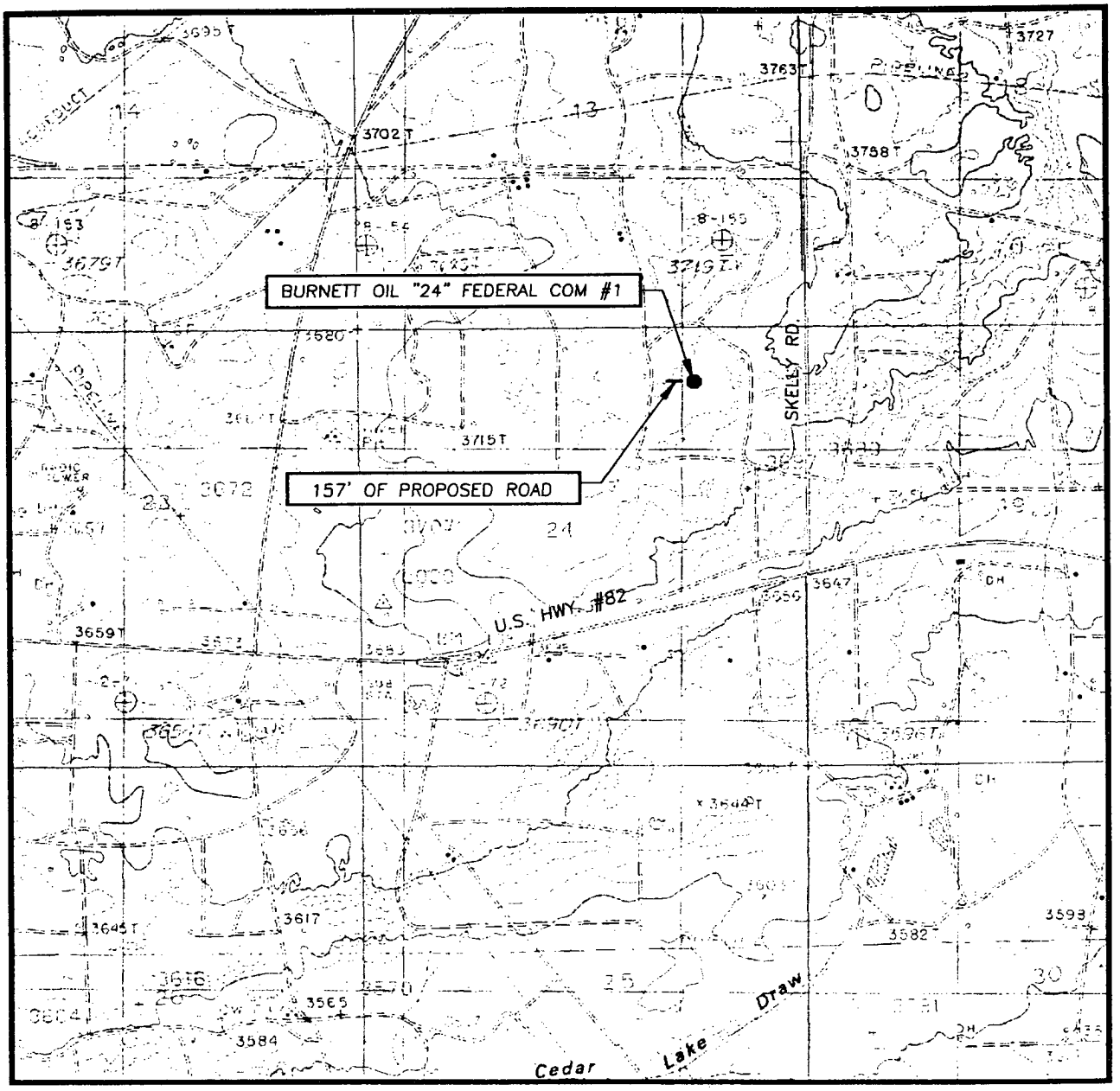
ELEVATION 3739'

OPERATOR GREAT WESTERN DRILLING CO.

LEASE BURNETT OIL "24" FEDERAL COM

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOCO HILLS, N.M. – 10'

SEC. 24 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 1330' FEL

ELEVATION 3739'

OPERATOR GREAT WESTERN DRILLING CO.

LEASE BURNETT OIL "24" FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP
LOCO HILLS, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

APPLICATION TO DRILL

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "B"
SL. UNIT "A" SECTION 24
T17S-R30E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is providedfor your consideration.

1. Location of well: BOTTOM HOLE LOCATION 660' FNL & 660' FEL SECTION 24 T17S-R30E
SURFACE LOCATION 1330' FEL & 660' FNL SECTION 24 T17S-R30E

2. Ground Elevation above Sea Level: 3739' GR.

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 11562' MD

6. Estimated tops of geological markers:

Rustler Anhydrite	500'	Wolfcamp	9075'
Yates	1450'	Atoka	10,540'
San Andres	3340'	Morrow Lime	10,830'
1st Bone Spring	6180'	Morrow Clastics	11,250'

7. Possible mineral bearing formations:

San Andres	oil	Atoka	gas
Bone Spring	oil	Morrow	gas
Wolfcamp	gas		

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
22"	0-500'	18 5/8"	87.5#	8-R	ST&C	K-55
12¼"	0-5400'	9 5/8"	36#	8-R	ST&C	K-55
8 3/4"	0-11,562'	5½"	17#	8-R	LT&C	N-80 P-110

APPLICATION TO DRILL

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "B" SECTION 24
SL. UNIT "A"
T17S-R30E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

18 5/8"	Surface	Set 500' of 18 5/8" 87.5# K-55 ST&C casing. Cement with 450 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.
9 5/8"	Intermediate	Set 5400' of 9 5/8" 36# K-55 ST&C casing. Cement with 1120 Sx. of Class "C" cement + additives, circulate cement to surface.
5½"	Production	Set 11,562' of 5½" 17# P-110 & N-80 LT&C casing. Cement with 600 Sx. of Class "C" cement + additives, tail in with 650 Sx. of Class "H" Premium Plus cement + additives, estimate top of cement 4500'.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 1500 Series 5000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nipped up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibi "E-1" shows a hydraulically operated closing unit and a 2" 5000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
0-500'	8.4-8.7	29-36	NC	Fresh water spud mud add paper to control seepage.
500-5400'	10.0-10.2	29-36	NC	Brine water use paper to control seepage and high viscosity sweeps to clean hole.
5400-8000'	8.4-8.7	29-38	NC	Fresh water use LCM as needed.
8000-9700	9.5-10.0	34-40	NC	Add brine to increase WT. to 9.5use high viscosity sweeps to clean hole.
97-11,562'	9.6-9.8	34-40	10 cc or less	Continue with cut Brine add starch to control fluid loss

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's , open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

12. LOGGING, COREING, & TESTING:

A. Open hole logs: Dual Laterolog, LDT, SNP, MSFL, Gamma Ray, Caliper from TD back to 9 5/8" casing shoe. Run Gamma Ray, neutron from 9 5/8" casing shoe back to surface.

B. Place mud logger on hole at 4000' and keep on hole to TD.

C. DST in the Morrow and other zones as deemed necessary.

D. No cores are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 6000 PSI, and Estimated BHT 195°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 48 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Morrow formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as a gas well.

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E" & "E-1"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If the location is near to a dwelling a closed DST will be performed.

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

GREAT WESTERN ERILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "A"
SL UNIT "B" SECTION 24
T17S-R30E EDDY CO. NM

1. EXISTING ROADS & PROPOSED ROADS: Area maps; Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

   A. Exhibit "A" shows the proposed well site as staked.

   B. From Loco Hills New Mexico take U.S. Hi-way 82 East 3.6± miles to CR-221, turn North go approximately 1000', turn Left (West) follow road approximately .4 milse, turn Right (North) go approximately .25 miles to location on the East side of road.

   C. Exhibit "C" shows Pipeline routes to sales line and existing roads.

2. PLANNED ACCESS ROADS: No new roads will be required for this well.

   A. The access roads will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.

   B, Gradient of all roads will be less than 5.00%.

   C. If turn-outs are necessary they will be constructed.

   D. If needed roads will be surfaced with a mimimum of 4" of caliche. This material will be obtained from a local source.

   E. Center-line for new roads will be flagged. Earth-work will be will be done as field conditions require.

   F. Culverts will be placed in the access road if they are necessary. The roads will be constructed to utilaze low water crossings for drainage as required by topography.

3. LOCATIONS OF EXISTING WELLS IN A ONE MILE RADIUS. EXHIBIT "A-1"

   A. Water wells - None known

   B. Disposal wells - None known

   C. Drilling wells - None known

   D. Producing wells - as shown on Exhibit "A-1"

   E. Abandoned wells - As shown on Exhibit "A-1"

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "C".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.

D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.

E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

9. WELL SITE LAYOUT

A. Exhibit "D" shows the proposed well site layout.

B. This exhibit indicated proposed location of reserve and sump pits and living facilities.

C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.

D. If needed, the reserve pit is to be lined with polyethelene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.

E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

11. OTHER INFORMATION:

A. Topography consists of sand dunes with a slight dip to the West. Deep sandy soil supports shinnery oak, native grasses, and an occasional mesquite tree.

B. Surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is used for grazing livestock and the production of oil and gas.

C. An archaeological survey will be conducted on the location and access roads. This report will be filed with The Bureau of Land Management in the Carlsbad field office.

D. There are no dwellings in the near vicinity of this location.

12. OPERATORS REPRESENTIVES:

Before construction:

TIERRA EXPLORATION, INC
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
OFFICE Ph. 505-391-8503
JOE T. JANICA

During and after construction:

GREAT WESTERN DRILLING COMPANY
P. O. BOX 1659
MIDLAND, TEXAS 79702
OFFICE PH. 432-682-5241
MR. CARY BILLINGSLEY

13. CERTIFICATION: I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access roads, and that I am fimiliar 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 GREAT WESTERN DRILLING CO. it's contractors/subcontractors is in compformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false report.

NAME : Joe T Janica
DATE : 05/18/05
TITLE : Agent

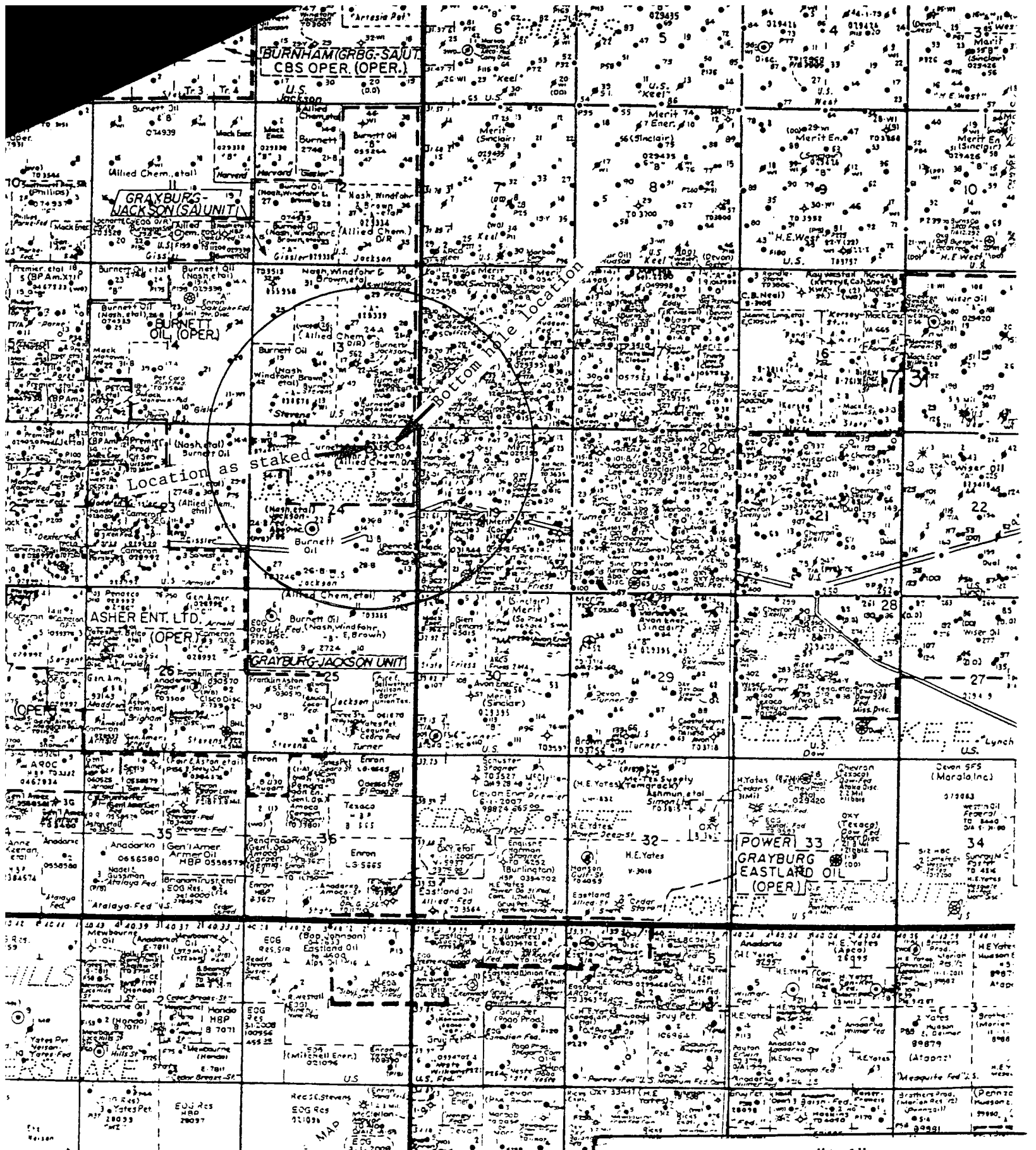


EXHIBIT "A-1"
ONE MILE RADIUS MAP

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "A"
SL UNIT "B" SECTION 24
T17S-R30E EDDY CO. NM

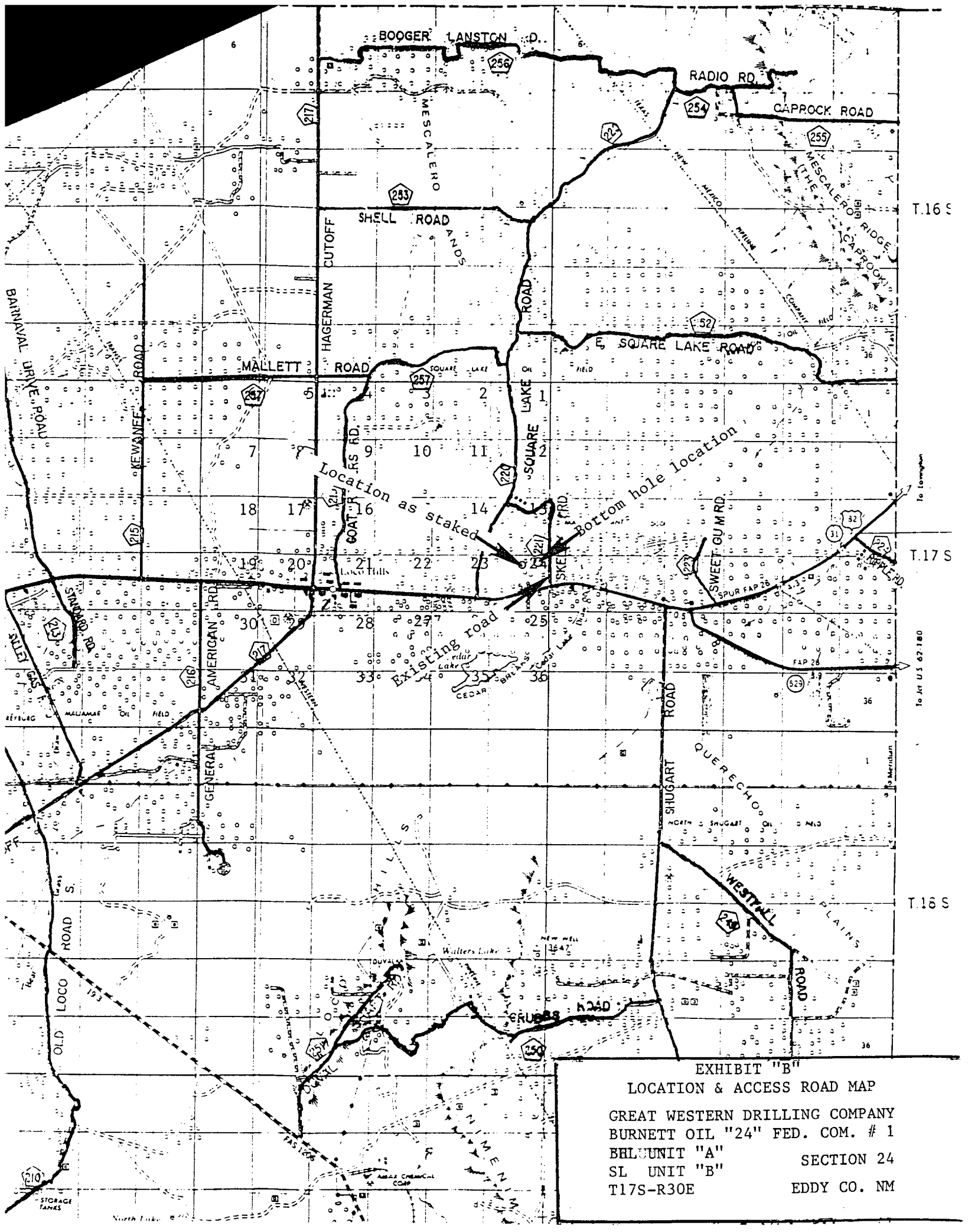


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "A"
SL UNIT "B"
T17S-R30E

SECTION 24
EDDY CO. NM

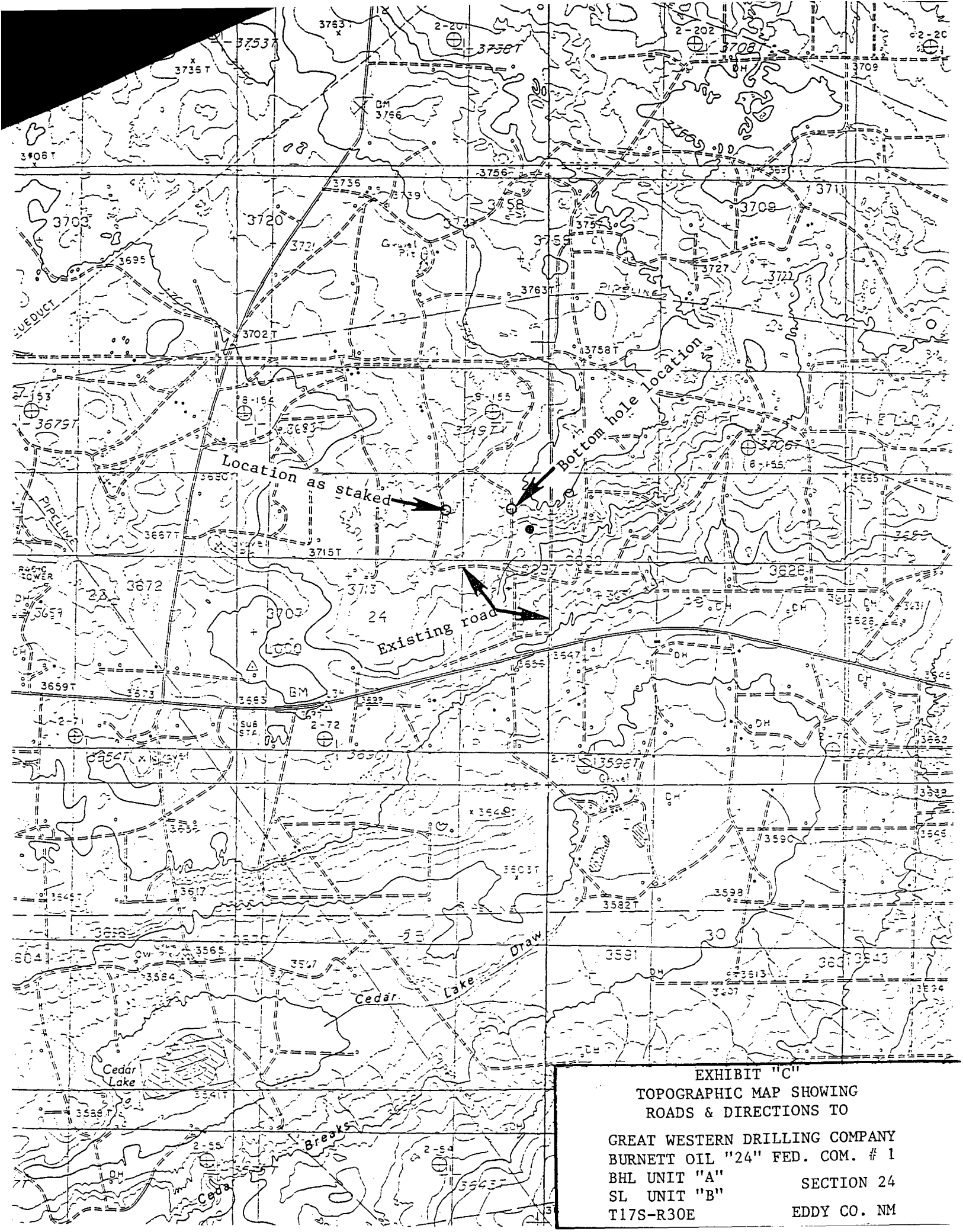
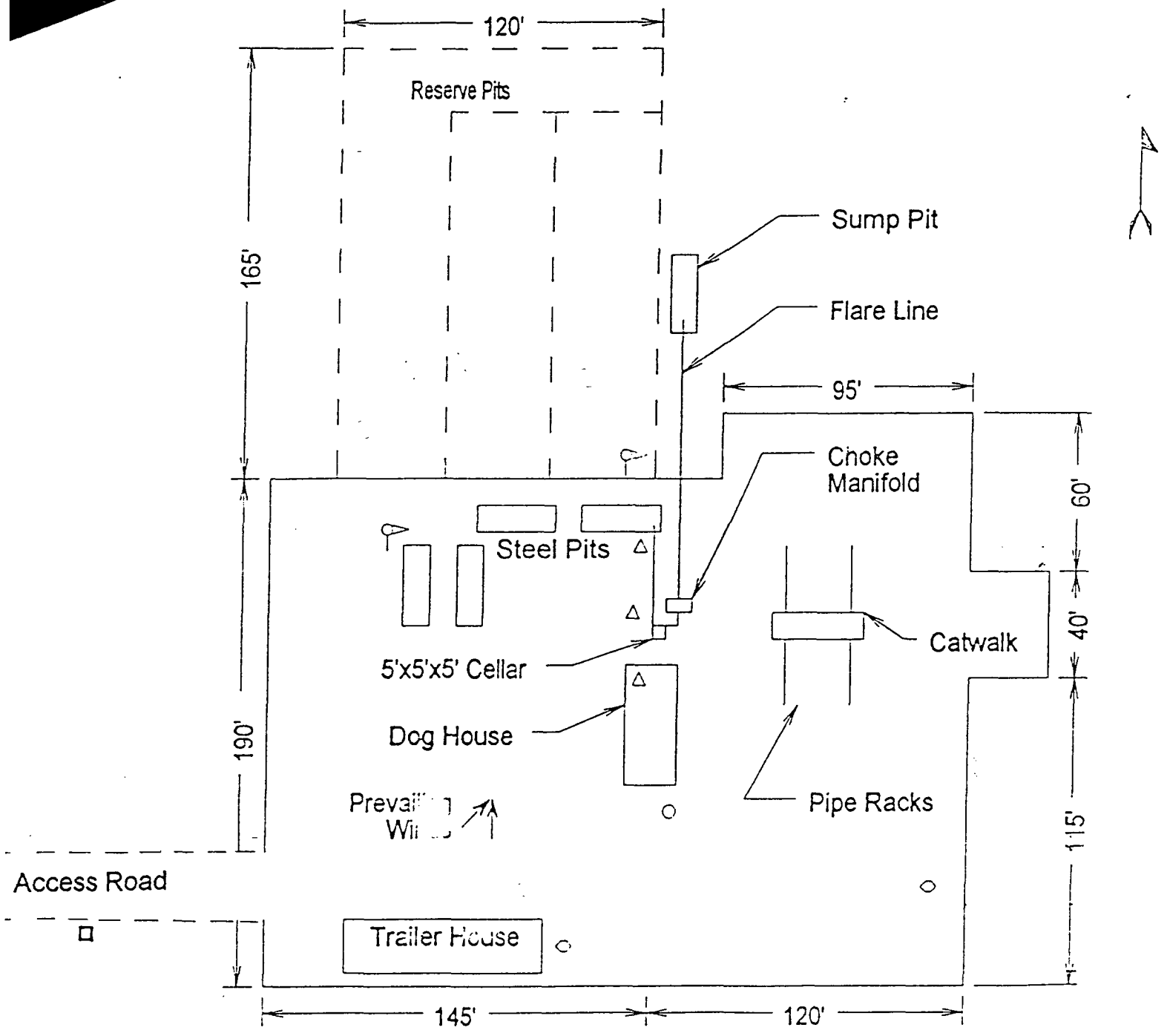


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "A"
SL UNIT "B"
T17S-R30E

SECTION 24
EDDY CO. NM

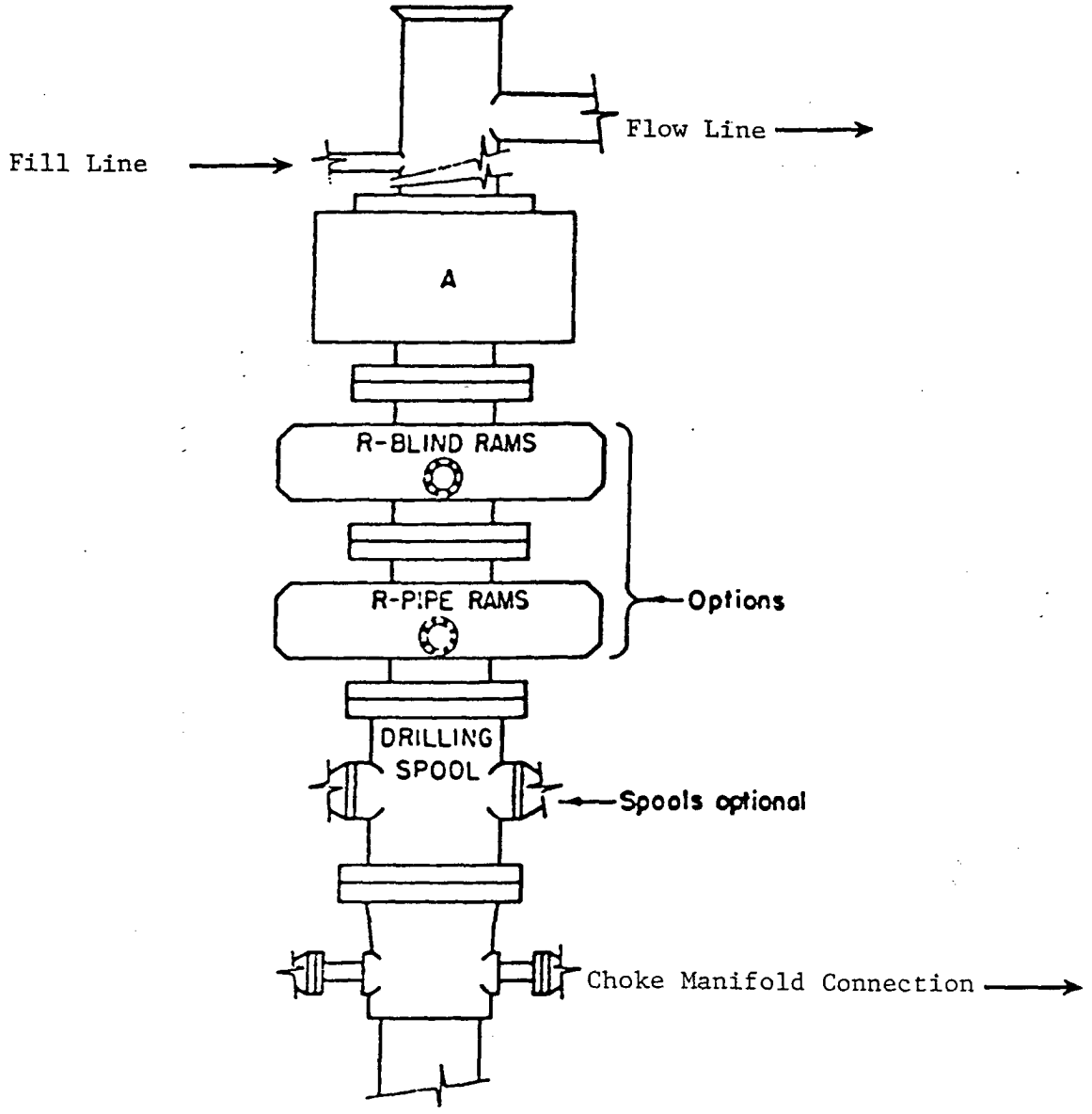


- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- ◇ Briefing Areas
- ○ Remote BOP Closing Unit
- □ Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "A"
SL UNIT "B"
T17S-R30E

SECTION 24
EDDY CO. NM



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "A"
SL UNIT "B" SECTION 24
T17S-R30E EDDY CO. NM

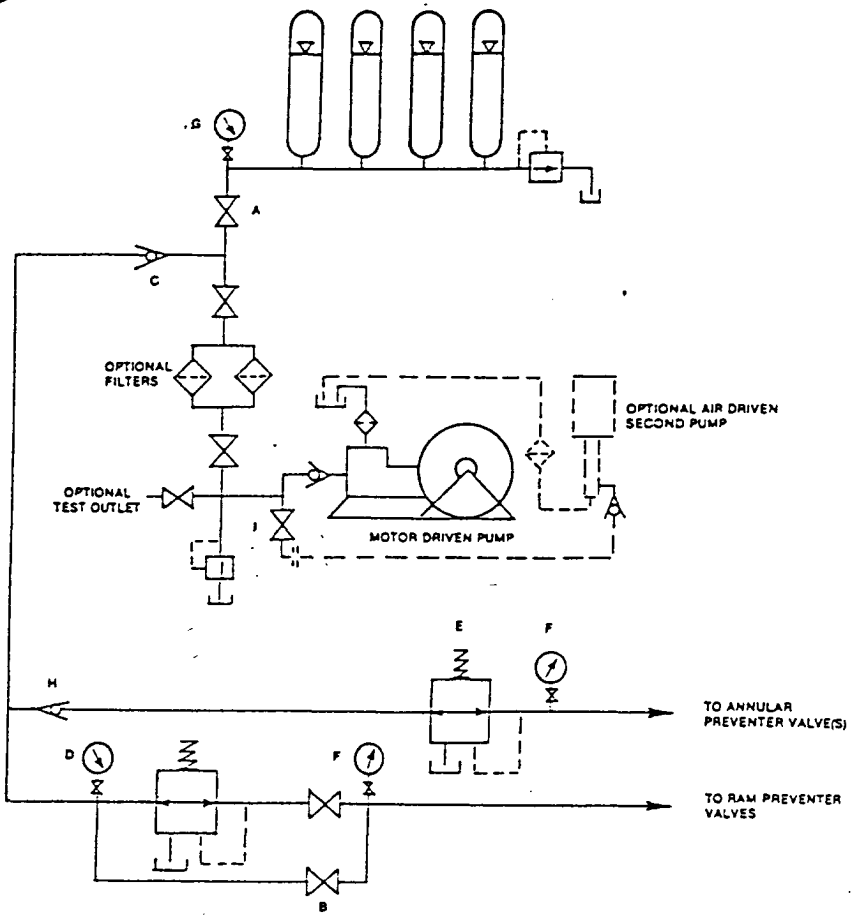


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

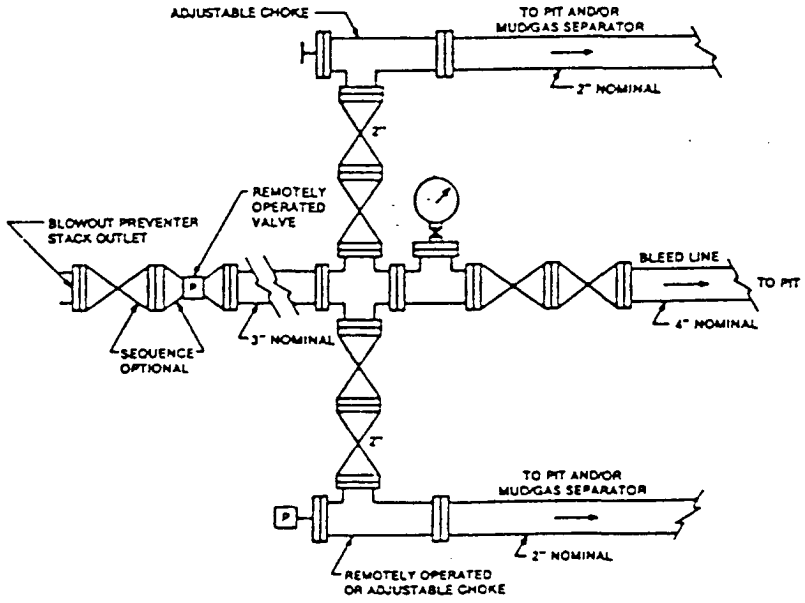


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

GREAT WESTERN DRILLING COMPANY
BURNETT OIL "24" FED. COM. # 1
BHL UNIT "A"
SL UNIT "B" SECTION 24
T17S-R30E EDDY CO. NM