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

FORM APPROVED Form 3160-3 OMB No. 1004-0136 (August 1999) Expires November 30, 2000 RECEIVED UNITED STATES 5. Lease Serial No. DEPARTMENT OF THE INTERIOR LC 057798 NOV 1 7 2005 BUREAU OF LAND MANAGEMENT 6. If Indian, Allottee or Tribe Name APPLICATION FOR PERMIT TO DRILL OR REEN 医QUE APPLICATION FOR PERMIT TO DRILL OR REEN 医 7. If Unit or CA Agreement, Name and No. ☑ REENTER la. Type of Work: DRILL 8. Lease Name and Well No. 1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone Magruder "A" 3 Name of Operator 9. API Well No. 3759 30-015-00631 JOE L. TARVER 10. Field and Pool, or Exploratory 3a. Address 3b. Phone No. (include area code) (806) 795-2042 Empire Yates - 7 Rivers 2807 - 74th St., Ste. 1, Lubbock, TX 79423 11. Sec., T., R., M., or Blk. and Survey or Area 4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface Lot No. K, Sec. 35, T-17-S, R-27-E, 2300' FSL & 2313' FWL, Eddy Co., NM Section 35, T-17-S, R-27-E At proposed prod. zone Same as Surface Non- Standard Lecarie 12. County or Parish 13. State 14. Distance in miles and direction from nearest town or post office* 9 miles East of Artesia, NM Eddy NM Spacing Unit dedicated to this well 15. Distance from proposed* 16. No. of Acres in lease 3301 location to nearest 200 10 acres property or lease line, ft. (Also to nearest drig. unit line, if any) 40 18. Distance from proposed location* to nearest well, drilling, completed, 19. Proposed Depth 20. BLM/BIA Bond No. on file 9901 Bond approved. Call Tony Ferrero, Santa Fe 550 ' applied for, on this lease, ft. 23. Estimated duration Elevations (Show whether DF, KDB, RT, GL, etc.) 22. Approximate date work will start* 3647 GL October 2005 7 days 24. Attachments ROSWELL CONTROLLED WATER BASIN 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. Operator certification. A Surface Use Plan (if the location is on National Forest System Lands, the Such other site specific information and/or plans as may be required by the SUPO shall be filed with the appropriate Forest Service Office). authorized officer. 25. Signature Name (Printed/Typed) Joe L. Tarver Title Owner/Operator Approved by (Signature) James Stovall Name (Printed Typed) James Stovall Date OV Title Office CARLSBAD FIELD OFFICE FIELD MANAGER ACTING

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. APPROVAL FOR 1 YEAR

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

*Anstructions on reverse

Surface Casing in Place

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

DISTRICT I
1636 N. Prench Dr., Hobba, NM 88240
DISTRICT II
811 South First, Artesia 7/M 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505 SUBJECT OF INCH MEXICO

Energy, Minerals and Natural Resources Department

Revised March 17, 1999 Instruction on back Submit to Appropriate District Office

State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

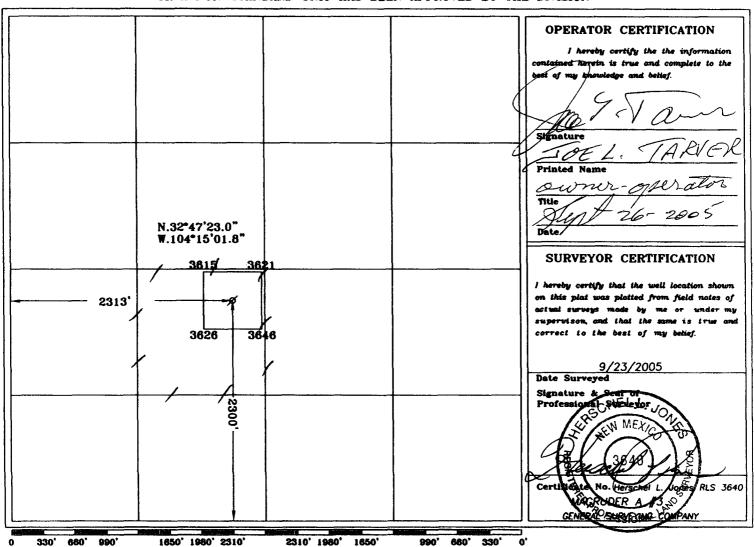
WELL LOCATION AND ACREAGE DEDICATION PLAT

		,	AETT TO	CATION	AND ACKEA	GE DEDICATION	ON PLAI			
API Number			Pool Code							
Property (Code	T	Property Name						Well Number	
		İ		MAG	RUDER "A"			3		
OGRID No.		Operator Name						Elevation		
		JOE TARVER						3626		
					Surface Loc	ation				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
κ	35	175	27E		2300	SOUTH	2313	WEST	EDDY	

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Townshi	ip Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	l latat a	r Infill	Consolidation	Code On	der No.	L	l	<u></u>	
Dedicated Votes	a l source	a mini	Comsolidation	Code Ur	ger No.				
40				1					

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



SECTION 35, TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO. 3574 3580 Oile Tanks® 110 3 lank 8/ 572 **3607** CITIES SERVICE AMAGRUDER "A" WELL #3 2310/S & 2310/W CITIES SERVICE
MAGRUDER "A" WELL #1
1650/S & 1650/E (DRY HOLE MARKER DOWN) FOUND MCQUADRANGLE LC SERVICE POWER LINÉ SOUTH RED LAKE 11 UNIT 41 INJECTION WELL @ THIS LOCATION MAGRUDER WELL #5 O/ 990/S & 970/E 3050 Pumping [] A 60 CÎTÎES SERVICE MAGRUDER "A" WELL #4 330/S & 990/E U.S.A °3606 Ш 36/3 3654 93501

> 1000' 0 1000' 2000' Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BORRD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND ASSOCIATED SURVEY OR STATE OF THE STANDARDS SURVEY OF THE
GENERAL SURVEYING COMPANY P.O. BOX 1928

JOE TARVER RE-ENTERIES

RE-ENTERY WELLS, MAGRUDER "A" WELL #1, MAGRUDER "A" WELL #3, MAGRUDER "A" WELL #4 AND MAGRUDER "A" WELL #5 LOCATED IN SECTION 35, TOWNSHIP 17 SOUTH, RANGE 27 EAST, NIMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 9/23/2005	Sheet 1 of 1 Sheets					
Drawn By: Ed Blevins	W.O. Number					
Date: 9/24/05	Scale 1" = 1000' MAGRUDER					

Drilling Plan Magruder A -3

Prepare top of 8" Casing now in place - with threaded collar.

Install Braden Head

Install diverter (air and gas drilling pressure diverter). (Note) The known history of pressure at this shallow depth (550' or less) is minimal. Even the virgin pressure of 220Lbs. has long since disipated

Move in rig and set up for re-entry.

The casing now in the well is set from surface to 405' below the surface

Drill out plugging cement from 8" casing with 7-7/8" Bit with air,

Drill through all parts of the empire yates - 7 rivers formation (TD is expected at less than 550' below the surface)

This will be an open hole completion from 405' to TD

Acidize with 2,000 gals 15% Hydrochloric acid with appropriate additives, i.e., A-179 Iron control Aid, A-264 Corrosion Inhibitor, f-103 Surfactant, L-63 Iron Control agent, w-53 Non-Emulsifer

Clean out residue to pits

Install tubbing, bottom hole pump and rods

Connect pump jack for production

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Joe L. Tarver Magruder A-3 2300 FSL -2313 FWL T175 - R27E

LC 057798

This plan is submitted with the Application for Permit to Re-Enter the above described well. The purpos of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. The well is approximately 8 miles east of Artesia, New Mexico.
- B. <u>Directions</u>: From Artesia go east on Highway 82, 9 miles turn right on County Road 204. Go ½ mile turn right to County Road 225. Go 1 mile to lease road to the right. Go 700 ft. Magruder A-3 is 400 ft. to the right.

2. PLANNED ACCESS ROAD:

- A. There is an existing road from the west to the well site.
- B. No additional cutting or construction is necessary.
- C. Culverts: none necessary
- D. Cuts and Fills: none necessary
- E. Gates, Cattleguards: none
- F. Right-of-Way: Existing Right-of-Way. Federal Right of Way will be utilized.

3. LOCATION OF EXISTING WELLS:

A. Existing wells are indicated on EXHIBIT B.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. If the well is productive, production, storage and measurement facilities will be constructed on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water for drilling operations will be purchased from a commercial water hauler.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. None necessary

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during test will be disposed of in the drilling pits. Oil produced during test will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of soil. All waste material will be contained to prevent scattering by the wind. The trash pit will be located adjacent to the mud pit.
- F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling

and/or completion of operations.

8. ANCILLARY FACILITIES:

A. None necessary

9. WELL SITE LAYOUT:

- A. The wellsite and 400' x 400' area have been surveyed and flagged.
- B. Dimensions and relative location of the drill pad, pit and equipment are shown on EXHIBIT C.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other materials not needed for operations will be removed. Pitts will be filled and the location cleaned of all trash and junk to leave the wellsite in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the well is non-productive, the disturbed area will be rehabilitated to Federal Agency Requirements and will be accomplished as expeditiously as possible.

11. OTHER INFORMATION:

A. <u>Topography:</u> The regional terrain is a rolling alluvial plain sloping to the south. The access road is essentially level. The drillsite is essentially level. Slopes 3 degress to the South.

- B. Soil: The soil at the wellsite is sandy gravel.
- C. <u>Flora and Fauna:</u> Flora consists of sparse range grasses. No wildlife was observed. Fauna Probably includes reptiles, rodents and various birds.
- D. Ponds or Streams: There are no ponds near the wellsite. The Pecos river is 6 miles to the west.
- E. Residences and Other Structures: There are no occupied dwellings within 6 miles.
- F. <u>Archaeological</u>, <u>Historical and Other Cultural Sites</u>: Southern New Mexico Archaeological Services of Bent, New Mexico has made a survey of the proposed new wellsite. They have recommended that construction work be approved.
- G. <u>Land Use:</u> The vicinity surrounding the wellsite is semi-arid rangeland, used primarily for grazing.
- H. <u>Surface Ownership</u>: The access road and wellsite are on Public Surface (BLM) within the lease boundary.

12. OPERATOR'S REPRESENTATIVE:

Representative responsible for assuring compliance with the approved Surface Use Plan:

Joe L. Tarver 2807 74th Street, Ste. 1 Lubbock, TX 79423 Ph: 806-795-2042

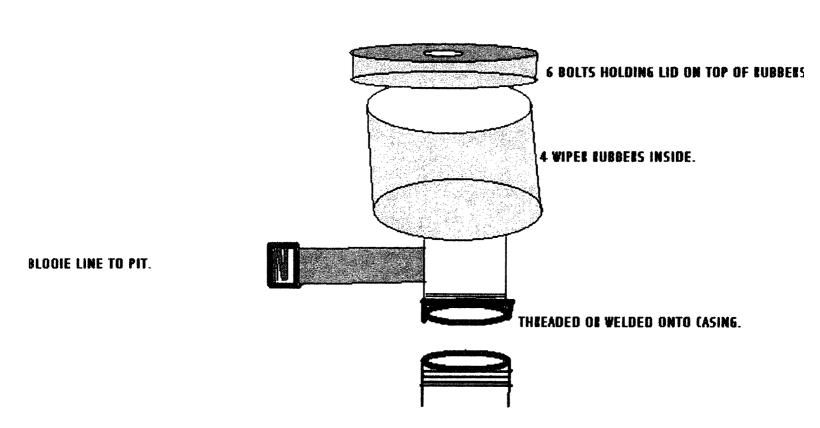
13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by JOE L. TARVER and it's sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: September 15, 2005

ge L. Tarve

UIVERTER FOR AIR OR GAS DRILLING



CONDITIONS OF APPROVAL - DRILLING

Operator's Name:

Joe L. Tarver

Well Name & No.

Magruder A #3 - REENTRY

Location:

2300' FSL, 2313' FWL, Section 35, T. 17 S., R. 27 E., Eddy County, New Mexico

Lease:

_C-057798

I. DRILLING OPERATIONS REQUIREMENTS:

- 1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:
 - A. Well spud
 - B. Cementing casing N/A
 - C. BOP tests N/A
- 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.

II. CASING:

1. The 8 inch surface casing is set at 405'. No other casing strings are planned.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop Cabinet Secretary Mark E. Fesmire, P.E.
Director
Oil Conservation Division

November 18, 2005

Joe L. Tarver 2807-74th Street Suite 1 Lubbock, TX 78423

RE:

Joe L. Tarver: Application to drill for the Magruder 'A' # 4, located in Section 35, Township 17 South Range 27 East (legal surface location being: 332' FSL & 990' FEL) Eddy County, New Mexico, NMPM

Joe L. Tarver: Application to drill for the Magruder 'A' # 3, located in Section 35, Township 17 South Range 27 East (legal surface location being: 2300' FSL & 2313' FEL) Eddy County, New Mexico, NMPM

Joe L. Tarver: Application to drill for the Magruder 'A' # 1, located in Section 35, Township 17 South Range 27 East (legal surface location being: 1630' FSL & 1645' FEL) Eddy County, New Mexico, NMPM

Dear Mr. Tarver or To Whom It May Concern,

In regards to the above captioned wells, the New Mexico Oil Conservation Division (NMOCD) objects to the re-entry and completion of said wells in that each application does not comply with the following rules and regulations of NMOCD's Rule 118.

• There is no H2S well contingency plan providing that such a plan is required per NMOCD Rule 118. In your proposed application in re-entering and completing for the Empire; Yates-Seven Rivers Oil Pool, please submit either a H2S contingency plan that complies with NMOCD Rule 118. If in your determination of this area that a plan is **not required**, per the conditions of approval of NMOCD Rule 118, please submit to our office a letter of statement.

In addition, please be aware that the Magruder "A" #1 and the Magruder 'A' #3 are non-standard according to NMOCD Rule 104. (B)(1). Being that these wells have been re-surveyed they may require a NSL approval from Santa Fe.

If you have any questions regarding this matter, please feel free to call me.

Respectfully yours,

Bryan G. Arrant

E-Mail:

Sales@wireless.towlights.com

Tim Gum, District II Supervisor-Artesia

Michael Stogner whom approves: NSL, NSP, SD applications, etc.

Mark Fesmire, Division Director, Santa Fe

Daniel Sanchez, Enforcement Compliance Manager, Santa Fe

Cheryl O'Connor, Legal Bureau, Santa Fe