

N.M. Oil Cons. DIV-Dist. 2
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
301 W. Grand Avenue
Alamosa, NM 88210
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM-20060
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, Altec or Tribe Name
2. Name of Operator V-F Petroleum, Inc. 24010		7. If Unit or CA Agreement, Name and No. 35248
3a. Address P.O. Box 1889 Midland, TX 79702		8. Lease Name and Well No. Lone Star Federal Com., No. 1
3b. Phone No. (include area code) 432-687-0008		9. API Well No. 30-015-20178
4. Location of Well (Report location clearly and in accordance with any State requirements) 660' FSL & 660' FWL At proposed prod. zone same		10. Field and Pool, or Exploratory Angel Ranch Atoka/Morrow
14. Distance in miles and direction from nearest town or post office* 19 miles northeast of Carlsbad, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 9-T19S-R27E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 320	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 10,415'	20. BLM/BIA Bond No. on file NM-2246
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3418' GL	22. Approximate date work will start* October 3, 2005	23. Estimated duration 3 - 4 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 <i>George R. Smith</i>	Name (Printed Typed) George R. Smith	Date 8/26/05
Title Agent for: V-F Petroleum, Inc.		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed Typed) /s/ Joe G. Lara	Date NOV 16 2005
Title ACTING FIELD MANAGER	Office CARLSBAD FIELD 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.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Lease Responsibility Statement: V-F Petroleum, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

GRS
George R. Smith, agent

Roswell Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-
Effective 1-1-61

All distances must be from the outer boundaries of the Section.

Operator V-F Petroleum, Inc. LOVE STAR PRODUING COMPANY			Lease Lone Star Federal Com. FEDERAL (NMA-50)		Well No. 1
Unit Letter M	Section 9	Township 19 SOUTH	Range 27 EAST	County EDDY	
Actual Footage Location of Well:					
660 feet from the SOUTH line and		660 feet from the WEST line			
Ground Level Elev. 3417.7	Producing Formation Morrow	Pool Wildcat	Dedicated Acreage 320 750 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Comm.

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

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

8/15/68
George Smith, agent
Name C. O. Ramsey
Position District Production Supt.

Company Lone Star Producing Comp

Date October 16, 1968

RECEIVED
OCT 22 1968
ARTERIA, OFFICE

I hereby certify that the well location on this plat was plotted from the notes of competent surveyors made by me under my supervision and that the location is true and correct to the best of my knowledge.

Date Surveyed OCTOBER 4, 1968

Registered Professional Engineer and/or Land Surveyor

John W. West

NM 88240
avenue, Artesia, NM 88210

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
March 12, 2004

Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

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: V-F Petroleum, Inc. Telephone: 432-687-0008 e-mail address:

Address: P.O. Box 1889 Midland, TX 79702 30-015-20178

Facility or well name: Lone Star Federal Com., #1 (Re-entry) API U/I. or Qtr/Qtr SWSW Sec 9 T 19S R 27E

County: Eddy (Approx.) Latitude N32°40.179' Longitude W104°17.403' NAD: 1927 ☐ 1983 X Surface Owner Federal State X Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☐ Unlined ☐ Work over steel tanks

Liner type: Synthetic - Thickness mil Clay ☐ Volume

bbl

Below-grade tank

Volume: bbl Type of fluid:

Construction material:

Double-walled, with leak detection? Yes ☐ If not, explain why not.

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NOV 18 2005

OCD-ARTESIA

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)

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)

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)

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 X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 8/26/05

Printed Name/Title: George R. Smith, agent for V-F Petroleum, Inc.

Signature: George R. Smith

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: 11/22/05

Printed Name/Title: Mike Bratcher ASST

Signature: Mike Bratcher

USGS information

shows this area to be
water sensitive.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Alameda, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

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 Re-entry

2. Name of Operator
V-F Petroleum Inc.

3a. Address
P.O. Box 1889 Midland, TX 79702

3b. Phone No. (include area code)
432/683-3347

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
660' FSL & 660' FWL, Sec. 9-T19S-T27E

NOV 18 2005

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5. Lease Serial No.

NM-20060

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Lone Star Federal, Well No. 1

9. API Well No.

30-015-20178

10. Field and Pool, or Exploratory Area

Angel Ranch Atoka Morrow

11. County or Parish, State

Eddy

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	

3. 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.)

V-F Petroleum is proposing to re-enter a plugged and abandoned well with a workover rig using steel pits. In the APD, Multi Point Surface Use Plan on page 3, par. H there is an incorrect statement "Archaeological Survey Consultants, P.O. Box D, Roswell, NM 88202, are conducting an archaeological survey and their report will submitted to the appropriate government agencies." This location should not require an archaeological survey since the existing disturbance of the pad is about twice as large as will be required. There will be no pits dug since there will be steel pits. The surface of the pad is on a gypsum rock hill with little natural growth since the previous drilling. Due the existing surface disturbance and no new additional disturbance planned plus no soil depth (because of the rock surface) we request the statement be amended to exclude the requirement of a new survey.

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

George R. Smith

Title Agent for V-F Petroleum Inc.

Signature

George R. Smith

Date October 17, 2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

/s/ Joe G. Lara

Name

(Printed/Typed) /s/ Joe G. Lara

ACTING

Title

FIELD MANAGER

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

CARLSBAD FIELD OFFICE

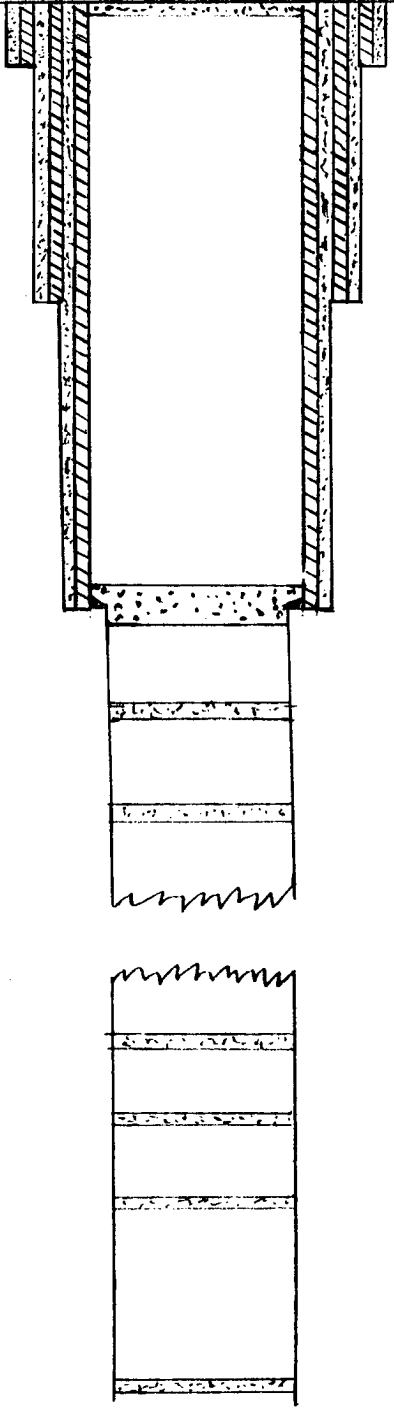
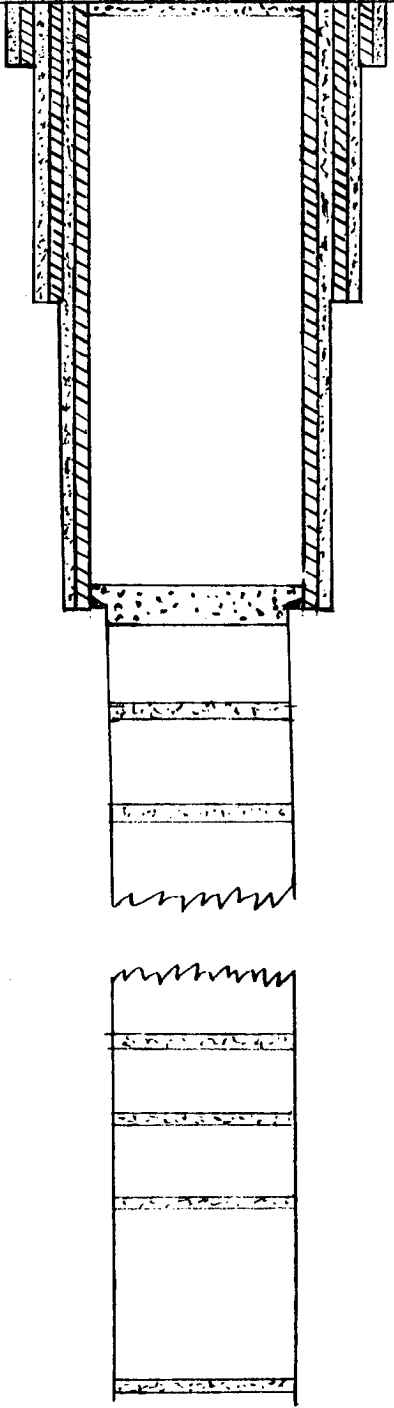
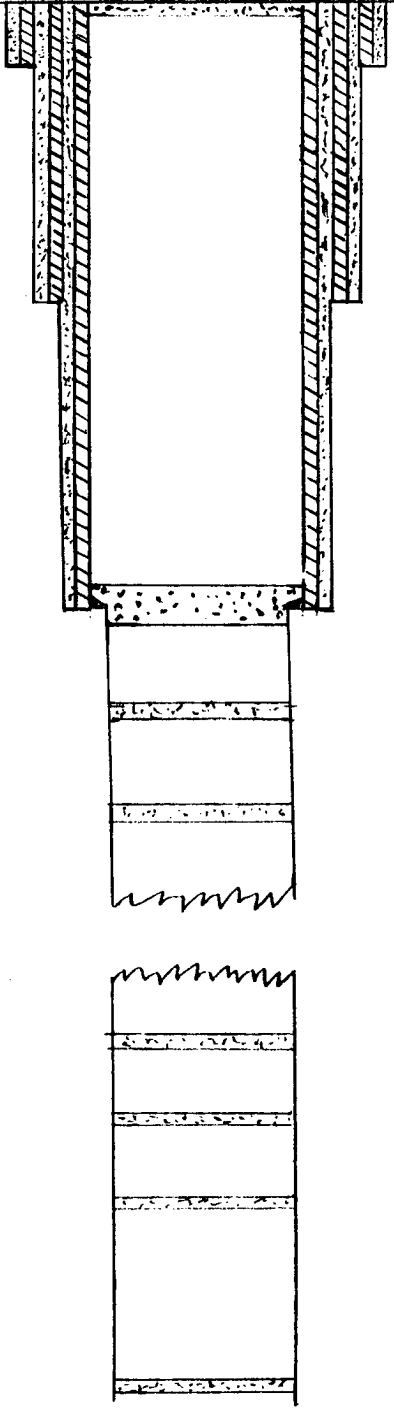
Date

NOV 16 2005

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.

(Continued on next page)

V-F PETROLEUM, INC.
 Lone Star Federal Com., Well No. 1
 660' FSL & 660' FWL, Sec. 9-T19S-R27E
 Eddy County, New Mexico
 Lease No.: NM-20060
 Existing Casing and Plugs in Re-Entry Well

EXISTING PLUGS		BIT	CASING	DEPTH	CEMENT
Surface Plug 20 sk Class "H"			20"	30'	Circ. "H"
		17 1/2"	13 3/8"	603'	Circ 600 sks "H"
		11"	8 5/8"	2,803'	Circ. 1990 sks
		7 7/8"	Open Hole		
40 sk plug @ 2853' - 2753'					
40 sk plug @ 4100' - 4000'					
40 sk plug @ 6000' - - 5900'					
40 sk plug @ 7550' - 7450'					
40 sk plug @ 7900' - 7800'					
40 sk plug @ 8825' - 8725'					
40 sk plug @ 10,225' - 10,125'					
	T.D. 10,415'				

APPLICATION FOR DRILLING

V-F PETROLEUM, INC.
Lone Star Federal Com., Well No. 1 (Re-entry)
660' FSL & 660' FWL, Sec. 9-T19S-R27E
Eddy County, New Mexico
Lease No.: NM-20060
(Exploratory Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, V-F Petroleum, Inc. submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Queen	985'	Cisco	8,080'
Grayburg	1,309'	Strawn	8,780'
San Andres	1,770'	Atoka	9,415'
Delaware	2,815'	Morrow	9,690'
Bone Spring	3,650'	Mississippian	10,370'
Wolfcamp	7,570'	T.D	10,415'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between 100' - 300'.

Oil: None expected.

Gas: Possible in the, Atoka below 9,496' and the Morrow below 9,826'.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
26"	20"	94.0#	H-40	ST&C	30'	Ready mix to surface. (exists in hole)
17 1/2"	13 3/8"	48.0#	H-40	ST&C	603'	Circ 600 sx "H" (exists in hole)
11"	8 5/8"	28.0#	H-40	ST&C	792'	Circ 1740 sx Lite Wt. & 250 sx "H"--
11"	8 5/8"	24.0#	J-55	ST&C	2,803'	to surface (exists in hole).
7 7/8"	5 1/2"	17.0#	L-80	LT&C	10,415'	700 sx "C/Poz" 50/50 to 6,000' for TOC

5. Proposed Control Equipment: A 12" 5000 psi wp Shaffer Type LWS Double Gate BOP will be installed on the 13 3/8" casing. Casing and BOP will be tested according to Onshore Oil & Gas Order #2, not to exceed maximum surface estimated pressures of 2300 psi wp, before drilling out with 11" and will be tested regularly. See Exhibit "E".

MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 10,415': Cut Brine mud:	9.4 - 9.5 ppg	28 - 30	No W/L cont

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, and stabbing valve.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None Planned.

Logging: None planned. Will use existing logs.

Coring: None planned

V-F PETROLEUM, Inc.

Lone Star Federal Com., Well No. 1 (Re-entry)

Page 2

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated maximum BHP = 4583 and Surface Pressure = 2300 with a temperature of 164°.
10. H₂S: None expected, but the Work Over Rig crew will be cautioned to be aware of the H₂S sensors to detect H₂S and if any is detected the mud weight will be increased along with H₂S inhibitors sufficient to control the gas.
11. Anticipated starting date: October 3 2005
Anticipated completion of drilling operations: Approximately 30 days.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

V-F PETROLEUM INC.

Lone Star Federal Com., Well No. 1
660' FSL & 660' FWL, Sec. 9-T19S-R27E (Re-entry)
Eddy County, New Mexico
Lease No.: NM-20060
(Exploratory Well)

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 environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a USGS/BLM Topo map showing the location of the proposed well as staked. The well site location is approximately 19 road miles northeast of Carlsbad, New Mexico. Traveling north from Carlsbad there will be approximately 14.5 miles of paved highway and 4.8 miles of gravel ranch/oilfield roads.
- B. Directions: Travel north from Carlsbad, NM on County Rd. #206 for approximately 14.5 miles to the County Road #236 turnoff to the west. Turn west on CR #236 for 1.3 miles to road on the north going to a well site and a caliche pit .3 mile north. Continue past the pit for .7 mile; turn west at a road fork and travel west/southwest for 2.5 miles to the old location well pad on the north side of the access road. The location is staked with the P/A steel pipe and the pad surface is still relatively clear of brush and growth and is in good shape. The existing road will access the pad on the southeast corner of the existing well site.

2. PLANNED ACCESS ROAD:

- A. Length and Width: No new road will be required. The existing road will access the southeast corner or the well site.
- B. Construction: The existing access road will be repaired by grading and topping with compacted caliche, as needed, and will be properly drained.
- C. Turnouts. If the existing access road requires turnouts, the road will be widened to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: An "off-lease R/W", on Federal surface, is being submitted for part of Sec. 9 and Sec. 10

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. There are no production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas production-process equipment and tank battery, if required, will be installed on the drilling pad. A Sundry Report will be submitted for a gas pipeline when the access location is determined.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. 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 MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained on location, if available, or from a State pit in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 14-T19S-R27E. 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 steel pits.
- B. Drilling fluids and mud will be disposed of at approved disposal sites.
- C. There will be no open pits.
- 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 operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, steel pits, and major rig components.
- B. Mat Size: 155' X 180', including the steel working pits.
- C. Cut & Fill: There may a 1 foot or less cut on the southeast with fill to the north west to level the pad.
- D. The surface will be resurfaced with compacted caliche as required.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. The steel pits will be removed and the drilling fluids and mud will be taken to authorized disposal locations and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible
- B. There will be no unguarded dirt pits containing fluids on the drill site.
- C. 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 steel pits will be removed.

11. OTHER INFORMATION:

- A. Topography: The existing well site and access road is located on the northwest side of a northeast/southwest running hill. The location, before leveling, had a slope of 3 - 4% from an elevation of 3418'.
- B. Soil: The topsoil at the well site is a light chalky colored gypsiferous soil with gyp rock outcrops. The soil is of the Gypsum Land soil series.
- C. Flora and Fauna: The vegetation cover is a sparse grass cover of gyp grama, gyp grass and other miscellaneous native grasses along with plants of mesquite, soaptree yucca, coldenia, broom snakeweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None except the Pecos River and the old McMillen Reservoir 1 - 1.5 miles to the west.
- E. Residences and Other Structures: None, but existing oil field facilities.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road are on Federal surface.
- H. There is no evidence of archaeological, historical or cultural sites on the existing well site pad or adjoining access road. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, are conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

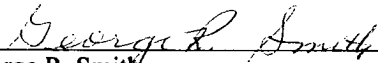
Tom Beall
V-F Petroleum Inc.
P.O. Box 1889
Midland, TX 79702
Office Phone: (432) 687-0008

Jerry Garr
V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702
Office Phone: (432) 683-3344

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 V-F Petroleum Inc. and its contractors and subcontractors 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.

August 26, 2005



George R. Smith
Agent for: V-F Petroleum Inc.

BLOWOUT PREVENTOR ARRANGEMENT

11" SHAFFER TYPE LWS, 5000 psi WP

11" CAMERON SPHERICAL, 5000 psi WP

120 GALLON, 5 STATION KOOMEY ACCUMULATOR

5000 psi WP CHOKE MANIFOLD

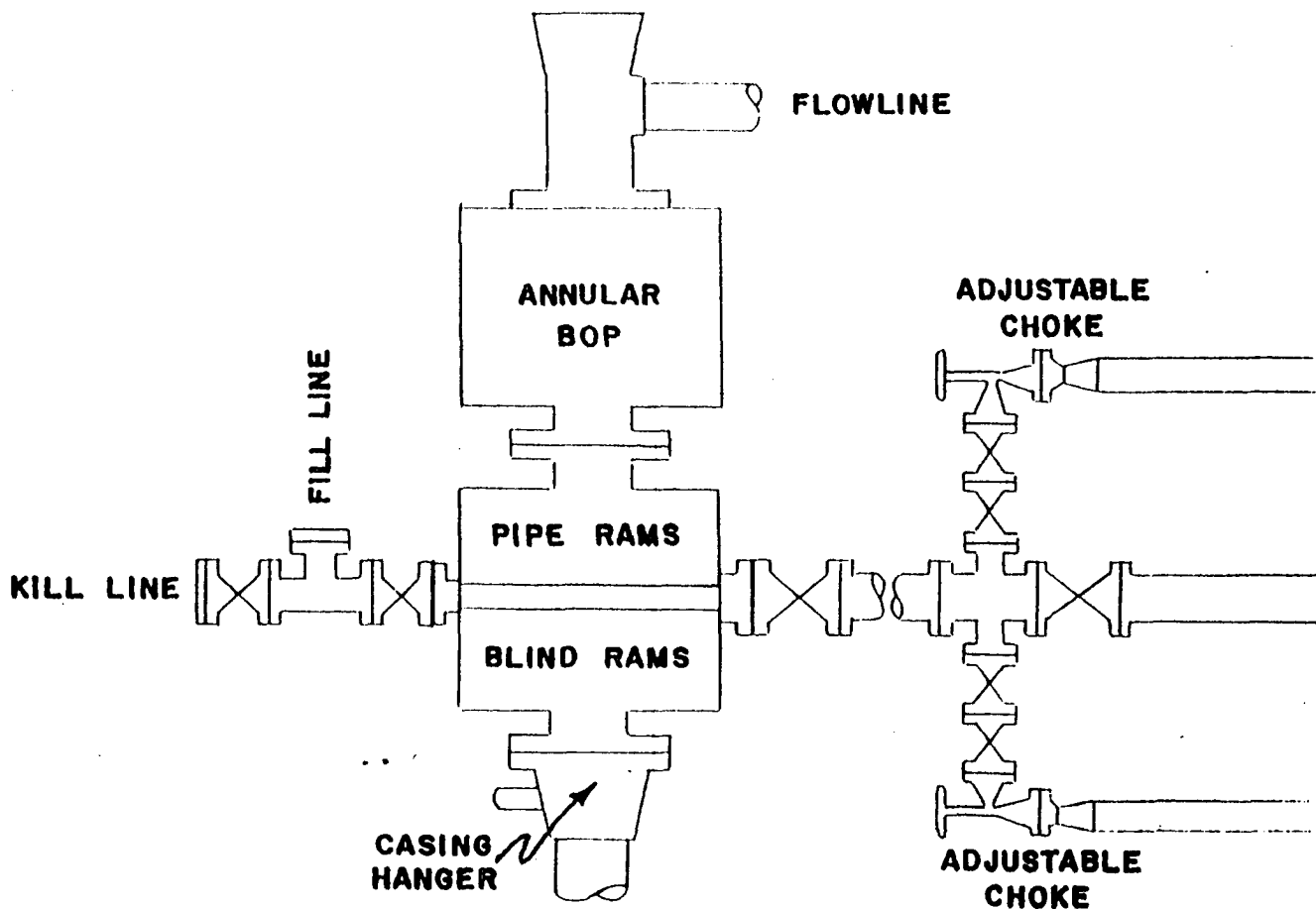


EXHIBIT "E"
V-F PETROLEUM, INC.
Lone Star Federal Com., Well No. 1 (Reentry)
BOP Specifications

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: V-F PETROLEUM, INC.
Well Name & No. 1 - LONE STAR FEDERAL COM
Location: 660' FSL & 660' FWL - SEC 9 - T19S - R27E - EDDY COUNTY
Lease: NM-20060

I. DRILLING OPERATIONS 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 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

THIS IS A RE-ENTRY - CASING EXISTS IN THE HOLE AS FOLLOWS: 20", 94#, H-40 SET @ 30' - 13-3/8", 48#, H-40 SET @ 603' - 8-5/8", 28#, H-40 & J-55 SET @ 2803'

A. Spudding

B. Cementing casing: 5-1/2 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.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval. to surface.
JC

III. 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 13-3/8 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) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8-5/8 inch casing shall be 3000 psi.

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

- The tests shall be done by an independent service company.

- The results of the test shall be reported to the appropriate BLM office.

- 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.

- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

- BOPE must be tested prior to drilling into the Wolfcamp Formation by an independent service company.

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IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.