Form 3160-3
(July 1992)

552. OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

80 94

E-06-24

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-97126

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] 35604

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

8. FARM OR LEASE NAME, WELL NO.: WHITE CITY "8" FED. # 1

2. NAME OF OPERATOR: UNIT PETROLEUM, COMPANY 11597D (MATT DOFFER 432-685-9020)

9. API WELL NO.: 30-015-34785

3. ADDRESS AND TELEPHONE NO.: 407 NORTH BIG SPRING SUITE 101 MIDLAND, TEXAS 79701 Hackberry

10. FIELD AND POOL, OR WILDCAT: Draw; Morrow, North

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1460' FNL & 1310' FEL SECTION 8 T25S-R27E EDDY CO. NM
At proposed prod. zone: SAME

RECEIVED
97414
APR 17 2006
OCD-ARTESIA

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 8 T25S-R27E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 10 miles Southwest of Malaga New Mexico

12. COUNTY OR PARISH: EDDY CO. 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
1310'	640	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**
NA	12,750'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3299' GR. Subject to Controlled Water Basin

22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Conductor 20"	Conductor	40'	Cement to surface W/Redi-mix
17½"	H-40 13 3/8"	48#	400'	450 Sx. Circulate cement
12¼"	J-55 9 5/8"	36#	2100'	950 Sx. " "
8 3/4"	HCP-110 7"	26#	9250'	600 Sx. estimated TOC-5400'
6 1/8"	P-110 4½"	11.6#	9000-12,750'	200 Sx. Top of liner

SEE ATTACHED SHEET

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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

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 02/10-06

(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/ James Stovall TITLE ACTING FIELD MANAGER DATE APR 13 2006

*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.

UNIT PETROLEUM COMPANY
WHITE CITY "8" FEDERAL # 1
UNIT "H" SECTION 8
T25S-R27E EDDY CO. NM

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.

2. Drill 17½" hole to 400'. Run and set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 450 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.

3. Drill 12¼" hole to 2100'. Run and set 2100' of 9 5/8" 36# J-55 ST&C casing. Cement with 750 Sx. of Class "C" POZ cement + additives, tail in with 200 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.

4. Drill 8 3/4" hole to 9250'. Run and set 9250' of 7" 26# HCP-110 LT&C casing. Cement with 600 Sx. of Class "H" cement + additives, estimate top of cement 5400' from surface.

5. Drill 6 1/8" hole to 12,750'. Run and set a 3750' 4½" 11.6# P-110 LT&C liner from 9000' to 12,750'. Cement with 200 Sx. of Class "H" premium Plus cement + additives, cement to top of liner.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	97474	Hackberry DRAW ; MORROW, North

Property Code	Property Name	Well Number
	WHITE CITY "8" FEDERAL COM	1

OGRID No.	Operator Name	Elevation
115970	UNIT PETROLEUM COMPANY	3299'

Surface Location

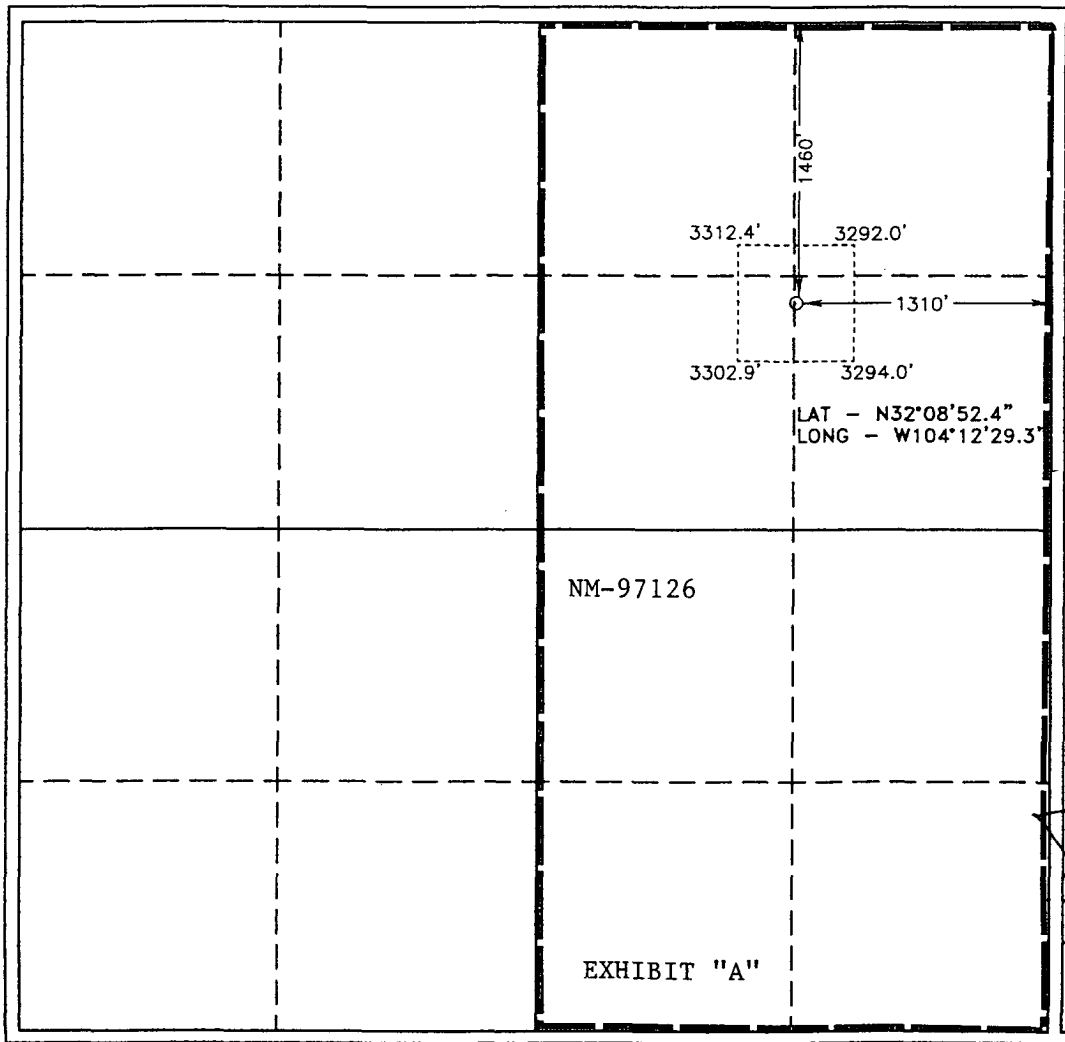
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	8	25 S	27 E		1460	NORTH	1310	EAST	EDDY

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

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

02/10/06
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.

JANUARY 23, 2006
Date Surveyed

Signature & Seal of Professional Surveyor

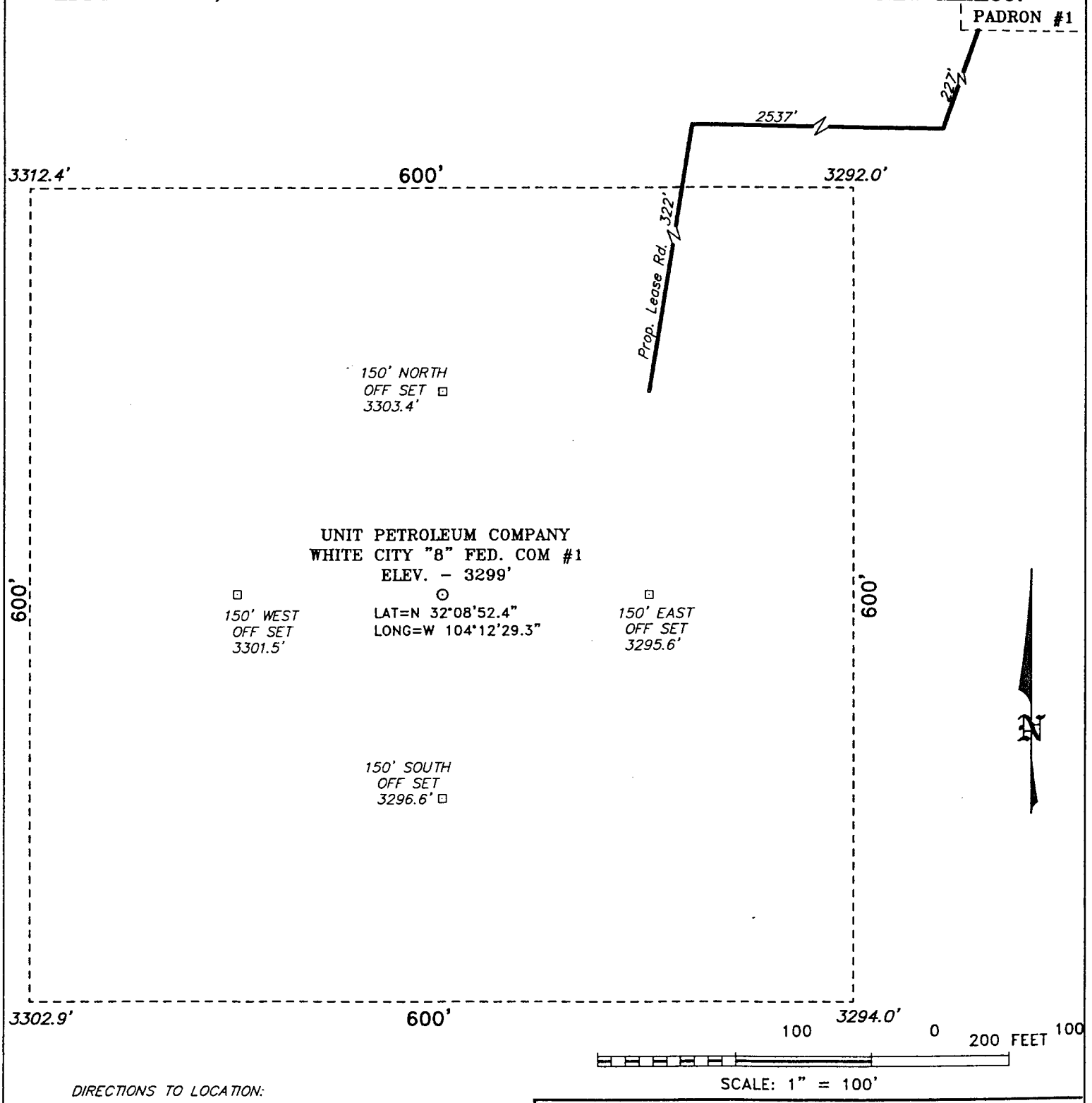
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 617E

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 8, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 750 AND CO. RD. 774, GO SOUTH ON 774 FOR 6.3 MILES TO LEASE ROAD; THENCE WEST ON LEASE ROAD FOR 1.6 MILE TO THE YATES PADRON #1 LOCATION AND PROPOSED LEASE ROAD.

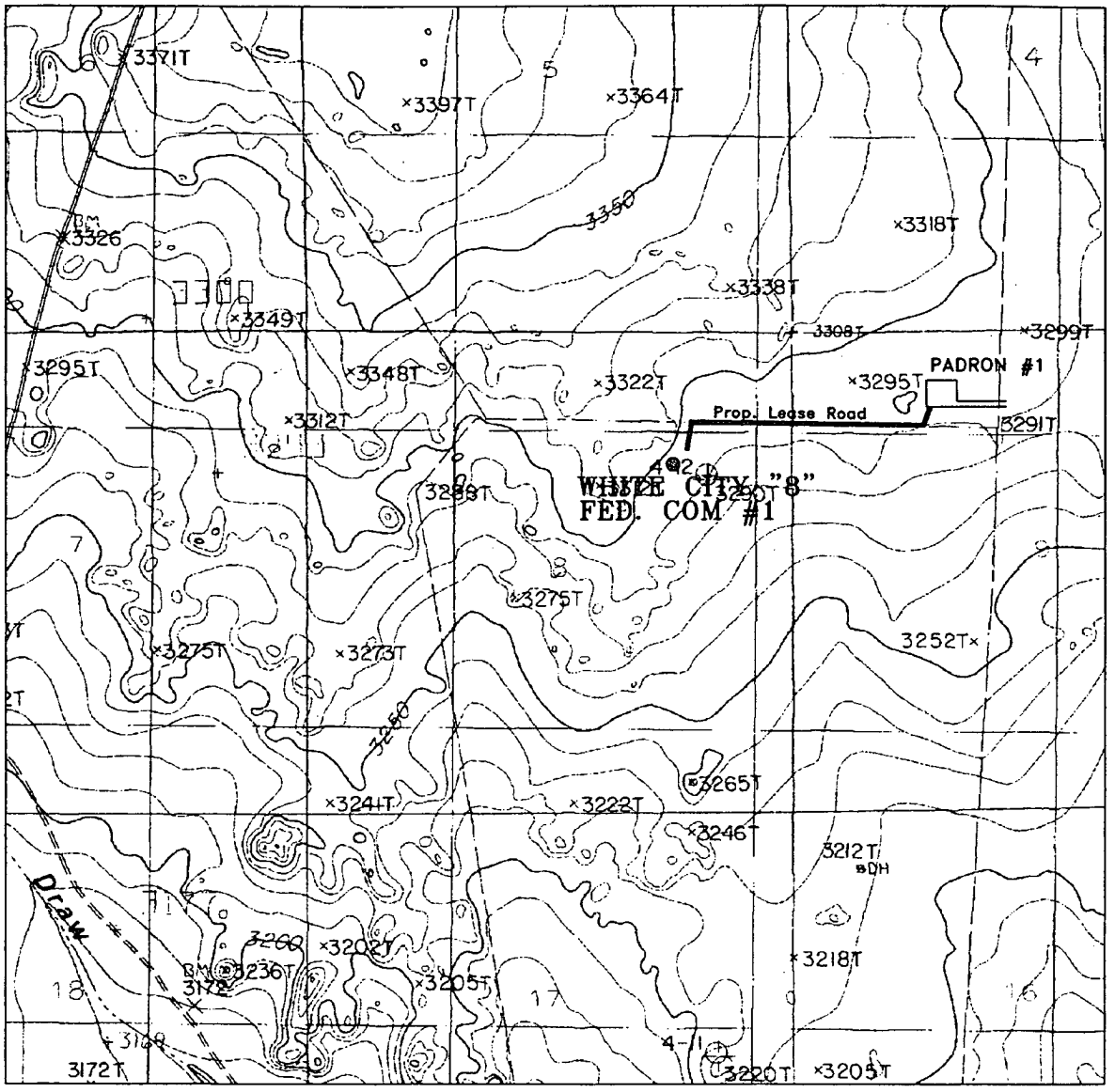
UNIT PETROLEUM COMPANY

REF: WHITE CITY "8" FED. COM No. 1 / Well Pad Topo

THE WHITE CITY "8" FED. COM No. 1 LOCATED 1460' FROM THE NORTH LINE AND 1310' FROM THE EAST LINE OF SECTION 8, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 6171	Drawn By: K. GOAD		
Date: 01-24-2006	Disk: KJG #7 – 6171A.DWG	Survey Date: 01-23-2006	Sheet 1 of 1 Sheets



WHITE CITY "8" FEDERAL COM #1

Located at 1460' FNL and 1310' FEL
Section 8, Township 25 South, Range 27 East,
N.M.P.M., Eddy County, New Mexico.

Basin Surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	6171AA - KJG #7
Survey Date:	01-23-2006
Scale:	1" = 2000'
Date:	01-24-2006

UNIT PETROLEUM COMPANY

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
WHITE CITY "8" FEDERAL # 1
UNIT "H" SECTION 8
T25S-R27E 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: 1460' FNL & 1310' FEL SECTION 8 T25S-R27E EDDY CO. NM

2. Ground Elevation above Sea Level: 3299' 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: 12,750'

6. Estimated tops of geological markers:

Salado Salt	675'	Wolfcamp	9350'
Base of Salt	2025'	Strawn	10,850'
Delaware	2220'	Atoka	11,250'
1st Bone Spring	6650'	Morrow	11,650'

7. Possible mineral bearing formations:

Delaware	Oil
Wolfcamp	Gas
Morrow	Gas

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40	20"	NA	NA	NA	Condictor
17½"	0-400'	13 3/8"	48#	8-R	ST&C	H-40
12¼"	0-2100'	9 5/8"	36#	8-R	ST&C	J-55
8 3/4"	0-9250'	7"	26#	8-R	LT&C	HCP-110
6 1/8"	Liner 9000-12,750'	4½"	11.6#	8-R	LT&C	P-110

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
WHITE CITY "8" FEDERAL # 1
UNIT "H" SECTION 8
T25S-R27E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 450 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.
9 5/8"	1st Intermediate	Set 9250' of 9 5/8" 36# J-55 ST&C casing. Cement 750 Sx. of Class "C" POZ + additives, tail in with 200 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele /Sx. circulate cement to surface.
7"	2nd Intermediate	Set 9250' of 7" 26# HCP-110 LT&C casing. Cement with 600 Sx. of Class "H" premium Plus cement + additives.
4½"	Production Liner	Set a 3750' 4½" 11.6# P-110 LT&C liner from TD back to 9000'. Cement to top of liner with 200 Sx. Class "H" premium Plus cement + additives.

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 nippled 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. Exhibit "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
40-400'	8.4-8.7	29-32	NC	Fresh water Spud mud, use paper to control seepage.
400-2650'	10.0-10.2	29-34	NC	Brine water use paper to control seepage and high viscosity sweeps to clean hole.
2650-11,000'	9.6-10.0	29-38	25 cc or less	Cut Brine, use Lime to control pH, high viscosity sweeps to clean hole and starch to control water loss.
11,000-12,750	10.0-11.0	30-38	10 cc or Less	Same as above if mud weight needs to be increased use Barite, control WL with Starch or Polymer system.

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.

APPLICATION TO DRILL

UNIT PETROLEUM COMPANY
WHITE CITY "8" FEDERAL # 1
UNIT "H" SECTION 8
T25S-R27E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Laterolog, MSFL, Gamma Ray from 9250' back to 9 5/8" casing shoe. Log all open hole sections before casing is run.

B. Mud logger will be placed on hole at 2100' and remain on hole to TD.

C. No DST's or 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 6500 PSI, and Estimated BHT 200°.

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 45 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.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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"

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 location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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

UNIT PETROLEUM COMPANY
WHITE CITY "8" FEDERAL # 1
UNIT "H" SECTION 8
T25S-R27E EDDY CO. NM

1. EXISTING ROADS: Area maps, Exhibit "B" is a reproduction of a County General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads 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 Malaga New Mexico take CR-720 West for 2.7 miles to the junction with CR-774 (Road Runner) turn Left (South) follow road 6.4 miles, turn Right (West) go 1.8 miles bear Right for .2 miles bear Right (Southwest) go .7 miles to Yates well then follow flagged road .6 milse to location.

   C. Exhibit "C" shows roads and Pipeline proposed route to existing pipeline. A 4" steel pipe line will be constructed and buried to connect to sales line.

2. PLANNED ACCESS ROADS: Approximately .6 miles of new road will be constructed.

   A. The access road will be crowned and ditched to a 12'00" wide travel surface with a 40' right-of-way.

   B. Gradient on all roads will be less than 5.00%.

   C. Turn outs will be constructed where necessary.

   D. If needed, road will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.

   E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.

   F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Topography.

3. LOCATION 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. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

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 shows the location of reserve pit, sump pits, and living facilities.

C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encontered during pit construction indicate that a plastic liner is required to contain lateral migration.

D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.

E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completionphases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out.If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E 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 furture erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

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 has a slight dip to the South. Vegetation consists of catclaw, creosote, acacoa ,gyp coldenia, mesquite, prickly pear, various native grasses. Soil is tan in color, tan/brown/grey loamysandy silts mixed with caliche nodules.

B. Surface is owned by the U.S. Department of Interior and is administered by the Bureau of Land Management. The surface is leased to ranchers for grazing of live stock.

C. An archaeological survey will be conducted and the results will be filed with The Bureau of Land Management Carlsbad Field office in Carlsbad NM.

D. There is a ranch dwelling approximately .8 miles East of location.

12. OPERATORS REPRESENTIVE:

Before construction:

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

During and after construction:

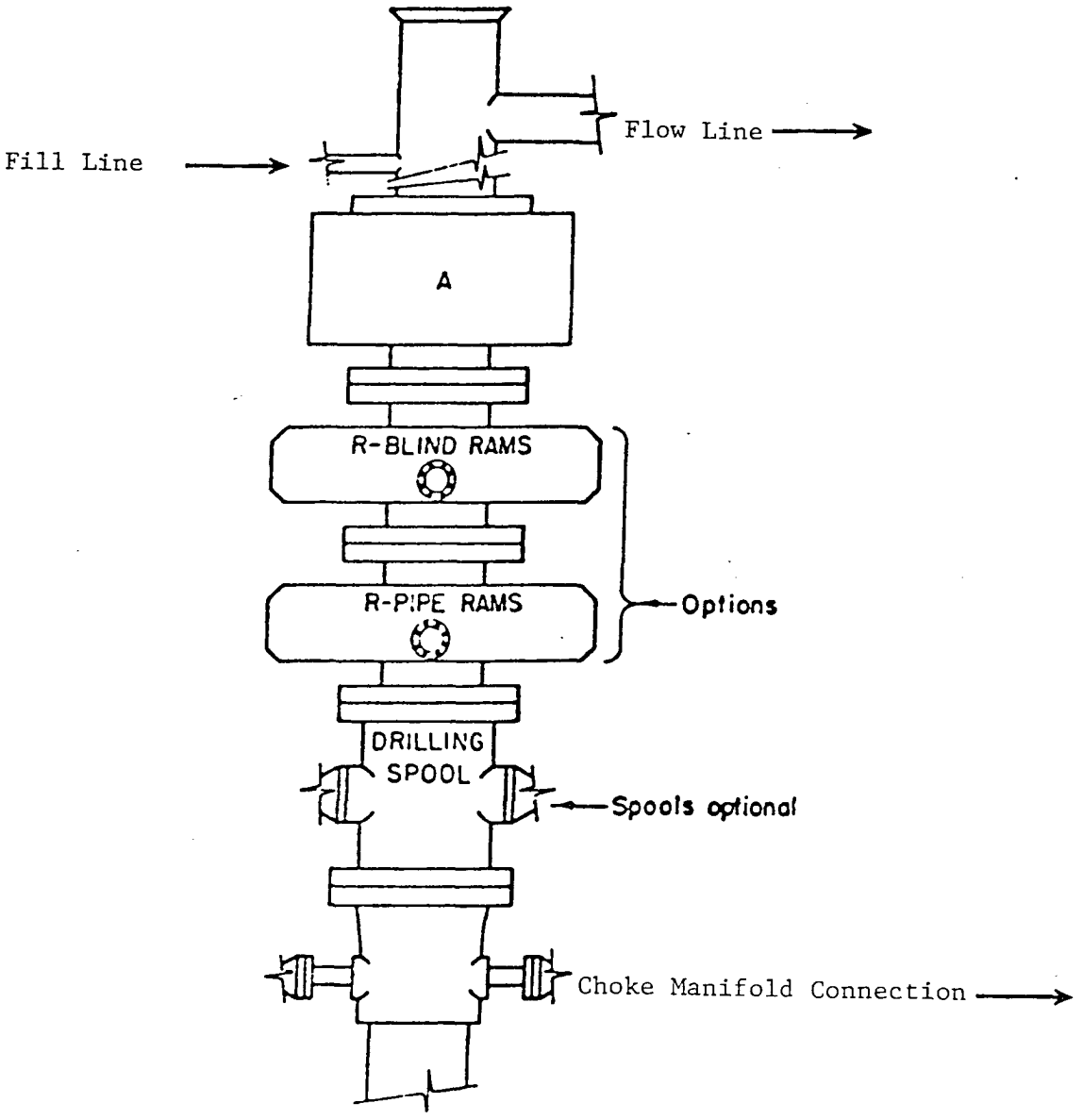
UNIT PETROLEUM COMPANY
407 NORTH BIG SPRING STREET
SUITE 101
MIDLAND, TEXAS 79701
MATT DOFFER 432-685-9020

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, are true and correct, and that the work associated with the operations proposed herein will be performed by UNIT PETROLEUM COMPANY it's contractors/subcontractors is in the conformity 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 statement.

NAME : Joe T. Janica Joe T. Janica

DATE : 02/10/06

TITLE : Agent



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

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

UNIT PETROLEUM COMPANY
WHITE CITY "8" FEDERAL # 1
UNIT "H" SECTION 8
T25S-R27E EDDY CO. NM

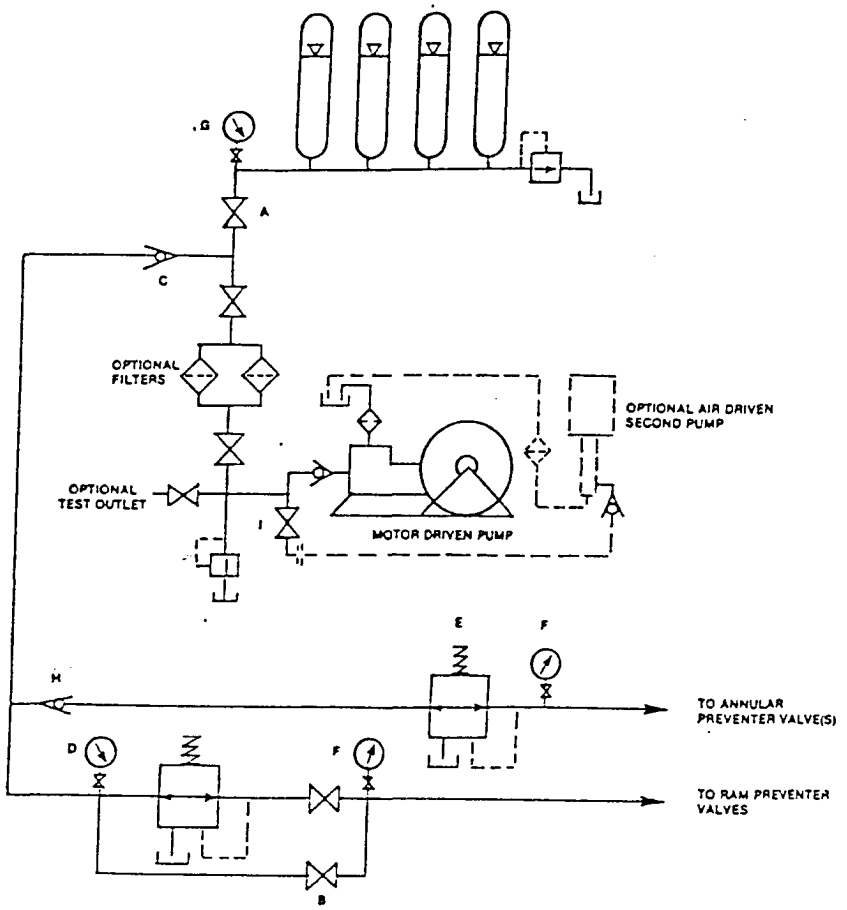


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

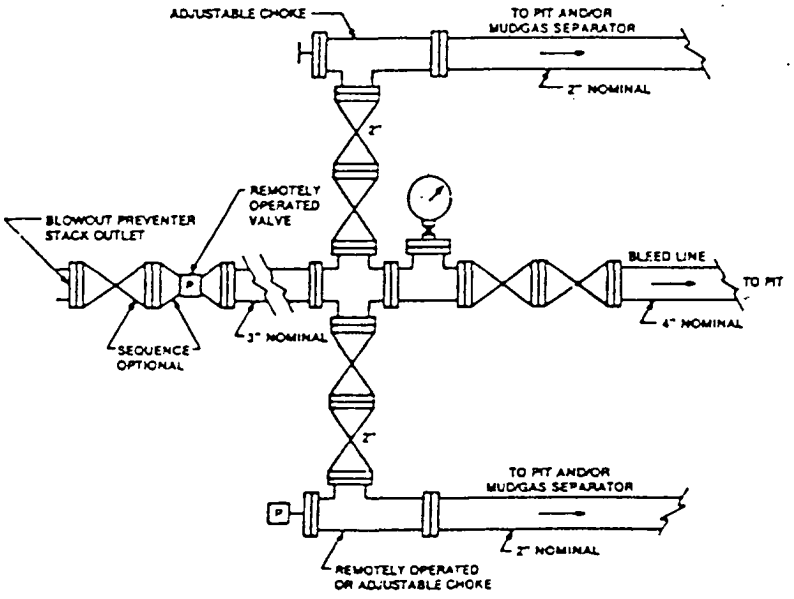


FIGURE K-2. Typical choke manifold assembly for 5M rated pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

UNIT PETROLEUM COMPANY
WHITE CITY "8" FEDERAL # 1
UNIT "H" SECTION 8
T25S-R27E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Unit Petroleum Company
Well Name & No: White City 8 Federal No 01
Location: Surface 1460' FNL & 1310' FEL, Sec.08, T. 25 S. R. 27 E.
Lease: NMNM 97126 (BH)
Eddy County, New Mexico

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) 361-2822 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:

A. Spudding

B. Cementing casing: 13⅜ inch; 9 ⅝ inch; 7 inch, 4 ½ liner.

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan shall be in operations 500 feet or three dasy prior to drilling into the **Delaware** estimated to be 2000 Ft.

3. 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.

4. 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.

5. 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 13 ⅜ inch shall be set at 400 **Feet** with 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 9 ⅝ inch Intermediate casing is to **circulate to surface.**

3. The minimum required fill of cement behind the 7 inch Production casing is to **is to place TOC at least 200 ft above the top of the Wolfcamp formation.**

4. The 4 ½ inch liner shall be **circulated to the top of the tie in**.

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 ⅜ 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.

(III Cont):

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **5 M psi.**

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

-The test 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 safe workman-like manner. Hard line connections shall be required.
-Both low pressure and high pressure testing of BOPE is required.

G. Gourley RFO 03/02/06