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OCD-ARTESIA

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FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NMNM 114969
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name —
2. Name of Operator BTA Oil Producers		7. If Unit or CA Agreement, Name and No. —
3a. Address 104 S. Pecos Midland, TX 79701		8. Lease Name and Well No. Owl Draw Unit, 20504 JV-P, #1 SWD 36178
3b. Phone No. (include area code) (432) 682-3753		9. API Well No. 30-015-10730
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FSL & 1980' FWL UL -K- At proposed prod. zone		10. Field and Pool, or Exploratory SWD, Devenian 96101
14. Distance in miles and direction from nearest town or post office* 14 miles SW from Malaga, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 18, T26S-R27E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980'	16. No. of acres in lease 760.24	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 100'	19. Proposed Depth 13510' KB	20. BLM/BIA Bond No. on file NM1195
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3322' GL	22. Approximate date work will start* ASAP	23. Estimated duration 10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Pam Inskeep</i>	Name (Printed/Typed) Pam Inskeep	Date 10/23/2006
Title Regulatory Administrator		

Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) <i>/s/ James Stovall</i>	Date DEC 01 2006
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 page 2)

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

Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1626 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1226 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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-10730	Pool Code 96101	Pool Name SWD; Devonian
Property Code	Property Name OWL DRAW UNIT	Well Number 1 SWD
OGRID No. 003002	Operator Name BTA OIL PRODUCERS	Elevation 3322'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	18	26-S	27-E		1980	SOUTH	1980	WEST	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.						

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

LOT 1				
LOT 2				
LOT 3				
LOT 4				

3316.8' 3314.9' 600' 600' 3323.0' 3320.7' 1980' 1980'

GEODETIC COORDINATES
NAD 27 NME
Y=378472.2 N
X=531709.0 E
LAT.=32.040494° N
LONG.=104.230999° W

OPERATOR CERTIFICATION
I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
Pam Inskeep 10/23/06
Signature Date
Pam Inskeep
Printed Name

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 supervision, and that the same is true and correct to the best of my belief.
OCTOBER 9, 2006
Date Surveyed
Signature of Seal of Professional Surveyor
GARY EIDSON
10/11/06
06.11.1618
Certificate No. GARY EIDSON 12641

Statement Accepting Responsibility for Operations

Operator Name: BTA Oil Producers
Street or Box: 104 S. Pecos
City, State: Midland, TX
Zip Code: 79701

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No. NMNM 114969

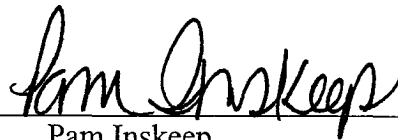
Legal Description of Land: T-26-S, R-27-E
Section 7: NESE, S2SE
Section 18: Lots 1-4, E2, E2W2
Eddy County, NM

Formation(s): Wildcat

Bond Coverage: Statewide

BLM Bond File No.: NM1195

Authorized Signature:



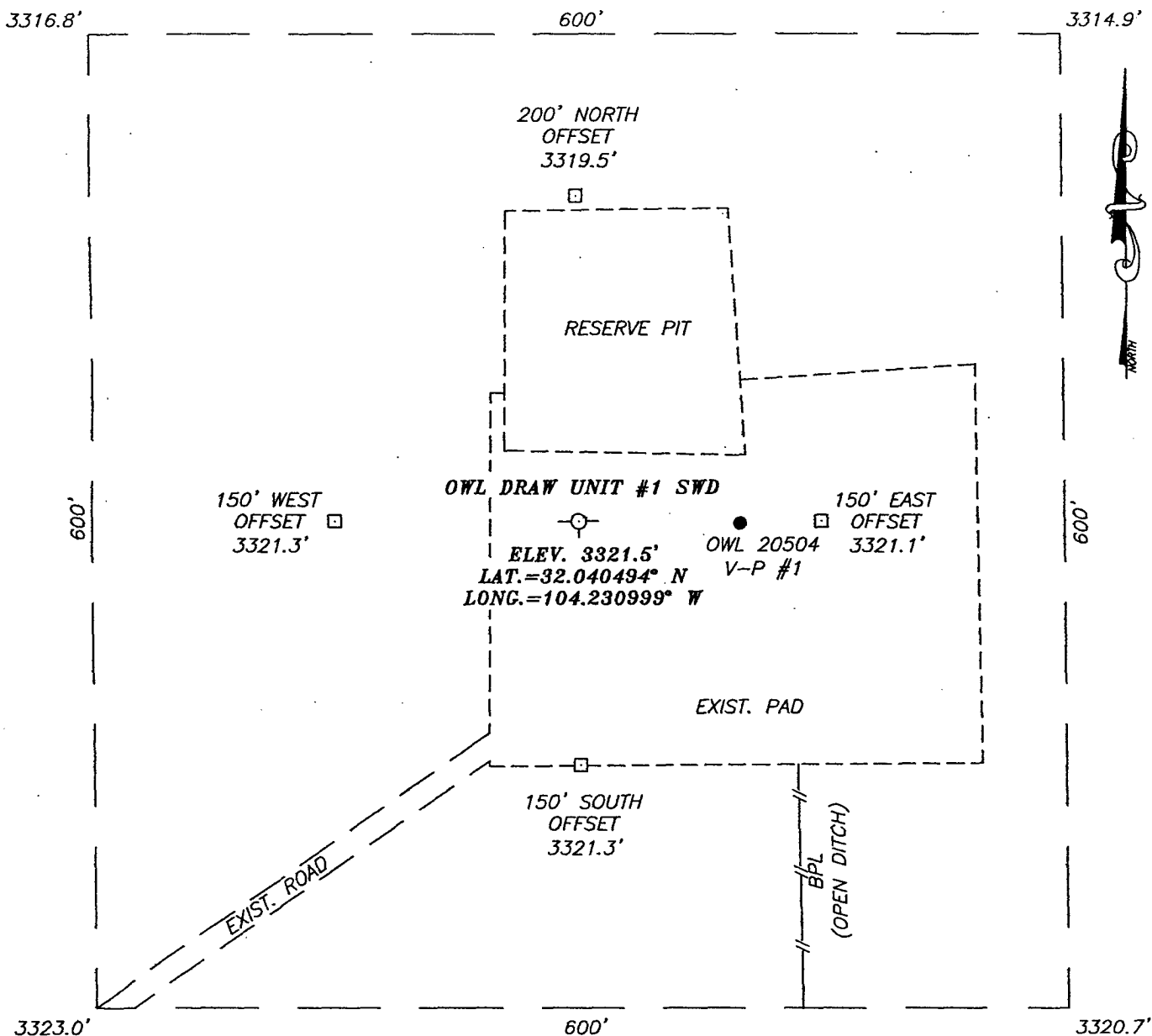
Pam Inskeep
Regulatory Administrator

Title:

Date:

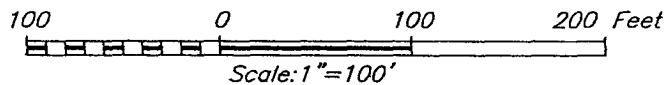
10/30/2006

SECTION 18, TOWNSHIP 26 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #724
 (WHITES CITY) AND CO. RD. #742 (MEANS RD.).
 GO SOUTH ON CALICHE LEASE ROAD FOR APPROX.
 2.1 MILES. TURN LEFT AND GO NORTHEAST
 APPROX. 0.8 MILES TO AN EXIST. WELL PAD. THIS
 LOCATION IS APPROX. 100 FEET WEST OF THE
 OWL 20504 V-P #1 WELL.



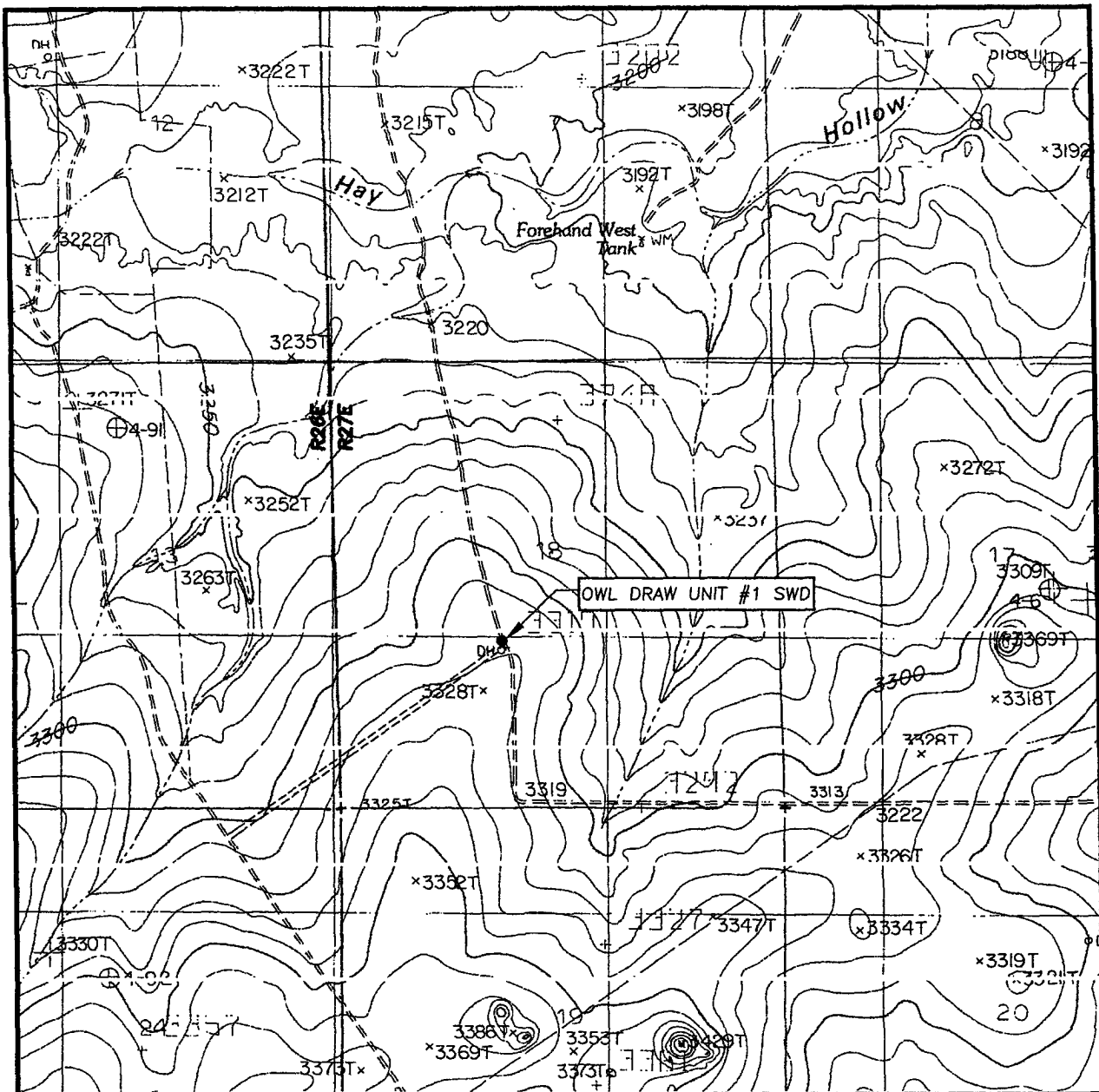
BTA OIL PRODUCERS

OWL DRAW UNIT #1 SWD WELL
 LOCATED 1980 FEET FROM THE SOUTH LINE
 AND 1980 FEET FROM THE WEST LINE OF SECTION 18,
 TOWNSHIP 26 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

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

Survey Date: 10/9/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.1618	Dr By: LA
Date: 10/17/06	Disk: CD#5
06111618	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
COTTONWOOD HILLS, N.M. - 10'

SEC. 18 TWP. 26-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

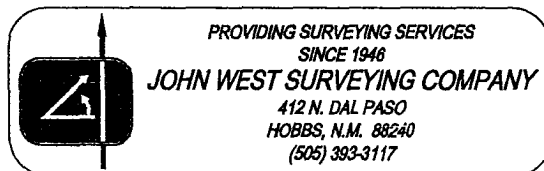
DESCRIPTION 1980' FSL & 1980' FWL

ELEVATION 3322'

OPERATOR BTA OIL PRODUCERS

LEASE OWL DRAW UNIT

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



BTA Oil Producers
20504 JV-P Owl Draw Unit No.1
Re-Enter P&A Well to Convert to SWD
Wildcat Field
Eddy County, New Mexico

Well Data: TD 13,510'

Elevations: 3333' KB
3316' GL
17' DIFF

Casing: 13 3/8" 48# CSA 659' w/ 490 Sx
9 5/8" 43.5# & 40# CSA 5743' w/ 500 Sx "DV" Tool @ 2272' w/600 Sx
TOC 1775'

Cement Plugs: 30 Sx 13,510' - 13,400', 30 Sx 11,900' - 11,790', 30 Sx
30 Sx 10,100' - 9,990', 30 Sx 8,400' - 8,290', 30 Sx
30 Sx 7,100' - 6,990', 30 Sx 5,800' - 5,690', Shot & pulled 9 5/8"
Casing @ 1,783', 80 Sx 688' - 588' (In and Out of 13 3/8" Shoe)
20 Sx @ Top of 13 3/8" Casing

Procedure:

- 1) Locate plugged well at 1980' FS & WL, Section 18, T-26-S, R-27-E.
- 2) Dig out around 13 3/8" Surface casing.
- 3) Dig out to surface plate. Tap surface plate to determine if there is any trapped pressure inside surface casing.
- 4) Weld on extension to 13 3/8" casing to get surface pipe above GL. Weld on flange.
- 5) MI and RU workover rig, reverse unit and tanks.
- 6) NU BOP.
- 7) Pick up 12 1/4" Drag bit & 1 - 8" drill collar.
- 8) Drill out cement surface plug, estimated 30'.
- 9) Run in hole with bit, 6" DC's and 4" drill pipe to second cement plug from 588' to 688'.
- 10) Drill out cement plug and run bit to 9 5/8" casing stub @ 1783'. Tag stub and pull out of hole with drill pipe, DC's & bit.
- 11) PU and TIH with 8 3/4" bit, DC's and drill pipe. Clean out inside 9 5/8" casing from 1783' to 3800'.
- 12) Circulate hole clean and spot 30 sx cement plug @ 3700' to 3650'.
- 13) Pull out of hole with drill pipe, DC's and bit.
- 14) Install 13 3/8" Casing Head.
- 15) Run 7" 23# casing to bottom with float equipment and centralizers.
- 16) Circulate a minimum of 2 hole volumes with clean fluid prior to cementing.
- 17) Pump 1000gal FLO-CHEK, 860 sx Halliburton Light; 225 sx 50/50 Poz Premium.
- 18) Run cement bond log.
- 19) Completion program to follow.

SURFACE USE PLAN SUMMARY

FOR

BTA OIL PRODUCERS

Reentry of D&A Well
Owl Draw Unit, 20504 JV-P, NO. 1 SWD
1980' FSL & 1980' FWL
Sec. 18, T26S, R27E
Eddy County, New Mexico

LOCATED: 14 Miles Southwest from Malaga, NM

FEDERAL LEASE NUMBER: NMNM 114969

SURFACE OWNERSHIP: Federal – BLM

GRAZING LEASEE: Forehand Ranches, Inc.
P. O. Box 5373
Carlsbad, NM 88221
505-885-1108

POOL: Wildcat

DEDICATED ACRES: 40

EXHIBITS:
A. Well Location and Acreage Plat
B. Well Pad Layout
C. Vicinity Map
D. Location Verification Map

MULTI-POINT SURFACE USE & OPERATIONS PLAN

BTA OIL PRODUCERS

**BTA OIL PRODUCERS
Reentry of D&A Well
Owl Draw Unit, 20504 JV-P, NO. 1 SWD
1980' FSL & 1980' FWL
Sec. 18, T26S, R27E
Eddy County, New Mexico**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the referenced well. The plan describes the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance, and the procedures to be followed in rehabilitating the surface after completion of the operation so that complete appraisal can be made concerning the environmental effects associated with the operations.

1. Existing Roads

- A. Exhibit -D- is a topographic map showing the location of the proposed well as staked with existing roads and conditions within the one mile area. The proposed location is approximately 14 miles southwest from Malaga, New Mexico as shown on Exhibits -C- and -D-.
- B. From the intersection of County Road 724 (Whites City) and County Road 742 (Means Road), go south on caliche lease road for approximately 2.1 miles. Turn left and go northeast approximately 0.8 miles to an existing well pad. This location is approximately 100 feet west of the BTA Owl, 20504 JV-P, #1 well, as shown on Exhibit -B-.

2. Access Road

- A. Our proposed access road will be an existing road 3,905 feet southwest from the existing well pad to the existing county road as shown on Exhibit -B-.

3. Location of Existing Wells

- A. All existing wells within one mile radius of our proposed well are shown on Exhibit -B-.

MULTI-POINT SURFACE USE AND OPERATION PLAN

#1 SWD, Owl Draw Unit, 20504 JV-P

Page 2

4. Location of Existing and/ or Proposed Facilities

- A. We will use the existing well pad for the tank battery and all necessary SWD facilities.
- B. New facilities will be applied for via Sundry notice with a schematic diagram prior to installation.
- C. All facilities will be painted a flat, nonreflective, earthtone color to match the standard environmental colors within six months of installation.

5. Location and Type of Water Supply

- A. Water for reentry and completion operations will either be purchased and trucked to the well site, or transported by plastic temporary "fas-line" laid on the surface alongside existing roads.

6. Source of Construction Materials

No additional construction is anticipated.

7. Methods of Handling Waste Disposal

- A. Drill cuttings will be disposed of in the reserve pits located on the north side of the location. These should consist only of cement cuttings and remaining mud-laden fluid between the plugs.
- B. Fluids will be allowed to evaporate in the reserve pits until the pits are dry enough for backfilling.
- C. No water is anticipated being produced during operations.
- D. No oil is anticipated being produced during operations.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.

MULTI-POINT SURFACE USE AND OPERATION PLAN

#1 SWD, Owl Draw Unit, 20504 JV-P

Page 3

- F. Trash, waste paper and garbage will be disposed of by hauling to an available disposal. All waste material will be contained in a totally enclosed trash basket with a fine wire mesh, to prevent wind scattering during collection. The road and pad will be kept litter free.

8. Ancillary Facilities

- A. No ancillary facilities will be used at the well site during drilling operations.

9. Wellsite Layout

- A. Exhibit –B– shows the existing pad layout.
- B. No cut and fill, clearing, or leveling will be required at the well site.
- C. The existing reserve pit is fenced.

10. Plans for Restoration of Surface

- A. Following reentry and/or completion operations, all equipment and material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site as clean as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled. The pit will be allowed to dry prior to the commencement of backfilling operations to support track equipment. Fill material will be pushed back into the cuts and up over the backslope, recontouring the area so that there are no large depressions that will trap water or form ponds. The pit area will be contoured to the natural terrain with all contaminated drilling mud buried with at least three feet of clean soil. Topsoil will be evenly distributed over the entire location. The seedbed will be prepared by disking to a depth of four to six inches following the contour.
- C. If the proposed well is not successful, all rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible.

MULTI-POINT SURFACE USE AND OPERATION PLAN

#1 SWD, Owl Draw Unit, 20504 JV-P

Page 4

- D. All disturbed areas will be seeded on the contour at a depth of one-half inch using the following mixture:
 - 1 pound per acre Alkali Sacaton (*Sporobolus airoides*)
 - 5 pound per acre Four-wing Saltbush (*Atriplex canescens*)
- E. Seeding will be completed after September 15 and prior to November 15th before freeze up or as early as possible the following spring to take advantage of available ground moisture.

11. Surface Topography

- A. The surface ownership is Federal.
- B. The wellsite and access route are located to the south of Hay Hollow as shown on Exhibit -D-, Topographic map of the area. The area is fairly flat with sandy loam soil underlain with caliche.
- C. The grazing lessee is Forehand Ranches, Inc. They have been contacted and notified of the staking of our well and our plans for reentry.
- D. There are no houses or buildings within one mile of the drillsite.
- E. Signs identifying and locating our well will be maintained at the drillsite and principle entrance, commencing with the reentry of the well.
- F. An Archaeological Survey was conducted of our original wellsite. The complete description of this site will be provided in a block report from Southern New Mexico Archaeological Services. They will furnish the report on the new location directly to the Carlsbad BLM office.

12. Operator's Representative:

- A. The field representative that is responsible for assuring compliance with the approved surface use plan is:
 - Field Supervisor: Mr. Jim Shirley
 - Phone: 505/396-5472 (Home)
 - 505/441-6937 (Mobile)

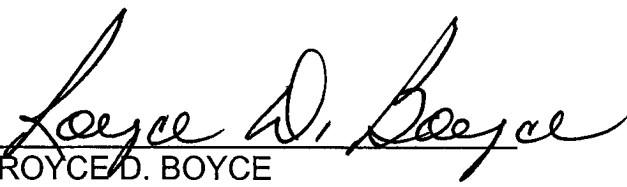
MULTI-POINT SURFACE USE AND OPERATION PLAN

#1 SWD, Owl Draw Unit, 20504 JV-P
Page 5

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed site 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; and that the work associated with the operations proposed herein will be performed by BTA Oil Producers and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Dated this 30th day of October, 2006.


ROYCE D. BOYCE
OPERATIONS MANAGER
FOR BTA OIL PRODUCERS

APPLICATION FOR REENTRY

BTA OIL PRODUCERS
Owl Draw Unit, 20504 JV-P, NO. 1 SWD
1980' FSL & 1980' FWL
Sec. 18, T26S, R27E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Reenter, BTA Oil Producers submits the following 10 items for pertinent information in accordance with BLM requirements:

1. The geologic surface formation is Quaternary.
2. The top of geologic markers are as follows:

Delaware Mountain. Group	2,045'
Bone Springs	5,610'
Wolfcamp	8,360'
Strawn	11,084'
Atoka Shale	11,329'
Morrow	11,836'
Devonian	13,462'

The well is a Dry and Abandoned well and is being reentered using a well service unit to drill out cement plugs and clean out inside the 9-5/8" casing to 3800'. Upon a successful reentry, a 30 sx cement plug will be set at 3800'-3750'. 7" 23# casing will be cemented from 3750' back to surface. Based on original electric log/interpretation, no commercial oil or gas formations exist in this interval.

J-55

Upon approval to proceed, probable porous zones will be perforated and tested for injection.

3. Casing and Cementing Program: (as originally set March, 1966)

<u>Casing Size</u>	<u>Setting From</u>	<u>Depth to</u>	<u>Weight</u>	<u>Joint</u>
13-3/8 "	0	659'	48#	CSA
9-5/8"	0	5,743'	40&43.5#	CSA
Left in well	1783'	5,743'		

13-3/8" casing was cemented with 480 sx cement. Circulated to the surface.

9-5/8" casing was cemented with 1100 sx light cement in two stages (1st stage 500 sx, 2nd stage 600 sx, DV Tool at 2272'). TOC by temp survey 1775'. Upon abandonment, the 9-5/8" casing was shot and pulled from 1783'.

4. Pressure Control Equipment: No information as to original Pressure Control Equipment.

Reentry Pressure Control Equipment will be a 13-3/8" 5000 psi BOP.

5. Mud Program:

No information as to original Mud Program

Reentry operations will utilize fresh water.

6. Auxiliary Equipment:

No information as to original Auxiliary Equipment.

Reentry Auxiliary Equipment will consist of:

a) Reverse Unit.

7. Testing Logging and Coring Program:

No Drill Stem Tests are planned.

No electric logs will be run.

No coring is planned.

8. No abnormal pressures or temperatures are anticipated.

10. Anticipated Starting Date:

It is planned to commence drilling operations, upon approval of our BLM permit.

Contact Royce Boyce at 432-682-3753 with any questions concerning the Drilling Plan.


ROYCE D. BOYCE
Operations Manager

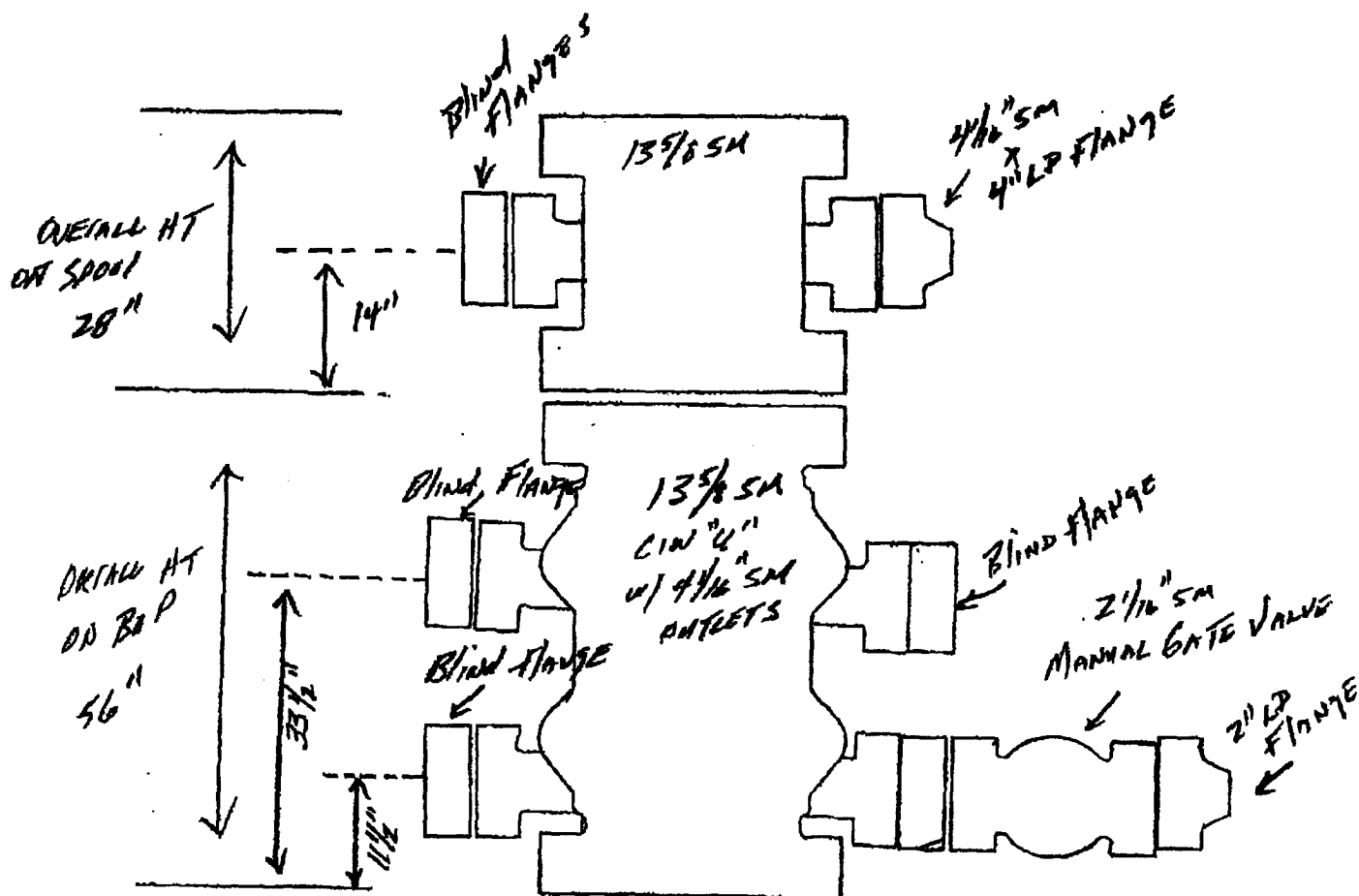
SMITH SERVICES

A Business Unit of Smith International, Inc.

4103 Brazos Ave.
P.O. Box 14540
Odessa, Texas 79768

Tel: 432/550-7473
Fax: 432/550-4515

BTA OIL PRODUCERS
Owl Draw Unit, 20504 JV-P, NO. 1 SWD
1980' FSL & 1980' FWL
Sec. 18, T26S, R27E
Eddy County, New Mexico

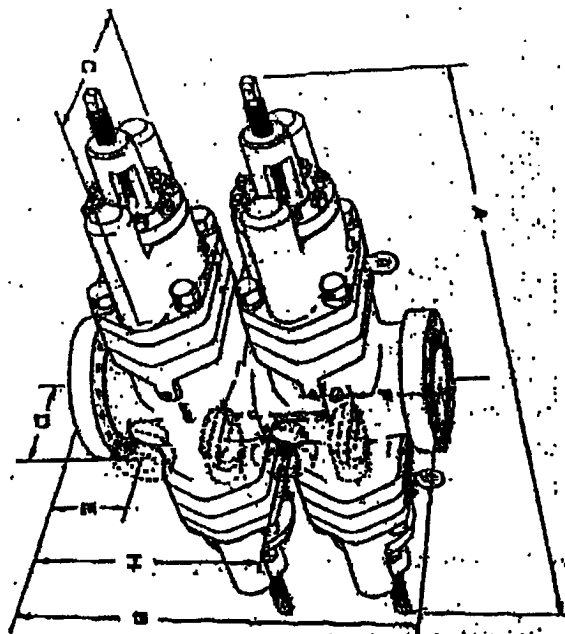


DRILLING PRODUCTS & SERVICES

CANTIN DRILLER IN RED BARON TTI

BTA OIL PRODUCERS
Owl Draw Unit, 20504 JV-P, NO. 1 SWD
1980' FSL & 1980' FWL
Sec. 18, T26S, R27E
Eddy County, New Mexico

TYPE "U" BLOWOUT PREVENTER



DOUBLE OPEN FACE FLANGED MODELS

DOUBLE OPEN FACE FLANGED OR CAMERON CLAMP HUB MODELS

Size	Pressure Rating	Vertical Stroke	A-1	A-2	B-1	B-2	C	D	E	F	G	H	J	Preventer Approx. Wt.
8"	3,000	7 1/2	82%	100%	40%	41%	20	Optional	8%	7%	5%	25%	11%	5,000
8"	3,000	7 1/2	82%	100%	44%	41%	20	Optional	10%	8%	5%	27%	11%	5,500
7"	10,000	7 1/2	82%	100%	49%	45	20	Optional	11%	8%	5%	30%	12%	6,400
7"	10,000	7 1/2	82%	100%	50%	45	20	Optional	11%	8%	5%	30%	12%	6,700
10"	3,000	11	100%	140%	49	47%	24%	Optional	9%	10%	8%	30%	15%	9,500
10"	3,000	11	100%	140%	54%	49%	24%	Optional	12%	10%	8%	32%	13%	10,200
11"	10,000	11	100%	140%	55%	52%	24%	Optional	13%	12%	8%	33%	13%	11,300
11"	10,000	11	100%	150%	58%	56%	32	Optional	15%	12%	8%	41%	15%	12,400
12"	3,000	13%	134%	177%	52%	52%	28	Optional	10%	11%	7%	32%	14%	14,300
13 1/2" ...	5,000	12%	134%	177%	55%	54%	30	Optional	11%	12%	7%	33%	14%	14,500
13 1/2" ...	10,000	13%	130%	170%	56%	57%	30	Optional	14%	13%	7%	35%	17%	15,200
16"	5,000	16%	140%	199%	58%	56%	32%	Optional	14%	15%	8%	40%	18%	—
20"	2,000	20%	160%	230%	56%	52%	35%	Optional	11%	13%	8	33%	14%	25,150
20"	2,000	20%	160%	230%	58%	54%	35%	Optional	12%	14%	8	34%	14%	25,500
24"	2,000	24%	160%	260%	61%	57%	48%	Optional	12%	14%	8	35%	16	37,500

* Flange Diameter of 30" Exceeds Body Width.

** Dimensions applicable only to 16" Preventers sold after Jan. 1, 1968.

TYPE "U" DOUBLE

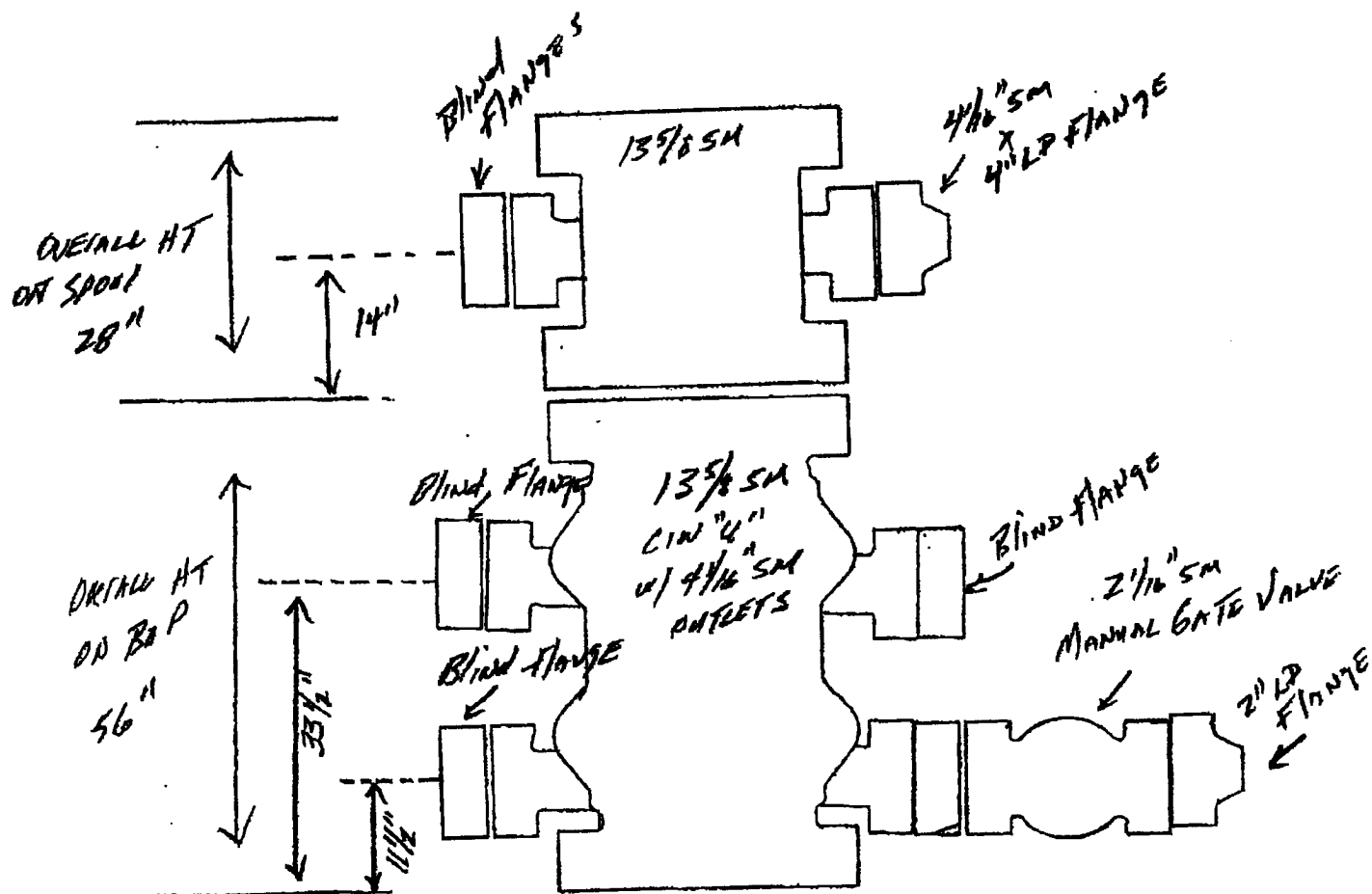
SMITH SERVICES

A Business Unit of Smith International, Inc.

4103 Brazos Ave.
P.O. Box 14540
Odessa, Texas 79768

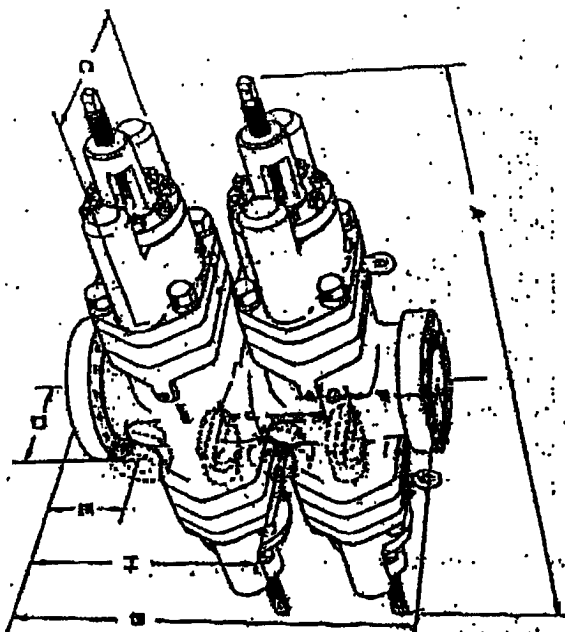
Tel: 432/550-7473
Fax: 432/550-4515

BTA OIL PRODUCERS
Owl Draw Unit, 20504 JV-P, NO. 1 SWD
1980' FSL & 1980' FWL
Sec. 18, T26S, R27E
Eddy County, New Mexico



DRILLING PRODUCTS & SERVICES

CANYON DRILCO IN RED BARN TT



DOUBLE OPEN FACE FLANGED MODELS

TYPE "U" BLOWOUT PREVENTER

BTA OIL PRODUCERS
Owl Draw Unit, 20504 JV-P, NO. 1 SWD
1980' FSL & 1980' FWL
Sec. 18, T26S, R27E
Eddy County, New Mexico

DOUBLE OPEN FACE FLANGED OR CAMERON CLAMP HUB MODELS

Size	Pressure Rating	Vertical Stroke	A-1	A-2	B-1	B-2	C	D	E	F	G	H	J	Preventer Approx. Wt.
8".....	3,000	7 1/2"	82%	100%	40%	41%	28	Optional	8%	7%	5%	25%	11%	5,000
8".....	3,000	7 1/2"	82%	100%	44%	41%	20	Optional	10%	8%	6%	27%	11%	5,500
7".....	10,000	7 1/2"	84%	100%	43%	45	20	Optional	11%	9%	6%	28%	12%	6,400
7".....	10,000	7 1/2"	84%	100%	50%	45	20	Optional	11%	9%	6%	30%	12%	6,700
10"....	3,000	11	100%	140%	48	47%	24%	Optional	9%	10%	8%	30%	13%	9,800
10"....	3,000	11	100%	140%	54%	49%	24%	Optional	12%	10%	8%	32%	13%	10,200
11"....	10,000	11	100%	140%	58%	50%	24%	Optional	13%	11%	8%	33%	13%	11,000
11"....	10,000	11	100%	150%	60%	50%	32	Optional	15%	17%	8%	41%	15%	15,400
12"....	3,000	13%	134%	177%	52%	52%	29	Optional	10%	11%	7%	32%	14%	14,300
12 1/2"...	5,000	13%	134%	177%	55%	54%	30	Optional	11%	12%	7%	33%	14%	14,500
13 1/2"...	10,000	13%	130%	170%	60%	57%	30	Optional	14%	17%	7%	35%	17%	15,400
16 1/2"...	5,000	16%	145%	199%	68%	60%	33%	Optional	14%	18%	8%	40%	18%	—
20"....	2,000	20%	160%	228%	60%	52%	38%	Optional	11%	13%	8	33%	14%	25,150
20"....	3,000	20%	160%	228%	60%	54%	38%	Optional	12%	14%	8	34%	14%	25,500
26"....	2,000	26%	195%	269	61%	57%	48%	Optional	12%	14%	8	35%	16	37,800

* Flange Diameter of 30 1/2" Exceeds Body Width.

** Dimensions applicable only to 16 1/2" Preventers sold after Jan. 1, 1968.

TYPE "U" DOUBLE

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: BTA Oil Producers Well Name & #: Owl Draw Unit, 20504 JV-P, # 1 SWD

Location 1980 F S L & 1980 F W L; Sec. 18, T. 26 S., R. 27 E.

Lease #: NMNM-114969 County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- () Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) () Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(X) Other. Use Old pits to the North V-Door East

III. WELL COMPLETION REQUIREMENTS

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

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. If broadcasting, the seeding rate must be doubled.

() A. Seed Mixture 1 (Loamy Sites)

Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0
Plains lovegrass (*Eragrostis intermedia*) 0.5

() B. Seed Mixture 2 (Sandy Sites)

Sand Dropseed (*Sporobolus crptandrus*) 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

() C. Seed Mixture 3 (Shallow Sites)

Side oats Grama (*Bouteloua curtipendula*) 5.0
Green Spangletop (*Leptochloa dubia*) 2.0
Plains Bristlegrass (*Setaria magrostachya*) 1.0

(X) D. Seed Mixture 4 (Gypsum Sites)

Alkali Sacaton (*Sporobolus airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

() OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic.

Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 1 – Owl Draw Unit, 20504 JV-P, SWD
Operator's Name: BTA Oil Producers
Location: 1980FSL, 1980 FWL, Section 18, T-26-S, R-27-E
Lease: NMNM 114969

I. DRILLING OPERATIONS REQUIREMENTS:

NB! REENTRY

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5972 or (505) 361-2822 - for wells in Eddy County in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: existing 13- 3/8 inch existing below 1783'-5742' / 9-5/8 inch 7 inch

C. BOP tests

2. Although H2S has not been reported, it could be present.

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.

6. 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.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13-3/8 inch surface casing **exists** at 659 feet, below usable water and cement circulated to the surface.

2. The minimum required fill of cement behind the existing 9-5/8 inch salt protection casing is **existing top of cement 1783 feet.**

3. The minimum required fill of cement behind the 7 inch production casing is **cement shall circulate to surface. This cement will be across the salt zone.**

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 below the 13-3/8 inch casing shall be 5M 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.

IV. DRILLING MUD:

Saturated brine water mud to be used. The salt section occurs according to the tops noted during drilling between 1263 – 1770 feet.