

OCD-ARTESIA

JUL 26 2007

Form 3160-3
(February 2005)

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. NM-0467930	
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name	
2 Name of Operator Premier Oil & Gas, Inc.		7 If Unit or CA Agreement, Name and No	
3a Address P.O. Box 1246, Artesia, NM 88211-1246		8 Lease Name and Well No. Dale H. Parke A Tr. 1 #29	
3b Phone No. (include area code) 505-748-2093		9 API Well No. 30-015-35732	
4 Location of Well (Report location clearly and in accordance with any State requirements*) At surface 990' FNL & 2210' FWL At proposed prod zone Roswell Controlled Water Basin		10 Field and Pool, or Exploratory Loco Hills; Glorieta-yeso	
11 Sec, T R M or Blk and Survey or Area Section 22, T-17S & R-30E		12 County or Parish Eddy County	
13 State NM		14 Distance in miles and direction from nearest town or post office* 1 Mile	
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 330'	16 No. of acres in lease 320	17 Spacing Unit dedicated to this well 40	
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft	19 Proposed Depth 6900'	20 BLM/BIA Bond No. on file NMB000081	
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3679'	22 Approximate date work will start* 07/21/2007	23 Estimated duration 21 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 | 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 must be filed with the appropriate Forest Service Office) | 6 Such other site specific information and/or plans as may be required by the BLM |

25 Signature <i>Nancy T. Agnew</i>	Name (Printed/Typed) Nancy T. Agnew	Date 07/11/2007
Title Authorized Agent		

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed) /s/ Don Peterson	Date JUL 24 2007
Title 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 TWO YEARS

Title 18 USC Section 1001 and Title 43 USC 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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1625 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
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised 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	Pool Code 96718	Pool Name Loco Hills Glorieta - yeso
Property Code 36626	Property Name DALE H. PARKE A TR. 1	Well Number 29
OGRID No. 17985	Operator Name PREMIER OIL & GAS, INC.	Elevation 3679'

Surface Location

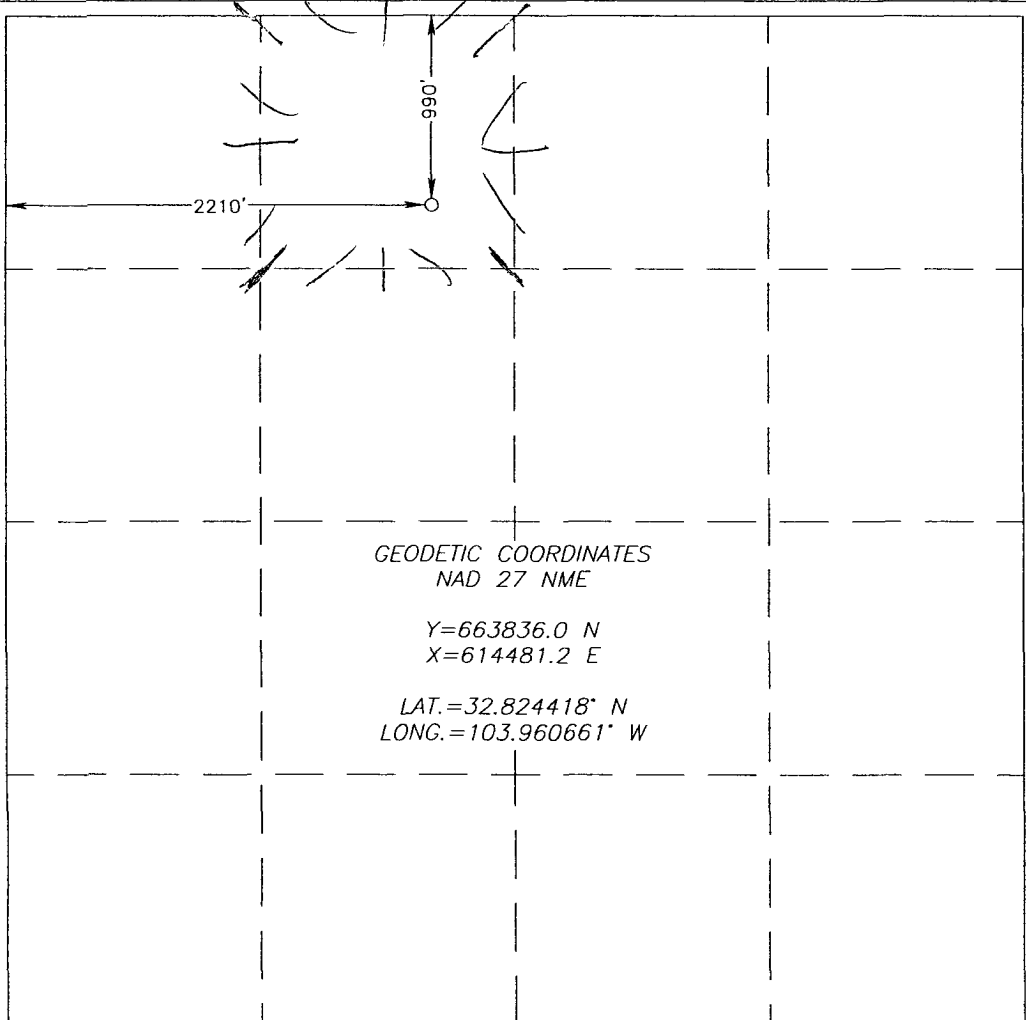
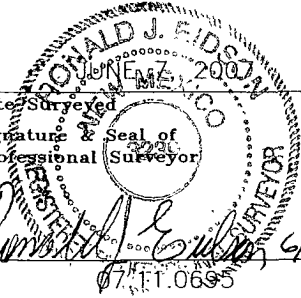
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	22	17-S	30-E		990	NORTH	2210	WEST	EDDY

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.
40			

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

 <p>GEODETIC COORDINATES NAD 27 NME Y=663836.0 N X=614481.2 E LAT.=32.824418° N LONG.=103.960661° W</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Nancy T. Agnew</i> 6/20/07 Signature Date Nancy T. Agnew Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p> Date Surveyed Signature & Seal of Professional Surveyor JR 6/13/07 07-ET-0695</p> <p>Certificate No. GARY EIDSON 12641</p>
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STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

Date: June 21, 2007

Lease #: NM-0469930
Dale H. Parke A Tr. 1 #29

Legal Description: Sec. 22-T17S-R30E
Eddy County, New Mexico

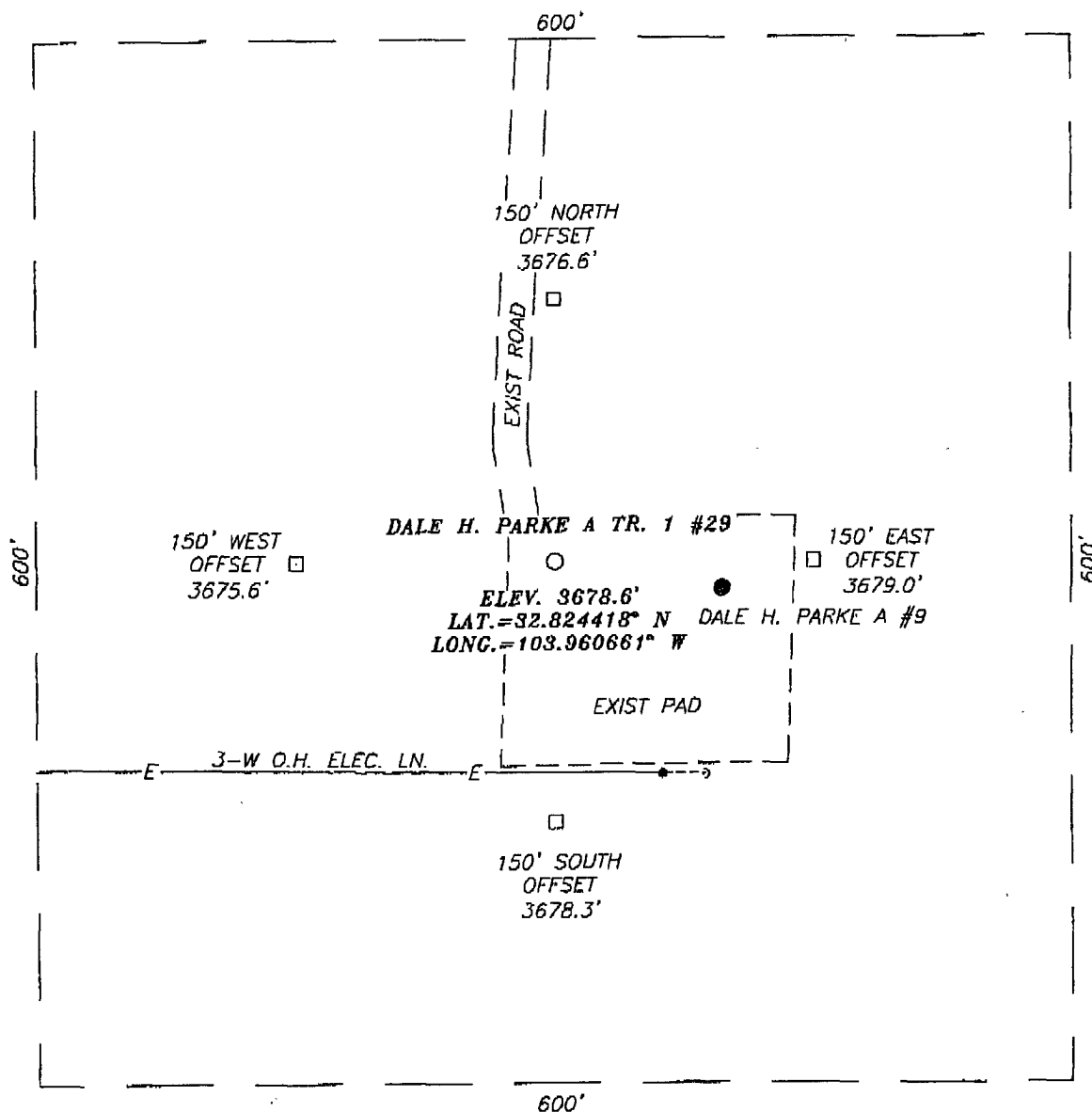
Formation(s): Permian

Bond Coverage: Statewide

BLM Bond File #: NMB000081

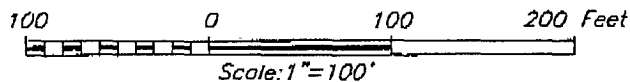
Nancy J Agnew
Nancy Agnew
Authorized Agent

SECTION 22, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

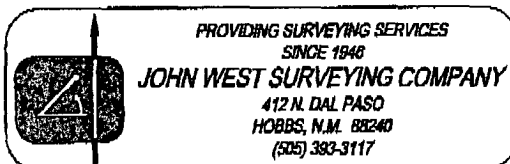
FROM THE INTERSECTION OF U.S. HWY 82 AND CO. RD. 219 (GOAT ROPERS RD.), GO NORTH ON CO. RD. #219 APPROX. 0.4 MILES. TURN RIGHT AND GO EAST APPROX. 0.6 MILES. TURN RIGHT AND GO SOUTH APPROX. 350 FEET. THIS LOCATION IS APPROX. 10 FEET EAST.



PREMIER OIL & GAS, INC.

DALE H. PARKE A TR. 1 #29
 LOCATED 990 FEET FROM THE NORTH LINE
 AND 2210 FEET FROM THE WEST LINE OF SECTION 22,
 TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 06/07/07	Sheet 1 of 1 Sheets
W.O. Number: 07.11.0695	Dr By: J.R. Rev 1:N/A
Date: 06/12/07	Disk: CD#7 07110695 Scale: 1"=100'



PREMIER OIL & GAS, INC.
DRILLING AND OPERATIONS PROGRAM

Dale H. Parke A Tr. 1 No. 29
990' FNL and 2210' FWL
Section 22-17S-30E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Premier Oil & Gas, Inc. submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is Permian.
2. The estimated tops of geologic markers are as follows:

Quaternary	Surf	Yates	1320
Rustler	340	Queen	2250
Top of Salt	535	San Andres	3030
Base of Salt	1140	Glorieta	4470

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

Formation	Depth	Water, Oil or Gas
Water Sand	150	Fresh Water
Grayburg	2450	Oil/Gas
San Andres	3030	Oil/Gas
Paddock	4560	Oil/Gas

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 350' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them by inserting a float shoe joint into the 5 1/2" production casing which will be run at TD to sufficiently cover all known oil and gas horizons 200' above.

4. Proposed Casing Program:

Hole Size	Interval	OD Casing	Wt	Grade		New or Used	Collapse	Burst	Tension
17 1/2"	350'	13 3/8	48#	H-40	STC	New	1.125	1.125	1.6
12 1/4"	1300'	8 5/8	24#	J-55	STC	New	1.125	1.125	1.6
7 7/8"	6900'	5 1/2"	17#	J-55	LTC	New	1.125	1.125	1.6

see
COA

Proposed Cement Program:

See COA →

Casing	Cement		Class	Yield
Surf: 13 3/8"	350 sk.	Circulate to surface.	"C"	1.34
Interm. 8 5/8"	350 sk.	Circulate to surface.	"C" Light	1.92
Prod. 5 1/2"	800 sk.	200' above all O & G zones.	"C" Light/H	1.92/1.62

5. Pressure Control Equipment:

1. See Exhibit #1. Premier proposes to nipple up on the 13 3/8" casing and 8 5/8" casing with a 2M system, testing it to 1000 psi with rig pumps. Function Test Daily (Pipe Rams)
Function Test on Trips (Blind Rams)

ANTICIPATED BHP: 2800 psi

6. Mud Program: The applicable depths and properties of this system are as follows:

See COA →

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
350'	Fresh Water	8.5	28	N.C.
1300'	Brine	9.8-10.2	40-45	N.C.
6900'	Cut Brine	9.0-9.2	30-32	L10CC

7. Auxiliary Equipment: Kelly Cock; Sub with full opening valve on floor; and drill pipe connections.

8. Testing, Logging and Coring Program:

No drillstem tests are anticipated.

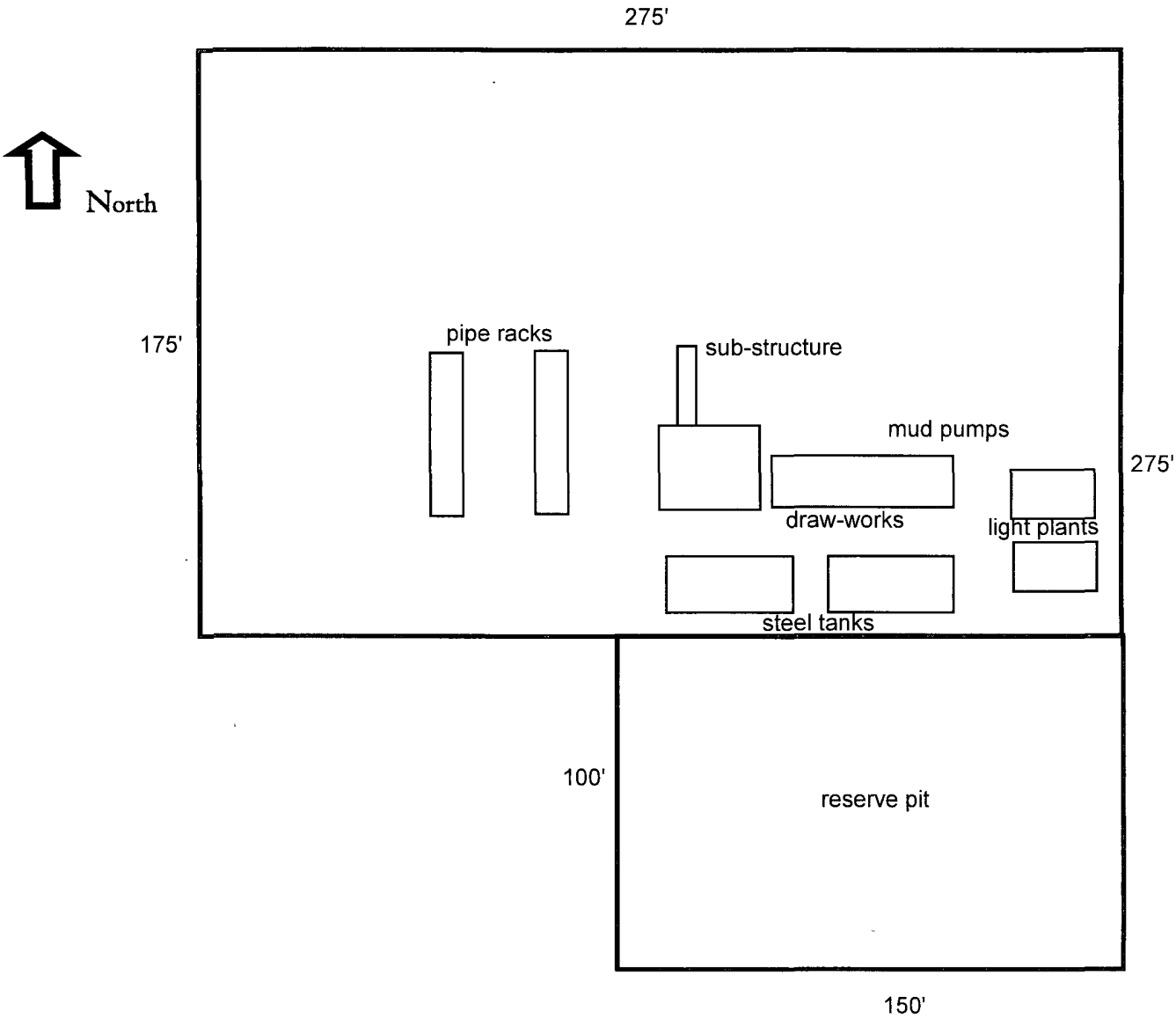
The electric logging program will consist of Dual Laterolog Micro SFL, Spectral Density Dual Spaced Neutron Casing Log, and Depth Control Log.

No conventional coring is anticipated.

9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.

Well Site Lay-Out Plat

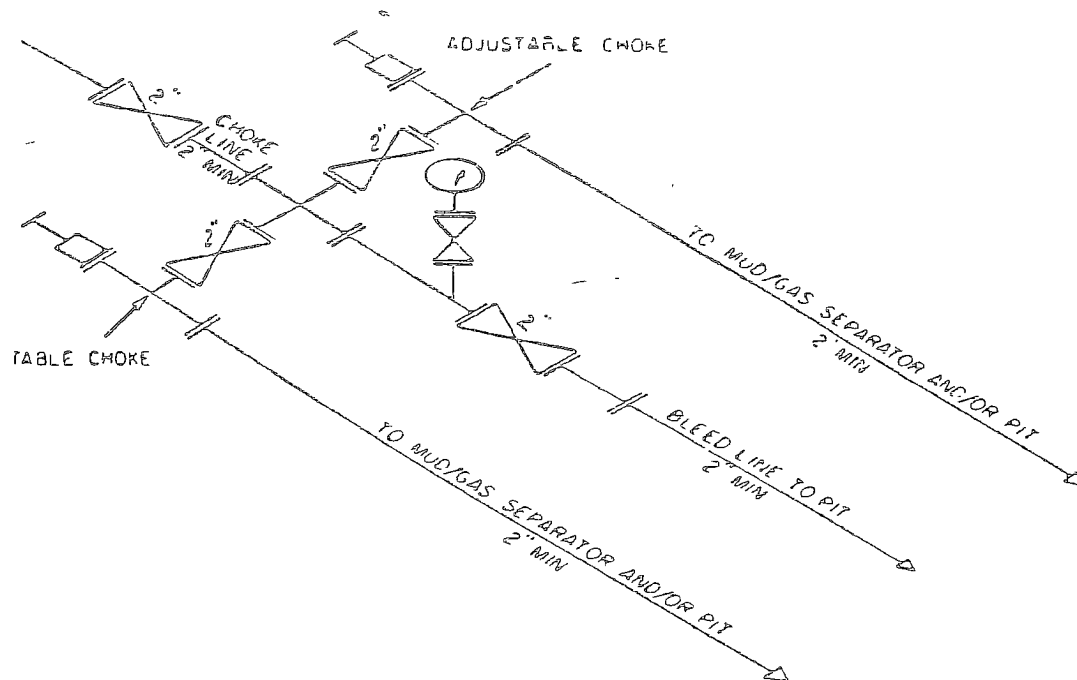
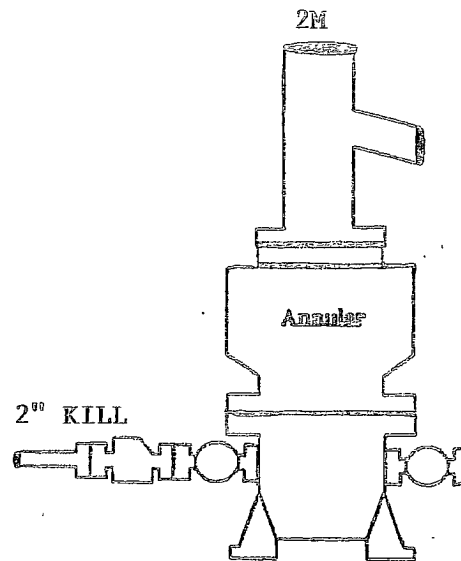
*Pile South
V-Door West*



Dale H. Parke A Tr. 1 No. 29
990' FNL and 2210' FWL
Section 22-17S-30E
Eddy County, New Mexico

EXHIBIT THREE

BOPE SCHEMATIC



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

PREMIER OIL & GAS, INC.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H₂S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H₂S detection and monitoring equipment:

2 - portable H₂S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.

D. Visual warning systems:

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H₂S circulated to the surface.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

W A R N I N G

**YOU ARE ENTERING AN H₂S AREA
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED***
- 2. HARD HATS REQUIRED***
- 3. SMOKING IN DESIGNATED AREAS ONLY***
- 4. BE WIND CONSCIOUS AT ALL TIMES***
- 5. CK WITH MARBOB FOREMAN AT MAIN OFFICE***

MARBOB ENERGY CORPORATION

1-505-748-3303

PREMIER OIL & GAS, INC.
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Dale H. Parke A Tr. 1 No. 29
990' FNL and 2210' FWL
Section 22-17S-30E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2.

DIRECTIONS:

From the intersection of U.S. Hwy 82 and Co. Rd. 219 (Goat Ropers Rd.), go North on Co. Rd. #219 approx. 0.4 miles. Turn right and go East approx. 0.6 miles. Turn right and go South approx. 350 Feet. This location is approx. 10 feet East.

LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Premier Oil & Gas, Inc. proposes a collection facility, if well is productive, to be located on Dale H. Parke A Tr. 1 #29 well pad.

2. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the lined pit.
- B. Drilling fluids will be allowed to evaporate in the lined pit until the pit is dry.
- C. Water produced during completion may be disposed into the lined reserve pit.
- D. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained to prevent scattering by the wind.

3. WELLSITE LAYOUT:

- A. Exhibit 3 shows the relative location and dimensions of the well pad, the pit.
- B. The reserve pit will be lined with high quality plastic sheeting.

4. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Reserve pit will be fenced until they have dried and been leveled.
- C. All rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

5. SURFACE OWNERSHIP:

The well site and lease are located on Federal surface

- A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.
- B. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

6. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

8. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Dean Chumbley, Landman
Phone (505)748-3303
Cell (505)748-5988

B. Through Drilling Operations

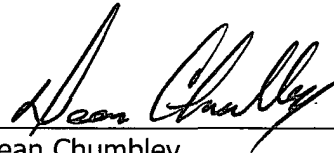
Sheryl Baker, Drilling Supervisor
Phone (505)748-3303
Cell (505)748-5489

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Premier Oil & Gas, 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.

6/21/2007

Date



Dean Chumbley
Authorized Agent

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Premier Oil and Gas, Inc
Well Name & No. 29-Dale H. Parke A Tr. 1
Location: 0990' FNL, 2210' FEL, Sec. 22, T-17-S, R-30-E, Eddy County, NM
Lease: NM-0467930

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I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 2 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822.
- B. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the Grayburg formation. **H₂S has been reported in Sections 12 and 15 from the Grayburg Jackson pool measuring 500-1800 ppm in the gas stream.**
- C. 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.

II. CASING:

- A. The 13-3/8 inch surface casing shall be set a minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 380 feet and cemented to the surface. **Fresh water mud required to setting depth for surface casing.**
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 18 hours, 24 hours in the potash area or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 4. **If cement falls back, remedial action will be done prior to drilling out that string.**

Possible lost circulation in the Grayburg and San Andres formations.
Possible water flows in the Salado and Artesia Groups.

- B. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is **for cement to come to surface**. If cement does not circulate see A.1 thru 4.

- C. The minimum required fill of cement behind the 5-1/2 inch production casing is **for cement to extend a minimum of 200 feet inside the intermediate casing. Prior to moving the rig, please provide verification of cement top.**
- D. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- B. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - 5. A variance to test **the surface casing and BOP/BOPE** to the reduced pressure of 1000 psi with the rig pumps is approved.

Engineer on call phone (after hours): Carlsbad - 505-706-2779

WWI 072007