

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

AMENDED

SUBMIT IN TRIPLICATE

FORM APPROVED

OMB NO. 1004-0136

Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b. TYPE OF WELL

OIL ☒
WELL

GAS ☐
WELL

SINGLE ☒

MULTIPLE ☐

2. NAME OF OPERATOR

Saga Petroleum LLC c/o Continental Land Resources LLC

3. ADDRESS AND TELEPHONE NO.

P.O. Box 2691, Roswell, NM 88202

4. LOCATION OF WELL

(Report location clearly and in accordance with any State requirements)

1310' FSL & 1310' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

11 miles north of Loco, NM

15. DISTANCE FROM PROPOSED

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, T.O

1310'

(Also to nearest drg. unit line, if any)

16. NO. OF ACRES IN LEASE

240.00

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40.0

18. DISTANCE FROM PROPOSED LOCATION

TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1000'

19. PROPOSED DEPTH

3000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3821'

22. APPROX. DATE WORK WILL START

ASAP

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	450'	Circulate to surface
7-7/8"	5-1/2"	15.5#	3000'	380 sxs

Duration of Program: Drilling - Ten (10) days
Completion - Nine (9) days
See attached for complete Drilling Program

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

AMENDED EXHIBITS

Exhibit "B": Surface Use Plan
Exhibit "C": Land Survey Plat
Exhibit "D": Location Plat
Exhibit "E": Existing Well Plat

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.

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SIGNED

TITLE

Agent/Saga Petroleum LLC

DATE

10/20/00

(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

TITLE

Acting Assistant Field Manager

DATE

DEC 01 2000

*See Instructions On Reverse Side

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.

APPROVED FOR 1 YEAR

EXHIBIT "B"

AMENDED

SURFACE USE AND OPERATIONS PLAN

CULTURAL RESOURCES SURVEY

APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: West Henshaw Premier Unit #1005

LOCATION: SESE OF SECTION 5 T16S-R30E, NMPM
EDDY COUNTY, NEW MEXICO

OPERATOR: SAGA PETROLEUM LLC

SUBMITTED TO:

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

CARLSBAD DISTRICT OFFICE

P.O. BOX 1778

CARLSBAD, NEW MEXICO 88220

TELEPHONE (505) 887-6544

This plan is submitted to provide permitting agencies with information necessary to allow an appraisal of the environmental effects associated with the proposed drilling operations. Within the context of typical drilling operations, this plan provides for protection of surface resources and other environmental components. This plan has been developed in conformity with the United States Geological Survey NTL-6 guidelines, Bureau of Land Management Oil and Gas Order No. 1, and in connection and consultation with the private surface owner of record, it other than the United States of America, as well as the Roswell District Office for the Bureau of Land Management and the United States Department of the Interior personnel.

PART #1

1) Surface Location:

SESE of Section 5, Township 16 South, Range 30 East, NMPM
Eddy County, New Mexico
1310' FSL & 1310' FEL
See attached Exhibit "C"

2) Bottom Hole Location

SESE of Section 5, Township 16 South, Range 30 East, NMPM
Eddy County, New Mexico
1310' FSL & 1310' FEL
See attached Exhibit "C"

3) Lease Issued:

a) NM-06407

4) Record Lessee:

Paul Slayton	100%
P.O. Box 2035	
Roswell, NM 88202	

5) Acres in Lease:

Sec. 5: SE4, W2SW	240.00 acres
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6) Acres Dedicated to Well:

There are 40.00 acres dedicated to this well which takes in the SESE of Sec. 5, Township 16 South, Range 30 East, Eddy County, New Mexico.

PART #2:

1) Existing Roads:

Exhibit "D" comprises 2 maps showing location of the proposed well, as staked, in relation to Eddy County Road 217 and existing roads. Road 217 will be used for approximately 11 miles north of Loco Hills, New Mexico to one mile south of Eddy County Road 256. Turn west and go approximately 1/3 mile to the new access road on the right (north). The new access road goes north for approximately 1,100' to the location. Access route is highlighted on the Exhibit "D".

2) Planned Access:

A. Length and Width: The new access road will be approximately 1,100 feet long and 20' wide.

3) Location of Existing Wells:

Exhibit "E" shows existing wells within a 1-mile radius of the proposed well.

4) Location of Tank Battery, production Facilities & Production Gathering & Service Lines:

If gas production is achieved, the location of the line will be determined by the purchaser laying the gather system to its existing lines.

5) Location and Type of Water Supply:

There is no useable water in this area. All water needed for drilling, testing and completion will be trucked in by a commercial transport on existing roads as shown on Exhibit "D".

6) Source of Construction Materials:

If it is necessary to use caliche on the new road and location, it will be obtained from the existing pits in the area as determined by the dirt contractor. The topsoil from the location (if any) will be stockpiled near the SE/corner of the location for future rehabilitation. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7) Method of Handling Waste Material:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system.
- E. Saga Petroleum LLC will comply with current laws and regulations pertaining to the disposal of human waste.
- F. All waste materials will be contained to prevent scattering by the wind and will be removed from the well site within 30 days after drilling and/or completion operations are finished.

8) Ancillary Facilities: None required.

9) Well Site Layout:

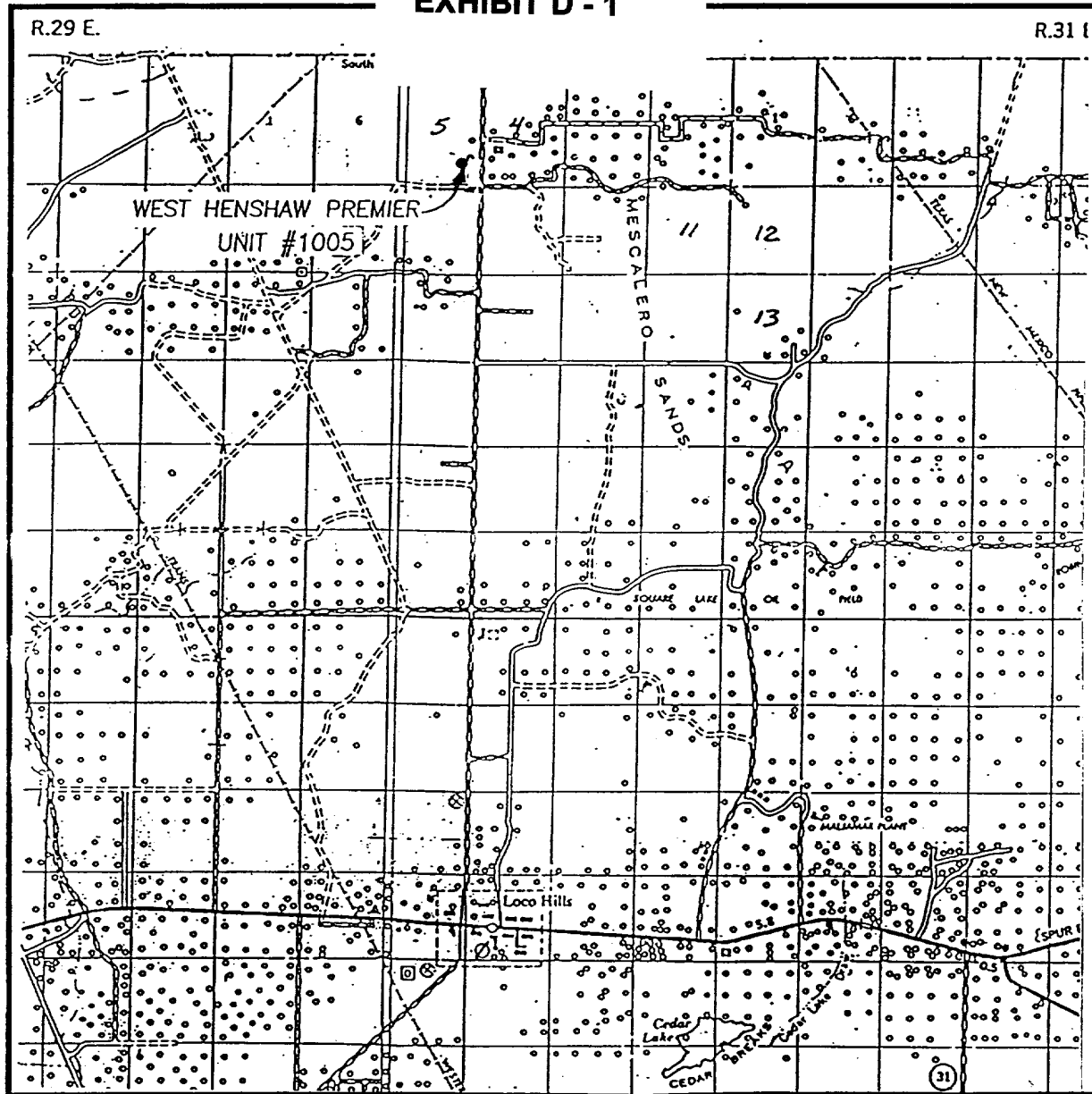
- A. Exhibit "F" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area have been staked and flagged.
- B. Mat Size: 100' X 250' plus reserve pits.
- C. Cut & Fill: Only minor leveling of the drilling site is anticipated.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10) Plans for Restoration of the Surface:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.

VICINITY MAP

EXHIBIT D - 1



SCALE: 1" = 2 MILES

SEC. 5 TWP. 16-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1310' FSL & 1310' FEL

ELEVATION 3821'

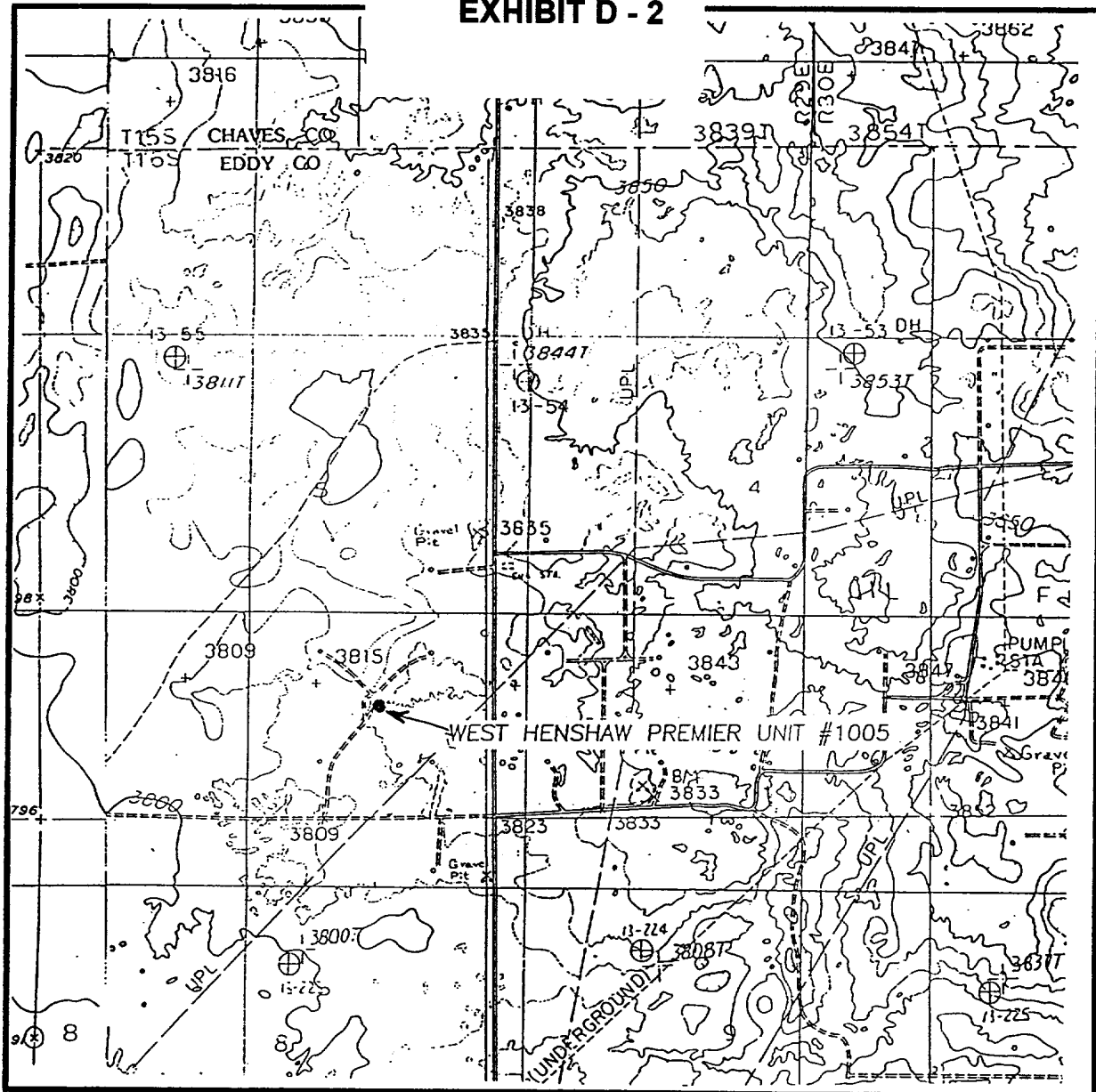
OPERATOR SAGA PETROLEUM LLC

LEASE WEST HENSHAW PREMIER UNIT

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP

EXHIBIT D - 2



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 5 TWP. 16-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1310' FSL & 1310' FEL

ELEVATION 3821'

OPERATOR SAGA PETROLEUM LLC

LEASE WEST HENSHAW PREMIER UNIT

U.S.G.S. TOPOGRAPHIC MAP

HENSHAW TANK, BASIN WELL, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

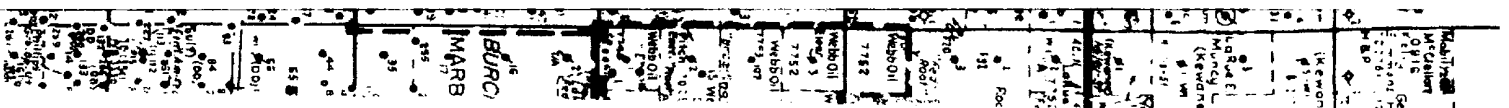


EXHIBIT E