

DRILLING PROGRAM

Attached to Form 3160-3
Premier Oil and Gas, Inc.
Dale H. Parke "B" Tract C No. 14
1650' FNL and 330' FEL
Section 15-17S-30E
Eddy County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Permian	Surface	Seven Rivers	1145'
Salt	475'	Queen	1815'
Base of Salt	780'	Grayburg	2140'
Yates	930'	San Andres	2510'
		Glorietta	3900'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	100'	Fresh Water
Yates	930'	Oil
Seven Rivers	1145'	Oil
Queen	1815'	Oil
Grayburg	2140'	Oil
San Andres	2510'	Oil
Glorietta	3900'	Oil

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 8 5/8 casing at 425' 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.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD csg</u>	<u>Weight, Grade, Jt. Cond. Type</u>			
12 1/4"	0 - 425'	8 5/8"	24#	J-55	LTC NEW	R-3
7 7/8"	0 - TD	5 1/2"	17#	J-55	LTC NEW	R-3

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Cement Program:

- 8 5/8" Surface Casing: Cemented to surface with 300sx of Class C w/2% cc.
- 5 1/2" Production Casing: Cemented to sufficiently cover 200' above all oil and gas horizons.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (2000 psi wp) preventer. This unit will be hydraulically operated and the ram-type preventer will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. This BOP will be nipped up on the ~~8 5/8"~~ surface csg and ^{13 3/8"} used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of surface casing.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and a 2" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 2000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with cut brine. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0 - 425'	Fresh Water (Spud)	8.5	28	N.C.
350'-6000'	Brine	9.8 - 10.2	40 - 45	N.C.

7. Auxiliary Well Control and Monitoring Equipment:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

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8. Logging, Testing, and Coring Program:

- (A) No Drillstem tests are anticipated.
- (B) The electric logging program will consist of Dual Laterolog Micro SFL, Spectral Density Dual Spaced Neutron Csng Log, and Depth Control Log.
- (C) No conventional coring is anticipated.
- (D) Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows, and log evaluation, and drill stem test results.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 105° and estimated bottom hole pressure (BHP) is 2218 psig.

10. Anticipated Starting Date and Duration of Operations:

Location and road work will not begin until approval has been received from the BLM. The anticipated spud date is July 20, 2002. Once commenced, the drilling operation should be finished in approximately 21 days. If the well is productive, an additional 30 to 60 days will be required for completion and testing before a decision is made to install permanent facilities.

SURFACE USE AND OPERATING PLAN

**Attached to Form 3160-3
Premier Oil and Gas, Inc.
Dale H. Parke "B" Tract C No. 14
1650' FNL and 330' FEL
Section 15-17S-30E
Eddy County, New Mexico**

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is attached.
- B. All roads to the location are shown in Exhibit #3. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- C. Directions to location: From Loco Hills, proceed east on US 82 for 2.2 miles to mile marker 134. Turn north on lease road and proceed 1.5 miles. Turn east on lease road and proceed to Dale H. Parke "B" Tract "C" No. 8 well pad. Access road and location are off of southeast corner of well pad.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

A new access road of 452' will be necessary. The new road will be constructed as follows:

- A. The maximum width of the running surface will be 10'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspection.
- B. The average grade will be less than 1%.

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- C. No turnouts are planned.
- D. No culverts, cattleguard, gates, low-water crossings, or fence cuts are necessary. No new road will be built for this well. Existing roads will be used to access the proposed well.
- E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM-approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.
- F. The proposed access road as shown in Exhibit #3.

3. Location of Existing Wells:

Exhibit #2 shows all existing wells within a one-half mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

- A. Premier Oil and Gas, Inc. will establish a collection facility for this lease located on the Dale H. Parke "B" Tract "C" No. 12 well pad.
- B. If the well is productive, a 3" plastic flowline (grade SDR 7 @ 265 psi) will be laid on the surface following the existing lease road or pipeline Right-of-Way to the tank battery as shown in blue on Exhibit #3. Anticipated pressures in the flowline should not exceed 75 psi.
- C. If the well is productive, power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.
- D. If the well is productive, rehabilitation plans are as follows:
 - (1) The reserve pit will be back-filled after the contents of the pit are dry (within 10 months after the well is completed).
 - (2) Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

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5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit #3. If a commercial fresh water source is nearby, pipeline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and the proposed new access road (approximately 1500 cubic yards) will be obtained from a BLM - approved caliche pit. All roads and pads will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Water Disposal:

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B. Drilling fluids will be contained in lined working pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 100' X 150' X 6' deep. A dike will be built across the pit, dividing it in half. One-half of the reserve pit will be plastic-lined to minimize loss of drilling fluids and saturation of the ground with brine water. The other half of the reserve pit will be lined with plastic and used only if we encounter a waterflow during drilling operations and find that we need additional space. This portion of the pit is a precautionary measure only. The portion of the pit that will be lined with plastic should be more than adequate for normal drilling operations. If a water flow is encountered, we should have ample time to line the other half of the pit with plastic before the water encroaches.
- C. Water produced from the well during completion may be disposed into the reserve pit.

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- B. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time that the rig is removed, the reserve pit will be fenced on the rig (fourth) side. The fencing will remain in place until the pit area is cleaned-up and leveled. No oil will be left on the surface of the fluid in the pit.
- C. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. Any additional caliche required for facilities will be obtained from a BLM - approved caliche pit. Topsoil removed from the drill site will be used to recontour the pit area to the original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

The wellsite and lease is 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.

12. Lessee's and Operator's Representative:

The Premier Oil and Gas, Inc. representative responsible for assuring compliance with the surface use plan is as follows:

Rosalie Jones
Premier Oil and Gas, Inc.
Post Office Box 1246
Artesia, New Mexico 88211
Phone: 505/748-2093 (office)


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 currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associate

SURFACE USE AND OPERATING PLAN
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with the operations proposed herein will be performed by Marbob Energy Corporation and its contractors and subcontractors in conformity with this plan and the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 6-20-2002

Signed: 
Dean Chumbley
Authorized Agent

W A R N I N G

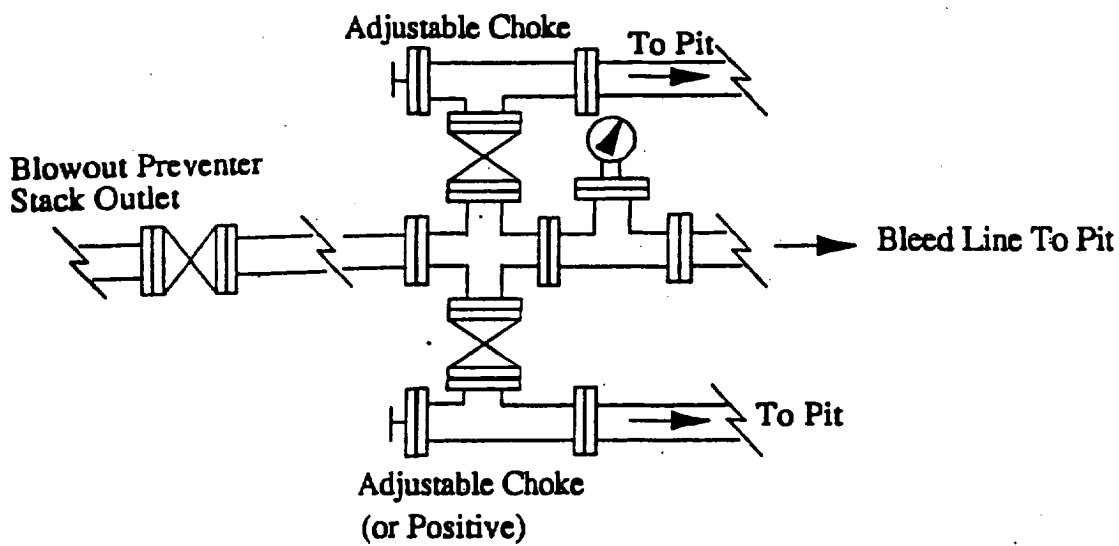
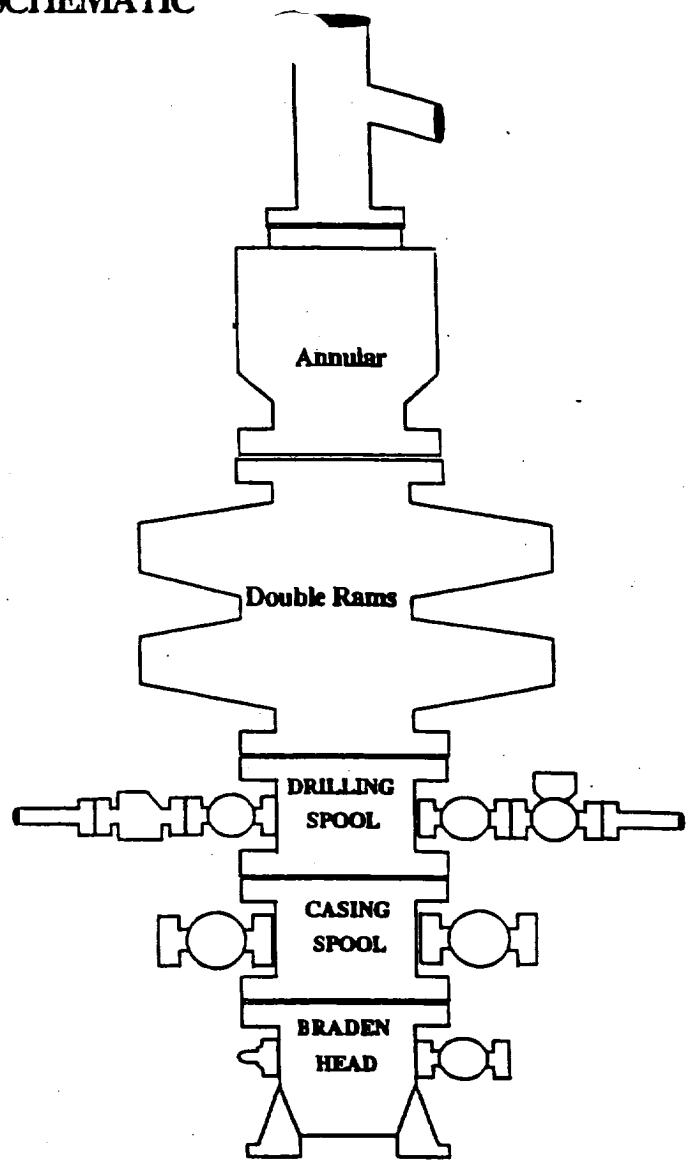
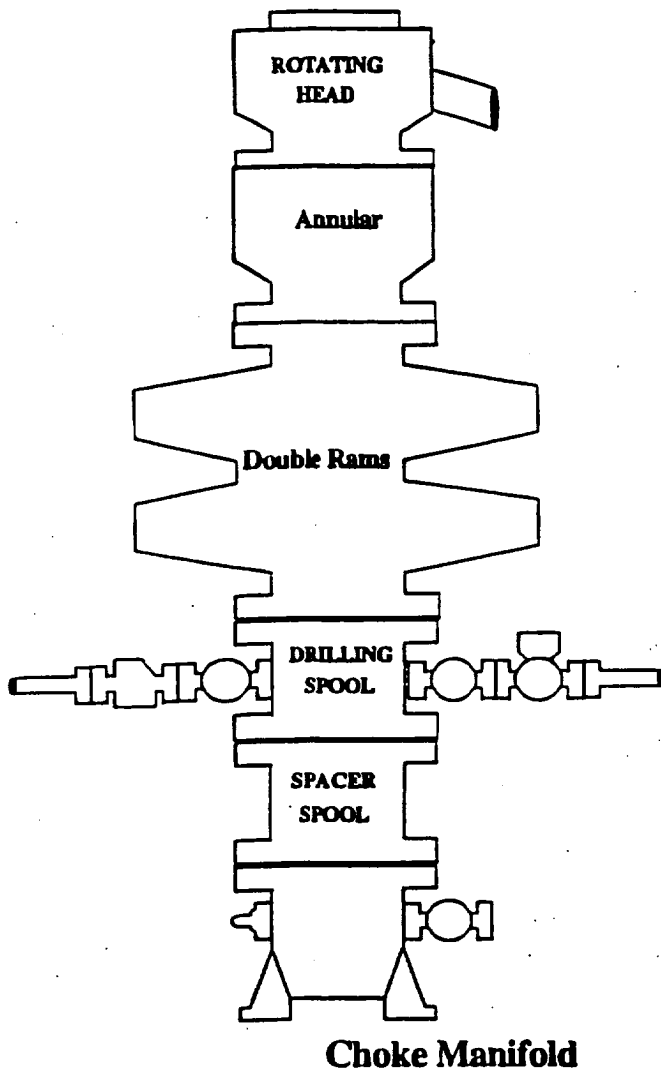
YOU ARE ENTERING AN H₂ S AREA
AUTHORIZED PERSONNEL ONLY

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

BOPE SCHEMATIC



Jun-05-02 09:03am From-MARBOB

15057462523

T-884 P. 02/03 F-789

Form 3160-3
(Rev. 11-99)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

9. API Well No.

10. Field and Pool, or Exploratory Area

11. County or Parish, State

EDDY CO. NM

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

PREMIER OIL & GAS, INC.

3a. Address

PO BOX 1246, ARTESIA, NM 88211-1246

3b. Phone No. (include area code)

(505) 748-2093

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

T17S-R30E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other TEST BOFS

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

DUE TO THE LOW BOTTOM HOLE PRESSURE OF FORMATIONS ABOVE 6000', IN THIS AREA WE ARE REQUESTING BLANKET APPROVAL TO NIPPLE UP WITH A DOUBLE RAM PREVENTER AND 2M CHOKE MANIFOLD, TESTED WITH RIG PUMPS TO 1000#.

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

DIANA J. CANNON

Title AGENT

Signature

Date JUNE 5, 2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

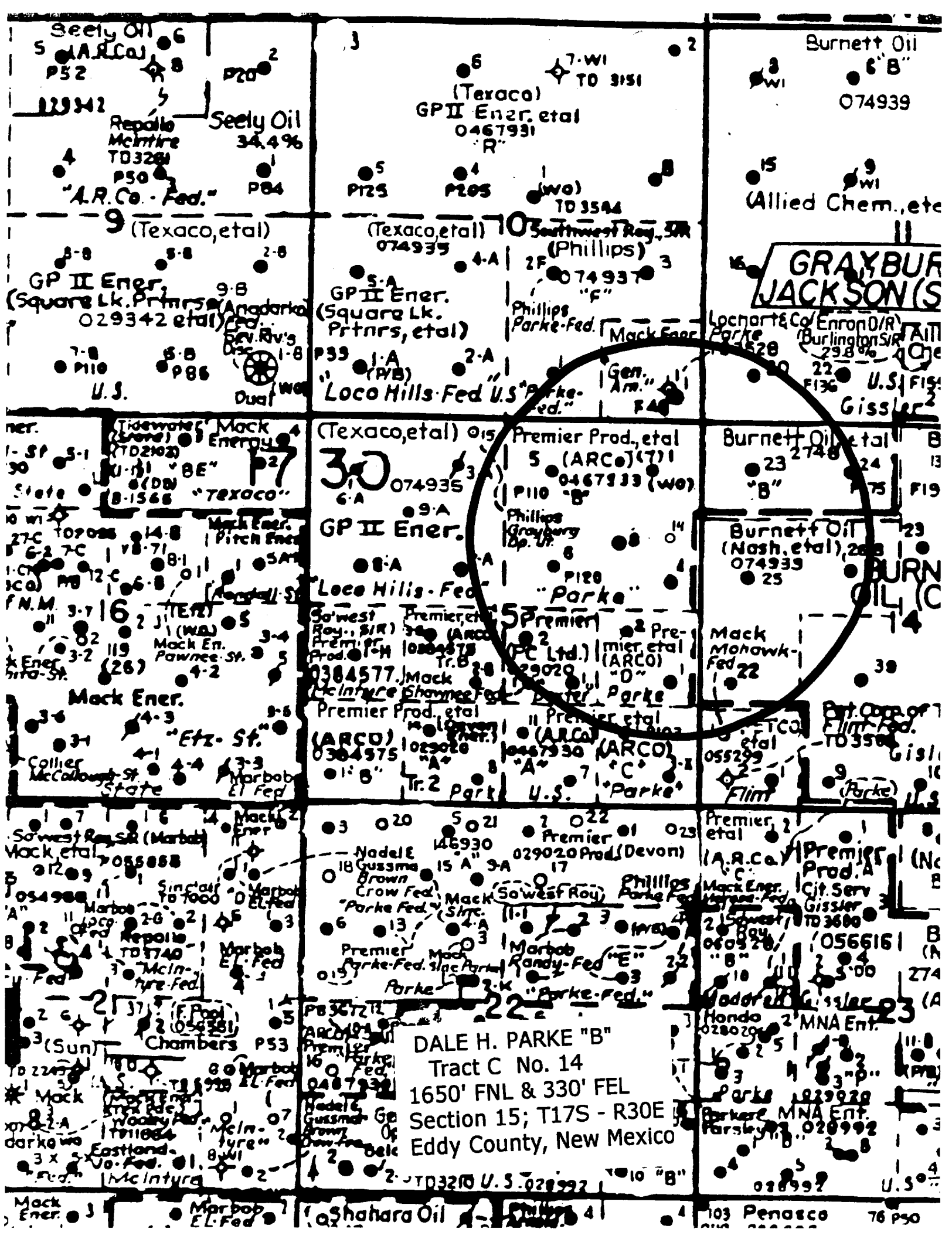
Title P.E.

Date 6/5/02

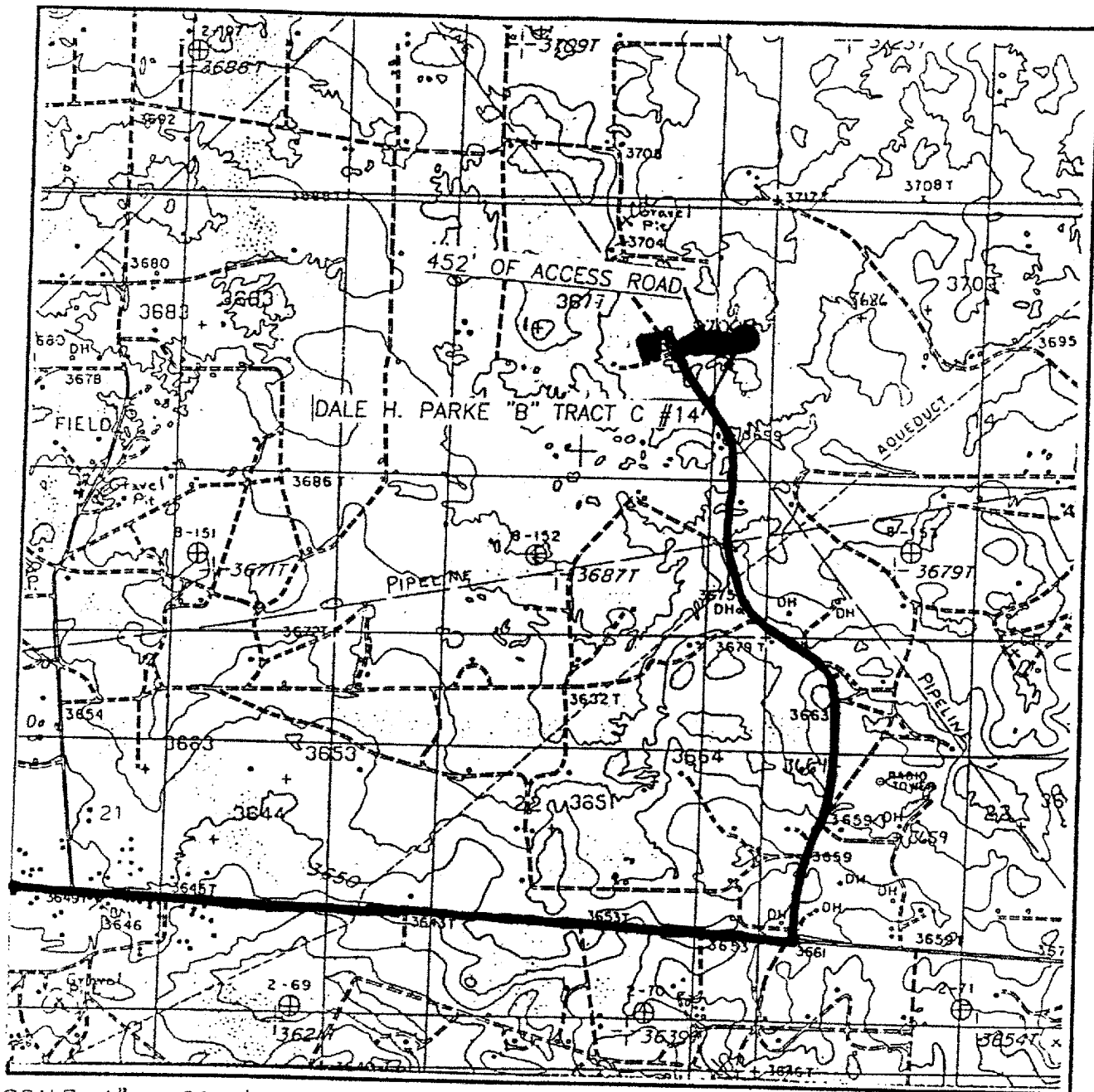
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office RFO

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.



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 15 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1650' FNL & 330' FEL

ELEVATION 3712'

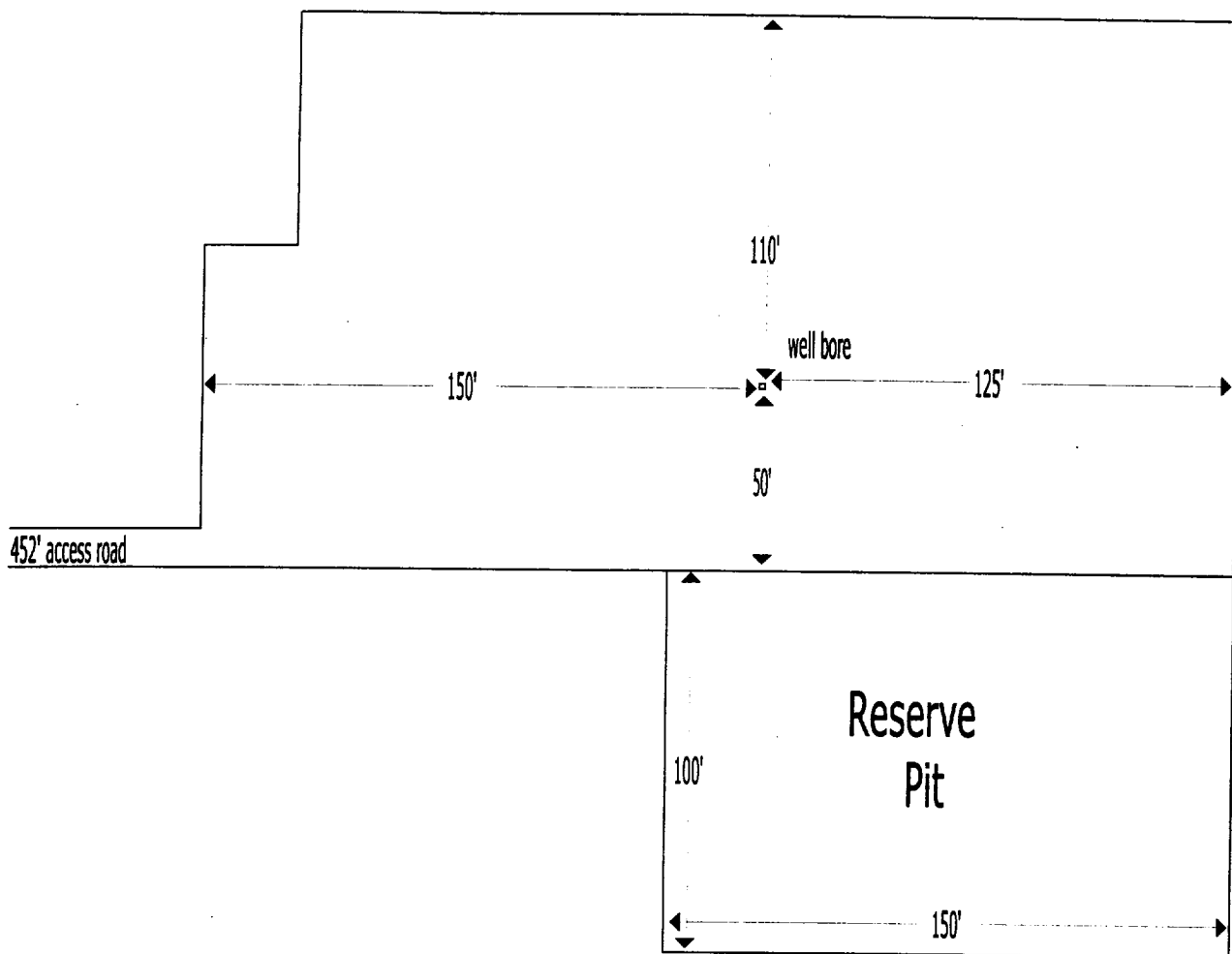
OPERATOR PREMIER OIL & GAS, INC.

LEASE DALE H. PARKE "B" TRACT C

U.S.G.S. TOPOGRAPHIC MAP

LOCO HILLS

EXHIBIT THREE



DALE H. PARKE "B"
 Tract C No. 14
 1650' FNL & 330' FEL
 Section 15; T17S - R30E
 Eddy County, New Mexico

Exhibit Four