

C/SF

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Alamosa, NM 88210

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK ☒ DRILL ☐ DEEPEN ☐
b. TYPE OF WELL
OIL ☐ WELL ☐ OTHER ☒ 149678
2. NAME OF OPERATOR KUKUI OPERATING COMPANY (LARRY STRIDER 915-687-6200)
3. ADDRESS AND TELEPHONE NO. 203 WEST WALL SUITE 810 MIDLAND, TEXAS 79701 (915-687-6200)
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 1775' FNL & 965' FEL SEC. 31 T19S-R21E EDDY CO. NM
At proposed prod. zone SAME
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
Approximately 18 miles Southwest of Hope New Mexico
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 965'
(Also to nearest drlg. unit line, if any)
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 3000'
16. NO. OF ACRES IN LEASE 640
17. NO. OF ACRES ASSIGNED TO THIS WELL 320
19. PROPOSED DEPTH 7400'
20. ROTARY OR CABLE TOOLS ROTARY
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4472' GR.

5. LEASE DESIGNATION AND SERIAL NO. NM-103358 104611
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME 28117
8. FARM OR LEASE NAME, WELL NO. SARGENT CANYON "31" FEDERAL #2
9. API WELL NO. 30-015-32277
10. FIELD AND POOL, OR WILDCAT UNDESIGNATED-MORROW
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 31 T19S-R21E
12. COUNTY OR PARISH EDDY CO.
13. STATE NEW MEXICO

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
20"	Conductor	NA	40'	Cement to surface with Redi-mix.
12 1/4"	J-55 9 5/8"	36	1220' 1375'	800 Sx. Circulate cement to surface
8 3/4"	J-55 5 1/2"	17	7400'	1000 Sx. Estimate TOC 1000'

Acwell Controlled Water Basin

1. Drill 20" hole to 40'. Set 40' of 14" conductor pipe and cement to surface with Redi-mix.
2. Air drill 12 1/4" hole to 1220'. Run and set 1220' of 9 5/8" 36# J-55 ST&C casing. Cement with 720ft³ of 9.0#/Gal Class "C" foam cement (1150' of fill + 100% excess), tail in with 188ft³ (300' of fill + 100% excess) of Class "C" cement + 2% CaCl. If cement does not circulate, immediately cement annulus through 13 5/8" casing head with an additional 200ft³ of 9#/Gal Class "C" foam cement and cap with 50 Sx. of Class "C" cement + 2% CaCl.
3. Drill 8 3/4" hole to 7400'. Run and set 7400' of 5 1/2" 17# N-80 LT&C casing. Cement with 1000 Sx. of 50/50 POZ Class "C" cement + additives, estimate top of cement form surface.

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.

SIGNED East Janica TITLE Agent DATE 03/28/02

(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 land proposed to be operated. Applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

APPROVED BY /S/ JOE G. LARA TITLE FIELD MANAGER DATE APR 24 2002

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

151 JOE G. L. HAY

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2002 MAR 29 AM 0:52

LIBRARY OF THE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C. 20535

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name UNDESIGNATED-MORROW
Property Code	Property Name SARGENT CANYON 31 FEDERAL		Well Number 2
OGRID No. 149678	Operator Name KUKUI OPERATING COMPANY		Elevation 4472'

Surface Location

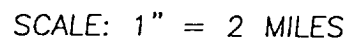
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	31	19-S	21-E		1775	NORTH	965	EAST	EDDY

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 320		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

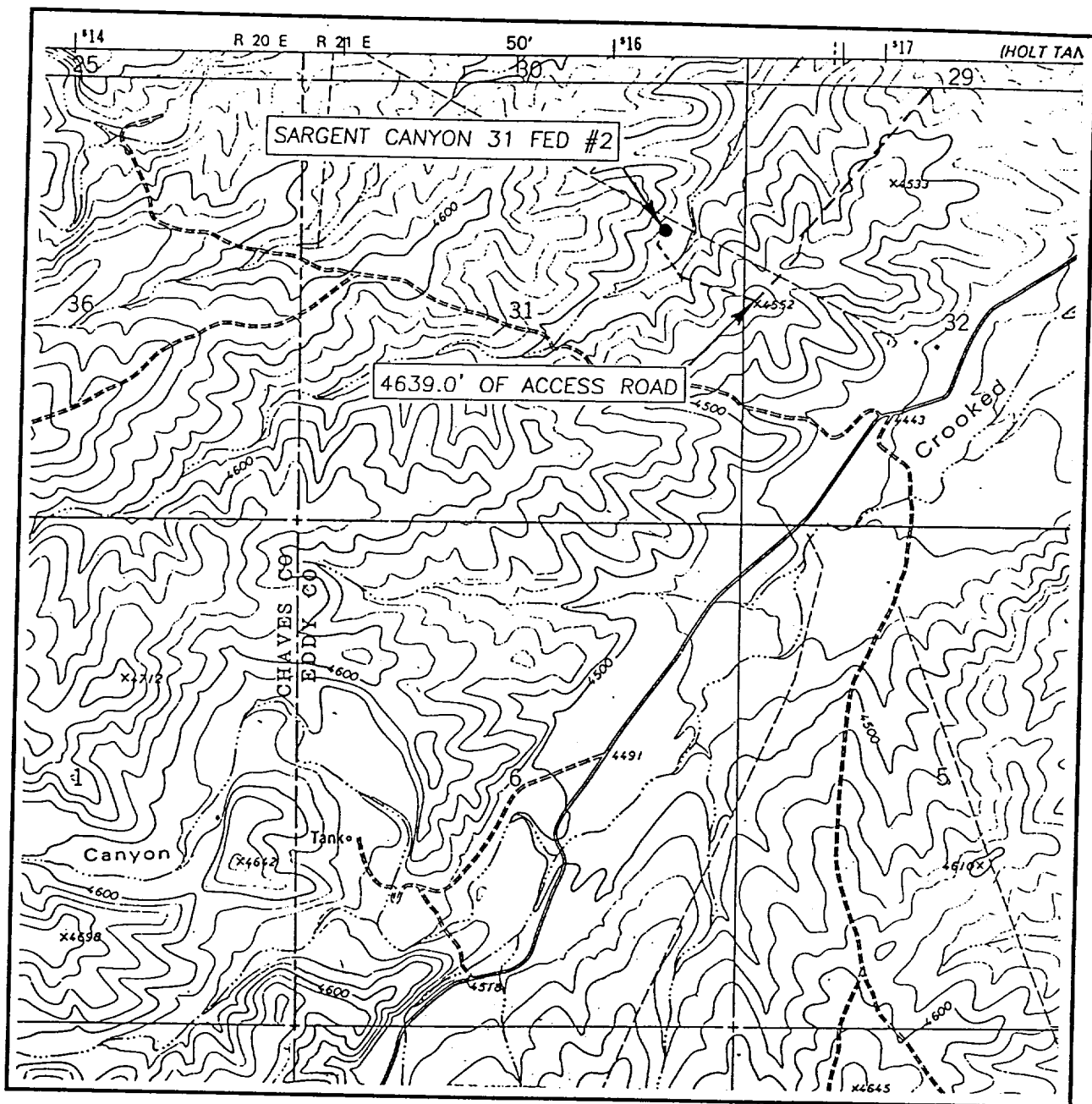
SPC NME NAD 1927 Y = 589339.5 X = 347885.5 LAT. = 32°37'09.21"N LONG. = 104°49'38.57"W				OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <i>Joe T. Janica</i> Signature Joe T. Janica Printed Name Agent Title 03/28/02 Date	
		8603/19805 Sargent Canyon '31' Federal		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. MARCH 16, 2002 Date Surveyed Signature & Seal of Professional Surveyor Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641	



LEASE SARGENT CAYON 31 FEDERAL

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'
STRYCHNINE DRAW, N.M.

SEC. 31 TWP. 19-S RGE. 21-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1775' FNL & 965' FEL

ELEVATION 4472'

OPERATOR KUKUI OPERATING COMPANY

LEASE SARGENT CAYON 31 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

STRYCHNINE DRAW, N.M.

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

APPLICATION TO DRILL

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

In response to questions asked under Section II B of Bulletin NTL-6 the following information is provided for your consideration:

1. Location: 1775' FNL & 965' FEL SEC. 31 T19S-R21E EDDY CO. NM
2. Elevation above sea level: 4472' GR.
3. Geologic name of surface formation:
4. Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
5. Proposed drilling depth: 7400'
6. Estimated tops of geological markers:

San Andres	1240'	Canyon	6140'
Tubb	2610'	Strawn	6600'
Wolfcamp	4330'	Atoka	6800'
Cisco	5640'	Morrow Clastics	7010'
7. Possible mineral bearing formation:

Cisco-Canyon	Gas	Morrow	Gas
Strawn	Gas		
Atoka	Gas		
8. Casing program:

<u>Hole size</u>	<u>Interval</u>	<u>OD casing</u>	<u>Weight</u>	<u>Thread</u>	<u>Collar</u>	<u>Grade</u>
20"	0-40'	14"	NA	NA	NA	Conductor
12 1/4"	0- 1220' ^{1375'}	9 5/8"	36	8-R	ST&C	J-55
8 3/4"	0-7400'	5 1/2"	17	8-R	LT&C	J-55

APPLICATION TO DRILL

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

14"	Conductor	Set 40' of 14" conductor pipe and cement to surface with Redi-mix.
9 5/8"	Surface	Set ^{1375'} 1220' of 9 5/8" 36# J-55 ST&C casing. Cement with 720ft ³ of 9.0#/Gal Class "C" foam cement, tail in with 188ft ³ of Class "C" cement + 2% CaCl, if cement does not circulate, immediately cement annulus through 13 3/8" casing head with 200ft ³ of 9#/Gal Class "C" foam cement and cap with 50 Sx. of Class "C" + 2% CaCl. Initial cementing is 100% excess.
5 1/2"	Production	Set 7400' of 5 1/2" 17# N-80 LT&C casing. Cement with 600 Sx of light weight cement + additives, tail in with 400 Sx of Class "H" 50/50 POZ + additives estimate top of cement 1000' from surface. Top of cement must be at least 500' above any potential pay zone.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 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 nipped up on the 9 5/8" 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" 3000 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
^{1375'} 40- 1220	8.4-8.8	29-34	NC	Fresh water Spud mud, use paper to control seepage & high viscosity sweeps to clean hole.
^{1375'} 1220 -7400'	8.4-9.5	29-38	NC*	Cut Brine system use paper to control seepage and high viscosity sweeps to clean hole.

* If water loss is needed mud up with a Polymer system to control water loss.

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

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Laterolog, CNL, LDT, Gamma Ray, Caliper from TD Surface casing shoe. GAMM Ray, Neutron from 1220' (surface casing shoe) to surface.
- B. Put on mud logger on hole 500' above the top of San Andres.
- C. DST's and cores taken as directed by Geologist.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S 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 4000 PSI, and Estimated BHT 140±°.

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 28 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 potentialized as a gas well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S 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, H₂S 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 separator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

1. EXISTING ROADS: Area maps, Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic map, showing existing 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 location of the proposed well site as staked.
 - B. From Hope New Mexico take Co. Road 12 (Armstrong Road) South go 7 miles to Co. Road 20 (Bronco Road) go 7.1 miles to turn off to Left follow road 1.3 miles bear Left Northwest go .25 miles to location on the Right.
 - C. Connect flowline to existing flow line on pipeline R-O-W.
2. PLANNED ACCESS ROADS: Approximately 1.5 miles to new road will be constructed.
 - A. The access road will be crowned and ditched to a 12' wide traveled surface with a 40' Right-of-Way.
 - B. Gradient on all roads will be less than 5% if possible.
 - C. Turn-outs will be constructed where necessary.
 - D. If needed the roads will be surfaced to the BLM requirements with material obtained from a local source.
 - E. Center line for the new access road will be flagged.
 - F. The road will be constructed to utilize low water crossings where drainage currently exist, and Culverts will be installed where necessary.
3. EXHIBIT "A-1" SHOWS WELLS AND DRY HOLES WITHIN A 1 MILE RADIUS.

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"

SURFACE USE PLAN

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

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. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "F".

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 quarters 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 furthred 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.

SURFACE USE PLAN

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

9. WELL SITE LAYOUT

- A. Exhibit "D" shows the proposed well site layout.
- B. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with polyethelene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B 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 erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography consists of low Limestone hills with broad level drainages, soils are shallow eolian sands overlying bed rock Limestone on the uplands and deep rocky soils in the drainages. Vegetation consists of yucca, cholla, and little leaf sumac.
- B. The surface and minerals are owned by The U.S. Department of Interior and is administered by The Bureau of Land Management. The surface of the land is used by ranchers to graze livestock and by oil companies to produce oil and gas.
- C. An archaeological survey will be conducted on the access roads and location then filed in the Bureau of Land Management field office in Carlsbad New Mexico.
- D. There is a ranch house approximately .6 miles Southeast of location

12. OPERATORS REPRESENTATIVE:

BEFORE CONSTRUCTION:

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

DURING AND AFTER CONSTRUCTION:

KUKUI OPERATING COMPANY
203 WEST WALL SUITE 810
MIDLAND, TEXAS 79701
OFFICE PHONE 915-687-6200
LARRY STRIDER

13. CERTIFICATION: I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route and that I am familiar with the conditions that currently exist, that the statements made in this plan are to the best of my knowledge are true and correct. The work associated with the operations proposed herein will be performed by KUKUI OPERATING COMPANY, it's contractors/subcontractors is in 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

TITLE : Agent

DATE : 03/28/02

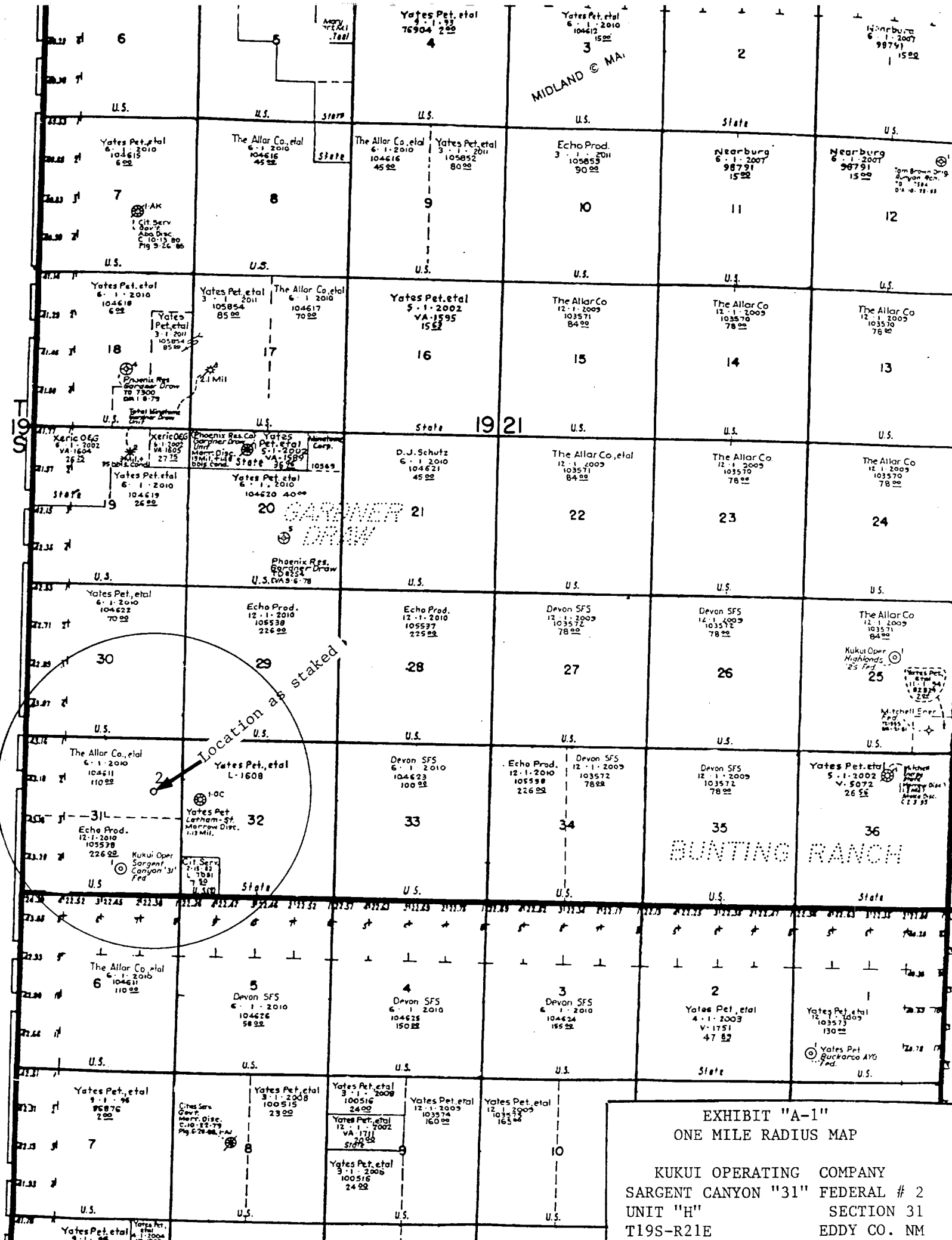


EXHIBIT "A-1"
ONE MILE RADIUS MAP

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E
EDDY CO. NM

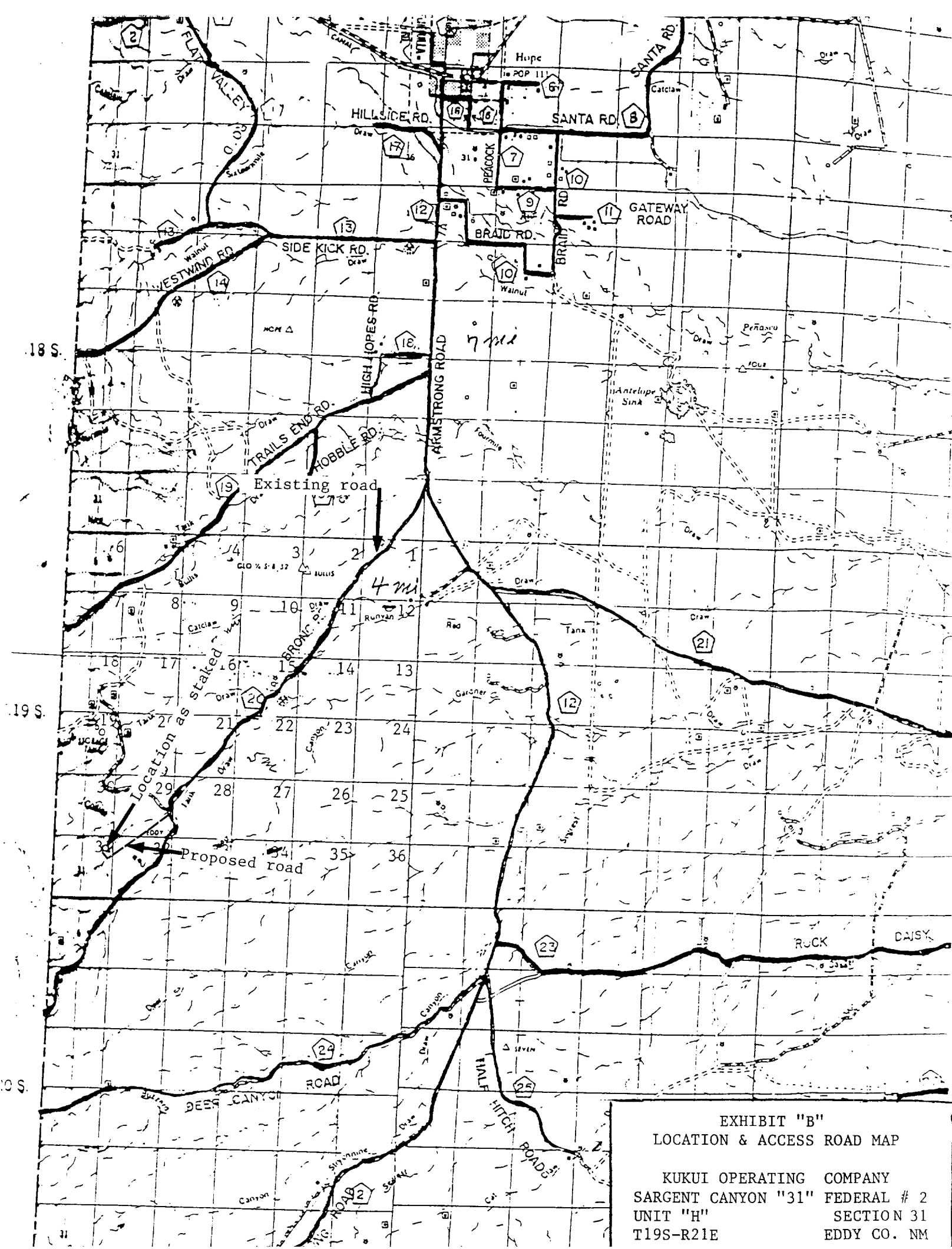


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

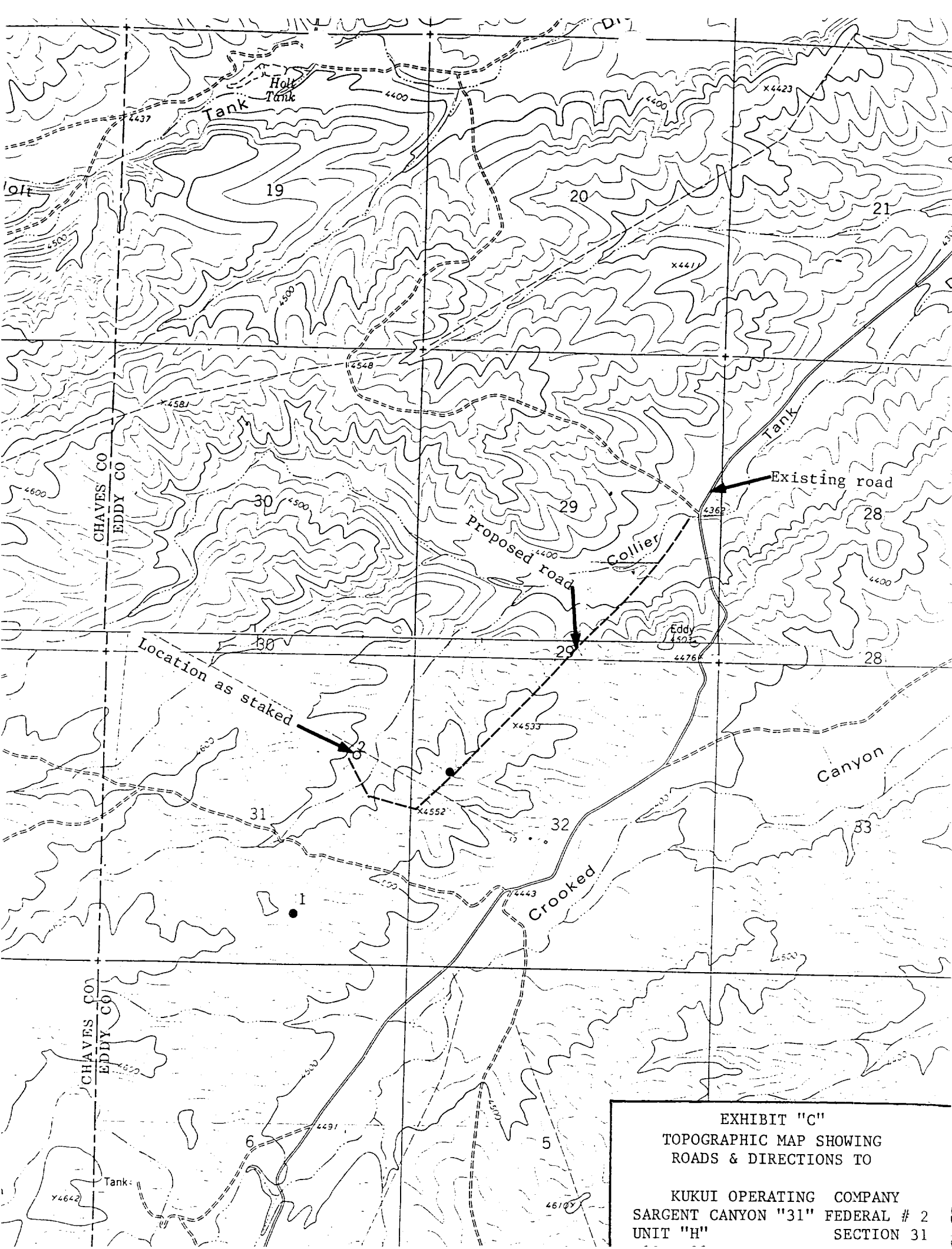
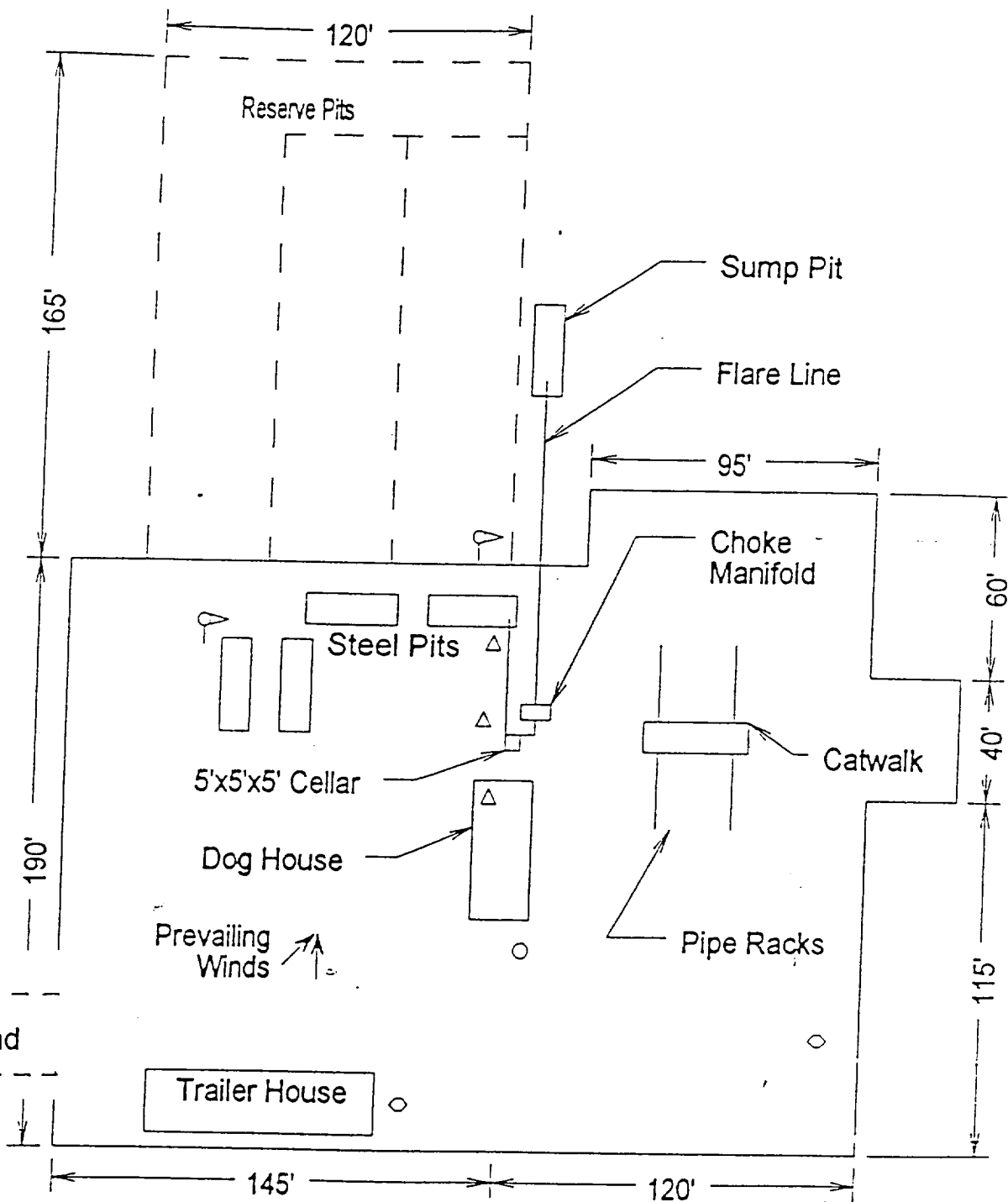


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

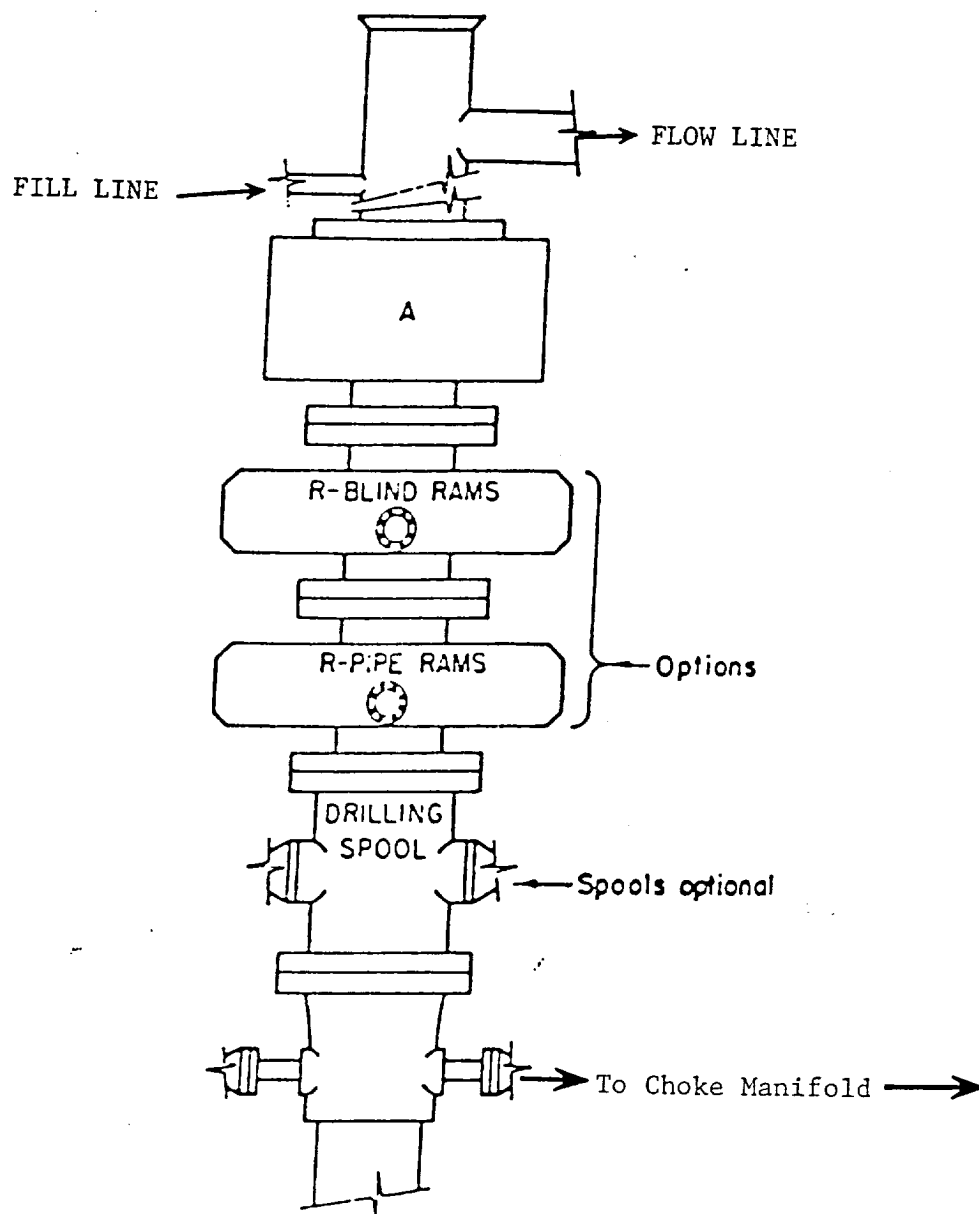
KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31



- ⬆ Wind Direction Indicators
(wind sock or streamers)
- △ H2S Monitors
(alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM



ARRANGEMENT SRRA

900 Series
3000 PSI WP

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

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

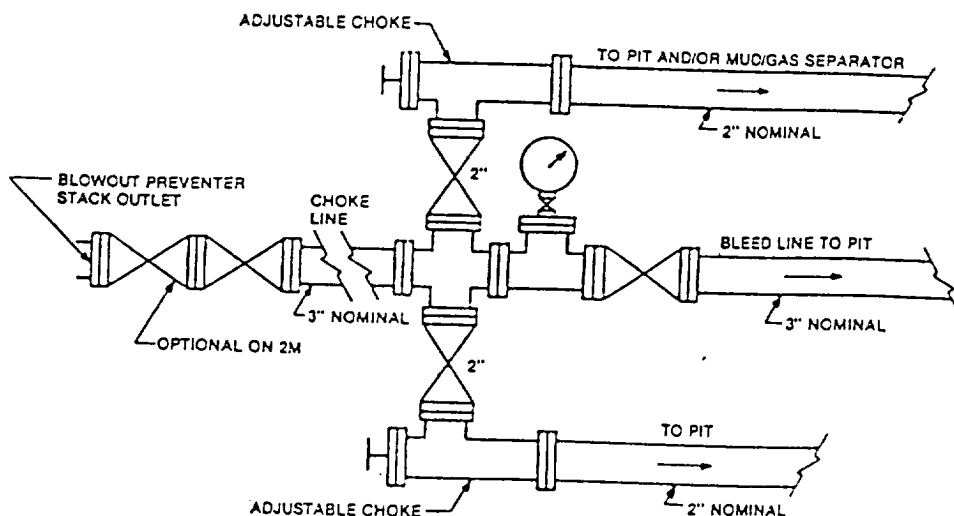


FIGURE K4-1. Typical choke manifold assembly for 2M and 3M rated working pressure service — surface installation.

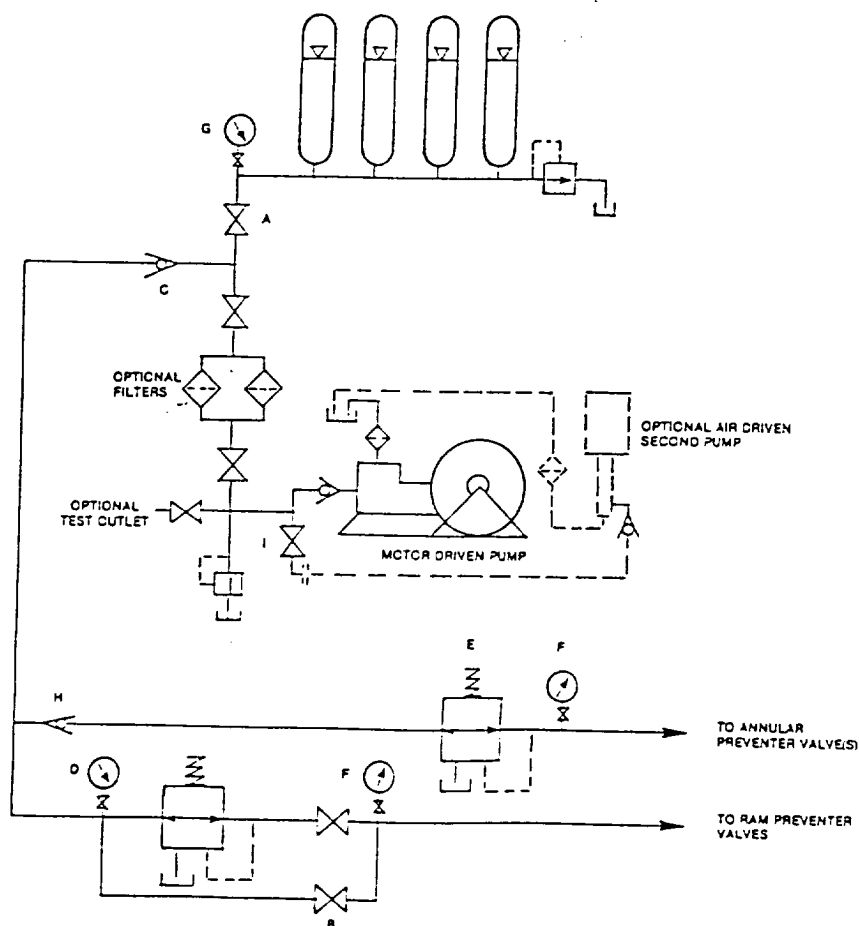


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

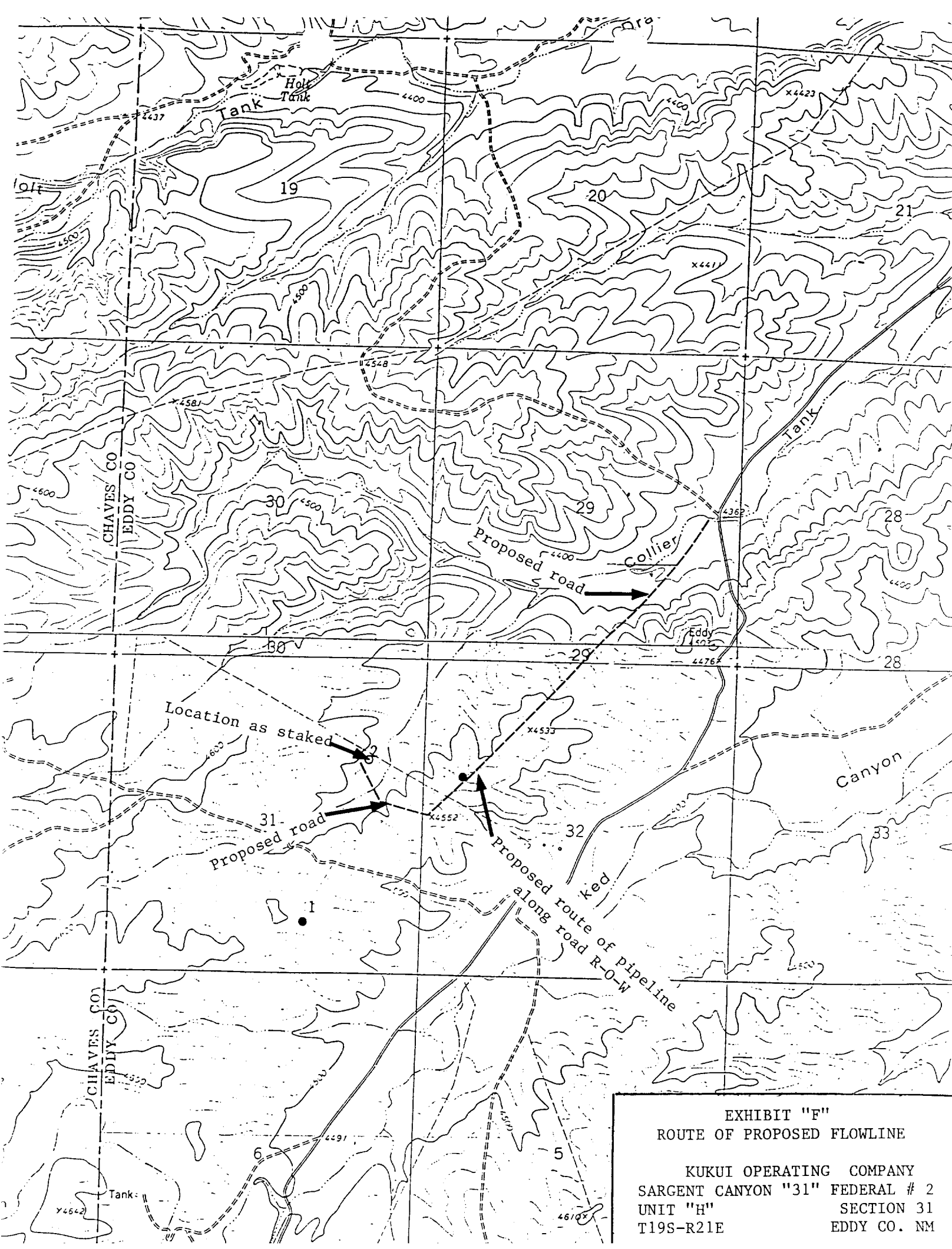


EXHIBIT "F"
ROUTE OF PROPOSED FLOWLINE

KUKUI OPERATING COMPANY
SARGENT CANYON "31" FEDERAL # 2
UNIT "H" SECTION 31
T19S-R21E EDDY CO. NM

RECEIVED

2002 APR -5 AM 8:36

KUKUI OPERATING COMPANY
203 WEST WALL
SUITE 810
MIDLAND, TEXAS 79701

BUREAU OF LAND MGMT.
ROSEBUD OFFICE
04/04/02

Kukui Operating Company accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portions thereof as described below.

Lease # NM-104611 and NM-105538

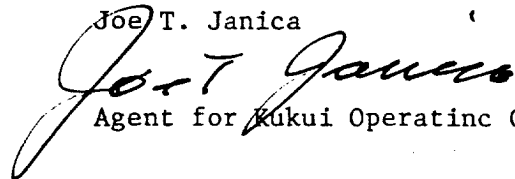
Legal Description of land. North half and South half of section 31 T19S-R21E
Eddy Co. New Mexico

Formation: All

Bond Coverage: Statewide

BLM Bond File: # BO-5522

Joe T. Janica



Agent for Kukui Operating Company