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Form 3160-5
(June 1990)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM - 0415688 - A
2. Name of Operator Altura Energy LTD	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P.O. Box 4294, Houston, Texas 77210-4294 Attn: Mark Stephens, 338-B, (281) 552-1158	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2323' FNL X 1974' FWL, Letter F, Sec. 18, T-22-S, R-28-E	8. Well Name and No. Old Indian Draw Unit No. 7
	9. API Well No. 30-015-21765
	10. Field and Pool, or Exploratory Area Indian Draw - Delaware
	11. County or Parish, State Eddy Co., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Drill 900' horizontal</u>
	<u>into the Cherry Canyon</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water
	(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Subject well is currently temporarily abandoned (CIBP @ 3100' capped w/35' cement).

The proposed operation is to drill a 900' horizontal into the Cherry Canyon formation as per the attached procedure.

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14. I hereby certify that the foregoing is true and correct

Signed Mark Stephens Title Business Analyst (SG) Date 1/26/98

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

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.

*See Instruction on Reverse Side

PROPOSED DRILLING PROCEDURE



Prepared By
Phoenix Drilling Services, Inc.
for
Altura Energy c/o Sierra Engineering
Well: OIDU #7
4 3/4" Hole, 5 1/2" Casing Re-Entry
Lateral Type Well
Eddy County, New Mexico
P97-460
15 December, 1997

1. RIH and prepare wellbore for directional operations by setting a whipstock for a KOP of 3175' MD with the desired azimuth of 270.00°.
2. Circulate hole clean and TOOH.
3. Pick up, orient, and test BHA #1 consisting of: See BHA Attachment
4. Run in hole to KOP at 3175' MD. Break circulation at 70-100 gpm and drill one foot to insure proper operation of motor.
5. PU steering tool and run in hole to seat steering tool in mule shoe. RU Wet Connect.
6. Begin pumping at 70-100 gpm and drill ahead slowly increasing differential to 200 psi. Drill ahead checking tool face orientation as necessary with the steering tool.
7. Continue drilling at the same flow rate and pressure to follow proposed well path to the end of the curve:
 - a. 3292.33' MD
 - b. 3249.17' TVD
 - c. 90.64° Inclination
 - d. 270.00° Azimuth
10. Circulate hole clean.
11. Trip out of hole to Wet Connect and retrieve steering tool.
12. Continue trip out of hole with BHA #1.
13. Pick up, orient, and test BHA #2 consisting of: See BHA Attachment
14. Run in hole to 3292' MD. Break circulation at 70-100 gpm and drill one foot to insure proper operation of motor.
15. PU steering tool and run in hole to seat steering tool in mule shoe. RU Wet Connect.
16. Continue drilling at the same flow rate and pressure to follow proposed well path to TD of well (bit trips as needed):
 - a. 4117.39' MD
 - b. 3240.00' TVD
 - c. 90.64° Inclination
 - d. 270.00° Azimuth
 - e. 900' Vertical Section
10. Circulate hole clean.
11. Trip out of hole to Wet Connect and retrieve steering tool.
12. Continue trip out of hole with BHA #2.
13. Demobilize.

Old Indian Draw Unit Fed. Well No. 7

Eddy County, New Mexico

Preparation for Horizontal Directional Drilling

The purpose of the following procedure is to prepare the subject wellbore for horizontal directional drilling operations. The procedure includes the drilling out of two cast iron bridge plugs, cement squeezing open perforations between the bridge plugs, and setting a plug and whipstock for a kick-off point of 3175 feet.

NOTE: Any questions may be directed to Bruce Rowley at (281) 552-1147. Daily reports should be input into the CRWS System.

1. After reviewing the following procedure, plan and prepare to carry out the tasks **SAFELY**. Hold safety meetings with contractors prior to each operation to insure the safety of their personnel as well as Altura's.
2. Move in and rig up workover rig.
3. Pull 2 3/8" tubing (kill string).
4. Run tubing and bit and drill out cement from 3065' to 3100' and cast iron bridge plug set at 3100 feet.
5. Run packer and set at approximately 3090'. Establish injection rate on open perforations 3123' to 3142'. Pull out of hole with packer and run in with cement retainer and set at approximately 3090'.
6. Squeeze perforations from 3123' to 3142' with cement according to the design to be provided by the pumping service company.
7. Run bit and drill out cement retainer and cement to 3142'. Run bit to top of cement at 3140' on bridge plug set at 3175'. Test squeeze to 1000 psi.
8. Drill out cement at 3140' to cast iron bridge plug set at 3175'. Test CIBP to insure kick-off point plug. Pull tubing and bit laying down tubing.
9. Shut down operations, rig down and move off workover rig.