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RCVD DEC 10 '07
OIL CONS. DIV.FORM AD-1000-3
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

NOV 21 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-114942
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 N/A
2. Name of Operator U. S. ENERCORP, LTD.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P. O. BOX 17098 SAN ANTONIO, TX 78217	3b. Phone No. (include area code) (210) 829-4888	8. Lease Name and Well No. ALMAGRE ARROYO 30 #2
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 2313' FSL & 2602' FEL At proposed prod. zone 1000' FNL & 1000' FWL - Lot 1 "D"		9. API Well No. 30-039- 30426
14. Distance in miles and direction from nearest town or post office* 5 AIR MILES NORTHWEST OF GALLINA		10. Field and Pool, or Exploratory West Puerto Chiquito Mancos
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,000'		11. Sec., T. R. M. or Blk. and Survey or Area J30-24N-1E NMPM
16. No. of acres in lease 1,789.1	17. Spacing Unit dedicated to this well 636.4 Ac LOTS 1-4, E2W2, E2 SEC. 30 (all)	12. County or Parish RIO ARRIBA
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 382'	19. Proposed Depth 8,138' (MD)	13. State NM
20. BLM/BIA Bond No. on file BLM (\$25,000): SB501212	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7,206' GL	22. Approximate date work will start* 11/30/2007
23. Estimated duration 6 WEEKS		24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 11/19/2007
Title CONSULTANT		

PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) 	Name (Printed/Typed) Wayne Townsend	Date 12-6-07
Title Acting AFM	Office FFO	

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.

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.

*(Instructions on page 2)

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENTDRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".This action is subject to technical and
procedural review pursuant to 43 CFR 3165.8
and appeal pursuant to 43 CFR 3165.4BLM & APPROVAL OR ACCEPTANCE OF THIS
ACTION DOES NOT RELIEVE THE LESSEE AND
OPERATOR FROM OBTAINING ANY OTHER
AUTHORIZATION REQUIRED FOR OPERATIONS
ON FEDERAL AND INDIAN LANDS
HOLD OVER run directional survey
NSL
Order for simultaneous
dedicated in U.L.F W/#1
MMOCD

DEC 13 2007

AV

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, N.M. 87505

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NOV 21 2007

Bureau of Land Management
Farmington Field Office

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30424	² Pool Code 50440	³ Pool Name WEST PUERTO CHIQUITO MANCOS
⁴ Property Code 36123	⁵ Property Name ALMAGRE ARROYO 30	⁶ Well Number 2
⁷ GRID No. 240473	⁸ Operator Name U.S. ENERCORP, LTD.	⁹ Elevation 7206

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	24 N	1 E		2313	SOUTH	2602	EAST	RIO ARRIBA

¹¹ 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
.D	30	24 N	1 E	(1)	1000'	NORTH	1000'	WEST	RIO ARRIBA

¹² Dedicated Acres 636.4	¹³ Joint or Infill .	¹⁴ Consolidation Code .	¹⁵ Order No. .
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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>16 N 89°20'39" E</p> <p>2636.18'</p> <p>1000'</p> <p>1000'</p> <p>NAD 83 LAT: 36.286416° N LONG: 106.881712° W</p>	<p>5242.10'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Brian Wood</i> 10-24-07 Signature Date BRIAN WOOD Printed Name</p>
<p>SECTION 30</p> <p>2602'</p> <p>NAD 83 LAT: 36.281025° N LONG: 106.876141° W</p>	<p>2313'</p>	<p>¹⁸ 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>10/02/07 Date of Survey Signature and Seal of Professional Surveyor: <i>Robert L. Pounds</i> ROBERT L. POUNDS NEW MEXICO 5846 SUPERVISOR Certificate Number 5846</p>
<p>2638.29'</p> <p>N 0°31'13" W</p> <p>S 89°23'39" W</p> <p>○ = SURFACE LOCATION ● = BOTTOM LOCATION</p>	<p>5246.70'</p>	

87505

7.206' GL

bbls: Construction Material: SYNTHETIC☐

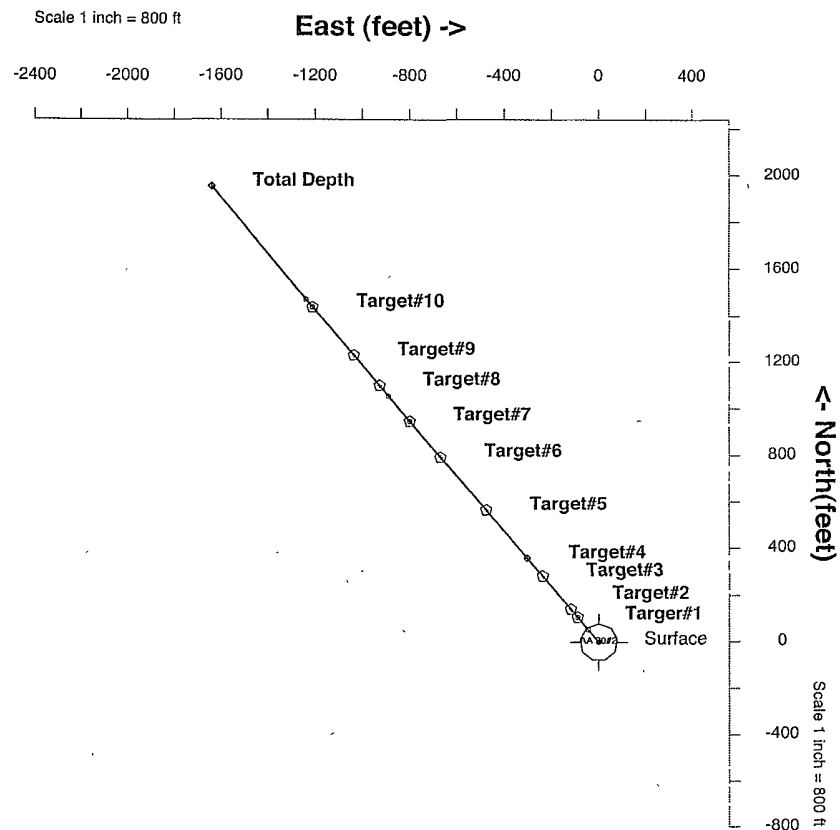
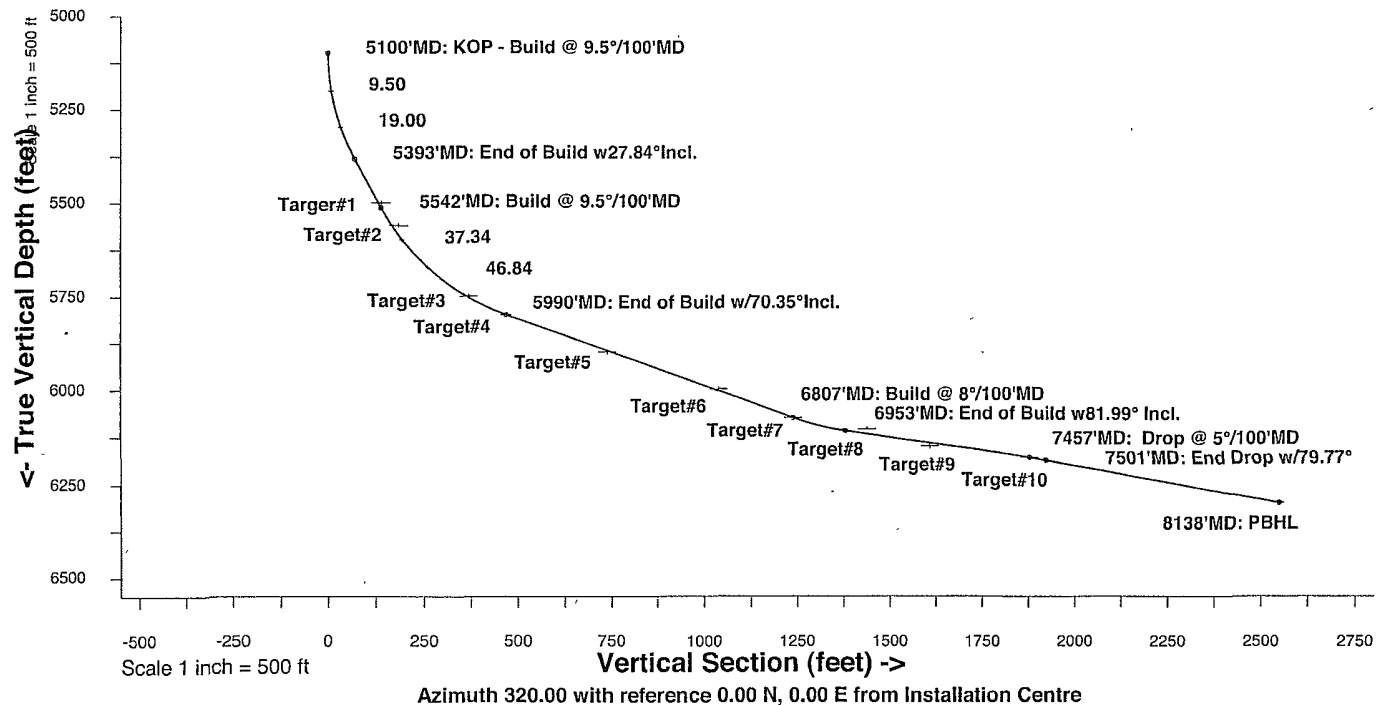
DATE _____

Conditions of Approval (if any):

U.S. Enercorp, LLC

Location: New Mexico Slot: AA 30#2
Field: New Mexico Well: Almagre Arroyo 30 #2
Installation: Almagre Arroya 30#2 Wellbore: Almagre Arroyo 30#2

WELL PROFILE DATA								
Point	MD	Inc	Azi	TVD	North	East	deg/100ft	V. Sect
KOP	5100.00	0.00	0.00	5100.00	0.00	0.00	0.00	0.00
End of Build/Turn	5393.09	27.84	320.00	5381.69	53.49	-44.88	9.50	-69.83
End of Hold	5542.41	27.84	320.00	5513.71	106.91	-89.71	0.00	-139.56
Target Target#4	5989.80	70.35	320.00	5800.00	360.04	-302.11	9.50	-470.00
Target Target#7	6807.43	70.35	320.00	6075.00	949.90	-797.06	0.00	-1240.00
End of Build	6952.90	81.98	320.00	6109.73	1057.91	-887.69	8.00	-1381.01
Target Target#10	7456.82	81.98	320.00	6180.00	1440.16	-1208.44	0.00	-1880.00
End of Drop	7501.01	79.77	320.00	6187.01	1473.59	-1236.49	5.00	-1923.63
T D & Target Total Dep	8137.49	79.77	320.00	6300.00	1953.41	-1639.11	0.00	-2550.00



Created by	admin
Date plotted	9-Oct-2007
Plot reference is	Almagre Arroyo 30#2
Ref wellpath is	AA 30#2 REV03
Coordinates are in	feet reference Installation Centre
True Vertical Depths are	reference Rig Datum
Measured Depths are	reference Rig Datum
Rig Datum, Datum #1	
Rig Datum to Mean Sea Level	0.00 ft.
Plot North is aligned to	GRID North

Almagre Arroyo 30 #2

SHL: 2313' FSL & 2602' FEL

BHL: 1000' FNL & 1000' FWL

Sec. 30, T. 24 N., R. 1 E., Rio Arriba County, NM

All inspections and BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and opened and closed at least daily to assure good mechanical working order. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place, anytime a seal is broken, or at least once every 14 days.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Depth Set</u>
14-3/4"	10-3/4"	40.5	H-40	S T & C	New	0' - 320'
9-7/8"	7-5/8"	26.4	N-80	L T & C	New	0' - 4,800'
6-3/4"	4-1/2"	11.6	J-55	L T & C	New	4,500' - 8,138'

Surface casing will be cemented to the surface with ≈ 356 cubic feet (≈ 300 sacks) Class G premium with 1/8 pound per sack poly-e-flake + 2% CaCl_2 . Yield = 1.2 cubic feet per sack. Weight = 15.6 pounds per gallon. Volume: $\geq 100\%$ excess. Three centralizers will be installed (on the float joint and every fourth joint thereafter).

Stage collar will be set at $\approx 2,800'$. Volume: $\geq 10\%$ excess.

Will cement from $\approx 4,800$ to $\approx 2,800'$ with ≈ 185 sacks of Halliburton light premium + 5 pounds per sack gilsonite + 1/8 pound per sack poly-e-flake (= 12.3 pounds per gallon & 1.94 cubic feet per sack). Follow with 166 sacks 50/50 poz + 5 pounds per sack gilsonite + 1/8 pound per sack poly-e-flake (= 13.5 pounds per gallon & 1.31 cubic feet per sack). Approximately 25 centralizers will be installed (2 centralizers on the float and one on every other joint for $\approx 1,000'$).

CONFIDENTIAL - TIGHT HOLE !!!

Almagre Arroyo 30 #2

SHL: 2313' FSL & 2602' FEL

BHL: 1000' FNL & 1000' FWL

Sec. 30, T. 24 N., R. 1 E., Rio Arriba County, NM

Will cement from $\approx 2,800'$ to the surface with ≈ 650 sacks Halliburton light premium + 5 pounds per sack gilsonite + $1/8$ pound per sack poly-e-flake ($=12.3$ pounds per gallon & 1.44 cubic feet per sack) and ≈ 150 sacks 50/50 poz premium + 5 pounds per sack gilsonite + $1/8$ pound per sack poly-e-flake ($=13.5$ pounds per gallon & 1.31 cubic feet per sack). Approximately 18 centralizers will be installed (on every fourth joint).

Liner will not be cemented.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0' - 320'	Gel/Lime	8.4 - 8.6	28-45	N/C
320' - 4,800'	Gel/Polymer	8.6 - 8.8	38-46	8-10
4,800' - TD	KCl/Foam*	8.4	29-32	N/C

*aerate with air in drill string

Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well site while drilling. Mud will be checked hourly by rig personnel. Material to soak up possible oil or fuel spills will be on site. A mud logger, gas detector, and flow sensor will be used. Pressure, volume, and temperature will be monitored.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Triple combination log will be run from $\approx 320'$ to $\approx 4,800'$. Gamma ray only will be run from $\approx 4,800'$ to TD.

7. DOWN HOLE CONDITIONS

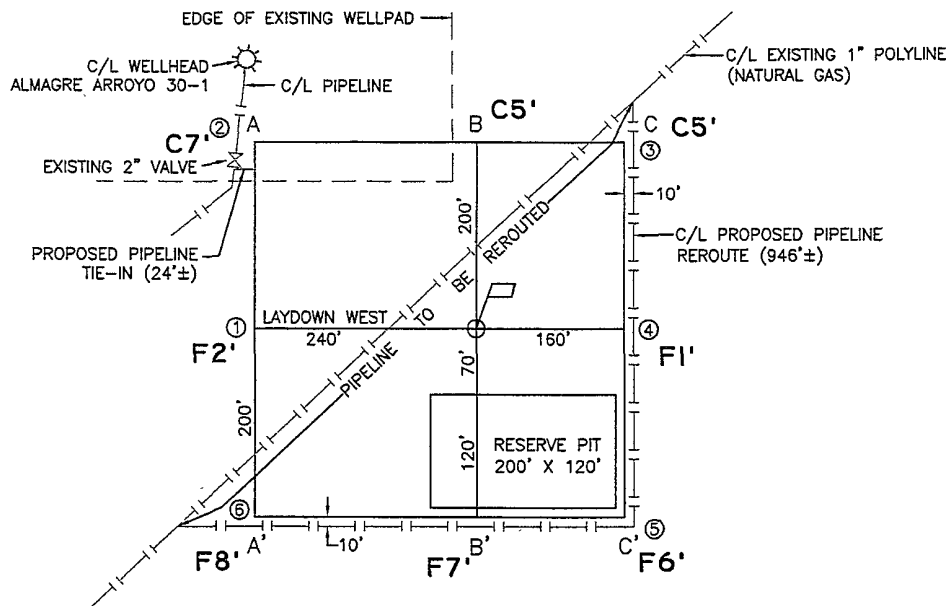
No abnormal pressures, temperatures, or hydrogen sulfide are expected.

CONFIDENTIAL - TIGHT HOLE !!!

BEFORE DIGGING
CALL FOR UTILITY
LINE LOCATION!



0 100 200
SCALE: 1"=200'



A-A' E

7220	.....	.....	.....	.....
7210	.....	.....	.....	.....
7200	.....	.....	.....	.....
7190	.....	.....	.....	.....
7180	.....	.....	.....	.....

B-B' E

7220	.....	.....	.....	.....
7210	.....	.....	.....	.....
7200	.....	.....	.....	.....
7190	.....	.....	.....	.....
7180	.....	.....	.....	.....

C-C' E

7220	.....	.....	.....	.....
7210	.....	.....	.....	.....
7200	.....	.....	.....	.....
7190	.....	.....	.....	.....
7180	.....	.....	.....	.....

CROSS SECTIONS
HORIZONTAL: 1"=200'
VERTICAL: 1"=50'

LEASE: ALMAGRA ARROYO 30-2

FOOTAGE: 2313' FSL, 2602' FEL

SEC. 30 TWN. 24 N RNG. 1 E N.M.P.M.

LAT: N 36.281025° LONG: W 106.876141° (NAD 83)

ELEVATION: 7206

U.S. ENERCORP, LTD.
SAN ANTONIO, TEXAS

SURVEYED: 10/02/07

REV. DATE:

APP. BY R.L.P.

DRAWN BY: H.S.

DATE DRAWN: 10/04/07

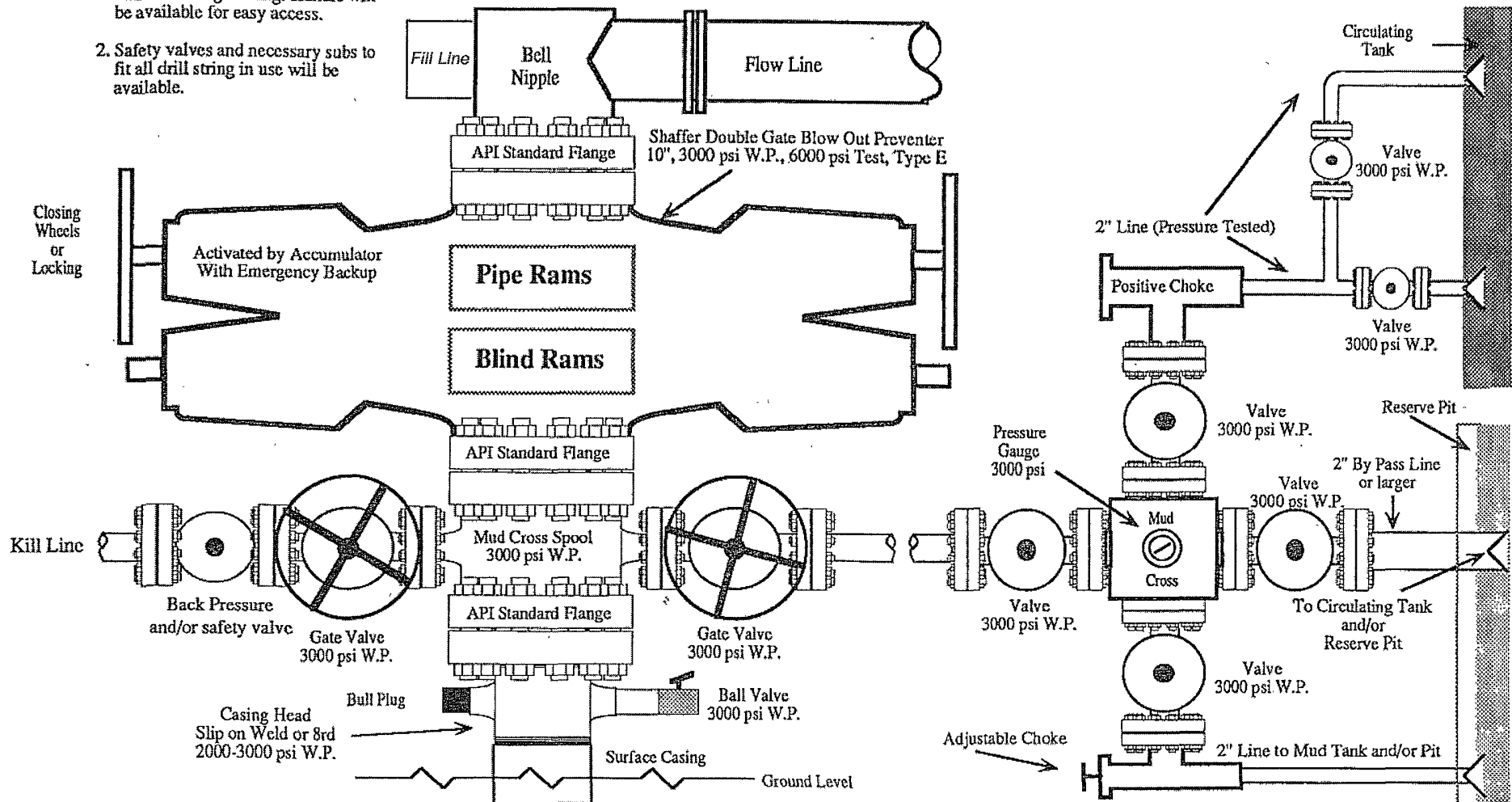
FILE NAME: 7938C01



P.O. BOX 3651
FARMINGTON, NM 87499
OFFICE: (505) 334-0408

2,000 PSI BOP SYSTEM

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.