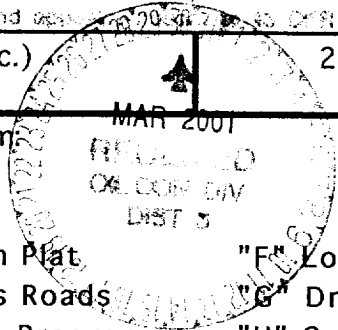


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work <p style="text-align: center;">DRILL</p>		5. Lease Number <p style="text-align: center;">NM-047</p>	
1b Type of Well <p style="text-align: center;">GAS</p>		6. If Indian, Name of Tribe or Allottee <p style="text-align: center;">26048</p>	
2. Operator <p style="text-align: center;">022521 TEXAKOMA OIL & GAS CORPORATION</p>		7. Unit Agreement Name <p style="text-align: center;">26048</p>	
3. Address & Phone No. of Operator <p style="text-align: center;">%A. R. KENDRICK BOX 516, AZTEC, NM 87410 (505) 334-2555</p>		8. Farm or Lease Name <p style="text-align: center;">TEXAKOMA FEDERAL 7</p>	
4. Location of Well <p style="text-align: center;">894' FNL 1583' FWL C-7-30N-12W</p>		9. Well Number <p style="text-align: center;">30-045-30527 2</p>	
10. Field, Pool, or Wildcat <p style="text-align: center;">(77200) Fulcher Kutz-Pictured Cliffs</p>		11. Section, Township, & Range, Meridian, or Block <p style="text-align: center;">C-7-30N-12W</p>	
14. Distance in Miles from Nearest Town <p style="text-align: center;">0.75 MILES</p>		12. County <p style="text-align: center;">SAN JUAN</p>	13. State <p style="text-align: center;">NEW MEXICO</p>
15. Distance from Proposed Location To Nearest Property Line or Lease Line. <p style="text-align: center;">1583'</p>	16. Acres in Lease <p style="text-align: center;">1920 ACRES</p>	17. Acres Assigned to Well <p style="text-align: center;">154.11 NW/4</p>	
18. Distance From Proposed Location To Nearest Well Dr, Compl., Or Applied For On Lease. <p style="text-align: center;">535'</p>	19. Proposed Depth <p style="text-align: center;">2400'</p>	20. Rotary or Cable Tools <p style="text-align: center;">ROTARY</p>	
21. Elevations (DF, RT, GR, Etc.) <p style="text-align: center;">5920' GR</p>		22. Approximate Date Work Will Start. <p style="text-align: center;">SPRING or SUMMER, 2001</p>	
23. Proposed Casing and Cementing Program <p style="text-align: center;">MAR 2001</p>			



Exhibits attached as follows:

- | | |
|--------------------------------------|-----------------------------------|
| "A" Location and Elevation Plat | "F" Location Profile |
| "B" Vicinity Map - Access Roads | "G" Drill Rig Layout |
| "C" Ten-Point Compliance Program | "H" Completion Rig Layout |
| "D" Multi-Point Requirements for APD | "I" Production Facility Schematic |
| "E" Blowout Preventer Schematic | "J" List of Wells Within One Mile |

24. Signed *A.R. Kendrick* Title _____ Agent _____ Date 01/23/01

Permit No. _____ Approval Date _____

Approved By *Joel Farrell* Title _____ Date 01/28

NOTE: THIS FORMAT IS ISSUED IN LIEU OF U.S. BLM FORM 3160-3.

State of New Mexico
 Energy, Minerals & Mining Resources Department
 OIL CONSERVATION DIVISION
 P. O. Box 6429
 Santa Fe, New Mexico 87504-6429.

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-30527	Pool Code 77200	Pool Name Fulcher Kutz-Pictured Cliffs
Property Code 26408	Property (Well) Name Texakoma Federal 7	
OGRID No. 022521	Operator Name Texakoma Oil & Gas Corporation	Well Number 2 Elevation 5920'

Surface Location

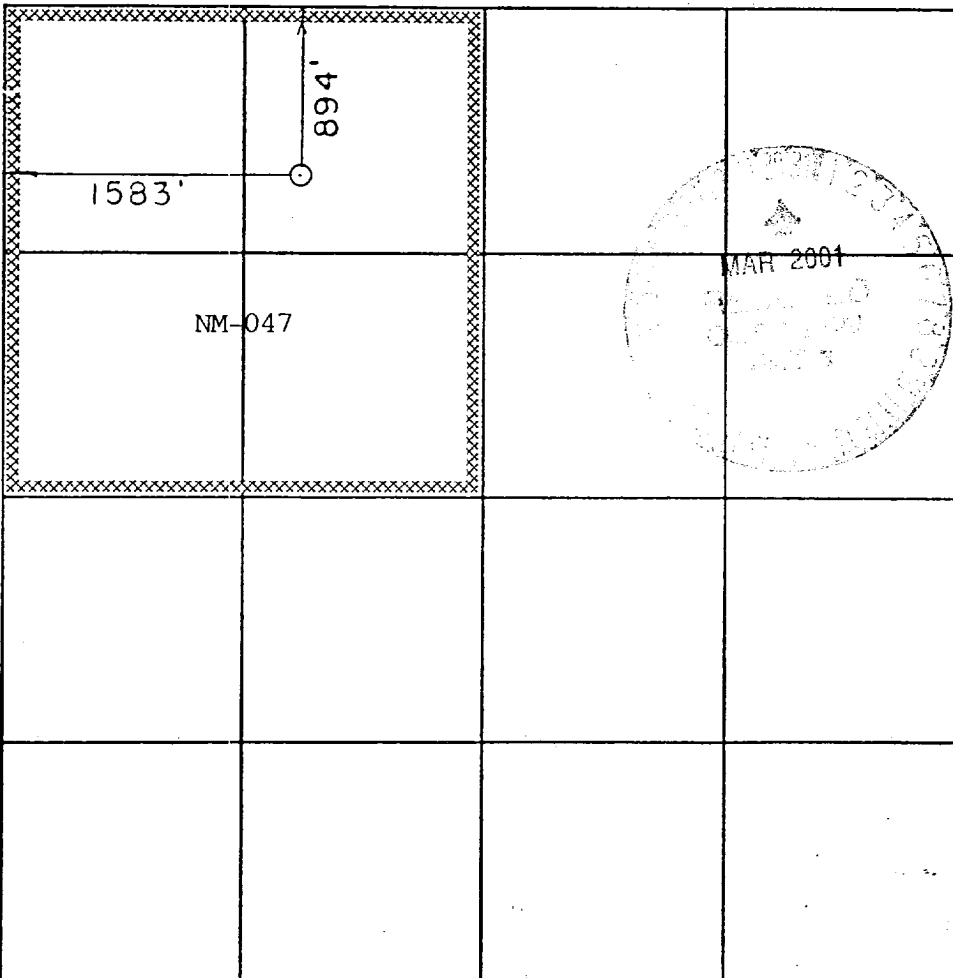
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
C	7	30 N	12 W		894	North	1583	West	San Juan

Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

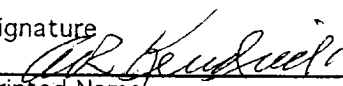
Dedication 154.11	Joint? N	Consolidation	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION




OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

 Printed Name
 A. R. Kendrick
 Title
 Agent
 Date
 01/23/01

SURVEYOR CERTIFICATION

I hereby certify that the well location 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.

Date of Survey

 Signature and Seal of Professional Surveyor
 A. R. Kendrick
 REGISTERED LAND SURVEYOR

Certificate Number

EXHIBIT A

TEN-POINT PROGRAM
 Texakoma Oil & Gas Corporation
 Texakoma Federal 7 #2
 894' FNL 1583' FWL 7-30N-12W
 San Juan County, New Mexico
 Lease No. NM-047

1. THE GEOLOGICAL SURFACE FORMATION IS: Nacimiento.
2. THE TOPS OF IMPORTANT GEOLOGICAL MARKERS: (BASED ON EXISTING LOG INFORMATION)

Fruitland	1715'
Pictured Cliffs	2075'
Total Depth	2400' —

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
Gas	Pictured Cliffs	2075'

4. THE CASING PROGRAM:

<u>DEPTH</u>	<u>HOLE SIZE</u>	<u>CASING O.D.</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>TYPE</u>	<u>NEW/USED</u>
0- 175'	8-3/4"	7"	20#	J-55	ST&C	NEW
0-2400' —	6-1/4"	4-1/2"	10.5#	J-55	ST&C	NEW

PROPOSED CEMENT PROGRAM: To effectively isolate and seal off all water, oil gas and coal-bearing strata encountered by the utilization of spacers, centralizers and swirling centralizers at the base of the Ojo Alamo formation as specified by NTL-FRA 90-1 III.B and API standards; and by using cement volumes as follows: (exact volumes to be determined from logs.)

SURFACE: 55 Cu Ft (60 Sx) Class "H" w/0.25# Flocele/Sx plus 2% CaCl (100% Excess).

PRODUCTION: 162 Cu Ft (82 Sx Light standard cement w/2% Metasylicate + 0.25 pps Flocele mixed to 12.4 ppg followed by 162 Cu Ft (134 Sx) Standard w/0.6% Halad-322 mixed to 15.6 ppg w/caliper plus 25% excess in both slurries. Grand Totals: 364 Cu Ft (216 Sx).

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of the blowout preventer used by a local contractor for other wells in the area.

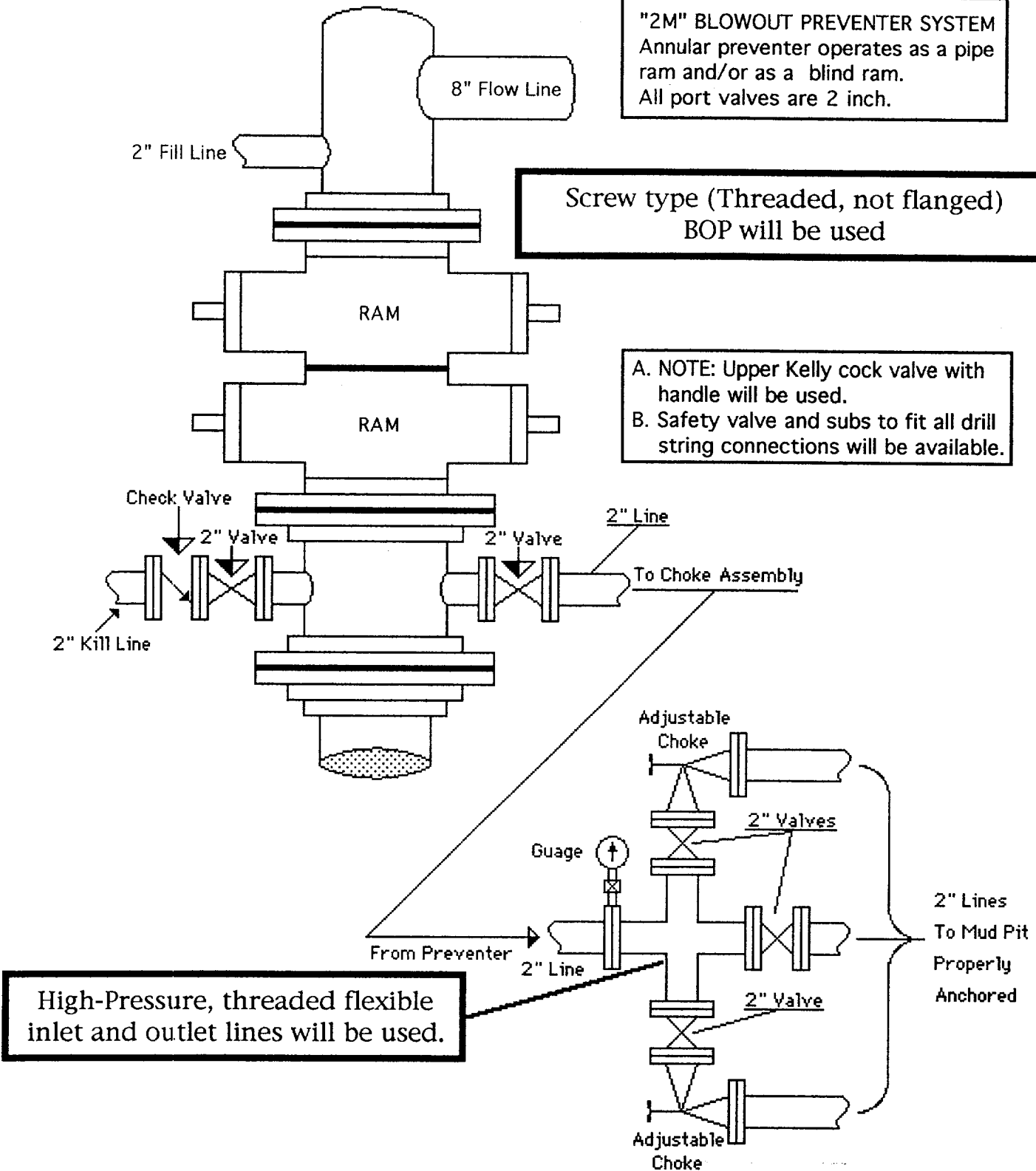
The BOP to be used is an Annular BOP with screwed connections with high-pressure inlet and outlet hoses, all tested to 2000 psi minimum.

"2M" BLOWOUT PREVENTER SYSTEM

"2M" BLOWOUT PREVENTER SYSTEM
 Annular preventer operates as a pipe ram and/or as a blind ram.
 All port valves are 2 inch.

Screw type (Threaded, not flanged)
 BOP will be used

A. NOTE: Upper Kelly cock valve with handle will be used.
 B. Safety valve and subs to fit all drill string connections will be available.



High-Pressure, threaded flexible inlet and outlet lines will be used.