

RECEIVED

OCD-HOBBS

Form 3160-3 (April 2004) MAR 10 2008

Split Estate

FORM APPROVED OMB No. 1004-0137 Expires March 31, 2007

HOBBS OGD

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | | |
|--|---|--|--|
| 1a. Type of work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER | | 7. If Unit or CA Agreement, Name and No. Bowers A Federal <250TD> | |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other inject <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 8. Lease Name and Well No. #31 | |
| 2. Name of Operator Texland Petroleum-Hobbs, LLC <13315> | | 9. API Well No. 30-D25-23176 | |
| 3a. Address 777 Main Street, Ste 3200 Fort Worth, Tx 76102 | | 3b. Phone No. (include area code) 817-336-2751 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface Unit E, 1980' FNL & 660' FWL At proposed prod. zone same Lea County Controlled Water Basin | | 10. Field and Pool, or Exploratory Hobbs, Blinebry | |
| 14. Distance in miles and direction from nearest town or post office* 2 miles west of Hobbs, NM | | 11. Sec., T. R. M. or Blk. and Survey or Area Sec. 29, T18S, R38E | |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660' | 16. No. of acres in lease 300 | 17. Spacing Unit dedicated to this well 40 | |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1180' | 19. Proposed Depth 7050' | 20. BLM/BIA Bond No. on file -588064 NM 2754 OR | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3644' GL | 22. Approximate date work will start* ASSP | 23. Estimated duration 13 days | |

24. Attachments

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

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

| | | |
|--------------------------------------|--------------------------------------|------------------|
| 25. Signature <i>Vickie Smith</i> | Name (Printed/Typed) Vickie Smith | Date 10/19/07 |
|--------------------------------------|--------------------------------------|------------------|

| | | |
|-----------------------------|--|----------------------|
| Title Regulatory Analyst | Name (Printed/Typed) /s/ Don Peterson | Date MAR - 6 2008 |
|-----------------------------|--|----------------------|

| | | |
|---|--|----------------------|
| Approved by (Signature) /s/ Don Peterson | Name (Printed/Typed) /s/ Don Peterson | Date MAR - 6 2008 |
|---|--|----------------------|

| | |
|------------------------|---------------------------------|
| Title FIELD MANAGER | Office CARLSBAD FIELD OFFICE |
|------------------------|---------------------------------|

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. APPROVAL FOR TWO YEARS

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)

WFY-832

SEE ATTACHED FOR CONDITIONS OF APPROVAL

PETROLEUM ENGINEER
MAY 17 2010

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SUBJECT TO LIKE APPROVAL BY STATE

**United States Department of the Interior
Bureau of Land Management
Carlsbad District
620 East Greene Street
Carlsbad, New Mexico 88220**

**RE: Bowers A Federal #31
Sec. 29, T18S, R38E
Lea County, New Mexico**

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

**OPERATOR NAME: Texland Petroleum-Hobbs, LLC
ADDRESS: 777 Main Street, Suite 3200
Fort Worth, Texas 76102**

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

LEASE NO: USA LC-032233A

**LEGAL DESCRIPTION: 1980' FNL & 660' FW of Sec. 29,
T18S, R38E, N.M.P.M.
Lea County, New Mexico**

**FORMATIONS: All rights; except the San Andres
formation and surface to the Oglala**

BOND COVERAGE: State of New Mexico

BLM BOND FILE NO: NM #2754

Texland Petroleum-Hobbs, LLP

AUTHORIZED SIGNATURE:

by:


Greg Mendenhall

TITLE: Drilling and Production Manager

DATE: November 27, 2007

Revised 12-4-07

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|---|
| ¹ API Number 30-025-23176 | ² Pool Code 31680 | ³ Pool Name Upper Hobbs, Blinebry |
| ⁴ Property Code 025070 | ⁵ Property Name Bowers "A" Federal | |
| ⁷ OGRID No. 113315 | ⁸ Operator Name Texland Petroleum-Hobbs, LLC | ⁶ Well Number #31 ⁹ Elevation 3644 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 29 | 18S | 38E | | 1980 | North | 660 | West | Lea |

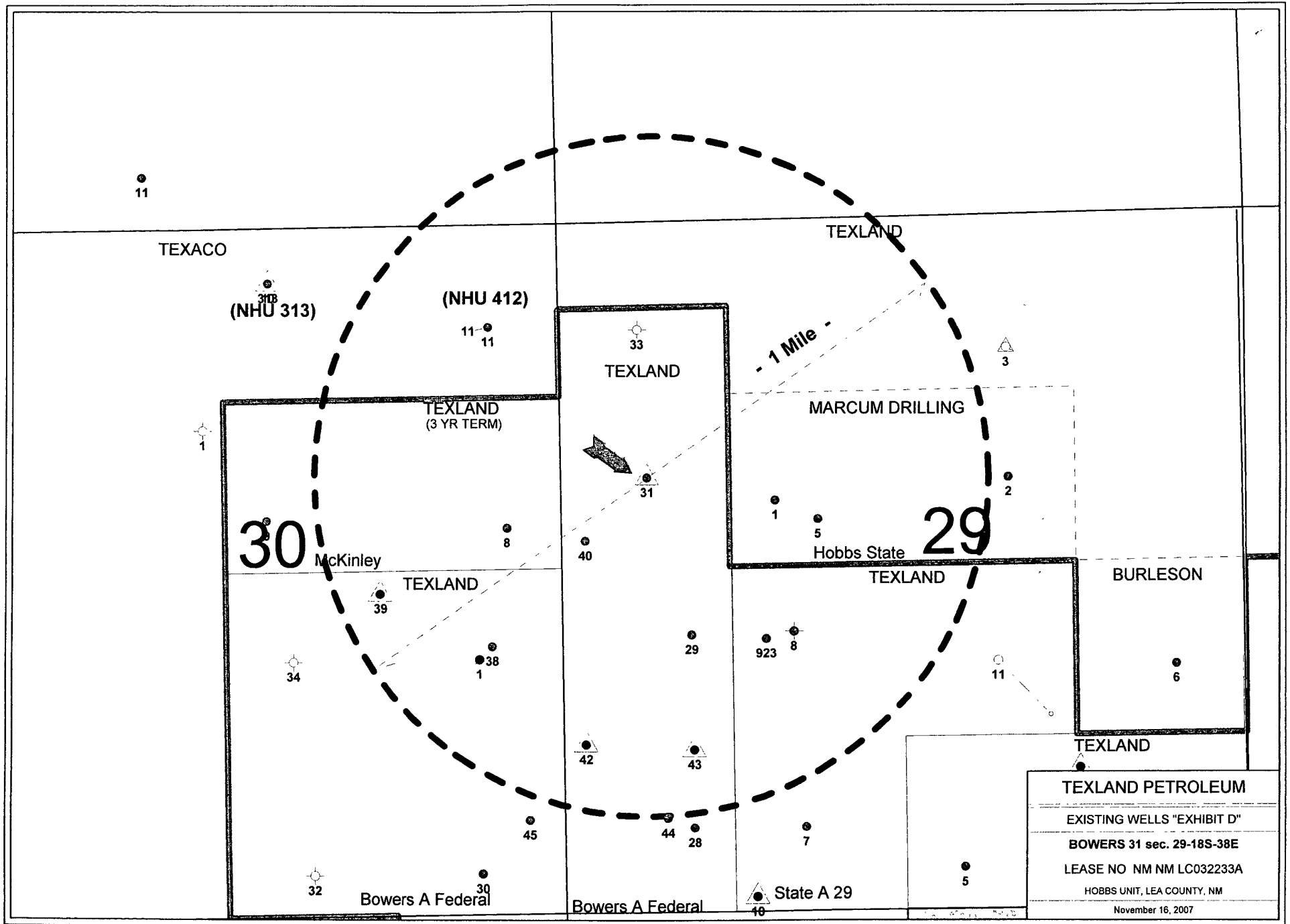
¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 40 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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

| | | | | |
|--|--|--|--|---|
| ¹⁶ | | | | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. |
| | | | | Signature Vickie Smith Printed Name Production Analyst vsmith@texpetro.com Title and E-mail Address 12/3/07 Date |
| ¹⁸ 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. April 26, 1969 Date of Survey Signature and Seal of Professional Surveyor: see original APD 6/5/69 for more info #1382 Certificate Number | | | | |



TEXLAND PETROLEUM

EXISTING WELLS "EXHIBIT D"

BOWERS 31 sec. 29-18S-38E

LEASE NO NM NM LC032233A

HOBBS UNIT, LEA COUNTY, NM

November 16, 2007

Attachment 3160-3

Revised 2/12/08

Texland Petroleum-Hobbs, LLC

Bowers A Federal #31

1980' FNL & 660' FWL, Sec. 29, T1¹⁶S, R38E, Lea County, New Mexico

Federal Lease No. LC-032233A

PROPOSED TD: 7050' TVD

BOP PROGRAM: 0 - 6515' (PBSD) 7 1/16" 3000# rated Guiberson Type A-1 BOP is manually tested in yard prior to installation on the pulling unit. A 3000# rated choke manifold will be installed.

CASING:
Original Existing Surface: 15" hole, 11 3/4" 42# J-55 ST&C, Set @ 389',
Original Existing Intermediate: 11" hole, 8 5/8" 32# J-55 ST&C, Set @ 2300'
Original Existing Production: 7 7/8" hole, 5 1/2" 15.5 & 17# J-55 LT&C, Set @ 7050'
New Production Liner: 4 1/2" 11.36# J-55 ULT-FJ new csg, w/2.76 collapse design, 1/73 burst design & 3.83 tension design safety factors, Set @ 5740', DV tool will be set @ 1450'

CEMENT:
Original Surface: Cmtd w/300 sks Cl "H" w/4% gel & 2% CaCl
Original Intermediate: Cmtd w/300 sks Cl "H" & 200 sks Neat
Original Production: Cmtd w/350 sks Trinity Lite & 300 sks Incor
New Production: 1st Stage cmt w/55 sks Cl "C" w/1% SMS + .3% CD-32 (13.9 ppg, 1.55 yd) + 50 sks Cl "C" w/.6% CD-32 (14.8 ppg, 1.33 yd); 2nd Stage cmt w/220 sks Cl "C" w/4% Gdl +3% salt (13.1 ppg, 1.89 yd) + 50 sks Cl "C" (14.8 ppg, 1/32 yd)

Est TOC @ surface

MUD: 0 - PBSD @ 6515' Drill out cmt plugs w/FW

November 27, 2007

United States Dept. of Interior
Bureau of Land Management
Carlsbad District Office
620 East Greene Street
Carlsbad, New Mexico

REVISED 2/12/08
revisions are in red

Re: Application for Permit to Drill
Texland Petroleum - Hobbs L.L.C.
Bowers A Federal #31
Lea County, New Mexico
Lease No. LC-032233A

Gentlemen:

Texland Petroleum - Hobbs, L.L.C respectfully requests permission to re-enter our Bowers A Federal #1, located 1980' FNL & 660' FEL of Sec. 29, T-18-S, R-38-E, Lea County, New Mexico, Federal Lease No. LC-32233A. The proposed well will be re-enter to a TD of approximately 7050' (TVD). The location and work area has been staked. It is approximately 2 miles northwest of Hobbs, New Mexico.

In accordance with requirements stipulated in Federal Onshore Oil & Gas Order No. 1 under 43 CFR 3162.1, our Application for Permission to Drill and supporting evidence is hereby submitted.

Application for Permit to Drill: DRILLING PROGRAM

1. Form 3160.3, Application for Permit to Drill
2. Form C-102 location & acreage dedication plat certified by a Registered Land Surveyor No. 1382, in State of New Mexico dated April 26, 1969.
3. Elevation of the unprepared ground is 3644' above sea level.
4. Geologic name of surface formation is Tertiary.
5. A completion unit will be utilized to re-enter the well to TD 7050' (TVD), and run casing liner. This equipment will also be used to complete the well.
6. Original total depth is 7050' TVD, propose to re-enter to PBTD @ 6515'

7. Estimated tops of important geologic markers.
- | | |
|------------|-----------|
| Grayburg | 3930' TVD |
| San Andres | 4018' TVD |
| Glorieta | 5400' TVD |
| Blinebry | 5283' TVD |
| Drinkard | 6662' TVD |
8. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:
- Primary objective: Blinebry 5283' TVD
9. The proposed casing program is as follows:
- Original Existing Surface: 15" hole, 11 3/4" 42# J-55 ST&C, Set @ 389' ,
- Original Existing Intermediate: 11" hole, 8 5/8" 32# J-55 ST&C, Set @ 2300'
- Original Existing Production: 7 7/8" hole, 5 1/2" 15.5 & 17# J-55 LT&C, Set @ 7050'
- New Production Liner: 4 1/2" 11.36# J-55 ULT-FJ new csg, w/2.76 collapse design, 1.73 burst design & 3.83 tension design safety factors, Set @ 5740', DV Tool will be set @ 1450'
10. Casing setting depth and cementing program:
- Original Surface: Cmtd w/300 sks Cl "H" w/4% gel & 2% CaCl
- Original Intermediate: Cmtd w/300 sks Cl "H" & 200 sks Neat
- Original Production: Cmtd w/350 sks Trinity Lite & 300 sks Inco
- New Production: 1st Stage cmt w/55 sks Cl "C" w/1% SMS + .3% CD-32 (13.9 ppg, 1.55 yd) + 50 sks Cl "C" w/.6% CD-32 (14.8 ppg, 1.33 yd); 2nd Stage cmt w/220 sks Cl "C" w/4% Gel + 3% salt (13.1 ppg, 1.89 yd) + 50 sks Cl "C" (14.8 ppg, 1/32 yd)
- Est TOC @ surface
- Note: Cement volumes will be adjusted based on experience and fluid caliper
11. Pressure Control Equipment
- 0 - 6515' (PBD) 7 1/16" 3000# rated Guiberson Type A-1 BOP system is manually tested in yard prior to installation. A 3000# rated Choke Manifold will be installed.
- BOP drills will be conducted as necessary to assure that equipment is operational and each crew is properly trained to carry out emergency duties.

12. Mud Program:

0 - PBTD @ 6515' Drill out cmt plugs w/FW

13. Testing, logging and Coring Program:

Logging Program: Original completion logs are on file, no new logs will be done.

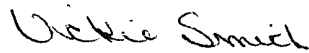
No abnormal temperatures or pressures anticipated. Estimated BHP 1413 psi, (There are no exposed formations, we anticipated there to be 0 BHP) and estimated BHT 100 deg. H2S detection and monitoring equipment will be installed and will be in compliance with NMOCD. Contingency Plan is attached.

15. Anticipated starting date is January 4, 2008. It should take approximately 13 days to drill and to complete the well.

16. The multi-point surface use & operation plan is attached.

If the Bureau of Land Management needs additional information to evaluate this application, please advise.

Sincerely,



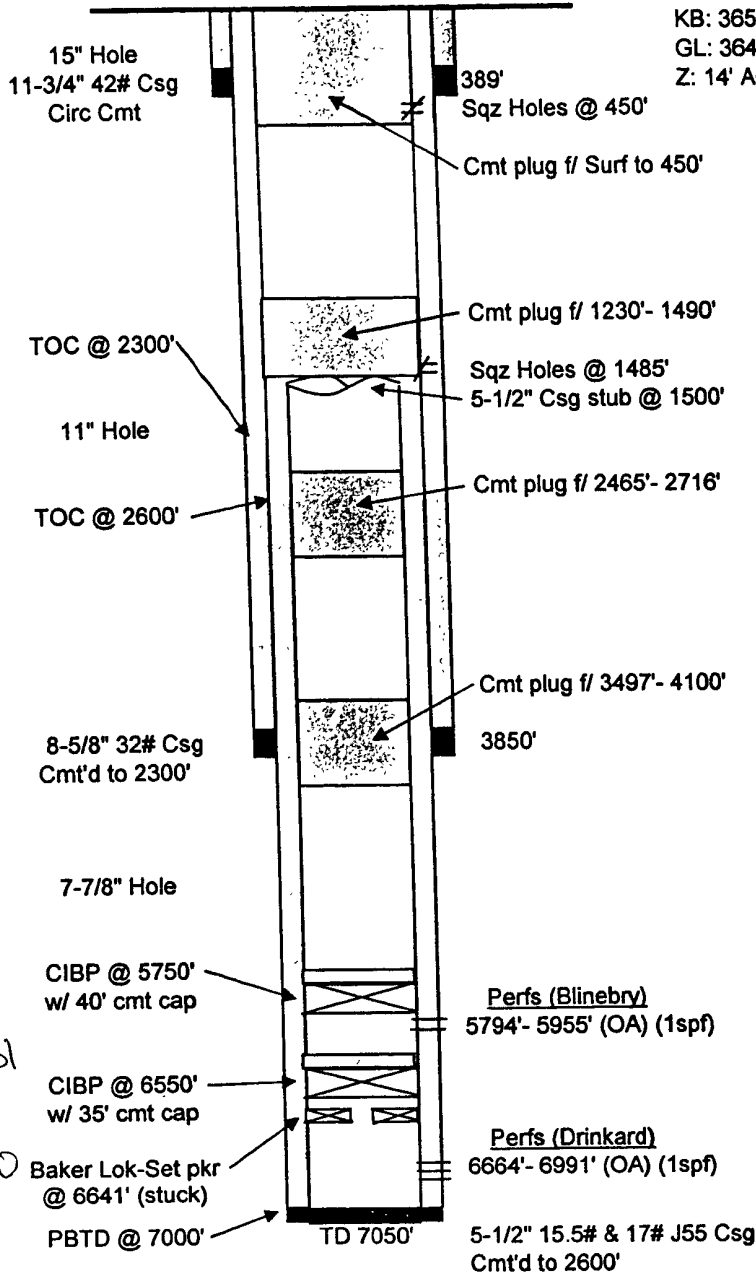
Vickie Smith
Regulatory Analyst

Bowers A Federal #31

Present Wellbore Schematic

Dr'd 6/69
P&A'd 8/90

KB: 3656'
GL: 3642'
Z: 14' AGL



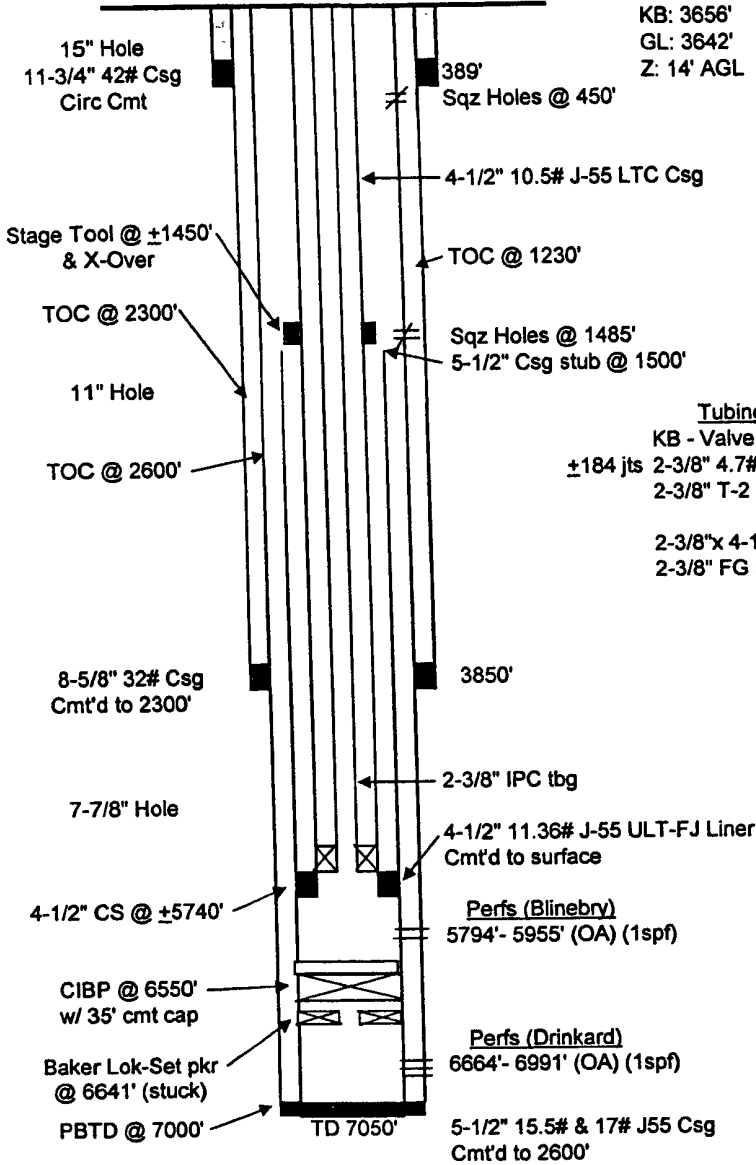
5710
w/351
CMT
8-27-90

G.Mendenhall

Bowers A Federal #31
Proposed Wellbore Schematic

Dr'd 6/69
 P&A'd 8/90

KB: 3656'
 GL: 3642'
 Z: 14' AGL



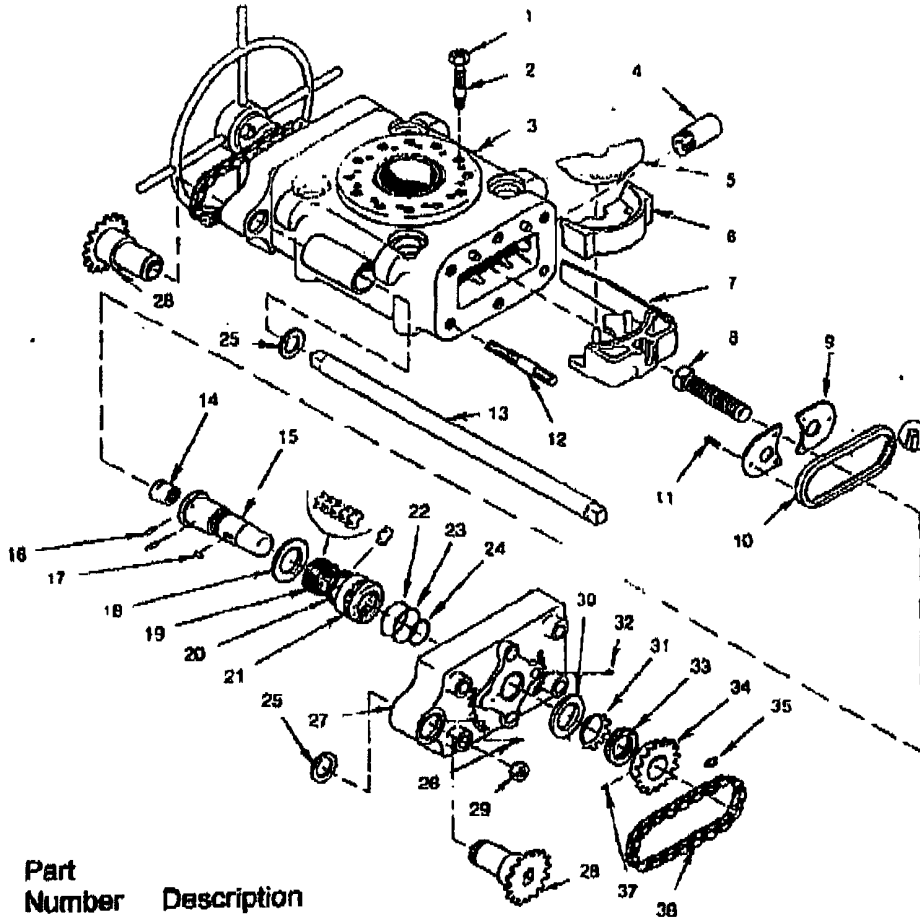
Tubing Detail

| | Length | Depth |
|---|---------|---------|
| KB - Valve | 11.00 | 11.00 |
| ±184 jts 2-3/8" 4.7# J55 8rd EUE IPC tbg | 5685.30 | 5696.30 |
| 2-3/8" T-2 O/F tool (316SS) w/ 1.50" F-profile | 1.90 | 5698.20 |
| 2-3/8"x 4-1/2" Arrowset 1-X pkr (IPC/EPC) | 7.80 | 5706.00 |
| 2-3/8" FG sub | 4.00 | 5710.00 |

G.Mendenhall
 8/9/2007

EXHIBIT "E" PAGE 1 OF 2

TRIPPLE M OIL TOOL, INC.
 REPLACEMENT PARTS
 7-1/16" GUIBERSON TYPE A-1 B.O.P.
 MANUAL - CHAIN DRIVE



| Ref # | Part Number | Description |
|-------|-------------|----------------------------|
| 1 | 13542 | Nut, Flange. |
| 2 | 13503 | Stud, Flange. |
| 3 | 67532 | Body. |
| 4 | 19451 | Bull Plug. |
| 5 | | Top Rubber Retainer Plate. |
| 6 | | Ram Rubber. |
| 6A | 21510 | Shims. |
| 7 | 20859 | Bottom Slides. |
| | 21509 | Sprocket Sleeve. |

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