

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

RECEIVED
AUG 17 2005

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NM 07306	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. Aztec 26 Federal #1	
9. API Well No. 30-005-63800	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory Pecos Slope Abo 82730
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone	11. Sec., T. R. M. or Blk. and Survey or Area Sec 26, T10S, R25E
2. Name of Operator Cabal Energy Corporation	12. County or Parish Chaves
3a. Address 415 West Wall Street, Suite 1700 Midland, Texas 79701	13. State NM
3b. Phone No. (include area code) 432-682-0440	14. Distance in miles and direction from nearest town or post office* 7 miles east of Roswell, New Mexico
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 660' FSL & 1980' FWL At proposed prod. zone Same as Above 2780'	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 960	17. Spacing Unit dedicated to this well 160
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1910'	19. Proposed Depth 5,500'
20. BLM/BIA Bond No. on file NM 2860	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3741'
22. Approximate date work will start* 08/30/2005	23. Estimated duration 20 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:

- 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 <i>Lindsay Truesdell</i>	Name (Printed/Typed) Lindsay Truesdell	Date 07/27/2005
Title Consultant		

Approved by (Signature) <i>/S/LARRY D. BRAY</i>	Name (Printed/Typed) /S/LARRY D. BRAY	Date NOV 18 2005
Title	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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)

NSL-

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

Drill only NSL required to produce well - OCD

State of New Mexico

DISTRICT I
1625 N. FRENCH DR., ROSS, NM 88240

Energy, Minerals and Natural Resources Department

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

DISTRICT II
1301 V. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT III
1000 Elc Brasos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
	82730	Pecos Slope Abo
Property Code	Property Name	Well Number
	AZTEC 26 FEDERAL	1
GRID No.	Operator Name	Elevation
194930	CABAL ENERGY CORPORATION	3741'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	10-S	25-E		660	SOUTH	1980	WEST	CHAVES

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	Joint or Infill	Consolidation Code	Order No.
160			

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

RECEIVED
AUG 17 2005
OOU-ARTESIA

RECEIVED
NOV 21 2005
OOU-ARTESIA

GEODETIC COORDINATES
NAD 27 NME

Y=877016.5 N
X=487569.3 E

LAT.=33°24'39.29" N
LONG.=104°22'26.65" W

OPERATOR CERTIFICATION

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

Lindsay Truesdell
Signature

Lindsay Truesdell
Printed Name

Consultant
Title

July 27, 2005
Date

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.

JULY 1, 2005
Date Surveyed

DEL

Signature: *Gary E. Eason*
Professional Surveyor

NEW MEXICO
PROFESSIONAL SURVEYORS
05.11.1030

Certificate No. GARY EASON 12641

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well Oil Well Gas Well Other

2. Name of Operator **Cabal Energy Corporation**

3a. Address **415 West Wall Street, Suite 1700; Midland, Texas 79701**

3b. Phone No. (include area code)
432-682-0440

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**660' FSL & 1980' FWL
Sec 26, T-10S, R-25E**

5. Lease Serial No.
NM 07306

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
Aztec 26 Federal #1

9. API Well No.

10. Field and Pool, or Exploratory Area
Pecos Slope Abo

11. County or Parish, State
Chaves Co., NM

12. CHECK APPROPRIATE BOX(ES) 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"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____	
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Cabal Energy Corporation is requesting to move the location 300' to the east. The new location will be located 600' FSL & 2280' FWL as per the attached C-102.

NSL-

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Lindsay Truesdell

Title **Consultant**

Signature

Lindsay Truesdell

Date

10/07/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **/s/LARRY D. BRAY**

Title

Date **NOV 18 2005**

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

ROSWELL FIELD OFFICE

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)

State of New Mexico

Energy, Minerals and Natural Resources Department

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1625 N. FRENCH DR., HOHRS, NM 88240

DISTRICT II
1501 W. GRAND AVENUE, ARTESIA, NM 88210

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1000 Rio Brazos Ed., Artec, NM 87410

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OIL CONSERVATION DIVISION
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Property Code	Property Name	Well Number
	AZTEC 26 FEDERAL	1
OGRID No.	Operator Name	Elevation
194930	CABAL ENERGY CORPORATION	3751'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	10-S	25-E		660	SOUTH	2280	WEST	CHAVES

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		Joint or Infill		Consolidation Code		Order No.			
40/160									

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>RECEIVED NOV 21 2005</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=877013.5 N X=487869.2 E</p> <p>LAT.=33°24'39.26" N LONG.=104°22'23.11" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lindsay Truesdell</i> Signature</p> <p>Lindsay Truesdell Printed Name</p> <p>Consultant Title</p> <p>October 7, 2005 Date</p>
	<p>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><i>GARY G. EIDSON</i> Signature & Seal of Professional Surveyor</p> <p>12641 Date Surveyed</p> <p>05.11.1461</p> <p>Certificate No. GARY EIDSON 12641</p>

MULTI POINT SURFACE USE AND OPERATIONS PLAN FOR

**Cabal Energy Corporation
Aztec 26 Federal #1**

Surface Location: 660' FSL & 1980' FWL
Section 26, T-10-S, R-25-E
Chaves County, New Mexico
Lease No.: NM 07306

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operation.

1. **EXISTING ROADS:**

- A. Exhibit "A" is a location verification map showing the location of the proposed well as staked.
- B. Directions: From Mile Post 164 on Hwy. #380 (Arlene Road). Go West on Hwy #380 approximately 0.6 miles. Turn Right (North) at tower and go through cattle guard. Follow bend Left (West) and go approximately 300'. Follow bend Right (North) and go approximately 0.8 miles. Turn Right (Northeast) and follow P/L road approximately 0.1 miles. This location is approximately 100' South of road.

2. **PLANNED ACCESS ROAD:**

- A. Length and Width: Exhibit "C" is the proposed access road.
- B. Construction: None necessary.
- C. Turnouts: None required.
- D. Culverts: None necessary.
- E. Cuts and Fills: None necessary.
- F. Gates and Cattle Guards: 1 Cattle Guard
- G. Off lease right of way: None required.

3. LOCATION OF EXISTING WELLS:

Existing wells in the immediate area are shown on the Vicinity Map, Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Cabal Energy Corporation has no production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIAL:

Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from an approved Federal pit. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil Produced during tests will be stored in test tanks.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged 500' x 500'.
- B. Mat Size: 225' x 300', plus 150' x 150' reserve pit on the southeast.
- C. Cut & Fill: None necessary
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of trash leaving the site aesthetically pleasing to the extent possible.
- B. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

- A. Surface Ownership - Bureau of Land Management
- B. Boone Archeological Services, 2030 North Canal Street, Carlsbad, NM 88220, conducted an archaeological survey. No significant archaeological resources were found in the area of the planned access road or of the proposed well site.

**C. Oil & Gas Lease:
NM 07306**

**Township 10 South, Range 25 East
SW/4 of Section 26**

D. RECORD LESSEE:

Pure Energy Group	50%
Chisos	50%

E. BOND COVERAGE:

\$25,000 Statewide Oil & Gas Surety Bond
BLM Bond #: NM 2860

12. OPERATOR'S REPRESENTATIVE:

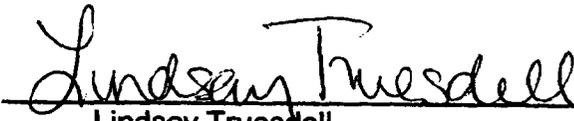
The field representative for assuring compliance with the approved use and operations plan is as follows:

R. K. Ford & Associates
415 West Wall, Suite 1700
Midland, Texas 79701
432-682-0440 (Office)
432-682-0441 (Fax)
432-570-7216 (Home)
432-559-2222 (Cell)
Randell@rkford.com (E-mail)

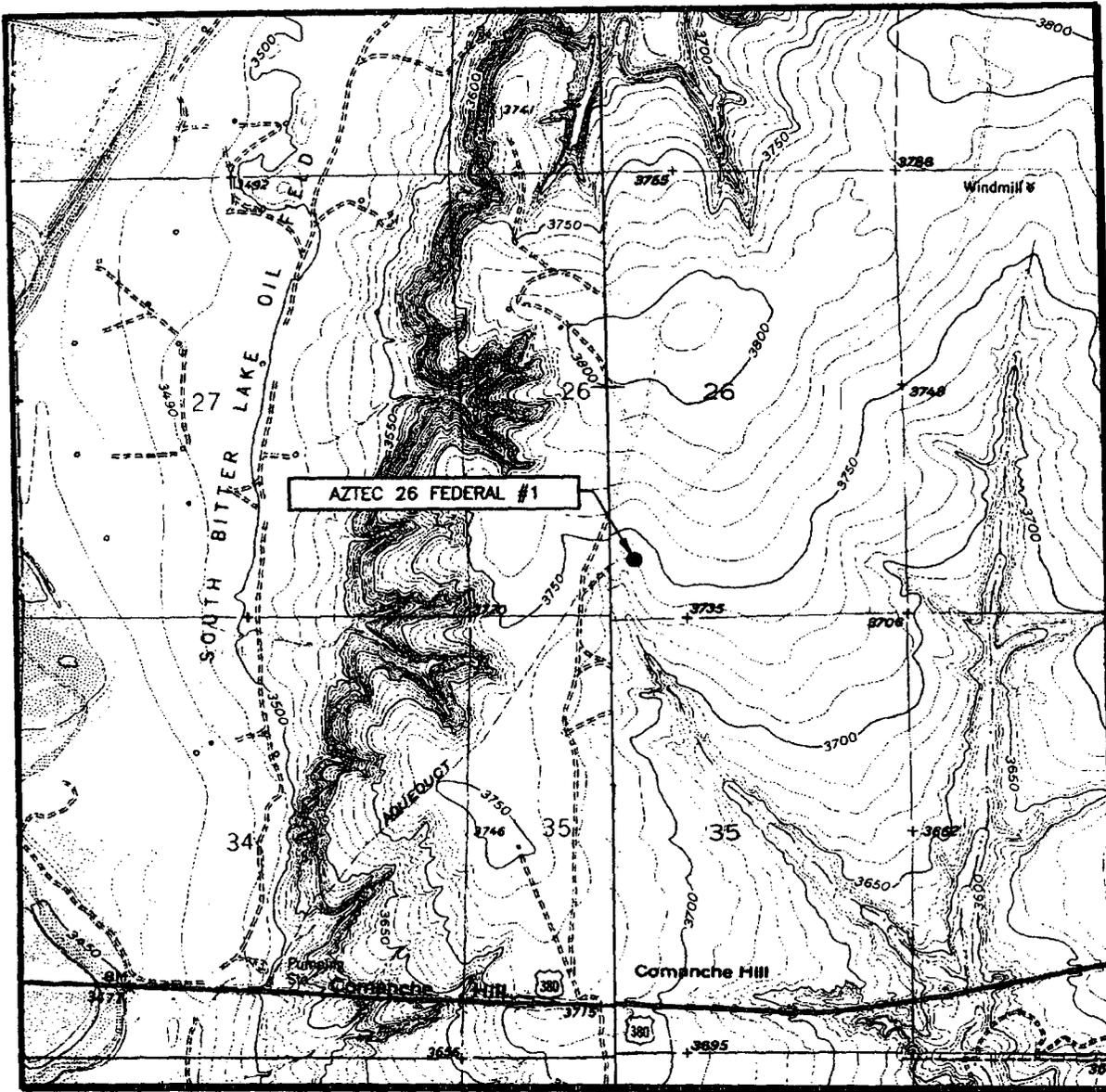
13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Cabal Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

July 11, 2005


Lindsay Truesdell
Consultant

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
 COMANCHE SPRING, N.M. - 10'
 BITTER LAKE, N.M. - 10'
 SUPPLEMENTAL - 5'

SEC. 26 TWP. 10-S RGE. 25-E

SURVEY _____ N.M.P.M.

COUNTY _____ CHAVES

DESCRIPTION 660' FSL & 1980' FWL

ELEVATION _____ 3741'

OPERATOR _____ CABAL ENERGY CORPORATION

LEASE _____ AZTEC 26 FEDERAL

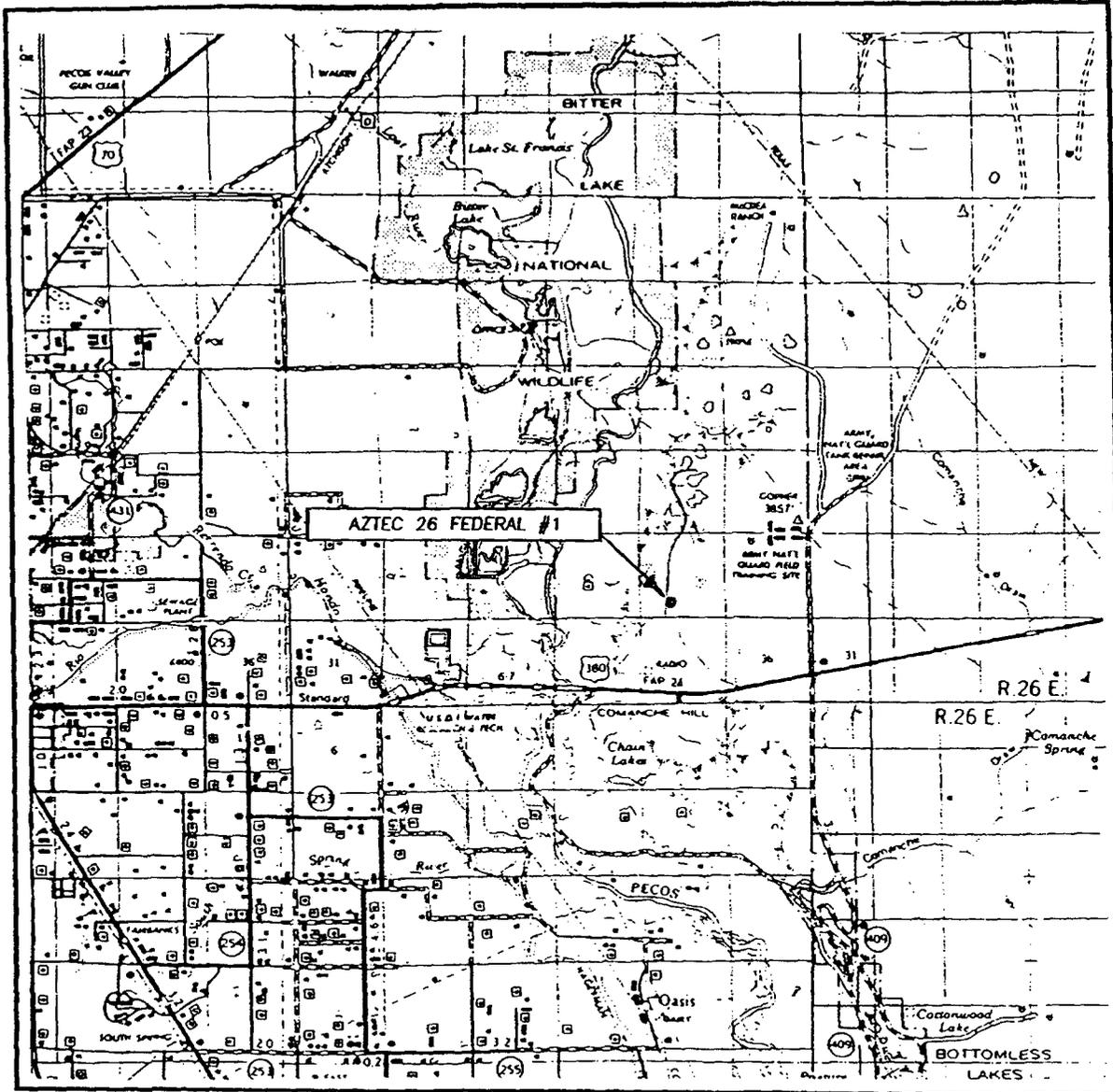
U.S.G.S. TOPOGRAPHIC MAP
 COMANCHE SPRING & BITTER LAKE, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (805) 383-3117

Exhibit "A"

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 26 TWP. 10-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 660' FSL & 1980' FWL

ELEVATION 3741'

OPERATOR CABAL ENERGY CORPORATION

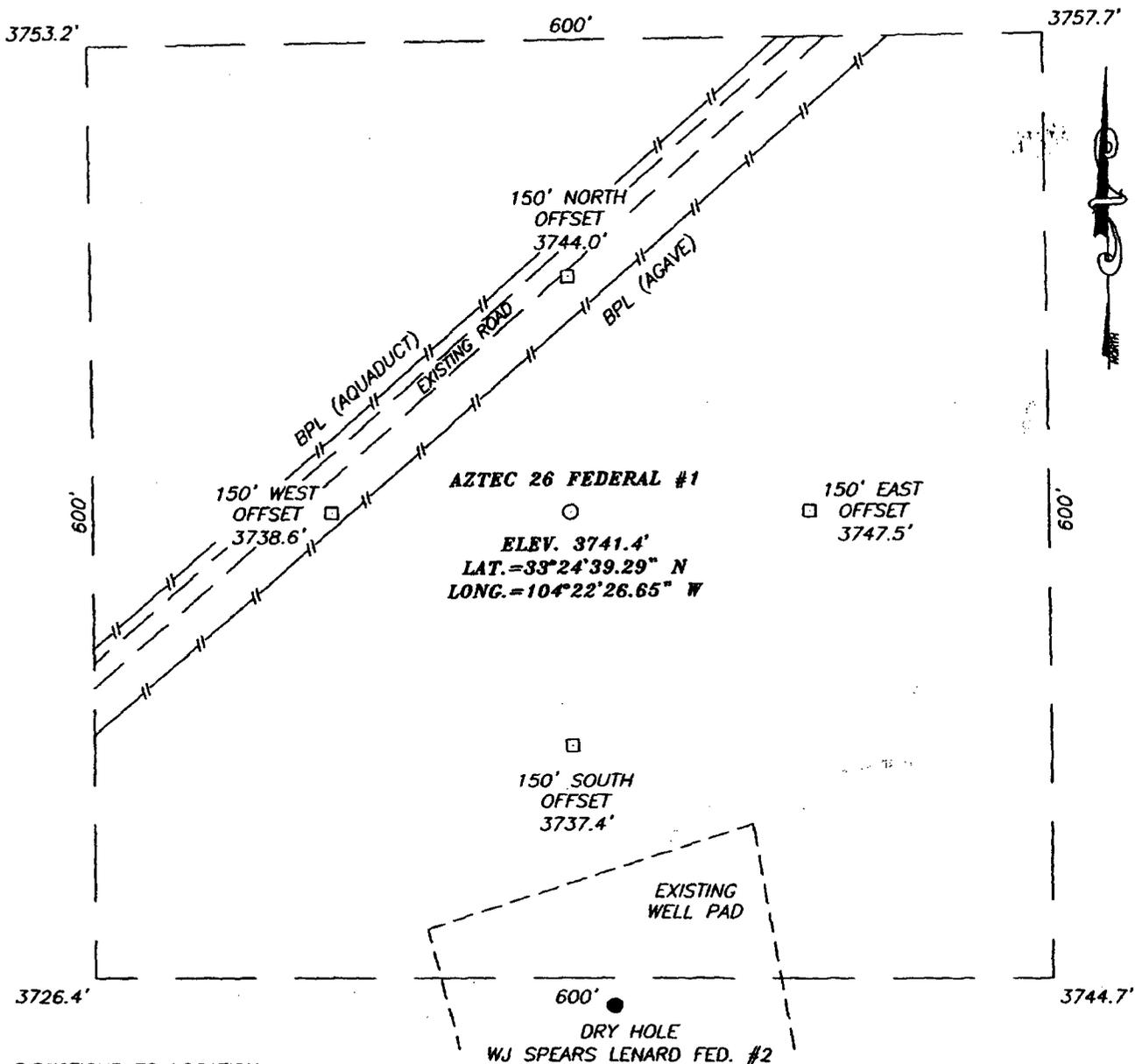
LEASE AZTEC 26 FEDERAL



PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

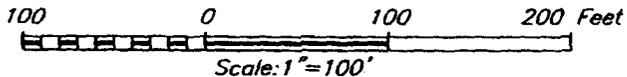
Exhibit "B"

SECTION 26, TOWNSHIP 10 SOUTH, RANGE 25 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM MILE POST 164 ON HWY. #380 (ARLENE RD.). GO WEST ON HWY. #380 APPROX. 0.6 MILES. TURN RIGHT (NORTH) AT TOWER AND GO THROUGH CATTLE GUARD. FOLLOW BEND LEFT (WEST) AND GO APPROX. 300'. FOLLOW BEND RIGHT (NORTH) AND GO APPROX. 0.8 MILES. TURN RIGHT (NE) AND FOLLOW P/L ROAD APPROX. 0.1 MILES. THIS LOCATION IS APPROX. 100' SOUTH OF ROAD.



CABAL ENERGY CORPORATION

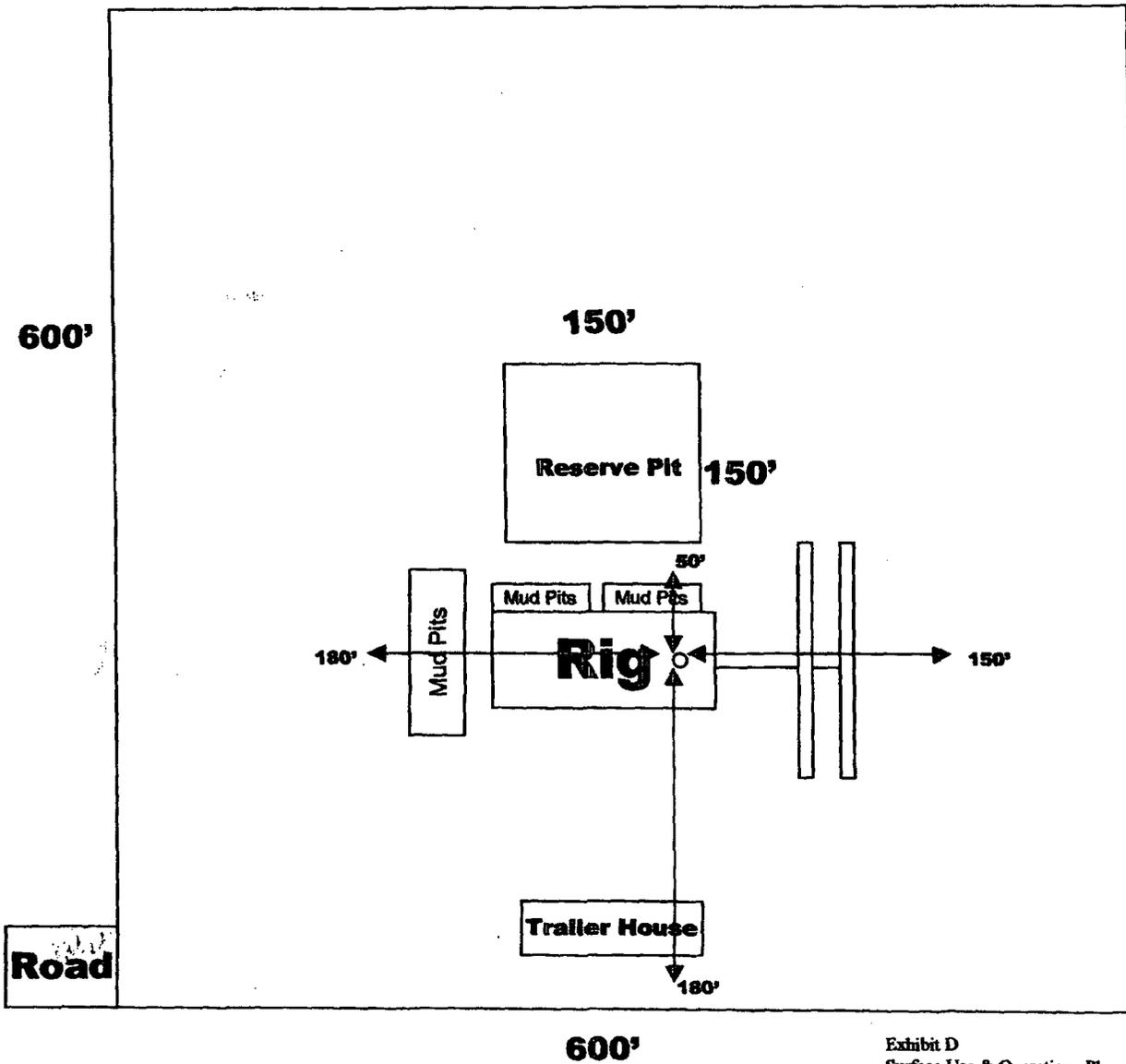
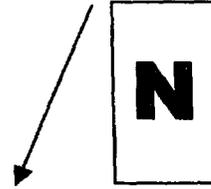
AZTEC 26 FEDERAL #1 WELL
 LOCATED 660 FEET FROM THE SOUTH LINE
 AND 1980 FEET FROM THE WEST LINE OF SECTION 26,
 TOWNSHIP 10 SOUTH, RANGE 25 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 07/01/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1030	Dr By: DEL
Date: 07/06/05	Disk: CD#4
05111030	Scale: 1" = 100'

PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

Scale 1" = 100'

DRILLING RIG LAYOUT
Cabal Energy Corporation
Aztec 26 Federal #1



DRILLING PROGRAM

CABAL ENERGY CORPORATION

Aztec 26 Federal #1

Section 26, T-10-S, R-25-E

Chaves County, New Mexico

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Orders #1 and #2, and all other applicable federal and state regulations.

1. ESTIMATED TOPS OF GEOLOGIC MARKERS (TVD):

San Andres	726'
San Andres Porosity	1,267'
Glorietta	2,358'
Glorietta Sand	2,528'
Yeso	2,714'
Abo Clastic	4,107'
Zu Upper Abo Sd	4,236'
Zu Massive Abo Sd	4,364'
Lower Abo Sd #2	4,464'
Lower Abo Sd #1	4,514'
Total Depth	5,500'

2. ESTIMATED DEPTHS TO WATER, OIL, OR GAS FORMATIONS:

Fresh Water	Above 200'
Oil and Gas	Abo

3. Pressure control equipment: The blowout preventer stack for the production (7-7/8") hole as shown on Exhibit #2 will consist of at least a double-ram blowout preventer and annular preventer rated to 3000 psi working pressure. A diagram of the BOPs and choke manifold is attached. All BOPs and accessory equipment will be tested according to Onshore Order #2 before drilling out.

4. PROPOSED CASING PROGRAM:

<u>Hole Size</u>	<u>Interval</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade, Joint</u>
12-1/4"	0 - 850'	8-5/8"	24#	K-55, ST&C
7-7/8"	0 - 5,500'	5-1/2"	15.5#	J-55, ST&C

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability. Changes will be relayed to BLM prior to running.

5. PROPOSED CEMENTING PROGRAM

5. PROPOSED CEMENTING PROGRAM

14" conductor	cemented with ready mix to surface
8-5/8" surface	300 sxs Premium Plus cement, 2% calcium chloride
5-1/2" production	150 sxs Light Cement
	150 sxs Super "H" cement .5% Halad, .4% CFR-3, 3# per sx Gilsonite

6. PROPOSED MUD SYSTEM:

<u>DEPTH</u>	<u>DESCRIPTION</u>	<u>MUD WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0 – 850'	fresh water	8.6 – 8.8 ppg	28 – 30	NC
850' – 5,500'	brine water	10.0 – 10.2 ppg	28 – 34	12 cc

7. TESTING, LOGGING AND CORING PROGRAM:

Samples	From 850'
DST's	N/A
Logging	Dual Lateral, Gamma Ray, Caliper, Density Neutron, PE Factor
Coring	Possible sidewall core; San Andres, Glorieta, Yeso, Abo Sd

8. ABNORMAL PRESSURES AND TEMPERATURES:

None anticipated. Maximum bottom hole pressure should not exceed 5,200 psi. Although we do not anticipate encountering H₂S in amounts significant enough to require an H₂S contingency plan in accordance with Rule 118 of the OCD, we have prepared an H₂S drilling plan.

ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on August 15, 2005. Drilling should be completed within 20 days followed by completion operations.

United States Department of the Interior
Bureau of Land Management
Roswell Field Office
2909 Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Cabal Energy Corporation
Street or Box: 415 West Wall Street, Suite 1700
City, State: Midland, Texas
Zip Code: 79701

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: NM 07306

Legal Description of Land:

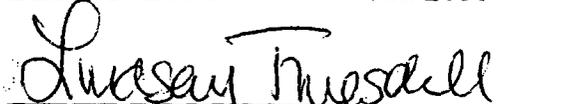
Township 10 South, Range 25 East, Eddy, New Mexico

SW/4 of Section 26

Bond Coverage:

Statewide Oil and Gas Surety Bond, Edge Petroleum Operating Company, Inc.

BLM Bond File No.: NM 2860



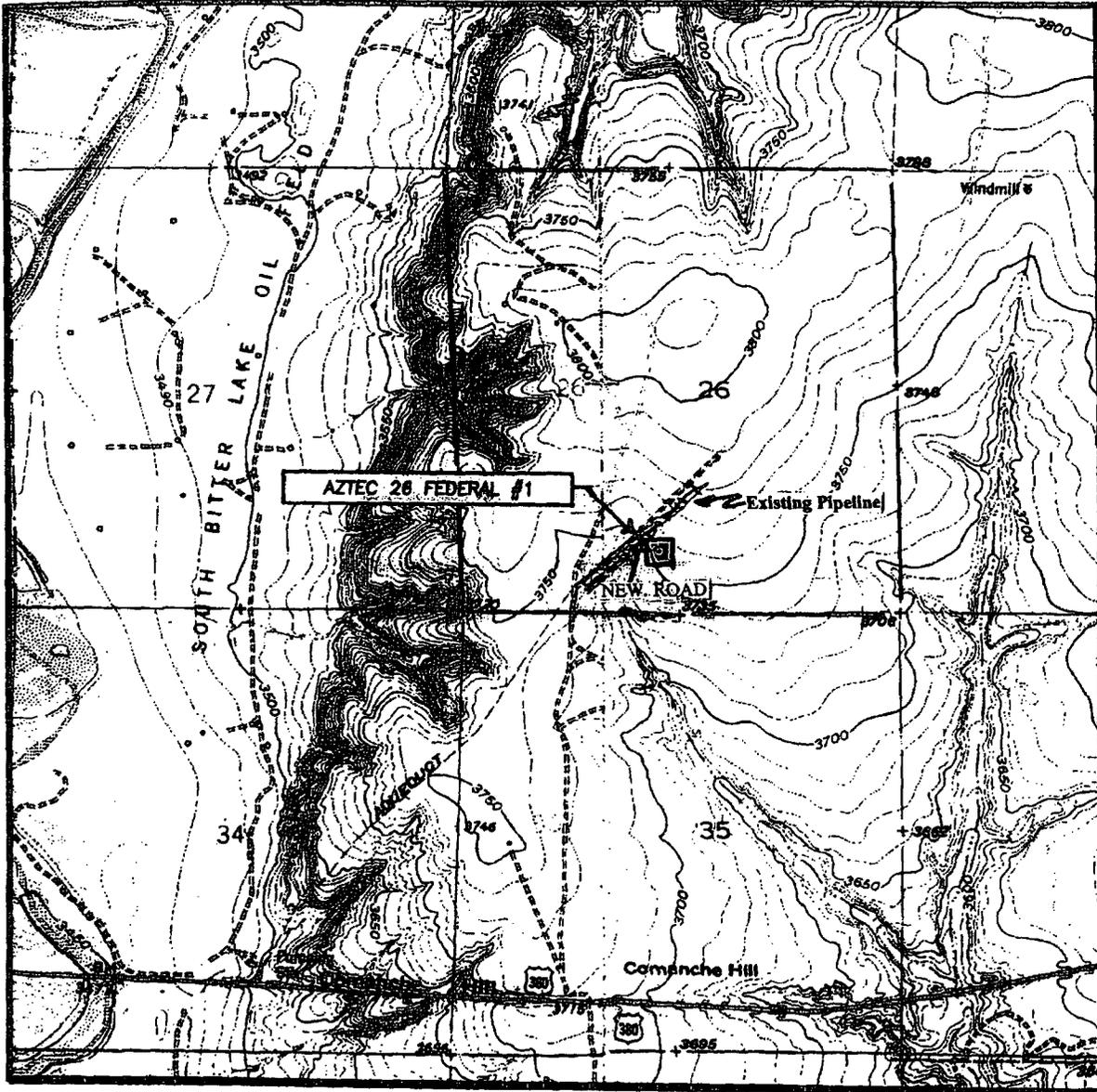
Lindsay Truesdell

Agent

July 26, 2005

EXHIBIT A

OPERATORS NAME: Cabal Energy Corporation LEASE NO.: NM-07306
WELL NAME & NO: Aztec 26 Federal #1
QUARTER/QUARTER & FOOTAGE: SE $\frac{1}{4}$ /SW $\frac{1}{4}$ - 660' FSL & 2280' FWL
LOCATION: Section 26, T. 10 S., R. 25 E., NMPM
COUNTY: Chaves County, New Mexico



WELL DRILLING REQUIREMENTS

2 of 5 pages

4. The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.
5. The reserve pit shall be constructed so as not to leak, break, or allow discharge of drilling muds. Under no circumstances will the reserve pit be cut to drain drilling muds on the well location.
6. The reserve pit shall not be located in any natural drainage.
7. The reserve pit shall be equipped to deter entry by birds, bats, other wildlife, and livestock, if the reserve pit contains any oil and/or toxic fluids.
8. Drilling muds shall be properly disposed of before the reserve pit is reclaimed. Drilling muds can be allowed to evaporate in the reserve pit or be removed and transported to an authorized disposal site. The reserve pit shall be backfilled when dry.
9. Dumping of junk or trash into the reserve pit is not allowed. Junk or trash shall be removed from within the reserve pit before the reserve pit is reclaimed. **Junk or trash shall not be buried in the reserve pit.**

E. Federal Mineral Materials Pit Requirements:

1. Caliche, gravel, or other related materials from new or existing pits on Federal mineral estate shall not be taken without prior approval from the authorized officer. Contact Jerry Dutchover at (505) 627 -0236.
2. Payment for any Federal mineral materials that will be used to surface the access road and the well pad is required prior to removal of the mineral materials.
3. Mineral Materials extracted during construction of the reserve pit may be used for development of the pad and access road as needed, for the Aztec 26 Federal #1 gas well only. Removal of any additional material on location must be purchased from BLM prior to removal of any material.
 - a. An optional mineral material pit may be constructed within the archaeologically cleared area. The mineral material removed in the process can be used for pad and access road construction. However, a mineral material sales contract must be purchased from the BLM prior to removal of any material.

F. Well Pad Surfacing Requirement:

The well pad shall be surfaced with 6 inches of compacted caliche, gravel, or other approved surfacing material. The well pad shall be surfaced prior to drilling operations. See Permanent Resource Road Requirements - EXHIBIT D - requirement #4, for road surfacing.

G. Cave Requirements:

1. If, during any construction activities any sinkholes or cave openings are discovered, all construction activities shall immediately cease. Contact Larry Bray at (505) 627-0250.
2. The BLM Authorized Officer will, within 24 hours of notification in "A" above, conduct an on-the-ground field inspection for karst. At the field inspection the authorized field inspector will authorize or suggest mitigating measures to lessen the damage to the karst environment. A verbal order to proceed or stop the operation will be issued at that time.

III. DRILLING OPERATION REQUIREMENTS:**A. GENERAL DRILLING REQUIREMENTS:**

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 in sufficient time for a representative to witness:

A. Spudding B. Cementing casing: 8 $\frac{5}{8}$ inch 5 $\frac{1}{2}$ inch C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

B. CASING:

1. The 8 $\frac{5}{8}$ inch surface casing shall be set at 850' and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5 $\frac{1}{2}$ inch intermediate casing is cement shall extend upward a minimum of 200 feet above the top of the Glorieta formation.

C. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8 $\frac{5}{8}$ inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

A. The results of the test shall be reported to the appropriate BLM office.

B. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

C. Testing must be done in a safe workman-like manner. Hard line connections shall be required.

01/13/2006 11:56 2109303967

PEG

PAGE 02

Jan 13 06 10:56a Lindsay

432-682-0441

p.1
PAGE 02

C104ARepor

Page 1 of 1

State of New Mexico
Oil, Gas, Coal, Atomic Energy and Geothermal Resources
Department, 1500-2200 Washington, N.M. 87502

State of New Mexico
Energy, Minerals and Natural Resources

Form C-145
Permit 21298

Oil Conservation Division
1320 S. St Francis Dr.
Santa Fe, NMI 87505

Change of Operator

Previous Operator Information

New Operator Information

OGRID: 19420
Name: CABAL ENERGY CORPORATION
Address: 61 W WALL
Address: SUITE 1700
City, State, Zip: MIDLAND, TX 79701

Effective Date: 1/11/2006
OGRID: 28423
Name: PURE ENERGY OPERATING, INC.
Address: 153 TREELINE PARK
Address: SUITE 205
City, State, Zip: SAN ANTONIO, TX 78209

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true to the best of my knowledge and belief.

Previous Operator

New Operator

Signature: [Signature]
Printed Name: Randell K. Ford
Title: President
Date: 1/12/06 Phone: (432) 682-0440

Signature: [Signature]
Printed Name: Lawrence E. Rieley
Title: VP Exploration and Production
Date: 1/11/06 Phone: (214) 226-6700

NMOCD Approval

Electronic Signature: Carmen Reno, District 2

Date: January 18, 2006

210-274-6700

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue

Form 3160-5
(April 2004)

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

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator **PURE ENERGY OPERATING, INC.**

3a. Address
153 Treeline Park, Suite 220 San Antonio, TX 78209

3b. Phone No. (include area code)
210-226-6700

RECEIVED

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**660' FSL & 2280' FWL
Sec 26 - T10S - R25E**

MAR 15 2006
UJ-ARTESON

5. Lease Serial No.
NM 07306

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Aztec 26 Federal Com #1

9. API Well No.
30-005-63800

10. Field and Pool, or Exploratory Area
Pecos Slope Abo

11. County or Parish, State
Chaves

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

TYPE OF SUBMISSION	TYPE OF ACTION					
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off		
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity		
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other	Production Casing & Cementing Report	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon			
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal			

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Pre-set 40' of 14" conductor w/ ready-mix. MIRU Permian Drilling Rig #1 & spud 12 1/2" hole @ 11:00 AM on 2/1/2006. Drilled to 895' surface casing point on 2/3/06. Ran 12 jts 8 5/8" 24# J-55 STC, stuck pipe while running - shoe @ 512'. Circulating w/ full returns but unable to free pipe. Attempted to free casing w/ driving tool, failed. Discussed w/ John Simitz with BLM in Roswell & received permission to cement casing in-place with shoe @ 512' - with the requirement that production casing be cemented to surface using a DV tool set at approx 1000'. Schlumberger cemented 8 5/8" csg w/ 410 sx 35:65 POZ - "C" cont'g 6% bentonite, 1/4# pps cello-flake, 2% CaCl, 0.3% D46 (12.6 ppg, 1.99 cu ft yield) followed by 200 sx "C" w/ 2% CaCl (14.8 ppg, 1.34 cu ft yield). Had full returns throughout job & circ estimated 199 sx to surface. Bumped plug w/ 1016 psi @ 6:09 PM on 2/3/06. WOC 6 hrs, cut off conductor & welded on 8 5/8" - 3000 psi SOW x 11" - 3000 psi CH. NU BOP and tested w/ 3000 psi, OK. WIH w/ bit, drilled float equip & cmt to 469' & tested csg w/ 1000 psi, OK (total WOC = 27 1/2 hrs). Resumed drilling formation on 2/5/06 & drilled 7 7/8" hole to 4600' TD on 2/11/06. Schlumberger ran Platform Express - HRLA log suite from 4600' WLTD to 8 5/8" shoe. Made conditioning trip w/ bit to TD and then ran 108 jts 5 1/2" 15.5# J-55 LTC csg w/ FS, FC & DV tool. Casing set @ 4600' w/ FC @ 4555' & DV tool @ 1013'. Schlumberger cemented casing to surface as follows: Stage 1 thru shoe: 600 sx 35:65 POZ-Class "C" cont'g 5% salt, 6% bentonite & 1/4 pps of cello-flake (12.7 ppg, 1.99 cu ft yield) followed by 175 sx Class "C" w/ 0.1% retarder (14.8 ppg, 1.32 cu ft yield). Opened DV tool @ 1013' & circ'd estimated 22 sx from above tool. Cont'd circ & WOC 6 hrs between stages. Stage 2 thru DV tool: mixed & pumped 250 sx 35:65 POZ-Class "C" cont'g 5% salt, 6% bentonite & 1/4 pps of cello-flake (12.7 ppg, 1.99 cu ft yield) followed by 75 sx Class "C neat (14.8 ppg, 1.32 cu ft yield). Displaced plug w/ freshwater & closed DV tool w/ 1900 psi, held OK. Circ estimated 31 sx cement to surface. JC @ 11:51 PM on 2/13/06. ND BOP & installed 11" - 3000 psi x 7 1/16" - 5000 psi tubinghead. Cap wellbore. RR 2/14/06.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

D. C. Dodd / Sierra Engineering

Title **Agent for PURE ENERGY OPERATING, INC.**

Signature

[Handwritten Signature]

Date

3-10-06

ACCEPTED FOR FEDERAL OR STATE OFFICE USE

Approved by

DAVID L. GLASS

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1712, 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 or to furnish any false information to any matter within its jurisdiction.

(Instructions on page 2)

Submit in duplicate to appropriate district office See Rule 401 & Rule 1122

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-122 Revised 4-1-1991

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Qak *Sliso*

MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Operator Pure Energy Group					Lease or Unit Name Aztec 26 Fed 30-005-63800				
Test Type <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special					Test Date 04/26/2006		Well No. #1		
Completion Date Mrch 18, 2006		Total Depth 4600		Plug Back ID 4556		Elevation 3741'		Unit Ltr - Sec - TWP - Rge. Sec 26, T-10S, R-25E	
Csg. Size 5.500	Wt. 15.500	d 5.000	Set At	Perforation: From To		County Chaves			
Tbg. Size 2.375	Wt. 4.700	d 1.995	Set At 4400	Perforation: From 4340 To 4346		Pool Aztec			
Type Well-Single-Bradenhead-G.G. oG.O. Multiple Single					Packer Set At n/a		Formation Abo [Zu Massive]		
Producing Thru tubing		Reservoir Temp.F 130		Mean Annual Temp.F 55		Baro. Pressure 15.02		Connection	
L 4343	H 4343	Gg .672	% CO ₂ .58	% N ₂ 6.18	% H ₂ S	Prover	Meter Run	Taps flange	

RECEIVED
MAY 17 2006
WULFVATECH

Flow Data				Tubing Data			Casing Data		SIP/Flow Duration (HRS.)
(Prover) No. Line Size x Orifice Size	Press. PSIG	Diff. h _w	Temp. F	Press. PSIG	Temp. F	Press. PSIG	Temp. F		
Shut-in Pressure				425	70			24	
1. 4.03 x .22	150.00	8.00	60	378	83			1	
2. 4.03 x .25	150.00	16.00	61	353	84			1	
3. 4.03 x .28	150.00	28.00	63	327	86			1	
4. 4.03 x .30	150.00	44.00	64	306	87			1	

RATE OF FLOW CALCULATIONS

No.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P _m	Flow Temp. FACTOR F _t	Gravity FACTOR F _g	Super Compress. FACTOR F _{pv}	Rate of Flow (Q) MCFD
1.	9.890	36.335	165.0	1.0000	1.2199	1.0148	444.8
2.	9.890	51.385	165.0	.9990	1.2199	1.0147	628.4
3.	9.890	67.976	165.0	.9971	1.2199	1.0145	829.6
4.	9.890	85.212	165.0	.9962	1.2199	1.0144	1038.9

No.	P _r	TEMP.	T _r	Z
1.	.250	520	1.429	.9710
2.	.250	521	1.431	.9712
3.	.250	523	1.437	.9716
4.	.250	524	1.440	.9718

Gas-Liquid Hydrocarbon Ratio		Mc/Dbbbl	
API Gravity of Liquid Hydrocarbons		Deg.	
Specific Gravity Separator Gas	.672		
Specific Gravity Flowing Fluid		.672	
Critical Pressure	658 PSIA	658 PSIA	
Critical Temperature	363 R	363 R	

P_C = 440.0 P_C² = 193.6

No.	P _w	P _w ²	P _C ² - P _w ²
1.	398.4	158	34.908
2.	379.1	143	49.942
3.	361.8	130	62.706
4.	353.5	124	68.671

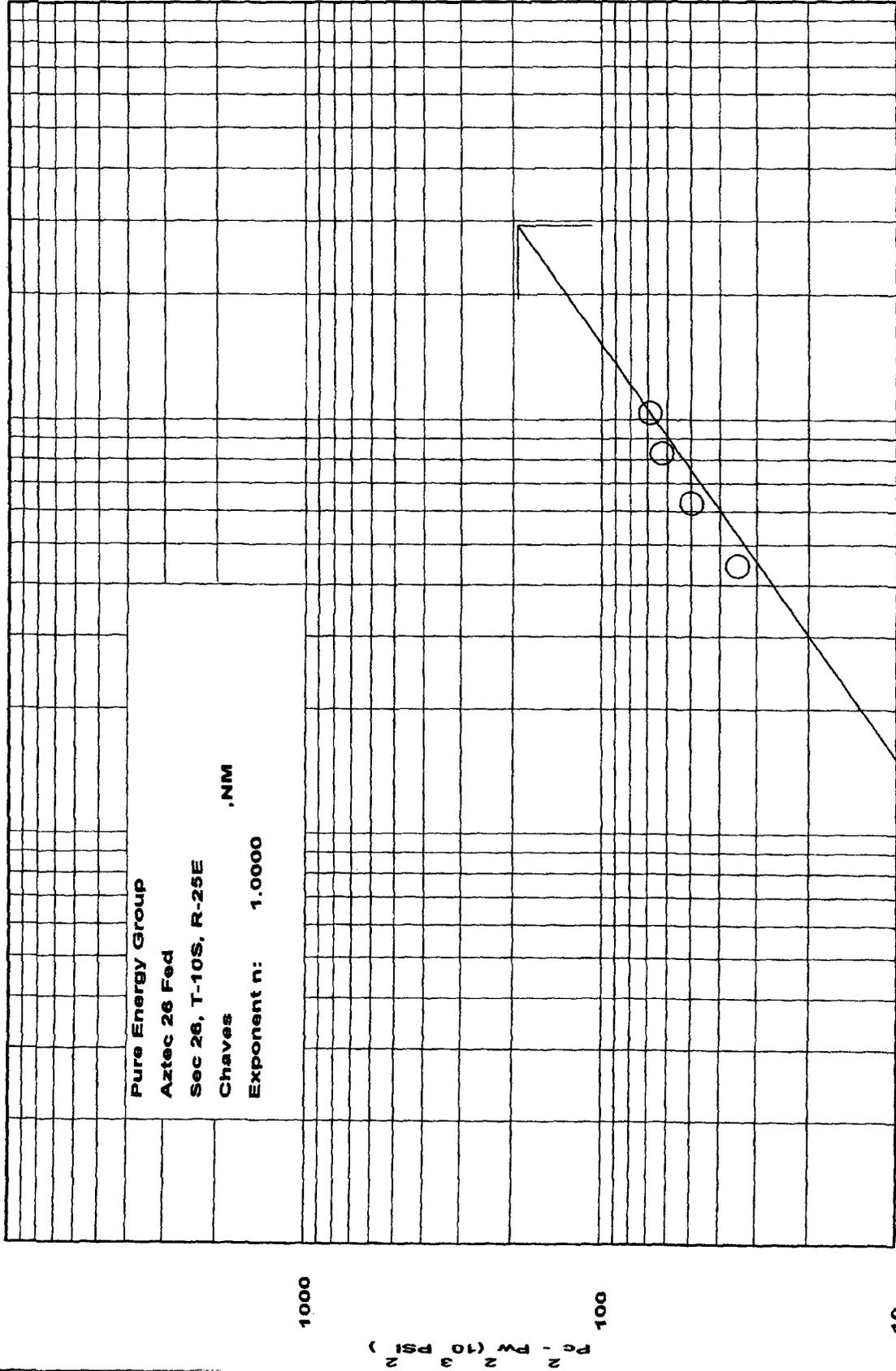
(1) $\frac{P_C^2}{P_C^2 - P_W^2} = \frac{2.820}{\quad}$ (2) $\left[\frac{P_C^2}{P_C^2 - P_W^2} \right]^n = \frac{2.820}{\quad}$

AOF = Q $\left[\frac{P_C^2}{P_C^2 - P_W^2} \right]^n = \frac{2929}{\quad}$

Absolute Open Flow	2929	Mcf/d @ 15.025	Angle of Slope -	45.0	Slope, n	1.000
Remarks						
Approved By Division:	Conducted By: Well Testing		Calculated By: BPT System		Checked By:	

WELL TESTER: Well Testing
TEST DATE: 04/26/2006

GAS WELL BACK PRESSURE CURVE



1000

100

10

Q (MCF/DAY)

1000

100

10

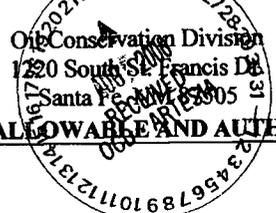
$P_c - P_w$ (10 PSI)

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

Form C-104
Revised June 10, 2003

Submit to Appropriate District Office
5 Copies



AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSFER

¹ Operator name and Address PURE ENERGY OPERATING, INC.		² OGRID Number 236435
		³ Reason for Filing Code/ Effective Date NEW WELL/03-18-2006
⁴ API Number 30 - 005-63800	⁵ Pool Name PECOS SLOPE ABO	⁶ Pool Code 82730
⁷ Property Code 302168	⁸ Property Name AZTEC 26 FEDERAL COM	⁹ Well Number 1

II. 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
N	26	10S	25E		660'	SOUTH	2280'	WEST	CHAVEZ

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	10S	25E		660'	SOUTH	2280'	WEST	CHAVEZ

¹² Lse Code	¹³ Producing Method Code	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date
------------------------	-------------------------------------	-----------------------------------	-----------------------------------	------------------------------------	-------------------------------------

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
147831	AGAVE ENERGY 105 S. 4 TH STREET ARTESIA, NM 88210		G	660' FSL & 2280' FWL SEC. 26-10S-25E CHAVEZ COUNTY, NM

IV. Produced Water

²³ POD	²⁴ POD ULSTR Location and Description
-------------------	--------------------------------------------------

V. Well Completion Data

²⁵ Spud Date 03-15-2006	²⁶ Ready Date 03-18-2006	²⁷ TD 4600'	²⁸ PBDT 4556'	²⁹ Perforations	³⁰ DHC, MC
³¹ Hole Size 12-1/4	³² Casing & Tubing Size 8-5/8	³³ Depth Set 1000'		³⁴ Sacks Cement 610 SX	
7-7/8	5-1/2	4600'		1100 SX	

VI. Well Test Data

³⁵ Date New Oil	³⁶ Gas Delivery Date 03-18-2006	³⁷ Test Date 03-18-06	³⁸ Test Length 72	³⁹ Tbg. Pressure 150	⁴⁰ Csg. Pressure 165
⁴¹ Choke Size	⁴² Oil 0	⁴³ Water 0	⁴⁴ Gas 1038	⁴⁵ AOF 2929	⁴⁶ Test Method FLWG

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Shelli Fincher</i>	OIL CONSERVATION DIVISION	
	Approved by:	BRYAN G. ARRANT DISTRICT II GEOLOGIST
	Title:	
	Approval Date:	SEP 06 2006
Printed name: SHELLI FINCHER		
Title: REGULATORY AGENT		
E-mail Address: FINCHERS@GRANDECOM.NET		
Date: 07-22-2006	Phone: 432-230-0195	

30-005-63800-00-00

AZTEC 26 FED COM No. 001

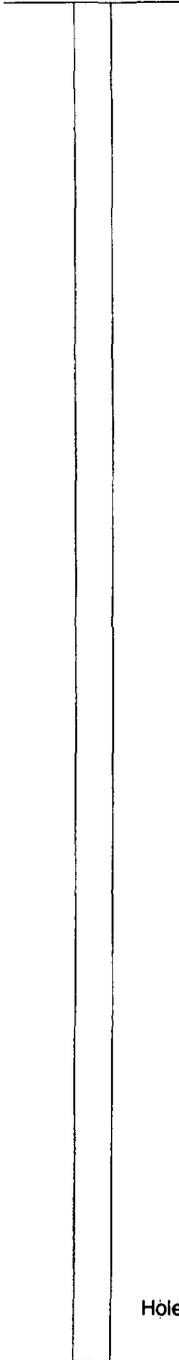
Company Name: PURE ENERGY OPERATING, INC.

Location: Sec: 26 T: 10S R: 25E Spot:
Lat: 33.4110071785753 Long: -104.373541853181

String Information

Property Name: AZTEC 26 FED COM

County Name: Chaves



Cement Information

Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Sqz
0	0			

Formation Information

St Code	Formation	Depth
Psa	San Andres	703
Pgl	Glorieta	1244
Pabo	Abo	4082

Hole: Unknown

TD:

TVD: 0

PBTD: