

APP. RESUBMITTED:

Previously approved: 9/14/01

1 year extension: to 9/14/03

Form 3160-3
(August 1999)

N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

RECEIVED

OCT 29 2003

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OCD-ARTESIA

1a. Type of Work: ☒ DRILL☐ REENTER

R-111-POTASH

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other☐ Single Zone ☐ Multiple Zone

2. Name of Operator

V-F Petroleum, Inc.

3a. Address

P.O. Box 1889 Midland, TX 79702

SUBJECT TO LIKE

APPROVAL BY STATE

3b. Phone No. (Include Area Code)

432-687-0008

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface 1450' FSL & 660' FWL

At proposed prod. zone 950' FNL & 760' FWL

14. Distance in miles and direction from nearest town or post office*

20 miles east of Carlsbad, NM

15. Distance from proposed*

location to nearest

property or lease line, ft.

(Also to nearest drig. unit line, if any) 660' (760")

16. No. of Acres in lease

280

17. Spacing Unit dedicated to this well

640

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft.

1000'

19. Proposed Depth

12,300'

20. BLM/BIA Bond No. on file

NM-2246

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3268' GL

22. Approximate date work will start*

January 15, 2004

23. Estimated duration

6 weeks

24. Attachments

CAPITAN CONTROLLED WATER BASIN

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.

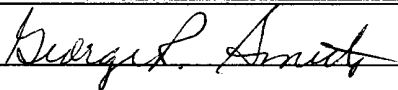
2. A Drilling Plan.

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).4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the
authorized officer.

25. Signature



Name (Printed/Typed)

George R. Smith

Date

9/17/03

Title

Agent for: V-F Petroleum, Inc.

Approved by (Signature)

/s/ Linda S. C. Rundell

Name (Printed/Typed)

/s/ Linda S. C. Rundell

Date

22 OCT 2003

Title

STATE DIRECTOR

Office

NM STATE 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 1 YEAR

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 reverse)

R-11692

Lease Responsibility Statement: V-F Petroleum, Inc. accepts all applicable terms, conditions, stipulations, and restrictions
concerning operations conducted on the leased land or portion thereof.APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED
George R. Smith, agent

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1600 Rio Grande Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural ResourcesOIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505Form C-102
Revised March 17, 1999Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name Dos Hermanos Morrow
Property Code	Property Name HALE FEDERAL COM		Well Number 3
OGRID No.	Operator Name V-F PETROLEUM INC.		Elevation 3268.

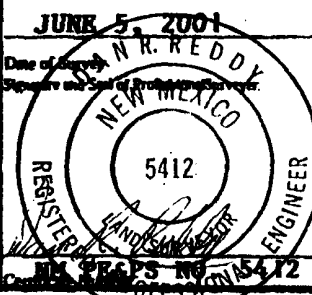
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	22	20-S	30-E		1450	SOUTH	660	WEST	EDDY

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	22	20-S	30-E		950	NORTH	760	West	Eddy
Dedicated Acres 640		Joint or Infill		Consolidation Code Com		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

16 760' 950' NM-06784 Bottom Hole Location				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>George R. Smith</i> Signature George R. Smith, agent For: Printed Name V-F Petroleum, Inc. Title June 27, 2001 Date
NM-06360 660' 1450'				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. JUNE 5, 2001 Date of Survey Signature and Seal of Registered Engineer 

APPLICATION FOR DRILLING

V-F PETROLEUM, INC.

Hale Federal Com., Well No. 3

Surface: 1450' FSL & 660' FWL, Sec. 22-T20S-R30E

Production: 950' FNL & 760' FWL, Sec. 22-T20S-R30E

Eddy County, New Mexico

Lease No.: NM-06784

(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, V-F Petroleum, Inc. submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Rustler	425'	Wolfcamp Limestone	10,293'
Yates	1,778'	Middle Strawn Limestone	10,953'
Capitan Reef	2,319'	Atoka	11,243'
Delaware	3,653'	Morrow	11,688'
Bone Spring	6,450'	Lower Morrow	12,168'
Wolfcamp	10,124'	T.D	12,300'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between 100' - 300'.

Oil: None expected.

Gas: Possible in the Strawn below 10,953', Atoka below 11,243' and the Morrow below 11,688'.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT	
20"	16"	65.0#	H-40	ST&C	400'	Circ. 450 sx HL & 150 "C" to surface.	WITNESS
15"	11 3/4"	42.0#	H-40	ST&C	750'		
15"	11 3/4"	47.0#	K-55	ST&C	1,500' 1745'	Circ. 1000 sx HL & 150 "C" to surface.	WITNESS
10 5/8"	8 5/8"	24.0#	K-55	ST&C	1,950'		
10 5/8"	8 5/8"	32.0#	K-55	ST&C	3,900' 3600'	Circ. 900 sx HL & 300 "C" to surface.	
7 7/8"	5 1/2"	17.0#	N-80	LT&C	6,150'		
7 7/8"	5 1/2"	20.0#	N-80	LT&C	12,300'	750 sx "H" returned to 8,000'.	

NOTE: Deviation Requirements: Commencing at 4,500', Kick off and build angle at 3 degrees per 100 feet. Drill and build curve section at 19 degrees to 9,500'. Natural drop section to near vertical at TD. See Exhibit "F".

5. Proposed Control Equipment: A 12" 5000 psi wp Shaffer Type LWS Double Gate BOP will be installed on the 11 3/4" casing. Casing and BOP will be tested according to Onshore Oil & Gas Order #2, not to exceed maximum surface estimated pressures of 2700 psi wp, before drilling out with 10 5/8" and will be tested weekly. See Exhibit "E".

6. MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 400': Fresh water mud:	8.6 - 9.2 ppg	32 - 40	No W/L control
Fresh 400' - 1500': Brine water mud:	10.0 - 10.1 ppg	28 - 29	No W/L control
Fresh 1500' - 3900': Brine water mud:	10.0 - 10.1 ppg	28 - 29	No W/L control
3900' - 10,600': Fresh water mud:	8.3 - 8.4 ppg	28 - 29	No W/L control
10,600' - 12,300': Cut Brine mud:	9.8 - 10.0 ppg	36 - 40	W/L cont. 12 - to 6 cc in Morrow

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, and stabbing valve.

V-F PETROLEUM, Inc.

Hale Federal Com., Well No. 3

Page 2

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None.

Logging: T.D. to 3900': GR-DNL-DLL

3900' to Surface: GR-

Coring: None planned

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated maximum BHP = 5412 and Surface Pressure = 2706 with a temperature of 183°.

10. H₂S: None expected.

11. Anticipated starting date: January 15, 2004

Anticipated completion of drilling operations: Approximately 30 - 40 days.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

V-F PETROLEUM INC.

Hale Federal Com., Well No. 3

Surface: 1450' FSL & 660' FWL, Sec. 22-T20S-R30E

Production: 950' FNL & 760' FWL, Sec. 22-T20S-R30E

Eddy County, New Mexico

Lease No.: NM-06784

(Development Well)

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 environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a USGS/BLM Topo map showing the location of the proposed well as staked. The well site location is approximately 17 road miles northeast of Carlsbad, New Mexico. Traveling east from Carlsbad there will be approximately 17 miles of paved highway and 2.8 miles of gravel ranch/oilfield roads.
- B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 17 miles between MM# 54 & 55, .27 mile east of the NM Highway 31 turnoff. Turn north at a V-F Petroleum sign onto a good gravel road paralleling a power line. Continue north for 1.6 miles; then NE for .5 mile; then north for .4 mile to a bend in the road 500 feet south of the Hale Fed. Com., Well No. 2 well pad. The start of the proposed access road is staked at this bend on the west side and will run north for 600 feet parallel to a two track beside a PNM gas pipeline. The proposed access road will then turn west for approximately 380 feet to the southeast corner of the proposed well site.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The access road will be constructed to a width of 12 feet and will be approximately 1000 feet in length. The proposed access road is color coded red on Exhibits "A".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche and will be properly drained.
- C. Turnouts: One turnout may be required at the midpoint, increasing the road width to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: None required except the leveling of small dunes.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: None required.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. There are gas production facilities on the lease at this time. The Hale Fed. Com., #2 is located 1650' FSL & 1800' FWL, Sec. 22-T20S-R30E is a producing gas well
- B. If the well proves to be commercial, the necessary production facilities, gas production-process equipment and tank battery, if required, will be installed on the drilling pad. A 4" O.D. grade J55 steel line with a test to 250#, to carry a maximum pressure of 125 psi, will be run on the surface approximately 800 feet east, parallel to the proposed access road, to the PNM pipeline, if PNM can handle the gas. A Sundry Report will be submitted for a line if the above is not feasible.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. 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 MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained on location, if available, or from a Federal pit to be cleared in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27-T20S-R30E. 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 reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock and wildlife 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 operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. 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.
- B. Mat Size: 175' X 290', plus 110' X 120' reserve pits. The pits will be on the northeast.
- C. Cut & Fill: A 3 - 4 foot cut on the northwest with fill to the south and east.
- 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 required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. 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 work after abandonment.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road is located on the south side of an east/west running hill. The location has a southeasterly slope of 3 - 4% from an elevation of 3268'.
- B. Soil: The topsoil at the well site is a moderately dark brown colored, weakly calcareous soil with caliche possible below four feet. The soil is of the Pajarito-Dune land complex Soils Series.
- C. Flora and Fauna: The vegetation cover is a sparse to fair grass cover of three-awn and other miscellaneous native grasses along with plants of mesquite, yucca, creosote bush, sage, shinnery oak brush, broomweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None except potash disposal ponds 1 - 1.5 miles to the south.
- E. Residences and Other Structures: None, but existing oil field facilities.
- F. Land Use: Cattle grazing and potash mines.
- G. Surface Ownership: The proposed well site and access road are on Federal surface.
- H. There is no evidence of archaeological, historical or cultural sites on the proposed 400' X 400' site and proposed access road right of way. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, are conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

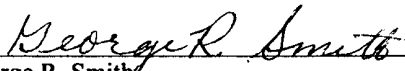
Tom Beall
V-F Petroleum Inc.
P.O. Box 1889
Midland, TX 79702
Office Phone: (432) 687-0008

Larry Brazile
V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702
Office Phone: (432) 687-0008

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 V-F Petroleum Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

September 17, 2003



George R. Smith
Agent for: V-F Petroleum Inc.

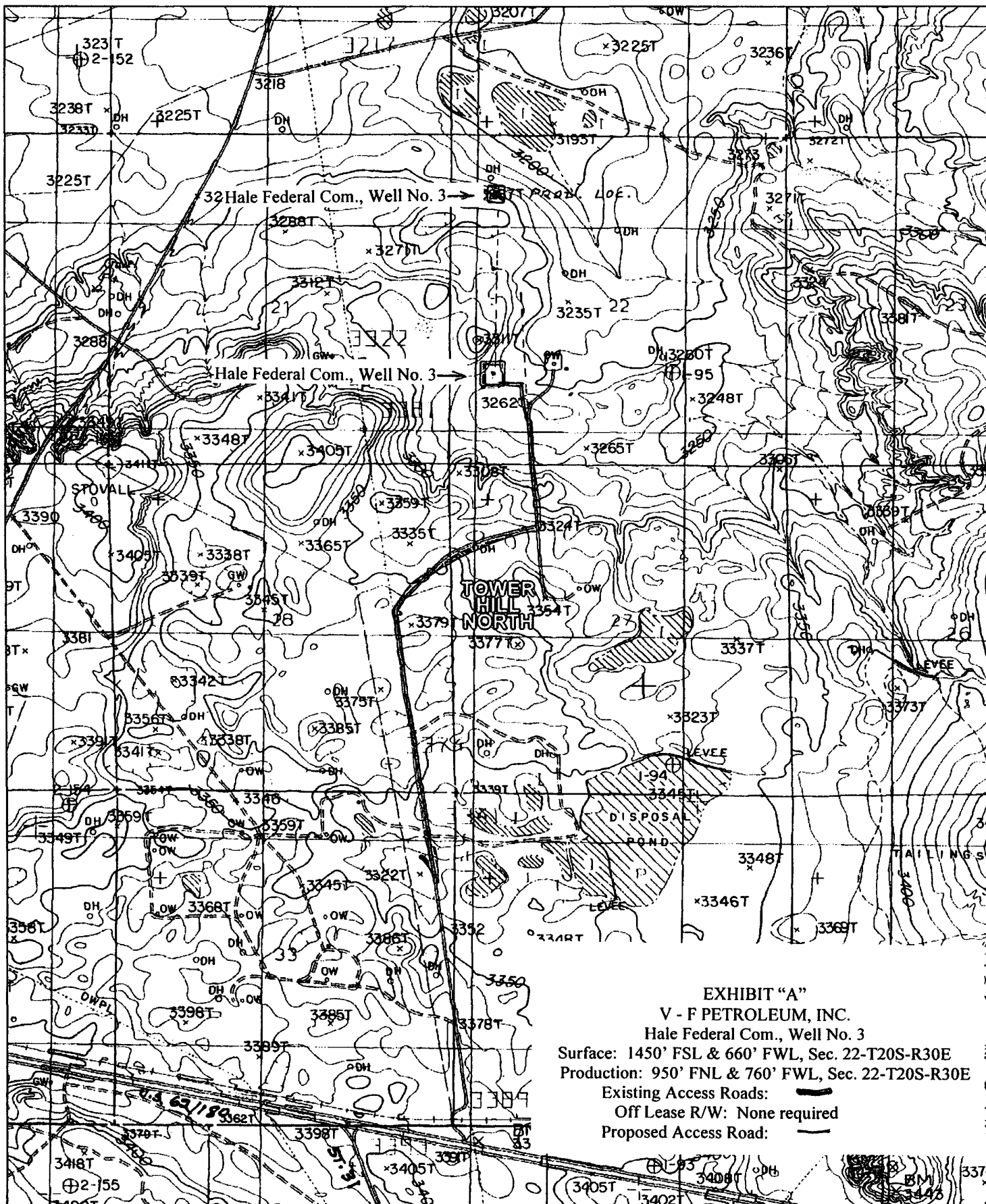
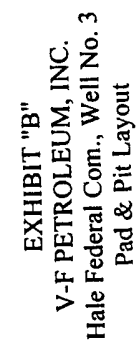


EXHIBIT "A"
V - F PETROLEUM, INC.
Hale Federal Com., Well No. 3
Surface: 1450' FSL & 660' FWL, Sec. 22-T20S-R30E
Production: 950' FNL & 760' FWL, Sec. 22-T20S-R30E
Existing Access Roads: —
Off Lease R/W: None required
Proposed Access Road: —



ACCESS
ROAD
PROPOSED
FILN

TIMBER//SHARP DRILLING

B.O.P. Equipment Intended for use on Rig # 24

Well To Be drilled for IM32/Sharp

'All B.O.P. equipment is H2S Trim'

'All Accumulators are Kooiney Type-80 : Dual Power Electric/Air'

' Choke Manifold: ' See sheet 2

4' Valves : Cameron F/FC, Shaffer DB Hydraulic

2" Check Valve: Cameron Type R

2' Valves : Cameron or Shaffer

Annular Shaffer Type: Spherical

Annular PSI: 3000

(If Shaffer: Spherical , If Hydriil: Type GK)

BOP Type Shaffer LWS

(If Shaffer: LWS or SL, If Cameron: Type U)

BOP Size: 13⁵/₈ " - 5000 PSI

Rotating Head Type Smith

Rot-Head Furnished By Thuse

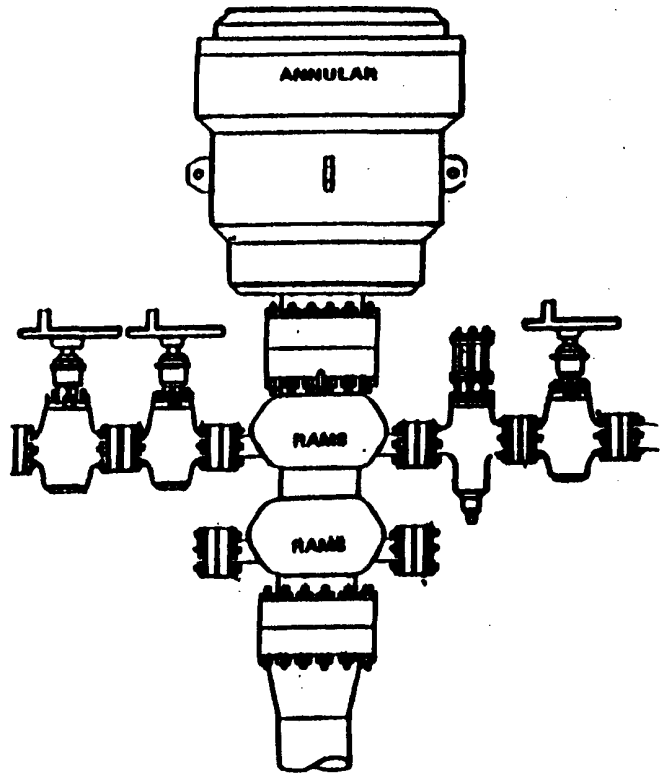
Rams in top gate: 4 1/2 pipe

Rams in bottom: Blinds

Side Outlets used:

Bottom X Top

4" Valves on Tee



B.O.P. Equipment Intended for use on Rig # 24

Well To Be drilled for Turner / Sharp

*** All Valves (H28) ***

Choke Manifold:

Pressure Rating 3,000 or 5,000 (as Req.)

1 - 4" Valves

2 - 2" Valves

2 - 2" Adjustable Chokes

Valve Types Used:

Cameron - F or FC

Shaffer - B Floseal

WKM - type 2

Chokes - Cameron H2 or TC unibolt

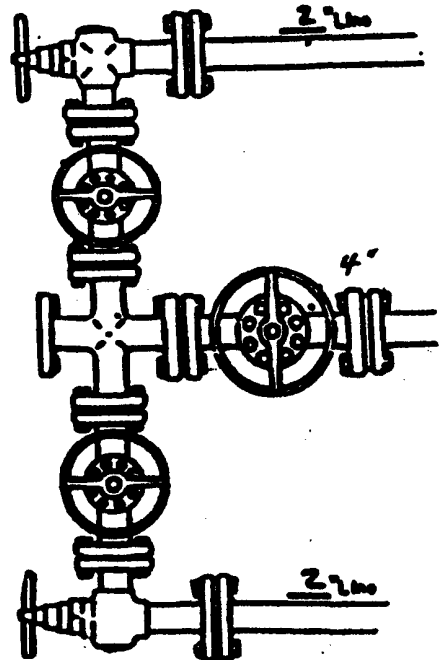


EXHIBIT "E"

V-F PETROLEUM, INC.

Hale Federal Com., Well No. 3

BOP Specifications

V-F Petroleum Inc.
Elwyn C. Hale #3

slot #1

Eddy County New Mexico

PROPOSAL LISTING

by
Baker Hughes INTEQ

Your ref : Rev 2
Our ref : prop2655
Licence :

Date printed : 22-Jun-2001
Data created : 28-Dec-2000
Last revised : 22-Jun-2001

Field is centred on 0.000 0.000 0.00000 N
Structure is centred on n32 30 0 000 w104 15 0 000 0

Slot location is n32 30 0 000 w104 15 0 000
Slot Grid coordinates are N 545622.902 E 525691.731
Slot local coordinates are 0.00 N 0.00 E

Projection type : Mercator - New Mexico East (2001). Spheroid: Clarke - 1966

Reference North is True North

EXHIBIT "F"

V-F PETROLEUM, INC.

Hale Federal Com., Well No. 3

Directional Drilling Program

Surface: 1450' FSL & 660' FWL, Sec. 22-T20S-R30E

Production: 950 FNL & 760' FWL, Sec. 22-T20S-R30E

V-F Petroleum Inc.
Elwyn C. Hale #3 slot #1
Eddy County New Mexico

PROPOSAL LISTING Page 1
Version Ref. Rev 2
Last revised: 22 Jun 2001

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	RECTANGULAR COORDINATES		Angle Deg/100ft	Vert Sect
3900.00	0.00	1.99	3900.00	0.00 N	0.00 E	0.00	0.00
4000.00	0.00	1.99	4000.00	0.00 N	0.00 E	0.00	0.00
4100.00	2.50	1.99	4099.97	2.18 N	0.08 E	2.50	2.18
4200.00	5.00	1.99	4199.74	8.72 N	0.30 E	2.50	8.72
4300.00	7.50	1.99	4299.14	19.60 N	0.68 E	2.50	19.61
4400.00	10.00	1.99	4397.97	34.80 N	1.21 E	2.50	34.82
4500.00	12.50	1.99	4496.04	54.29 N	1.89 E	2.50	54.21
4600.00	15.00	1.99	4593.17	78.05 N	2.71 E	2.50	78.00
4700.00	17.50	1.99	4689.16	106.01 N	3.68 E	2.50	106.07
4800.00	20.00	1.99	4783.85	138.13 N	4.80 E	2.50	138.21
4900.00	22.50	1.99	4877.04	174.35 N	6.05 E	2.50	174.46
5000.00	25.00	1.99	4968.57	214.60 N	7.45 E	2.50	214.73
5100.00	27.50	1.99	5058.25	258.80 N	8.99 E	2.50	258.95
5200.00	30.00	1.99	5145.91	306.86 N	10.66 E	2.50	307.05
5284.28	32.11	1.99	5218.11	350.31 N	12.17 E	2.50	350.52 EOC/Hold 32.11 deg Inc.
5500.00	32.11	1.99	5400.84	464.90 N	16.15 E	0.00	465.19
6000.00	32.11	1.99	5824.37	730.49 N	25.37 E	0.00	730.91
6500.00	32.11	1.99	6247.90	996.08 N	34.59 E	0.00	996.60
7000.00	32.11	1.99	6671.43	1261.67 N	43.82 E	0.00	1262.43
7298.82	32.11	1.99	6924.54	1420.40 N	49.33 E	0.00	1421.25 KOP #2/Deep 32 deg/100
7349.99	31.20	1.99	6967.96	1447.46 N	50.27 E	0.60	1448.33
7449.99	31.20	1.99	7053.22	1499.68 N	52.08 E	0.60	1500.58
7549.99	30.60	1.99	7139.03	1551.00 N	53.86 E	0.60	1551.94
7649.99	30.00	1.99	7225.37	1601.42 N	55.62 E	0.60	1602.39
7749.99	29.40	1.99	7312.23	1650.94 N	57.33 E	0.60	1651.93
7849.99	28.80	1.99	7399.61	1699.54 N	59.02 E	0.60	1700.57
7949.99	28.20	1.99	7487.49	1747.23 N	60.68 E	0.60	1748.26
8049.99	27.60	1.99	7575.86	1791.99 N	62.30 E	0.60	1795.08
8149.99	27.00	1.99	7664.72	1839.83 N	63.89 E	0.60	1840.91
8249.99	26.40	1.99	7754.06	1884.74 N	65.45 E	0.60	1885.87
8349.99	25.80	1.99	7843.86	1928.70 N	66.98 E	0.60	1929.87
8449.99	25.20	1.99	7934.12	1971.73 N	68.48 E	0.60	1972.92
8549.99	24.60	1.99	8024.83	2013.81 N	69.94 E	0.60	2015.02
8649.99	24.00	1.99	8115.90	2054.93 N	71.36 E	0.60	2056.17
8749.99	23.40	1.99	8207.53	2095.10 N	72.76 E	0.60	2096.37
8849.99	22.80	1.99	8299.51	2134.31 N	74.12 E	0.60	2135.60
8949.99	22.20	1.99	8391.90	2172.56 N	75.45 E	0.60	2173.87
9049.99	21.60	1.99	8484.68	2209.83 N	76.74 E	0.60	2211.17
9149.99	21.00	1.99	8577.85	2246.14 N	78.01 E	0.60	2247.49
9249.99	20.40	1.99	8671.40	2281.46 N	79.23 E	0.60	2282.84
9349.99	19.80	1.99	8765.30	2315.81 N	80.42 E	0.60	2317.20
9449.99	19.20	1.99	8859.57	2349.17 N	81.58 E	0.60	2350.58
9549.99	18.60	1.99	8954.18	2381.54 N	82.71 E	0.60	2382.98
9649.99	18.00	1.99	9049.12	2412.92 N	83.80 E	0.60	2414.38
9749.99	17.40	1.99	9144.38	2443.31 N	84.85 E	0.60	2444.78
9849.99	16.80	1.99	9239.96	2472.63 N	85.87 E	0.60	2474.19
9949.99	16.20	1.99	9335.84	2501.08 N	86.86 E	0.60	2502.53
10049.99	15.60	1.99	9432.02	2528.46 N	87.81 E	0.60	2529.98
10149.99	15.00	1.99	9528.47	2554.81 N	88.73 E	0.60	2556.37
10249.99	14.40	1.99	9625.20	2580.19 N	89.61 E	0.60	2581.74

All data is in feet unless otherwise stated.
Coordinates from slot #1 and TVD from rotary table.
Bottom hole distance is 2881.75 on azimuth 1.99 degrees from wellhead.
Vertical section is from wellhead on azimuth 1.99 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

V.F. Petroleum Inc.
Elwyn C. Hale #3 Slot #1
Eddy County New Mexico

PROPOSAL LISTING Page 2
Your ref: Rev 2
Last revised: 22-Jun 2001

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	RECTANGULAR COORDINATES		Dogleg Deg/100ft	Vert Sect
10349.99	11.80	1.99	9722.19	2604.53 N	90.45 E	0.60	2606.10
10449.99	13.20	1.99	9819.42	2627.86 N	91.26 E	0.60	2629.45
10549.99	12.60	1.99	9916.90	2650.18 N	92.04 E	0.60	2651.77
10635.05	12.09	1.99	10000.00	2608.35 N	92.67 E	0.60	2609.96 Penetrate Slown
10649.99	12.00	1.99	10014.60	2671.47 N	92.78 E	0.60	2673.08
10749.99	11.40	1.99	10112.53	2691.73 N	93.48 E	0.60	2693.36
10849.99	10.80	1.99	10210.65	2710.97 N	94.15 E	0.60	2712.61
10949.99	10.20	1.99	10308.98	2729.19 N	94.78 E	0.60	2730.83
11049.99	9.60	1.99	10407.49	2745.37 N	95.38 E	0.60	2748.02
11149.99	9.00	1.99	10506.17	2762.52 N	95.94 E	0.60	2764.18
11249.99	8.40	1.99	10605.02	2777.64 N	96.45 E	0.60	2779.31
11349.99	7.80	1.99	10704.03	2791.72 N	96.95 E	0.60	2793.40
11449.99	7.20	1.99	10803.17	2804.76 N	97.41 E	0.60	2806.45
11549.99	6.60	1.99	10902.44	2816.77 N	97.82 E	0.60	2818.47
11649.99	6.00	1.99	11001.84	2827.73 N	98.20 E	0.60	2829.44
11749.99	5.40	1.99	11101.35	2837.66 N	98.55 E	0.60	2839.37
11749.99	5.40	1.99	11101.35	2846.54 N	98.86 E	0.60	2848.06
11849.99	4.80	1.99	11200.95	2854.39 N	99.13 E	0.60	2856.11
11949.99	4.20	1.99	11300.64	2861.13 N	99.36 E	0.60	2862.91
12049.99	3.60	1.99	11400.41	2866.94 N	99.56 E	0.60	2868.66
12149.99	3.00	1.99	11500.24	2871.64 N	99.73 E	0.60	2873.37
12249.99	2.40	1.99	11600.13	2875.31 N	99.86 E	0.60	2877.04
12349.99	1.80	1.99	11700.06	2877.92 N	99.95 E	0.60	2879.66
12449.99	1.20	1.99	11800.03	2879.49 N	100.00 E	0.60	2881.23
12549.99	0.60	1.99	11900.02	2880.01 N	100.02 E	0.60	2881.75 PBMLTD
12649.97	0.00	1.99	12000.00				

All data is in feet unless otherwise stated.
Coordinates from slot #1 and TVD from rotary table.
Bottom hole distance is 2881.75 on azimuth 1.99 degrees from wellhead.
Vertical section is from wellhead on azimuth 1.99 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

V-F Petroleum Inc.

Structure: Flynn, Hole #3

Shot: Shot #1

Field:

Location: Bady County New Mexico

True Vertical Depth (feet)

East (feet)

North (feet)


**BAKER
HUGHES**
INTEQ

Vertical Section (feet) - S

Azimuth: 1.99 with reference 0.00 N, 0.00 E from shot #1

Jun. 22 '01 14:31

FUEL PRODUCTS INC

FAX 915-687-0000

P. 6

Jun-22-01 13:30 Baker Hughes INTEQ

915 694 5648

P.05

V-F Petroleum Inc.
Elwyn C. Hale #3 slot #1
Eddy County New Mexico

PROPOSAL LISTING Page 1
Your Ref: Rev 2
Last revised : 22-Jun-2001

Comments in wellpath

MD	TVD	Rectangular Coords	Comment
4000.00	4000.00	0.00 N	0.00 E KOP/Build 2 5 deg/100
5284.24	5218.11	350.31 N	12.17 E ECC/Hold 32.11 deg Inc
7298.82	6324.54	1420.40 N	49.33 E KOP #2/Drop .60 deg/100
10635.95	10000.00	2668.35 N	92.67 E Penetrate Strawn
12649.97	12000.00	2880.01 N	100.02 E P3HL/TD

Targets associated with this wellpath

Target name	Geographic Location	T.V.D.	Rectangular Coordinates	Revised
Strawn		10000.00	1000.58N 85.42E	28-Dec-2000
Morrow		12000.00	2880.00N 100.00E	28-Dec-2000

Bary

NOTICE OF STAKING
Resubmittal

(Not to be used in place of Application for Permit to Drill Form 3160-3)

1. Oil Well _____ Gas Well <input checked="" type="checkbox"/> Other _____ (Specify)		6. Lease Number LC-06784	
2. Name of Operator: V-F Petroleum, Inc. P.O. Box 1889 Midland, TX 79702		7. If Indian, Allottee or Tribe Name	
3. Name of Specific Contact Person: Tom Bell (432) 687-0008		8. Unit Agreement Name	
4. Address & Phone No. of Operator or Agent George R. Smith, agent P.O. Box 458 Roswell, NM 88202 623-4940		9. Farm or Lease Name Hale Federal Com.	
5. Surface Location of Well 1450' FSL & 660' FWL Attach: a) Sketch showing road entry into pad, pad dimensions, and reserve pit. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		10. Well No. 3	
		11. Field or Wildcat Name Dos Hermanos Morrow	
		12. Sec., T., R., M., or Blk and Survey or Area Sec. 22-T20S-R30E	
15. Formation Objective(s) Morrow	16. Estimated Well Depth 12,000'	13. County, Parish or Borough Eddy	14. State NM

17. Additional Information (as appropriate; must include surface owner's name, address, and telephone number).

Federal surface and minerals.

18. Signed George R. Smith **Title** Agent for V-F Pet., Inc. **Date** 9/16/03

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

Operators must consider the following prior to the onsite:

- a) H2S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

RECEIVED
 SEP 16 14 00 03
 BLM

