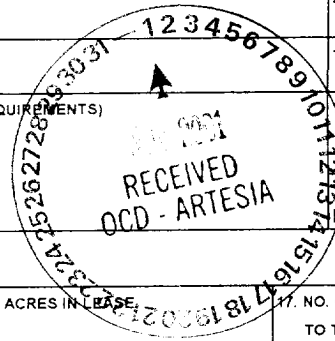


UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL [X] DEEPEN []
b. TYPE OF WELL: OIL WELL [X] GAS WELL [] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []
2. NAME OF OPERATOR: RAY WESTALL
3. ADDRESS AND TELEPHONE NO.: P.O. BOX 4, LOCO HILLS NM 88255 505.677.2370
4. LOCATION OF WELL: AT SURFACE 1200 FSL & 1160 FWL
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 10 MILES SOUTHEAST OF LOCO HILLS NM
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.: 1200
16. NO. OF ACRES IN LEASE: 640
17. NO. OF ACRES ASSIGNED TO THIS WELL: 40
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 600
19. PROPOSED DEPTH: 3800
20. ROTARY OR CABLE TOOLS: ROTARY
21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3756
APPROX. DATE WORK WILL START: ASAP

5. LEASE DESIGNATION AND SERIAL NO.: LC-058709 A
6. IF INDIAN, ALLOTEE OR TRIBE NAME:
7. UNIT AGREEMENT NAME: TAYLOR UNIT
8. FARM OR LEASE NAME, WELL NO.: TAYLOR UNIT #23 117/14
9. API WELL NO.: 30-015-32079
10. FIELD AND POOL, OR WILDCAT: SHUGART, YATES-TRUS-QU-60
11. SEC., T., R., M., OR BLK AND SURVEY OR AREA: SEC. 12 T18S-R31E
12. COUNTY OR PARISH: EDDY
13. STATE: NEW MEXICO



23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 6 columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WT PER FT, SETTING DEPTH, QUANTITY OF CEMENT. Includes handwritten '995' and '350 SXS CIRCULATED'.

ALL CASING WILL BE NEW, OR USED MEETING BLM SPECS. CEMENT WILL BE CIRCULATED ON 8 5/8" CASING. CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

PROPOSED MUD PROGRAM

Table with 2 columns: Depth (0-955, 955-3800) and Fluid Type (FRESH WATER, BRINE WATER).

MUD PROGRAM SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: [Signature] TITLE: GEOLOGIST DATE: 01/13/2001

PERMIT NO. APPROVAL DATE

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:

APPROVED BY: /s/ LESLIE A. THEISS TITLE: FIELD MANAGER DATE: OCT 31 2001

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS 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

APPROVAL FOR 1 YEAR

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-10.
 Revised February 10, 1999.
 Instructions on back
 Submit 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	
Property Code	Property Name Taylor Unit Federal				Well Number 23
OGRID No.	Operator Name Ray Westall, Operator				Elevation 3756

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
M	12	18s	31e		1200	South	1160	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

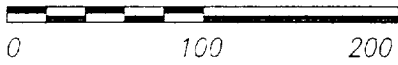
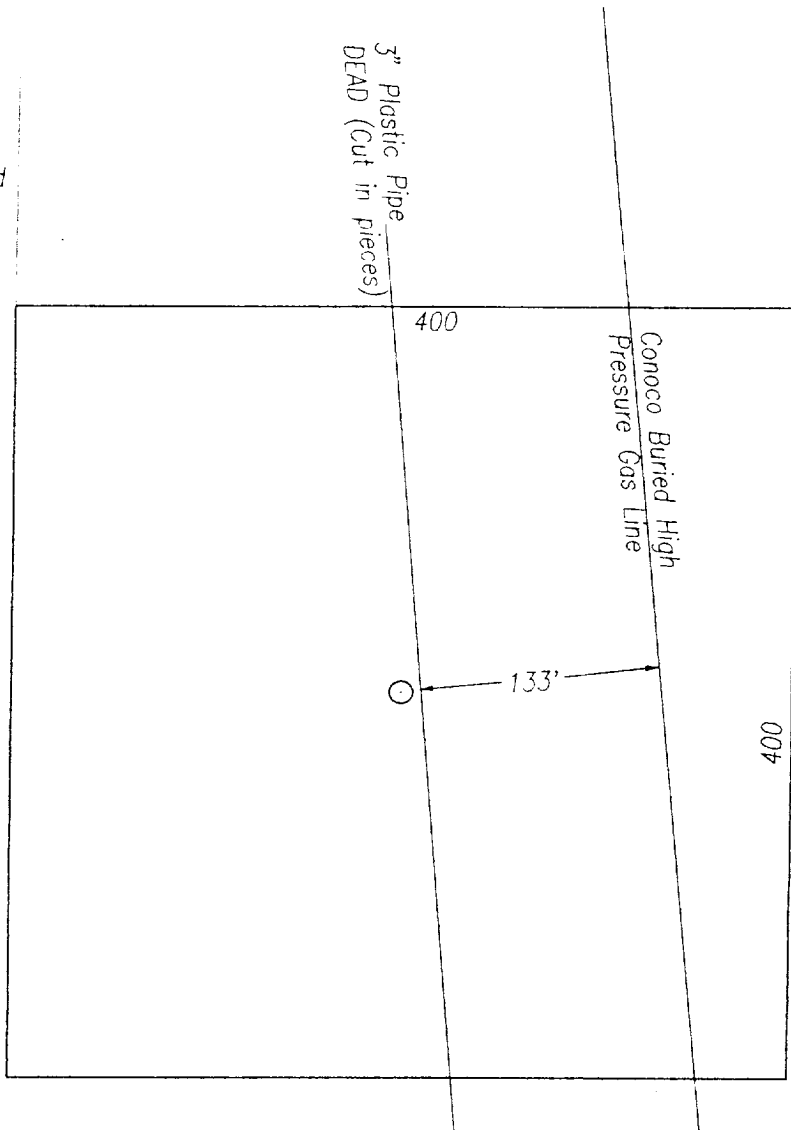
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	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

<p>16</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: <i>[Signature]</i></p> <p>Printed Name: RANDALL HARRIS</p> <p>Title: Geologist</p> <p>Date: 2/15/01</p>		
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>January 26, 2001</p> <p>Date of Survey P. R. Patton</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>[Signature]</i></p> <p>8112</p> <p>Certificate Number</p>		
	<p>8112</p> <p>Certificate Number</p>		

Centerline 125' Long
Well Pad Access Road



SITE PLAN
RAY WESTALL OPERATING
TAYLOR UNIT FEDERAL WELL No. 23
1200 FSL 1160 FWL
SEC. 12, T18S, R31E
EDDY Co., NM

APPLICATION FOR DRILLING

Ray Westall
Taylor Unit #23
1200 FSL & 1160 FWL
Section 12
Township 18 South, Range 31 East
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Ray Westall submits the following ten items of pertinent information in accordance with BLM requirements:

1. The geological surface formation is Quaternary.
2. The estimated tops of geologic markers are as follows:
 - Base Salt 2110'
 - Yates 2390'
 - Queen 3520'
3. The estimated depths at which anticipated water, oil & gas formations are expected to be encountered:
 - Water 0-180'
 - Oil & Gas Zones 3520-3600
4. Proposed casing program: See 3160-3
5. Pressure Control Equipment:
 - A 900s BOP will be installed on the 8 5/8" casing and tested prior to drill out.
6. Mud Program:
 - Fresh water in surface hole.
 - Brine in production hole.
7. Auxiliary Equipment: None
8. Logging Program: CNL/FDC/GR, DLL.
9. No abnormal pressures or temperatures are anticipated. Estimated BHP is 2100#, Estimated BHT is 110 F.
10. Anticipated Starting date: 01/01/01
 - Duration: 7 Days drilling
 - 5 Days completion

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

RAY WESTALL TAYLOR UNIT #23

This plan is submitted with form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operation.

1. Existing Roads.
Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location.
2. Planned Access Road.
Approximately 125' of new road will be constructed from the north.
3. Location of Existing Wells.
Exhibit B is a topo map showing the existing wells.
4. Location of existing/or proposed facilities:
If productive a 3" SDR 7 poly line will be laid along existing ROW located on the Taylor Unit Facility located in the NWSE of section 12. A 3 phase power line and poles will be routed along the existing ROW paralleling the road.
5. Location and Type of Water Supply.
It is planned to drill the proposed well with fresh and brine water system. The water will be obtained from commercial sources and will be hauled to the location by truck.
6. Source of Construction Materials.
The location and road will be from pit excavation and or will be hauled in from an approved caliche pit.
7. Methods of Handling Waste Disposal.
 - A. Drill cuttings will be disposed of in the reserve pit.
 - B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
 - C. Produced water during operations will be stored in reserve pits until dry.
 - D. Oil produced during operations will be stored in tanks until sold.
 - E. Current laws and regulations pertaining to the disposal of human waste will be complied with.

- F. Trash, waste paper, garbage and junk will be stored in a wire cage preventing blowing or scattering by the wind. After drilling and completion all waste will be removed to an approved site.

8. Ancillary Facilities
None required.

9. Wellsite Layout.
Exhibit C shows the relative location and dimensions of the well pad, the reserve pit, a 400' X 400' area has been staked and flagged.

10. Plans For Restoration of The Surface.

- A. After finishing drilling and completion operations all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the Wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any containing fluids will be fenced until they have been filled.
- C. If the proposed well is non-productive, all rehabilitation and or vegetation requirements of the BLM and USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11. Other Information:

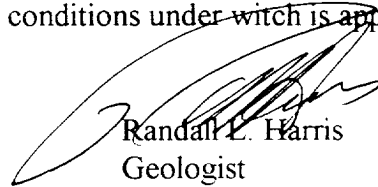
- A. Topography: The land surface in the vicinity of the Wellsite is sandy loam with caliche hills and outcrops.
- B. Flora and Fauna: the vegetation cover consists of prairie grass, greasewood and miscellaneous desert growth. No wildlife was observed, but wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.
- C. There are no ponds, lakes or rivers in the area.
- D. There are no inhabited dwellings in the vicinity of the proposed well.
- E. Surface ownership is federal.
- F. Evidence of archeological sites has been reported and previously filed by Archaeological Survey Consultants.

12. Operator's Representative:

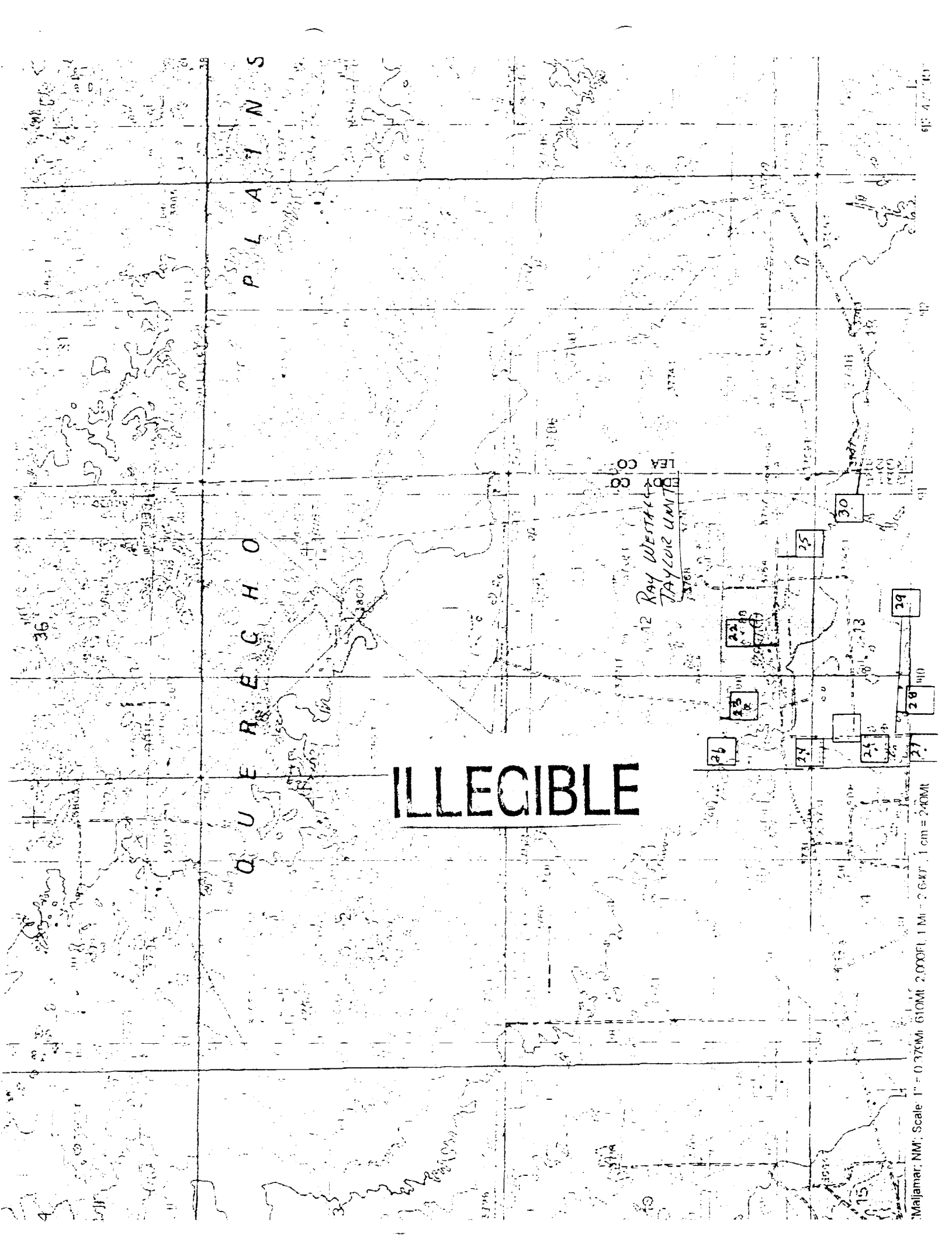
Ray Westall
P.O. Box 4
Loco Hills, NM 88255
(505) 677-2370

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently 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 operation proposed herein will be performed by the operator and its' subcontractors in conformity with this plan and the terms and conditions under witch is approved



Randall E. Harris
Geologist



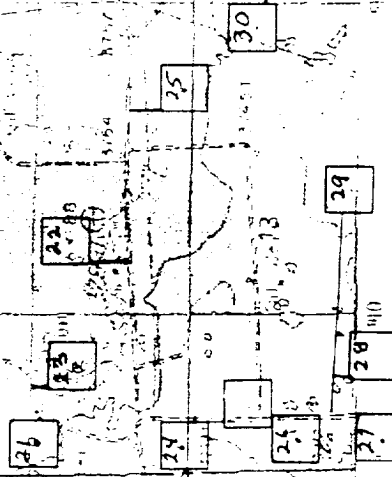
PLAIN S

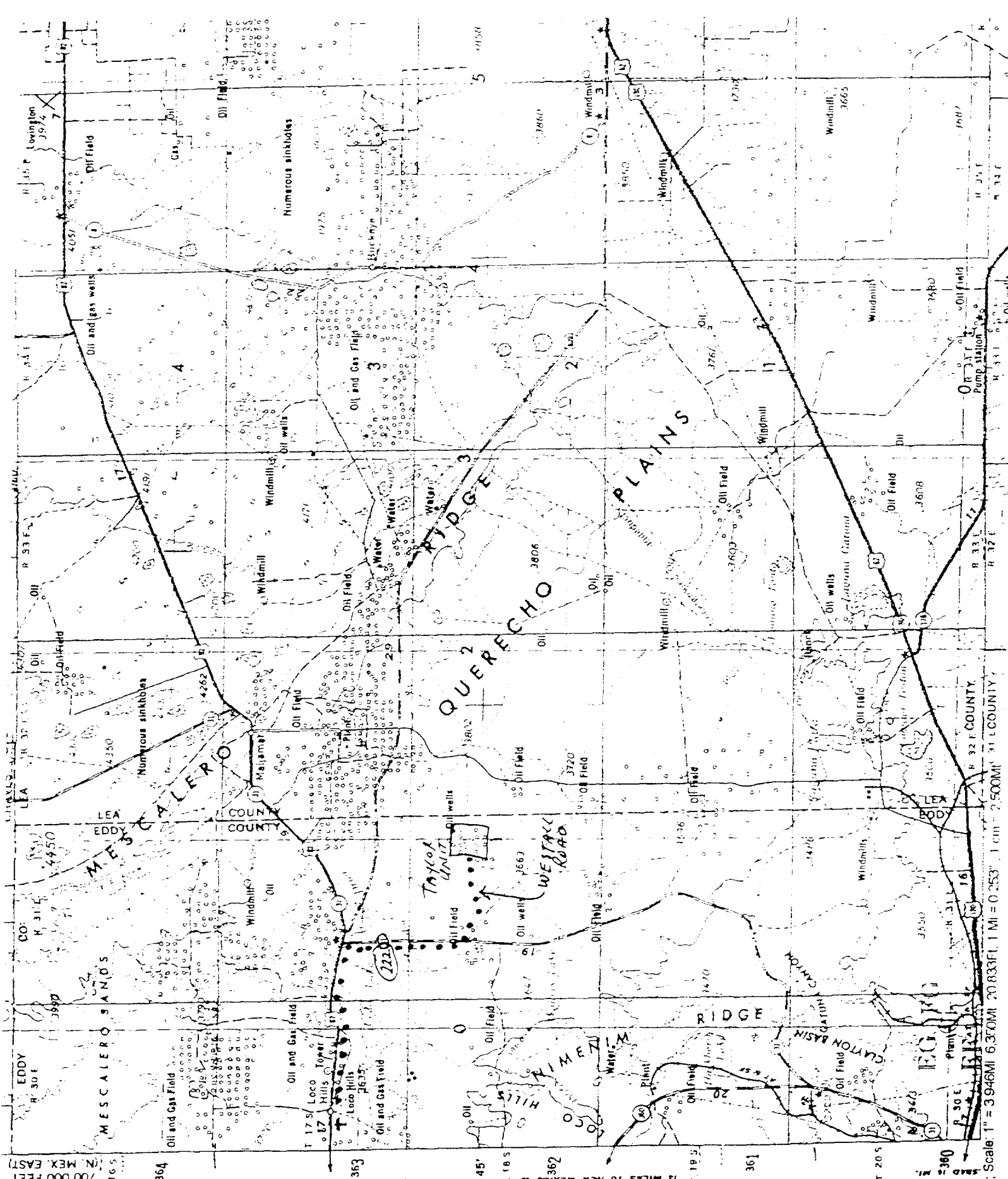
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ILLECIBLE

12 Ray West
TAYLOR UNIT

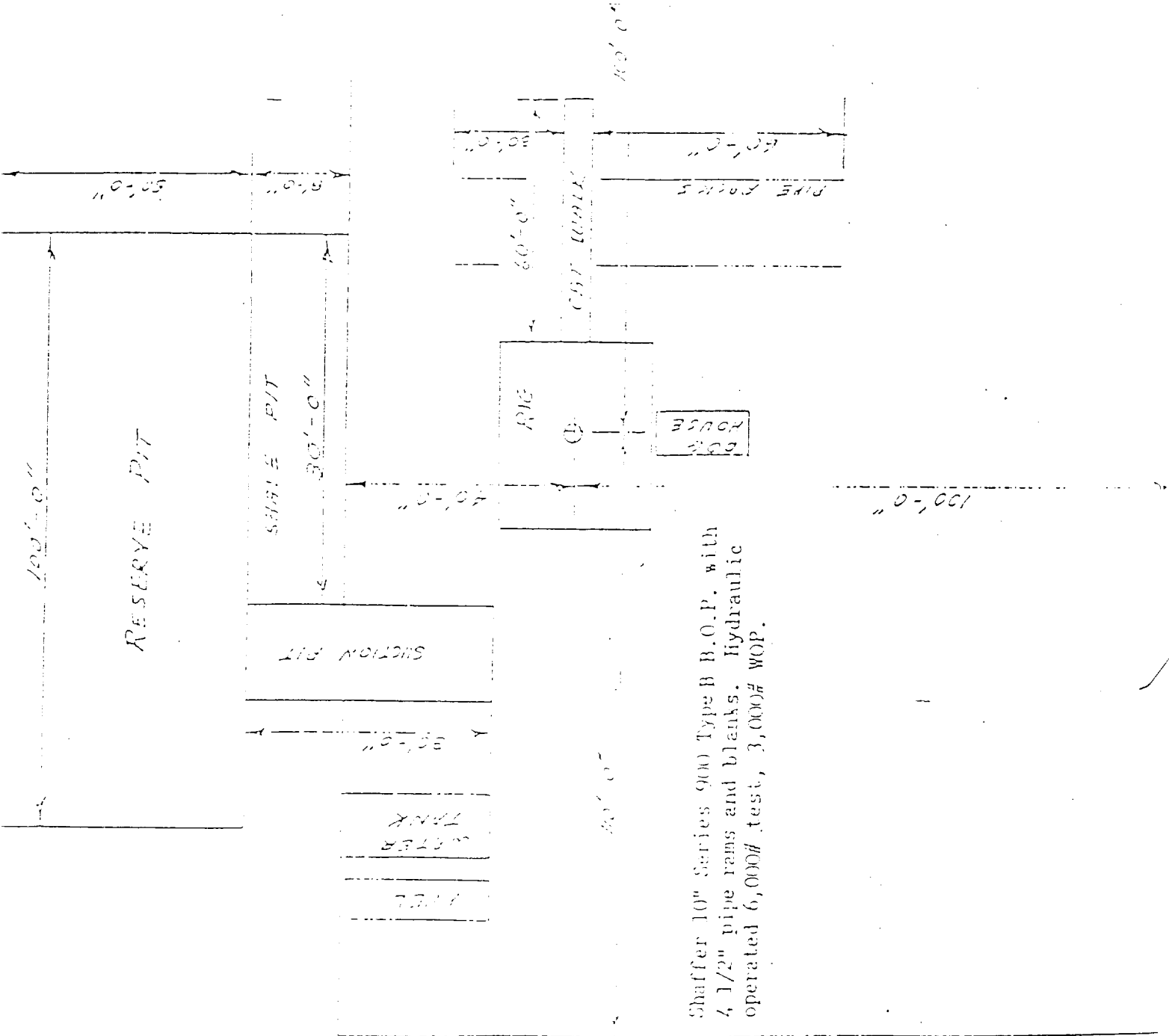
LEA CO
EDD CO





Scale: 1" = 3.946 MI. (6.300 KI.)

ILLEGIBLE



Shaffer 10" Series 900 Type B B.O.P. with
4 1/2" pipe rams and blanks. Hydraulic
operated 6,000# test, 3,000# WOP.