

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101

May 27, 2004

RECEIVED

Submit to appropriate District Office

DEC 10 2004

☐ AMENDED REPORT

OPERATES

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Finley Resources, Inc., 1308 Lake Street, Ste. 200, Fort Worth, Texas 76102		OGRID Number 180387
		API Number 30 - 015-20995
Property Code 23686	Property Name Franklin Federal, et. al.	Well No. 1
Proposed Pool 1 Crooked Creek Morrow		Proposed Pool 2

7 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	9	24S	24E	N	660'	South	2235'	West	Eddy

8 Proposed 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
N	9	24S	24E	N	882'	South	2363'	West	Eddy

Additional Well Information

Work Type Code E	Well Type Code G	Cable/Rotary Rotary	Lease Type Code Federal	Ground Level Elevation 4038'
Multiple N	Proposed Depth 10,400'	Formation Barnett Shale	Contractor TBA	Spud Date 2/1/2005
Depth to Groundwater		Distance from nearest fresh water well 1.2 miles NW		Distance from nearest surface water 560' west
Pit: Liner Synthetic ☒ 10 mils thick Clay ☐		Pit Volume: _____ bbls		Drilling Method:
Closed-Loop System ☐		Fresh Water ☐ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☒		

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
6 1/4"	4 1/2"	11.60	10400'	300	9000'

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Abandon existing upper Morrow completion by cement squeeze below cement retainer. Set whipstock tools and kick off by willing window in 7" casing at +/- 9400'. Drill with Air system building 6 degree/100' to 9700'. Replace build system with pendulum assembly and continue to build to +/- 9900', reducing weight on bit, drop hole angle to near vertical and TD well at +/- 10400' md (+/- 10350' TVD). The blowout prevention program includes a triple stack blowout preventor 7 1/16" x 10000 psi with armular, pipe and bind rams. Completion to be made by fracture stimulating Morrow sands in new wellbore.

Please note that a pit permit may not be approved by the information provided. There is a discrepancy between the 10 mil. liner and the guidelines. Please submit a C-144 prior to the construction of any earthen pits.

23 I hereby certify that the information is true and correct to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: James L. Nance

Title: Production and Operations Engineer

E-mail Address: jim.nance@finleyresources.com

Date: 12-6-04

Phone: (817)336-1924 x27

NSL- 5149 (BHL)

Approved by:

TIM W. GUM
DISTRICT II SUPERVISOR

Approval Date: JAN 10 2005 Expiration Date: JAN 10 2006

Conditions of Approval Attached ☐

GYRO SURVEY CALCULATION

MINIMUM CURVATURE METHOD

Well Name		Target Direction		Slot	N / S	E / W	Hole Size	Calculation by		Date
Franklin Federal 1		30.00		Coordinate	0.00	0.00	6.500	BMF		12/2/2004
Field		Type of Survey		Tie-in Point				Directional Co.		
Worsham		Gyro		PLAN AT SURFACE >>><<<				Gyrodata		
Measured Depth	Hole Angle	Hole Direction	Course Length	True Vertical Depth	Vertical Section	Total Coordinate		Dogleg Severity	Build Up °/100 ft	Walk/ °/100 ft
						N + / S -	E + / W -			
0	0.00	0.00		0.00		0.00	0.00	<< TIE-IN POINT >>		
9,000	0.00	0.00	9000	9,000.00	0.00	0.00	0.00	0.00	0.00	0.00
9,100	0.00	30.00	100	9,100.00	0.00	0.00	0.00	0.00	0.00	30.00
9,200	0.00	30.00	100	9,200.00	0.00	0.00	0.00	0.00	0.00	0.00
9,300	0.00	30.00	100	9,300.00	0.00	0.00	0.00	0.00	0.00	0.00
9,400	0.00	30.00	100	9,400.00	0.00	0.00	0.00	0.00	0.00	0.00
9,500	6.00	30.00	100	9,499.82	5.23	4.53	2.62	6.00	6.00	0.00
9,600	12.00	30.00	100	9,598.54	20.87	18.07	10.43	6.00	6.00	0.00
9,700	18.00	30.00	100	9,695.09	46.74	40.48	23.37	6.00	6.00	0.00
9,800	24.00	30.00	100	9,788.40	82.56	71.50	41.28	6.00	6.00	0.00
9,900	30.00	30.00	100	9,877.46	127.94	110.80	63.97	6.00	6.00	0.00
10,000	24.00	30.00	100	9,966.52	173.31	150.09	86.66	6.00	-6.00	0.00
10,100	18.00	30.00	100	10,059.84	209.14	181.12	104.57	6.00	-6.00	0.00
10,200	12.00	30.00	100	10,156.39	235.01	203.52	117.50	6.00	-6.00	0.00
10,300	6.00	30.00	100	10,255.11	250.64	217.06	125.32	6.00	-6.00	0.00
10,400	0.00	30.00	100	10,354.93	255.87	221.59	127.94	6.00	-6.00	0.00

GYRO SURVEY CALCULATION

MINIMUM CURVATURE METHOD

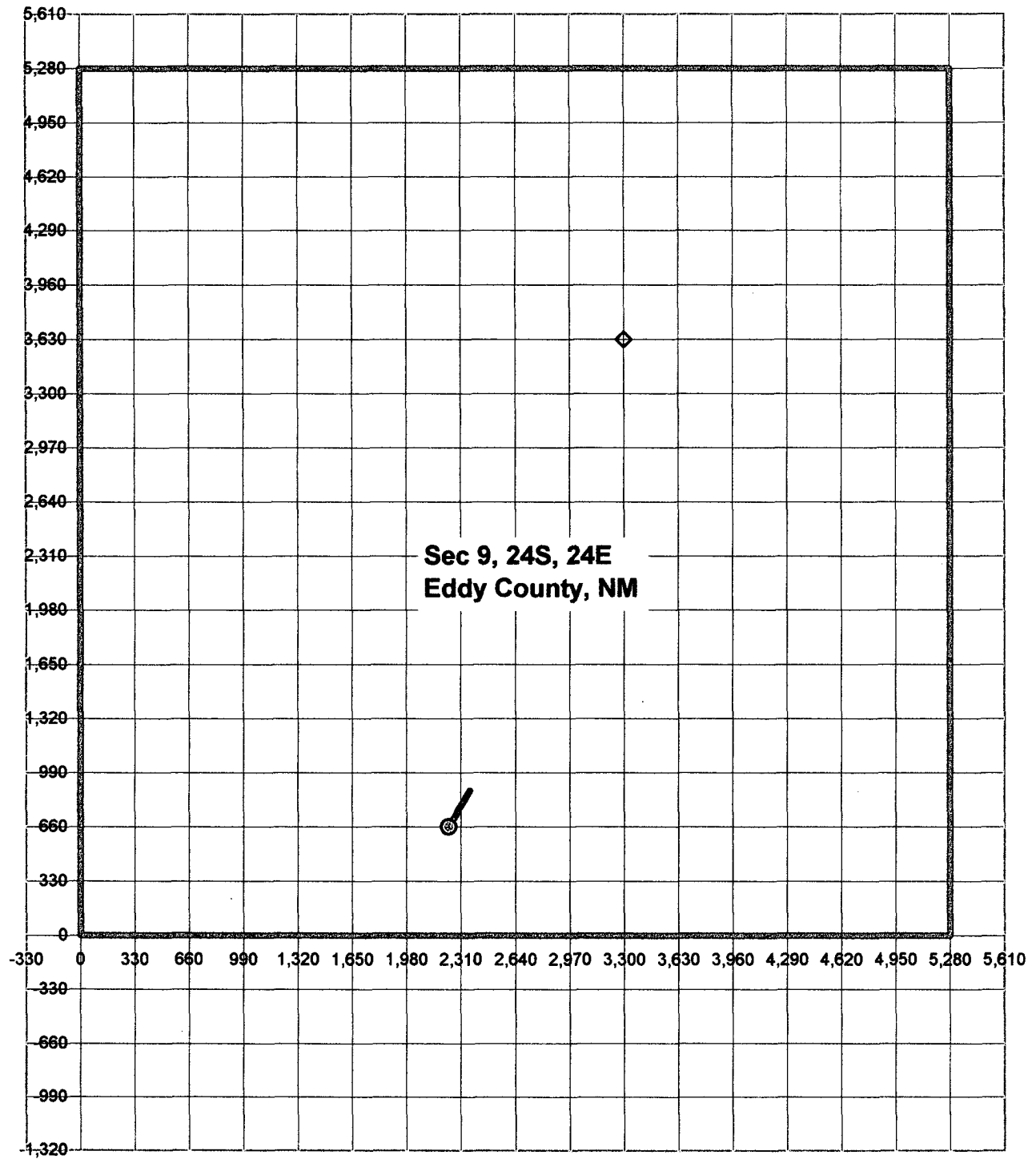
Well Name		Target Direction		Slot	N / S	E / W	Hole Size	Calculation by		Date
Franklin Federal 1		30.00		Coordinate	0.00	0.00	6.500	BMF		12/2/2004
Field		Type of Survey		Tie-in Point				Directional Co.		
Worsham		Gyro		PLAN AT SURFACE >>><<<				Gyrodata		
Measured Depth	Hole Angle	Hole Direction	Course Length	True Vertical Depth	Vertical Section	Total Coordinate		Dogleg Severity	Build Up %/100 ft	Walk/ %/100 ft
						N + / S -	E + / W -			
0	0.00	0.00		0.00		0.00	0.00	<< TIE-IN POINT >>		
9,000	0.00	0.00	9000	9,000.00	0.00	0.00	0.00	0.00	0.00	0.00
9,100	0.00	30.00	100	9,100.00	0.00	0.00	0.00	0.00	0.00	30.00
9,200	0.00	30.00	100	9,200.00	0.00	0.00	0.00	0.00	0.00	0.00
9,300	0.00	30.00	100	9,300.00	0.00	0.00	0.00	0.00	0.00	0.00
9,400	0.00	30.00	100	9,400.00	0.00	0.00	0.00	0.00	0.00	0.00
9,500	6.00	30.00	100	9,499.82	5.23	4.53	2.62	6.00	6.00	0.00
9,600	12.00	30.00	100	9,598.54	20.87	18.07	10.43	6.00	6.00	0.00
9,700	18.00	30.00	100	9,695.09	46.74	40.48	23.37	6.00	6.00	0.00
9,800	24.00	30.00	100	9,788.40	82.56	71.50	41.28	6.00	6.00	0.00
9,900	30.00	30.00	100	9,877.46	127.94	110.80	63.97	6.00	6.00	0.00
10,000	24.00	30.00	100	9,966.52	173.31	150.09	86.66	6.00	-6.00	0.00
10,100	18.00	30.00	100	10,059.84	209.14	181.12	104.57	6.00	-6.00	0.00
10,200	12.00	30.00	100	10,156.39	235.01	203.52	117.50	6.00	-6.00	0.00
10,300	6.00	30.00	100	10,255.11	250.64	217.06	125.32	6.00	-6.00	0.00
10,400	0.00	30.00	100	10,354.93	255.87	221.59	127.94	6.00	-6.00	0.00

GYRO SURVEY CALCULATION

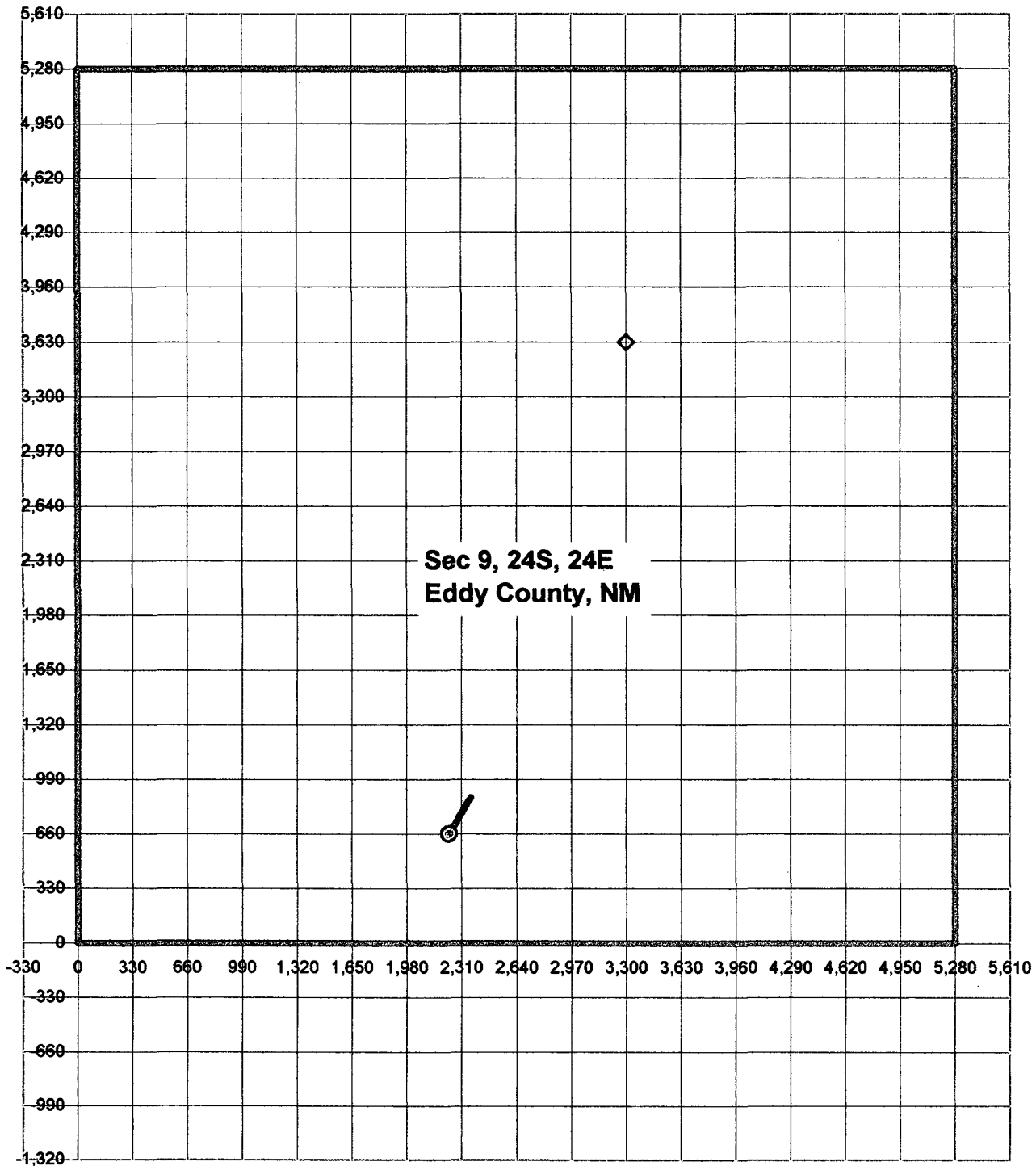
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Worsham		Gyro		PLAN AT SURFACE >>><<<				Gyrodata		
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						N + / S -	E + / W -			
0	0.00	0.00		0.00		0.00	0.00	<< TIE-IN POINT >>		
9,000	0.00	0.00	9000	9,000.00	0.00	0.00	0.00	0.00	0.00	0.00
9,100	0.00	30.00	100	9,100.00	0.00	0.00	0.00	0.00	0.00	30.00
9,200	0.00	30.00	100	9,200.00	0.00	0.00	0.00	0.00	0.00	0.00
9,300	0.00	30.00	100	9,300.00	0.00	0.00	0.00	0.00	0.00	0.00
9,400	0.00	30.00	100	9,400.00	0.00	0.00	0.00	0.00	0.00	0.00
9,500	6.00	30.00	100	9,499.82	5.23	4.53	2.62	6.00	6.00	0.00
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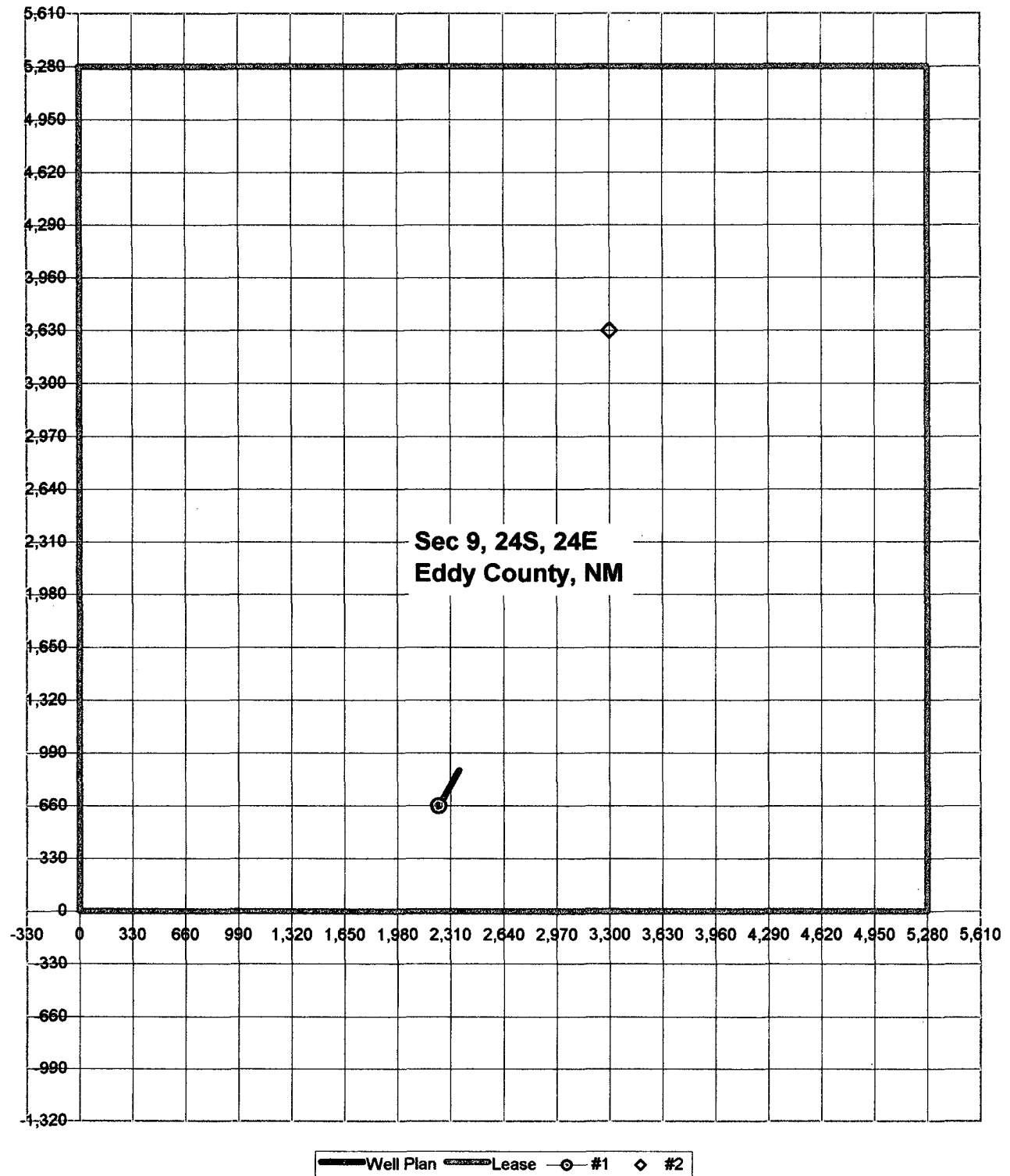
Franklin Federal #1



Franklin Federal #1



Franklin Federal #1



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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

RECEIVED
DEC 10 2004

OCCUPANCY

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20995	² Pool Code 75400	³ Pool Name Crooked Creek Morrow
⁴ Property Code 23686	⁵ Property Name Franklin Federal, et. al.	⁶ Well Number 1
⁷ OGRID No. 180387	⁸ Operator Name Finley Resources, Inc.	⁹ Elevation 4038' GL

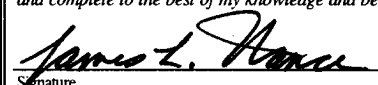
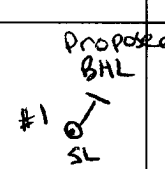
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	9	24S	24E	N	660'	South	2235'	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
N	9	24S	24E	N	882'	South	2363'	West	Eddy
¹² Dedicated Acres 320	¹³ Joint or Infill N	¹⁴ Consolidation Code N/A	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 James L. Nance Printed Name Production & Operations Engineer Title and E-mail Address 12/6/04 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

RECEIVED
UNITED STATES
DEPARTMENT OF THE INTERIOR DEC 10 2004
BUREAU OF LAND MANAGEMENT

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

COPY

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
Finley Resources, Inc.

3a. Address
1308 Lake Street, Ste. 200, Fort Worth, Texas 76102

3b. Phone No. (include area code)
817-336-1924

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
N: 660' FSL & 2235' FWL of Sec. 9-24S-24E

5. Lease Serial No.
NM330

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Franklin Federal #1

9. API Well No.
30-015-20995

10. Field and Pool, or Exploratory Area
Crooked Creek Morrow

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

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Sidetrack
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplate 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.)

Abandon existing upper Morrow completion by cement squeeze below cement retainer. Set whipstock tools and kick off by willing window in 7" casing at +- 9400'. Drill with Air system building 6 degree/100' to 9700'. Replace build system with pendulum assembly and continue to build to +- 9900', reduce weight on bit, drop hole angle to near vertical and TD well at +- 10400' md. Bottom hole location anticipated at 882' FSL and 2363' FWL falling in the same unit letter designation as the surface location. Completion to be made by fracture stimulating Morrow sands in new wellbore.

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

James L. Nance

Title Operations and Production Engineer

Signature

James L. Nance

Date

12/16/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Date

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)