

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
JAN 31 2005
Submit to appropriate District Office
☐ AMENDED REPORT

OCD-ARTESIA

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

Operator Name and Address V-F Petroleum, Inc. P.O. Box 1889 Midland, TX 79702		OGRID Number 24010
Property Code Sweet "16" State		API Number 30 - 615 - 33913
Property Name Sweet "16" State		Well No. 1
Proposed Pool Dos Hermanos Morrow		Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	16	20-S	30-E		1695	North	2570	East	Eddy

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
J	16	20-S	30-E		1650	South	1650	East	Eddy

Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3200
Multiple No	Proposed Depth 12,800'	Formation Morrow	Contractor Patterson/Timber Sharp	Spud Date February 7, 2005
Depth to Groundwater <100 ft		Distance from nearest fresh water well <1000 ft		Distance from nearest surface water 1000 ft.
Pit: Liner: Synthetic X 12 mils thick Clay ☐ Pit Volume: 10,000 bbls Closed-Loop System ☐ Drilling Method: Rotary directional drill Fresh Water X Brine X Diesel/Oil-based ☐ Gas/Air ☐				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26"	• 20"	94#	400'	500 sx "C"	Circ.. to surface
17 1/2"	• 13 3/8"	48#	1,750' @ 1850'	1,000 sx "C"	Circ. to surface
12 1/4"	• 9 5/8"	40#	3,700'	1,200 sx "C"	Circ. to surface
8 3/4"	5 1/2"	17#	12,800'	500 sx "H"	• TOC 8,800'

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.

The well will be drilled to a vertical depth of 5,200' where it will be directional deviated at 1.5%/100' and drilled to the proposed BHL.

Proposed BOP Control Equipment: A 13 5/8" 5,000 psi wp Shafffer Type LWS Double Gate BOP will be installed on the 13 3/8" casing. Casing and BOP will be tested before drilling out with the 17 1/2".

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES .

R-III-P

23.1 hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM

DISTRICT II SUPERVISOR

Printed name: George R. Smith *George R. Smith*

Title:

Title: Agent

Approval Date: FEB 02 2005 Expiration Date: FEB 02 2006

E-mail Address:

Date: January 25, 2005

Phone (505) 623-4940

Conditions of Approval Attach: NOTIFY OCD TO WITNESS
ALL CASING STRINGS
to be circ.

See attached strips.

1
N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Grande Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999
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 76080	Pool Name Dos Hermanos Morrow
Property Code	Property Name SWEET "16" STATE	Well Number 1
GRID No. 24010	Operation Name V F PETROLEUM INC.	Elevation 3200

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
G	16	20-S	30-E		1695	NORTH	2570	EAST	EDDY

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
J	16	20-S	30-E		1650	SOUTH	1650	EAST	EDDY

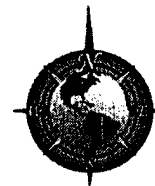
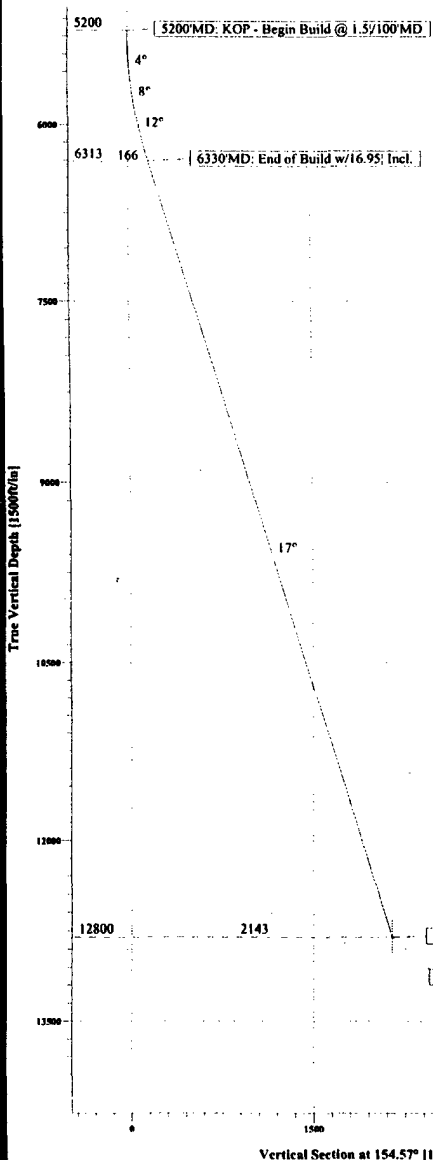
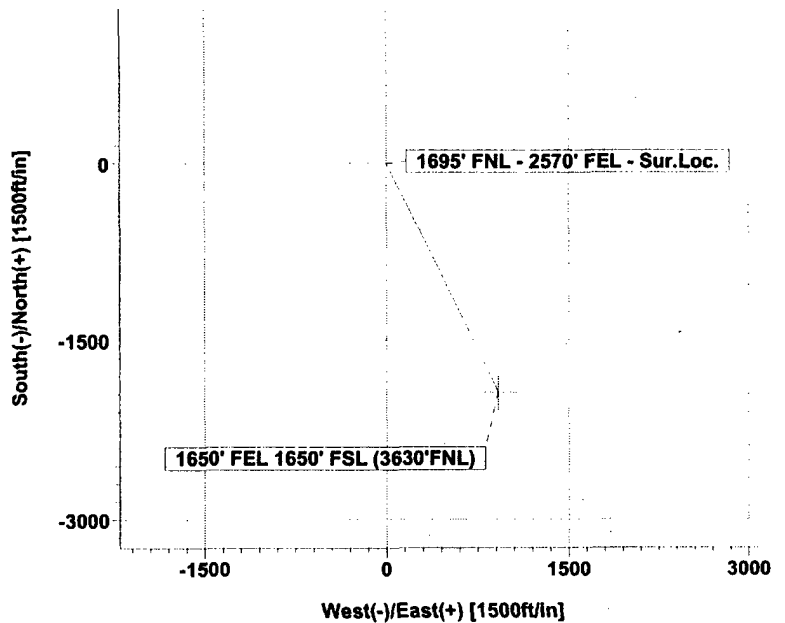
Dedicated Acres 640	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LAT N32°34'33.4" LONG W103°58'36.8" 1695' SURFACE LOCATION 2570' 1650' BOTTOM HOLE LOCATION 1650'	OPERATOR CERTIFICATION I HEREST CERTIFY THAT THE INFORMATION SHOWN IN THIS PLAT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. Signature <i>George R. Smith</i> Printed Name George R. Smith Title agent Date 1/28/05
	SURVEYOR CERTIFICATION I HEREST 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 KNOWLEDGE AND BELIEF. JANUARY 22, 2005 Date of Survey Signature and Seal of Professional Surveyor 5412 NEW MEXICO LAND SURVEYOR ENGINEER NM 5412 Certificate Number

**V-F Petroleum
Sweet '16' State #1
Section 16: T20S-R30E
Eddy County, New Mexico**

PLANE OF VERTICAL SECTION 134.71°
SURFACE LOCATION
1695' FNL
2570' FEL
Section 16: T20S-R30E
Dip Angle: 11.1°
Magnetic Field Strength: 11.1 T
US State Plane Coordinate System 1927
New Mexico Eastern Zone
Corrected to GRID North
Magnetic Declination: 1.11°
Convergence: 1.11°
Total Grid Correction: 1.11°
MEASUREMENTS BASED ON A SQUARE MILE SECTION



SECTION DETAILS									
Sec	MD	Incl	Azi	TVD	+N/S	+E/W	D Leg	TPace	VSec Target
1	5200.0	0.00	154.57	5200.0	0.0	0.0	0.00	0.00	0.0
2	6329.9	16.95	154.57	6313.5	-149.8	71.2	1.30	154.57	163.9
3	13110.9	16.95	154.57	12800.0	-1935.0	920.0	0.00	0.00	2142.6 Bottom Hole

ANNOTATIONS			
No.	TVD	MD	Annotation
1	5200.0	5200.0	5200' MD: KOP - Begin Build @ 1.5/100' MD
2	5200.0	5200.0	1695' FNL - 2570' FEL - Sur.Loc.
3	6313.5	6329.9	6330' MD: End of Build w/16.95' Incl.
4	12800.0	13110.9	13111' MD: PBHL
5	12800.0	13110.9	1650' FEL 1650' FSL (3630' FNL)



LEAM Drilling Systems, Inc.

Well Planning Report

Company: V-F Petroleum
Field: New Mexico
Site: Sweet '16'
Well: Q4105
Wellpath: Plan

Date: 1/28/2005 Time: 09:56:39 Page: 1
Co-ordinate(NE) Reference: Site: Sweet '16', Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,154.57Azi)
Survey Calculation Method: Minimum Curvature Db: Adapti

Field: New Mexico

Map System: US State Plane Coordinate System 1927
Geo Datum: NAD27 (Clarke 1866)
Sys Datum: Mean Sea Level

Map Zone: New Mexico, Eastern Zone
Coordinate System: Site Centre
Geomagnetic Model: igrf2000

Site: Sweet '16'
Eddy County, NM
Section 16 T20S R30E

Site Position: Northing: ft Latitude: ft
From: Lease Line Easting: ft Longitude: ft
Position Uncertainty: 0.0 ft North Reference: Grid
Ground Level: 0.0 ft Grid Convergence: 0.00 deg

Well: Q4105

Slot Name:

Well Position: +N/-S 0.0 ft Northing: 0.00 ft Latitude: 30 59 24.512 N
+E/-W 0.0 ft Easting: 0.00 ft Longitude: 105 55 44.137 W
Position Uncertainty: 0.0 ft

Wellpath: Plan

Drilled From: Surface
Tie-on Depth: 0.0 ft
Above System Datum: Mean Sea Level
Declination: 0.00 deg
Mag Dip Angle: 0.00 deg
+E/-W Direction
ft deg
0.0 154.57

Current Datum: SITE Height 0.0 ft
Magnetic Data: 7/21/2004
Field Strength: 0 nT
Vertical Section: Depth From (TVD) +N/-S
ft ft
0.0 0.0

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
5200.0	0.00	154.57	5200.0	0.0	0.0	0.00	0.00	0.00	0.00	
6329.9	16.95	154.57	6313.5	-149.8	71.2	1.50	1.50	0.00	154.57	
13110.9	16.95	154.57	12800.0	-1935.0	920.0	0.00	0.00	0.00	0.00	Bottom Hole

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Comment
5200.0	0.00	154.57	5200.0	0.0	0.0	0.0	0.00	0.00	0.00	
5300.0	1.50	154.57	5300.0	-1.2	0.6	1.3	1.50	1.50	0.00	
5400.0	3.00	154.57	5399.9	-4.7	2.2	5.2	1.50	1.50	0.00	
5500.0	4.50	154.57	5499.7	-10.6	5.1	11.8	1.50	1.50	0.00	
5600.0	6.00	154.57	5599.3	-18.9	9.0	20.9	1.50	1.50	0.00	
5700.0	7.50	154.57	5698.6	-29.5	14.0	32.7	1.50	1.50	0.00	
5800.0	9.00	154.57	5797.5	-42.5	20.2	47.0	1.50	1.50	0.00	
5900.0	10.50	154.57	5896.1	-57.8	27.5	64.0	1.50	1.50	0.00	
6000.0	12.00	154.57	5994.2	-75.4	35.8	83.5	1.50	1.50	0.00	
6100.0	13.50	154.57	6091.7	-95.3	45.3	105.5	1.50	1.50	0.00	
6200.0	15.00	154.57	6188.6	-117.5	55.9	130.2	1.50	1.50	0.00	
6300.0	16.50	154.57	6284.9	-142.1	67.5	157.3	1.50	1.50	0.00	
6329.9	16.95	154.57	6313.5	-149.8	71.2	165.9	1.50	1.50	0.00	
6400.0	16.95	154.57	6380.5	-168.3	80.0	186.3	0.00	0.00	0.00	
6500.0	16.95	154.57	6476.2	-194.6	92.5	215.5	0.00	0.00	0.00	
6600.0	16.95	154.57	6571.9	-220.9	105.0	244.6	0.00	0.00	0.00	
6700.0	16.95	154.57	6667.5	-247.3	117.6	273.8	0.00	0.00	0.00	
6800.0	16.95	154.57	6763.2	-273.6	130.1	302.9	0.00	0.00	0.00	
6900.0	16.95	154.57	6858.8	-299.9	142.6	332.1	0.00	0.00	0.00	
7000.0	16.95	154.57	6954.5	-326.2	155.1	361.2	0.00	0.00	0.00	
7100.0	16.95	154.57	7050.1	-352.6	167.6	390.4	0.00	0.00	0.00	

LEAM Drilling Systems, Inc.

Well Planning Report

Company: V-F Petroleum
Field: New Mexico
Site: Sweet '16'
Well: Q4105
Wellpath: Plan

Date: 1/28/2005 Time: 09:56:39 Page: 2
Co-ordinate(NE) Reference: Site: Sweet '16', Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,154.57Azi)
Survey Calculation Method: Minimum Curvature Db: Adapti

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Comment
7200.0	16.95	154.57	7145.8	-378.9	180.1	419.5	0.00	0.00	0.00	
7300.0	16.95	154.57	7241.5	-405.2	192.7	448.7	0.00	0.00	0.00	
7400.0	16.95	154.57	7337.1	-431.5	205.2	477.8	0.00	0.00	0.00	
7500.0	16.95	154.57	7432.8	-457.9	217.7	507.0	0.00	0.00	0.00	
7600.0	16.95	154.57	7528.4	-484.2	230.2	536.1	0.00	0.00	0.00	
7700.0	16.95	154.57	7624.1	-510.5	242.7	565.3	0.00	0.00	0.00	
7800.0	16.95	154.57	7719.7	-536.8	255.2	594.4	0.00	0.00	0.00	
7900.0	16.95	154.57	7815.4	-563.2	267.8	623.6	0.00	0.00	0.00	
8000.0	16.95	154.57	7911.1	-589.5	280.3	652.7	0.00	0.00	0.00	
8100.0	16.95	154.57	8006.7	-615.8	292.8	681.9	0.00	0.00	0.00	
8200.0	16.95	154.57	8102.4	-642.2	305.3	711.0	0.00	0.00	0.00	
8300.0	16.95	154.57	8198.0	-668.5	317.8	740.2	0.00	0.00	0.00	
8400.0	16.95	154.57	8293.7	-694.8	330.3	769.3	0.00	0.00	0.00	
8500.0	16.95	154.57	8389.3	-721.1	342.9	798.5	0.00	0.00	0.00	
8600.0	16.95	154.57	8485.0	-747.5	355.4	827.6	0.00	0.00	0.00	
8700.0	16.95	154.57	8580.7	-773.8	367.9	856.8	0.00	0.00	0.00	
8800.0	16.95	154.57	8676.3	-800.1	380.4	885.9	0.00	0.00	0.00	
8900.0	16.95	154.57	8772.0	-826.4	392.9	915.1	0.00	0.00	0.00	
9000.0	16.95	154.57	8867.6	-852.8	405.4	944.2	0.00	0.00	0.00	
9100.0	16.95	154.57	8963.3	-879.1	418.0	973.4	0.00	0.00	0.00	
9200.0	16.95	154.57	9058.9	-905.4	430.5	1002.5	0.00	0.00	0.00	
9300.0	16.95	154.57	9154.6	-931.7	443.0	1031.7	0.00	0.00	0.00	
9400.0	16.95	154.57	9250.3	-958.1	455.5	1060.8	0.00	0.00	0.00	
9500.0	16.95	154.57	9345.9	-984.4	468.0	1090.0	0.00	0.00	0.00	
9600.0	16.95	154.57	9441.6	-1010.7	480.5	1119.1	0.00	0.00	0.00	
9700.0	16.95	154.57	9537.2	-1037.0	493.1	1148.3	0.00	0.00	0.00	
9800.0	16.95	154.57	9632.9	-1063.4	505.6	1177.4	0.00	0.00	0.00	
9900.0	16.95	154.57	9728.5	-1089.7	518.1	1206.6	0.00	0.00	0.00	
10000.0	16.95	154.57	9824.2	-1116.0	530.6	1235.7	0.00	0.00	0.00	
10100.0	16.95	154.57	9919.9	-1142.3	543.1	1264.9	0.00	0.00	0.00	
10200.0	16.95	154.57	10015.5	-1168.7	555.6	1294.0	0.00	0.00	0.00	
10300.0	16.95	154.57	10111.2	-1195.0	568.2	1323.2	0.00	0.00	0.00	
10400.0	16.95	154.57	10206.8	-1221.3	580.7	1352.3	0.00	0.00	0.00	
10500.0	16.95	154.57	10302.5	-1247.7	593.2	1381.5	0.00	0.00	0.00	
10600.0	16.95	154.57	10398.1	-1274.0	605.7	1410.6	0.00	0.00	0.00	
10700.0	16.95	154.57	10493.8	-1300.3	618.2	1439.8	0.00	0.00	0.00	
10800.0	16.95	154.57	10589.5	-1326.6	630.7	1468.9	0.00	0.00	0.00	
10900.0	16.95	154.57	10685.1	-1353.0	643.3	1498.1	0.00	0.00	0.00	
11000.0	16.95	154.57	10780.8	-1379.3	655.8	1527.2	0.00	0.00	0.00	
11100.0	16.95	154.57	10876.4	-1405.6	668.3	1556.4	0.00	0.00	0.00	
11200.0	16.95	154.57	10972.1	-1431.9	680.8	1585.5	0.00	0.00	0.00	
11300.0	16.95	154.57	11067.7	-1458.3	693.3	1614.7	0.00	0.00	0.00	
11400.0	16.95	154.57	11163.4	-1484.6	705.8	1643.8	0.00	0.00	0.00	
11500.0	16.95	154.57	11259.1	-1510.9	718.4	1673.0	0.00	0.00	0.00	
11600.0	16.95	154.57	11354.7	-1537.2	730.9	1702.1	0.00	0.00	0.00	
11700.0	16.95	154.57	11450.4	-1563.6	743.4	1731.3	0.00	0.00	0.00	
11800.0	16.95	154.57	11546.0	-1589.9	755.9	1760.4	0.00	0.00	0.00	
11900.0	16.95	154.57	11641.7	-1616.2	768.4	1789.6	0.00	0.00	0.00	
12000.0	16.95	154.57	11737.3	-1642.5	781.0	1818.7	0.00	0.00	0.00	
12100.0	16.95	154.57	11833.0	-1668.9	793.5	1847.9	0.00	0.00	0.00	
12200.0	16.95	154.57	11928.7	-1695.2	806.0	1877.0	0.00	0.00	0.00	
12300.0	16.95	154.57	12024.3	-1721.5	818.5	1906.2	0.00	0.00	0.00	
12400.0	16.95	154.57	12120.0	-1747.8	831.0	1935.3	0.00	0.00	0.00	

Well Planning Report

Date: 1/28/2005 **Time:** 09:56:39 **Page:** 3

Co-ordinate(NE) Reference: Site: Sweet '16', Grid North

Vertical (TVD) Reference: SITE 0.0

Section (VS) Reference: Well (0.00N,0.00E,154.57Azi)

Survey Calculation Method: Minimum Curvature Db; Adapti

MD ft	Incl deg	Azlm deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Comment
12500.0	16.95	154.57	12215.6	-1774.2	843.5	1964.5	0.00	0.00	0.00	
12600.0	16.95	154.57	12311.3	-1800.5	856.1	1993.6	0.00	0.00	0.00	
12700.0	16.95	154.57	12406.9	-1826.8	868.6	2022.8	0.00	0.00	0.00	
12800.0	16.95	154.57	12502.6	-1853.2	881.1	2051.9	0.00	0.00	0.00	
12900.0	16.95	154.57	12598.3	-1879.5	893.6	2081.1	0.00	0.00	0.00	
13000.0	16.95	154.57	12693.9	-1905.8	906.1	2110.2	0.00	0.00	0.00	
13100.0	16.95	154.57	12789.6	-1932.1	918.6	2139.4	0.00	0.00	0.00	
13110.9	16.95	154.57	12800.0	-1935.0	920.0	2142.6	0.00	0.00	0.00	

MD ft	TYD ft	
5200.0	5200.0	5200'MD: KOP - Begin Build @ 1.5"/100'MD
5200.0	5200.0	1695' FNL - 2570' FEL - Surface Location
6329.9	6313.5	6330'MD: End of Build w/16.95' Incl.
13110.9	12800.0	13111'MD: PBHL
13110.9	12800.0	1650' FEL 1650' FSL (3630'FNL)

MD	TVD	Diameter	Hole Size	Name

Name	Description	TVD	+N/-S	+E/-W	Map Northing	Map Easting	Latitude Deg Min Sec	Longitude Deg Min Sec
	Dir.							

TIMBER/SHARP DRILLING

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

Well To Be drilled for Timber/Sharp

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

* All Accumulators are Koomey 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 Hydril: Type GK)

BOP Type Shaffer LWS

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

BOP Size: 13 5/8 " - 5000 PSI

Rotating Head Type Smith

Rot-Head Furnished By Timber

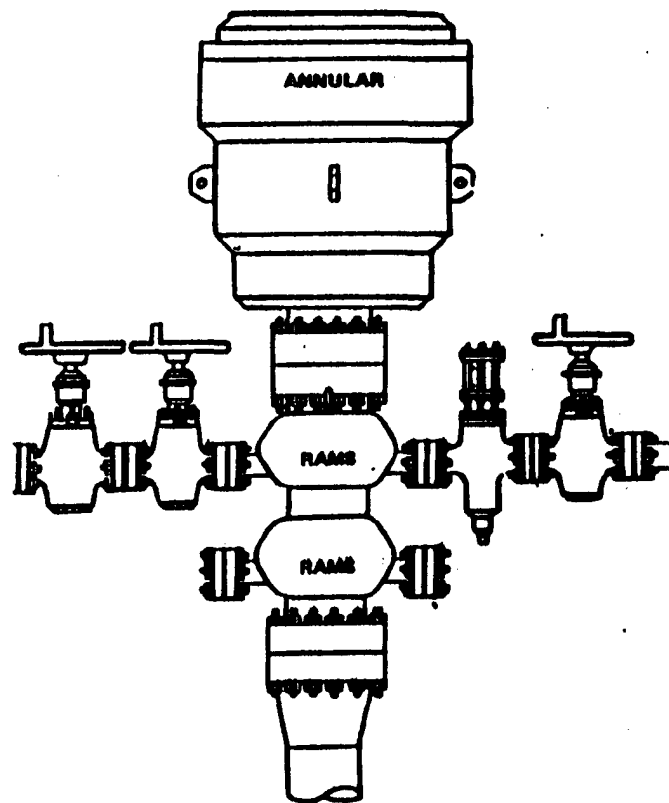
Rams in top gate: 4 1/2 pipe

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 Timber/Sharp

* All Valves (H2S) *

Choke Manifold:

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

1 - 4" Valves

2 - 2" Valves

2 - 2" Adjustable Chokes

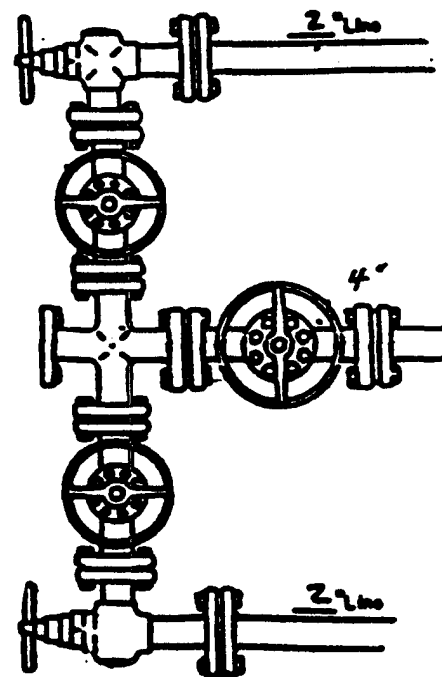
Valve Types Used:

Cameron - F or FC

Shaffer - B Floseal

WKM - type 2

Chokes - Cameron H2 or TC unbolt







January 27, 2005

Oil Conservation Division
1301 West Grand Avenue
Artesia, NM 88210

Attention: Mr. Tim Gum

Re: Sweet "16" State No. 2
1,670' FNL and 2,061' FE
Section 16, T20S-R30E
Eddy County, New Mexico

Dear Tim:

V-F Petroleum Inc. has submitted an APD within one mile of a potash lease. The nearest lease is held by Intrepid Potash - NM, LLC. In accordance with the State of New Mexico, Energy, Minerals and Natural Resources Department Oil Conservation Commission Order R-111-P, Intrepid Potash has no objections to the proposed location of the Sweet "16" State No.2 well.

Sincerely,

Thomas A. McGuire
Senior Mine Engineer

cc: Mr. George Smith
Agent for V-F Petroleum
P.O. Box 458
Roswell, NM 88201

P.O. BOX 181 • 36 MILES EAST HIGHWAY 62-180 • CARLSBAD, NEW MEXICO • 88228

PHONE: (505) 234-3814 • FAX: (505) 887-8828

V-F PETROLEUM, Inc.
Sweet "16" State, Well No. 1
Page 2

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None.

Logging: T.D. to 3600': GR-DNL-DLL

3600' 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 = 5544 and Surface Pressure = 2772 with a temperature of 186°.

10. H₂S: None expected. None in two wells drilled in Sec. 21-T20S-R30E.

11. Anticipated starting date: February 7, 2005

Anticipated completion of drilling operations: Approximately 40-50 days.

APPLICATION FOR DRILLING**V-F PETROLEUM, INC.**

Sweet "16" State Well No. 1

Surface: 1695' FNL & 2570' FEL, Sec. 16-T20S-R30E

Production: 1650' FSL & 1650' FEL, Sec. 16-T20S-R30E

Eddy County, New Mexico

(Development Well)

In conjunction with Form C-101, Application for Permit to Drill subject well, V-F Petroleum, Inc. submits the following items of pertinent information in accordance with NMOCD request:

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

Rustler	80'	Wolfcamp Limestone	10,293'
Yates	1,755'	Middle Strawn Limestone	10,953'
Capitan Reef	2,282'	Atoka	11,243'
Delaware	3,578'	Morrow	11,688'
Bone Spring	6,450'	Lower Morrow	12,168'
Wolfcamp	10,124'	T.D	12,500'

- 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
26"	20"	94.0#	H-40	ST&C	200'	Circ. 550 sx HL & 150 "C" to surface.
17 1/2"	13 3/8"	48.0#	H-40	ST&C	750'	
17 1/2"	13 3/8"	54.5#	K-55	ST&C	2,260'	Circ. 1000 sx HL & 150 "C" to surface
12 1/4"	9 5/8"	36.0#	K-55	ST&C	1,950'	
12 1/4"	9 5/8"	40.0#	K-55	ST&C	3,525'	Circ. 900 sx HL & 300 "C" to surface.
8 3/4"	5 1/2"	17.0#	N-80	LT&C	6,150'	
8 3/4"	5 1/2"	20.0#	N-80	LT&C	12,500'	750 sx "H" returned to 8,000' for TOC.

NOTE: Deviation Requirements: Commencing at 5,200': Kick off and build angle at 1.5 degrees per 100 feet. Drill and build curve section to 17.00 degrees to T.D. See Exhibit "F".

- Proposed Control Equipment: A 12" 5000 psi wp Shaffer Type LWS Double Gate BOP will be installed on the 13 3/8" casing. Casing and BOP will be tested according to Onshore Oil & Gas Order #2, not to exceed maximum surface estimated pressures of 2800 psi wp, before drilling out with 12 1/4" and will be tested regularly. See Exhibit "E".

6. MUD PROGRAM:

		MUD WEIGHT	VIS.	W/L CONTROL
0' - 200'	Fresh water mud:	8.6 - 9.2 ppg	32 - 40	No W/L control
200' - 2260'	Brine water mud	10.0 - 10.1 ppg	28 - 29	No W/L control
2260' - 3550'	Fresh water mud:	10.0 - 10.1 ppg	28 - 29	No W/L control
3550' - 10,600'	Brine water mud:	8.3 - 8.4 ppg	28 - 29	No W/L control
10,600' - 12,500'	Cut Brine mud:	9.8 - 10.0 ppg	36 - 40	W/L cont. 12 - to 6 cc in Morrow

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 3, 2005
V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702
Attn Mr. George Smith/Tom Beall

RE: V-F Petroleum Inc., Surface hole located in Unit G (1695' FNL & 2570' FEL) of Section 16, Township 20 South Range 30 East Eddy County, New Mexico.

Dear Mr. George Smith and Mr. Tom Beall,

In regards to conditions for approval (in part) for the above captioned well, the New Mexico Oil Conservation Divisions' (NMOCD) will require the following:

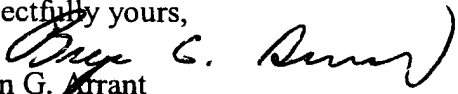
This is for V-F Petroleum, Inc. to take samples from the flow line of the drilling mud every 100' in order to determine the chloride levels from the 13 3/8" casing setting depth at a projected depth of @ 1750' to the projected 9 5/8" casing setting depth of @ 3700'.

The results of this data are to be submitted to the NMOCD.

In addition for conditions of approval of said well, please be aware that the NMOCD will require that the Capitan Reef be drilled with a fresh water mud.

Please call our office if you have any questions regarding this matter.

Respectfully yours,


Bryan G. Arant

PES

CC: Tim Gum-District Supervisor-Artesia
Well File