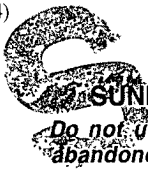


OCD-ARTESIA

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 29 2007

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.

OCD-ARTESIA

5. Lease Serial No
NMI 98821

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No
Federal 25 #1
Atlantic 25 Federal #1

9. API Well No

10. Field and Pool, or Exploratory Area
North Brushy Draw-Delaware

11. County or Parish, State

Eddy Co., NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator **ATLANTIC OPERATING, INC. (PREVIOUS OPERATOR: CHENEY ENERGY)**3a. Address
P O BOX 3759, MIDLAND, TX 797023b. Phone No (include area code)
432-683-3272

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

467' FSL & 810' FWL, SEC. 25, T-25-S - 29-E, EDDY 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 checked="" type="checkbox"/> Other Request a variance
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	regarding testing and
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	conductor pipe.

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 recompleat 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 recompleat 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.)

1. VARIANCE REQUEST REGARDING INDEPENDENT TESTING:

AFTER INSTALLATION OF 3K BOP SYSTEM, WE WISH TO RECEIVE A VARIANCE TO TEST THE SYSTEM TO 1000# USING RIG PUMPS. THE TEST WILL BE HELD FOR 30 MINUTES ON SYSTEMS COMPONENTS BEING PIPE AND BLIND RAMS. THE TEST WILL BE HELD FOR 30 MINUTES ON EACH SYSTEM COMPONENT.

2. REQUEST REGARDING CONDUCTOR PIPE:

WE ARE ASKING PERMISSION TO SET 14" CONDUCTOR PIPE INSTEAD OF 20" CONDUCTOR PIPE, AS REQUESTED BY PREVIOUS OPERATOR.

****WE ARE ANTICIPATING A START DATE OF MAY 23, 2007 AND WOULD LIKE TO EXPEDITE THESE REQUESTS****

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)**MICHELLE LANGSTON**Title **REGULATORY ANALYST**

Signature

Michelle Langston

Date

05/17/2007

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

Office

Title 18 USC Section 1001 and Title 43 USC 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)



DISTRICT I

1625 N. FRENCH DR., HOES, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 8085	Pool Name BRUSHY DRAW DELAWARE-WEST
Property Code	Property Name CHENEY ENERGY "25" FEDERAL	Well Number 1
OGRID No.	Operator Name ATLANTIC OPERATING, INC.	Elevation 3046'

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	25	25-S	29-E		467	SOUTH	810	WEST	EDDY

Bottom Hole Location If Different From Surface

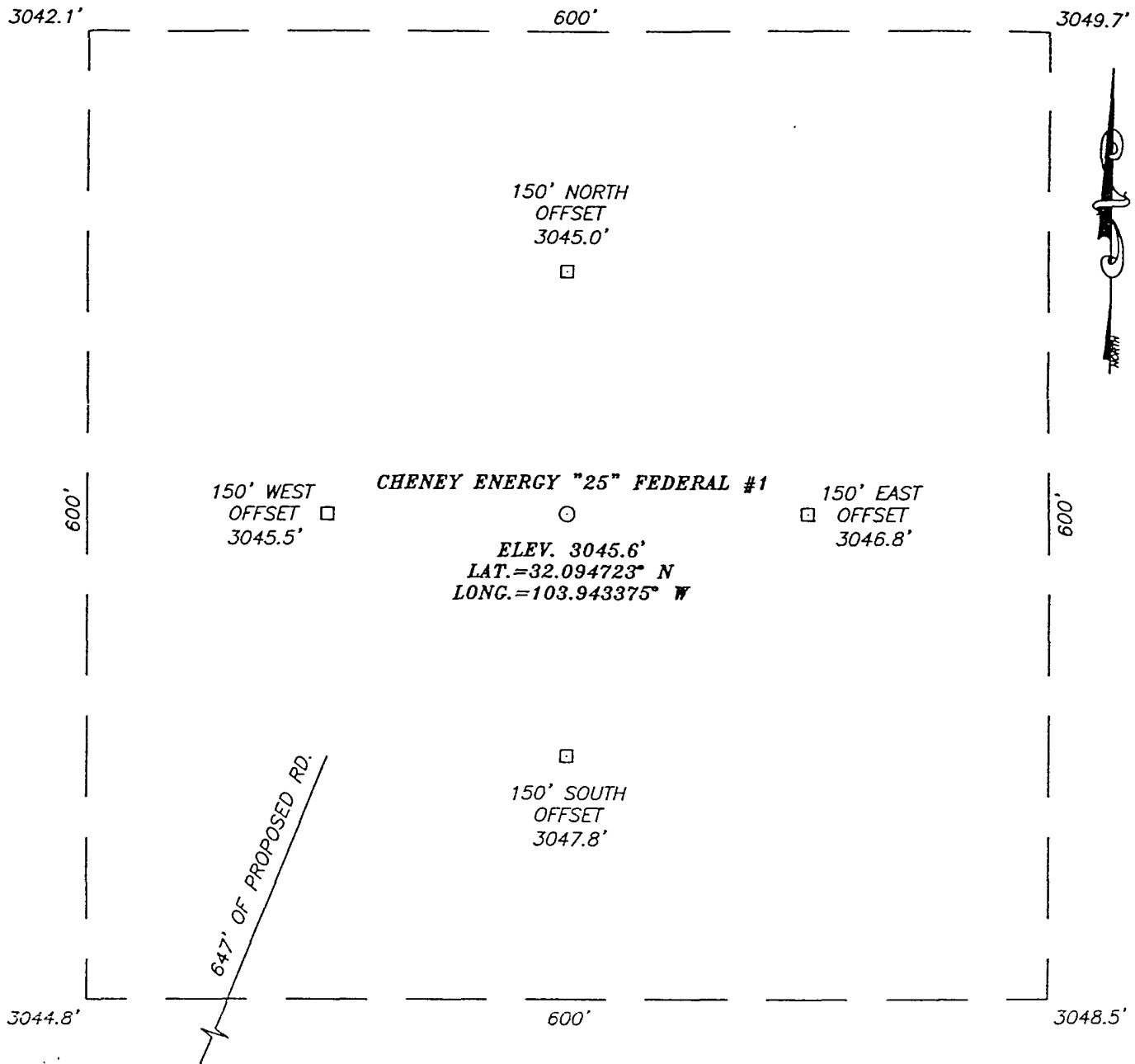
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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

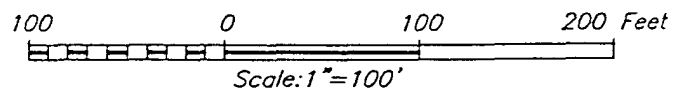
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=398402.2 N X=620760.9 E</p> <p>LAT.=32.094723° N LONG.=103.943375° W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Joe T. Janica</i> Signature Date Joe T. Janica 03/23/07 Printed Name Agent</p>
<p>NM-98821</p> <p>SEE DETAIL</p> <p>810'</p> <p>467'</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>MARCH 7, 2007</p> <p>Date Surveyed AR</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 3/23/07 07.11.0244</p> <p>Certificate No. GARY EIDSON 12841 RONALD J. EIDSON 3239</p>

SECTION 25, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



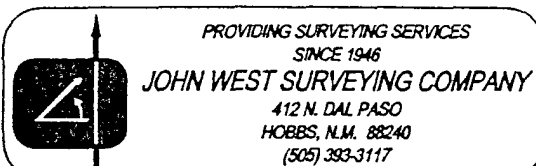
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #725
(LONGHORN RD.) AND CO RD. #725A (TARBUSH
RD.), GO NORTH ON CO RD. #725A APPROX. 2.4
MILES TO A "T" INTERSECTION. CONTINUE NORTH
APPROX. 2.3 MILES TO THE BRUSHY DRAW STATE
#1 WELL AND PROPOSED ROAD SURVEY. FOLLOW
ROAD SURVEY NORTHEAST APPROX. 850 FEET TO
THIS LOCATION.

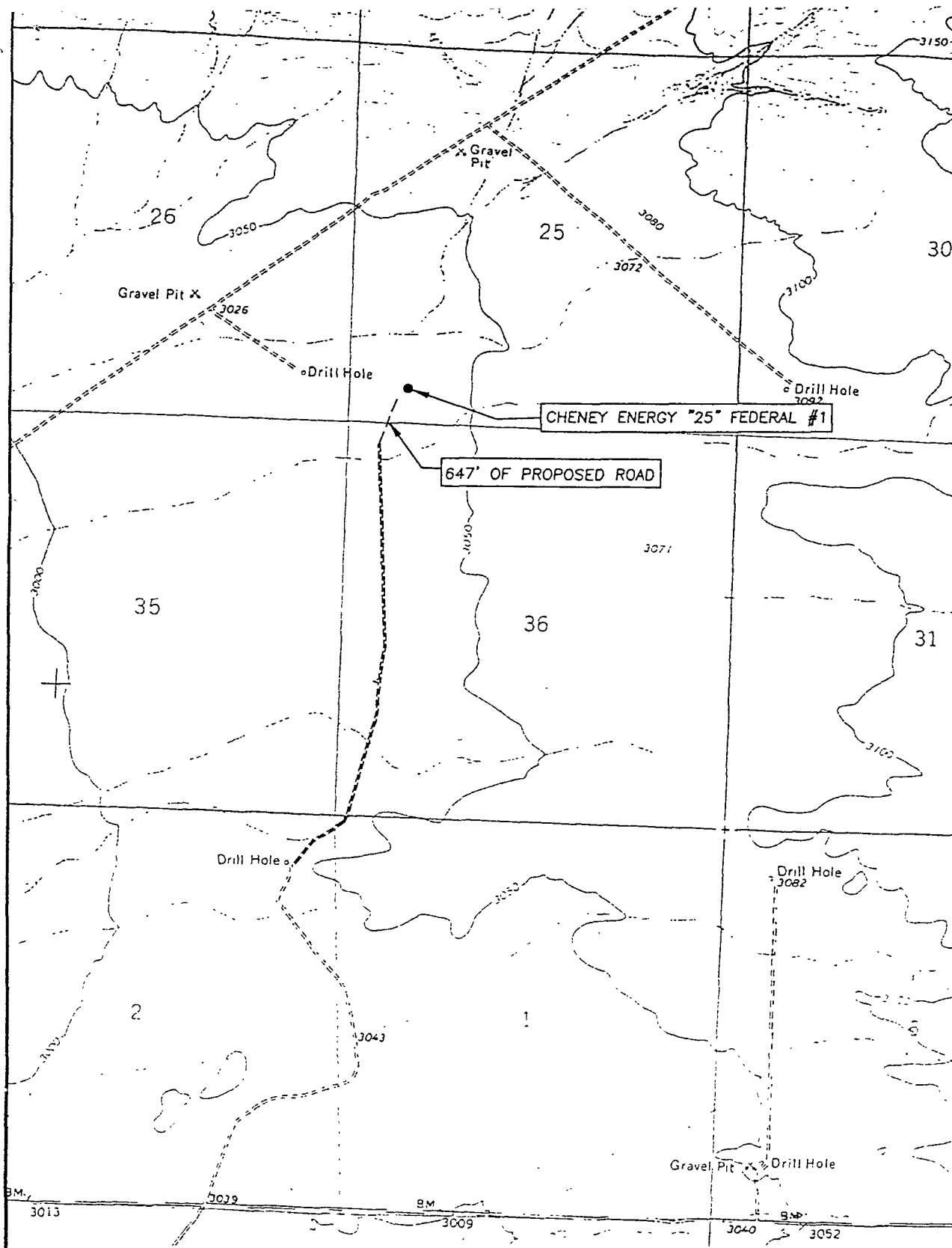


ATLANTIC OPERATING, INC.

CHENEY ENERGY "25" FEDERAL #1 WELL
LOCATED 467' FEET FROM THE SOUTH LINE
AND 810 FEET FROM THE WEST LINE OF SECTION 25,
TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Survey Date: 3/07/07	Sheet 1 of 1 Sheets
W.O. Number: 07.11.0244	Dr By: AR
Date: 3/13/07	Disk: 07110244
	Rev 1: N/A
	Scale: 1"=100'



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ROSS RANCH, N.M. - 10'

SEC. 25 TWP. 25-S RGE. 29-E

SURVEY N.M.P.M.

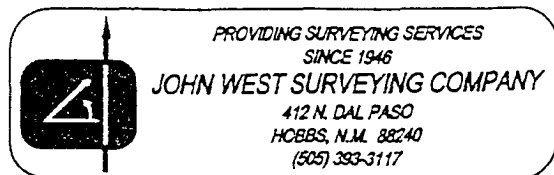
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 467' FSL & 810' FWL

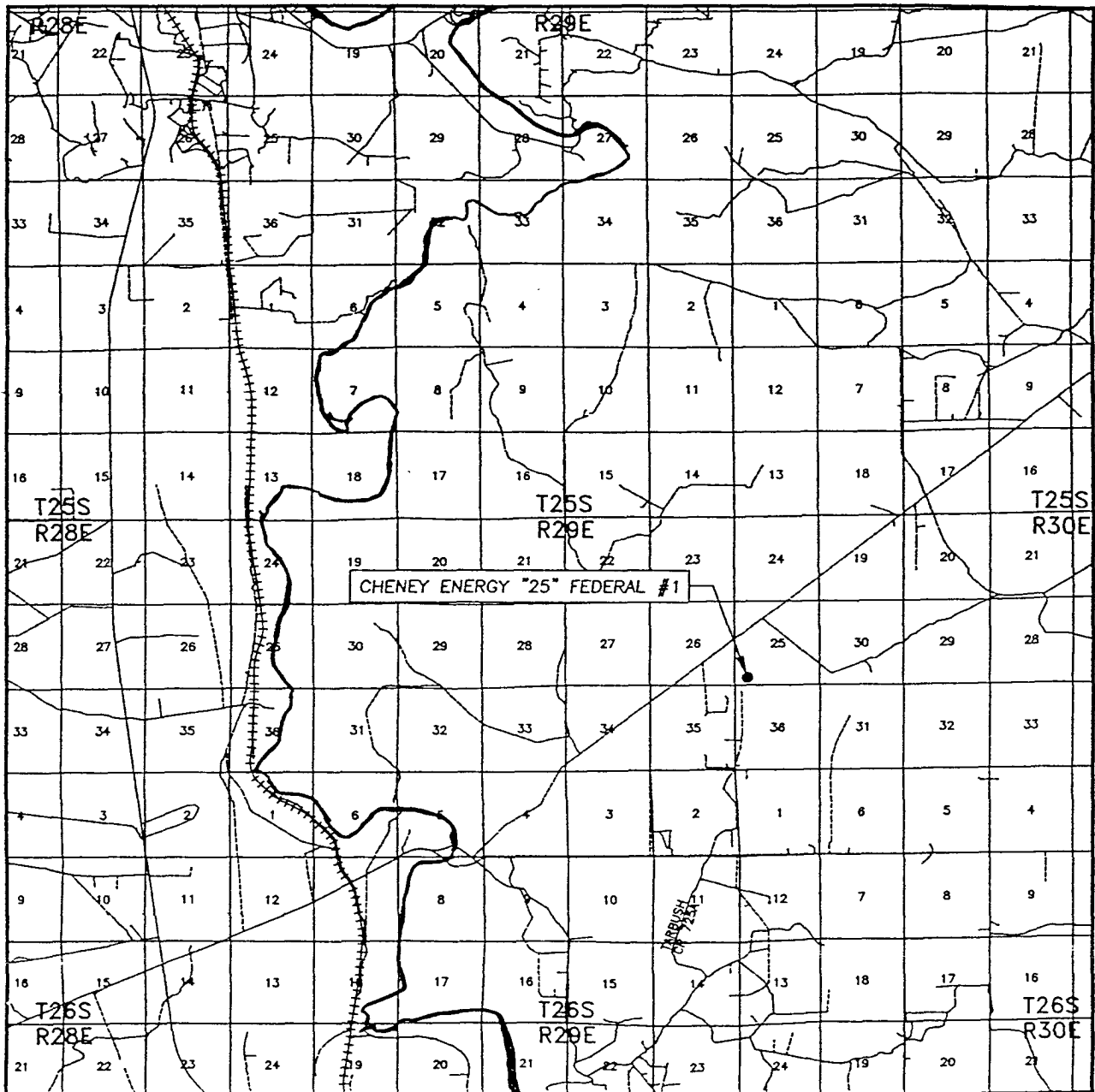
ELEVATION 3046'

OPERATOR ATLANTIC
OPERATING, INC.

LEASE CHENEY ENERGY "25" FEDERAL

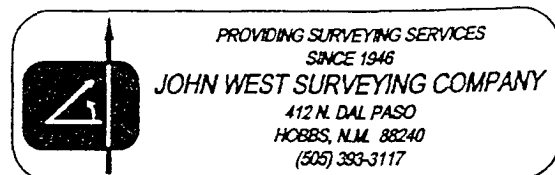


VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 25 TWP. 25-S RGE. 29-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 467' FSL & 810' FWL
 ELEVATION 3046'
 OPERATOR ATLANTIC OPERATING, INC.
 LEASE CHENEY ENERGY "25" FEDERAL



SUNDRY NOTICE SPECIAL STIPULATIONS

1. Approval is granted for changes in the COA for the casing settings and cementing to read as follows:
2. 14" conductor may be substituted for the 20" conductor and set @ 40'.
3. The BOP / BOPE test requirements remain as Per the COA.

Engineering
can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 5/29/07