

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 20 2011

RECEIVED

FORM APPROVED
OMB No 1004-0137
Expires July 31, 20105 Lease Serial No. **NM123518**
NM SWD-1264 **LG 123918**

6 If Indian, Allottee or Tribe Name

7 If Unit or CA Agreement, Name and No.

8 Lease Name and Well No.
Paduca Federal Unit Com #1 **<38668>**9 API Well No.
30-025-2761610 Field and Pool, or Exploratory **<96802>**
SWD; Bell Canyon - Cherry Canyon
11 Sec., T. R. M. or Blk. and Survey or Area
Sec 22, T25S-R32E12 County or Parish
Lea13 State
NM1a. Type of work: ☐ DRILL☒ REENTER1b Type of Well: ☐ Oil Well ☐ Gas Well ☒ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator Mesquite SWD, Inc

3a. Address P O. Box 1479 Carlsbad, NM 88221

3b Phone No. (include area code)
575-706-1840 **<161968>**

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

At surface 1980' FNL & 660' FEL

Unit #4

At proposed prod. zone same

14 Distance in miles and direction from nearest town or post office*
27.2 miles west of Jal, New Mexico off CR-115 Distance from proposed* location to nearest property or lease line, ft
(Also to nearest drig. unit line, if any) 660'16 No. of acres in lease
NA17 Spacing Unit dedicated to this well
NA

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft NA

19 Proposed Depth
PBDT 7020'20 BLM/BIA Bond No. on file
NMB00061221 Elevations (Show whether DF, KDB, RT, GL, etc.)
GL 3409 KB 343922 Approximate date work will start*
02/28/201123 Estimated duration
15 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, must be attached to this form

- | | |
|--|---|
| 1 Well plat certified by a registered surveyor. | 4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above) |
| 2 A Drilling Plan | 5 Operator certification |
| 3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the BLM. |

25 Signature

Kay HavenorName (Printed/Typed)
Kay HavenorDate
01/31/2011

Title

Agent 575-626-4518

Approved by (Signature)

/s/ Don Peterson

Name (Printed/Typed)

Date **JUN 15 2011**

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICEApplication 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 TWO YEARS**

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.

(Continued on page 2) **Water basin not needed due to casing in place. *(Instructions on page 2)****SWD-1264****Kz 06/21/11**Approval Subject to General Requirements
& Special Stipulations Attached**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****JUN 22 2011**

Mesquite SWD, Inc.
Paduca Federal Unit Com #1
1980' FNL & 660' FEL
Sec. 22, T25S-R32E Lea Co., NM

HOBBS OCD

JUN 20 2011

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STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the land or portion thereof, described below:

Date: January 27, 2011

SWD well name: Paduca Federal Unit Com #1

Legal description: Sec. 22, T25S-R32E
Lea County, New Mexico

Formations: Permian

Bond coverage: Statewide

BLM Bond File number: ~~NMB000389~~ NMB 000612

Mesquite SWD, Inc.



Kay Havenor
Agent

2. Formation Tops and Estimated Fresh Water:

The of geologic markers and estimated depths at which anticipated water, oil or gas formations are expected to be encountered as follows:

Rustler	755'
Banded anhydrite	1,117'
Top of salt	3,075' ?
Base of salt	4,410'
Lamar limestone	4,648'
Bell Canyon	4,688'
Cherry Canyon	5,808'
Brushy Canyon	7,100'

None of the above formations were found to be potentially productive of oil or gas in this well or other wells in the NM OCD area of review. Although no fresh water is known in the NM OCD area of review, potential shallow sands are protected by 20" casing set at 650' and cement circulated to the surface, and 13-3/8" casing set at 4,630' and cement circulated to the surface.

3. Casing: (Currently in hole, no casing pulled)

<u>Hole size</u>	<u>Interval</u>	<u>Casing</u>	<u>Weight</u>	<u>Grade</u>
36"	0 - 40'	30"	NR	NR
26"	40 - 650'	20"	94#	K-55
17-1/2"	0 - 4630'	13-3/8"	68#	X S-80 & K-55
12-1/4"	0 - 12250'	9-5/8"	47#	S-95
8-1/2"	12250 - 14556'	7-5/8"	39#	S-95
6-1/2"	14556 - 15849'	5"	23.2#	N-80

4. Cement Program: (Original completion)

30"	Conductor Redi-mix to surface
20"	Surface 1850 sxs calculates circ to surface
13-3/8"	Intermediate 4120 sxs w/649 sxs circulated
9-5/8"	Production string w/2 DVs cement reported 900 sxs plus 1960 sxs. Circulated
7-5/8"	Liner cemented 11913-14556' w/225 sxs + 120 sxs re-cement top of liner
5"	Liner cemented 14246-15849' w/215 sxs

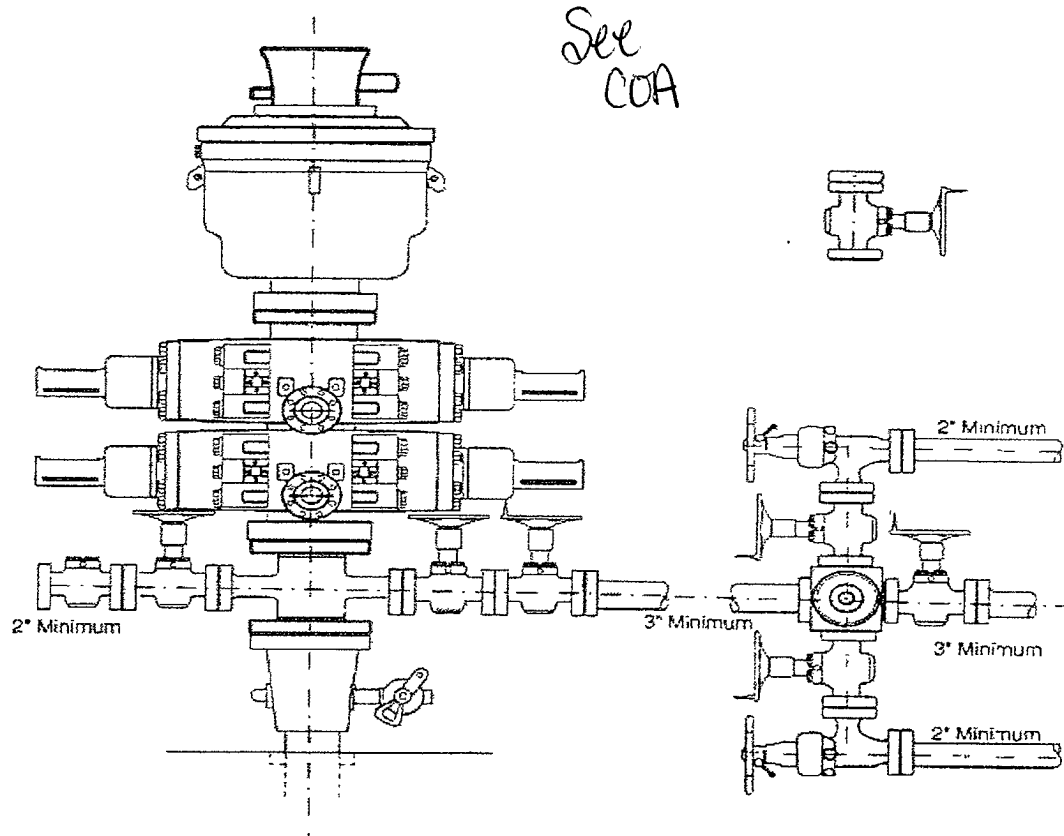
5. Pressure Control Equipment:

See CoA
BOP shown on the following diagram is representative of the type to be utilized by the workover contractor. The BOP and manifold test will be to pressure casing/tubing to 1500 psi for 30 minutes prior to reaching 13-3/8" casing shoe at 4630'. The BOP and manifold test will be to pressure casing/tubing to 1500 psi for 30 minutes upon reaching the CIBP setting depth of 7020'. BOP equipment will be tested daily during re-entry.

3000 psi BOP and Manifold

Schematic using Townsend 81 Series

Mesquite SWD, Inc. Paduca Federal Unit Coml #1
Sec. 22, T25S-R32E Lea Co. NM



6. Proposed Mud Circulation System:

Fresh water will be used for the re-entry mud system. Drilling and returned circulation will be from and to screened surface tanks. No earthen mud or reserves pits will be constructed or used for this re-entry. Drilling fluids will be trucked to a certified disposal facility upon completion of re-entry operations. Cement cuttings will be removed to a certified disposal facility.

7. Estimated BHP: 3300 psi

8. Mud Program:

Surface (inside 9-5/8") to 7,020' - Fresh water. See paragraph 6 above.

9. Auxiliary Well Control and Monitoring Equipment:

- a. A Kelly cock will be in the drill string at all times.
- b. H₂S detection equipment will be in operation during the drilling operation. H₂S is not considered a potential hazard because it was not reported in the original drilling and the entire hole is cased and cemented.

BLM geologist noted H₂S during original drilling

10. Logging, Coring, and Testing Program:

No logging, coring, or testing is anticipated.

11. Potential Hazards:

No abnormal pressures or temperatures were encountered in the original drilling operations. No H₂S was encountered in the original drilling operations. All personnel will be familiar with all aspects of safe operation of equipment being used to re-enter this well. PB 7,020' BHT of this re-entry is projected @ 97° based upon 218° at TD 15,839'.

12. Anticipated Starting Date and Duration of Operations:

Road and location repair will begin after the BLM has approved the APD. Re-entry date will follow as soon as work-over unit and equipment are available. Re-entry, well preparation for injection, and lease clean-up are expected to require approximately 15 days.

Re-Entry and Completion Diagram

API: 3002527616
 Operator: Mesquite SWD, Inc.
 Lease: Paduca Federal
 Location: Sec 22, T25S-R32E Lea Co., NM
 Footage: 1980 FNL, 660 FEL

Well No: 1

KB: 3439
 GL: 3409
 Spud date: 6/29/1982
 Plugged date: July 28, 2004
 MSL of TD: -12411

Surface Csg

Size: 20" 94# K-55
 Set @: 650
 Sxs cmt: 1850
 Circ: Yes
 TOC: Surface
 Hole Size: 26"

Intermediate Csg

Size: 13-8/8" 40#
 Set @: 4630
 Sxs cmt: 4120
 Circ: Yes
 TOC: Surface
 Hole Size: 17-1/2"

Production Csg

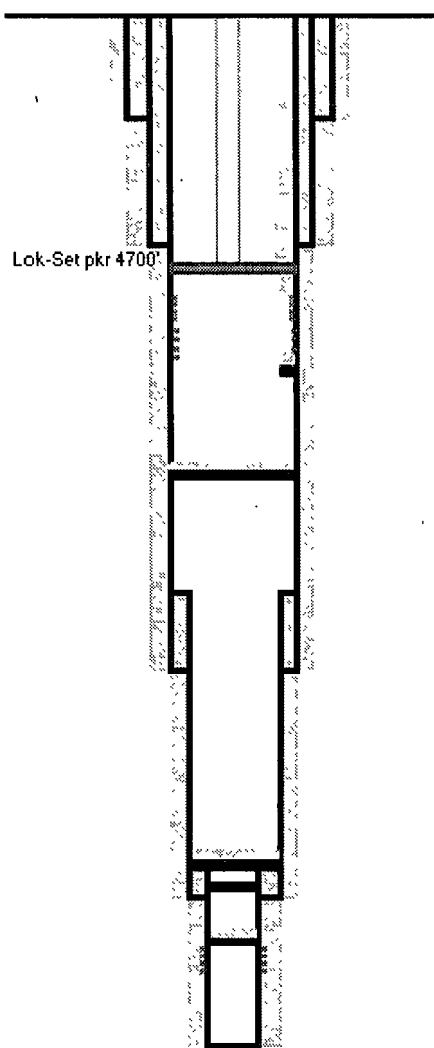
Size: 5-1/8" 47# S-95
 Set @: 12,250
 Sxs cmt: 2000 +110 on P&A
 Circ: Yes
 TOC: Surf
 Hole Size: NR

Production Liner

Size: 7-5/8" 18#
 Set @: 11913-14556'
 Sxs cmt: 175 +sqz 300
 Circ: Yes
 TOC: 11913
 Hole Size: NR

Production Liner

Size: 5"
 Set @: 14246-15849'
 Sxs cmt: 250
 Circ: Yes
 TOC: 14246
 Hole Size: NR



Drill-out plug to 60'
 650 Drill-out qzd area 500'-700'
 Drill-out cmt 2180'-2450'. Test crq.
 4620 Drill-out cmt 4577'-4850'. Test crq.
 Tap Lamer Lr 4650'
 Drill-out cmt 4730'-4850'. Test crq.
 Drill-out cmt 8 CIBP 6875'-6975'
 Plan: OA perfs 9-5/8" csg 4722' - 6944'
 CO to 7200'. Test crq. Run CBL 7200-4550'
 Squeeze if cement if not covered 4722'-6944'
 Set CIBP @ 7070' + 60' cmt (25xw) Tag
 Tap Bone Spring 8692'
 11913 11913-14556' 225 sxs circ top liner
 12250 Bare 9-5/8". DV #1 10172' circ w/900xw
 DV #2 w/1960 sxs
 CIBP 14233 +35' cmt
 CIBP 14298
 BP 14283 +35' cmt
 14585-15000 w/2 irpf
 15850

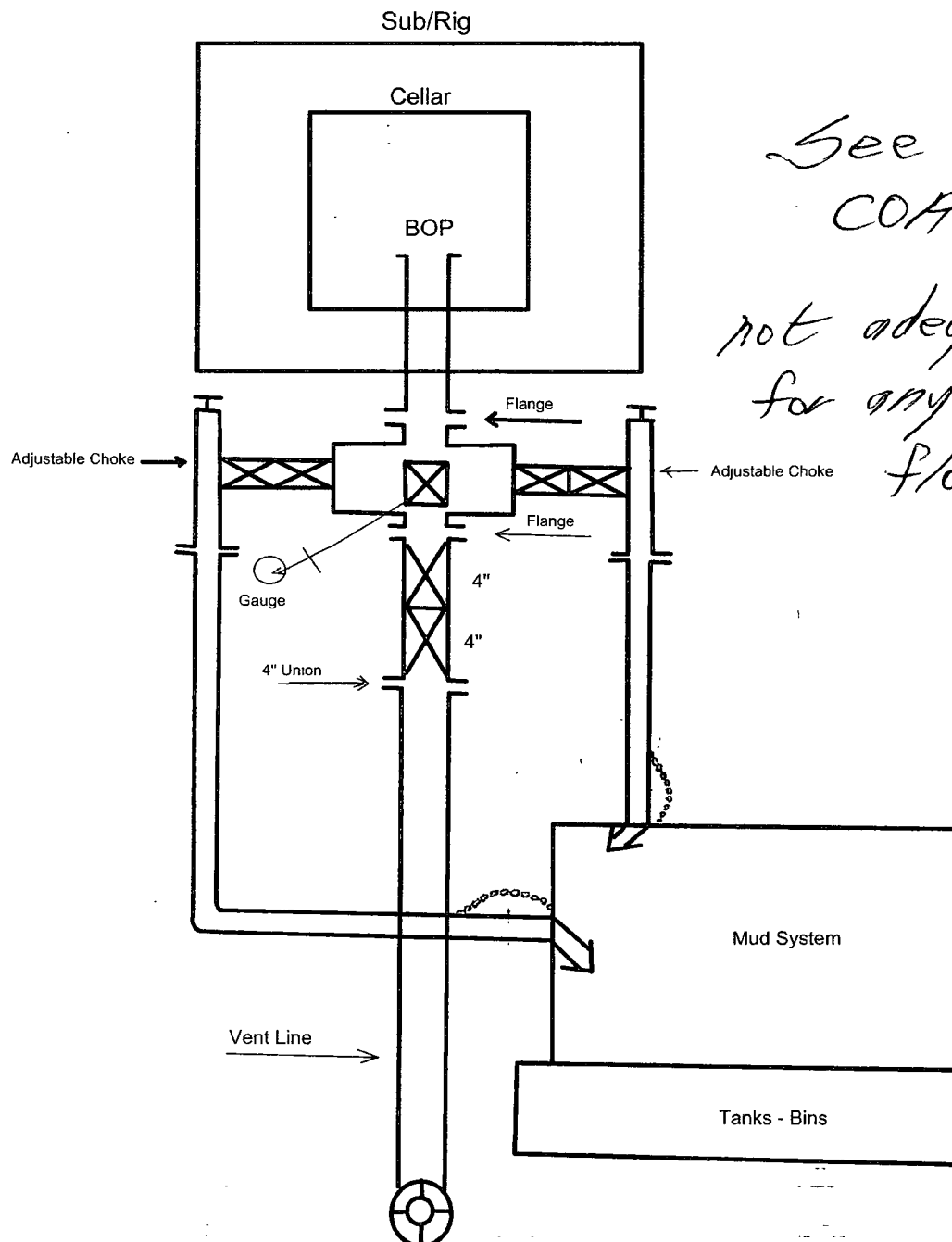
Lok-set pkr approx 4700' in 9-5/8" on 3-1/2"
 Fiberglass coated tbq.
 OA perfs in 9-5/8" csg 4722' to 6944'.

Not to Scale

See COA
 for required
 logs.

Mesquite SWD, Inc.
Paduca Federal Unit Com #1
1980' FNL & 660' FEL
Sec. 22, T25S-R32E Lea Co., NM

Mesquite SWD, Inc.
Choke Manifold Equipment



*See
COA
not adequate
for any gas
flow*