

District I
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Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

HOBBS OCD

State of New Mexico

Form C-101
Revised December 16, 2011

MAR 28 2012

Energy Minerals and Natural Resources

Oil Conservation Division

Permit

RECEIVED

1220 South St. Francis Dr.

Santa Fe, NM 87505

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

Operator Name and Address BTA Oil Producers, LLC 104 S. Pecos Midland, TX 79701		OGRID Number 260297
Property Code 26956 305318		API Number 30-025-35283
Property Name Merchant, 8700 JV-P		Well No 1

7 Surface Location

UL - Lot D	Section 24	Township 21S	Range 34E	Lot Idn	Feet from 660	N/S Line North	Feet From 660	E/W Line West	County Lea
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8 Pool Information

Wilson; Atoka (Gas)	Pool Code 97140
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Additional Well Information

Work Type P	Well Type G	Cable/Rotary	Lease Type S	Ground Level Elevation 3662'
Multiple No	Proposed Depth 12748'	Formation Atoka	Contractor N/A	Spud Date ASAP
Depth to Ground water 75-100'		Distance from nearest fresh water well 2-1/2 miles		Distance to nearest surface water >1000'

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17-1/2"	13-3/8"	54.5	1260'	900	Surface
Int	12-1/4"	9-5/8"	40	5325'	1600	1520'
Prod	8-3/4"	7"	29	11200'	1165	2938'
Liner	6-1/8"	5"	18	10915-12748'	180	10915'

Casing/Cement Program: Additional Comments

Will set CIBP @ 12325', cap w/2 sx cmt. Proposed PB program is attached. Current and proposed wellbore schematics are attached.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Pipe	10000	8500	Rental
Blind	10000	8500	Rental

Permit Expires 2 Years From Approval

I hereby certify that the information given above 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 <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Signature <i>Pam Inskip</i>	Approved By: <i>[Signature]</i>		
Printed name Pam Inskip	Title REGULATORY ADMINISTRATOR		
Title Regulatory Administrator	Approved Date MAR 28 2012	Expiration Date	
E-mail Address pinskeep@btaoil.com			
Date 03/27/2012	Phone 432-682-3753	Conditions of Approval Attached	

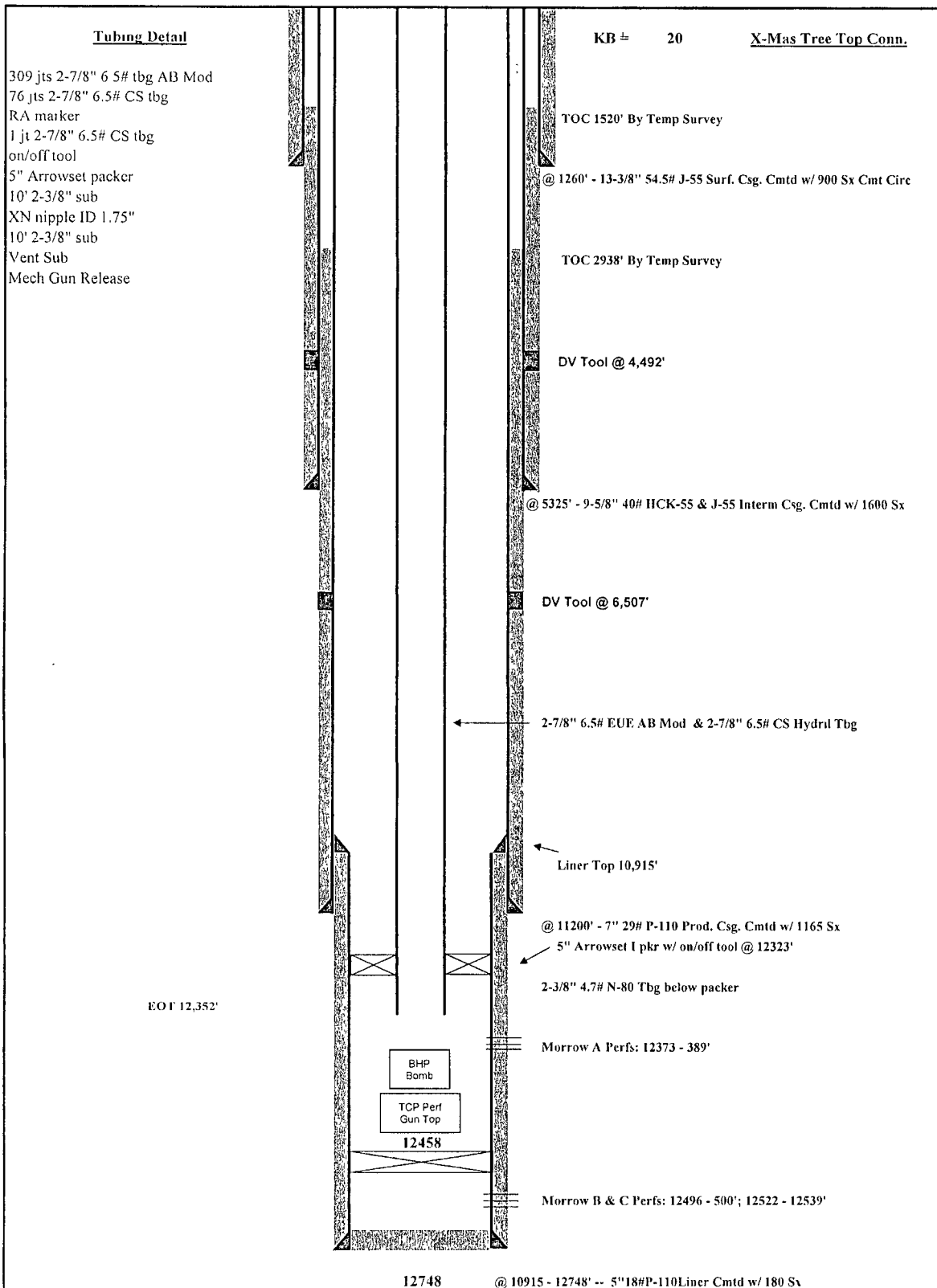
MAR 29 2012


Attachment to C101
dated 3/27/2012

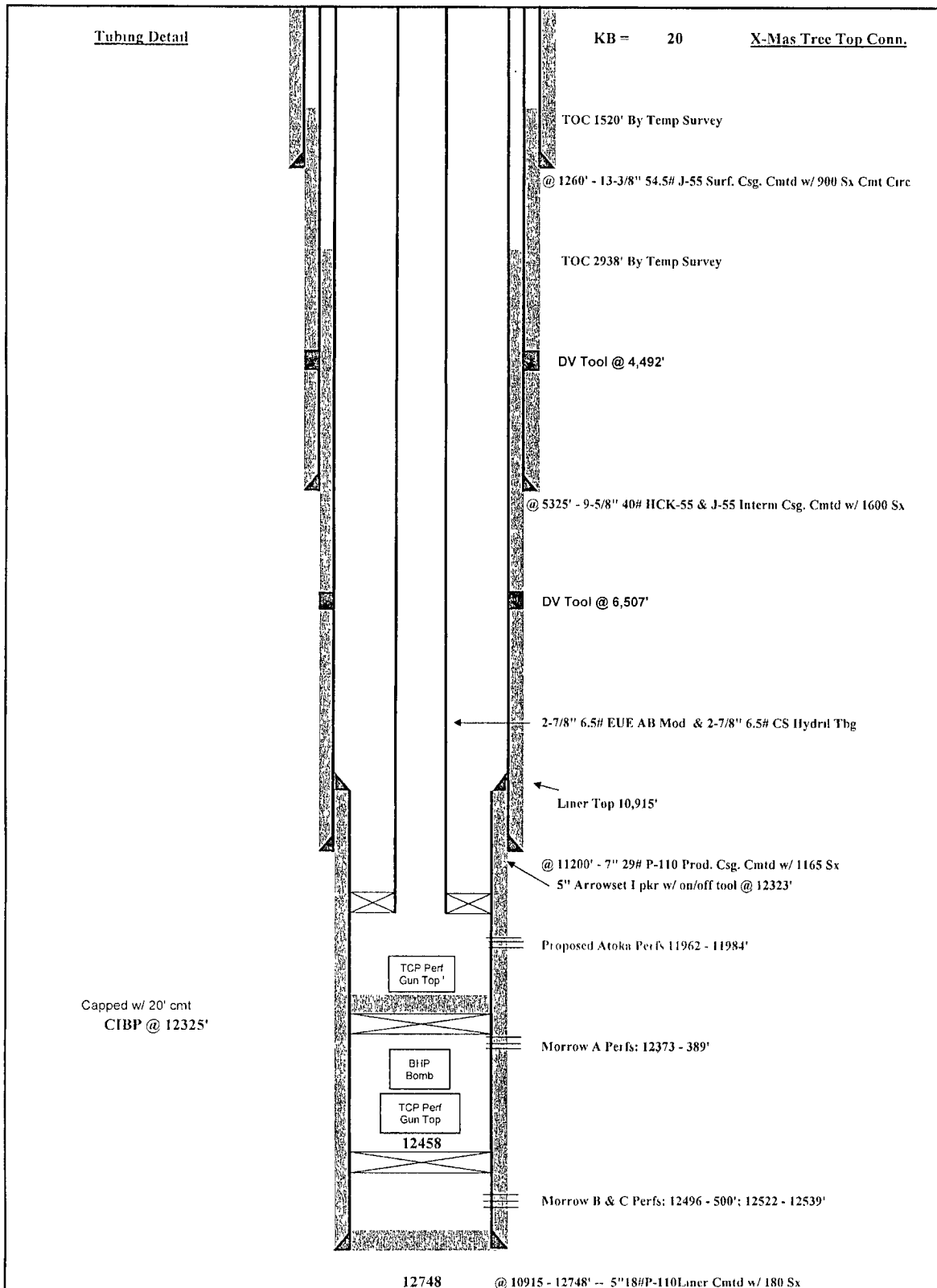
BTA Oil Producers LLC
8700 JV-P Merchant No.1
30-025-35283
Program to Plug Back & Test Atoka Zone
Wilson; Atoka (Gas) Field
Lea County, New Mexico


Procedure:

- 1) Load tubing with 2% KCl water. Load casing with 2% KCl water.
- 2) ND Wellhead and NU BOP.
- 3) Release packer and POH with tubing and packer.
- 4) RU wireline truck. Pick up CIBP for 5" 18# liner. RIH on wireline to +/- 12,325'. Pressure test to 1000 psi, cap with 2 Sx cmt.
- 5) Pick up and RIH with TCP bottomhole assembly, retrievable packer for 5" 18# liner on 2 7/8" 6.5# CS Hydril and AB Mod Tubing. TCP assembly should be loaded with 4 JSPF to perforate the interval shown on the attached program. The Hydril tubing will be run inside the 5" liner and the AB Mod tubing will be above the liner top. The tubing will be run as empty as possible.
- 6) RU Wireline Truck, space out guns to perforate per the attached program. Set packer, ND BOP, NU Wellhead, drop vent tube to open vent sleeve and check packer. Drop bar to perforate.
- 7) Flow and swab test to evaluate zone. Report rates and pressures.



Revised		Current Completion		Drawn	TJW
		LEASE	.8700 JV-P Merchant	#1	3/14/2012
		FIELD	Wilson; Morrow (Gas) Field		
		LOCATION	660' FNL 660' FEL Sec. 24 T21S R34E		
		COUNTY	Lea	STATE	New Mexico
		PRODUCING FORMATION	Morrow		
				BTA Oil Producers LLC	



Revised		Proposed Completion		Drawn	TJW
		LEASE	8700 JV-P Merchant	#1	3/14/2012
		FILLD	Wilson; Atoka (Gas) Field		
		LOCATION	660' FNL 660' FEL Sec. 24 T21S R34E		
		COUNTY	Lea	STATE	New Mexico
		PRODUCING FORMATION	Atoka		
				BTA Oil Producers LLC	