

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

J-06-19
FORM APPROVED
OMB No. 1004-0136
Expires March 31, 2007

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM0634-C	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator LEWIS B. BURLESON, INC.		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. BOX 2479 MIDLAND, TEXAS 79702		8. Lease Name and Well No. T C FEDERAL 2	
3b. Phone No. (include area code) (432)834-747		9. API Well No. 30-025-38116	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 467' FNL & 853' FWL At proposed prod. zone		10. Field and Pool, or Exploratory D K ABO	
14. Distance in miles and direction from nearest town or post office* 14 MILES NORTHEAST OF EUNICE, NEW MEXICO		11. Sec., T., R., M., or Blk. and Survey or Area SECTION 19, T-20-S-R-39-E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 467'	16. No. of Acres in lease 280	12. County or Parish LEA	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1200'	19. Proposed Depth 7600'	13. State NM	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3555 GR	22. Approximate date work will start* 9/15/2006	17. Spacing Unit dedicated to this well 40	
23. Estimated duration 13 DAYS		20. BLM/BIA Bond No. on file DOC ID 908052	

24. Attachments **Lea County Controlled Water Basin**

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

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

25. Signature 	Name (Printed/Typed) STEVEN L. BURLESON	Date 07/07/2006
Title VICE-PRESIDENT		
Approved by (Signature) /s/ Tony J. Herrell	Name (Printed/Typed) /s/ Tony J. Herrell	Date AUG 31 2006
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify the 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 1 YEAR

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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B 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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
LEWIS B. BURLESON, INC.

3a. Address **P.O. BOX 2479 MIDLAND, TX 79702** 3b. Phone No. (include area code) **(432)683-4747**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
467 FNL & 853 FWL SECTION 19, T-20-S, R-39-E

5. Lease Serial No.

NMNM0634-C

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

T C FEDERAL #2

9. API Well No.

10. Field and Pool, or Exploratory Area

D K ABC

11. County or Parish, State

LEA

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 DRILL
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 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.)

SEE ATTACHMENT

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

STEVEN L. BURLESON

Title **VICE-PRESIDENT**

Signature

Date **07/07/2006**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ Tony J. Herrell

FIELD MANAGER

Date **AUG 31 2006**

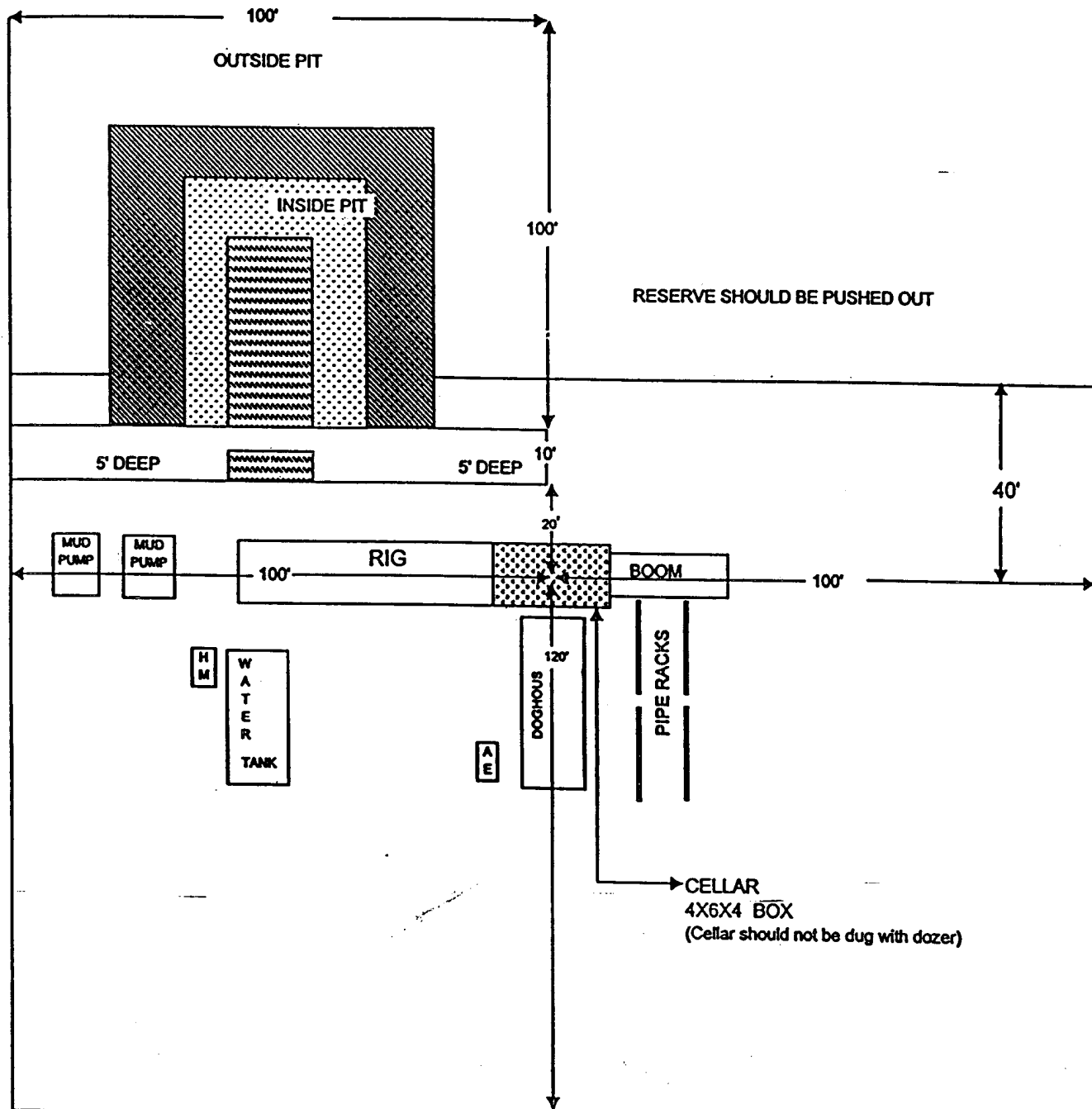
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office **CARLSBAD FIELD 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)

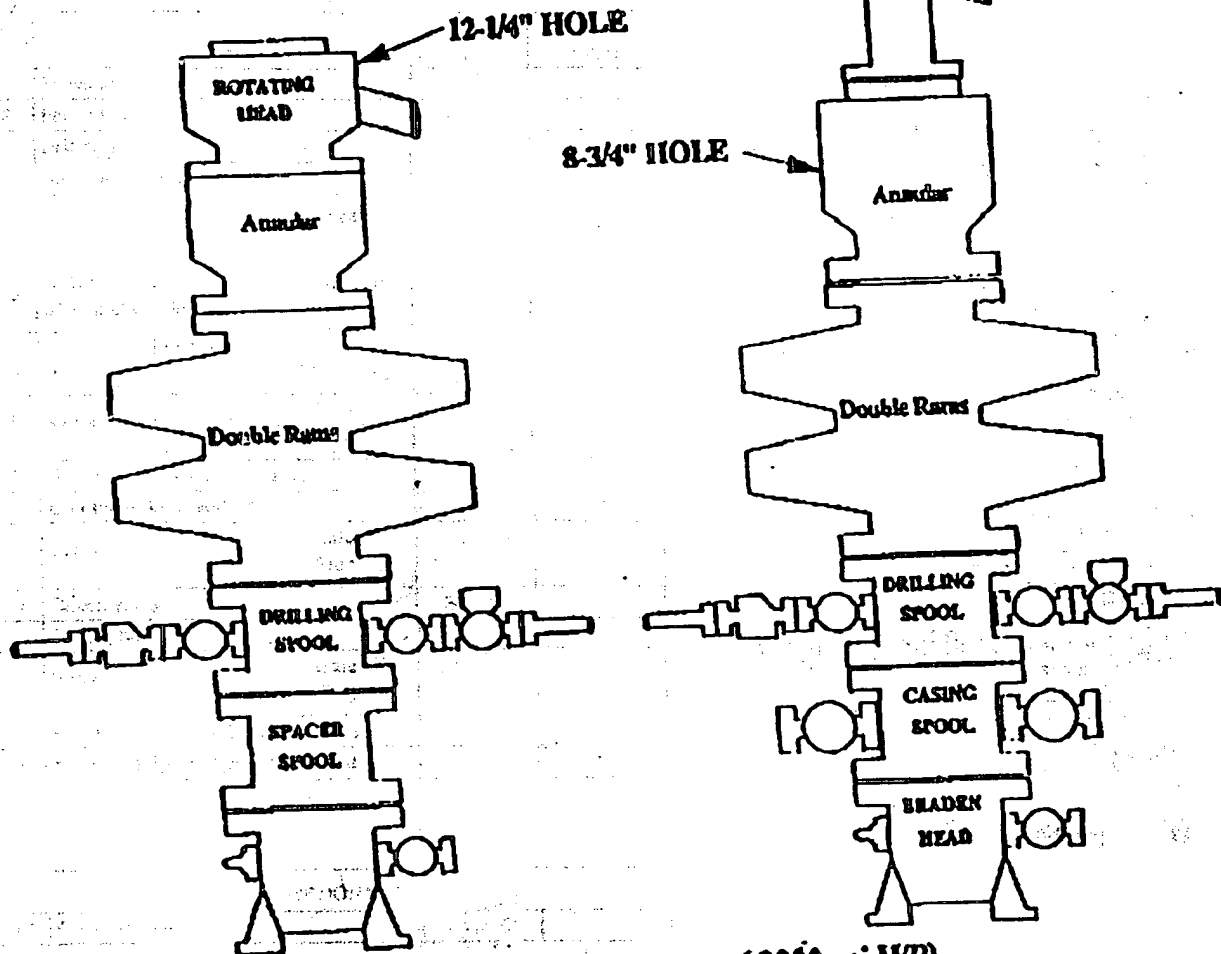
Lewis B. Burleson, Inc.
 LOCATION SPECIFICATIONS AND RIG LAYOUT
 FOR EARTH PITS



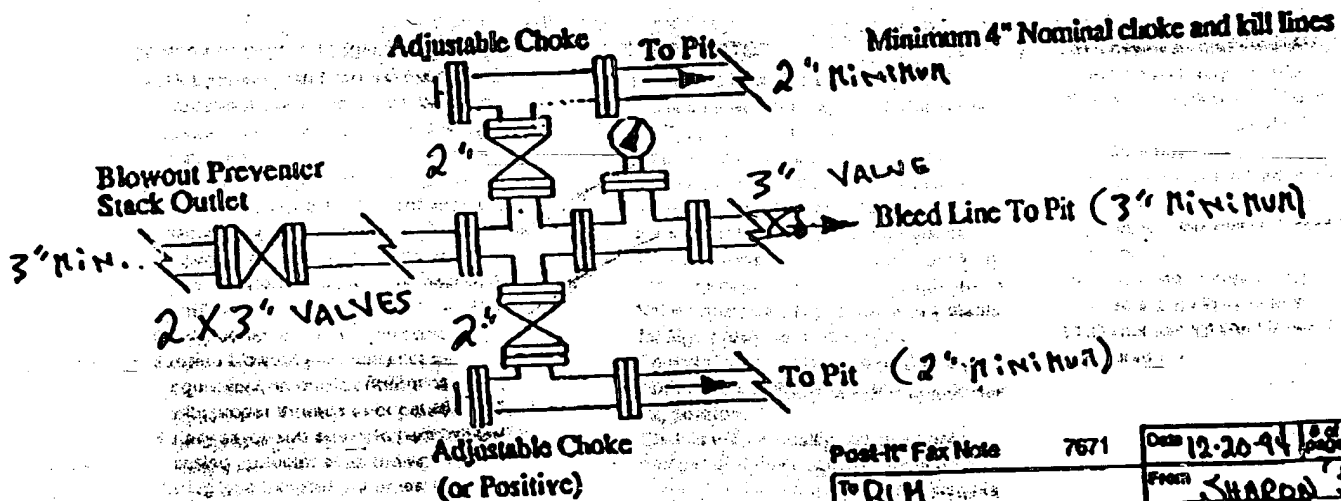
Cellar can be 4X4X4 if using a screw-on wellhead
 Working Pits dug 5' below ground level

Access Road

ROPE SCHEMATIC



Choke Manifold Requirement (3000 psi WP)



Post-It Fax Note 7671

Date	12-20-94	Page	1
From	SHARON BEAVER		
To	ADAM SALAMEN		
Co	LOWE'S S. BUREAU, INC.		
Phone	915/683-4747		
Fax	915/683-5172		

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

3,000 psi Working Pressure

3 MWP

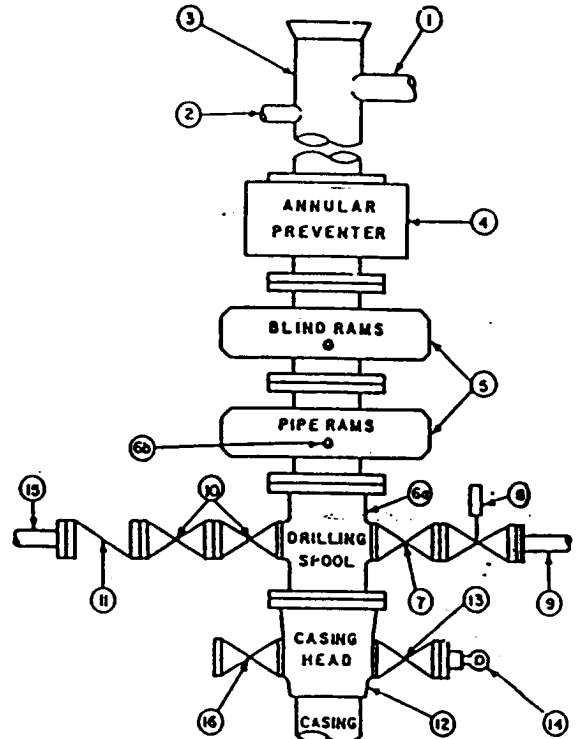
STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/>	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	1-13/16"	
14	Pressure gauge with: needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged valve	1-13/16"	
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CONFIGURATION A



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 3,000 psi, minimum.
2. Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Bradenhead or casinghead and side valves.
2. Wear bushing, if required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.

7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations.

Drilling Program

Attached to Form 3160-3
Lewis B. Burleson, Inc.
T C Federal #2
467' FNL and 853' FWL
Section 19, T20S, R39E, NMPM
Lea Co., New Mexico

1. Geologic Name of Surface Formation:

Quaternary

2. Estimated Tops of Important Geologic Markers:

Top of Salt	1560'
Base of Salt	2775'
Yates	2930'
7 Rivers	3140'
Abo	7150'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	300'	Fresh Water
Yates	2930'	Gas
7 Rivers	3140'	Gas
San Andres	4150'	Gas
Blainebery	5600'	Gas
Drinkard	6400'	Gas
Abo	7150'	Oil and Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 8-5/8" casing at 1630', circulating cement back to surface. 5-1/2" production casing will be set at TD with cement circulated to the surface.

4. Casing Program:

	Hole Size	Interval	OD Csg.	Weight, Grade, Jt, Cond, Type	
WITNESS	12-1/4"	0-1630'	8-5/8"	J-55 23#	WITNESS
	7-7/8"	1630-7600'	5-1/2"	17# L80	

Cement Program:

8-5/8" surface casing: Cemented to surface w/1400 sx of Premium Plus + 2% CaC12

5-1/2" production casing: Cemented with 475 Lite Premium Plus 15# salt + 1/4#/sx Flocele. 1000 sx 50/50 Poz/Premium Plus 9# salt 1/4# Flocele-designed to circulate cement to the surface.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (3000 psi WP) preventer and a bag-type (hydril) preventer (3000 psi WP). Both units will be hydraulically operated and the ram-type preventer will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. Both BOP's will be nipped up on the 8-5/8" surface csg. And used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and 3# choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh water, brine, and brine starch with gel.

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0-1630'	Fresh Water (spud)	8.5	40-45	N.C.
1630-3900'	Brine Water	10.0	30	N.C.
3900-TD	Starch Gel System	10.00	33	10

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auziliary Well Control and Monitoring Equipment:

(A) A kelly cock will be kept in the drill string at all times.

(B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

8. Logging, Testing and Coring Program:

- (A) No DSTs will be run.
- (B) No open hole logs will be run – A casing hole GR-Neutron will be run.
- (C) No conventional coring is anticipated.
- (D) Further testing procedures will be determined after the 5-1/2” production casing has been cemented at TD based on drill shows, and log evaluation, and drill stem test results.

9. **Abnormal Conditions. Pressures, Temperatures, & Potential Hazards:**

No abnormal pressures or temperatures are anticipated. The estimated bottom-hole temperature (BHT) at TD is 100 degrees F and estimated maximum bottom-hole pressure (BHP) is 800 psig.

10. **Anticipated Starting Date and Duration of Operations:**

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is September 15, 2006. Once commenced, the drilling operation should be finished in approximately 13 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

DISTRICT I
1525 N. FRENCH DR., HOBBES, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

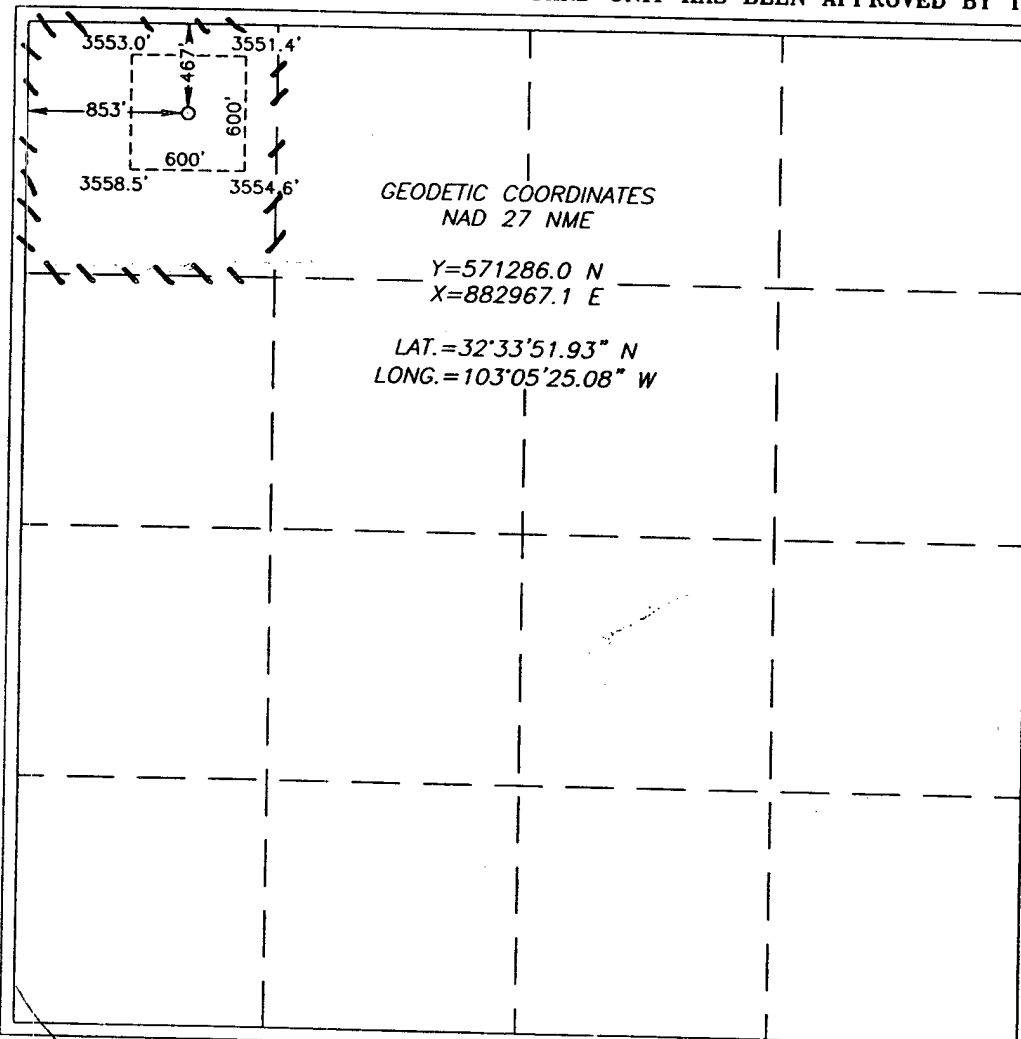
☐ AMENDED REPORT

API Number 30-025-38116	Pool Code 15200	Pool Name B-K A-100
Property Code 35340	Property Name TC FEDERAL	Well Number 2
OGRID No. 13300	Operator Name LEWIS B. BURLESON, INC.	Elevation 3555'

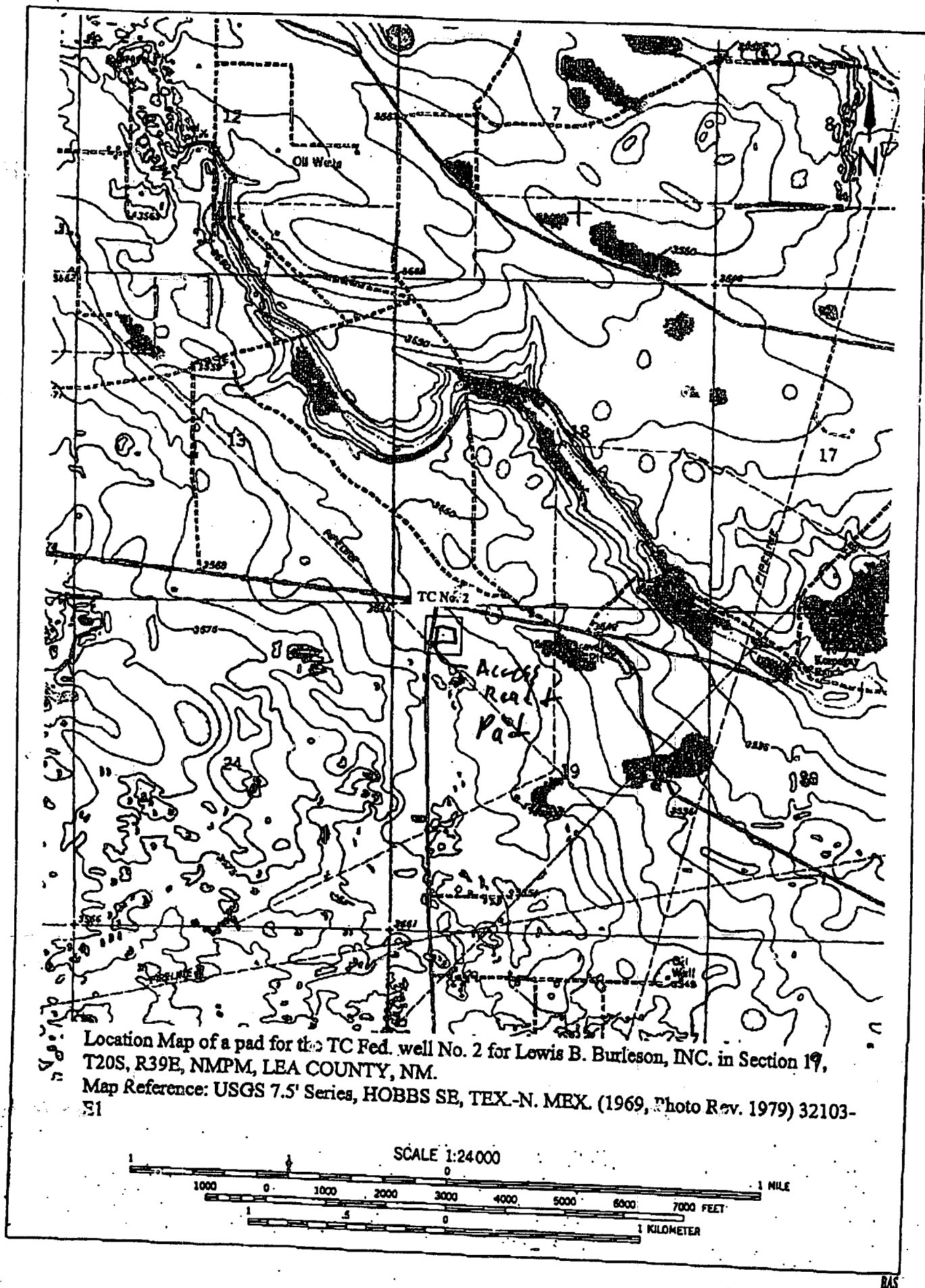
Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	19	20-S	39-E		467	NORTH	853	WEST	LEA

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		Joint or Infill	Consolidation Code		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



OPERATOR CERTIFICATION	
<i>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.</i>	
Signature	Date
Steven L. Burleson	7/7/2006
Printed Name	
STEVEN L. BURLESON	
SURVEYOR CERTIFICATION	
<i>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.</i>	
MAY 16, 2006	
Date Surveyed	MR
Signature & Seal of Professional Surveyor	
Certificate No. GARY EDSON	12641
RONALD J. EIDSON	3239



CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 2 - T C FEDERAL
Operator's Name: LEWIS B. BURLESON, INC.
Location: 467' FNL & 853' FWL - SEC 19 - T20S - R39E - LEA COUNTY
Lease: NM-0634C

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 8-5/8 inch 5-1/2 inch
 - C. BOP tests
2. **No Hydrogen Sulfide (H₂S) gas has been reported in Sec 19 - T20S - R39E.**
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at **1630 feet**, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 3000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - A variance to test the **BOPE and 13-3/8 inch surface casing to the reduced pressure of 1000 psi** is approved.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.