

District I
1625 N. 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

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

CEMENT TO COVER ALL OIL, GAS AND WATER BEARING ZONES

Santa Fe, NM 87505

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

| | | |
|--|---------------------------------|--------------------------|
| Operator Name and Address V-F Petroleum Inc., P.O. Box 1889, Midland, Texas 79702 | | OGRID Number 024010 |
| Property Code 36080 | Property Name Love Over Gold | API Number 15 - 35178 |
| Proposed Pool 1 Pecos River (Morrow) | | Well No. 1 |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|-------------------------|---------------------------|-------------------------|------------------------|----------------|
| UL or lot no. J | Section 22 | Township 16-S | Range 26-E | Lot Idn | Feet from the 1,650' | North/South line South | Feet from the 1,980' | East/West line East | County 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

Additional Well Information

| | | | | |
|---|--------------------------|---|----------------------|--|
| Work Type Code N | Well Type Code G | Cable/Rotary R | Lease Type Code P | Ground Level Elevation 3,331' |
| Multiple No | Proposed Depth 8,700' | Formation Chester | Contractor NA | Spud Date 10-06 |
| Depth to Groundwater 15' | | Distance from nearest fresh water well 2,000' | | Distance from nearest surface water 1,100' |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 20 mils thick Clay <input type="checkbox"/> Pit Volume: 3,000 bbls Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |
| Closed-Loop System <input type="checkbox"/> | | | | |

Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|---------------------------|-------------|--------------------|---------------|-----------------|---------------|
| 17 1/2" | 13 3/8" | 54 | 450' | 500 | Surface |
| 12 1/4" | 9 5/8" | 48 | 1,350' | 700 | Surface |
| 8 3/4" | 5 1/2" | 17 | 8,700' | 700 | 3,000' |
| Tie back to 9 5/8" casing | | | | | |

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.

Drill 17 1/2" hole to 450' using fresh water spud mud & LCM. Run & cement 450' 13 3/8" 54# steel casing & cement with sufficient volume to bring TOC to surface. WOC 24 hrs. Nipple up on 13 3/8" casing with 3,000# annular BOP. Test BOP & casing to 1,000#. Drill 12 1/4" hole to 1,350' using fresh water mud. Run 9 5/8" 48# steel casing to drilled depth & cement with sufficient volume to bring TOC to surface. WOC 24 hrs. Nipple up on 9 5/8" casing with 3,000# dual ram BOP & annular BOP. Test BOP to 3,000#. Test casing to 3,000#. Drill 8 3/4" hole to 8,700'. Run DSTs as needed. Run open hole logs. Run 5 1/2" 17# steel casing & cement with sufficient volume to bring TOC to 3,000'. No H2S is expected.

23 I 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 NMOC guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature:

S. K. Lawlis

Printed name: SANDY LAWLIS

Title: VICE PRESIDENT

E-mail Address: skl@vfpetroleum.com

Date: 09/26/06

Phone: (432) 683-3344

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Title:

Approval Date: OCT 11 2006

Expiration Date: OCT 11 2007

Conditions of Approv

NOTIFY OCD OF SPUD &
TIME TO WITNESS
CEMENTING OF SURFACE &
INTERMEDIATE CASING

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

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 | Pool Code 97375 | Pool Name Pecos River ; Mcarrow |
| Property Code | Property Name LOVE OVER GOLD 22 | Well Number 1 |
| OGRID No. | Operator Name V-F PETROLEUM, INC. | Elevation 3326' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J | 22 | 16-S | 26-E | | 1650 | SOUTH | 1980 | EAST | EDDY |

Bottom Hole Location If Different From Surface

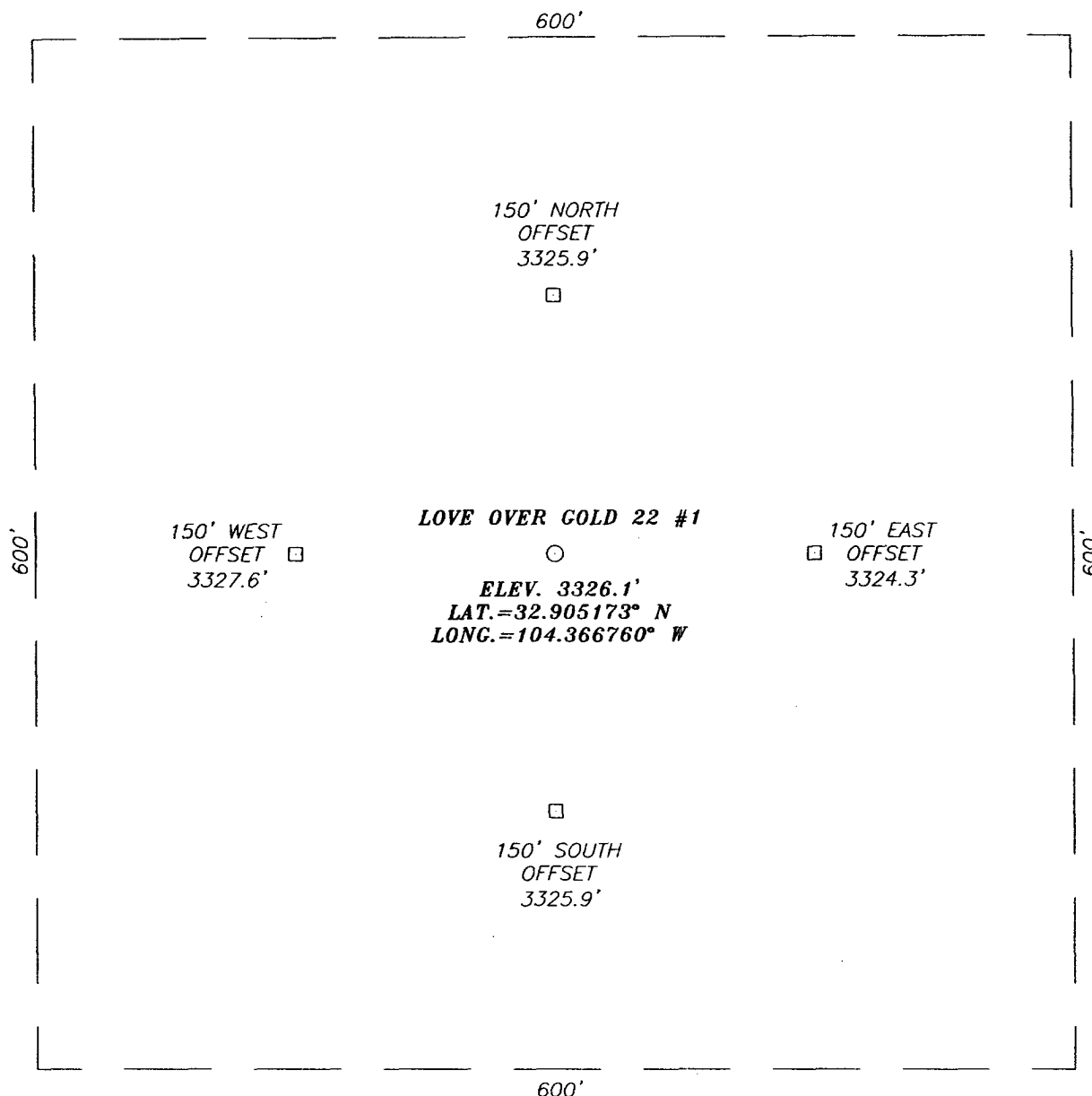
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320 | | | |

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

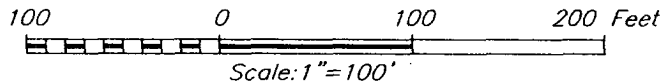
| | | |
|--|---|--|
| <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=693015.2 N X=489741.1 E</p> <p>LAT.=32.905173° N LONG.=104.366760° W</p> | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>S.K. Lawlis</i> Signature S.K. Lawlis Printed Name Vice President Title 10/2/06 Date</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>SEPTEMBER 23, 2006</p> <p>Date Surveyed Signature & Seal of Professional Surveyor <i>Ronald J. Edson</i> Certificate No. RONALD J. EDSON 3239</p> | |
| | <p>1980'</p> <p>1650'</p> | |
| | <p>LA</p> | |

SECTION 22, TOWNSHIP 16 SOUTH, RANGE 26 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

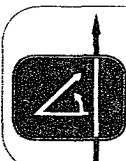
FROM THE INTERSECTION OF ST. HWY. #2 (LAKE ARTHUR HWY.) AND CO. RD. #118 (JACKSON RD.) GO EAST ON JACKSON ROAD FOR APPROX. 0.4 MILES. GO EAST ON TWO TRACK ROAD FOR APPROX. 1.1 MILES. TURN LEFT AND GO NORTH APPROX. 0.3 MILES. THIS LOCATION IS APPROX. 600 FEET EAST.



V-F PETROLEUM, INC.

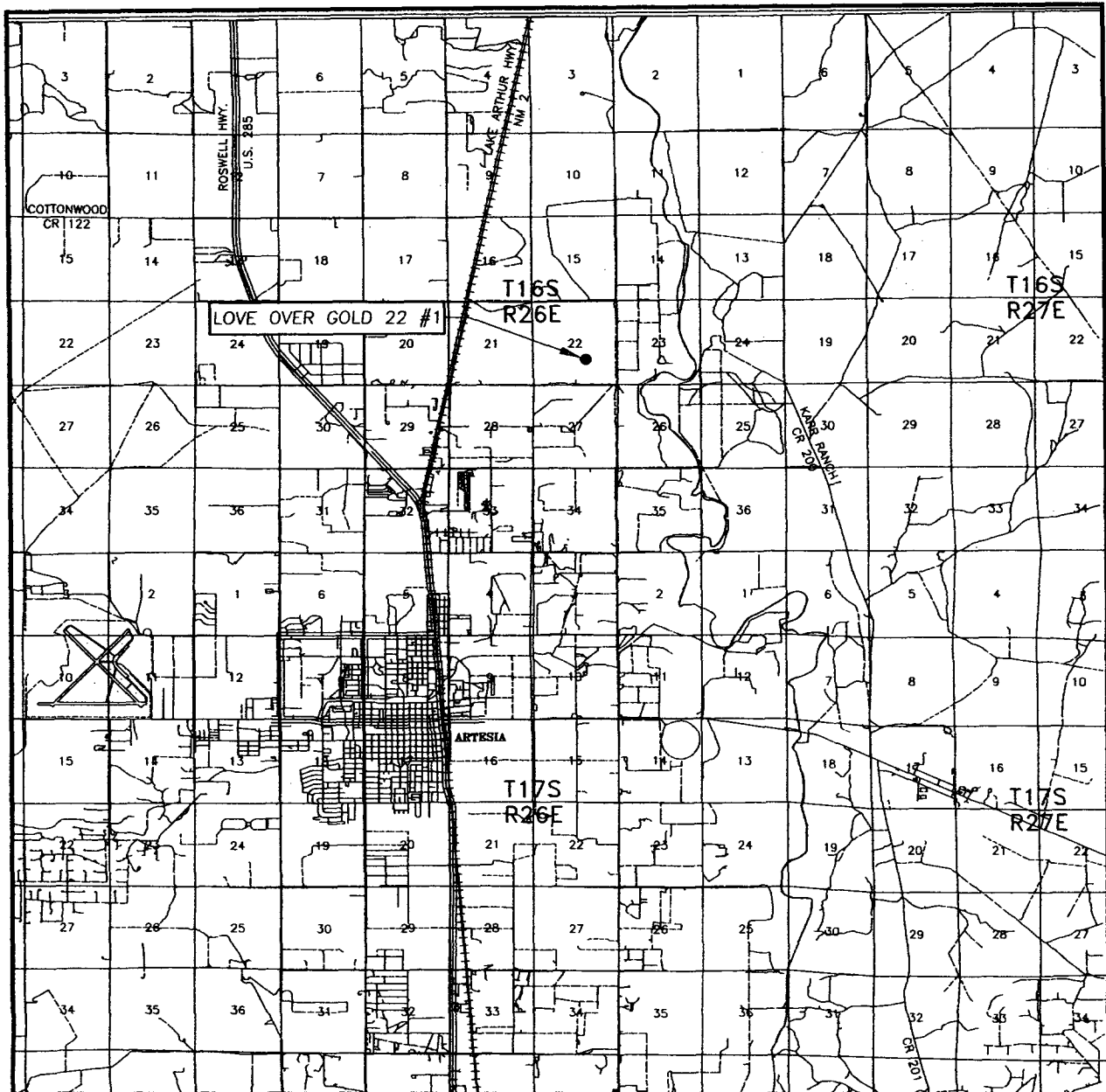
LOVE OVER GOLD 22 #1 WELL
 LOCATED 1650 FEET FROM THE SOUTH LINE
 AND 1980 FEET FROM THE EAST LINE OF SECTION 22,
 TOWNSHIP 16 SOUTH, RANGE 26 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

| | |
|-------------------------|---------------------|
| Survey Date: 9/23/06 | Sheet 1 of 1 Sheets |
| W.O. Number: 06.11.1500 | Dr By: LA |
| Date: 9/26/06 | Disk: CD#5 |
| 06111500 | Scale: 1"=100' |



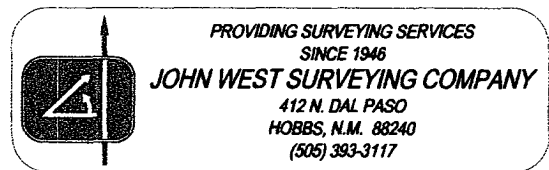
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

VICINITY MAP

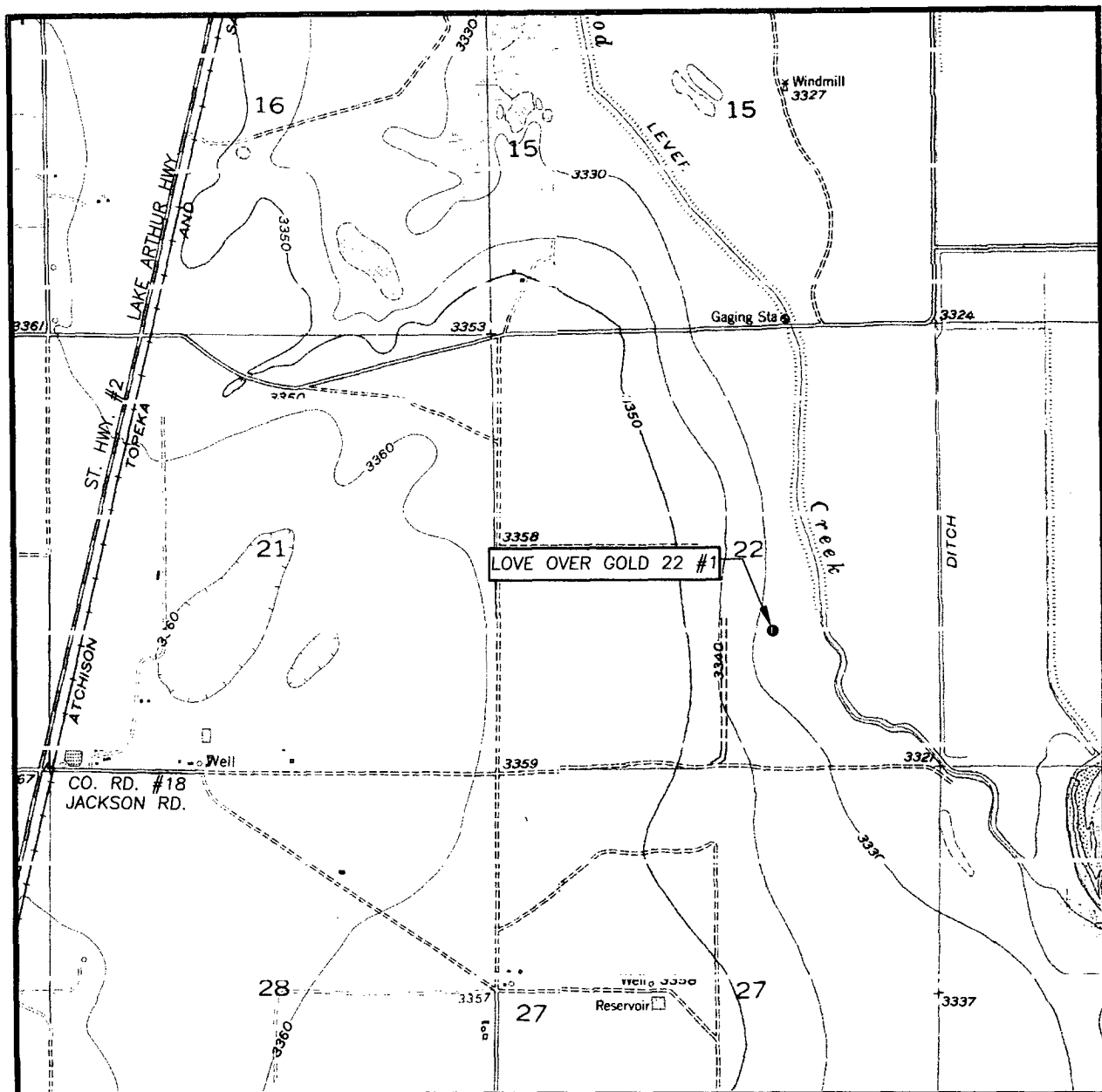


SCALE: 1" = 2 MILES

SEC. 22 TWP. 16-S RGE. 26-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1650' FSL & 1980' FEL
 ELEVATION 3326'
 OPERATOR V-F PETROLEUM, INC.
 LEASE LOVE OVER GOLD 22



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ARTESIA NE, N.M. - 10'
ESPUELA, N.M. - 10'

SEC. 22 TWP. 16-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

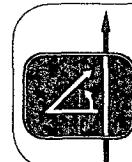
DESCRIPTION 1650' FSL & 1980' FEL

ELEVATION 3326'

OPERATOR V-F PETROLEUM, INC.

LEASE LOVE OVER GOLD 22

U.S.G.S. TOPOGRAPHIC MAP
ARTESIA NE, ESPUELA, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 383-3117

V-F Petroleum Inc.

550 W. Texas, Suite 230, Midland, Texas 79701

432/683-3344

432/683-3352FAX

Mailing Address: P.O. Box 1889, Midland, TX 79702 E-mail: vfmid@att.net

www.vfpetroleum.com

September 26, 2006

Mr. Bryan Arrant
Oil Conservation Division
1301 W. Grande Ave.
Artesia, NM 88210

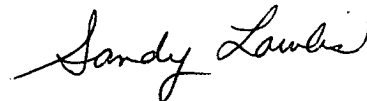
Re: Love Over Gold 22 #1
Eddy County, New Mexico

Dear Bryan:

Further to our telephone conversation yesterday, enclosed is a new Form C-101 and Form C-102, replacing the ones sent earlier. As you will recall the original Form C-101 was for an unorthodox location. The location has subsequently been changed and will no longer be an unorthodox location.

Please process accordingly, and let us know if you need anything else. Thank you.

Very truly yours,



S. K. Lawlis
Vice President & Controller