

POTASH

Form 3160-3
(August 1999)H-30
RECEIVED
Hobbs
OCO
 OPER. OGRID NO. 194930
 PROPERTY NO. 32678
 POOL CODE 807570
 EFF. DATE 10-3-03
 API NO. 30-025-36439
FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000
 UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

690

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Southeast Lusk 34 Federal #1	
2. Name of Operator Cabal Energy Corporation		9. API Well No. 30-025-36439	
3a. Address 415 W. Wall, Suite 1700 Midland, TX 79701		10. Field and Pool, or Exploratory Lusk, Morrow, East	
3b. Phone No. (include area code) (432) 682-0440		11. Sec., T., R., M., or Blk. and Survey or Area Section 34, T-19S, R-32E	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1530' FNL & 40' FWL At proposed prod. zone 1500' FNL & 660' FWL		12. County or Parish Lea	
14. Distance in miles and direction from nearest town or post office 18 miles south of Maljamar		13. State NM	
15. 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 478.89	17. Spacing Unit dedicated to this well N/2 section 34	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1690' West	19. Proposed Depth 13,200'	20. BLM/BIA Bond No. on file NM 2860	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3357' GL	22. Approximate date work will start* July 25, 2003	23. Estimated duration 45 days	
24. Attachments Capitan 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:

- | | |
|---|--|
| 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 shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Randell K. Ford</i>	Name (Printed/Typed) Randell K. Ford	Date 5-12-03
Title President		
Approved by (Signature) /s/ RICHARD A. WHITLEY	Name (Printed/Typed) /s/ RICHARD A. WHITLEY	Date JUL 28 2003
Title Acting STATE DIRECTOR	Office NM STATE 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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

 DECLARED WATER BASIN
 CEMENT BEHIND THE 20"
 CASING MUST BE CIRCULATED
 C ± 890'

 APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS
 ATTACHED

 DECLARED WATER BASIN
 CEMENT BEHIND THE 13 3/8"
 CASING MUST BE CIRCULATED
 C ± 3080'

N.M. Oil Cons. Division

1625 N. French Dr.

Hobbs, NM 88240

Form 3160-5
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

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

Cabal Energy Corporation

3a. Address 415 West Wall, Suite 1700
Midland, TX 797013b. Phone No. (include area code)
(432) 682-0440

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

At surface: 1530' FNL & 40' FWL, Sect 34, T-19-S, R-32-E
At proposed production zone: 1500' FNL & 660' FWL
Section 34, T-19-S, R-32-E

5. Lease Serial No.

NM-01135

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Southeast Lusk 34 Federal #1

9. API Well No.

30-025-36439

10. Field and Pool, or Exploratory Area

Lusk, Morrow, East

11. County or Parish, State

Lea County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input checked="" 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 type="checkbox"/> Other
	<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.)

Purpose to change proposed casing design

HOLE SIZE	INTERVAL	CASING SIZE	WEIGHT	GRADE, JOINT	CEMENT
36"	0-40'	30"			Cement with ready mix to surface
26"	0-890'	20"	94#	H-40, BTC	700sxs Premium Plus, 2% CaCl ₂
17-1/2"	0-3,080'	13-3/8"	61#	K-55, BTC	1500sxs Premium Plus, 2% CaCl ₂
12-1/4"	0-4,270'	9-5/8"	40#	K-55, LT&C	900 sxs Interfill "C", 1/4# per sx Flocele, 250 sxs Premium Plus
8-1/2"	0-13,200'	5-1/2"	20#	N-80, LT&C	400 sxs Light Cement 400 sxs Super "H" cement .5% Halad, .4% CFR-3, 3# per sx Gilsonite

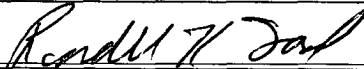
14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Randell K. Ford

Title President

Signature



Date May 29, 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ RICHARD A. WHITLEY

ACTING

STATE DIRECTOR

Date JUL 28 2003

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

NM STATE 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 reverse)

ISTRICT I
O. Box 198, Hobbs, NM 88241-1980

ISTRICT II
O. Drawer DD, Artesia, NM 88211-0719

ISTRICT III
100 Rio Brazos Rd., Aztec, NM 87410

ISTRICT IV
O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36439	Pool Code 80770	Pool Name Lusk, Morrow, East
Property Code 32678	Property Name SOUTH EAST LUSK "34" FEDERAL	Well Number 1
GRID No. 194930	Operator Name CABAL ENERGY CORPORATION	Elevation 3357'

Surface Location

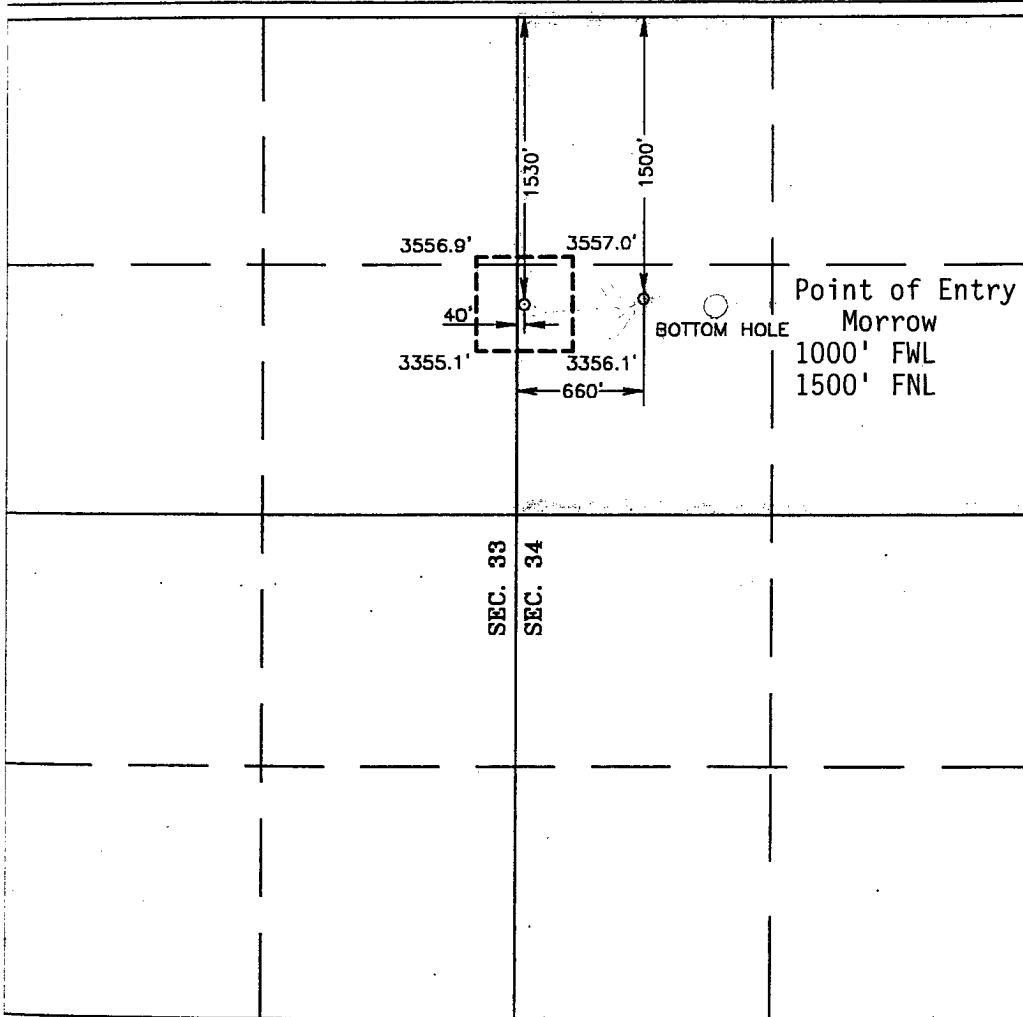
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	34	19-S	32-E		1530	NORTH	40	WEST	LEA

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
E	34	19-S	32-E		1500	NORTH	660	WEST	LEA

Dedicated Acres 32.0	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



OPERATOR CERTIFICATION

I hereby certify the the information
contained herein is true and complete to the
best of my knowledge and belief.

Randall K. Ford
Signature

Randall K. Ford

Printed Name

President

Title

4-24-03

Date

SURVEYOR CERTIFICATION

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.

APRIL 17, 2003

Date Surveyed

LMP

Signature & Seal of
Professional Surveyor

Ronald J. Eidson
3239
03.11.0419

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12841

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36439	Pool Code 80770	Pool Name Lusk, Morrow, East
Property Code 32678	Property Name SOUTH EAST LUSK "34" FEDERAL	Well Number 1
GRID No. 194930	Operator Name CABAL ENERGY CORPORATION	Elevation 3357'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	34	19-S	32-E		1530	NORTH	40	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
E	34	19-S	32-E		1500	NORTH	660	WEST	LEA

Dedicated Acres 32.0	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

<p>3556.9' 3557.0' 3355.1' 3356.1' 40' 660' 1530' 1500' BOTTOM HOLE SEC. 33 SEC. 34</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>Randall K Ford</i> Signature Randell K. Ford Printed Name President Title 4-24-03 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>APRIL 17, 2003 Date Surveyed LMP Signature & Seal of Professional Surveyor <i>Ronald J. Edson</i> 03.11.0419 Certificate No. RONALD J. EDSON 3239 GARY EDSON 12841</p>
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District I
1629 N. French Dr., Hobbs, NM 88240
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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-D25-36439	2 Pool Code 80770	3 Pool Name Lusk, Morrow East
4 Property Code 32678	5 Property Name Southeast Lusk "34" Federal	6 Well Number 1
7 OGRID No. 194930	8 Operator Name Cabal Energy Corporation	9 Elevation 3357' GL


10 Surface Location

UL or lot no. E	Section 34	Township 19-S	Range 32E	Lot Idn	Feet from the 1530	North/South line North	Feet from the 40	East/West line West	County Lea
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11 Bottom Hole Location If Different From Surface

UL or lot no. E	Section 34	Township 19-S	Range 32E	Lot Idn	Feet from the 1500	North/South line North	Feet from the 660'	East/West line West	County Lea
12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 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

16				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Randell K. Ford Printed Name President Title May 13, 2003 Date
	N/2 Section 34			
				18 SURVEYOR CERTIFICATION 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

DRILLING PROGRAM

CABAL ENERGY CORPORATION **SOUTHEAST LUSK "34" FEDERAL #1**

Section 34, T-19-S, R-32-E
Lea County, New Mexico

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Orders #1 and #2, and all other applicable federal and state regulations.

1. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Anhydrite	932'
Yates	2735'
Capitan	3100'
Delaware	4,800'
Bonespring	7,400'
Atoka Sand	11,635'
Morrow Lime	11,770'
Middle Morrow	12,095'
Lower Morrow	12,500'
Total Depth	13,200'

2. ESTIMATED DEPTHS TO WATER, OIL, OR GAS FORMATIONS:

Fresh Water	Above 200'
Oil and Gas	Delaware, Atoka Sand, Middle Morrow, Lower Morrow

3. Pressure control equipment: The blow out preventer equipment (BOP) shown in Exhibit #1 will consist of a 3000 psi double ram type preventer for drilling the intermediate hole. The blowout preventer stack for the production hole will consist of at least a double-ram blowout preventer and annular preventer rated to 5000 psi working pressure. A diagram of the BOPs and choke manifold is attached. All BOPs and accessory equipment will be tested according to Onshore Order #2 before drilling out.

4. PROPOSED CASING PROGRAM:

<u>Hole Size</u>	<u>Interval</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade, Joint</u>
17-1/2"	0 – 800'	13-3/8"	48#	H-40 ST&C
12-1/4"	0 – 4,500'	9-5/8"	40#	K-55 LT&C
8-1/2"	0 – 13,200'	5-1/2"	20#	N-80 LT&C

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability. Changes will be relayed to BLM prior to running.

5. PROPOSED CEMENTING PROGRAM

20" conductor	cemented with ready mix to surface
13-3/8" surface	600 sxs Premium Plus cement, 2% calcium chloride
9-5/8" intermediate	900 sxs Interfill "C" cement, 1/4# per sx Flocele 250 sxs Premium Plus cement
5-1/2" production	400 sxs Light Cement 480 sxs Super "H" cement .5% Halad, .4% CFR-3, 3# per sx Gilsonite

6. PROPOSED MUD SYSTEM:

<u>DEPTH</u>	<u>DESCRIPTION</u>	<u>MUD WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0 – 800'	fresh water	8.6 – 8.8 ppg	28 – 30	NC
800' – 4,500'	brine water	10.0 – 10.2 ppg	28 – 34	NC
4,500 – 13,200'	fresh/brine/mud	8.4 – 10.4 ppg	28 – 40	6-8 cc

7. TESTING, LOGGING AND CORING PROGRAM:

Samples	10' Samples from 5,200'
DST's	Possible Cisco, Strawn & Atoka
Logging	Density, Lateral, Resistivity
Coring	Possible sidewall core

8. ABNORMAL PRESSURES AND TEMPERATURES:

None anticipated. Maximum bottom hole pressure should not exceed 5,200 psi.

This area has a potential H₂S hazard. An H₂S drilling plan is attached.

9. DIRECTIONAL DRILLING INFORMATION:

Attached, as Exhibit 3 is the proposed Directional Program.

ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on July 25, 2003. Drilling should be completed within 45 days followed by completion operations.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

CABAL ENERGY CORPORATION

South Lusk "33" Federal #1

I. HYDROGEN SULFIDE TRAINING

- A.** All regularly assigned personnel, contracted or employed by Cabal Energy Corporation, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
 - 1.** The hazards and characteristics of hydrogen sulfide (H₂S).
 - 2.** The proper use and maintenance of personal protective equipment and life support systems.
 - 3.** The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 - 4.** The proper techniques for first aid and rescue procedures.
- B.** In addition, supervisory personnel will be trained in the following areas:
 - 1.** The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
 - 2.** Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
 - 3.** The contents and requirements of the H₂S Drilling Operations Plan.
- C.** There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment.

- 1. Flare line with continuous pilot.**
- 2. Choke manifold with a minimum of one remote choke.**
- 3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.**
- 4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare.**

B. Protective Equipment for Essential Personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

C. H₂S Detection and Monitoring Equipment:

- 1. Two portable H₂S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.**
- 2. One portable SO₂ monitor positioned near flare line.**

D. Visual Warning Systems

- 1. Wind direction indicators are shown on well site diagram.**
- 2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.**

E. Mud Program

- 1. The Mud Program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weights, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.**

2. A mud-gas separator will be utilized as needed.

F. Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H₂S service.

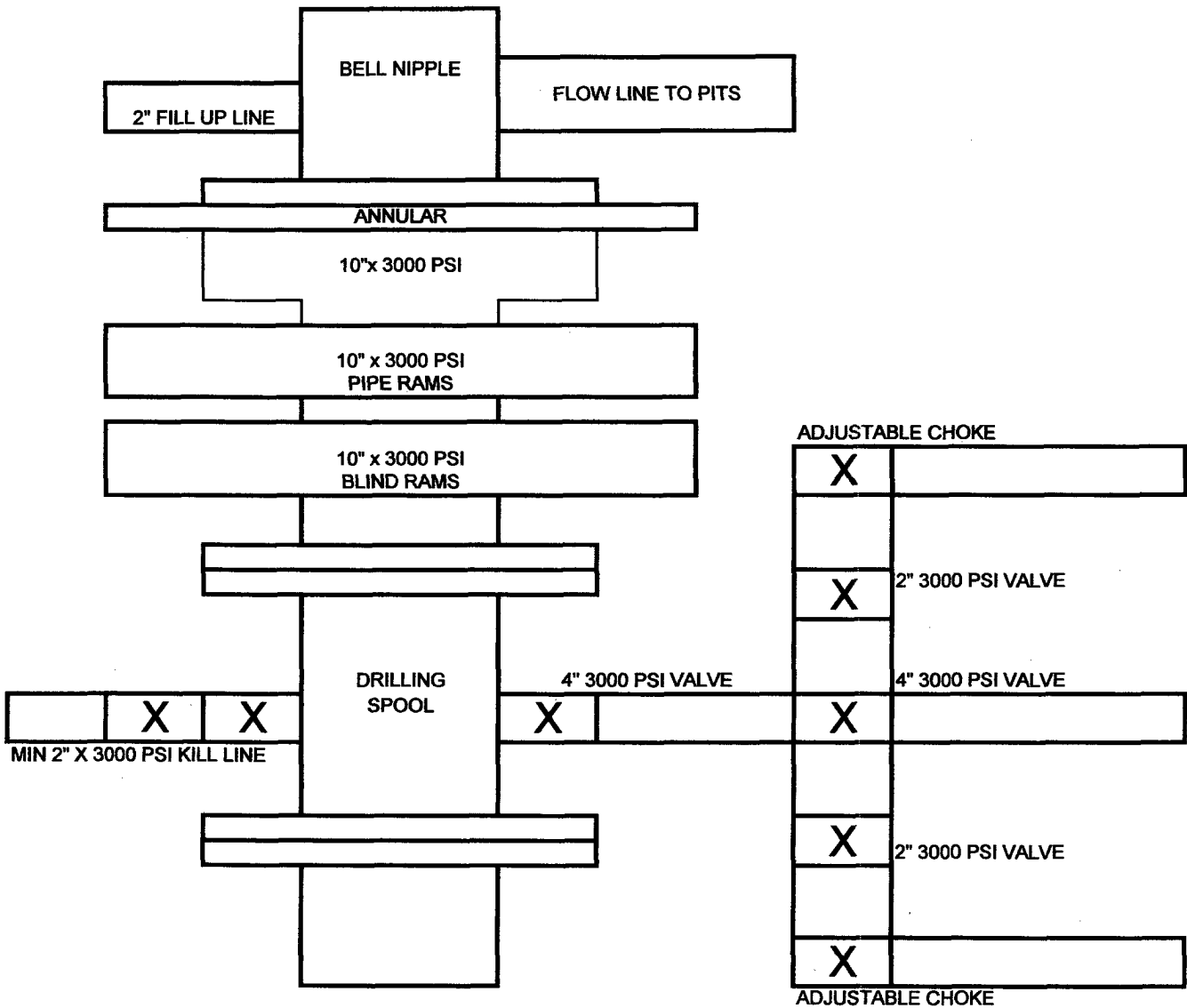
G. Communication:

Cellular telephone communications in company vehicles, rig floor and mud logging trailer.

H. Well Testing:

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing and an H₂S environment will be conducted during the daylight hours.

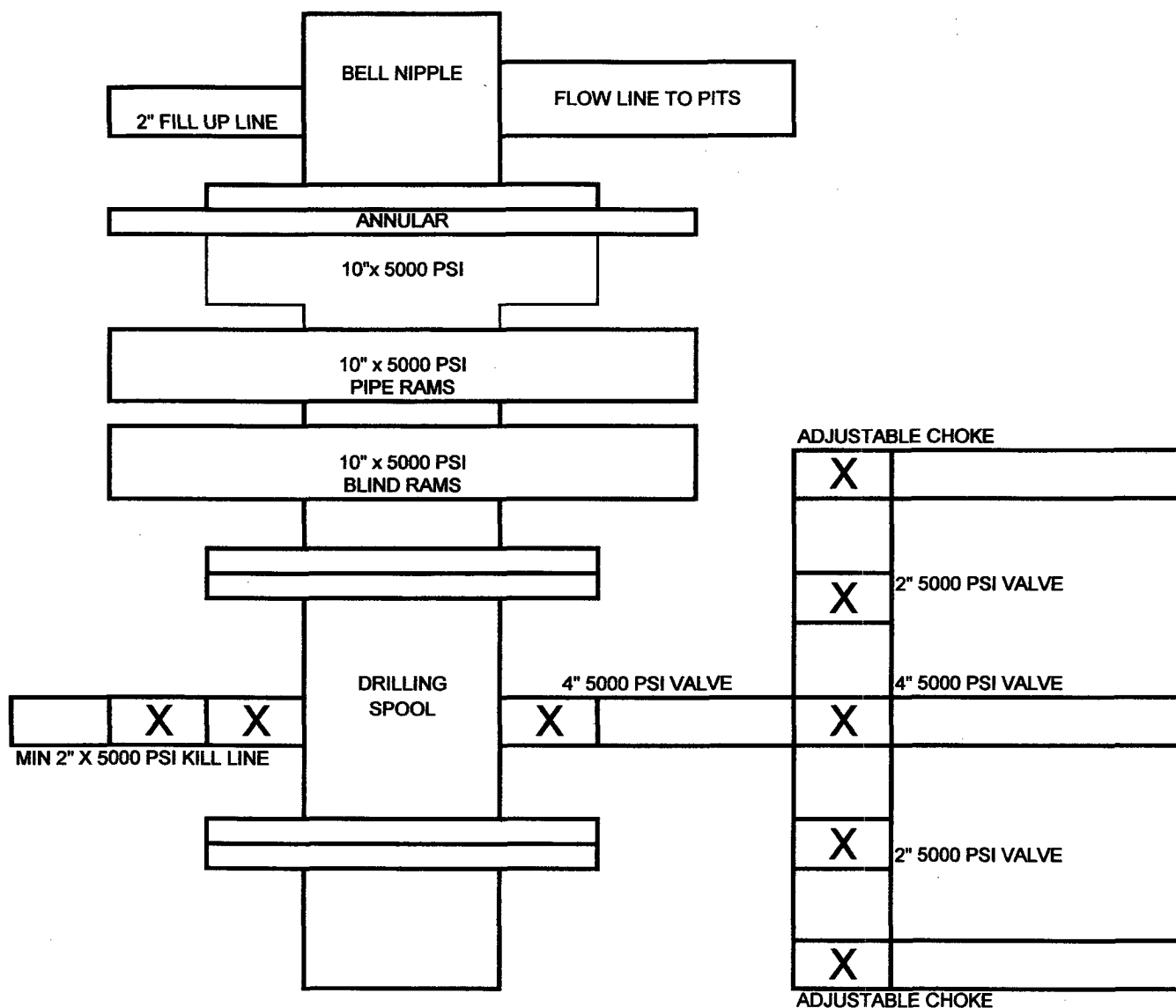
BOP SCHEMATIC FOR
12-1/4" HOLE



Cabal Energy Corporation
Southeast Lusk 34 Federal #1
Lea County, New Mexico

Exhibit 1

BOP SCHEMATIC FOR
8-1/2" HOLE



Cabal Energy Corporation
Southeast Lusk 34 Federal #1
Lea County, New Mexico

Exhibit 2



Directional Drilling Contractors, L.L.C.

Job Number: Proposal
Company: CABAL ENERGY CORP.
Lease/Well: South East Lusk '34' Fed. #1
Location: Lea County
Rig Name: N/A
RKB: Ground Level
G.L. or M.S.L.: 3357'

State/Country: New Mexico/USA
Declination: N/A
Grid: N/A
File name: C:\WINSERVE\CAB34_1.SVY
Date/Time: 06-May-03 / 09:06
Curve Name: South East Lusk '34' Fed #1

WINSERVE SURVEY CALCULATIONS
Minimum Curvature Method
Vertical Section Plane 87.23
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Subsea TVD FT	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
KOP @ 8500' MD/TVD								
8500.00	.00	87.23	8500.00	-8500.00	.00	.00	.00	.00
8525.00	.50	87.23	8525.00	-8525.00	.01	.11	.11	2.00
8550.00	1.00	87.23	8550.00	-8550.00	.02	.44	.44	2.00
8575.00	1.50	87.23	8574.99	-8574.99	.05	.98	.98	2.00
8600.00	2.00	87.23	8599.98	-8599.98	.08	1.74	1.75	2.00
8625.00	2.50	87.23	8624.96	-8624.96	.13	2.72	2.73	2.00
8650.00	3.00	87.23	8649.93	-8649.93	.19	3.92	3.93	2.00
8675.00	3.50	87.23	8674.89	-8674.89	.26	5.34	5.34	2.00
8700.00	4.00	87.23	8699.84	-8699.84	.34	6.97	6.98	2.00
8725.00	4.50	87.23	8724.77	-8724.77	.43	8.82	8.83	2.00
8750.00	5.00	87.23	8749.68	-8749.68	.53	10.89	10.90	2.00
8775.00	5.50	87.23	8774.58	-8774.58	.64	13.17	13.19	2.00
8800.00	6.00	87.23	8799.45	-8799.45	.76	15.68	15.69	2.00
8825.00	6.50	87.23	8824.30	-8824.30	.89	18.39	18.42	2.00
8850.00	7.00	87.23	8849.13	-8849.13	1.03	21.33	21.35	2.00
8875.00	7.50	87.23	8873.93	-8873.93	1.19	24.48	24.51	2.00
8900.00	8.00	87.23	8898.70	-8898.70	1.35	27.85	27.88	2.00
8925.00	8.50	87.23	8923.44	-8923.44	1.52	31.43	31.47	2.00
8950.00	9.00	87.23	8948.15	-8948.15	1.71	35.23	35.27	2.00
8975.00	9.50	87.23	8972.83	-8972.83	1.90	39.24	39.29	2.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Subsea TVD FT	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
9000.00	10.00	87.23	8997.47	-8997.47	2.10	43.47	43.52	2.00
9025.00	10.50	87.23	9022.07	-9022.07	2.32	47.92	47.97	2.00
9050.00	11.00	87.23	9046.63	-9046.63	2.55	52.57	52.63	2.00
9075.00	11.50	87.23	9071.15	-9071.15	2.78	57.44	57.51	2.00
9100.00	12.00	87.23	9095.62	-9095.62	3.03	62.53	62.60	2.00
9125.00	12.50	87.23	9120.05	-9120.05	3.28	67.83	67.91	2.00
9150.00	13.00	87.23	9144.44	-9144.44	3.55	73.34	73.42	2.00
9175.00	13.50	87.23	9168.77	-9168.77	3.83	79.06	79.15	2.00
9200.00	14.00	87.23	9193.06	-9193.06	4.12	85.00	85.10	2.00
9225.00	14.50	87.23	9217.29	-9217.29	4.41	91.14	91.25	2.00
9250.00	15.00	87.23	9241.46	-9241.46	4.72	97.50	97.62	2.00
9275.00	15.50	87.23	9265.58	-9265.58	5.04	104.07	104.19	2.00
9300.00	16.00	87.23	9289.64	-9289.64	5.37	110.85	110.98	2.00
9325.00	16.50	87.23	9313.64	-9313.64	5.70	117.83	117.97	2.00
9350.00	17.00	87.23	9337.58	-9337.58	6.05	125.03	125.18	2.00
9375.00	17.50	87.23	9361.46	-9361.46	6.41	132.44	132.59	2.00
9400.00	18.00	87.23	9385.27	-9385.27	6.78	140.05	140.21	2.00
9425.00	18.50	87.23	9409.01	-9409.01	7.16	147.87	148.04	2.00
9450.00	19.00	87.23	9432.68	-9432.68	7.55	155.90	156.08	2.00
9475.00	19.50	87.23	9456.29	-9456.29	7.95	164.13	164.32	2.00
9500.00	20.00	87.23	9479.82	-9479.82	8.35	172.57	172.77	2.00
9525.00	20.50	87.23	9503.27	-9503.27	8.77	181.21	181.42	2.00
9550.00	21.00	87.23	9526.65	-9526.65	9.20	190.06	190.28	2.00
9575.00	21.50	87.23	9549.95	-9549.95	9.64	199.11	199.34	2.00
9600.00	22.00	87.23	9573.17	-9573.17	10.09	208.36	208.60	2.00
9625.00	22.50	87.23	9596.31	-9596.31	10.55	217.81	218.07	2.00
9650.00	23.00	87.23	9619.36	-9619.36	11.01	227.47	227.74	2.00
9675.00	23.50	87.23	9642.33	-9642.33	11.49	237.33	237.61	2.00
9700.00	24.00	87.23	9665.21	-9665.21	11.98	247.38	247.67	2.00
9725.00	24.50	87.23	9688.01	-9688.01	12.47	257.64	257.94	2.00
9750.00	25.00	87.23	9710.71	-9710.71	12.98	268.09	268.41	2.00
9775.00	25.50	87.23	9733.32	-9733.32	13.50	278.75	279.07	2.00
9800.00	26.00	87.23	9755.84	-9755.84	14.02	289.59	289.93	2.00
9825.00	26.50	87.23	9778.26	-9778.26	14.56	300.64	300.99	2.00
9850.00	27.00	87.23	9800.59	-9800.59	15.10	311.88	312.24	2.00

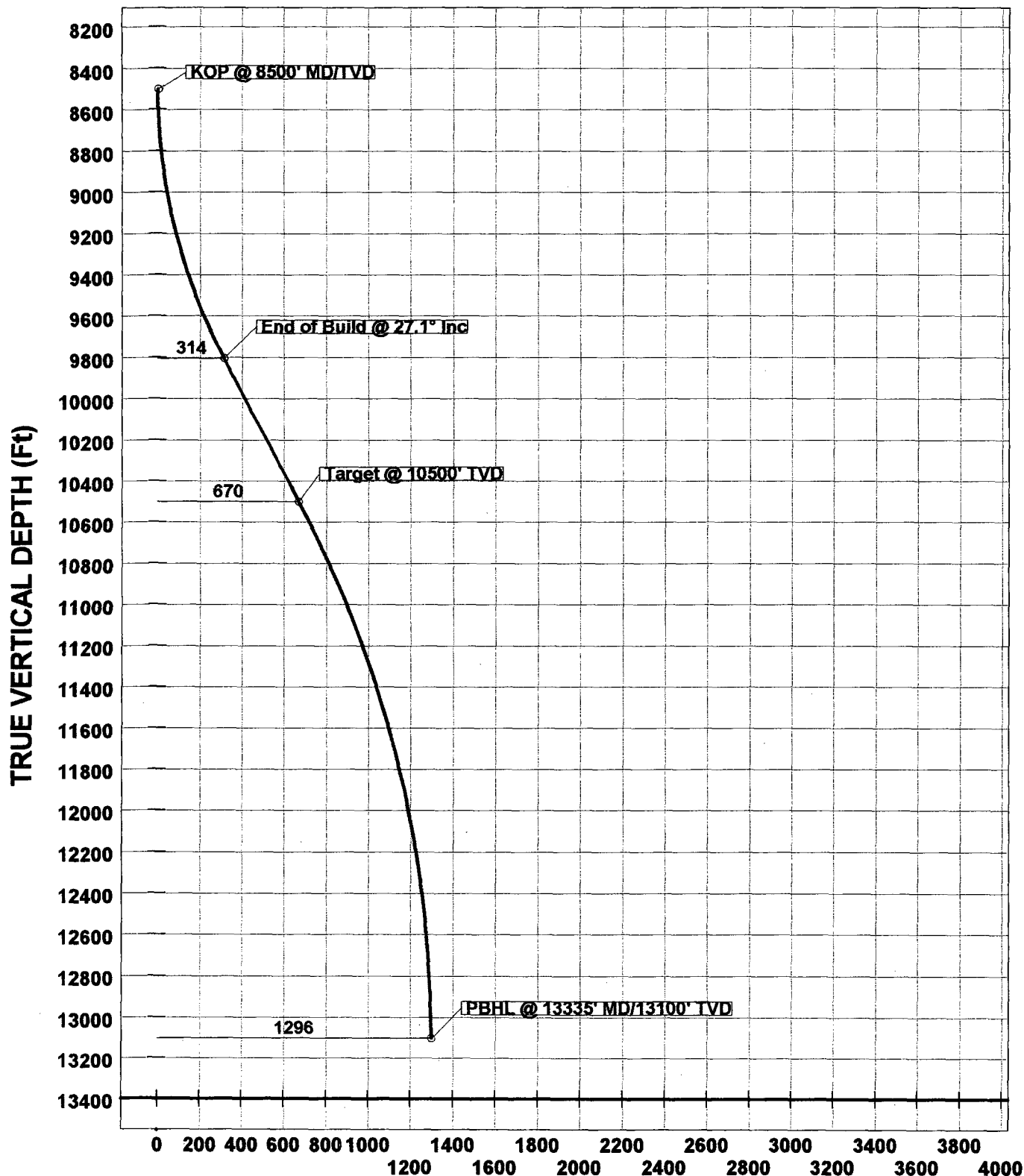
End of Build @ 27.1° Inc

9854.53	27.09	87.23	9804.63	-9804.63	15.20	313.94	314.31	2.00
9954.53	27.09	87.23	9893.65	-9893.65	17.40	359.42	359.85	.00
10054.53	27.09	87.23	9982.68	-9982.68	19.60	404.91	405.39	.00
10154.53	27.09	87.23	10071.71	-10071.71	21.80	450.40	450.93	.00
10254.53	27.09	87.23	10160.74	-10160.74	24.01	495.88	496.47	.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Subsea TVD FT	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
10354.53	27.09	87.23	10249.77	-10249.77	26.21	541.37	542.01	.00
10454.53	27.09	87.23	10338.80	-10338.80	28.41	586.86	587.55	.00
10554.53	27.09	87.23	10427.83	-10427.83	30.61	632.35	633.09	.00
Target @ 10500' TVD								
10635.60	27.09	87.23	10500.00	-10500.00	32.40	669.22	670.00	.00
10735.60	26.09	87.23	10589.42	-10589.42	34.56	713.93	714.76	1.00
10835.60	25.08	87.23	10679.62	-10679.62	36.65	757.06	757.95	1.00
10935.60	24.08	87.23	10770.55	-10770.55	38.66	798.61	799.55	1.00
11035.60	23.08	87.23	10862.20	-10862.20	40.59	838.56	839.55	1.00
11135.60	22.07	87.23	10954.54	-10954.54	42.45	876.91	877.93	1.00
11235.60	21.07	87.23	11047.53	-11047.53	44.22	913.63	914.70	1.00
11335.60	20.07	87.23	11141.16	-11141.16	45.92	948.72	949.83	1.00
11435.60	19.06	87.23	11235.38	-11235.38	47.54	982.16	983.31	1.00
11535.60	18.06	87.23	11330.18	-11330.18	49.08	1013.96	1015.14	1.00
11635.60	17.06	87.23	11425.52	-11425.52	50.54	1044.09	1045.31	1.00
11735.60	16.05	87.23	11521.38	-11521.38	51.91	1072.54	1073.80	1.00
11835.60	15.05	87.23	11617.72	-11617.72	53.21	1099.32	1100.61	1.00
11935.60	14.04	87.23	11714.51	-11714.51	54.42	1124.41	1125.72	1.00
12035.60	13.04	87.23	11811.73	-11811.73	55.55	1147.80	1149.14	1.00
12135.60	12.04	87.23	11909.34	-11909.34	56.60	1169.48	1170.85	1.00
12235.60	11.03	87.23	12007.32	-12007.32	57.57	1189.45	1190.85	1.00
12335.60	10.03	87.23	12105.63	-12105.63	58.45	1207.71	1209.13	1.00
12435.60	9.03	87.23	12204.25	-12204.25	59.25	1224.25	1225.68	1.00
12535.60	8.02	87.23	12303.15	-12303.15	59.97	1239.05	1240.50	1.00
12635.60	7.02	87.23	12402.28	-12402.28	60.60	1252.13	1253.59	1.00
12735.60	6.02	87.23	12501.64	-12501.64	61.15	1263.46	1264.94	1.00
12835.60	5.01	87.23	12601.17	-12601.17	61.61	1273.06	1274.55	1.00
12935.60	4.01	87.23	12700.86	-12700.86	61.99	1280.92	1282.42	1.00
13035.60	3.01	87.23	12800.67	-12800.67	62.29	1287.03	1288.53	1.00
13135.60	2.00	87.23	12900.58	-12900.58	62.50	1291.39	1292.90	1.00
13235.60	1.00	87.23	13000.54	-13000.54	62.63	1294.00	1295.52	1.00
13334.66	.00	87.23	13099.59	-13099.59	62.67	1294.87	1296.39	1.00
PBHL @ 13335' MD/13100' TVD								
13335.07	.00	87.23	13100.00	-13100.00	62.67	1294.87	1296.39	.06

Company: CABAL ENERGY CORP.
Lease/Well: South East Lusk '34' Fed. #1
Location: Lea County
Rig Name: N/A
State/Country: New Mexico/USA
Declination: N/A

Grid: N/A



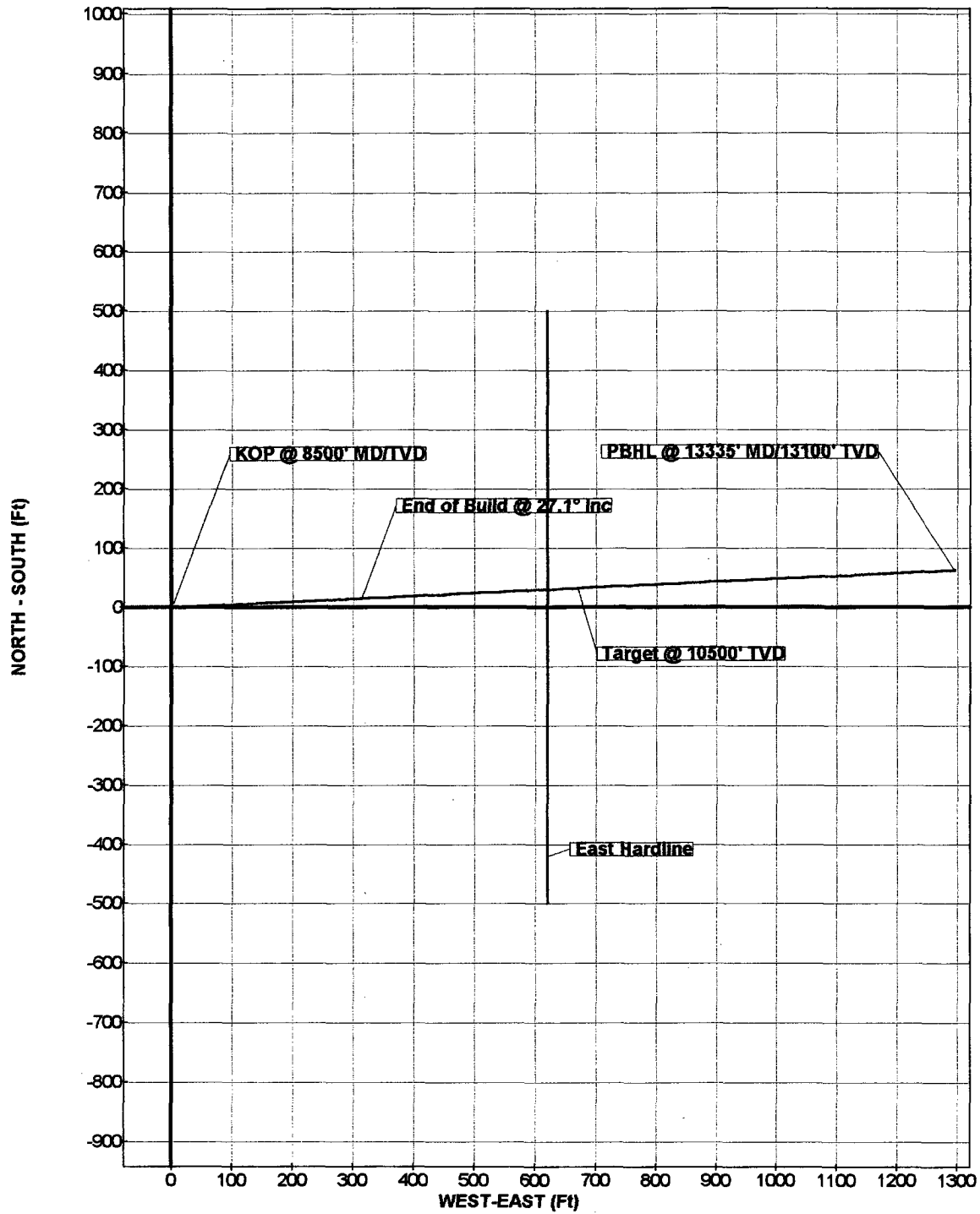
○ - South East Lusk '34' Fed #1

VERTICAL SECTION (Ft) @ 87.23°

Company: CABAL ENERGY CORP.
Lease/Well: South East Lusk '34' Fed. #1
Location: Lea County
Rig Name: N/A
State/Country: New Mexico/USA
Declination: N/A

Grid: N/A

DDC
Directional Drilling Contractors, LLC.



- South East Lusk '34' Fed #1

MULTI POINT SURFACE USE AND OPERATIONS PLAN FOR

CABAL ENERGY CORPORATION

Southeast Lusk "34" Federal #1

Surface location: 1530' FNL & 40' FWL

Bottom hole location: 1500' FNL & 660' FWL

Section 34, T-19-S, R-32-E

Lea County, New Mexico

Lease No.: NM 01135

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a location verification map showing the location of the proposed well as staked. The well site location is approximately 18 road miles South of Maljamar, New Mexico.
- B. Directions: Traveling West out of Hobbs on Hwy 62 / 180 drive approximately 32 miles then turn right (North) onto 176. Go 4.2 miles, and then turn right (North) onto CR-126. Go 4 miles; turn right (East) onto a caliche road then go 2.2 miles to location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be approximately 260' long and 12' wide and run East to the SW corner of the location.
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None necessary.
- E. Cuts and Fills: None required.
- F. Gates and Cattle Guards: None necessary.

G. Off lease right of way: None required.

3. LOCATION OF EXISTING WELLS:

Existing wells in the immediate area are shown on the Vicinity Map, Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Cabal Energy Corporation has no production facilities on the lease at this time.

B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIAL:

Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from an approved Federal pit. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.

D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.

E. Oil Produced during tests will be stored in test tanks.

F. Current laws and regulations pertaining to the disposal of human waste will be complied with.

G. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

None required.

9. WELL SITE LAYOUT:

A. Exhibit "C" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged 500' x 500'.

B. Mat Size: 225' x 300', plus 150' x 150' reserve pit on the north.

C. Cut & Fill: The location will require a 6-inch cut on the north with fill to the south.

D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of trash leaving the site aesthetically pleasing to the extent possible.

B. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

A. Surface Ownership - Bureau of Land Management

B. Mesa Field Services, P. O. BOX 3072, CARLSBAD, NEW MEXICO 88221, conducted an archaeological survey. No significant archaeological resources were found in the area of the planned access road or of the proposed well site.

C. Oil & Gas Lease:

NM 01135 Section 34, Township 19 South, Range 32 East
(Based on LC-063536) N/2, Lots 1 & 2, and SW/4 – 478.89 acres

D. RECORD LESSEE:

Pure Energy Group	50%
Chisos	50%

E. BOND COVERAGE:

\$25,000 Statewide Oil & Gas Surety Bond
BLM Bond #: NM2860

12. OPERATOR'S REPRESENTATIVE:


The field representative for assuring compliance with the approved use and operations plan is as follows:

R. K. Ford & Associates
415 West Wall, Suite 1700
Midland, Texas 79701
432-682-0440 (Office)
432-682-0441 (Fax)
432-570-7216 (Home)
432-559-2222 (Cell)
Randell@rkford.com (E-mail)

13. CERTIFICATION:

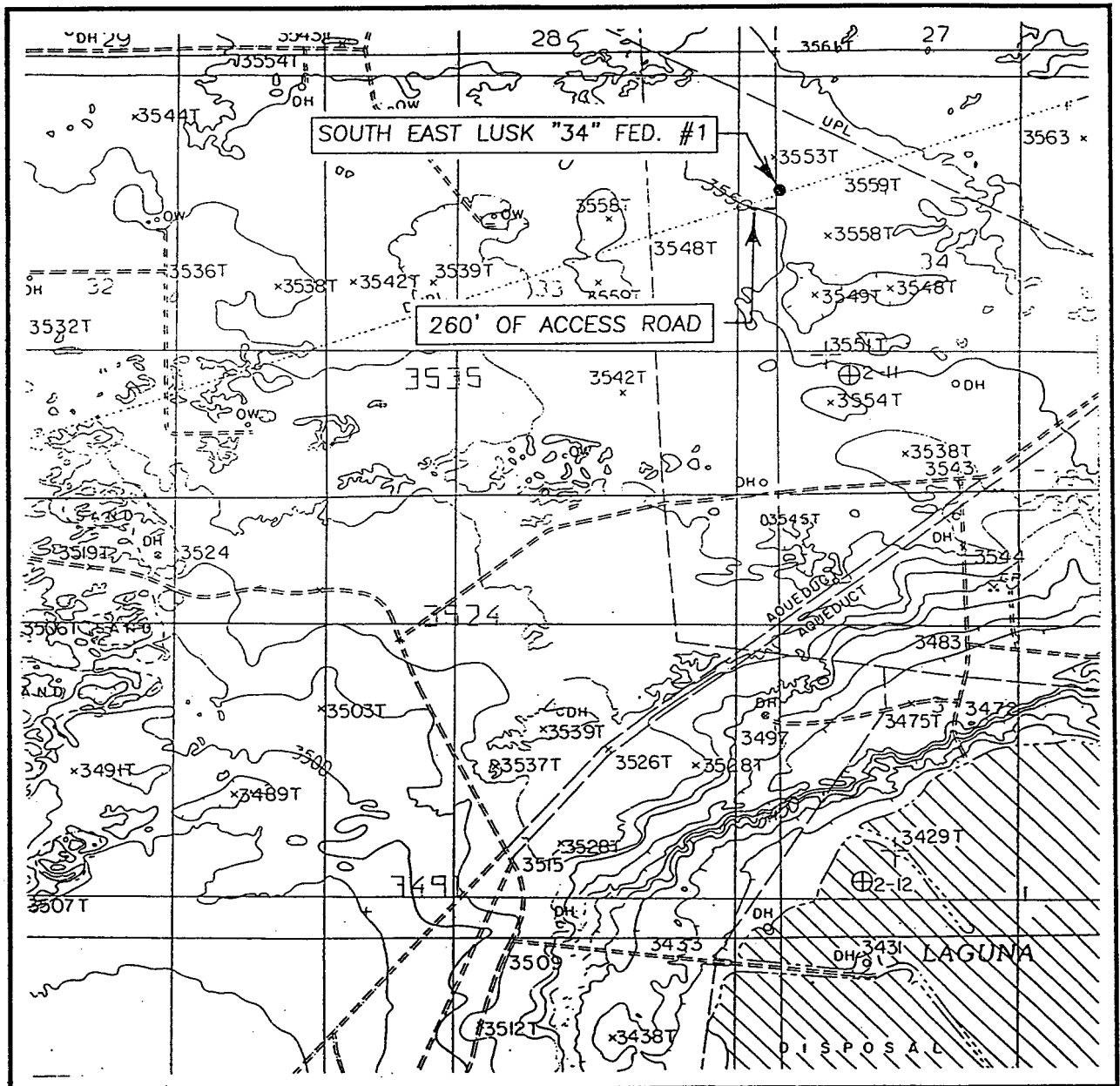
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Cabal Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

May 12, 2003



Randall K. Ford
President

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
WILLIAMS SINK, N.M.

SEC. 34 TWP. 19-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1530' FNL & 40' FWL

ELEVATION 3357'

OPERATOR CABAL ENERGY CORPORATION

LEASE SOUTH EAST LUSK "34" FEDERAL

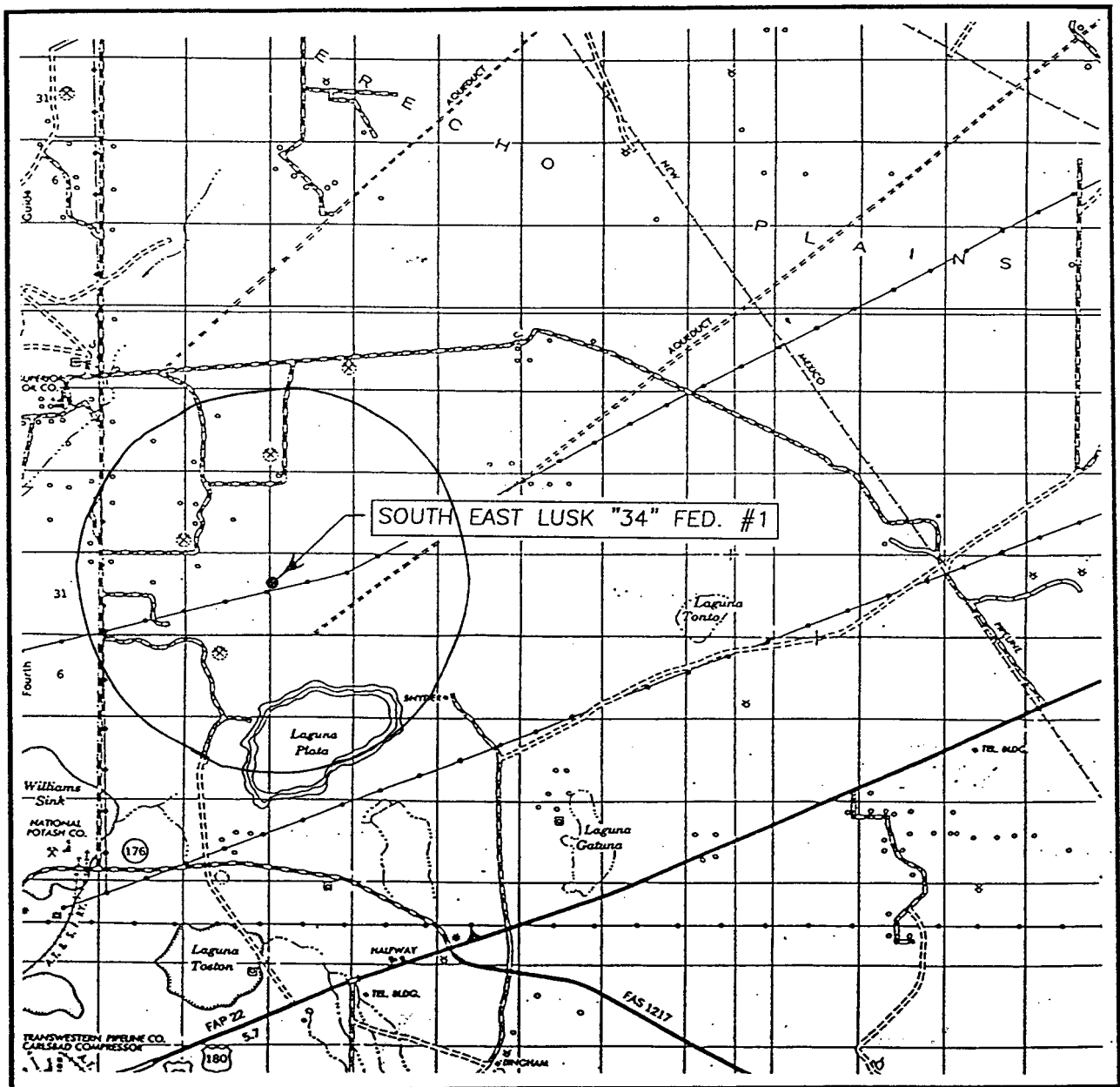
U.S.G.S. TOPOGRAPHIC MAP

WILLIAMS SINK, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Exhibit A
Cabal Energy Corporation
Southeast Lusk 34 Federal #1
Surface Use & Operations Plan

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 34 TWP. 19-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1530' FNL & 40' FWL

ELEVATION 3357'

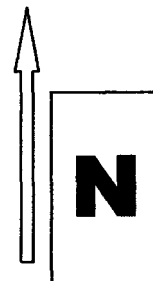
OPERATOR CABAL ENERGY CORPORATION

LEASE SOUTH EAST LUSK "34" FEDERAL

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Exhibit B
 Cabal Energy Corporation
 Southeast Lusk 34 Federal #1
 Surface Use & Operations Plan

Scale 1" = 50'

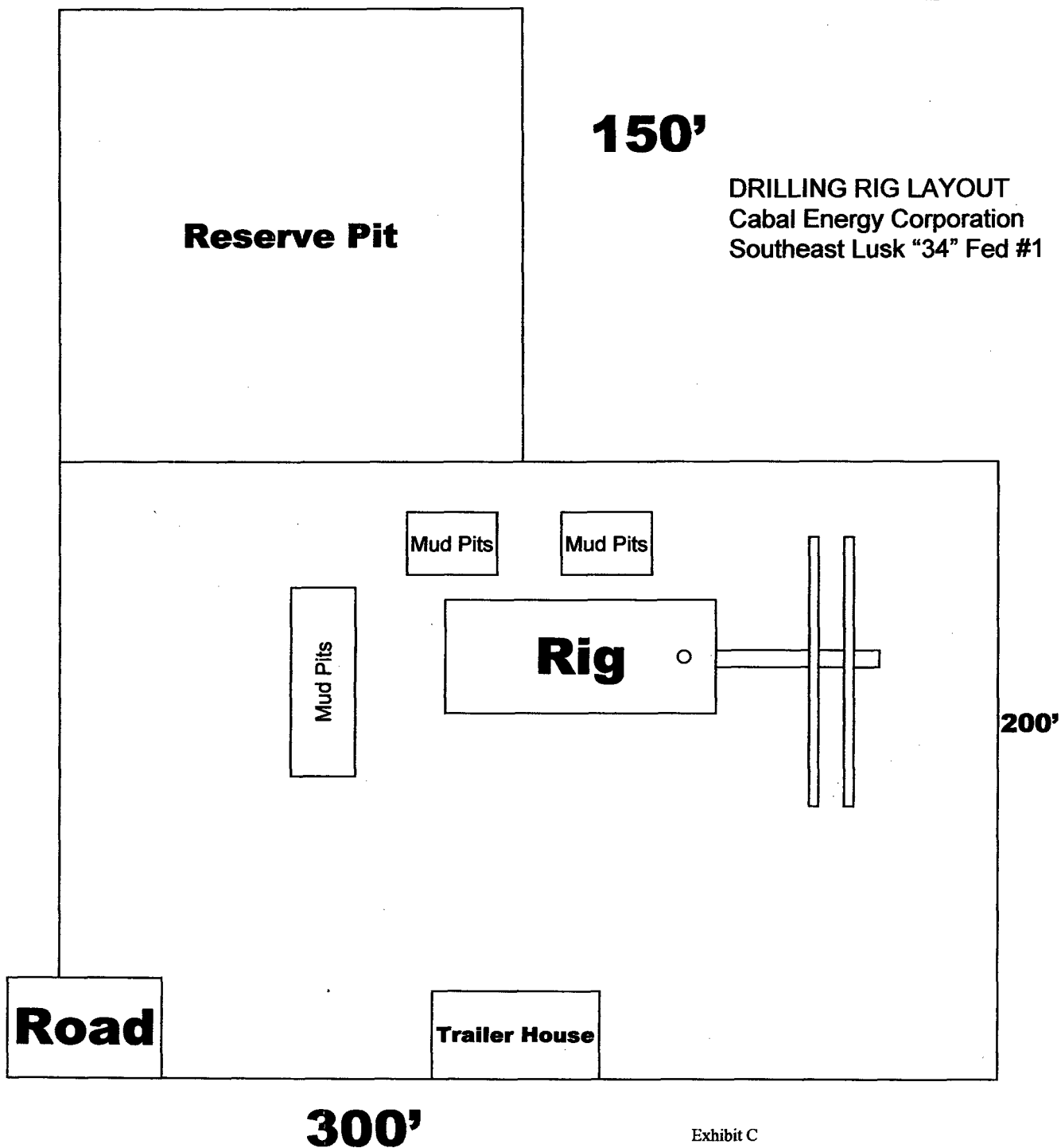


150'

150'

Reserve Pit

DRILLING RIG LAYOUT
Cabal Energy Corporation
Southeast Lusk "34" Fed #1



United States Department of the Interior
Bureau of Land Management
Roswell Field Office
2909 Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Cabal Energy Corporation
Street or Box: 415 W. Wall, Suite 1700
City, State: Midland, Texas
Zip Code: 79701

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

Lease No: NM 01135

Legal Description of Land:

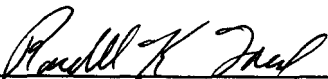
Township 19 South, Range 32 East, Lea County, New Mexico

Section 34 N/2, Lots 1 & 2, and SW/4 ± 478.89 acres

Bond Coverage:

Statewide Oil and Gas Surety Bond, Cabal Energy Corporation (Principal)

BLM Bond File No.: NM2860



Randell K. Ford
President
May 12, 2003