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Form 3160-3			ĺ	FORM OMB N	APPROVED	il Cally
(September 2001) . UNITED STATES	!			Expires J	aluary 31, 20	204
DEPARTMENT OF THE IN				Lease Serial No	1.	
BUREAU OF LAND MANAC	GEMENT		-	C TCT T A11-11	_ NM_ 0.	
APPLICATION FOR PERMIT TO DE	RILL OR	REENTER		6. If Indian, Allott	ee or inbe	Name
1a Type of Work DORILL REENTE	R			7. If Unit or CA Ag	reement, Na	ame and No.
here VED	ros.			8. Lease Name and	Well No.	
1b Type of Well: Hobbil Well Gas Well Other	1.20	Single Zone Multip	ole Zone		Lusk	34 Federal
2. Name of Operator Co				9. API Well No.	<i>-</i>	3/44/
Cabal Energy Corporation 3a. Address 415 West Wall St. Suite 1700	3b. Phone	No. (include area code)		10. Field and Pool, o	r Explorato) 6 7 7 V
Midland, Texas 79701		2) 682-0440	1	Lusk, Morr		057
4. Location of Well (Report location clearly and in accordance with	any State re	quirements.*)		11. Sec., T., R., M.,		Survey or Area
At surface 2050' FNL & 50' FNL of Sec		1.1	nesta	Section 34	T_10 (S D 20E
At proposed prod. zone 1330' FSL & 1330' FWI	L of Se	ection 34	2000 B	36CC1011 34	1-19	3, K-32E
14. Distance in miles and direction from nearest town or post office*			-	12. County or Parish	 l	13. State
17 Miles south of Maljamar			<u> </u>	Lea		NM
15. Distance from proposed* location to nearest	16. No. o	f Acres in lease	17. Spacing	Unit dedicated to this	s well	
property or lease line, ft. 1330 (Also to nearest drig, unit line, if any)	47	478.89		320 Acres (W/2) Section 34		
18. Distance from proposed location*	19. Propo			I/BIA Bond No. on file		
to nearest well, drilling, completed, applied for, on this lease, ft. 552	i	3,200'	NIM 4	2860		
	1	•	ŀ			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3552 GL	_	oximate date work will star	n	23. Estimated durati	.on	
3952 GL	-	just 15, 2003 tachments		45 Days		
The following, completed in accordance with the requirements of Onsho			aahad ta thia	formi		
rue tonowing, completed in accordance with the requirements of Onsito	ie On and O	as Orgel 140.1, shall be au	action to this	IOTHL		
Well plat certified by a registered surveyor. A Drilling Plan.		4. Bond to cover the Item 20 above).	ne operation	s unless covered by a	n existing b	bond on file (see
3. A Surface Use Plan (if the location is on National Forest System	Lands, the	5. Operator certification				
SUPO shall be filed with the appropriate Forest Service Office).	ŕ	6. Such other site authorized office		rmation and/or plans	as may be	required by the
25. Signature / 1/19/5	Naı	me (Printed/Typed)			Date	
Musell K Steel	1	Randell K. F	ord		⊹ 6.	-11-2003
President					1	
Approved by (Signature) /S/ RICHARD A. WHITLEY	Na	me (Printed/Typed) /S/ RICHARD	A. WH	ITLEY	Date JUL	2 8 2003
STATE DIRECTOR	Off	Fine		OFFICE	2.100	

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)

SUBJECT TO LIKE APPROVAL BY STATE

Capitan Controlled Water Basin

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

#2

District I

1625 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

3261	8	South Lusk "34" Federal 2							
⁷ OGRID	No.	⁸ Operator Name ⁹ Elevation			⁹ Elevation				
194930)	Cabal Energy Corporation 3552'							
					10 Surface	Location			
UL or lot no.	Section	Township	Range	Lot Id:	1			East/West line	County
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1320									
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							Randell K. Fo	rd /210°	7.5
	:						Printed Name	1 /3°	, OS/
							President, Ra	andell @rkford.com	F(53 %
							Title and E-ma	ail Address	(6 ×
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DISTRICT I P.O. Box 1980, Hobbs, NM 86241-1980

DISTRICT III

DISTRICT IV

UL or lot No.

State of New Mexico

The second with the second second

Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994

Submit to Appropriate District Office

East/West line

State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT II P.O. Drawer DD, Artesia, NM 68211-0719

1000 Rio Brazos Rd., Aztec, NM 87410

Section

Township

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe. New Mexico 87504-2088

Feet from the

County

D. BOX 2088, SANTA FE, N.M. 87504-2088	WELL LOCATION AND	ACREAGE DEDICATION PLAT	☐ AMENDED REPORT
30-025-3644	0 80770	Lysk' Morrow	East
Property Code 32678		erty Name "34" FEDERAL	Well Number
ogrid no. 194930	-	ator Name Y CORPORATION	Elevation 3552'
	Surfa	ce Location	

North/South line

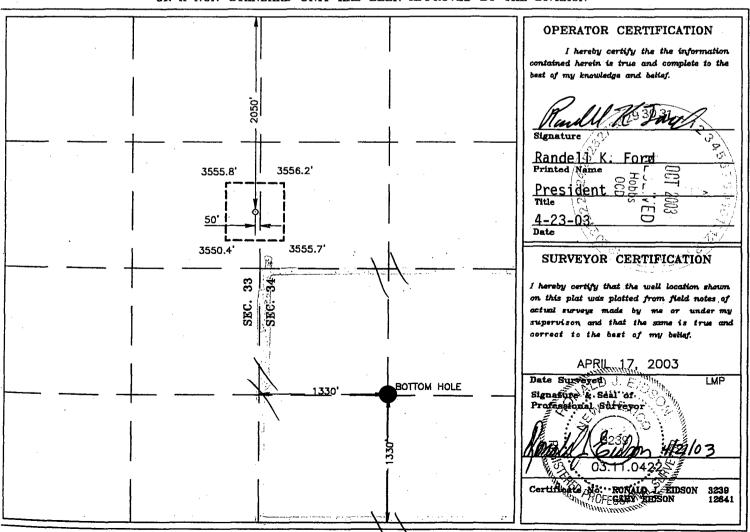
Feet from the

Lot Idn

Range

Н	33	19-S	32-E		2050	NORTH	50	EAST	LEA
			Bottom	Hole Loc	eation If Diffe	erent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	34	19-S	32-E		1330	SOUTH	1330	WEST	LEA

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



DRILLING PROGRAM

CABAL ENERGY CORPORATION SOUTHEAST LUSK "34" FEDERAL #2

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 GEOLOG	SIC MARKERS (TVD):
	Anhydrite	890'
	Yates	2,695'
	Capitan	3,062'
	Delaware	4,760'
	Bone Springs	7,360'
	Wolfcamp Carbonate	10,605'
	Strawn Carbonate	11,335'
	Atoka Clastic	11,790'
	Atoka Sand	12,060'
	Morrow Lime	12,150'
	Middle Morrow	12,395'
	Lower Morrow	12,700'
	Total Depth	13,200'

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

Fresh Water Above 200' to 862'
Oil and Gas Delaware, Atoka Sand, Middle Morrow, Lower Morrow

3. Pressure control equipment: Exhibit #1 shows a 20", 2000# diverter system, which will be used on the 17-1/2" hole. The blow out preventer equipment (BOP) shown in Exhibit #2 will consist of a 3000 psi double ram type preventer for drilling the 12-1/4" hole. The blowout preventer stack for the production (8-1/2") hole as shown on Exhibit #3 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>	Interval	Casing Size	Weight	Grade, Joint
26"	0 – 890'	20"	94#	K-55, BTC
17-1/2"	0 - 3,080	13-3/8"	61#	K-55, BTC
12-1/4"	0 - 4,270	9-5/8"	40#	K-55 LT&C
8-1/2"	0 – 13,200'	5-1/2"	17-1/2#	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

30" conductor

cemented with ready mix to surface

20" surface

700 sxs Premium Plus cement, 2% calcium chloride

13-3/8" intermediate 1,500 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>	DESCRIPTION	MUD WEIGHT	VISCOSITY	WATER LOSS	į
0 – 890'	fresh water	8.6 – 8.8 ppg	28 – 30	NC	
890' – 3,080'	brine water	10.0 – 10.2 pp	og 28 – 34	NC	
3,080' - 4,270'	fresh water	8.4 - 8.6 ppg	28 – 29	NC	
4,270' - 13,200'	fresh/brine/mud	8.4 - 10.4 ppg	28 – 40	6-8 cc	

7. <u>TESTING, LOGGING AND CORING PROGRAM:</u>

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.

ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on August 15, 2003. Drilling should be completed within 45 days followed by completion operations.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

CABAL ENERGY CORPORATION

Southeast Lusk "34" Federal #2

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 (H_2S) .
 - 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 H_2S 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 H_2S .

- 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 doghouse 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 form 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.

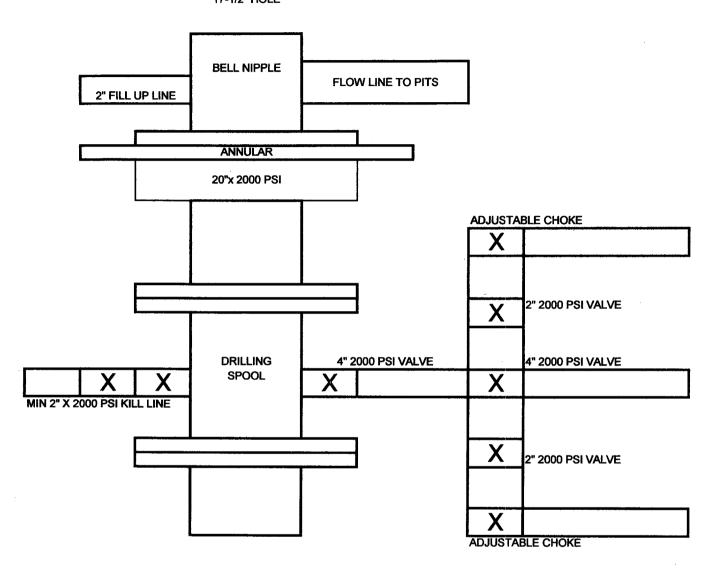
G. Communication:

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.

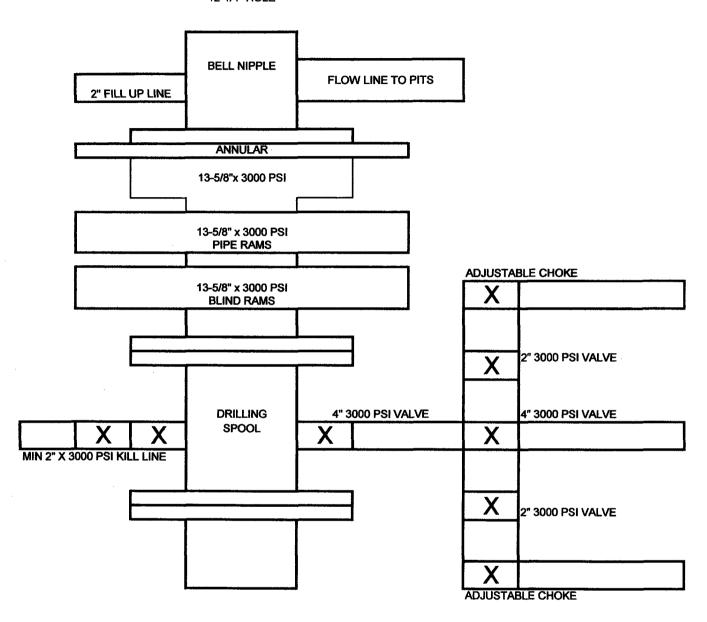
BOP SCHEMATIC FOR 17-1/2" HOLE



Cabal Energy Corporation Southeast Lusk 34 Federal #2 Lea County, New Mexico

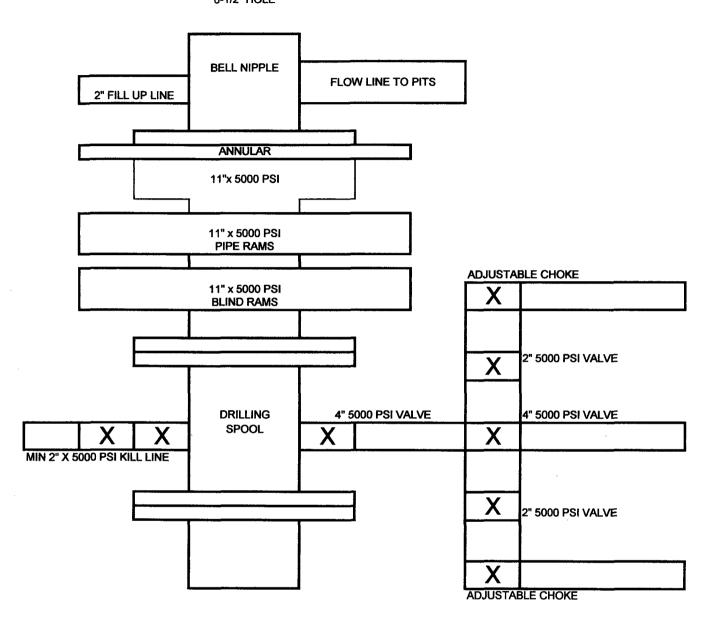
Exhibit 1

BOP SCHEMATIC FOR 12-1/4" HOLE



Cabal Energy Corporation Southeast Lusk 34 Federal #2 Lea County, New Mexico

BOP SCHEMATIC FOR 8-1/2" HOLE



Cabal Energy Corporation Southeast Lusk 34 Federal #2 Lea County, New Mexico

Exhibit 3

MULTI POINT SURFACE USE AND OPERATIONS PLAN FOR

CABAL ENERGY CORPORATION South Lusk "34" Federal #2

Surface Location: 2050' FNL & 50' FEL
Section 33, T-19-S, R-32-E
Proposed Bottom Hole Location: 1330' FSL & 1330' 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 17 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. Go 1.3 miles to location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be approximately 1,948' 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

(Based on LC-063536)

Township 19 South, Range 32 East Section 33 – All

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**:

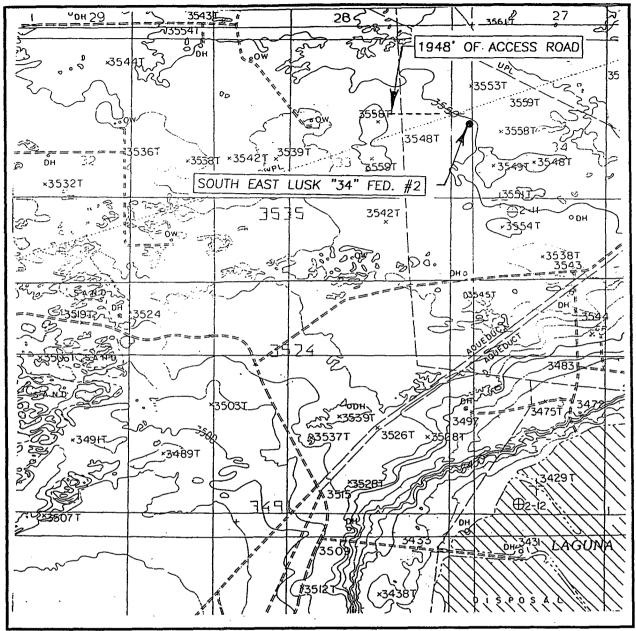
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated 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.

June 11, 2003

Randell K. Ford

President

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

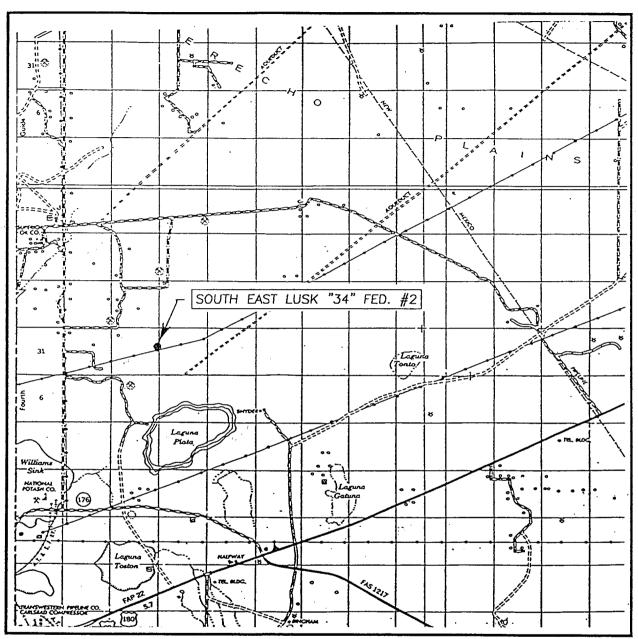
CONTOUR INTERVAL: 10' WILLIAMS SINK, N.M.

SEC. 33 TWP. 19-S RGE. 32-L
SURVEYN.M.P.M.
COUNTYLEA
DESCRIPTION 2050' FNL & 50' FEL
ELEVATION3552'
OPERATOR CABAL ENERGY CORPORATION
LEASE SOUTH EAST LUSK "34" FEDERA
U.S.G.S. TOPOGRAPHIC MAP

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

> Exhibit A Surface Use & Operations Plan SOUTHEAST LUSK "34" Federal #2

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 33 TWP. 19-S RGE. 32-E
SURVEY N.M.P.M.
COUNTYLEA
DESCRIPTION 2050' FNL & 50' FEL
ELEVATION 3552'
OPERATOR CABAL ENERGY CORPORATION
LEASE SOUTH EAST LUSK "34" FEDERA

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

Exhibit B
Surface Use & Operations Plan
SOUTHEAST LUSK "34" FEDERAL #2



150'

N

Reserve Pit

150[°]

DRILLING RIG LAYOUT Cabal Energy Corporation Southeast Lusk "34" Fed #2

Road Trailer House

300

Exhibit C Surface Use & Operations Plan Southeast Lusk 34 Federal #2

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

Southeast Lusk 34 Federal #2

Bond Coverage:

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

BLM Bond File No.:

NM2860

Randell K. Ford

President

June 11, 2003