Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
OCD-ARTESIA

FORM APPROVED
OMB 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.

SEP 7 2009

HOBBS OCD

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

AUG 28 2008

OCD-ARTESIA

5. Lease Serial No.
NM-65441

6. If Indian, Allottee or Tribe Name
---

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

1. Type of Well
[X] Oil Well [ ] Gas Well [ ] Other

8. Well Name and No.
MADERA "25" FEDERAL # 2

2. Name of Operator
GREAT WESTERN DRILLING COMPANY (MIKE CURE 432-682-5241)

9. API Well No.
30-025-38767

3a. Address
P. O. BOX 1659 MIDLAND, TEXAS 79702

3b. Phone No. *(include area code)*
432-682-5241

10. Field and Pool, or Exploratory Area
JABALINA-BONE SPRING

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
~~660'~~ 700 FNL & ~~660'~~ 1100 FEL SECTION 25 T26S-R34E
Unit: A

11. County or Parish, State
~~EDDY CO.~~ Lea Co. NEW MEXICO

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

TYPE OF SUBMISSION	TYPE OF ACTION			
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
[ ] Subsequent Report	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Final Abandonment Notice	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[ ] Other
	[X] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
	[ ] Convert to Injection	[ ] Plug Back	[ ] 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 recomplete 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 recompletion 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.)

1. Great Western Drilling Company requests the approval to move their MADERA "25" FEDERAL # 2 From: 700' FNL & 1100' FEL SEC. 25 T26S-R34E ~~EDDY~~ CO. NM.
   To: 660' FNL & 660' FEL SEC. 25 T26S-R34E ~~EDDY~~ LEA CO. NM.
2. Change the depth from 16,000' to 9500' and from a gas well to an oil well.
3. See attached pages for details.

SUBJECT TO LIKE APPROVAL BY STATE

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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

Title PERMIT Eng.

Signature

Date 07/23/08

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date AUG 26 2008

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

WESLEY W. INGRAM
PETROLEUM ENGINEER

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)

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 and Natural Resources Department

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
		JABALINA-BONE SPRING

Property Code	Property Name	Well Number
	MADERA 25 FEDERAL	

OGRID No.	Operator Name	Elevation
226678	GREAT WESTERN DRILLING, CO.	3191'

Surface Location

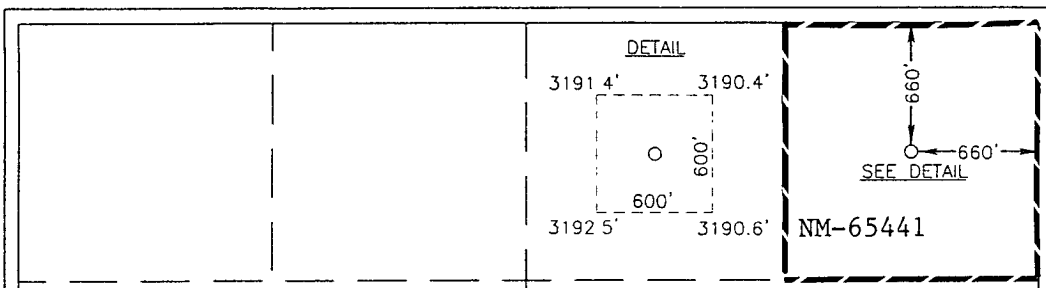
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	25	26-S	34-E		660	NORTH	660	EAST	LEA

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.
40			

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



GEODETIC COORDINATES
NAD 27 NME

Y=372075.0 N
X=784069.3 E

LAT.=32.019636° N
LONG=103.416787° W

OPERATOR CERTIFICATION

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.

Joe T. Janica
Signature

07/23/08
Date

Joe T. Janica
Printed Name

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.

RONALD J. EIDSON
JUNE 27, 2008
NEW MEXICO
3239
REGISTERED PROFESSIONAL SURVEYOR

Date Surveyed: JUNE 27, 2008 AR

Signature & Seal of Professional Surveyor

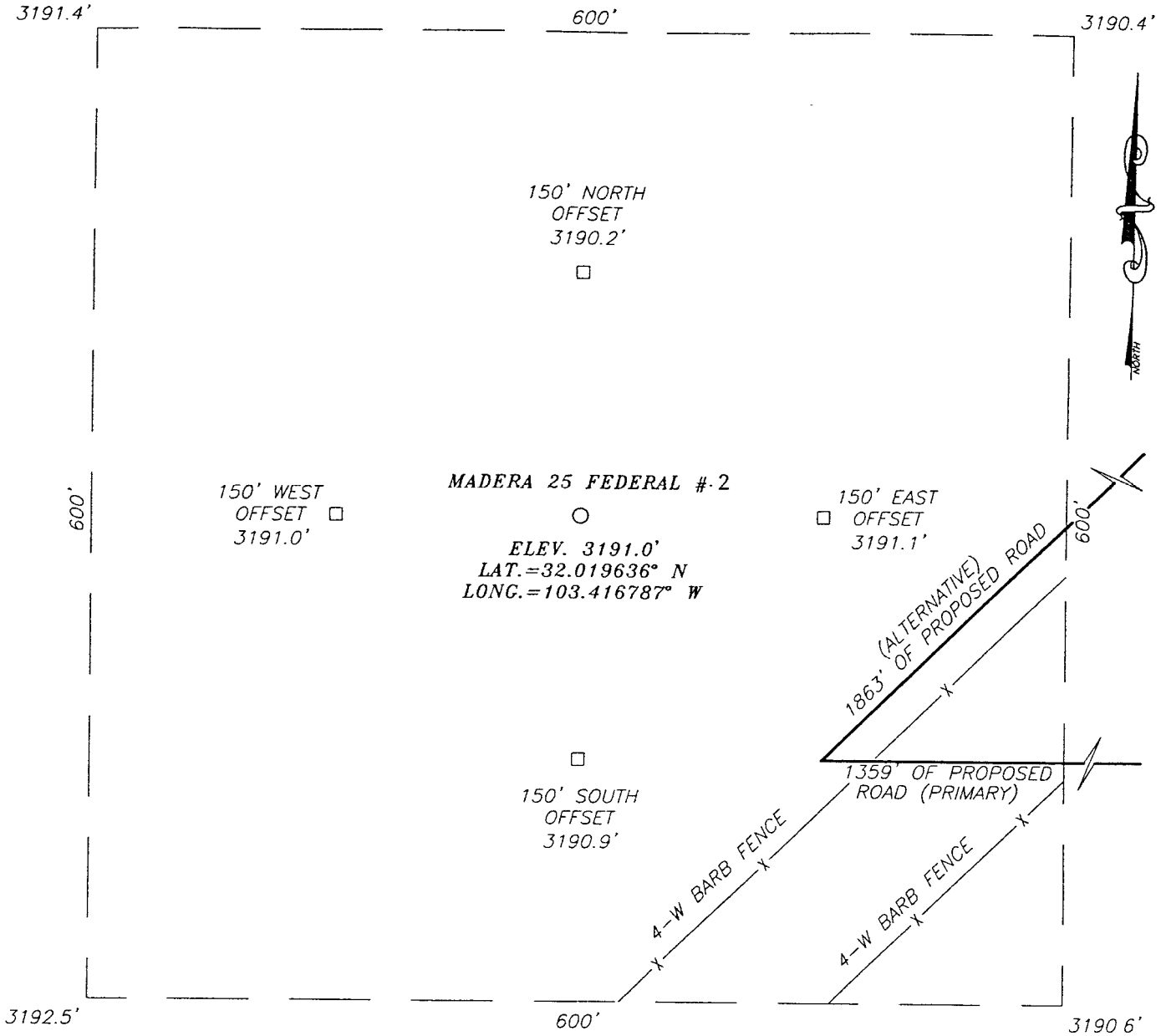
Ronald J. Eidson 07/08

08.11.0502

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

EXHIBIT "A"

SECTION 25, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #205 (FRYING PAN RD.) AND BECKHAM RD., GO WEST ON BECKHAM RD. APPROX 2.2 MILES TO BECKHAM RANCH. TURN LEFT AT "Y" INTERSECTION AND CONTINUE WEST APPROX. 3.0 MILES. TURN RIGHT GO NORTH NORTHWEST APPROX. 0 4 MILES. BEND LEFT AND GO NORTHWEST APPROX. 2.9 MILES. TURN RIGHT AT "Y" INTERSECTION AND FOLLOW ROAD WEST APPROX. 0.5 MILES THROUGH CATTLE GUARD. TURN LEFT AT INTERSECTION AND GO SOUTH APPROX. 0.6 MILES. FOLLOW PRIMARY ACCESS ROAD APPROX. 1350 FEET WEST TO THIS LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

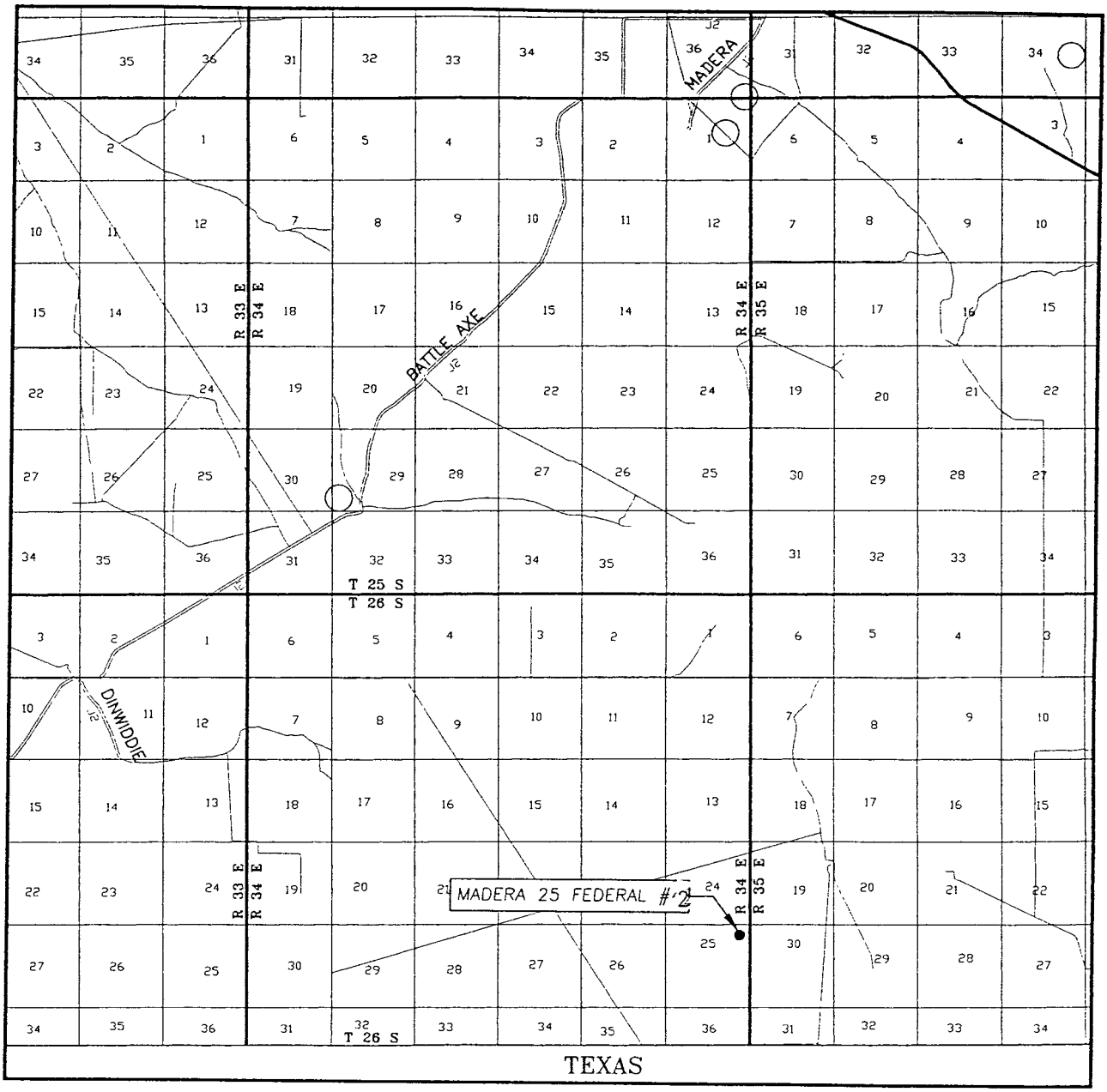
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

GREAT WESTERN DRILLING CO.

MADERA 25 FEDERAL #2 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 660 FEET FROM THE EAST LINE OF SECTION 25,
TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 6/27/08	Sheet 1 of 1 Sheets		
W.O. Number: 08.11.1026	Dr By: AR	Rev 1-N/A	
Date: 12/01/03	Disk:	08111026	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 25 TWP. 26-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 660' FNL & 660' FEL

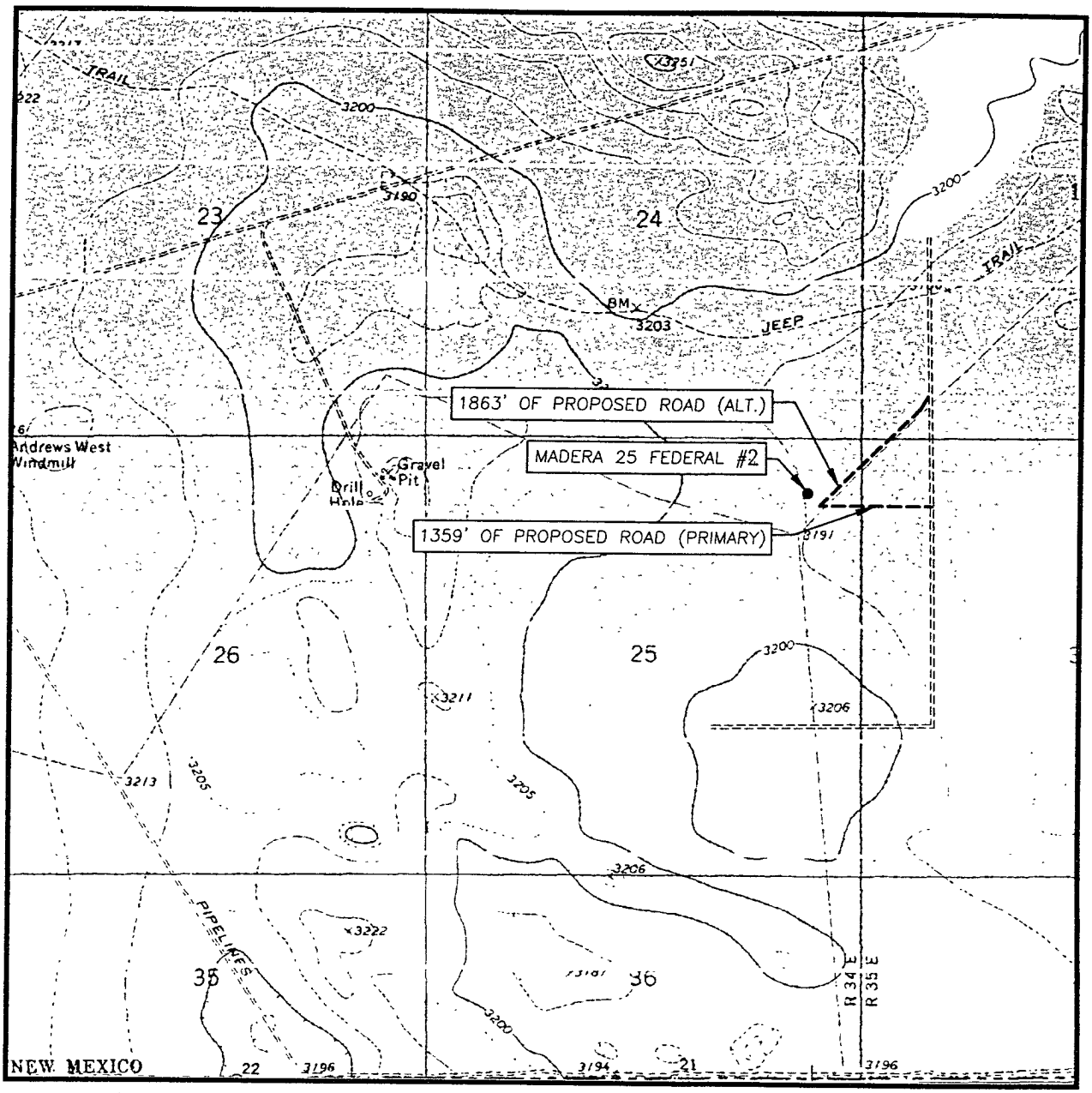
ELEVATION 3191'

OPERATOR GREAT WESTERN DRILLING CO.

LEASE MADERA 25 FEDERAL

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ANDREWS PLACE, N.M. – 10'

SEC. 25 TWP. 26-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 660' FNL & 660' FEL

ELEVATION 3191'

OPERATOR GREAT WESTERN DRILLING CO.

LEASE MADERA 25 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
ANDREWS PLACE, N.M.

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

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your information.

1. LOCATION: 660' FNL & 660' FWL SECTION 25 T26S-R34E LEA CO. NM

2. ELEVATION ABOVE SEA LEVEL: 3191' GL

3. GEOLOGIC NAME OF SURFACE FORMATION: Quaternery Aeolian Deposits.

4.

4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.

5. PROPOSED DRILLING DEPTH: 9500'

6. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Rustler Anhydrite	970'	Delaware Sand	5360'
Yates	2365'	Bone spring	9450'
San Andres	3620'	TD	9500'±
Delaware Lime	5330'		

7. POSSIBLE MINERAL BEARING FORMATION:

Delaware Lime	Oil	Bone Spring	Oil
Delaware Sand	Oil		

8. CASING PROGRAM:

HOLE SIZE	INTERVAL	OD OF CASING	WEIGHT	THREAD	COLLAR	GRADE	CONDITION
26"	0-40'	20"	NA	NA	NA	CONDUCTOR	New
17½"	0-1040±'	13 3/8"	54.5#	8-R	ST&C	~~S-80~~ J-55	New
12¼"	0-5300'	8 5/8"	32#	8-R	ST&C	J-55 or HCK-55	New
7 7/8"	0-9500'	5½"	17#	8-R	LT&C	N-80	New

Per operator 8/26/08

9. CASING CEMENTING & SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 1040±' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 750 Sx. of 35/65 Class "C" POZ + 3% Salt, + 6% Bentonite, + additives, Yield 1.90. Tail in with 250 Sx. of Class "C" cement + 1% CaCl, Yield 1.34, circulate cement to surface.
8 5/8"	Intermediate	Set 5300±' of 8 5/8" 32# ~~S-80~~ HCK-55 ST&C casing as follows 1500' of 8 5/8" 32# ~~S-80~~ ST&C, 3800' of 8 5/8" 32# J-55 ST&C casing. Cement with 1500 Sx. of 35/65 Class "C" POZ, + 3% Salt, + 6¢ Bentonite, + additives, Yield 1.90, tail in with500 Sx. of Class "C" cement + 1%CaCl, + additives Yield 1.34, circulate cement to surface.
5½"	Production	Set 9500' of 5½" 17# N-80 LT&C casing. Cement with 350 Sx. of 50/50 Class "C" POZ cement + 5% Salt, + 10% Bentonite + retarder, + additives, Yield 2.45. Tail in with 350 Sx. of Class "C" cement + additives, Yield 1.33 estimated top of cement 4500' from surface

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 1500 Series 5000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B.O.P. will be nipped up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when the drill pipe is out of the hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 3" 5000 PSI working pressure choke manifold with dual adjustable chokes. No abnormal pressure or temperatures are expected while drilling this well.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-1040'	8.4-8.6	28-36	NC	Fresh water Spud Mud use paper to control seepage
1040- 5300'	10.0-10.2	28-38	NC	Brine water use paper to control seepage, and high viscosity sweeps to clean hole.
53-TD	8.4-8.7	28-30	NC	Fresh water if necessary add fresh water Gel to control viscosity to clean If water loss is needed use starch to control water loss.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing the viscosity and/or the water loss may have to be adjusted to meet these needs.

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Electric logs that will be run: GR/SP/DIL/ & Gamma Ray/Caliper/CNL/FDI, from TD back to 5300' Run MRI. Gamma Ray CNL from 5300' back to surface.

B. Mud logger will be rigged up on the hole at 5300' and remain on the hole to TD.

C. No full hole cores or DST's are planned at this time, sidewall cores may be taken.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 4700± PSI, and Estimated BHT 180°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 38 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The BONE SPRING formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an oil well.

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Bone Spring** formation. **If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**

2. 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.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible lost circulation in the shallow zones.
Possible high pressure gas bursts in the Wolfcamp formation and high pressure in the Pennsylvanian section.

1. The **13-3/8** inch surface casing shall be set **at approximately 1040 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

    b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial action will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

    ☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

    ☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. The tests shall be done by an independent service company.

    b. The results of the test shall be reported to the appropriate BLM office.

    c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

    d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.