

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-10
June 16, 2006

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,
PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address V-F Petroleum, Inc. P.O. Box 1889 Midland, TX 79702		² OGRID Number 24010
³ Property Code 24298 37588		⁴ API Number 30 - 025 - 34761
⁵ Property Name State "11"		⁶ Well No. 1
⁷ Proposed Pool 1 West Midway-Upper Penn		¹⁰ Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	17S	35E		660'	South	660'	West	Lea

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
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Additional Well Information

¹¹ Work Type Code E	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 3942 GR
¹⁶ Multiple No	¹⁷ Proposed Depth 11,216'	¹⁸ Formation Cisco	¹⁹ Contractor	²⁰ Spud Date ASAP

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"	48	484'	385 sx	surface
11"	8 5/8"	32	4,980'	2500 sx	surface
7 7/8"	5 1/2"	17	11,259'	400 sx	8,885"

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. V-F Petroleum, Inc. is proposing to re-enter the above captioned well, which was the P/A Timber "11" State #1, drill out the cement and cast iron plugs down to 11,216', squeeze cement in the Blinberry perforations to attain a 3,000# standing squeeze pressure. A well service and reverse unit will drill out the plugs with fresh water and a 5,000# BOP will be installed on the 8 5/8" casing. This well and lease was assigned as a farm out from Marbob Energy Corporation. See exhibit.

**Permit Expires 2 Years From Approval
Date Unless Drilling Underway**

Re-Entry

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature:		OIL CONSERVATION DIVISION Approved by:	
Printed name: George R. Smith		Title: PETROLEUM ENGINEER	
Title: POA Agent for V-F Petroleum, Inc.		Approval Date:	Expiration Date:
E-mail Address: Grsmith1@prodigy.net		FEB 11 2009	
Date: 01/28/09	Phone: 575-623-4940	Conditions of Approval Attached <input type="checkbox"/>	

DISTRICT I

P.O. Box 1000, Santa Fe, NM 87504-1000

DISTRICT II

P.O. Drawer 50, Santa Fe, NM 87501-0050

DISTRICT III

1000 Rio Grande Rd., Santa Fe, NM 87410

DISTRICT IV

P.O. Box 1000, Santa Fe, N.M. 87504-1000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34761	Pool Code 96580	Pool Name WEST MIDWAY: UPPER PENN
Property Code -3429837588	Property Name STATE "11"	Well Number 1
UCRD No. 24010 036554	Operator Name V-F PETROLEUM TRADING/SHARP DRILLING, INC.	Elevation 3942

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	17 S	35 E		660	SOUTH	660	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 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WELL 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 that the information furnished herein is true and complete to the best of my knowledge and belief. Jeffrey D. Phillips Printed Name Vice President Title August 4, 2009 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. NOVEMBER 6, 1999 Date Surveyed DC Signature & Seal of Professional Surveyor 99-11-0944 Certificate No. RONALD J. EYSON 3239 GARY EYSON 12641 MACON MACDONALD 12180

10/26/2004 10:21 505-629 0000

HALLWORTH, OK

PAGE 02

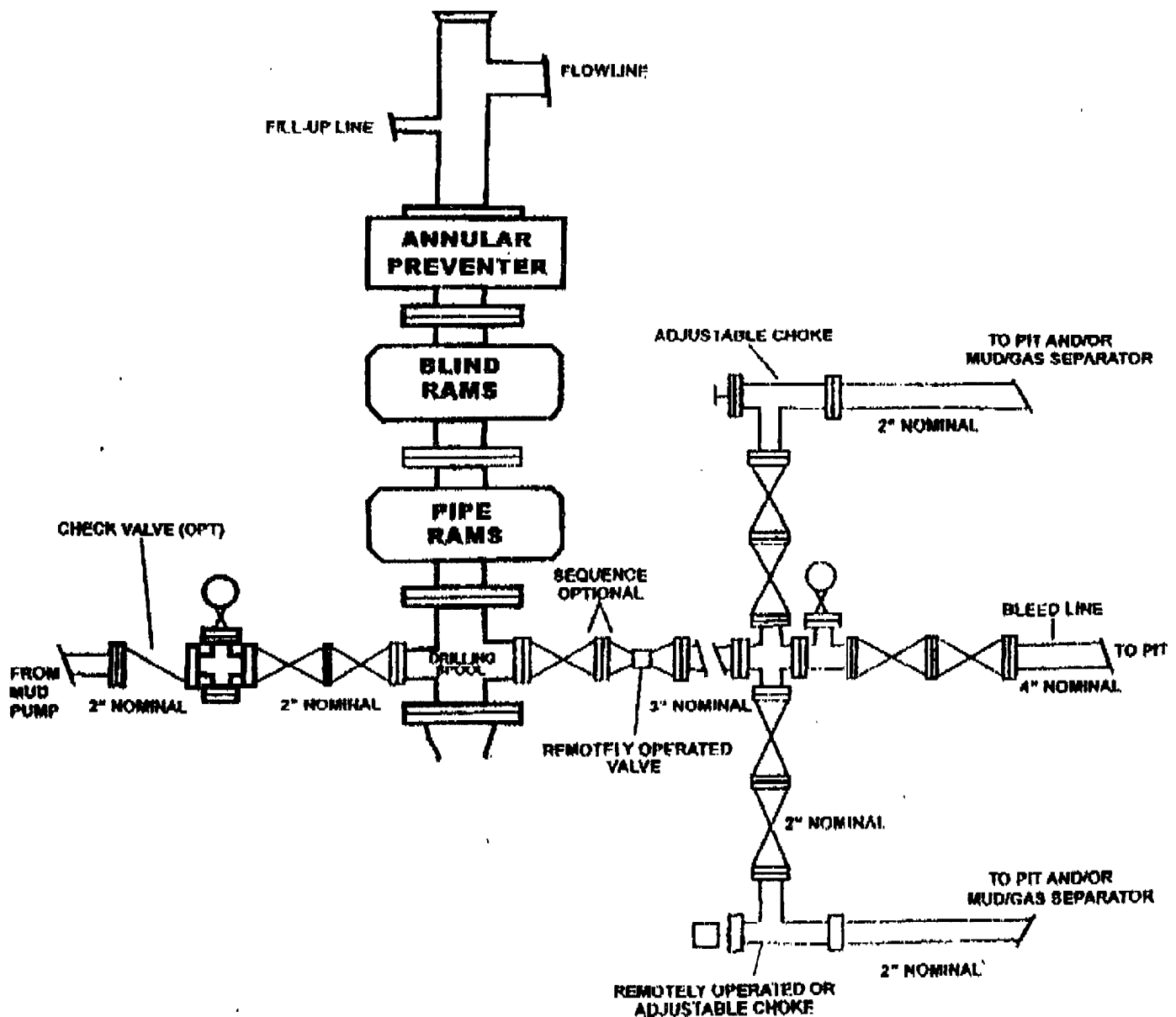
**BOP DIAGRAM
3000# SYSTEM**

EXHIBIT "E"
V-F PETROLEUM, INC.
State "11", Well No. 1
BOP Specifications

NEW MEXICO STATE LAND OFFICE
ASSIGNMENT OF OIL AND GAS LEASE
ONLINE Version

From Lease Number

VO-7020

To Lease Number

VO-7020-1

FOR VALUE RECEIVED, Marbob Energy CorporationOGRID No. 14048

Assignor Name (include name of spouse, if any, or type of business entity)

(Assignor/whether one or more), assigns and conveys to:

V-F Petroleum Inc.OGRID No. 024010

Assignee

(Assignee/whether one or more), whose mailing address is P.O. Box 1889City MidlandState/Prov. TexasZIP 79702-1389the entire interest and title in and to Oil and Gas Lease No. VO-7020-000 (the Lease) initially made by the New Mexico State Land Office to:Marbob Energy CorporationDated 3/1/2004

insofar as the Lease covers the following land in

Lea

County, New Mexico:

ORIGINAL LESSEE

Township Range Section Description:

17S 35E 11 S/2, E/2NW, NWNE (Letter Units B,C,F,I,J,K,L,M,N,O,P) 440.00 Acres

together with the rights incident thereto, and improvements thereon, if any.

Assignor assures and agrees to perform all duties and obligations to the Commissioner of Public Lands including payment of rentals and royalties, and to do such other acts as are required by the Lease, to the same extent and in the same manner as if the provisions of the Lease were fully set out herein.

Assignor warrants the leasehold estate herein assigned, except as to any valid overriding royalty, production payment, operating agreement or sub-lease, if any, now of legal record, and covenants to the Assignee and the Commissioner of Public Lands that the leasehold estate assigned is valid, and that all rentals and royalties due under the Lease have been paid in full, and that all other Lease obligations presently due have been fully performed.

EXECUTED this 24th day of April, 2008

By:

Raye Miller

Assignor

Attorney-in-Fact

Spouse, if any; OR Title, if signing in representative capacity

ACKNOWLEDGMENT

STATE OF New MexicoCOUNTY OF EddyThis Assignment was acknowledged before me this 24th day of April, 2008

by

Raye MillerAttorney-in-Fact

Title, if signing in representative capacity



OFFICIAL SEAL
Nancy T. Agnew
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 7/5/2011

ASSIGNEE'S ACCEPTANCE

The undersigned Assignee named above hereby agrees to be bound by all of the terms, covenants, and conditions of the Lease and this Assignment and shall succeed to the rights and benefits under the Lease.

EXECUTED this 22 day of April, 2008

By:

V-F Petroleum Inc.S.K. Lawler

Assignee

Vice President

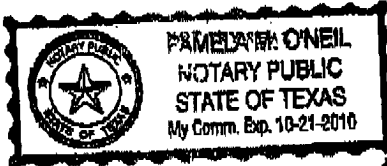
Title, if signing in representative capacity

STATE OF Texas

ACKNOWLEDGMENT

COUNTY OF MidlandThis Assignee's Acceptance was acknowledged before me this 2nd day of April, 20 09By S.K. LandisVice President of V-F Petroleum Inc

Title, if signing in representative capacity

My commission expires 10/21/10

Notary Public

APPROVAL OF THE COMMISSIONER

Office of the Commissioner of Public Lands
Santa Fe, New MexicoI hereby certify that this Assignment was filed in my office on RECEIVED MAY 05 2009 and was approved by meand shall be effective as to the State of New Mexico on APPROVED MAY 06 2009

COMMISSIONER OF PUBLIC LANDS

INSTRUCTIONS AND INFORMATION

1. **ANNUAL RENTAL:** The annual rental for the land in this Assignment is 1.00 per acre. The rental is due in advance and shall be paid to the Commissioner of Public Lands on the anniversary date of the original Lease agreement. The date of this Assignment does not change the annual rental due date. For any Assignment of any Lease initially issued prior to June 15, 1985, the annual rental shall not be less than six dollars (\$6.00). For any Assignment of any Lease initially issued after June 14, 1985, or of any Lease which has been stipulated to the new ten year Lease, the minimum rental is forty dollars (\$40.00).
2. **FIXED TEN-YEAR LEASE:** This Lease provides for a fixed ten-year term, and for so long as oil or gas is produced in paying quantities. The ten-year period is divided into a primary term of five years, followed by a secondary term of five years. If no production is had during the primary term, the rental for the secondary term is double the rental of the primary term, or equal to the highest prevailing rental rate in the district, whichever is higher. Rentals continue even though production is had.
2. **FIXED FIVE-YEAR LEASE:** This Lease provides for a fixed five-year term, and for so long as oil and gas is produced in paying quantities. The fixed five-year Lease has no secondary term. Rentals continue even though production is had.
4. **FILING:** All Assignments must be filed in the State Land Office in triplicate, with original signatures on all three copies, within one hundred days from the date of signing, and must be accompanied by the recording fee.
5. **RECORDING FEE:** The recording fee for each Assignment is thirty dollars (\$30.00). If, however, the Assignment is filed more than one hundred days from the date of signing, an additional fee of seventy-five dollars (\$75.00) is charged.
6. **PERSONAL CHECKS:** When an Assignment is accompanied by a personal check, the Commissioner of Public Lands reserves the right to withhold approval of the Assignment until the check is paid.
7. **ASSIGNMENT DISAPPROVAL:** An Assignment will not be approved when it is made:
 - A. to more than two persons;
 - B. for less than a regular subdivision. Regular subdivision means forty acres or a tract described by lot number, which tract may be more or less than forty acres;
 - C. for an undivided interest;
 - D. in the name of a trusteeship, unless the trust document is attached or on file, and not more than two persons are named as trustee;
 - E. after a lis pendens is filed;
 - F. including any change or addition to the language contained in the Assignment form;
 - G. where surety requirements have not been met; or
 - H. where the lease is not in good standing; provided, however, that approval by the Commissioner does not waive any rights or claims the Commissioner may have to rentals, royalties, or other obligations due to the Commissioner by the Assignor under the lease. Approval of the assignment by the Commissioner does not guarantee the lease is in good standing.
8. **COMPLETE ADDRESS:** An Assignment must show the complete mailing address of the Assignee.
9. **ACKNOWLEDGMENT:** An Assignment must be executed before an officer authorized to take acknowledgments of deeds. Persons executing on behalf of a corporation or other business entity must indicate title or authority to execute.
10. **MARITAL STATUS:** An Assignment must show whether the Assignors are married or single; if married, both husband and wife must sign the Assignment. The Certificates of Acknowledgment must show the marital status of the Assignors.
11. **BLANKET ASSIGNMENTS:** Must have an Exhibit A attached that includes lease number, original lessee of record, lease type, date, county, and land description. Provide a copy of the original assignment form and the exhibit for every lease.
12. **BLANKET ASSIGNMENTS:** Will only be approved for record title. All other types of assignments (operating rights, depth limitations, undivided interests, etc.) will be filed as miscellaneous instrument documents for record purposes only.
13. **COMMUNICATIONS:** All official business, letters and communications must be addressed directly to the Commissioner of Public Lands: Oil, Gas, and Minerals Division.
14. **PAYMENT:** Make all payments for annual rental, recording, and approval of fees to:

COMMISSIONER OF PUBLIC LANDS
P.O. Box 1148
Santa Fe, NM 87504-1148

01/28/2009 17:37 432-683-3352

V F PETROLEUM

PAGE 05



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

05/06/08

V-F PETROLEUM INC
P. O. BOX 1889
MIDLAND, TX 79702

RE: Assignment of Lease No. V0-7020-0000

Dear Lessee:

We have approved the assignment of the following land to
Lease No. V0-7020-0001, totalling 440.00 acres:

Township	Range	Section	Land Description
17S	35E	11	NW4NE4, E2NW4, S2

Please note that, before you commence exploration or drilling operations on the leased lands, all surface improvement damage bond requirements must be met. Failure to do so may result in possible cancellation of your lease. Thank you, if you have already complied with this requirement.

If you should need additional bond information, please contact us at (505) 827-5714.

Very truly yours,

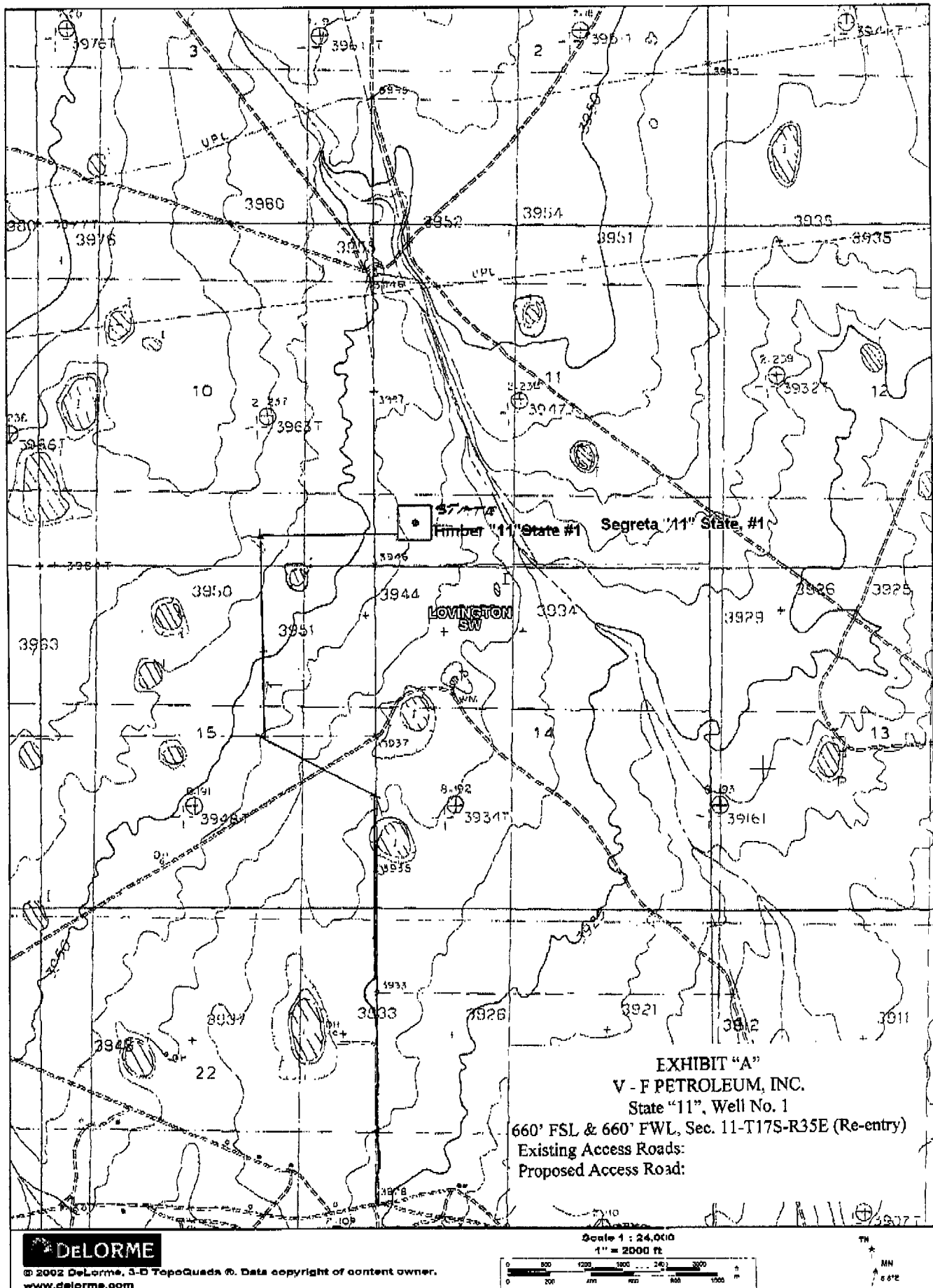
Patrick H. Lyons
COMMISSIONER OF PUBLIC LANDS

By:
Jami Bailey, Director
Oil, Gas & Minerals Division
(505) 827-5744

PL/jb

-State Land Office Beneficiaries-

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University



POWER OF ATTORNEY**DESIGNATION OF AGENT**

V-F Petroleum Inc., hereby names the following person as its agent

Name of Agent: George R. Smith d/b/a Energy Administrative Services Company

Agents Address: P.O. Box 458, Roswell, NM 88202

Agent's Telephone Number: (575) 623-4940

GRANT OF SPECIAL AUTHORITY

V-F Petroleum Inc., grants its agent the authority to act for it with respect to the following only:

1. Executing forms required to be filed with the Bureau of Land Management of the Department of Interior of the United States of America.
2. Executing forms required to be filed with the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department.

EFFECTIVE DATE

This power of attorney is effective immediately.

RELIANCE ON THE POWER OF ATTORNEY

Any person, including the agent, may rely upon the validity of this power of attorney or a copy of it unless that person knows it has terminated or is invalid.

SIGNATURE AND ACKNOWLEDGMENT

V-F Petroleum Inc.

By: Sandra K. Lawlis

Title: Vice President

Date: 1/28/09

Address: P.O. Box 1889, Midland, TX 79702

Telephone: 432-683-3344

STATE OF

COUNTY OF

This instrument was acknowledged before me on January 28, 2009 by
Sandra K. Lawlis, Vice President of V-F Petroleum Inc.,
acting on behalf of said corporation.

