New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

Form 3160-3
(August 2007)

RECEIVED
JUN 23 2009
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FORM APPROVED
OMB NO. 1004-0137
Expires: July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. 0478452
NM-~~478452~~ & VO-7394

6. If Indian, Allottee or Tribe Name
N/A

1a. Type of Work. [x] DRILL [ ] REENTER

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

1b Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

8. Lease Name and Well No. (37730)
Mongoose BLM Federal Com #1H

2. Name of Operator
Yates Petroleum Corporation (025575)

9. API Well No
30-005- 29096

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No. *(include area code)*
505-748-4372

10. Field and Pool, or Exploratory
Wildcat
~~Cedar Point~~ ABO -WOLFCAMP

4. Location of well *(Report location clearly and In accordance with any State requirements.*)*
At surface
330' FSL & 200' FEL, Sec.25-15S-30E, UL P
At proposed prod. zone
330' FSL & 330' FWL, Sec. 25-15S-30E, UL M

11. Sec , T., R , M., or Blk And Survey or Area
Section 25-15S-30E

14. Name of Operator

12. County or Parish
Chaves

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)	16. No of acres in lease	17. Spacing Unit dedicated to this well
330'	802.94	S2S2 of Section 25-15S-30E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/ BIA Bond No on file
1 mile	VD-8650' MD-13055'	NATIONWIDE BOND #NMB000434
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Aproximate date work will start*	23. Estimated duration
4250' GL	ASAP	45 days

24. Attachments ROSWELL 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.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office)
4. Bond to cover the operations unless covered by existing bond on file(see item 20 above).
5. Operator certification.
6. Such other site specific information and/ or plans as may be required by the BLM

25. Signature	Name *(Printed/ Typed)*	Date
	Cy Cowan	4/14/2009

Title
Regulatory Agent

Approved By *(Signature)*	Name *(Printed/ Typed)*	Date
/S/ Angel Mayes	Angel Mayes	JUN 19 2009
Title: Assistant Field Manager, Lands And Minerals	Office: ROSWELL FIELD OFFICE	APPROVED FOR 2 YEARS

Application approval 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 co operations thereon
Conditions of approval, if any, are attached

Title 18 U S C Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and wilfully 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)*

DECLARED WATER BASIN

CEMENT BEHIND THE 13 3/8" CASING MUST BE CIRCULATED. WITNESS

KZ APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

RECEIVED
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State of New Mexico
Energy, Minerals and Natural Resources Department

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

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
30-005-29096	✓	~~Cedar Point~~ Wildcat ABO — WOLFCAMP

Property Code	Property Name	Well Number
37730	MONGOOSE BLM FEDERAL COM	1H

OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	4250'

Surface Location

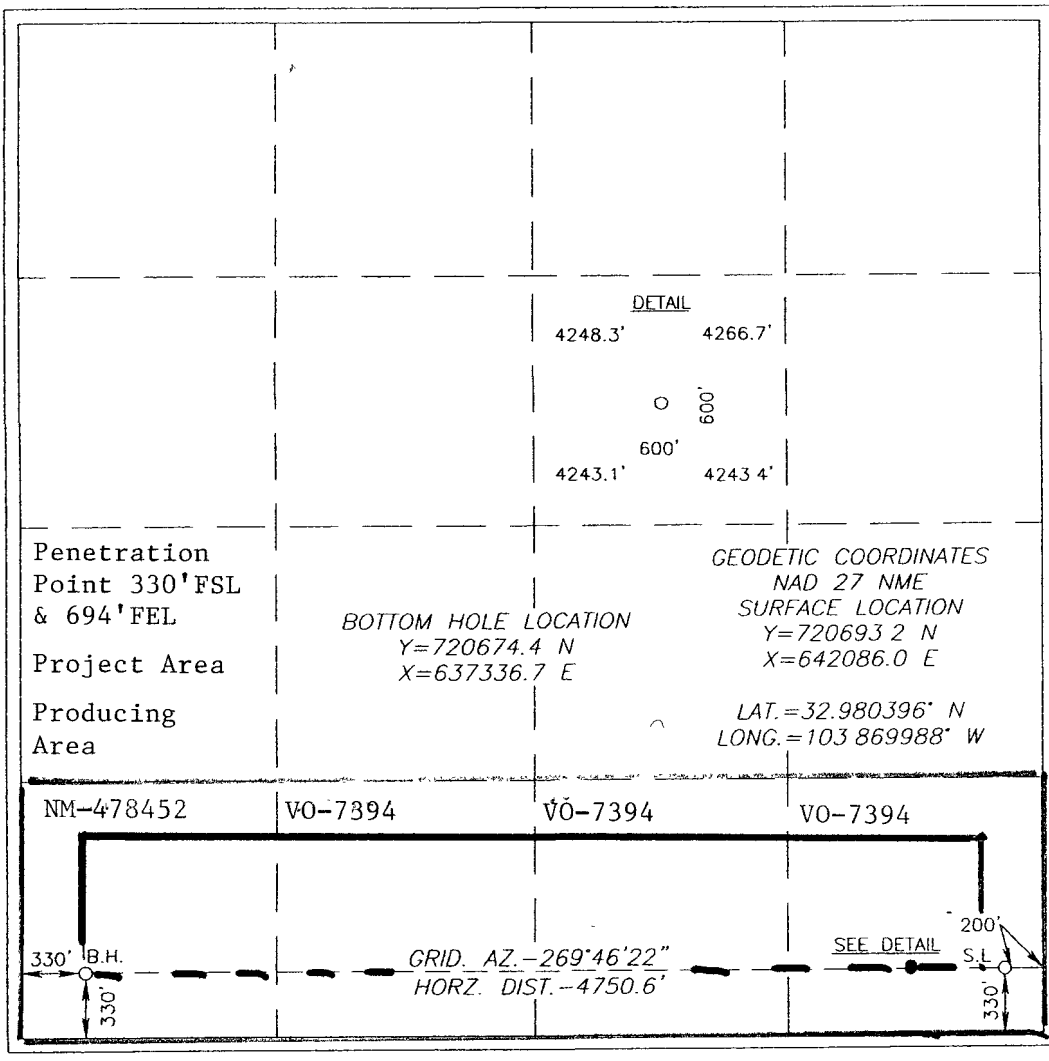
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	15-S	30-E		330	SOUTH	200	EAST	CHAVES

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
M	25	15-S	30-E		330	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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 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.

Signature — 4/8/09 Date

Cy Cowan
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.

MAY 9, 2008
Date Surveyed — LA

Signature & Seal of Professional Surveyor

Ronald J. Eidson 5/20/08

08.11.0668

Certificate No. GARY EIDSON 12641

YATES PETROLEUM CORPORATION
Mongoose BLM Federal Com. #1H
330' FSL and 200' FEL, Section 25-T15S-R30E (Surface Hole Location)
330' FSL and 330' FWL, Section 25-T15S-R30E (Bottom Hole Location)
Chaves County, New Mexico

1. **The estimated tops of geologic markers are as follows:**

Yates	2123'	Glorieta	5176'
Seven Rivers	2278'	Tubb	6371'
Queen	2916' Oil/Gas	ABO	7400' Oil/Gas
Grayburg	3331' Oil	Wolfcamp	8565' Oil
San Andres	3616' Oil	TVD	8650'
		TMD	13055'

2. **The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:**

Water: 160'
Oil or Gas: Queen, Grayburg, San Andres, ABO, and Wolfcamp

3. **Pressure Control Equipment:** BOPE will be installed on the 9 5/8" casing and rated for 3000 psi BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. **THE PROPOSED CASING AND CEMENTING PROGRAM:**

A. Casing Program: (**All New**)

Pilot Hole Casing Program:

Hole Size	Casing Size	Wt./Ft	Grade	Thread	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-400'	400'
12 1/4"	9 5/8"	40#	J-55	ST&C	0-100'	100'
12 1/4"	9 5/8"	36#	J-55	ST&C	100-3300'	3200'
12 1/4"	9 5/8"	40#	J-55	ST&C	3300-3700'	400'
8 3/4"	7"	26#	HCP-110	LT&C	0-8650'	8650'
Horizontal Lateral Casing Program:						TVD 8650'
6 1/8"	4 1/2"	11.6#	HCP-110	Buttress Thread	7500-8800'	1300'
6 1/8"	4 1/2"	11.6#	HCP-110	LT&C	8800-13055'	4255'
						MD 13055'

Pilot hole will be drilled to 8650' where 7" casing will be set and cemented.. A whipstock will then be set at approx. 8030' and a window milled in the 7" casing where well will be kicked off at 12 degrees per 100' with a 6 1/8" hole to 13055' MD with a TVD of 8357 where a 4 ½" Peak Completion Liner Assembly will be set and will not be cemented. The penetration point of producing formation will be encountered at 330' FSL & 694' FEL, Section 36, T15S-R30E. Deepest TVD of the well will be in the pilot hole @ 8650'. The deepest TVD in the lateral will be 8507'.

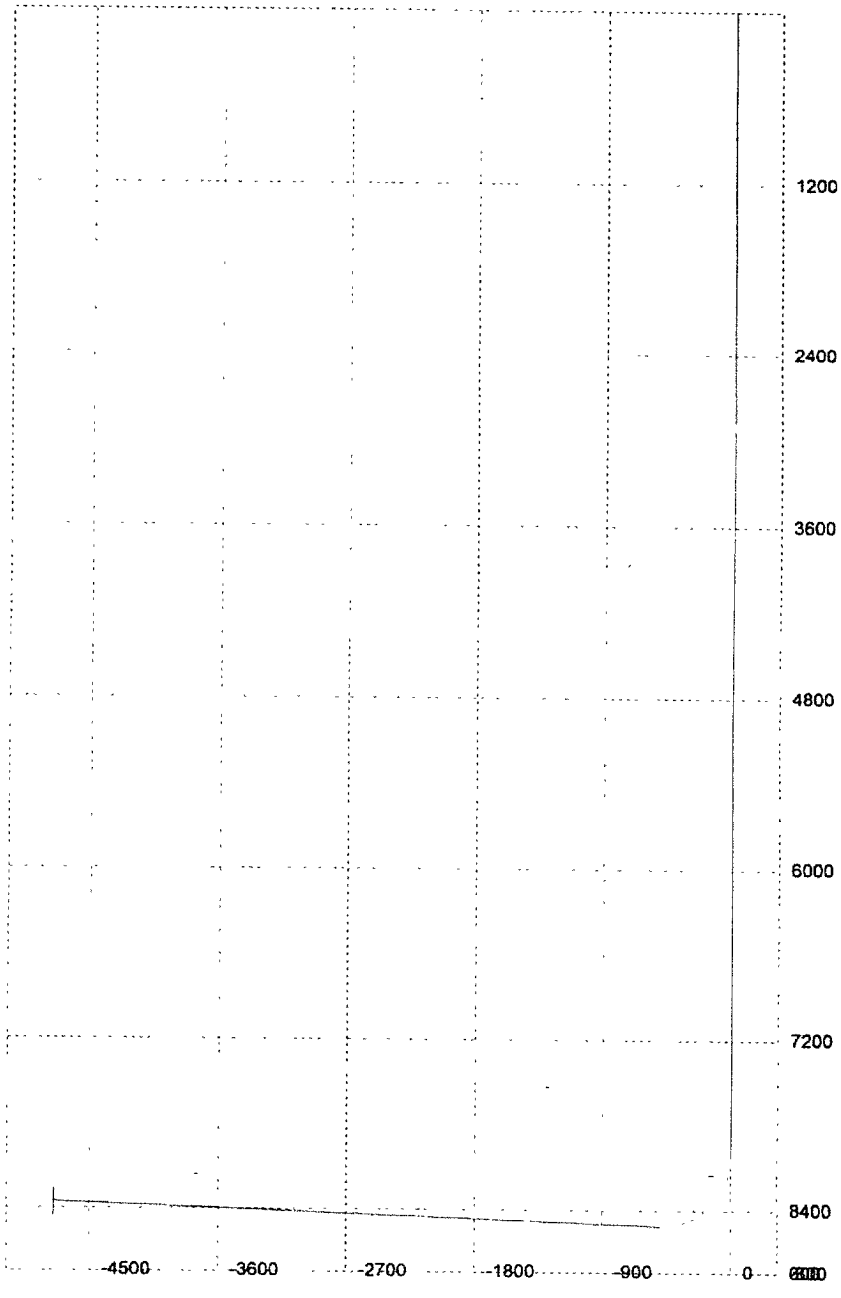
Minimum Casing Design Factors: Burst 1.0, Tensile Strength 1.8, Collapse 1.12

M.D.	Inclination	Azimuth	T.V.D.	N+/S-	E+/W-	D.L.S.	ToolFace	T.F. Ref [HS/GN]	
0	0	0	0	0	0	0			
2123	0	0	2123	0	0	0			YATES
2278	0	0	2278	0	0	0			SEVEN RIVERS
2916	0	0	2916	0	0	0			QUEEN
3331	0	0	3331	0	0	0			GRAYBURG
3616	0	0	3616	0	0	0			SAN ANDRES
5176	0	0	5176	0	0	0			GLORIETA
6371	0	0	6371	0	0	0			TUBB
7400	0	0	7400	0	0	0			ABO
8030	0	0	8030	0	0	12	270	GN	KOP
8050	2.4	270	8049.99	0	-0.42	12	0	HS	
8075	5.4	270	8074.93	0	-2.12	12	0	HS	
8100	8.4	270	8099.75	0	-5.12	12	0	HS	
8125	11 4	270	8124.38	0	-9.42	12	0	HS	
8150	14 4	270	8148.74	0	-15	12	0	HS	
8175	17.4	270	8172.78	0	-21.85	12	0	HS	
8200	20.4	270	8196.43	0	-29.95	12	0	HS	
8225	23.4	270	8219.62	0	-39.27	12	0	HS	
8250	26.4	270	8242.3	0	-49.79	12	0	HS	
8275	29.4	270	8264.39	0	-61.49	12	0	HS	
8300	32.4	270	8285.84	0	-74.33	12	0	HS	
8325	35 4	270	8306.59	0	-88.27	12	0	HS	
8350	38 4	270	8326.58	0	-103.28	12	0	HS	
8375	41.4	270	8345.75	0	-119.31	12	0	HS	
8400	44.4	270	8364.06	0	-136.33	12	0	HS	
8425	47.4	270	8381.46	0	-154.28	12	0	HS	
8450	50.4	270	8397.89	0	-173.12	12	0	HS	
8475	53.4	270	8413 32	0	-192.79	12	0	HS	
8500	56 4	270	8427 69	0	-213.24	12	0	HS	
8525	59.4	270	8440.97	0	-234.42	12	0	HS	
8550	62 4	270	8453 13	0	-256.26	12	0	HS	
8575	65.4	270	8464.13	0	-278 71	12	0	HS	
8600	68 4	270	8473.94	0	-301.7	12	0	HS	
8625	71 4	270	8482.53	0	-325.17	12	0	HS	
8650	74.4	270	8489.88	0	-349 07	12	0	HS	
8675	77 4	270	8495.97	0	-373.31	12	0	HS	
8700	80 4	270	8500.78	0	-397.84	12	0	HS	
8725	83 4	270	8504.3	0	-422.59	12	0	HS	
8750	86.4	270	8506.52	0	-447.48	12	0	HS	
8775	89.4	270	8507.44	0	-472.46	12	0	HS	
8796.84	92.02	270	8507.17	0	-494.3	0			Producing zone
13055.19	92.02	270	8357	0	-4750	0			Lateral TD

Pilot hole will be drilled to 8650' where 7" casing will be set and cemented A whipstock will then be set at approx 8030' and a window milled in the 7" casing where well will be kicked off at 12 degrees per 100' to 13,055' MD with a TVD of 8,357' where 4 1/2" Peak Completion Liner Assembly will be set and will NOT be cemented Penetration point of producing formation encountered at 330' FSL and 694' FEL, 36-15S-30E. Deepest TVD of the well will be in the pilot hole @ 8,650'. Deepest TVD in the lateral will be 8507'.

3D³ Directional Drilling Planner - 3D View

Company: **Yates Petroleum Corporation**
Well: **Mongoose BLM Federal Com. #1H**



3D³ Directional Drilling Planner - 3D View

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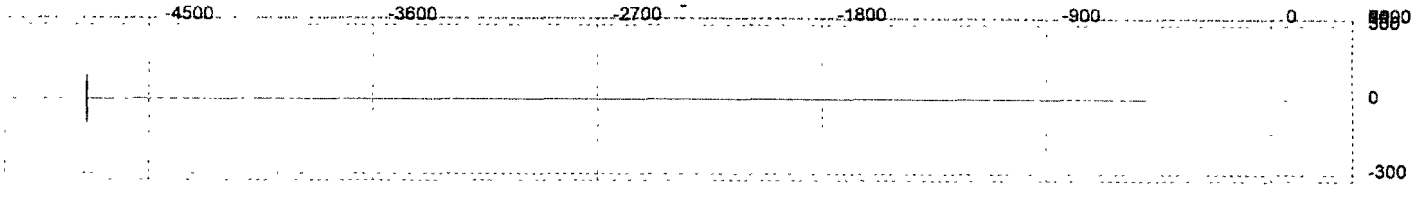


B. CEMENTING PROGRAM:

Surface Casing:	425 sacks "C" + 2% CaCL2 (WT 14.80 YLD 1.34). Cement to surface.
Intermediate Casing:	975 sacks C Lite (Wt 12.50 YLD 2.04). Tail in with 200 sacks "C" +2% CaCL2 (WT 14.80 YLD 1.33) Cement to surface.
Intermediate Casing 2:	Lead with 950 sack 50:50:10C (WT 11.60 YLD 2.43). Tail in with 200 sacks PecosVILt (WT 13.00 YLD 1.40). Cement to surface.
Production Casing:	Lateral. No cement. YPC will use a peak completion assembly.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
Spud-400'	Fresh Water Gel	8.6-9.0	32-34	N/C
400'-3700'	Brine Water	10.-10.2	28-28	N/C
3700'-7350'	Cut Brine	8.7-9.2	28-28	N/C
7350'-8650'	Cut Brine	8.7-9.2	28-28	<10cc
*8030'-13055'	Cut Brine/2-3%KCL *(Lateral Section)	8.7-9.2	28-28	<10-10cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' from intermediate casing to TD.
Logging: Platform Express CNL/LDT/NGT TD to Intermediate Casing, CNL/GR TD to Surface, DLL-MSFL TD to Surface Casing, BHC-Sonic TD to Surface Casing. Horizontal Lateral: MWD-GR.
Coring: None anticipated.
DST's: None anticipated.
Mudlogging: Yes

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE AND POTENTAL HAZARDS:

Anticipated BHP: Depths are TVD

From:	0	TO	400'	TVD	Anticipated Max. BHP:	190	PSI
From:	400'	TO	3700'	TVD	Anticipated Max. BHP:	1960	PSI
From:	4050'	TO	8650'	TVD	Anticipated Max. BHP.	4140	PSI

Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None
H2S Zones Anticipated: None
Maximum Bottom Hole Temperature: 120° F

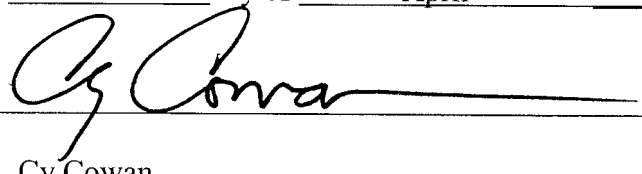
8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 30 days.

CERTIFICATION
YATES PETROLEUM CORPORATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; and an someone under employment of Yates Petroleum Corporation has full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 14th day of April 20 09

Signature 

Name Cy Cowan

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

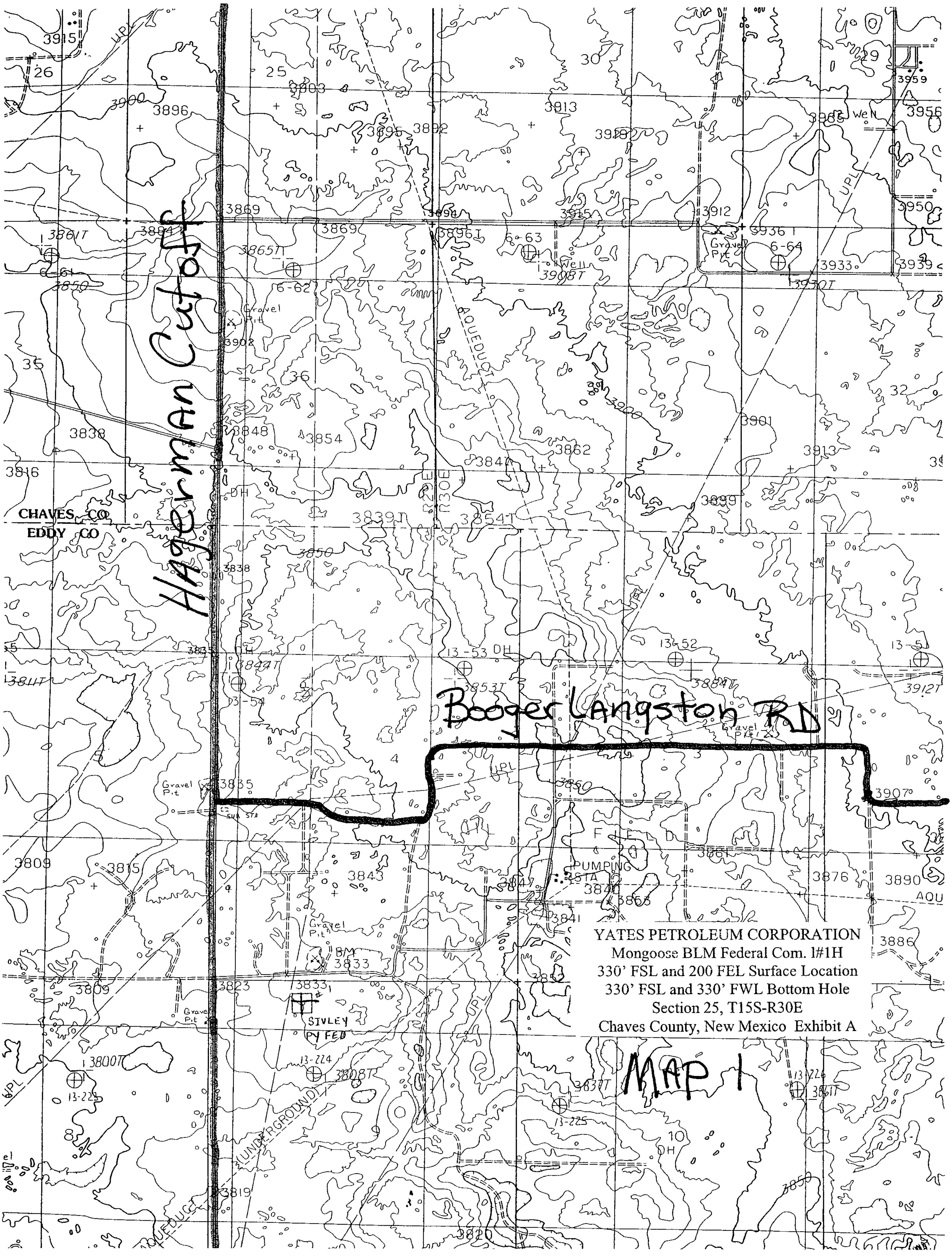
Telephone (505) 748-4372

Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

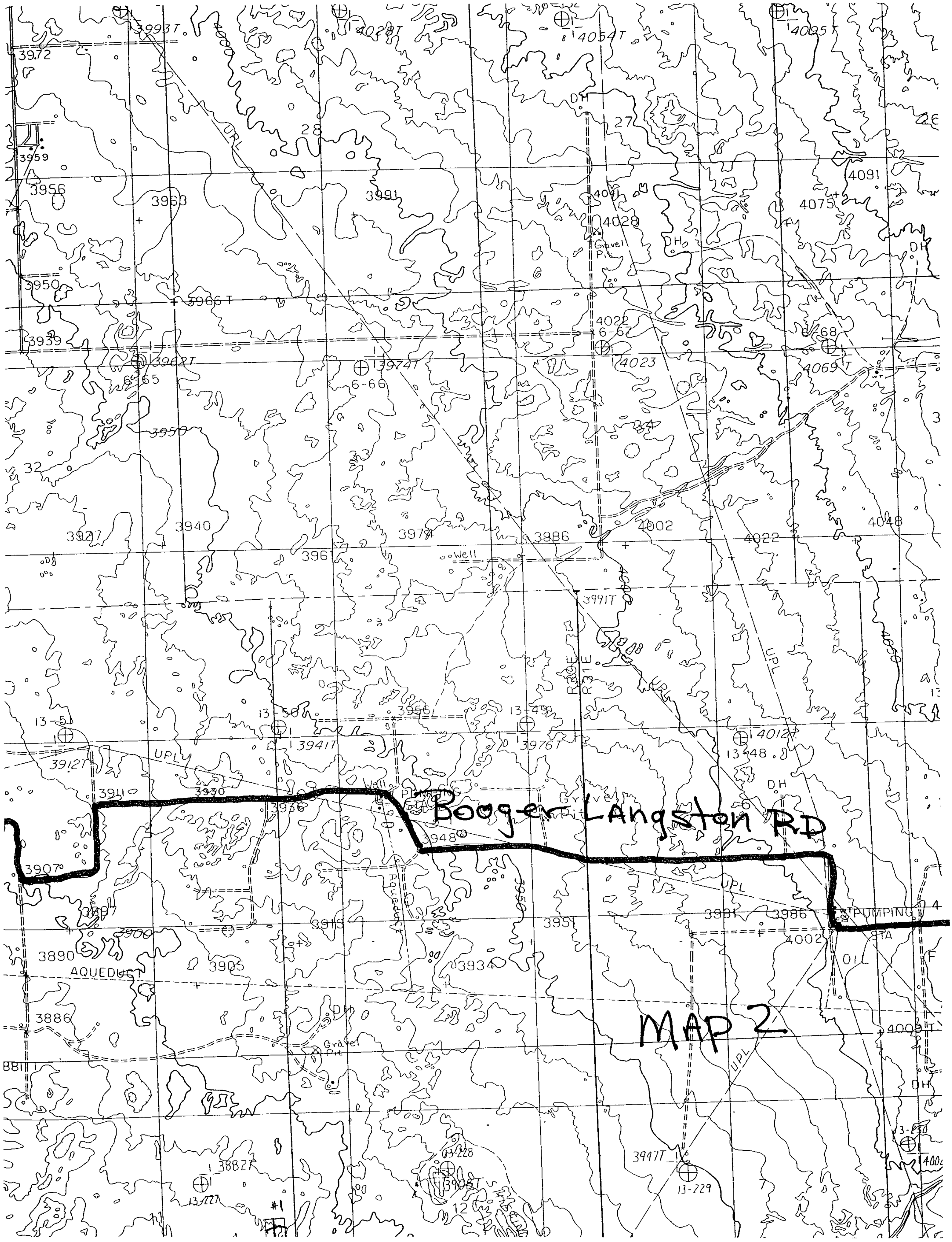
Address (if different from above) Same as above.

Telephone (if different from above) (505) 748-4221

E-mail (optional) cy@yatespetroleum.com.



YATES PETROLEUM CORPORATION
Mongoose BLM Federal Com. 1#1H
330' FSL and 200 FEL Surface Location
330' FSL and 330' FWL Bottom Hole
Section 25, T15S-R30E
Chaves County, New Mexico Exhibit A


Booger Langston RD
MAP 2
PUMPING
STA
OIL
AQUEDUCT
Aqueduct
Gravel Pit
Well
UPL
DH
RANGE R31E
28
27
33
34
3993T
4028T
4054T
4095T
3972
3959
3956
3963
3991
4041
4028
4091
4075
3950
3966T
3939
3962T
6-65
3974T
6-66
4022
6-67
4023
6-68
4069
3950
3927
3940
3974
3961
3886
4002
4022
4048
3991T
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3912T
13-50
3941T
3956
13-49
3976T
4012T
13-48
3911
3930
3936
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3913
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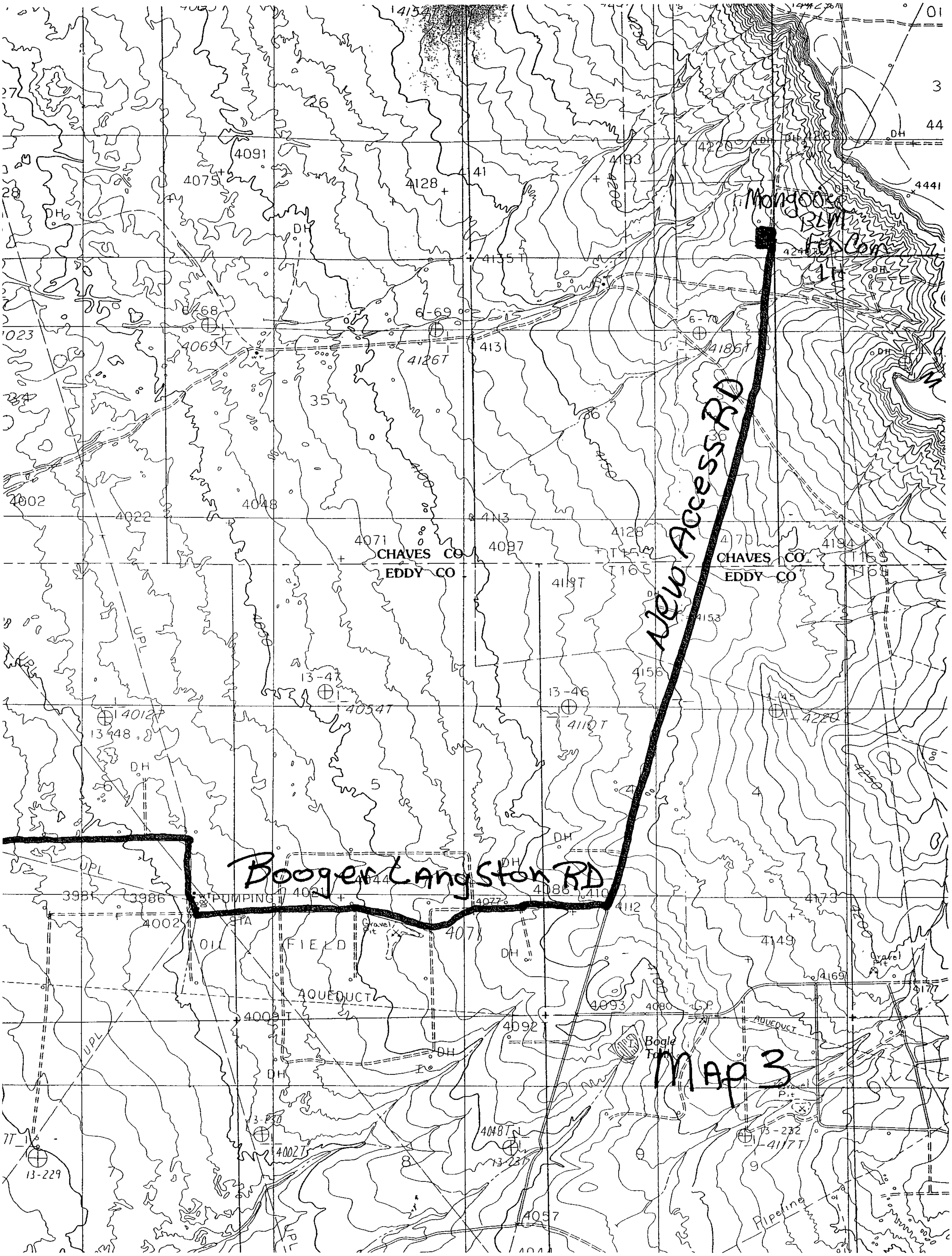
3908T
3947T
13-229
13-230

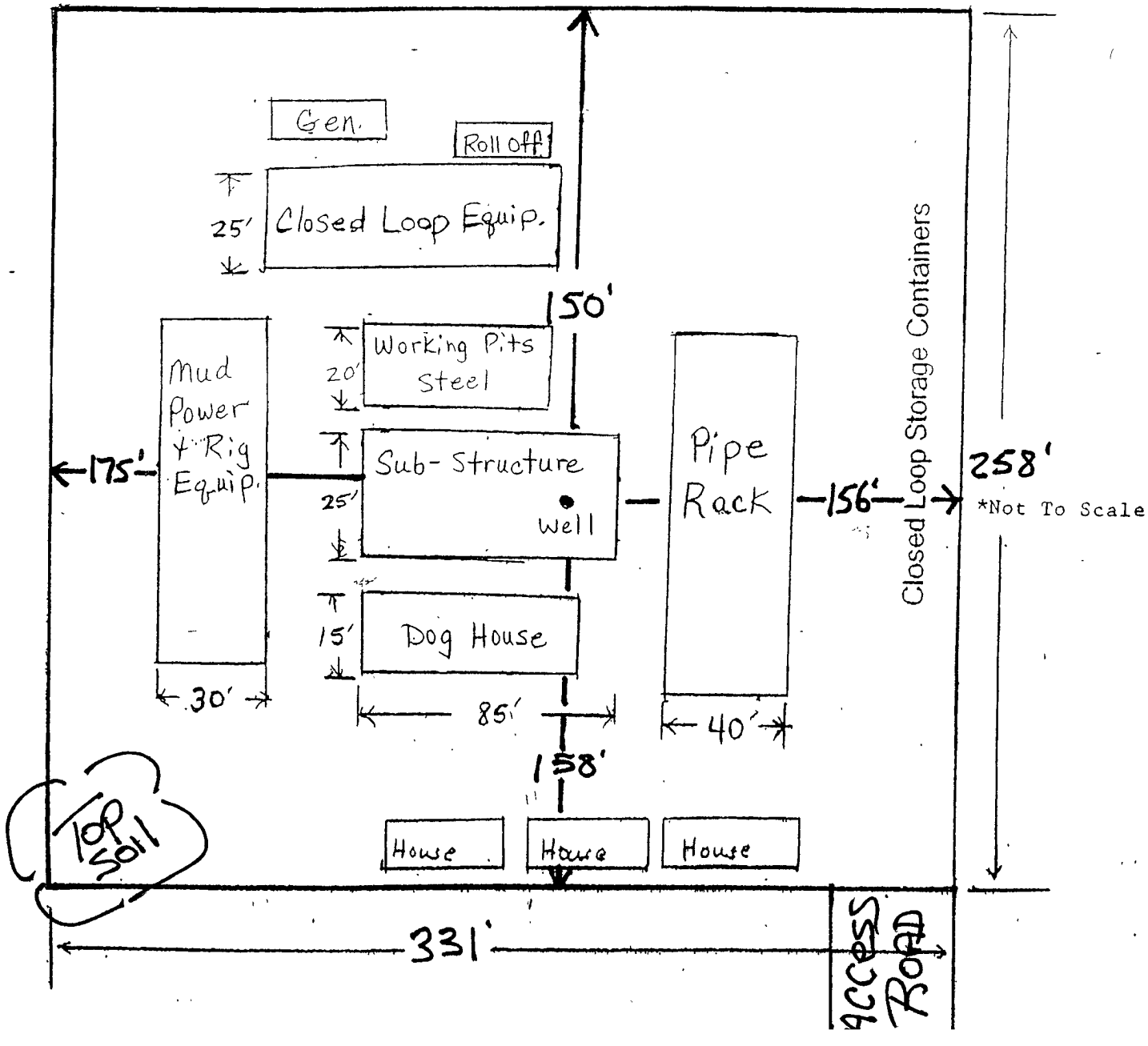

Mongoose BLM Fed Com 1H
New Access RD
Booger Langston RD
Map 3
CHAVES CO
EDDY CO
T16S
PUMPING STA
OIL FIELD
AQUEDUCT
UPL
Bogle Tank
Gravel Pit
Pipeline

Yates Petroleum Corporation

Location Layout for Permian Basin

Closed Loop Design Plan

YATES PETROLEUM CORPORATION
Mongoose BLM Federal Com. l#1H
330' FSL and 200 FEL Surface Location
330' FSL and 330' FWL Bottom Hole
Section 25, T15S-R30E
Chaves County, New Mexico Exhibit B

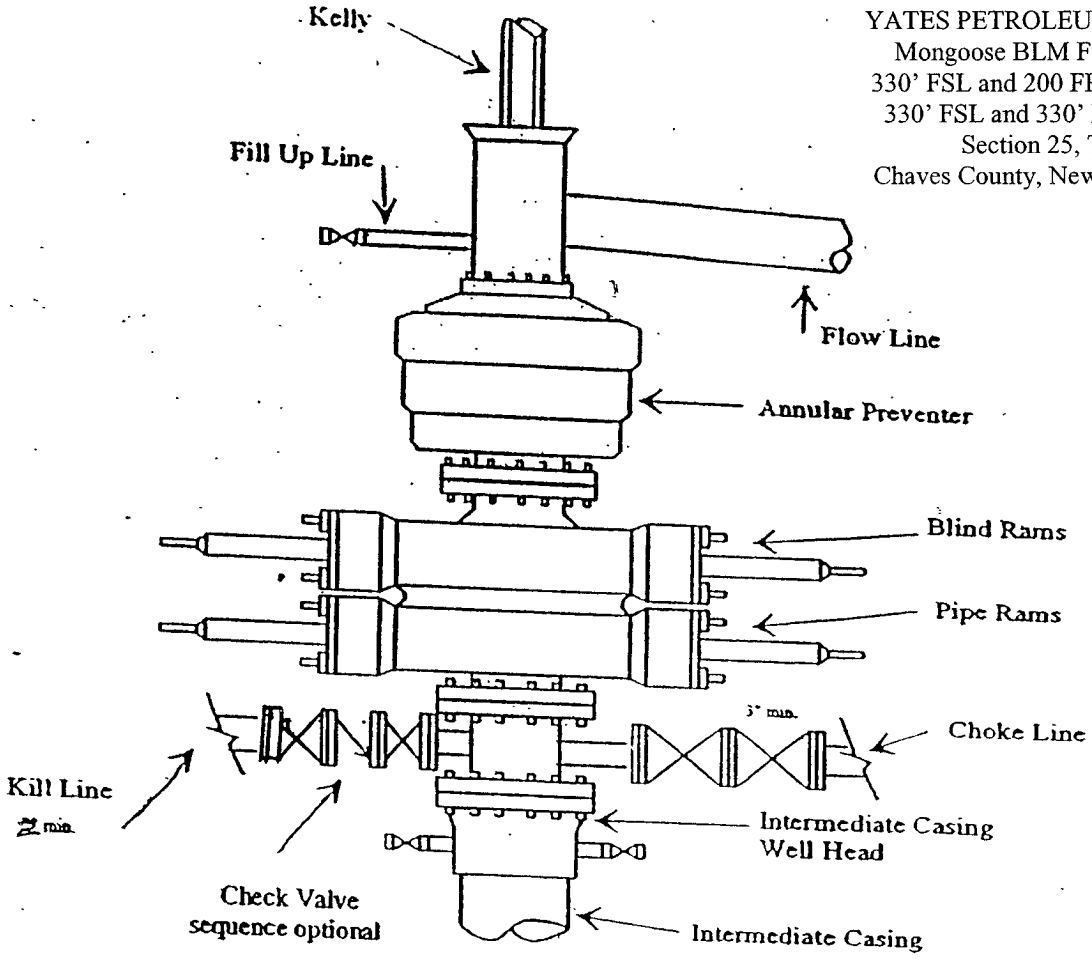


Yates Petroleum Corporation

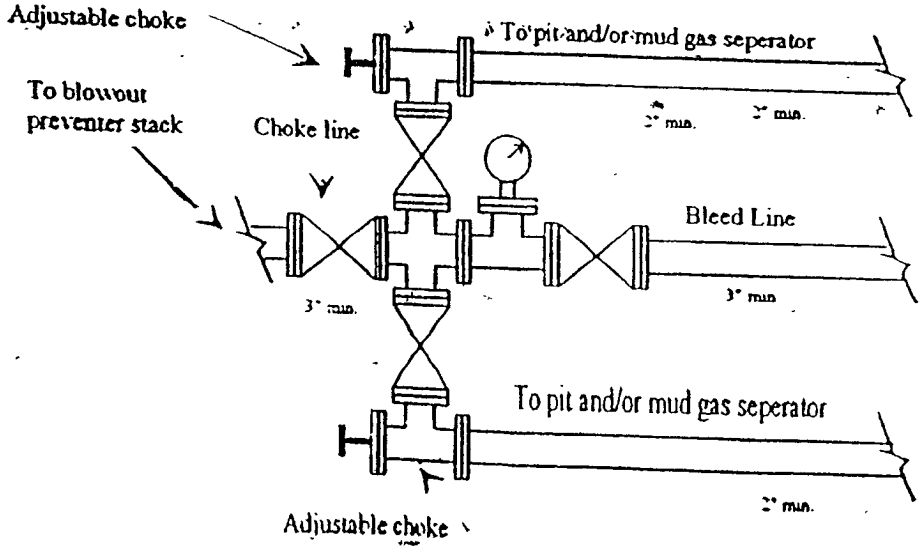
BOP-3

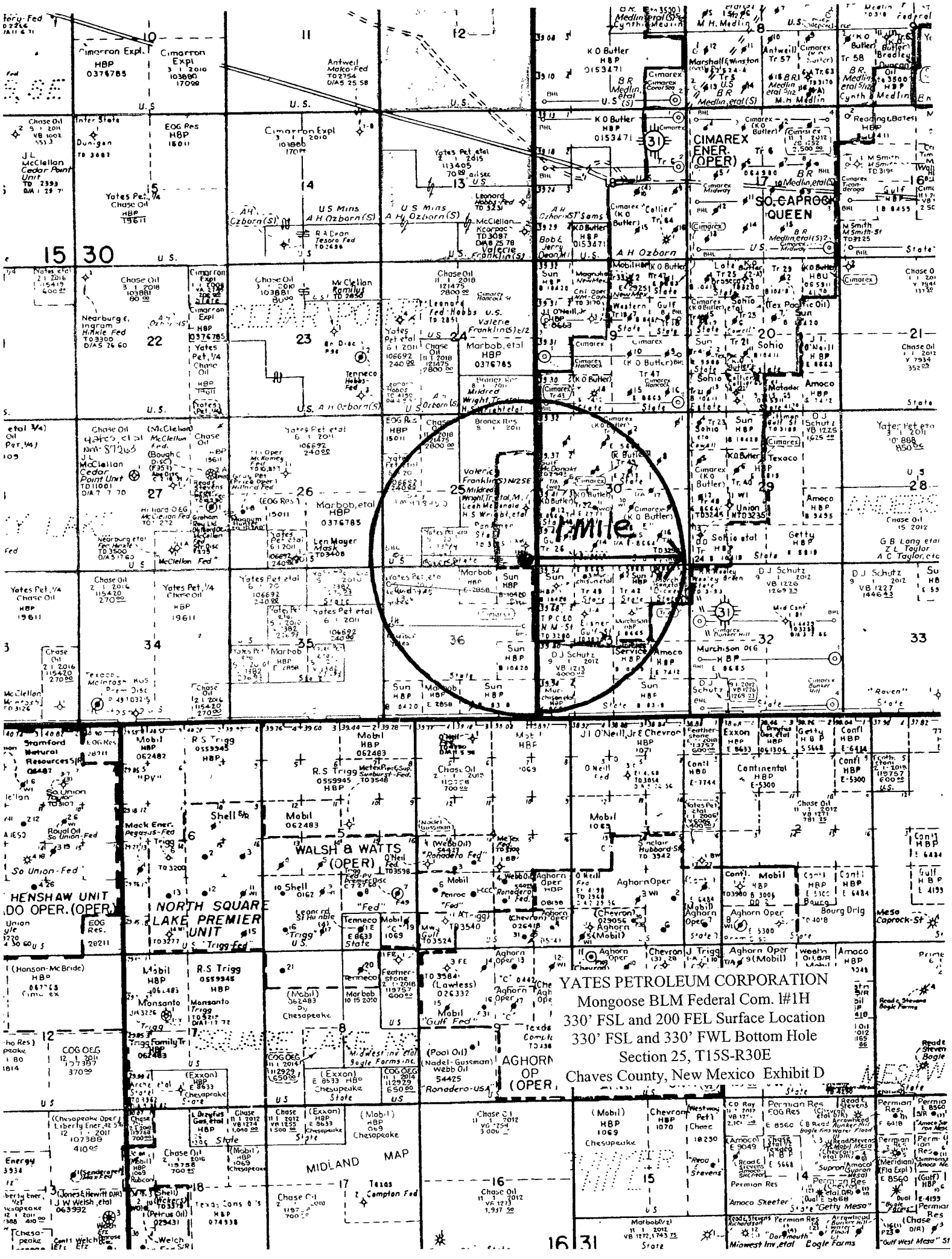
Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

YATES PETROLEUM CORPORATION
Mongoose BLM Federal Com. 1#1H
330' FSL and 200 FEL Surface Location
330' FSL and 330' FWL Bottom Hole
Section 25, T15S-R30E
Chaves County, New Mexico Exhibit C



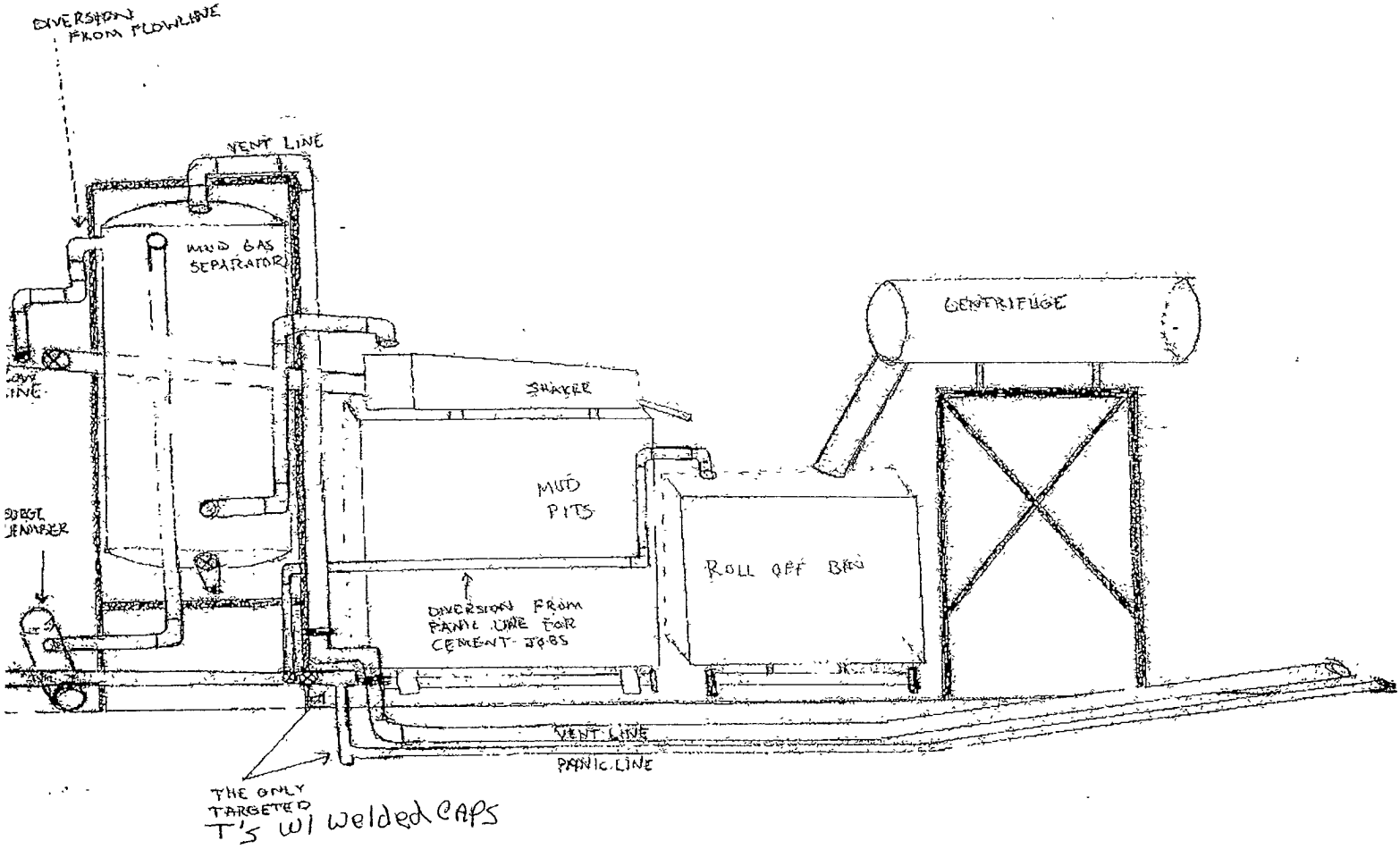
Typical 3,000 psi choke manifold assembly with at least these minimun features




1 Mile
YATES PETROLEUM CORPORATION
Mongoose BLM Federal Com. 1#1H
330' FSL and 200 FEL Surface Location
330' FSL and 330' FWL Bottom Hole
Section 25, T15S-R30E
Chaves County, New Mexico Exhibit D

YATES PETROLEUM CORPORATION
Piping from Choke Manifold
to the Closed-Loop Drilling Mud System

YATES PETROLEUM CORPORATION
Mongoose BLM Federal Com. 1#1H
330' FSL and 200 FEL Surface Location
330' FSL and 330' FWL Bottom Hole
Section 25, T15S-R30E
Chaves County, New Mexico Exhibit E



RECEIVED
JUN 23 2009
HOBBSOCD

EXHIBIT A

PECOS DISTRICT - RFO
CONDITIONS OF APPROVAL

June/2009

OPERATORS NAME: Yates Petroleum Corporation
LEASE NO.: NM-0478452
WELL NAME & NO: Mongoose Federal #1H
SURFACE HOLE FOOTAGE: 330' FSL & 200' FEL
BOTTOM HOLE FOOTAGE: 330' FSL & 330' FWL
LOCATION: Section 25, T. 15 S., R. 30 E., NMPM
COUNTY: Chaves County, New Mexico

GENERAL PROVISIONS

The approval of the Application for Permit to Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, Onshore Oil and Gas Orders, Instruction Memorandum No. 2009-078, Endangered Species Act, National Historical Preservation Act as Amended, and instructions and orders of the Authorized Officer.

I. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

II. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

1. Call the Roswell Field Office, 2909 West Second St., Roswell, NM 88201. During office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749.

2. The BLM is to be notified a minimum of 24 hours in advance for a representative to witness:

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

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

BOPE Tests

3. 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.

4. Include the API Number assigned to well by NMOCD on the subsequent report of setting the first casing string.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

6. The operator will accurately measure the drilling rate in ft/min to set the base of the usable water protection casing string(s) opposite competent rock. The record of the drilling rate along with the caliper-gamma ray-neutron well log run to surface will be submitted to this office as well as all other logs run on the borehole 30 days from completion

7. Air, air-mist or fresh water and non toxic drilling mud shall be used to drill to the base of the usable water protection casing string(s). Any polymers used will be water based and non-toxic.

B. CASING

1. The 13-3/8 inch usable water protection casing string(s) shall be set at approximately 400 ft. opposite competent bedrock.

If not the operator is required to set usable water protecting casing in the next thick competent bedding (i.e. 15 to 25 ft or greater) encountered and cemented to the surface.

a. If cement does not circulate to the surface, the Roswell Field 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 or 500 pounds compression 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 compression 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 **sufficient to circulate to the surface.** If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the 7 inch production casing is **sufficient to tie back 200 feet into the 9-5/8 inch intermediate casing set at approximately 3700 feet**. If cement does not circulate, 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.

4. There is no required fill of cement behind the **4-1/2** inch production casing since a Peak Systems Iso-Pak liner will be used for lateral and will not require cementing.

5. 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.

6. All casing shall be new or reconditioned and tested casing and meet API standards for new casing. The use of reconditioned and tested casing shall be subject to approval by the authorized officer. Approval will be contingent upon the wall thickness of any casing being verified to be at least 87-1/2 per cent of the nominal wall thickness of new casing.

C. PRESSURE CONTROL

1. Before drilling below the **13-3/8** inch surface casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the **9-5/8** inch intermediate casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the **13-3/8** inch surface casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi. Before drilling below the **9-5/8** inch intermediate casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **3000** psi.

3. The BOPE shall be installed before drilling below the **13-3/8** inch surface casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

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

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

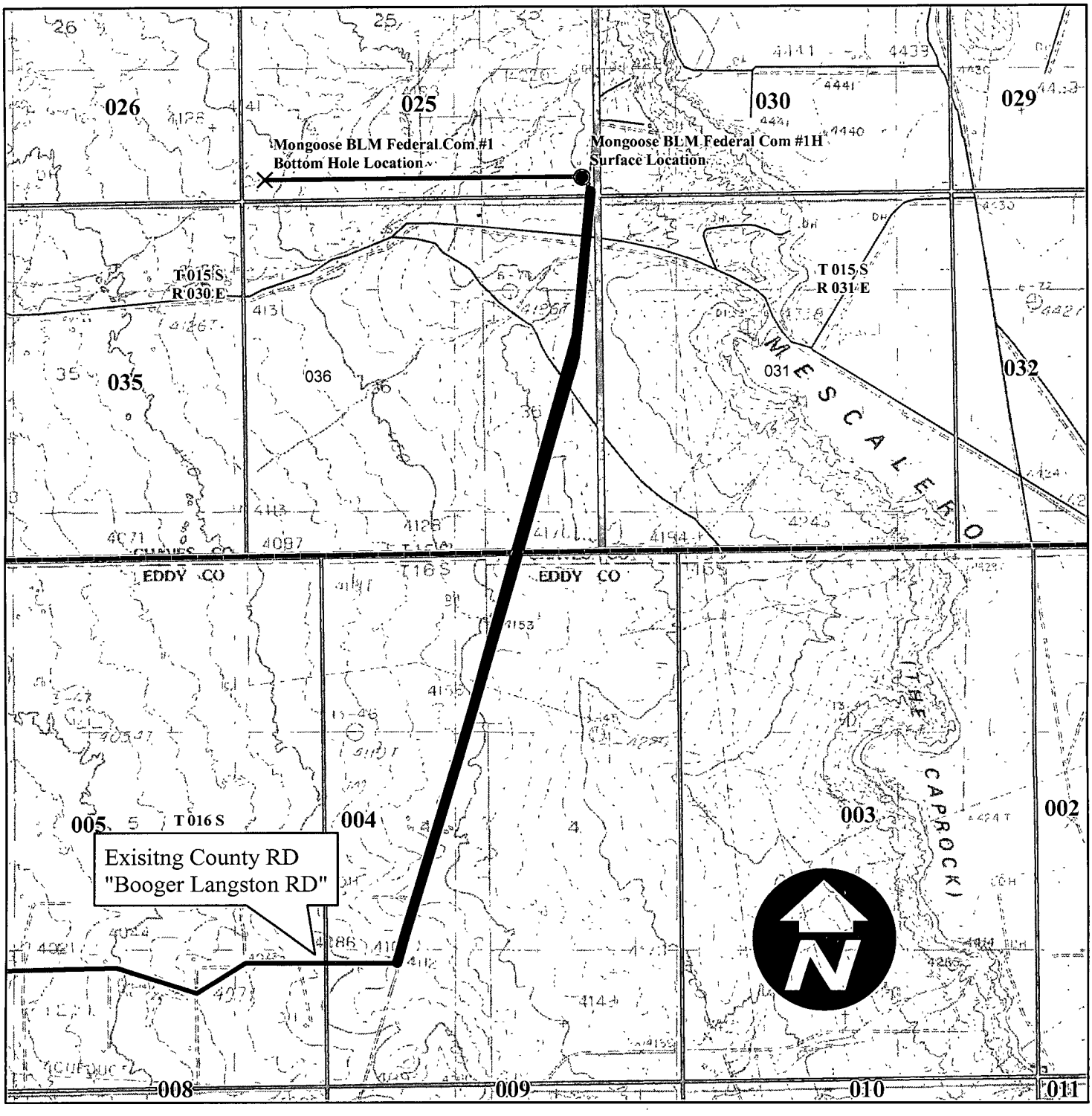
c. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

d. 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 BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.

e. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

f. Testing must be done in a safe workman like manner. Hard line connections shall be required.

EXHIBIT B
Mongoose Fed. Com. #1H
NM-0478452
Surface Location: 330' FSL & 200' FEL
Bottom Hole Location: 330' FSL & 330' FWL
Section 25, T. 15 S., R. 30 E.
Chaves County, New Mexico



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