

10-429

OCD Hobbs

PLEASE EXPEDITE LEASE EXPIRES 06/01/2010

Form 3160-3
(April 2004)

RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
MAY 24 2010
HOBBSOCD

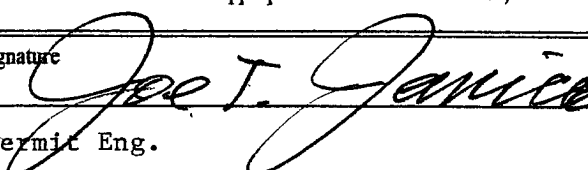
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-104703
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name -----
2. Name of Operator ROBERT E. LANDRETH (432-684-4718)		7. If Unit or CA Agreement, Name and No. -----
3a. Address 110 WEST LOUISIANA SUITE 404 MIDLAND, TEXAS 79701		8. Lease Name and Well No. <38163> CACTUS "21" FEDERAL # 1
3b. Phone No. (include area code) <2582> 432-684-4718		9. API Well No. 30-025-39756
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 660' FNL & 660' FEL SECTION 21 T25S-R35E LEA CO. At proposed prod. zone SAME Unit A		10. Field and Pool, or Exploratory WILDCAT-DELAWARE
14. Distance in miles and direction from nearest town or post office* Approximately 10 miles West of Jal New Mexico		11. Sec., T. R. M. or Blk. and Survey or Area SECTION 21 T25S-T35E
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 360	12. County or Parish LEA CO.
17. Spacing Unit dedicated to this well 40	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 5500'	20. BLM/BIA Bond No. on file NM-#2925
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3230' GL	22. Approximate date work will start* WHEN APPROVED	23. Estimated duration 15 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Joe T. Janica	Date 04/15/10
Title Permit Eng.		
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed) /s/ Don Peterson	Date MAY 20 2010
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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 conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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)

CARLSBAD CONTROLLED WATER BASIN

SEE ATTACHED FOR
CONDITIONS OF APPROVALWitness Surface &
Intermediate CasingApproval Subject to General Requirements
& Special Stipulations Attached

RECEIVED**DISTRICT I**

1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

MAY 24 2010

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

HOBBS OIL**CONSERVATION DIVISION**

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT☐ AMENDED REPORT

API Number 30-025-39756		Pool Code 94033	Pool Name WILDCAT-DELAWARE
Property Code 38163	Property Name CACTUS 21 FEDERAL		Well Number 1
OGRID No. 25827	Operator Name ROBERT E. LANDRETH		Elevation 3230'

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	21	25-S	35-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 40	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>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=409154.5 N X=799608.0 E</p> <p>LAT.=32.121183° N LONG.=103.365584° W</p>	<p>SEE DETAIL</p> <p>NM-104703</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Joe T. Janica</i> Signature Date Joe T. Janica 04/09/10 Printed Name</p>
	<p>DETAIL</p> <p>3223.6' 3232.8' 600' 3224.1' 3224.3'</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><i>MARY G. EIDSON</i> Date Surveyed Signature & Seal Professional Surveyor MARY G. EIDSON 4/1/10 10.1110434 Certificate No. GARY EIDSON 12841</p>

OPERATOR: Please do not report production under this pool code until you have checked with the OCD District I Geologist Paul Kautz, and he confirms where your perfs are producing from and gives you the correct pool code.

EXHIBIT "A"

APPLICATION TO DRILL

ROBERT E. LANDRETH
CACTUS "21" FEDERAL #1
UNIT "A" SECTION 21
T25S-R35E LEA CO. NM

In response to questions asked under Section II of Bulletin NTL-6, the following information on the above well will be provided.

1. LOCATION: 660' FNL & 660' FEL SECTION 21 T25S-R35E LEA CO. NM
2. ELEVATION ABOVE SEA LEVEL: 3230' GL
3. GEOLOGICAL NAME OF SURFACE FORMATION: Quaternary Aeolian Deposits;
4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using drilling mud as a circulating medium for the removal of solids from hole.

5. PROPOSED DRILLING DEPTH: 5500'

6. ESTIMATED TOPS OF GEOLOGICAL FORMATIONS:

Rustler Anhydrite	774'
Salt	914'
Delaware Lime	5244'
Delaware Ramsey Sand	5300'

7. POSSIBLE MINERAL BEARING FORMATIONS:

Delaware Ramsey Sand	Oil
----------------------	-----

8. CASING PROGRAM:

HOLE SIZE	INTERVAL	CASING OD	WEIGHT	THREAD	COLLAR	GRADE	CONDITION
26"	0-40	20"	NA	NA	NA	Conductor	New
17½"	0-850'	13 3/8"	48#	8-R	ST&C	H-40	New
12½"	0-3400'	9 5/8"	36#	8-R	ST&C	J-55	New
	3400-5150'	9 5/8"	40#	8-R	ST&C LTC	N-80	New
7 7/8"	0-5500'	5½"	15.5#	8-R	ST&C	J-55	New

per operator 5/19/10 RGH

Safety design factors:

Burst	1.0	Collapse	1.125	Body Yield	1.5	Joint Strength
						8-R 1.8
						Buttress 1.6

9. CASING SETTING DEPTHS AND CEMENTING:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Run and set 850' of 13 3/8" 48# ST&C H-40 casing. Cement with 700 Sx. of Class "C" cement + 4% Gel, +2% CaCl, + 1/2# Flocele/Sx, Yield 1.65, tail in with 250 Sx. Class "C" cement + 2% CaCl, + 0.004 GPS CF-41L, Yield 1.34, circulate cement to surface .
9 5/8"	Intermediate	Run and set 5150' of 9 5/8" casing as follows: 3400' of 9 5/8" 36# J-55 ST&C, 1750' of 9 5/8" 40# N-80 ST&C casing. Cement with 1030 Sx. of 35/65/6 Class "C" POZ cement +5% salt, + 5# Kolseal/Sx., +0.004GPS CF-41L, Yield 2.1, tail in with 840 Sx. of 50/50 Class "C" POZ cement + 0.2% C-12, + 10% Salt, + 2% Gyp, + 3#Kolseal/Sx., + 0.004GPS CF-41L, Yield 1.31, circulate cement to surface.
See - 5 1/2" COA	Production	Run and set 5500' of 5 1/2" 15.5# J-55 ST&C casing. Cement with 200 Sx. of 50/50/2 Class "C" POZ cement + 0.2% C-12, + 10% Salt, + 2% Gyp, + 3# Kolseal/Sx., + 0.004GPS CF-41L, Yield 1.31 estimate top os cement 4500' from surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 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 nipple'd up on the 13 3/8" casing, tested to API specifications. The B.O.P. will be operated at least once in each 24Hr period, and the blind rams will be worked when the drill pipe is out of the hole on trips. Full opening stabbing valve and upper kelly cock will be available at all times on the derrick floor. Exhibit "E-1" shows a hydraulically operated closing unit, and a 5000 PSI working pressure choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected while drilling of this well.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISCOS	FLUID LOSS	TYPE MUD SYSTEM
40-850'	8.4-9.0	30-34	NC	Fresh water spud mud add paper to control seepage.
850-5150'	10.0- 10.1	28-29	NC	Brine water, add paper to control seepage and high viscosity sweeps to clean Hole
5150-5500'	8.3-8.4	28-29	NC	Fresh water if water loss control is needed use starch. Use high viscosity sweeps to clean hole

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

APPLICATION TO DRILL

ROBERT E. LANDRETH
CACTUS "21" FEDERAL #1
UNIT "A" SECTION 21
T25S-R35E LEA CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- See — A. Electric logs: Gamma Ray Neutron from TD back to surface. Sonic log from TD
COA To the 13 3/8" casing shoe. Dual Laterolog Density from TD Minimum Run.
- B. No cores are planned at this time.
- C. Possible DST if shows occur in the Delaware.
- D. No mud logger planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S 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 2360 PSI, and Estimated BHT 110°.

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 10 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 DELAWARE formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as an oil well.