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Form 3160-3
(August 2007)

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.: NMNM118728

6. If Indian, Allotee or Tribe Name:

7. If Unit or CA Agreement, Name and No.:

1a. Type of work: ☑ DRILL ☐ REENTER

8. Lease Name and Well No.: <38506> PRAIRIE CHICKEN FEDERAL 1

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator: BURLESON PETROLEUM, INC. <13300>

9. API Well No.: 30-025-40071

3a. Address: P.O. BOX 2479

3b. Phone No. *(include area code)*: 432-683-4747

10. Field and Pool, or Exploratory: DK ABO / 15200

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface: 1980 FNL AND 1980 FWL
At proposed prod. zone:

Split Estate

11. Sec., T. R. M. or Blk. and Survey or Area: SECTION 19 T20-S R39-E, UNIT F

14. Distance in miles and direction from nearest town or post office*: 14 MILES NORTHEAST OF EUNICE, NEW MEXICO

12. County or Parish: LEA

13. State: NM

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: 120

17. Spacing Unit dedicated to this well: ~~40~~ 80 per plat page. CR

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: 1320'

19. Proposed Depth: 7600'

20. BLM/BIA Bond No. on file: 908052 NM0107

21. Elevations (Show whether DF, KDB, RT, GL, etc.): 2613 GL

22. Approximate date work will start*: 01/01/2011

23. Estimated duration: 14 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 an 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: [signature] Name *(Printed/Typed)*: STEVEN L. BURLESON Date: 11/15/2010

Title: PRESIDENT

Approved by *(Signature)*: /s/ James Stovall Name *(Printed/Typed)*: Date: FEB 18 2011

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.

(Continued on page 2)

*(Instructions on page 2)

Lea County Controlled Water Basin

KZ 03/09/11

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECEIVED

FEB 23 2011

HOBBSOCD

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

Form C-102
Revised October 15,2009
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-025-40071	15200	D-K ABO

4 Property Code	5 Property Name	6 Well Number
38506	Prairie Chicken	1

7 OGRID No.	8 Operator Name	9 Elevation
13300	Burleson Petroleum, Inc.	2613'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	19	20-S	39-E		1980	North	1980	West	Lea

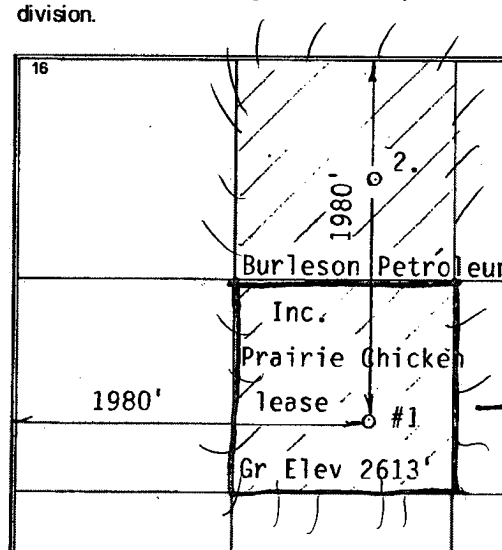
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
80			

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.

16



17 OPERATOR CERTIFICATION

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature 11/15/10 Date

Steven Burleson
Printed Name

18 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.

April 13, 2010
Date of Survey

Signature and Seal of Professional Surveyor:

Max A. Schumann, Jr.
1510
Certificate Number

Job No. 72,096-A

Drilling Program

Attached to Form 3160-3
Burleson Petroleum, Inc.
Prairie Chicken Federal #1
1980' FNL and 1980' FWL
Section 19, T20S, R39E, UNIT F
Lea Co., New Mexico

1. Geologic Name of Surface Formation:

   Quaternary

2. Estimated Tops of Important Geologic Markers:

Top of Salt	1560'
Base of Salt	2775'
Yates	2930'
7 Rivers	3140'
Abo	7150'

Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	300'	Fresh Water
Yates	2930'	Gas
7 Rivers	3140'	Gas
San Andres	4150'	Gas
Blinebery	5600'	Gas
Drinkard	6400'	Gas
Abo	7150'	Oil and Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 8-5/8" casing at 1630', circulating cement back to surface. 5-1/2" production casing will be set at TD with cement circulated to the surface.

3. Casing Program:

Hole Size	Interval	OD Csg.	Weight, Grade, Jt, Cond, Type
12-1/4"	0-1630	8-5/8"	24# J,-55, 8rd ST&C
7-7/8"	1630-TD	5-1/2"	17#, N80, 8rd LT&C

All casing will be new and will meet the following minimum safety factors:

Tension: 2 Collapse: 1.125 Yield: 1.125 Internal Yield Pressure: 1.0

4. **Cement Program:**

8-5/8" surface casing:	**Cemented to surface w/1400 sx of Premium Plus + 2% CaC12 Yield = 1.75 TOC = surface**
5-1/2" production casing:	**Cemented with 475 Lite Premium Plus 15# salt + ¼#/sx Flocele. 1000 sx 50/50 Poz/Premium Plus 9# salt ¼# Flocele-designed to circulate cement to the surface. Yield = 1.26 2.66 lead TOC=surface**

5. **Minimum Specifications for Pressure Control:** See COAs 2

3M Required (Min)

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram preventer (2000 psi WP). Unit will be hydraulically operated. BOP will be nipped up on the 8-5/8" surface csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 2000 psi before drilling out of surface casing, inspected and cycled daily, and Blind rams cycled after every trip out of the hole. A 2" kill line and a 3" choke line will be included in the drilling spool. Other accessories to the BOP equipment will include a kelly cock, and adjustable choke manifold.

Hydrogen Sulfide Sulfide Drilling Operations Plan

Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1) The hazards and characteristics of hydrogen sulfide (H2S).

2) The proper use and maintenance of personal protective equipment and life support system.

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.

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 and the Public Protection Plan.

There will be an initial safety session just prior to commencing operations on the well. The initial session shall include a review of the site's specific H2S Drilling Operations Plan and the Public Protection 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 EQUIPEMNT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500'.

1) Well Control Equipment:

A. Annular Preventer to accommodate all pipe sizes with properly sized closing unit.

2) Protective Equipment for Essential Personnel:

A. Mark II Surviveair 30-minute units located in the dog house.

3) H2S Detection and Monitoring Equipment:

A. 1 – portable H2S monitor positioned on location for best coverage and response.

B. Mud logging trailer shall have H2S monitoring equipment.

4) Visual Warning Systems:

A. Guy lines will be flagged and a wind sock will be positioned on location.

B. Caution/Danger signs shall be posted on roads providing direct access to location.

5) Mud Program:

The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices, will minimize hazards when penetrating H2S bearing zones.

6) Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service as necessary.

7) Communication:

Radio communications in company vehicles including cellular telephone and 2-way radio.

8) Well Testing:

No DST's are planned.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh water, brine, and brine starch with gel.

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0-1630'	Fresh Water (spud)	8.5	40-45	N.C.
1630-3900'	Brine Water	10.0	30	N.C.
3900-TD	Starch Gel System	10.00	33	10

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. **Auzillary Well Control and Monitoring Equipment:** See COA

   (A) **A kelly cock will be kept in the drill string at all times.**

   (B) **A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.**

8. **Logging, Testing and Coring Program:** See COA

   (A) **No DSTs will be run.**

   (B) **No open hole logs will be run – A casing hole GR-Neutron will be run.**

   (C) **No conventional coring is anticipated.**

   (D) **Further testing procedures will be determined after the 5-1/2" production casing has been cemented at TD based on drill shows, and log evaluation, and drill stem test results.**

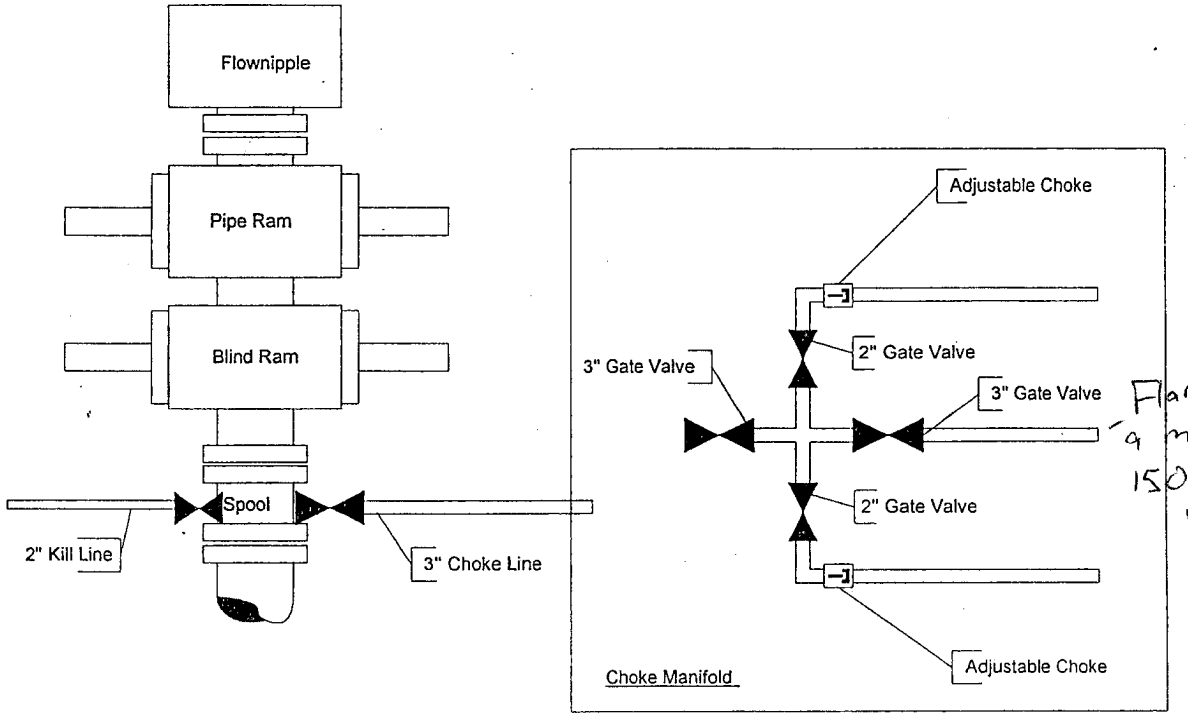
9. **Abnormal Conditions. Pressures, Temperatures, & Potential Hazards:**

No abnormal pressures or temperatures are anticipated. The estimated bottom-hole temperature (BHT) at TD is 100 degrees F and estimated maximum bottom-hole pressure (BHP) is 800 psig.

10. **Anticipated Starting Date and Duration of Opertions:**

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is , 2010. Once commenced, the drilling operation should be finished in approximately 13 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

2000psi - BOPE



Flare pit must be a minimum of 150' from wellbore.