TEXLAND PETROLEUM, INC.
EXPLORATION AND PRODUCTION
777 MAIN STREET, SUITE 3200
FORT WORTH, TEXAS 76102

AREA 817 336-2751

August 2, 2001

United States Department of the Interior
Bureau of Land Management
Roswell District Office
2909 West Second Street
Roswell, New Mexico 88201

RE: Application for Permit to Drill
Texland Petroleum – Hobbs, L.L.C.
Bowers "A" Federal Well #41
Lea County, New Mexico
Lease No. LC-032233.A

Gentlemen:

Texland Petroleum – Hobbs, L.L.C. respectfully requests permission to drill our Bowers "A" Federal, Well #41 located 1310' FSL & 1400' FEL of Section 30, T18S, R38E, Lea County, New Mexico, Federal Lease No. LC-032233-A. The proposed well will be drilled to a TD of approximately 6000' (TVD). The location and work area has been staked. It is approximately 3 miles west of Hobbs, New Mexico.

In accordance with requirements stipulated in Federal Onshore Oil and Gas Order No. 1 under 43 CFR 3162.1, our Application for Permission to Drill and supporting evidence is hereby submitted.

I. Application for Permit to Drill:

1. Form 3160.3, Application for Permit to Drill
2. Form C-102 location and Acreage Dedication plat certified by Gary L. Jones, Registered Land Surveyor No. 7977 in the State of New Mexico dated April 12, 2001.
3. The elevation of the unprepared ground is 3648' feet above sea level.
4. The geologic name of the surface formation is Permian Rustler.

5. Rotary drilling equipment will be utilized to drill the well to TD 6000' (TVD), and run casing. This equipment will then be rigged down and the well will be completed with a well servicing unit.

6. Proposed total depth is 6000' TVD

7. Estimated tops of important geologic markers.

Santa Rosa	1135' TVD	San Andres	4060' TVD
Rustler	1455' TVD	Glorieta	5370' TVD
Yates	2630' TVD	Blinebry	5755' TVD
Seven Rivers	2740' TVD		
Queen	3210' TVD		

8. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Possible oil/gas:	Yates	2630' TVD
	Seven Rivers	2740' TVD
	Queen	3210' TVD
	San Andres	4060' TVD
	Glorieta	5370' TVD

Primary Objective: Blinebry 5755' TVD

9. The proposed casing program is as follows:

Surface: 8 5/8", 24# J55 ST&C new casing set at 1500'

Production: 5 ½", 15.5# J-55 LT&C new casing from 0-3800'
17# J-55 LT&C new casing from 3800'-6000'

10. Casing setting depth and cementing program:

A. 8 5/8" surface casing set at 1500' in 12 ¼" hole. Circulate cement with 650sx Class C+, 4% Bentonite + 2% CaCl2 + .25#/sx Cello-Seal followed by 200sx Class C w/ 2% CaCl2.

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl2.

B. 5 ½" production casing set at 6000' with Stage tool at 3800'. Cement stage 1 with 500sx Class C + 4% bentonite + .5# celloflake and stage 2 with 500sx Class C+ 1% Calcium chloride +

.25# celloflake + 4% bentonite + 100sx Class C + 1% calcium chloride.

Estimated top of cement is surface.

Note: Cement volumes will be adjusted based on experience and fluid caliper.

11. Pressure Control Equipment

0' – 1500'	None
1500' – 6000'	6" 3000# ram type preventers with one set blind rams and one set pipe rams and a choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. After setting the 8 5/8" casing, the blowout preventers and related control equipment shall be pressure tested to 1500psi. Any equipment failing to test satisfactorily shall be repaired or replaced. Results of the BOP test will be recorded in the Driller's Log. The BOP's will be maintained ready for use until drilling operations are completed. BOP drills will be conducted as necessary to assure that equipment is operational and each crew is properly trained to carry out emergency duties. Accumulator shall maintain a pressure capacity reserve at all times to provide for the close-open-close sequence of the blind and pipe rams of the hydraulic preventers.

12. Mud Program:

0' – 1500'	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.7 – 9.2 ppg, vis 32 – 35 sec.
1500' – 5700'	Brine water. Lime for pH control (9-10). Paper for seepage. Wt. 9.9-10.1 ppg, vis 28-29 sec. Potential lost circulation at +/-4000'

	may require viscous pill with medium to coarse lost circulation material.
5700' – 6000'	Mud up will be determined by hole conditions and on wells obtaining open hole logs. Brine water. Caustic soda for pH control (9-10). Paper for seepage. Wt 10-10.2 ppg vis. 29-36 sec. WL 10-15 cc. Use starch for filtration control.

13. Testing, Logging and Coring Program:

    A. Logging Programs
        a) Open hole – none
        b) Cased hole – GR/CLL/CNL

14. No abnormal temperatures or pressures anticipated. H2S can be expected during drilling through the San Andres formation at 3800 to 4600 ft. Oxy operates production from this interval and produces a concentration of 45,000 to 60,000 ppm. H2S detection and monitoring equipment will be installed and will be in compliance with NMOCD. There will be 10 – 300 CF air cylinders at 2400# per cylinder, 4 – 30 min. SCBA's, 4 – 30 min. work units, 4 – 5 min. escape packs, 2 – 10" wind socks, 2 – 20' wind sock poles, and all the associated signs, hoses, etc. Contingency Plan is attached.

15. Anticipated starting date is September 1, 2001. It should take approximately 12 days to drill the well and another 5 five days to complete.

16. The Multi-Point Surface Use & Operation plan is attached.

17. If the Bureau of Land Management needs additional information to evaluate this application, please advise.

Sincerely,

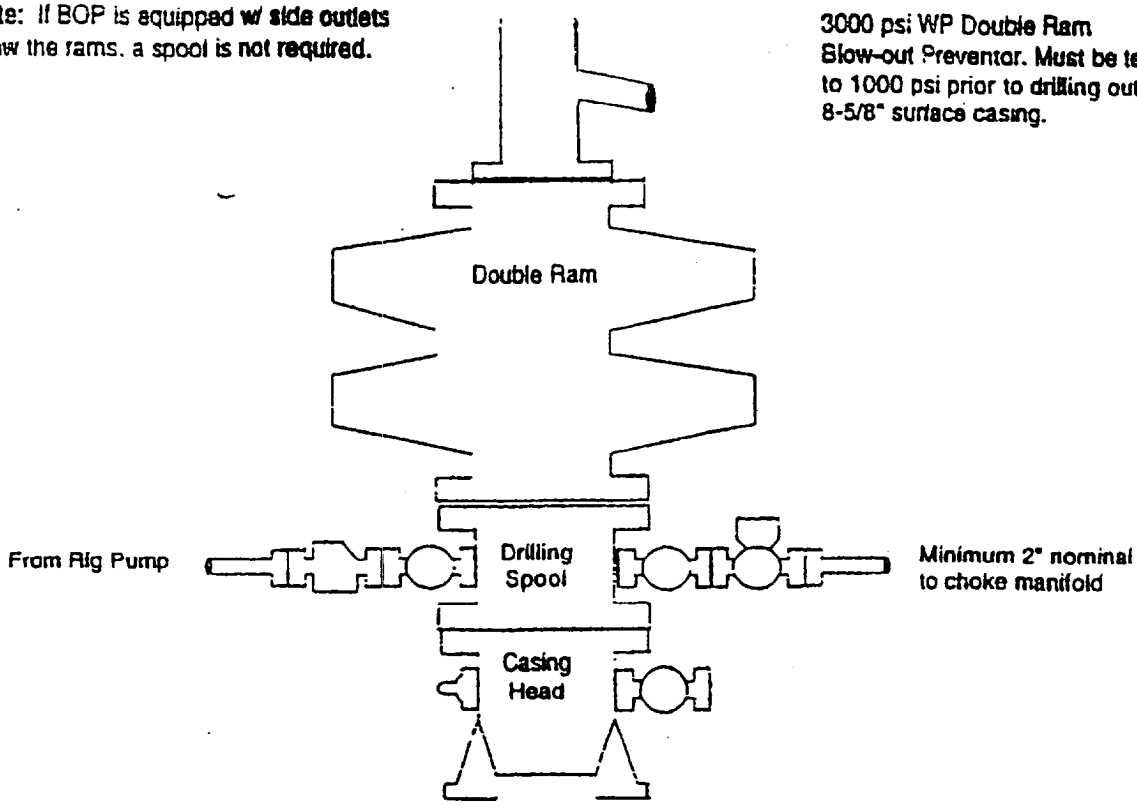
Ann Burdette
Regulatory Technician

Enclosure

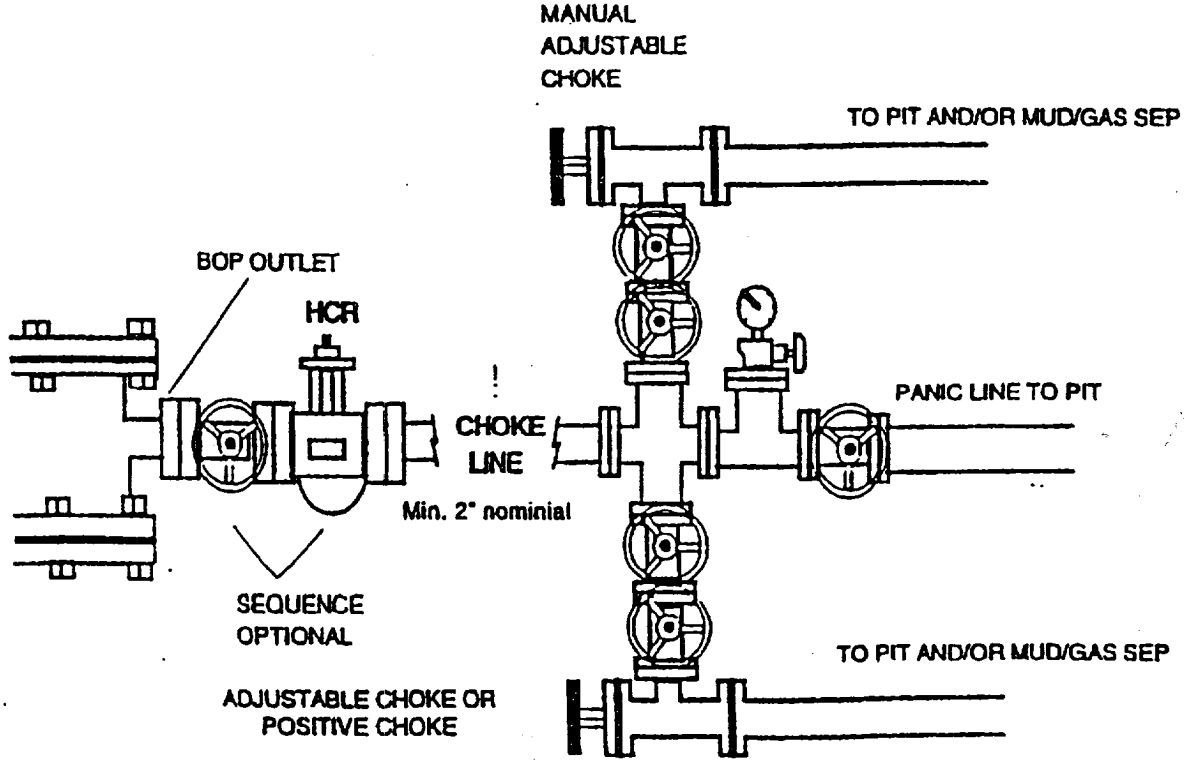
BOP Schematic

*Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.

3000 psi WP Double Ram Blow-out Preventor. Must be tested to 1000 psi prior to drilling out 8-5/8" surface casing.



Choke Manifold Schematic



MULTI-POINT SURFACE USE AND OPEARTIONS PLAN

Texland Petroleum – Hobbs, L.L.C.
Bowers "A" Federal Well #41
Lea County, New Mexico
Lease No. LC-32233- A

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to identify the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal may be made of the environmental affects associated with the operation.

A registered New Mexico land surveyor has staked the well and work area. Geo-Marine Inc. has been engaged to make an archaeological reconnaissance of the work area. Their findings concerning cultural resources will be reported to the Bureau of Land Management.

1. Existing Roads

   A copy of a USGS "East Hobbs, SE New Mexico" quadrangle map is attached showing the proposed location. The well location is spotted on this map, which also shows the existing road system.

   Directions to location: From Hobbs, New Mexico, go west on US 62-180 to West County Road. Go north 1.6 miles to Mahan Drive. Go west .2 mile to the dirt road, turn left go .2 mile south to location.

2. Planned Access Road

   A. No access road will be built.

   B. Surfacing material: Caliche

   C. Maximum Grade: No grade

   D. Turnouts: None

   E. Drainage Design: Edges of caliche location sloped

   F. Culverts: None

   G. Cuts and Fills: None

   H. Gates or Cattleguards: None

3. Existing wells within a one-mile radius of the proposed injection well are shown on an Area Map.

4. Location of Existing and /or Proposed Facilities

Within one mile radius:

Gas production facilities: None

Oil production facilities: 1/4 mile south

Oil gathering lines: map of existing gathering line is attached. None will be installed with this application

Gas gathering lines: None

Injection lines: A line will be installed from this well 1000' south.

Disposal lines: None

All site security guidelines identified in 43 CFR 3162.7 regulation will be adhered to and a site security plan will be submitted for the Bowers "A" Federal Well #41 tank battery. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

5. Location and Type of Water Supply

Fresh water and brine water will be used to drill this well. It will be purchased from a supply in Hobbs and transported to the well site. Bids will be taken from transporters to provide brine and fresh water.

6. Source of Construction Materials

Caliche for surfacing the well pad will be obtained from a pit located in SE of NE Section 32, T18S, R38E, Lea County, New Mexico.

7. Method of Handling Waste Disposal

A. Drill Cuttings will be disposed of in drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.

C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in the test tanks until sold.

D. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Trash, waste paper, garbage and junk will be collected in steel trash bins and removed after drilling and completion operations are completed. All waste material will be contained to prevent scattering by the wind.

F. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. Ancillary Facilities

A. None needed.

9. Wellsite Layout

A. The location and dimensions of the well pad mud pits, reserve pit and location or major rig components are shown on the well site layout sketch, which is attached. The V-door will be to the east and the pits to the north.

B. Leveling of the wellsite will be required with minimal cuts or fills anticipated.

C. The reserve pit will be plastic lined.

D. While constructing the pits and material is encountered at a depth, which would not allow the pits to meet the BLM stipulations without blasting, Texland requests a variance. There will be an adequate amount of material to reclaim the pit per the stipulations.

E. The pad and pit area have been staked and flagged.

10. Plans for Restoration of the Surface

A. After completion of drilling and/or completion operations, all equipment and other materials not needed for operations will be removed.

B. Pits will be filled and location cleaned of all trash and junk to leave the well site in as aesthetically pleasing condition as possible. Any plastic material used to line the pits or sumps will be cut off below ground level as far as possible and disposed of before the pits are covered. All unattended pits containing liquid will be fenced and the liquid portion allowed to evaporate before the pits are broken and backfilled.

C. After abandonment of the well, surface restoration will be in accordance with the landowner. This will be accomplished as expeditiously as

possible. Barring unforeseen problems, all pits will be filled and leveled within 90 days after abandonment.

11. Surface Ownership

The wellsite is on privately owned surface. The surface is owned by: Grimes Land Co. Ltd., Mr. Gary Schubert, P.O. Box 5102, Hobbs, New Mexico. Texland is currently discussing the terms of surface agreement. They will be notified of our intention to drill prior to any activity.

12. Other Information

A. Topography: The location is a flat plain. GL elevation is 3650'.

B. Soil: Sandy clay loams

C. Flora and Fauna: The vegetative cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grasses. Wildlife in the area is also sparse consisting of coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and Streams: There are no rivers, streams, lakes or ponds in the area.

E. Residences and Other Structures: There are occupied dwellings within a ½ mile radius of the location. The surface at the wellsite has been substantially disturbed by previous oil well drilling and producing activities.

F. Archaeological, Historical and Cultural Sites: Cultural resources have been recorded in the area. Geo-Marine Inc. will be engaged to make an archaeological reconnaissance of the work area.

G. Land Use: Idle

H. The well site will be maintained and kept clean of all trash and litter detracts from the surrounding environment. Equipment will be maintained in accordance with good operating practice.

I. After the wellsite is cleaned and pits and sumps backfilled, any obstruction to the natural drainage will be corrected by ditching or terracing. All disturbed areas, including any access road no longer needed, will be ripped. Those areas will be reseeded with grass if, in the opinion of the landowner, it is required.

13. Operator's Representatives and Certification

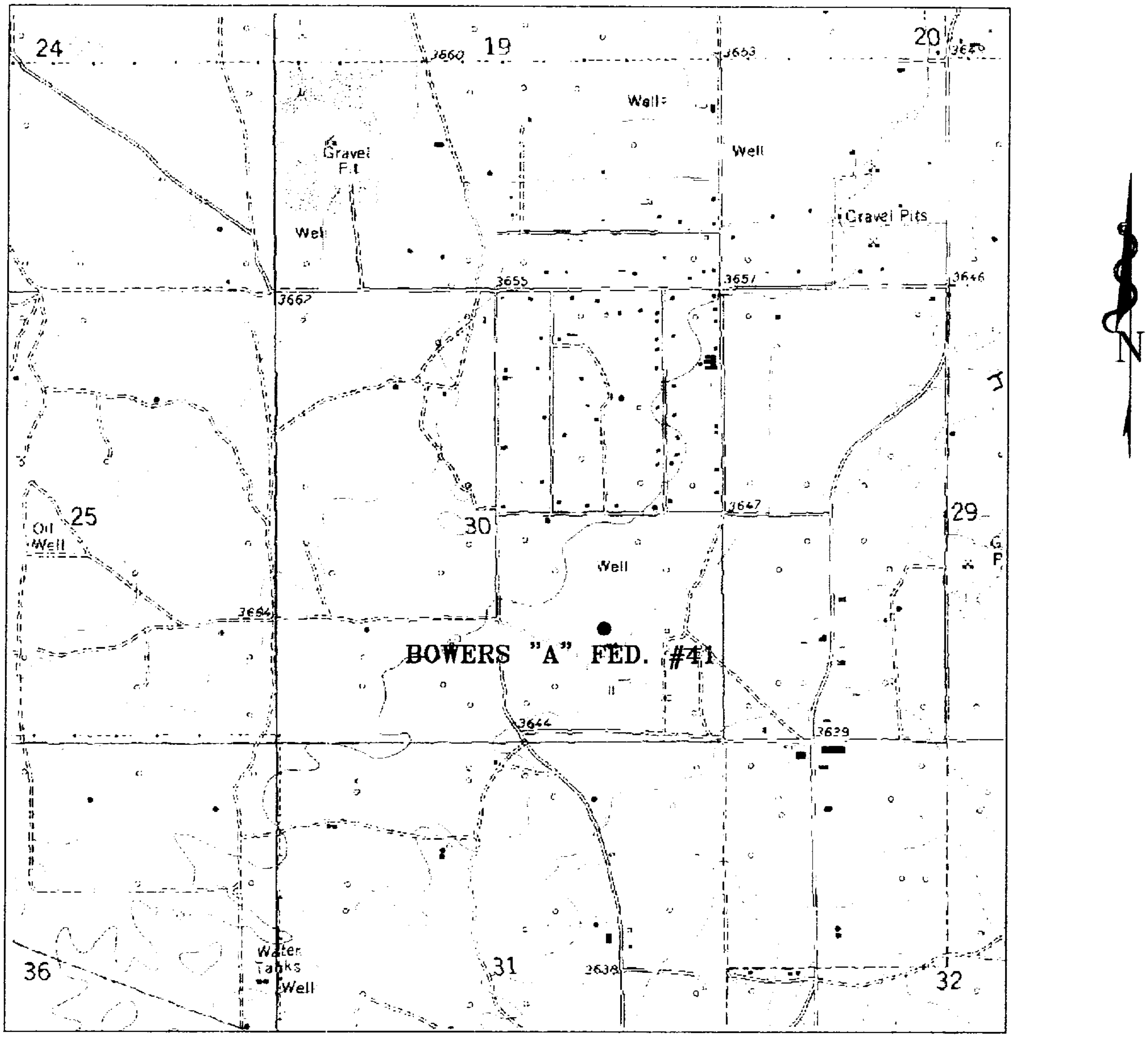
The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Jerry Rogers
P.O. Box 239
Seminole, Tx. 79360
Office phone: (915) 596-4412
Home Phone: (915) 794-6818

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Texland Petroleum – Hobbs, L.L.C. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

8-1-01
Date

J. T. Rogers
Jerry Rogers
Operations Engineer
(915) 596-4412

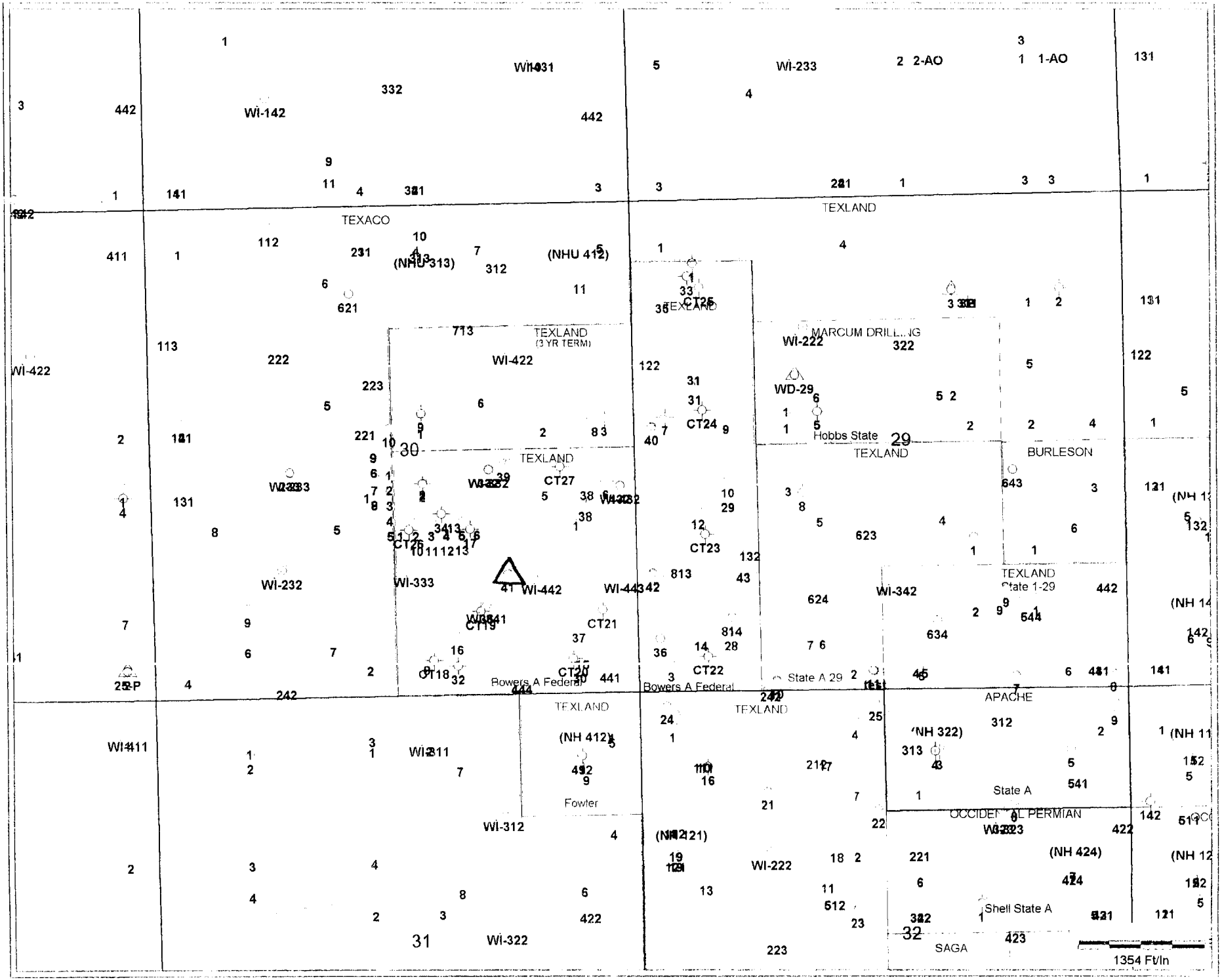


BOWERS "A" FED. #41

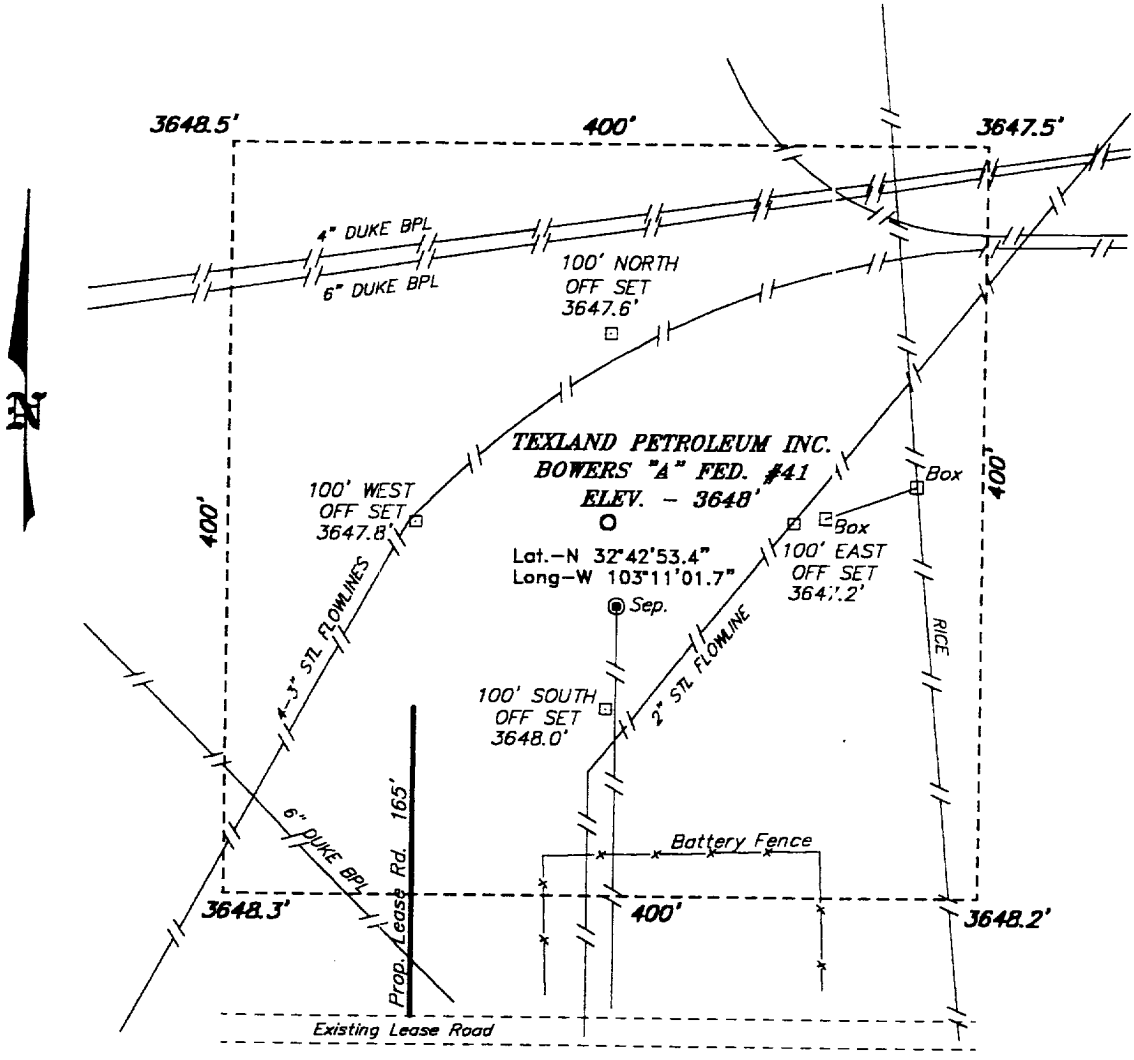
[illegible] FSL and [illegible]
[illegible] Township 18 South, Range [illegible]
[illegible] County, New Mexico

W.O. Number: [illegible]	
Survey Date: [illegible]	
Scale: 1" = [illegible]	
Date: 04-16-200[illegible]	

TEXLAND PETROLEUM INC.


TEXACO
TEXLAND
TEXLAND (3 YR TERM)
MARCUM DRILLING
Hobbs State
29
TEXLAND
BURLESON
30
TEXLAND
TEXLAND State 1-29
Bowers A Federal
Bowers A Federal
State A 29
TEXLAND
TEXLAND
APACHE
Fowler
State A
OCCIDENTAL PERMIAN
Shell State A
31
32
SAGA
1354 Ft/In

SECTION 30, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M.,
LEA COUNTY, **NEW MEXICO.**



100 0 100 200 FEET

SCALE: 1" = 100'

TEXLAND PETROLEUM INC.

REF: Bowers "A" Fed. No. 41 / Well Pad Topo

THE BOWERS "A" FED. No. 41 LOCATED 1310' FROM THE SOUTH LINE AND 1400' FROM THE EAST LINE OF SECTION 30, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

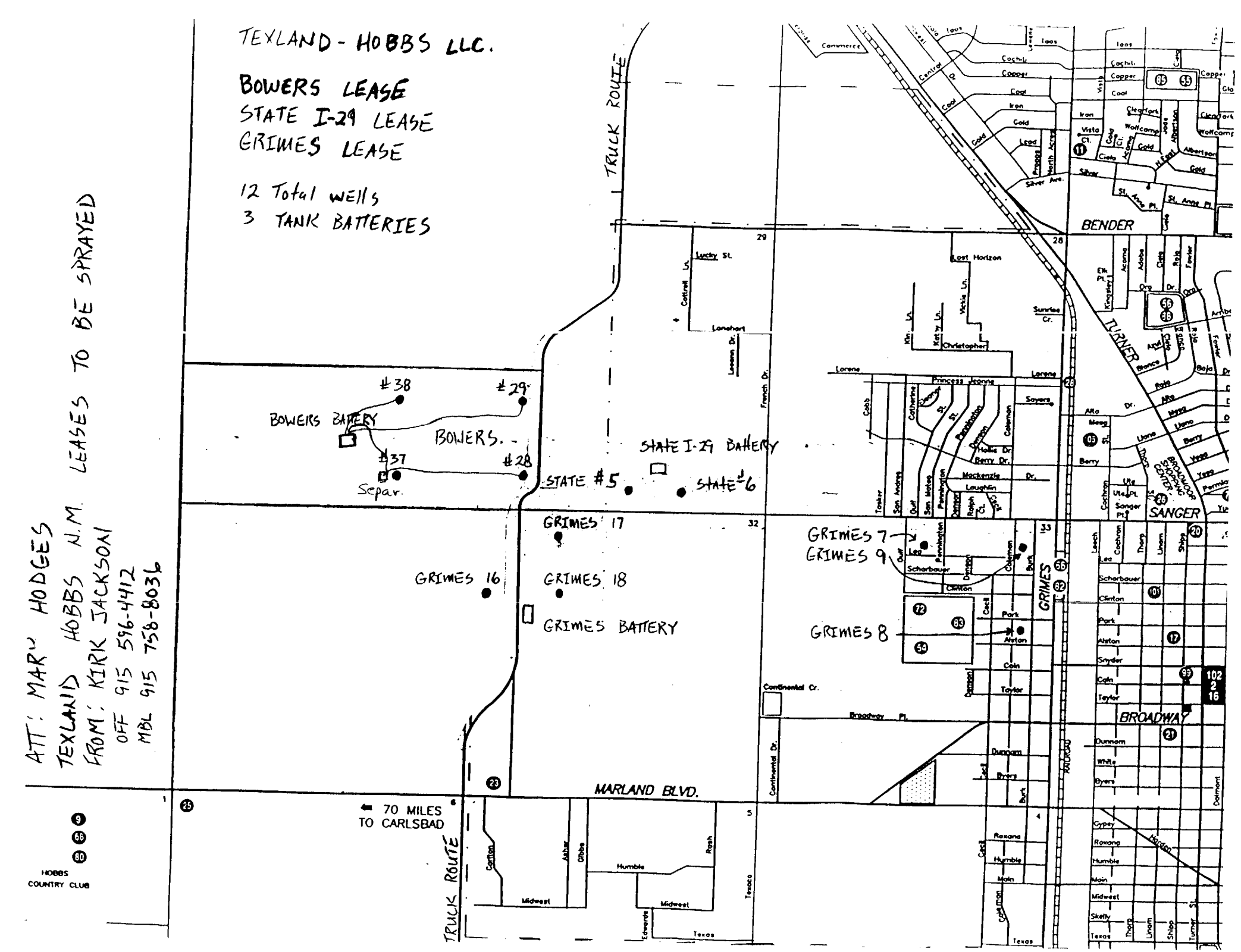
W.O. Number: 1246	Drawn By: K. GOAD		
Date: 04-16-2001	Disk: KJG CD#4 - 1246L.DWG	Survey Date: 04-12-2001	Sheet 1 of 1 Sheets

TEXLAND - HOBBS LLC.

BOWERS LEASE
STATE I-29 LEASE
GRIMES LEASE

12 Total WELLS
3 TANK BATTERIES

ATT: MARY HODGES
TEXLAND HOBBS N.M. LEASES TO BE SPRAYED
FROM: KIRK JACKSON
OFF 915 596-4412
MBL 915 758-8036



ATT: MARK

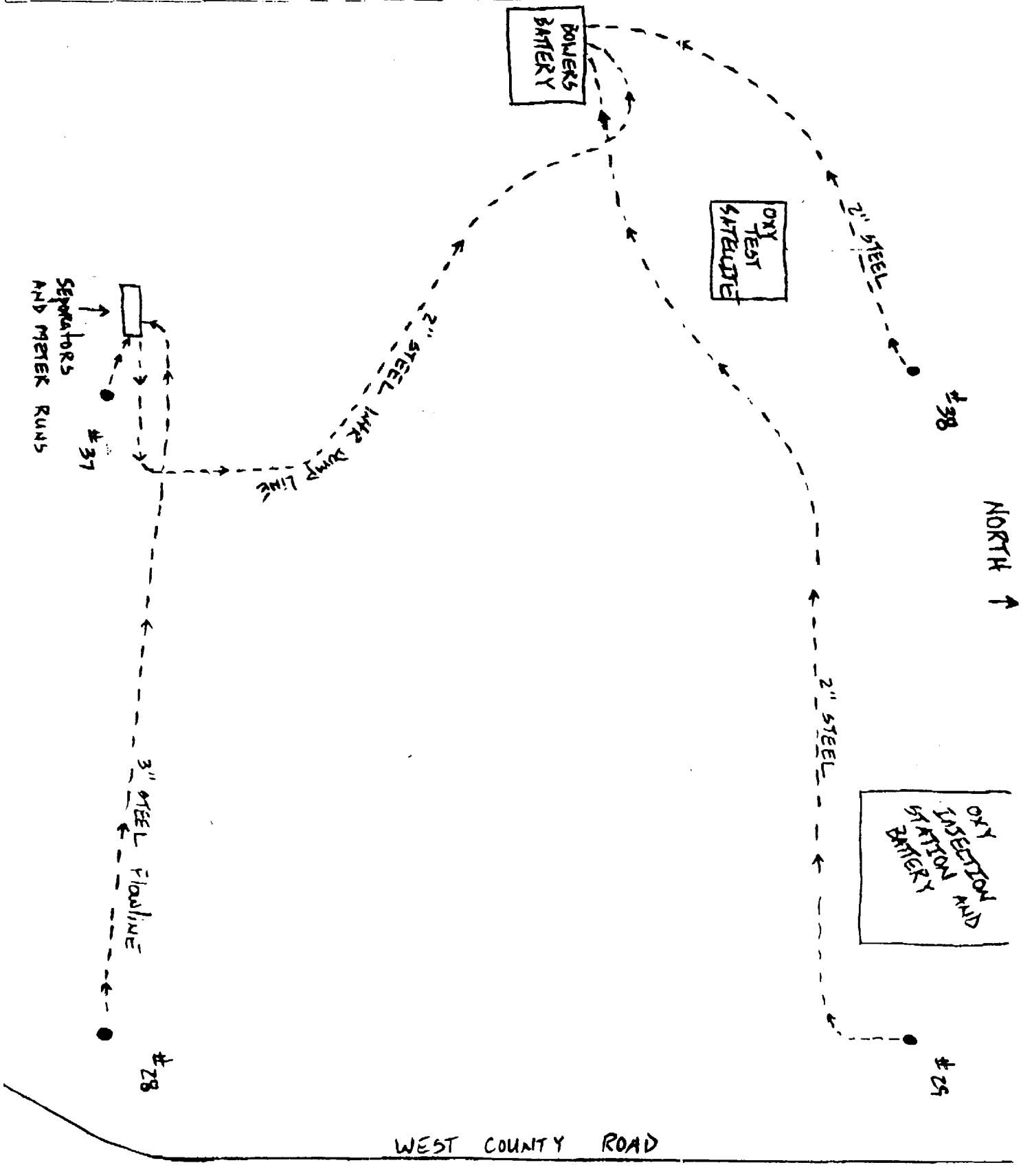
CALCULATIONS AND DESIGN DATA

PREPARED BY Kirk Jackson

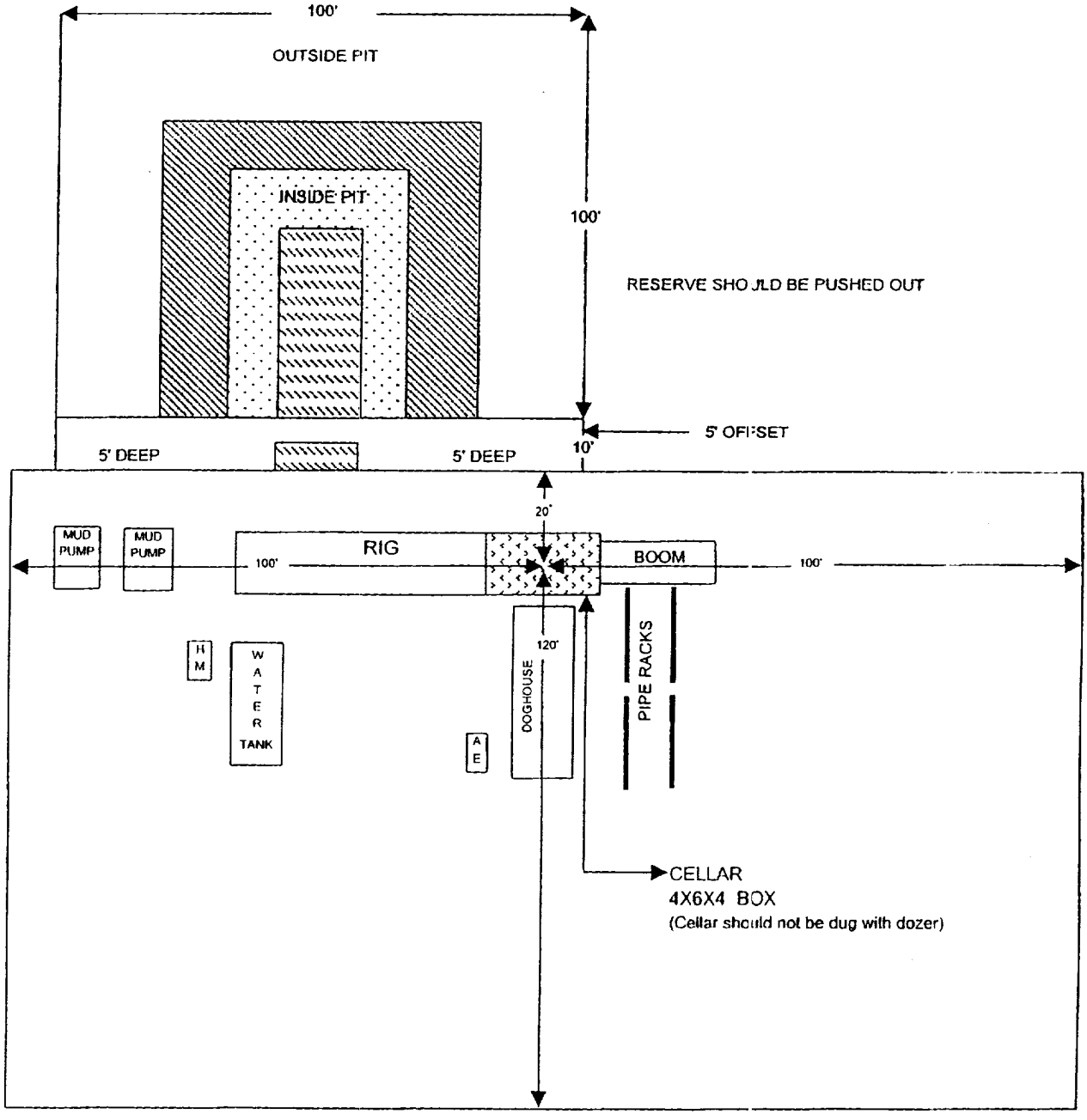
SUBJECT BOWERS A FEDERAL FLOWLINES

DATE 4/1/01

SHEET OF



CapStar Drilling, Inc.
LOCATION SPECIFICATIONS AND RIG LAYOUT
FOR EARTH PITS



Cellar can be 4X4X4 if using a screw-on wellhead
Working Pits dug 5' below ground level

CONTINGENCY PLAN

FOR

TEXLAND PETROLEUM - HOBBS, L.L.C.

BOWERS "A" FEDERAL LEASE, WELL #41

LEA COUNTY, NEW MEXICO

August 2, 2001

CONTINGENCY PLAN

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