

N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

I-36

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

RECEIVED

JUL 18 2005

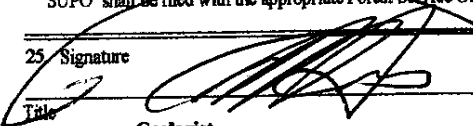
APPLICATION FOR PERMIT TO DRILL OR REENTER

BOO-ARTESIA

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 0556290	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Ray Westall		7. If Unit or CA Agreement, Name and No.	
3a. Address Box 4, Loco Hills, NM 88255		8. Lease Name and Well No. Canter Federal 3	
3b. Phone No. (include area code) 505.677.2370		9. API Well No. 30-015-34217	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2130' FNL & 660' FEL At proposed prod. zone same Unders. Getty; Bone Spring		10. Field and Pool, or Exploratory	
14. Distance in miles and direction from nearest town or post office* 15 miles North East of Carlsbad NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec 10, 20S-29E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		12. County or Parish Eddy	
16. No. of acres in lease 640		13. State NM	
17. Spacing Unit dedicated to this well 40		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1320'	
19. Proposed Depth 8300'		20. BLM/BIA Bond No. on file NM0322	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3306' Gr		22. Approximate date work will start* 09/01/2005	
23. Estimated duration 14 days		24. Attachments Capitan 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:

- 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) Randall L. Harris	Date 06/13/2005
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Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date JUL 15 2005
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 1 YEAR

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)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

WITNESS 16" 11 3/4" E 8 5/8" CSG.

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

DISTRICT I

PERNICH DEL., ROBBS, NM 86240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 86210

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	Pool Code 27470	Pool Name Undos Getty; Bone Springs
Property Code	Property Name CANTER FEDERAL	Well Number 3
OGRID No.	Operator Name RAY WESTALL OPERATING	Elevation 3306'

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	10	20-S	29-E		2130	NORTH	660	EAST	EDDY

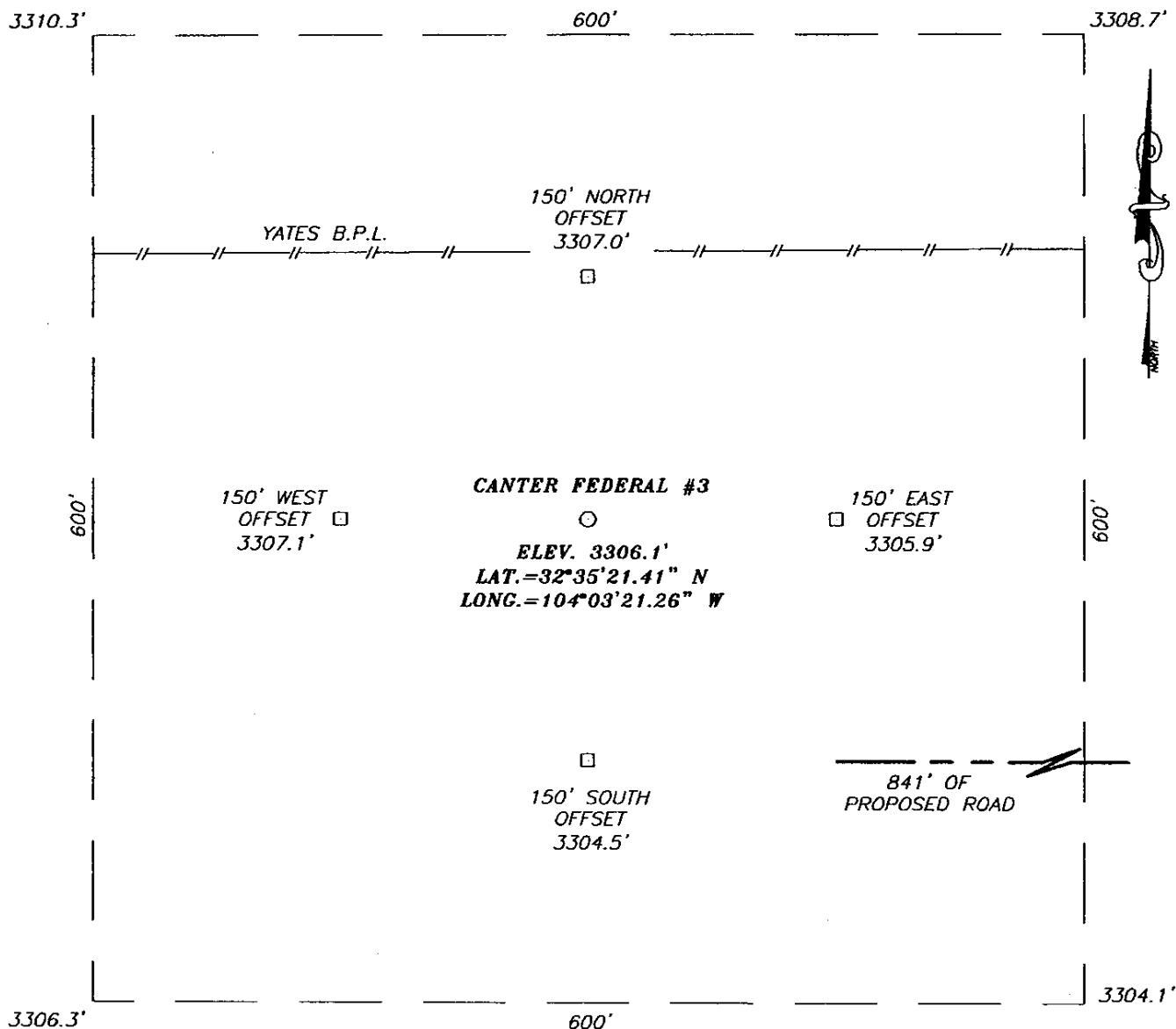
## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 4c	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

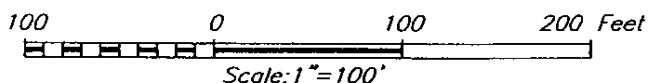
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=578203.6 N X=585446.9 E</p> <p>LAT.=32°35'21.41" N LONG.=104°03'21.26" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature </p> <p>Printed Name <b>RANDALL HARRIS</b></p> <p>Title <b>GEOSCIST</b></p> <p>Date <b>6/13/05</b></p>
	<p><b>SURVEYOR CERTIFICATION</b></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>APRIL 20, 2005</p>
	<p>Date Surveyed _____ DEL</p> <p>Signature &amp; Seal </p> <p>Professional Surveyor</p>
	<p>Certificate No. <b>GARY EIDSON</b> 12641</p>

SECTION 10, TOWNSHIP 20 SOUTH, RANGE 29 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION U.S. HWY. #62-180  
(CARLSBAD-HOBBS HWY.) AND CO. RD. #238  
(BURTON FLAT). GO NORTH ON CO. RD. #238  
APPROX. 2.0 MILES TO WHERE CO. RD. BENDS  
LEFT (WEST). FOLLOW CALICHE RD. (NW) APPROX.  
2.25 MILES TO PROPOSED ROAD SURVEY ON LEFT.  
THIS LOCATION IS APPROX. 840' WEST ALONG  
PROPOSED ROAD SURVEY THEN 212' NORTHWEST.



**RAY WESTALL OPERATING**

CANTER FEDERAL #3 WELL  
LOCATED 2130 FEET FROM THE NORTH LINE  
AND 660 FEET FROM THE EAST LINE OF SECTION 10,  
TOWNSHIP 20 SOUTH, RANGE 29 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

Survey Date: 04/20/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.0633	Dr By: DEL
Date: 04/25/05	Rev 1: N/A
Disk: CD#4	05110633
	Scale: 1"=100'



PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(505) 383-3117

## DRILLING PROGRAM

Attached to Form 3160-3  
Ray Westall  
Canter Federal #3  
2310' FNL & 660' FEL  
Section 10-20S-29E  
Eddy County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Permian	Surface	Delaware	3400
Rustler	850	Bone Springs	5900
Yates	1420		
Seven Rivers Reef	1670		

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Yates	Oil	1420
Delaware	Oil	3400
Bone Springs	Oil	7100

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 13 3/8 casing and circulating cement back to surface.

4. Casing Program:

Hole Size	Interval	OD Casing	Wt.	Grade	Type
20"	0-260'	16"	65#	H-40	STC
14"	260-1400'	11 3/4"	42#	H-40	STC
11"	1400-3300'	8 5/8"	32&24	J-55	STC
7 7/8"	3300-8300"	5 1/2"	17#	J-55	LTC

Cement Program:

- 16" Surface Casing: Cemented to surface with 250 sx of Class C w/2% cc. **WITNESS**
- 11 3/4" Intermediate Casing: Cemented to surface with 750 sx of Class C w/2% cc. **WITNESS**
- 8 5/8" Intermediate Casing: Cemented to 1350' with 1500 sx **WITNESS**
- 5 1/2" Production Casing: Cemented sufficient to cover 200' above all oil and horizons.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) will consist of a double ram-type preventer. The unit will be hydraulically operated and will be equipped with blind rams and 5 1/2" drill pipe rams. A 3000 psi WP BOP will be installed on the 11 3/4" casing and tested per order #2 to 70% of casing burst. As per BLM Drilling Operations Order #2, prior to drilling out the 8 5/8" casing shoe, the BOP will be tested.

Pipe rams will be operationally checked each 24 hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and choke line will be incorporated in the drilling spool below the ram type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 5000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

Depth	Type	Weight	Viscosity	Waterloss
0-260	Fresh Water (Spud)	8.5	28	N.C.
260-1400	Brine	9.8-10.2	28-36	N.C.
1400-3300	Fresh Water	8.6	28-36	N.C.
3000-TD	Cut Brine	8.6-9.4	28-36	N.C.

7. Auxiliary Well control and Monitoring Equipment:

- A. A kelly cock will be kept in the drill string at all times.

8. Logging, Testing, and Coring Program:

A. There will be no DST's

B. The electric logging program will consist of Dual Laterolog Micro S.L., and Neutron Density Log.

C. No conventional coring is anticipated.

D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD based on drill shows, and log evaluation, and drill stem test results.

9. Abnormal Conditions, Pressures, Temperatures, and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 135 and estimated bottom hole pressure (BHP) is 3700 psig.

10. Anticipated Starting Date and Duration of Operations:

Location and road work will not begin until approval has been received from the BLM. Once commenced, the drilling operation should be finished in approximately 15 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.

## **SURFACE USE AND OPERATING PLAN**

Attached to form 3160-3

Ray Westall

Canter Federal #3

### **1. Existing Roads:**

- A. All roads to the location are shown in Exhibit #2. The existing roads are illustrated in read and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- B. Directions to location: From Carlsbad proceed east on US 62/180 11 miles to county road 238. Proceed north on 238 for 4.5 miles. Proposed new road will start here and go west 841 feet.
- C. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

### **2. Proposed Access Road: 841'. See Exhibit #2**

### **3. Location of Existing and/or Purposed Facilities:**

- A. Ray Westall will construct facilities on well pad if well is productive.
- B. If the well is productive, rehabilitation plans are as follows:
  - 1. The reserve pit will be back-filled after the contents of the pit are dry (within 10 months after the well is completed)
  - 2. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

### **4. Methods of Handling Water Disposal:**

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Date: June 8, 2005


Lease # NM0556290  
Meridian Federal

Legal Description: Sec. 10-T20S-R29E  
Eddy County, New Mexico

Formations(s): Parkway Bonesprings

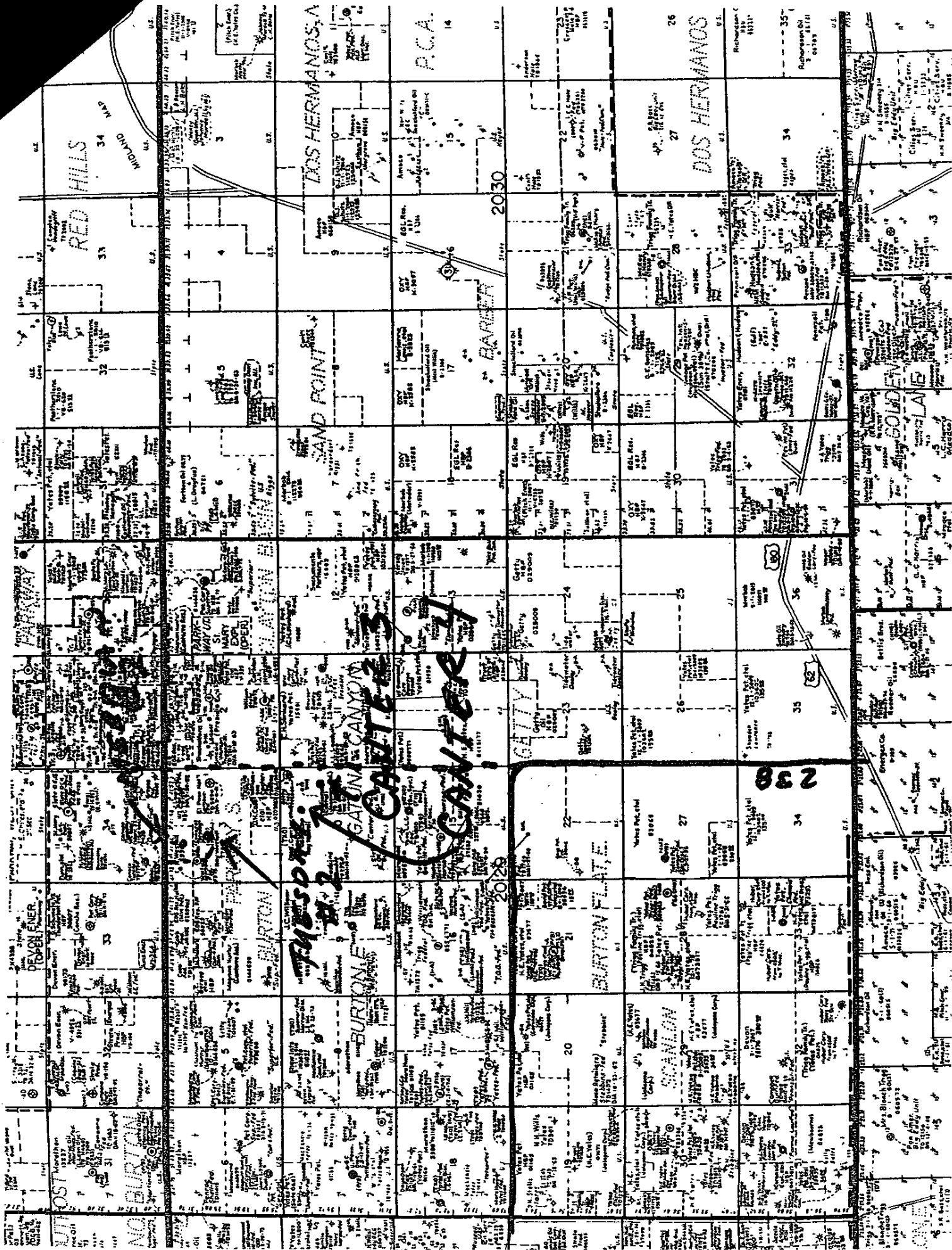
Bond Coverage: Statewide

BLM Bond File #: NM0322

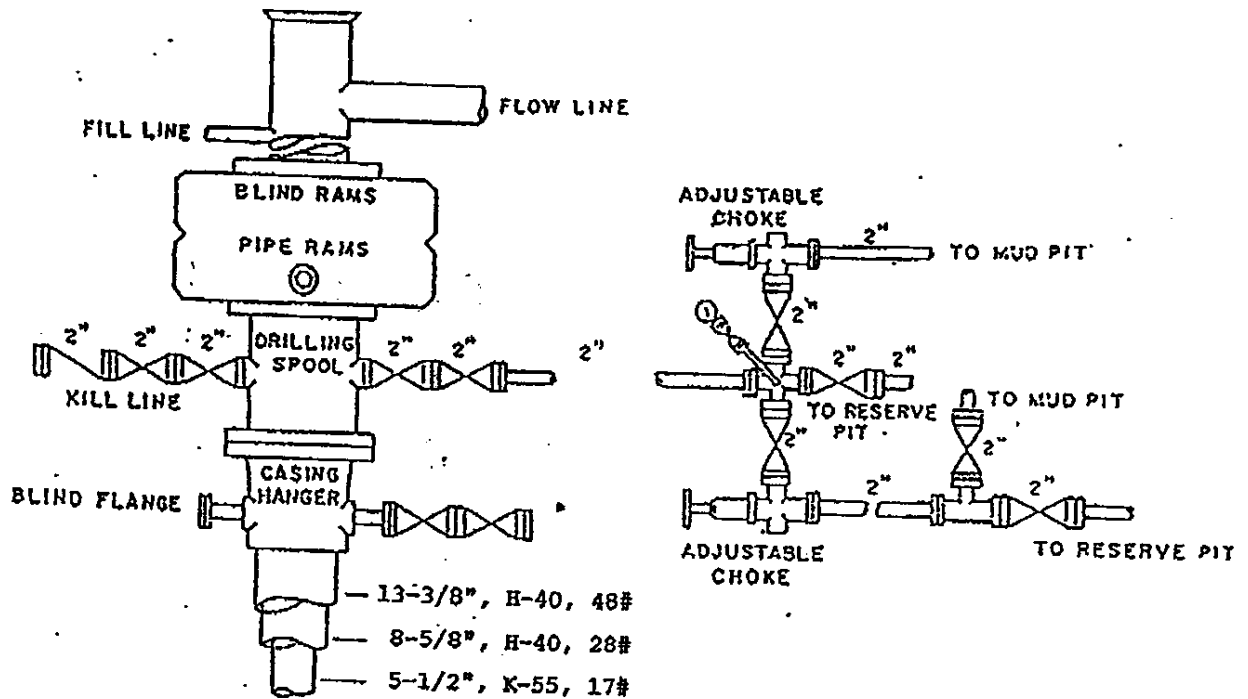


Randall L. Harris  
Geologist





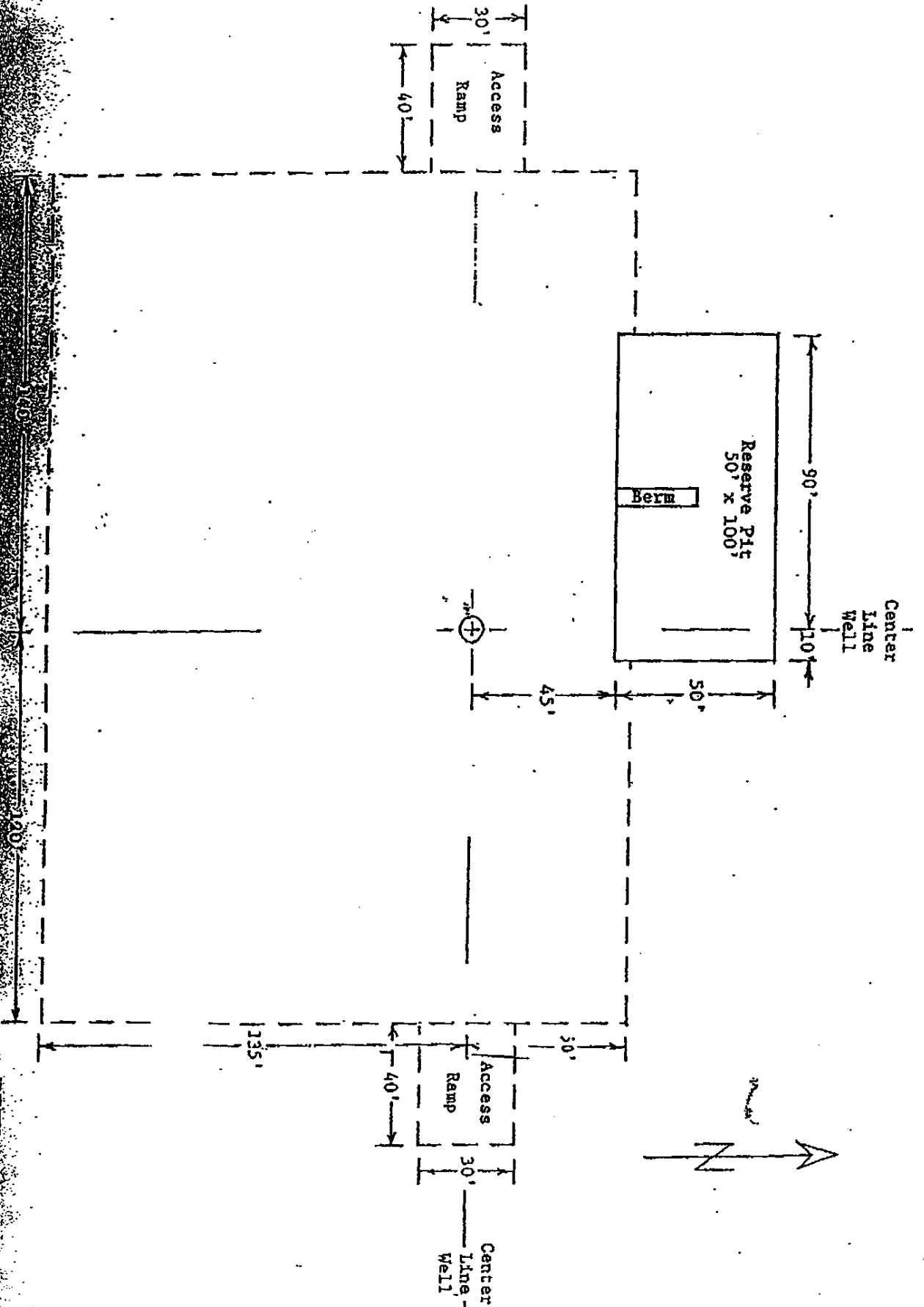
Riq5



BOP DIAGRAM

3000# Working Pressure  
Rams Operated Daily

EXHIBIT D



UNITED DRILLING INC.

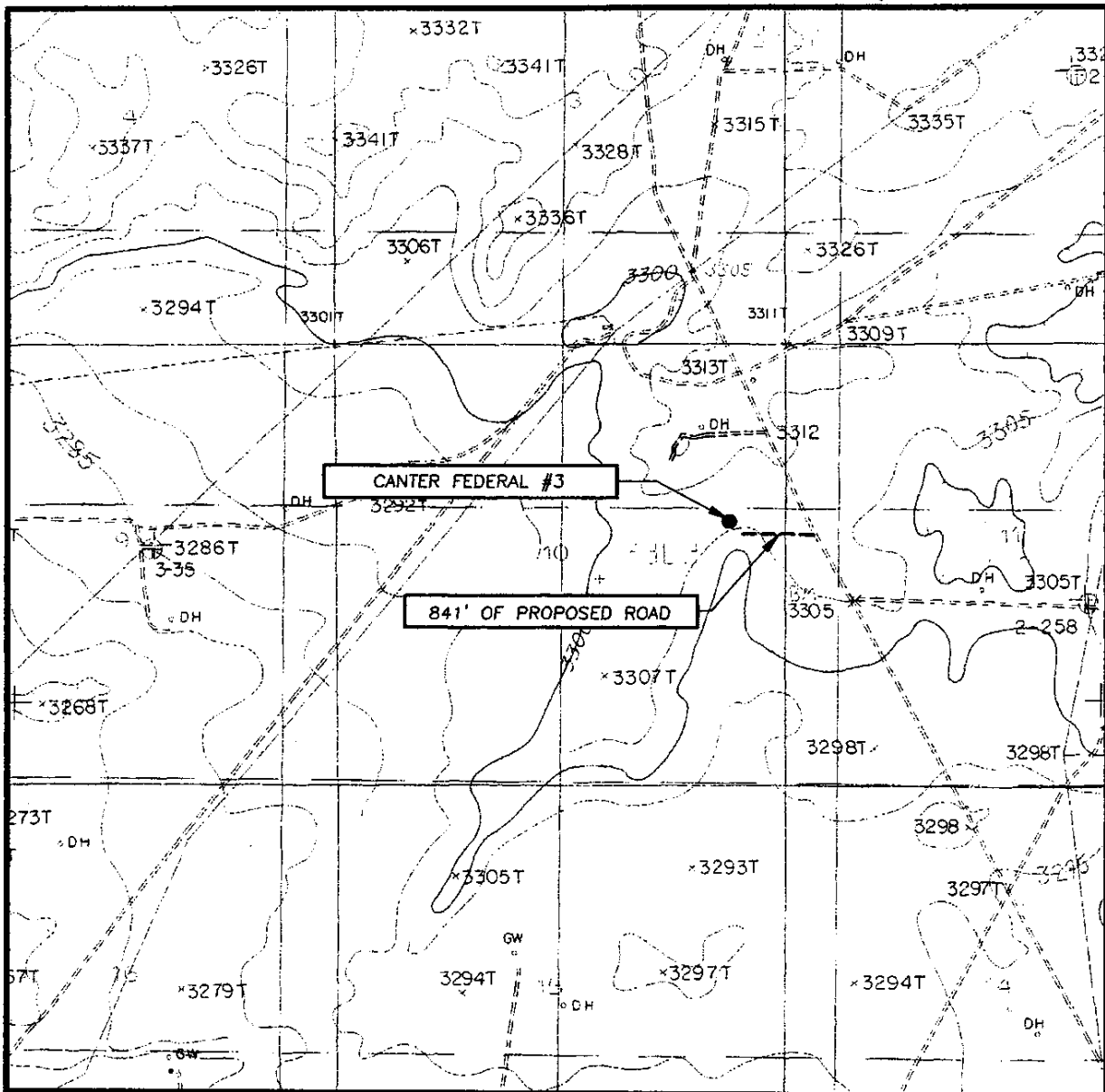
LOCATION PLAN

FIG. 1

Scale: 1"=40' 1-15-92

# LOCATION VERIFICATION MAP

Re 11/14/23  
07/25/07  
CJ



SCALE: 1" = 2000'

SEC. 10 TWP. 20-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2130' FNL & 660' FEL

ELEVATION 3306'

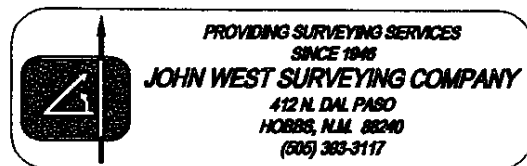
OPERATOR RAY WESTALL OPERATING

LEASE CANTER FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
ILLINOIS CAMP SE, N.M.

CONTOUR INTERVAL:  
ILLINOIS CAMP SE, N.M. - 10'  
SUPPLEMENTAL, - 5'

308.75  
3605.92



## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Ray Westall  
Well Name & No. Canter Federal #3  
Location: 2130' FNL, 660' FEL, Section 10, T. 20 S., R. 29 E., Eddy County, New Mexico  
Lease: NM-0556290

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

A. Well spud

B. Cementing casing: 16 inch 11-3/4 inch 8-5/8 inch 5-1/2 inch

C. BOP tests

2. 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.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

### II. CASING:

1. The 16 inch surface casing shall be set at approximately 260 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 11-3/4 inch first intermediate casing is to be circulated to the surface.

2. The minimum required fill of cement behind the 8-5/8 inch second intermediate casing is to be circulated to the surface.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 200 feet above the top of the uppermost hydrocarbon productive interval.

4. ~~Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.~~

5. Other

### III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 11-3/4 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment

7/7/2005

acs

g to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
  - The tests shall be done by an independent service company.
  - The results of the test shall be reported to the appropriate BLM office.
  - 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.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

7/7/2005  
acs

7/7/2005  
acs

July 25, 2005  
Ray Westall  
P.O. Box 4  
Loco Hills, NM 88255  
Attn: Mr. Randall L. Harris

RE: APPLICATION FOR PERMIT TO DRILL  
RAY WESTALL  
CANTER FEDERAL # 3  
SECTION 10, R-20-S, T-29-E,  
2130' FNL & 660' FEL  
Eddy County, New Mexico

Dear Mr. Randall Harris,

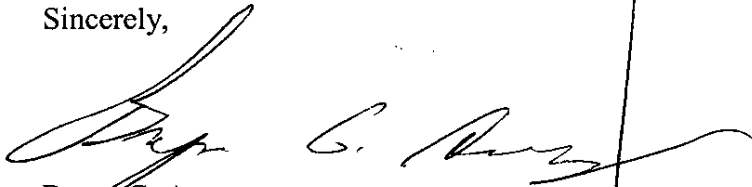
The above permit to drill identified above has been received from the BLM at this office will need to have the following stipulations (in part) for approval:

Ray Westall is to catch drilling mud samples for the flow line in order to determine the chloride levels of the drilling mud. Samples are to be taken from the '1<sup>st</sup> intermediate' casing setting depth of @ 1400' down to setting of the 2<sup>nd</sup> intermediate casing setting depth of @ 3300'.

Results are theses test are to be submitted to our office and the Bureau of Land Management.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan G. Arrant', is written over a vertical line that extends from the signature area down towards the bottom of the page.

Bryan G. Arrant  
PES, District II Artesia NMOCD