

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

Form C-101  
May 27, 2004

Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505

RECEIVED

Submit to appropriate District Office

JUL 26 2005

OCD-ARTESIA

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|   |  |   |
|---|--|---|
| <sup>1</sup> Operator Name and Address<br>Stephens & Johnson Operating Co.<br>P.O. Box 2249, Wichita Falls, TX 76307-2249 |  | <sup>2</sup> OGRID Number<br>019958                             |
| <sup>4</sup> Property Code<br>009799  | <sup>5</sup> Property Name<br>East Millman Pool Unit Tract 4 | <sup>3</sup> API Number<br>34238<br><sup>6</sup> Well No.<br>19 |
| <sup>9</sup> Proposed Pool 1<br>Millman Yates-SR-QN-GB-SA, East 46555   |  | <sup>10</sup> Proposed Pool 2                                   |

<sup>7</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot. Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| C             | 13      | 19S      | 28E   |          | 777           | North            | 1704          | West           | Eddy   |

<sup>8</sup> Proposed 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 |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |          |               |                  |               |                |        |

Additional Well Location

|   |                                      |   |   |   |
|---|--------------------------------------|---|---|---|
| <sup>11</sup> Work Type Code<br>N   | <sup>12</sup> Well Type Code<br>O    | <sup>13</sup> Cable/Rotary<br>R                 | <sup>14</sup> Lease Type Code<br>S          | <sup>15</sup> Ground Level Elevation<br>3386' |
| <sup>16</sup> Multiple<br>No  | <sup>17</sup> Proposed Depth<br>2700 | <sup>18</sup> Formation<br>San Andres           | <sup>19</sup> Contractor<br>United Drilling | <sup>20</sup> Spud Date<br>August 22, 2005    |
| Depth to ground water<br>150'   |                                      | Distance from nearest fresh water well<br>3170' |   | Distance from nearest surface water<br>3,700  |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume 7000 bbls Drilling Method:   |                                      |   |   |   |
| Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> |                                      |   |   |   |

<sup>21</sup> Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12 1/4"   | 8 5/8"      | 24 lb/ft           | 300'          | 200             | Surface       |
| 7 7/8"    | 5 1/2"      | 15.50 lb/ft        | 2700'         | 800             | Surface       |
|           |             |                    |               |                 |               |
|           |             |                    |               |                 |               |
|           |             |                    |               |                 |               |

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See Attachment

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.  
Signature: *William M. Kincaid*

Printed name: William M. Kincaid

Title: Petroleum Engineer

E-mail Address: mkincaid@sjoc.net

Date: 7-19-05

Phone: (940) 723-2166

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: JUL 26 2005

Expiration Date: JUL 26 2006

Conditions of Approval:

Attached ☐

1. Drill 12 1/4" hole to 300'. Set 8 5/8" 24# csg w/approx. 200 sacks of cmt. WOC 18 hrs.
  2. Drill 7 7/8" hole to 2700'. Set 5 1/2", 15.50# csg w/approx. 800 sacks of cement.
  3. Complete well in Grayburg formation.
- BOP: An annular type BOP will be used with a 3,000 psig working pressure and a 6,000 psig test pressure.
- Note: This Application for Permit to Drill does not meet the requirement for an H2S Contingency Plan to be submitted.

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |                                  |           |                                 |
|---------------|----------------------------------|-----------|---------------------------------|
| API Number    |                                  | Pool Code | Pool Name                       |
|               |                                  | 46555     | Millman Yates-SR-QN-GB-SA, East |
| Property Code | Property Name                    |           | Well Number                     |
| 009799        | EAST MILLMAN UNIT Tract 4        |           | 19                              |
| GRID No.      | Operator Name                    |           | Elevation                       |
| 019958        | Stephens & Johnson Operating Co. |           | 3386                            |

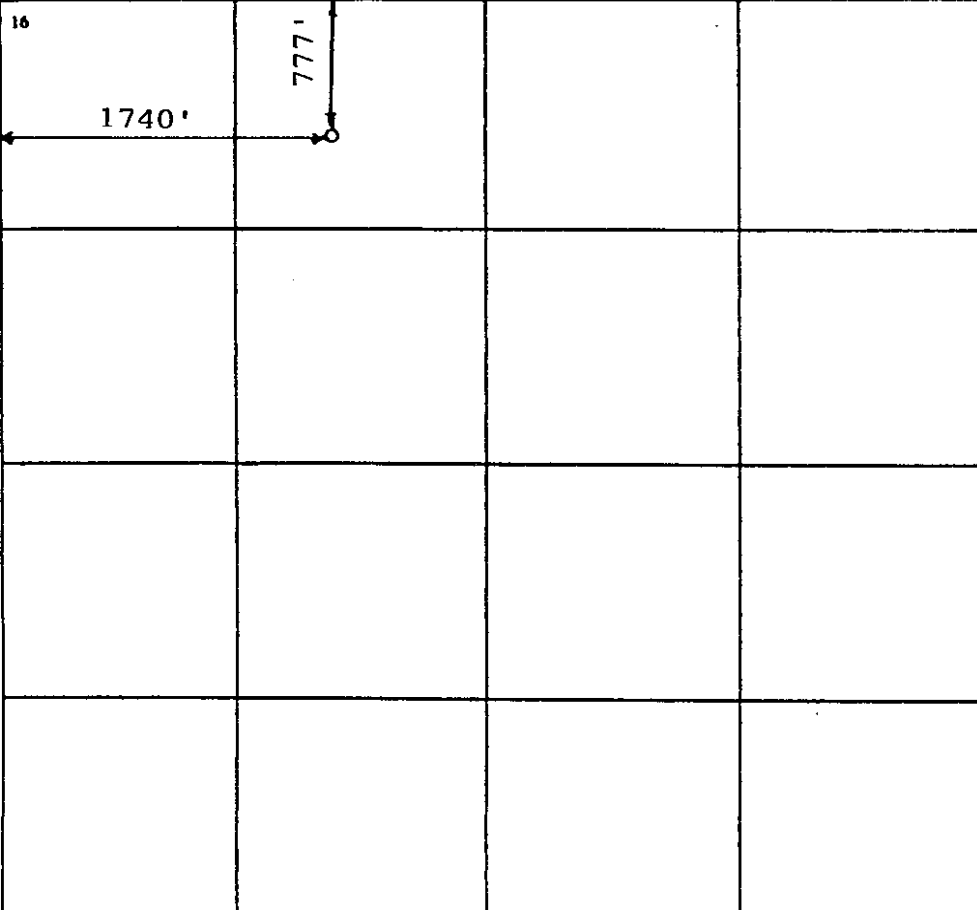
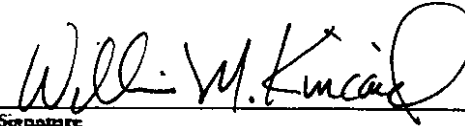
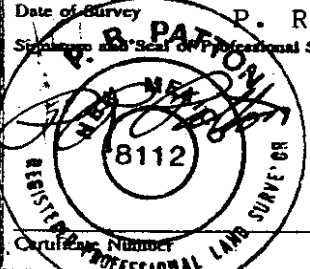
<sup>10</sup> Surface Location

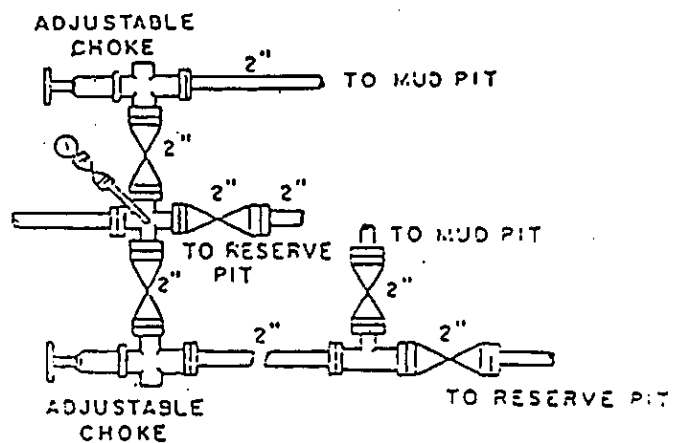
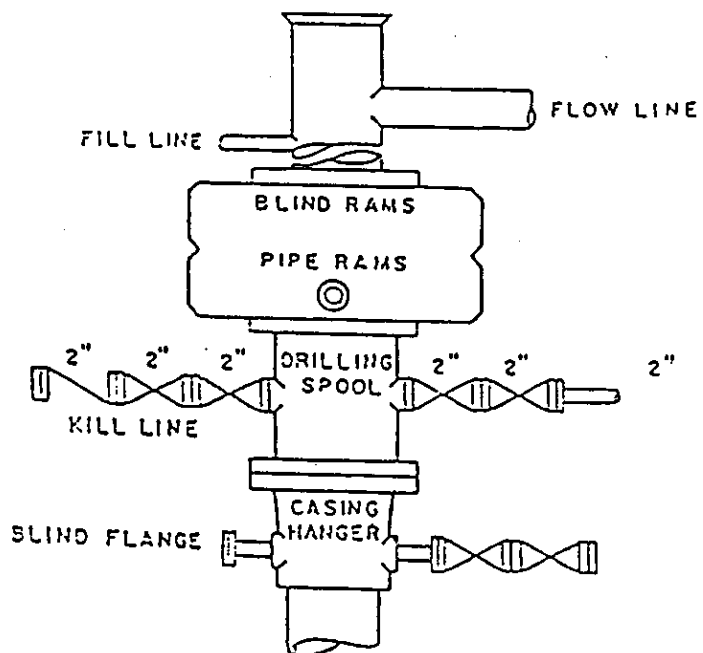
|               |         |          |       |         |               |                  |               |                |        |
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| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| C             | 13      | 19 S     | 28 E  |         | 777           | North            | 1704          | West           | Eddy   |

<sup>11</sup> 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 |
|                               |         |                               |       |                                  |               |                         |               |                |        |
| <sup>12</sup> Dedicated Acres |         | <sup>13</sup> Joint or Infill |       | <sup>14</sup> Consolidation Code |               | <sup>15</sup> Order No. |               |                |        |
| 40                            |         |                               |       |                                  |               |                         |               |                |        |

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

|   |  |  |
|---|--|--|
| <div>16</div>  | <div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div><br/>Signature<br/>William M. Kincaid<br/>Printed Name<br/>Petroleum Engineer<br/>Title<br/>7-19-2005<br/>Date</div>   |  |
|   | <div>18 SURVEYOR CERTIFICATION</div> <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> <div>July 16, 2005<br/>Date of Survey<br/>P. R. Patton<br/>Signature and Seal of Professional Surveyor<br/><br/>Certificate Number<br/>8112</div> |  |
|   |  |  |
|   |  |  |



**BOP DIAGRAM**  
**3000# WORKING PRESSURE**  
**RAMS OPERATED DAILY**

**EAST MILLMAN POOL UNIT NO. 4-19**  
**EDDY COUNTY, NEW MEXICO**

**EXHIBIT NO. 1**