

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

APPLICATION FOR PERMIT TO DRILL

| | | |
|----------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------|
| Operator Name and Address Shackelford Oil Company PO Box 10665 Midland, TX 79702 | | OGRID Number 20595 |
| | | API Number 30-15-32922 |
| Property Code 29783 | Property Name EDDY IK STATE | Well No. 005 |

Surface Location

| | | | | | | | | | |
|-----------------------|---------------------|------------------------|---------------------|---------|--------------------------|----------------------|-------------------------|----------------------|-----------------------|
| UL or Lot H | Section 2 | Township 20S | Range 29E | Lot Idn | Feet From 1650 | N/S Line N | Feet From 990 | E/W Line E | County Eddy |
|-----------------------|---------------------|------------------------|---------------------|---------|--------------------------|----------------------|-------------------------|----------------------|-----------------------|

Proposed Pools

| |
|------------------------------------------|
| CLAYTON BASIN; SEVEN RIVERS 97229 |
|------------------------------------------|

| | | | | |
|------------------------------|-------------------------------|----------------------------------|----------------------------|---------------------------------------|
| Work Type New Well | Well Type Oil | Cable/Rotary | Lease Type State | Ground Level Elevation 3322 |
| Multiple N | Proposed Depth 1600 | Formation Seven Rivers | Contractor | Spud Date 8/30/2003 |

Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|-------------|--------------|--------------|------------------|---------------|-----------------|---------------|
| Surf | 11 | 8.625 | 24 | 350 | 175 | 0 |
| Prod | 7.875 | 5.5 | 15.5 | 1600 | 200 | 0 |

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|----------------|------------------|---------------|------------------|
| Annular | 3000 | 3000 | guiberson |

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: **Don Shackelford**

Title:

Date: **7/29/2003** Phone: **432-682-9754**

OIL CONSERVATION DIVISION

Electronically Approved By: **Bryan Arrant**

Title: **Geologist**

Approval Date: **7/31/2003** Expiration Date: **7/31/2004**

Conditions of Approval:
There are conditions. See Attached.

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State of New Mexico
Energy, Minerals and Natural Resources

Form C-102

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------|------------------------------------------|--------------------|
| API Number 30-15-32922 | Pool Name CLAYTON BASIN; SEVEN RIVERS | Pool Code 97229 |
| Property Code 29783 | Property Name EDDY IK STATE | Well No. 005 |
| OGRID No. 20595 | Operator Name Shackelford Oil Company | Elevation 3322 |

Surface And Bottom Hole Location

| | | | | | | | | | |
|-----------------------|--------------|-----------------|--------------|--------------------|-------------------|---------------|------------------|---------------|----------------|
| UL or Lot H | Section 2 | Township 20S | Range 29E | Lot Idn | Feet From 1650 | N/S Line N | Feet From 990 | E/W Line E | County Eddy |
| Dedicated Acres 40 | | Joint or Infill | | Consolidation Code | | Order No. | | | |

| | | | |
|--|--|--|---|
| | | | |
| | | | ■ |
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| | | | |

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Electronically Signed By: Don Shackelford
Title:
Date: 7/29/2003

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.
Electronically Signed By: John Jaquess
Date of Survey: 7/1/2003
Certificate Number: 6290

APD Conditions Of Approval

Operator: 20595 Shackelford Oil Company

Well: EDDY IK STATE 005

| OCD Reviewer | Condition |
|---------------------|--------------------------------------------------------------|
| BARRANT | Notify OCD time of spud and cementing of ALL casing Strings. |

Shackleford Oil Company

**PO Box 10665
Midland TX, 79702**

Hydrogen Sulfide (H₂S) Contingency Plan

For

Eddy IK State location(s)

**#3 1980' FNL, 990' FWL
Sec-2, T-20S, R-29E**

**#4 990' FNL, 2310' FWL
Sec-3, T-20S, R-29E**

**#5 1650' FNL, 990' FEL
Sec-2, T-20S, R-29E**

**#6 990' FNL, 990' FEL
Sec-2, T-20S, R-29E**

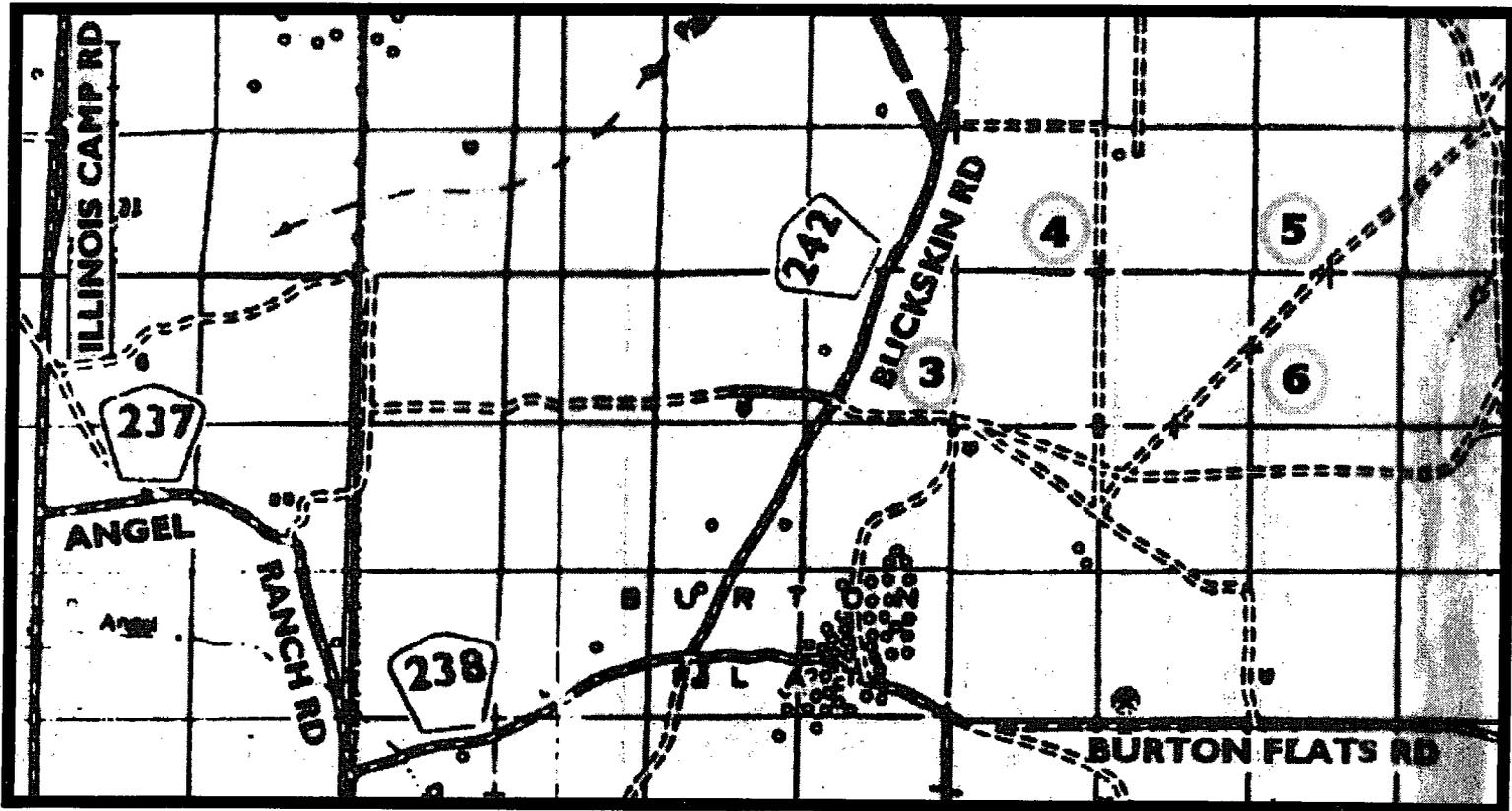
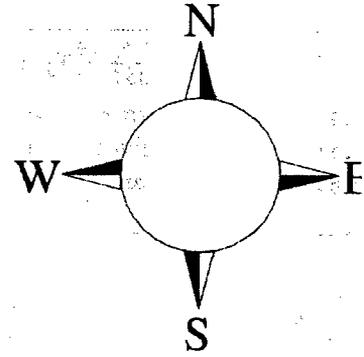
Eddy County NM

And

United Drilling

Eddy IK-State Locations

These are open drilling sites. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000'
100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate the any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

| Common Name | Chemical Formula | Specific Gravity | Threshold Limit | Hazardous Limit | Lethal Concentration |
|------------------|------------------|------------------|-----------------|-----------------|----------------------|
| Hydrogen Sulfide | H ₂ S | 1.189 Air = 1 | 10 ppm | 100 ppm/hr | 600 ppm |
| Sulfur Dioxide | SO ₂ | 2.21 Air = 1 | 2 ppm | N/A | 1000 ppm |

Contacting Authorities

Shackleford Oil Company personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Shackleford Oil Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Company Call List

| <u>Midland (432)</u> | <u>Office</u> | <u>Fax</u> |
|----------------------|---------------|------------|
| Don Shackelford..... | 682-9784..... | 684-5026 |
| Bob Shackelford..... | 682-9784..... | 684-5026 |

Agency Call List

Eddy County (505)

Carlsbad

| | |
|------------------------------------------------|----------|
| State Police..... | 885-3137 |
| City Police..... | 885-2111 |
| Sheriff's Office..... | 887-7551 |
| Ambulance..... | 911 |
| Fire Department..... | 885-2111 |
| LEPC (Local Emergency Planning Committee)..... | 887-3798 |
| NMOCD..... | 748-1283 |

Other

| | |
|----------------------------------------------------------|----------------------------------|
| Boots & Coots IWC..... | 1-800-256-9688 or (281) 931-8884 |
| Cudd Pressure Control..... | (915) 699-0139 or (915) 563-3356 |
| Halliburton..... | (505) 746-2757 |
| B. J. Services..... | (505) 746-3569 |
| Flight For Life -4000 24th St, Lubbock, TX..... | (806) 743-9911 |
| Aerocare -Rr 3 Box 49f, Lubbock, TX..... | (806) 747-8923 |
| Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM..... | (505) 842-4433 |
| S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM..... | (505) 842-4949 |

Prepared in conjunction with
Wade Rohloff of;

