

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

SINGLE  
ZONE ☐

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Enron Oil & Gas Company

3. ADDRESS AND TELEPHONE NO.

P. O. Box 2267, Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
At surface

660' FSL & 1980' FEL

At proposed prod. zone

660' FSL & 1980' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

7 miles West of Carlsbad, NM

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT. 660

(Also to nearest Grig. unit line, if any) 660

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

None

16. NO. OF ACRES IN LEASE

1240

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

19. PROPOSED DEPTH

4200

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3589' GR

22. APPROX. DATE WORK WILL START\*

May 1, 1994

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4	11-3/4 J-55 LT&C	42#	300'	300 sacks CIRCULATED
11	8-5/8 J-55 LT&C	24#	2000'	425 sacks CIRCULATED
7-5/8	5-1/2 J-55 LT&C	15.50#	4200	200 sacks Est TOC at 1800

Acreage is not dedicated to a pipeline.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Betty Gildon

Betty Gildon

TITLE Regulatory Analyst

DATE

3/2/94

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

APPROVED BY

Ron Dutton

TITLE

AREA MANAGER

DATE

APR 11 1994

\*See Instructions On Reverse Side

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I  
P.O. Box 1280, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II  
P.O. Drawer 50, Artesia, NM 88210

DISTRICT III  
1000 Rio Brases Rd., Arton, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

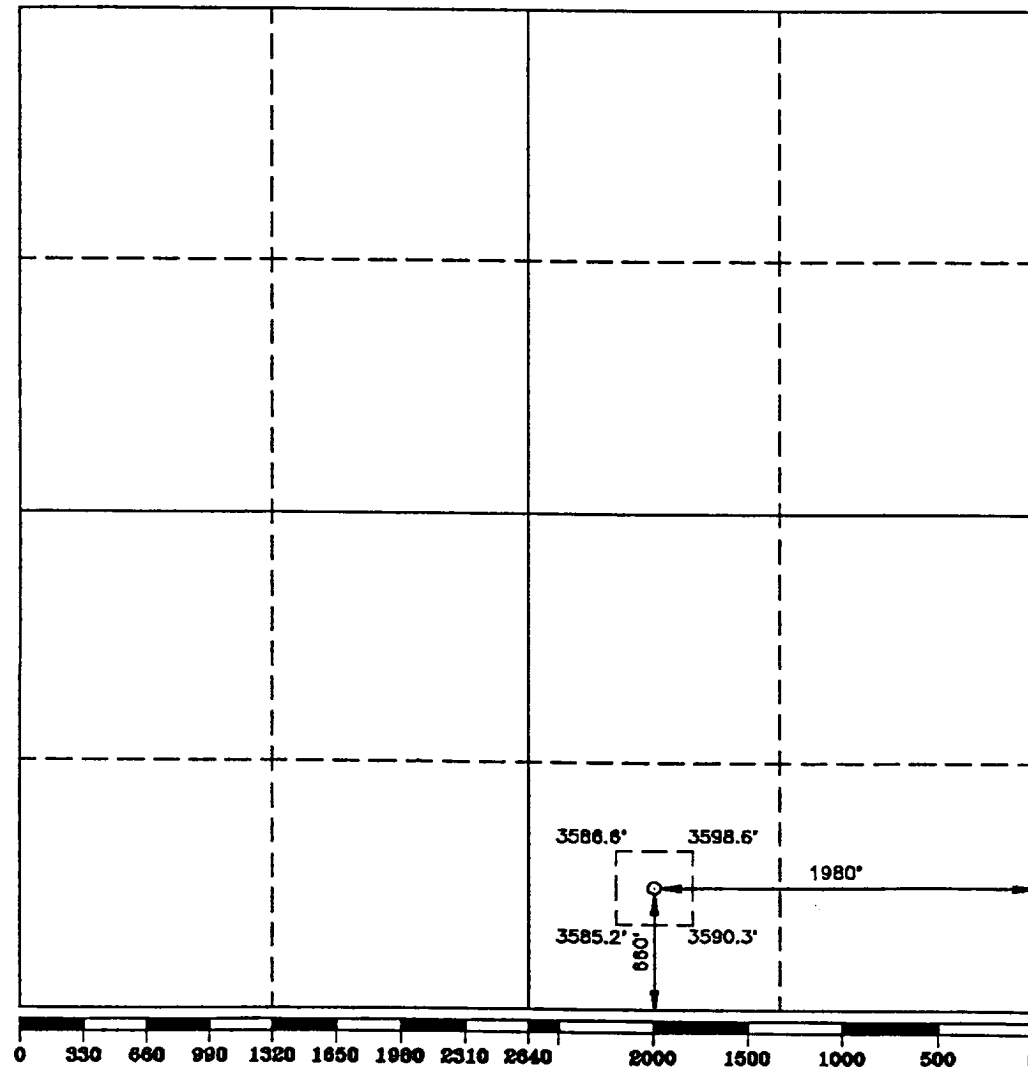
All Distances must be from the outer boundaries of the section

Operator ENRON OIL & GAS COMPANY			Lease CHAMPAGNE "33" FEDERAL		Well No. 1
Unit Letter 0	Section 33	Township 21 SOUTH	Range 25 EAST	NMPM	County EDDY
Actual Footage Location of Well: 660 feet from the SOUTH line and 1980 feet from the EAST line					
Ground Level Elev. 3589'	Producing Formation Delaware		Pool Wildcat		Dedicated Acreage 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?  
☐ Yes ☐ No If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature  
*Berry Gildon*  
Printed Name  
Berry Gildon  
Position  
Regulatory Analyst  
Company  
Enron Oil & Gas Company  
Date  
2/21/94

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 knowledge and belief.

Date Surveyed  
FEBRUARY 3, 1994

Signature of Professional Surveyor  
*Gary L. Jones*  
Professional Surveyor  
NEW MEXICO  
7977  
Certificate No. JONES W. WEST, 678  
PROFESSIONAL L. EDSON, 3239  
GARY L. JONES, 7977

94-11-0234

## DRILLING PROGRAM

Enron Oil & Gas Company  
Champagne 33 Federal #1  
660' FSL & 1980' FEL  
Sec. 33, T21S, R25E  
Eddy County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Reef	260'
Delaware	1975'
Bone Spring	4100'

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

Upper Permian Sands	100'	Fresh Water
Delaware	1975'	Oil

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 11-3/4" casing at 300' and circulating cement back to surface, and 8-5/8" casing will be set at 2000' with cement circulated back to surface.

Enron Oil & Gas Company  
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Sec. 33, T21S, R25E  
Eddy County, New Mexico

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD csg</u>	<u>Weight Grade Jt. Cond. Type</u>
14-3/4	0- 300'	11-3/4	42# J-55 LT&C
11	0- 2000'	8-5/8	24# J-55 LT&C
7-5/8	0- 4200'	5-1/2	15.50# J-55 LT&C

Cementing Program:

11-3/4" Surface casing: Cement to surface with 300 sx of Class C + 2% CaCl<sub>2</sub> + 1/4#/sx flocele.

8-5/8" Intermediate: Cement to surface with 425 sx of Premium Pluslite + ~~15#/sx salt~~ + 1/4#/sx Flocele. (Neat Tail Slurry)  
→ fresh water req... do not use salt in cement. (SJS)

5-1/2" Prod. Casing: Cement with 200 sx 50/50 Cl H/Poz + 2% Gel + .4% CF-14, .1% Diacel LWL. This cement slurry is designed to bring TOC to 1800'.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (3000 psi WP) preventer and an annular preventer (3000 psi WP). Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All will be installed on the 11-3/4" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 600 psi before drilling out of surface casing. Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 3000 psi and the annular to 70% of rated working pressure (2100 psi).

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 4" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

ENRON OIL & GAS COMPANY

ATTACHMENT

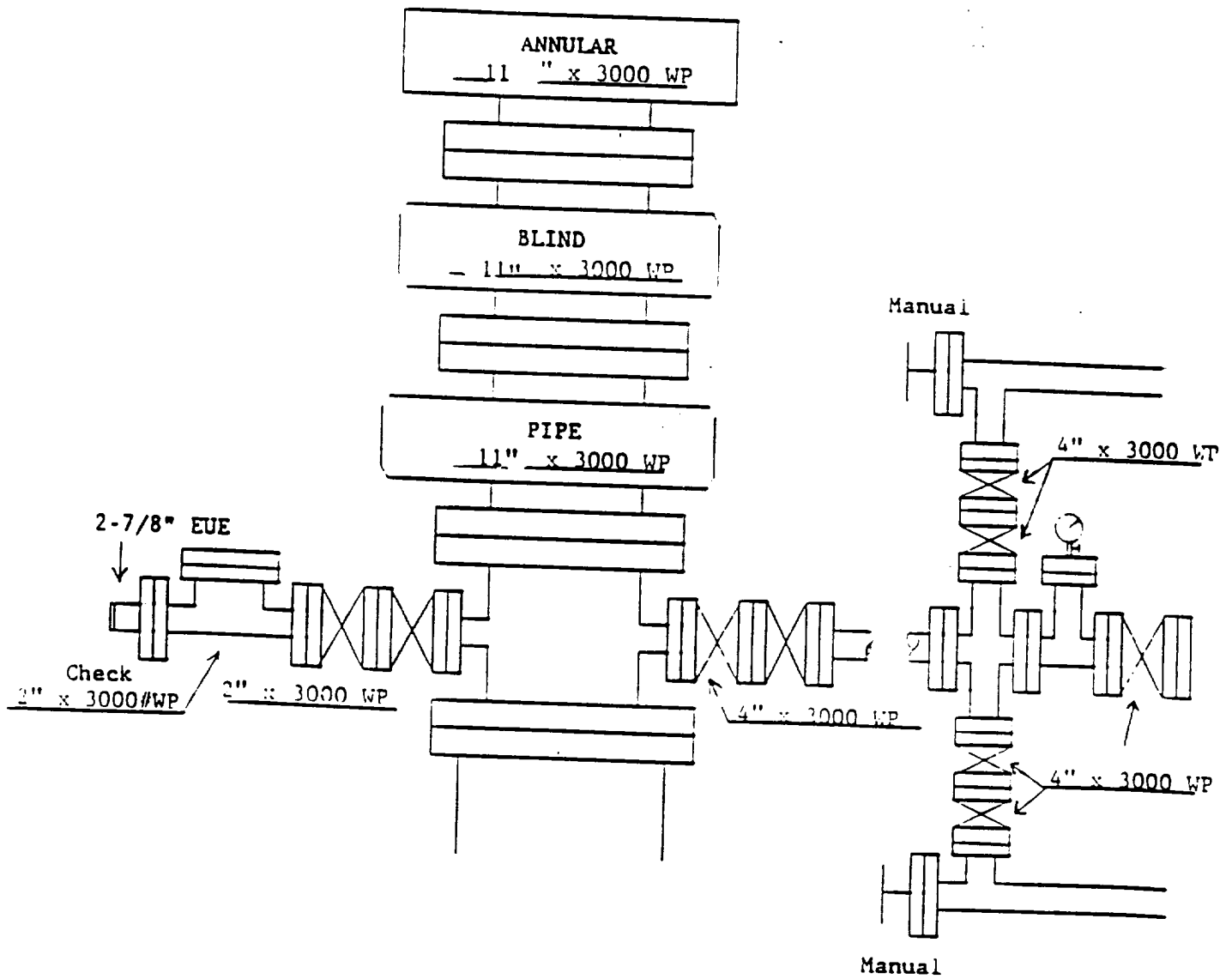


EXHIBIT #1

Attachment to Exhibit #1  
ENRON OIL & GAS COMPANY  
Champagne 33 Federal, Well No. 1

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
2. Wear ring to be properly installed in head.
3. Blow out preventer and all fittings must be in good condition, 3000 psi W.P. minimum.
4. All fittings to be flanged.
5. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 3000 psi W.P. minimum.
6. All choke and fill lines to be securely anchored, especially ends of choke lines.
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
8. Kelly cock on kelly.
9. Extension wrenches and hand wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40 gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.

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Sec. 33, T21S, R25E  
Eddy County, New Mexico

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of brine, cut brine, and fresh water. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0-300'	Fresh water (spud)	8.5	40-45	N.C.
300'-2000'	<del>Brine</del> Fresh water	<del>10-8.5</del>	<del>30</del> As needed	N.C.
2000'-4200'	Cut Brine	8.8-9.2	28	N.C.

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. Auxiliary Well Control and Monitoring Equipment:

- (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.
- (C) A mud logging unit complete with H2S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 1600' to TD.

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Eddy County, New Mexico

8. Logging, Testing and Coring Program:

(A) The electric logging program will consist of GR-Dual Induction, Compensated Neutron & Compensated Density.

(B) Possible side wall cores based on shows.

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

The estimated bottom hole temperature (BHT) at TD is 115 degrees F with an estimated maximum bottom-hole pressure (BHP) of 2000 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. Anticipated spud date is unknown at the present time. Once drilling has commenced, the drilling operation should be finished in approximately 15 days. If the well is productive, an additional 30 to 45 days will be required for completion and testing before a decision is made to install permanent facilities.



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660' FSL & 1980' FEL  
Sec. 33, T21S, R25E  
Eddy County, New Mexico

## SURFACE USE AND OPERATIONS PLAN

### 1. Existing Roads:

Access to location will be made as shown on Topographic Map submitted with "Notice of Staking".

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:

Surface material will consist of six (6) inches of caliche, water compacted and graded with a minimum grade of 3 percent. Drainage will have a drop of 6 inches from the center line on each side.

No turnouts are planned.

A cattleguard will be necessary at the SE corner of this location.

Surfacing material will consist of native caliche to be obtained from the nearest BLM-approved caliche pit. Any additional materials required will be purchased from the dirt contractor.

### 3. Location of Existing Wells:

Exhibit #2 shows all existing wells within a one-mile radius of this well.

### 4. Location of Existing and/or Proposed Facilities:

There are no existing production facilities. If production is encountered a temporary facility will be established on the drill pad, and if warranted a production facility would be built at a later date in the immediate area of the drill-pad location. If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.



Attachment to Exhibit #2

STATUS OF WELLS WITHIN ONE-MILE RADIUS

CHAMPAGNE "33" FEDERAL #1  
660' FSL & 1980" FEL  
Section 33, T21S, R25E  
Eddy County, NM

Section 4, T22S, R25E

D & A

Gulf Oil Corp. #1- Allen "F" Federal 1650' FNL & 1650' FEL

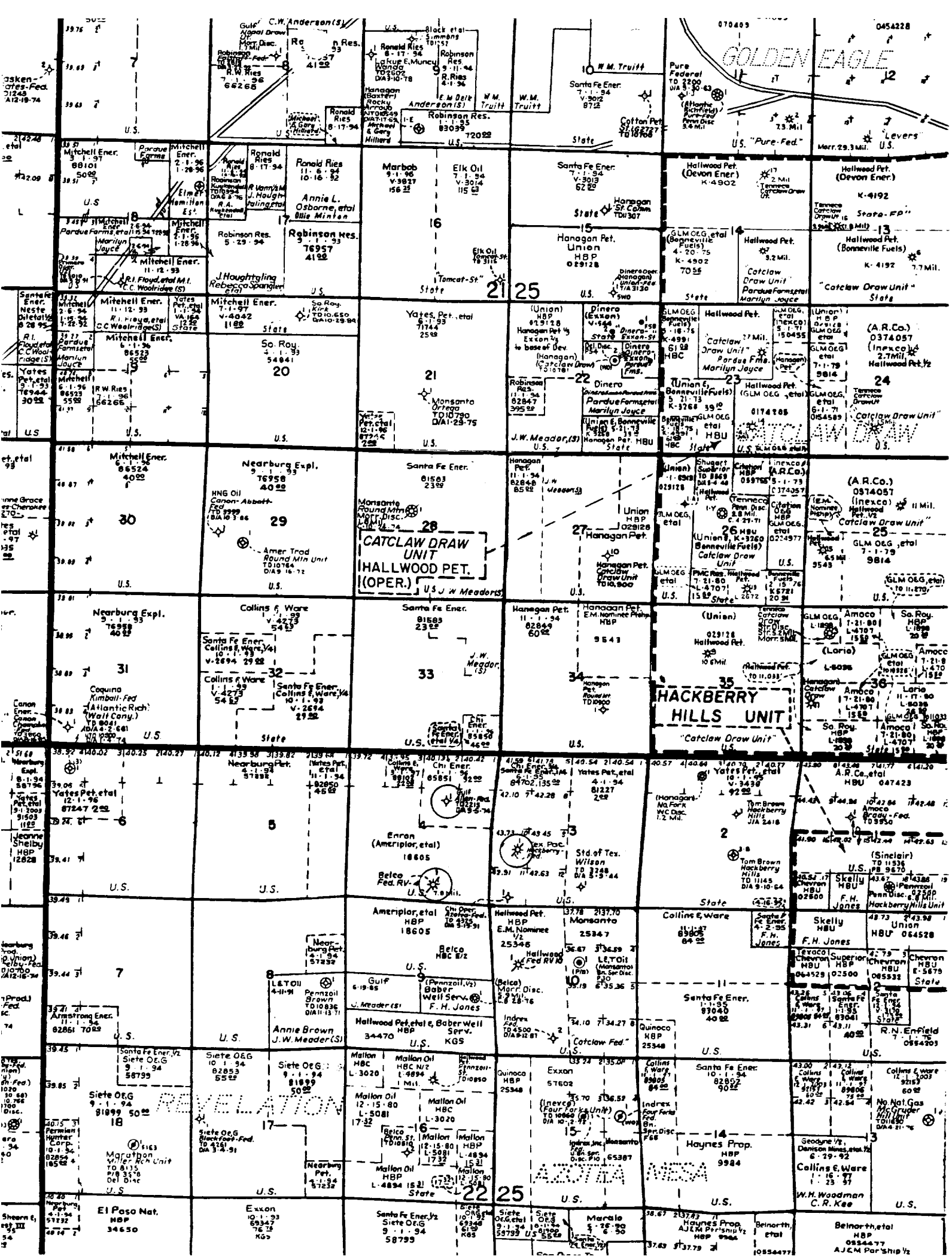
P & A

ENRON O&G #1-Federal "RV-4" 660" FSL & 1980" FEL  
(Gas ) Morrow Perfs 10,440'-800'

Section 3, T22S, R25E:

P & A

Texas Pacific Oil Co. #1-Hackberry-Fed. 1980' FSL & 990" FWL  
(Gas) Morrow Perfs 10,516' - 767



Enron Oil & Gas Company  
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Sec. 33, T21S, R25E  
Eddy County, New Mexico

5. LOCATION AND TYPE OF WATER SUPPLY:

Water for drilling will be purchased from commercial sources and transported to the well site over the roads as shown on Topographic map.

6. PLANS FOR RESTORATION OF THE SURFACE:

After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Location will be cleaned of all trash and junk to leave the well in an aesthetically pleasing condition as possible.

Any unguarded pits containing fluid will be fenced until they are dry and back filled.

After abandonment of the well, surface restoration will be in accordance with current Federal laws and regulations. Location will be cleaned, and the well pad removed to promote vegetation. Reseeding will be as per BLM specifications.

7. METHODS OF HANDLING WASTE DISPOSAL:

A small reserve pit will be utilized. Reserve pit will be evacuated of drilling fluid within 10 days after the well is completed.

Drill cuttings will be encapsulated in plastic and buried 2' below ground level.

Water produced during tests and waste water will be saved and hauled to a disposal well. Oil produced during tests will be in test tanks until sold.

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

Trash, waste paper, garbage and junk will be hauled to an approved disposal site in an enclosed trash trailer.

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

8. ANCILLARY FACILITIES:

No airstrip, campsite, or other facilities will be built.

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Eddy County, New Mexico

9. WELL SITE LAYOUT:

Exhibit #3 shows the relative location and dimensions of the well pad, steel mud pits, burial pits and location of major rig components. Pad area has been staked and flagged.

Only minor leveling of the well site will be required.

10. OTHER INFORMATION:

Land surface is undulatory and duny, sloping gently toward the south at about 30 feet per mile. Soil conditions are variable. Generally soil is a deep fine sand underlain by caliche. The vegetative cover is moderate and is primarily shinnery with some perenial native range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles and some birds.

There is no permanent or live water in the immediate area.

11. OPERATORS REPRESENTATIVE:

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

Mr. Dewey Smeltzer  
4807 Rustic Tr

Phones: Business - 1-915/686-3601  
Home - 1-915/520-9608

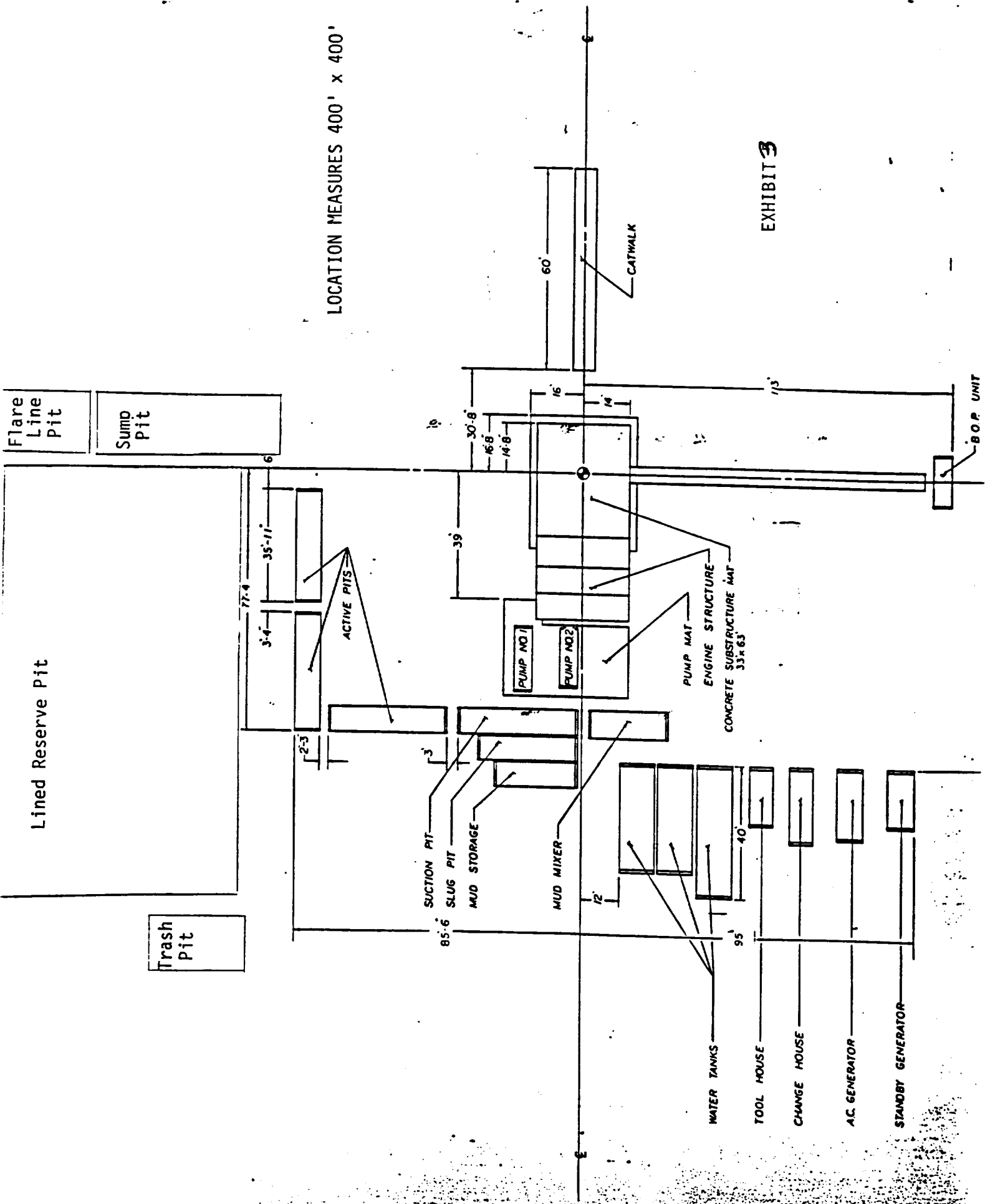
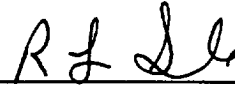


EXHIBIT 3

Enron Oil & Gas Company  
Champagne 33 Federal #1  
660' FSL & 1980' FEL  
Sec. 33, T21S, R25E  
Eddy County, New Mexico

12. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspection 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 Enron Oil & Gas Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.



Ray L. Ingle  
Operations Manager

Date: 2 Mar 94