

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER ☐

2. NAME OF OPERATOR

Dinero Operating Company

3. ADDRESS AND TELEPHONE NO.

P. O. Box 10505, Midland, Texas 79702

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

At surface

990' FEL & 2,310' FSL

At proposed prod. zone

990' FEL & 2,310' FSL

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

6 miles South  
of Loving, New Mexico, 1/4 mile West of Hwy. 285

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.  
(Also to nearest drilg. unit line, if any)

990'

16. NO. OF ACRES IN LEASE

160

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

6,250

20. ROTARY OR CABLE TOOLS

Rotary

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

2966.9

2969.6' GL

22. APPROX. DATE WORK WILL START

As soon as possible

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	500'	Circulated
7 7/8"	4 1/2"	11.6	6,250'	(tie back above top of salt)

8 5/8" casing: Circulate 315 sacks of Class "C" to surface.

Post ID-1  
6-28-91

New LK 4 API

4 1/2" casing: Bring cement up to cover all possible productive zones in the Delaware. (tie back above top of salt)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

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

*Gerry Porter*

TITLE Production Clerk

DATE 5/16/91

(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 to the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

AREA MANAGER  
CARLSBAD RESOURCE AREA

DATE

6-20-91

\*See Instructions On Reverse Side

1-1

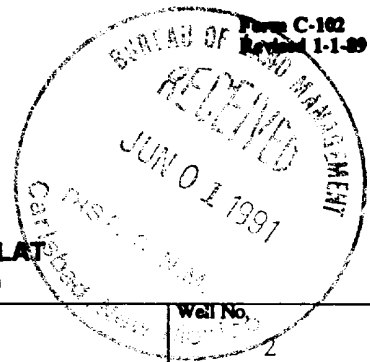
Title 48 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088



DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

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

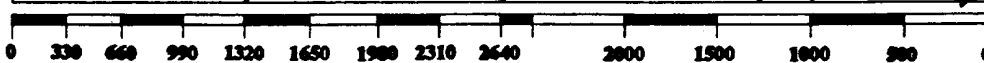
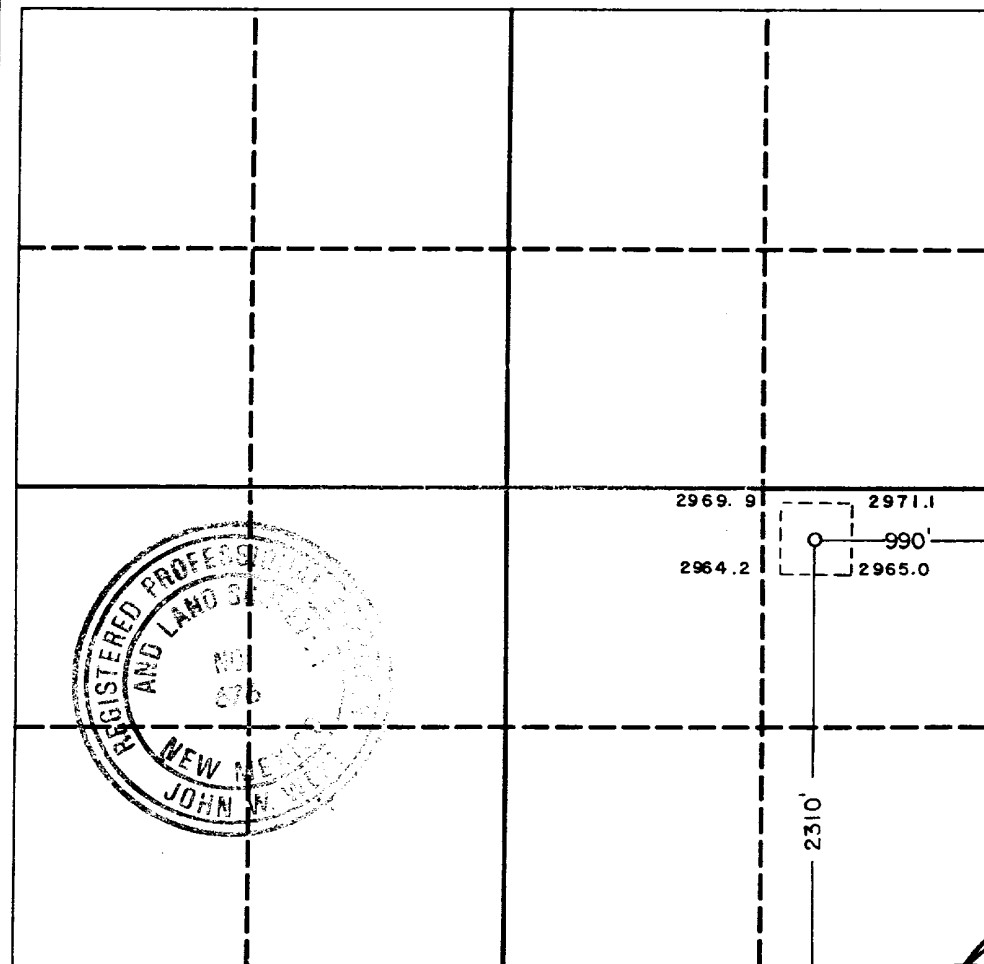
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator DINERO OPERATING CO.			Lease AMINOL FEDERAL		Well No. 2
Unit Letter I	Section 22	Township 24 SOUTH	Range 28 EAST	County EDDY	
Actual Footage Location of Well: 2310 feet from the SOUTH line and 990 feet from the EAST line					
Ground level Elev. 2966.9	Producing Formation Delaware		Pool Wildcat		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_  
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

James C. Dewey

Position

Land Manager

Company

Dinero Operating Company

Date

5-30-91

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

5-22-91

Signature & Seal of  
Professional Surveyor

Certificate No. JOHN W. WEST, 676

RONALD J. EIDSON, 8239

**APPLICATION FOR PERMIT TO DRILL**  
**DINERO OPERATING COMPANY**  
**AMINOIL FEDERAL #2**  
990' FEL & 2,310' FSL  
Section 22, T-24-S, R-28-E, N.M.P.M.  
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Dinero Operating Company submits the following items of pertinent information in accordance with Onshore Oil & Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations:

1. The geologic surface formation is of Permian Age.
2. Estimated tops of geologic markers are as follows:

Fresh Water	150' (Windmill only)
Salt-Anhydrite Redbeds	2,600'
Delaware	3,800'
3. The estimated depths at which water, oil, or gas formations are expected to be encountered:

Water	150'
Oil or Gas	2,750'
4. Proposed Casing Program: See Form 3160-3 and Exhibit F.
5. Pressure Control Equipment: See Exhibit E.
6. Mud Program: See Exhibit C.
7. Auxiliary Equipment: None
8. Testing, Logging, and Coring Programs

DST's :
1 in Delaware
Logging:
2-man Mudlogging unit from 2,750' to TD.
Electric Logs:
Compensated Neutron-Formation Density
Dual Laterlog-Gamma Ray
No Coring is anticipated.
9. Abnormal Pressures, Temperatures, or Other Hazards:

We will mud up at approximately 2,000' for sample control. Do not expect high pressure.
10. Anticipated Starting Date: As soon as possible.

**SURFACE USE PLAN**  
Dinero Operating Company  
Aminoil Federal #2  
990' FEL & 2,310' FSL, Section 22, T-24-S, R-28-E,  
Eddy County, New Mexico

1. **EXISTING ROADS:** State Highway #285 runs approximately along the East side of the Section line, and we plan to use an existing ranch road south out of Malaga.

**DIRECTIONS:**       Reference Exhibit "A"

2. **PLANNED ACCESS ROADS** - Reference Exhibit "A"

3. **LOCATION OF EXISTING WELLS IN A ONE MILE RADIUS:**

A.     Water wells - None

B.     Disposal wells - None

C.     Drilling wells - None

D.     Producing wells -  
        Dinero Aminoil Federal #1 - NW/4 SE/4 Section 22  
        Aztec Willow Lake Unit #1 - NW/4 Section 22  
        Pogo Prod. State #1 - NE/4 Section 27  
        Enron Willow Lake "15" - SE/4 Section 16  
        Parker & Parsley #1 NE/4 Section 23

E.     Abandoned wells -  
        E. A. Hanson #1 - NW/4 Section 27  
        N.E. Wills #1 - SW/4 NW/4 Section 26  
        Pogo IMC #1 - NE/4 NW/4 Section 26

4.     If, upon completion, the well is a producer, Dinero Operating Company, will furnish maps or plats showing On Well Pad facilities and Off Well Pad facilities (if needed) on a Sundry Notice before construction of these facilities starts.

5. **LOCATION AND TYPE OF WATER SUPPLY**

Water will be purchased locally from a private source and trucked over the access roads, or piped in flexible lines laid on top of the ground.

6. **SOURCE OF CONSTRUCTION MATERIALS:**

If needed, construction materials will be obtained from the drill site's excavations or from a local source. These materials will be transported over the access route as shown on Exhibit "A".

## 7. METHODS FOR HANDLING WASTE DISPOSAL

- A.
  - 1. Drill cuttings will be disposed of in the reserve pit.
  - 2. Trash, waste paper, and garbage will either be contained in a fenced trash trailer or in a trash pit, fenced with mesh wire to prevent wind-scattering during storage. When the rig moves out, all trash and debris left at the site will be contained to prevent scattering and will be buried at least 36" deep within a reasonable period of time.
  - 3. Salts remaining after completion of the well will be picked up by the supplier, including broken sacks.
  - 4. Sewage from trailer houses will drain into holes with minimum depth of 10'00". These holes will be covered during drilling and backfilled upon completion. A "porta John" will be provided for the rig crews. This will be properly maintained during the drilling operations and removed upon completion of the well.
  - 5. Chemicals remaining after completion of the well will be stored in the manufacturers containers and picked up by the supplier.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time they will be transported by tank truck to a state approved disposal site.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

## 8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

## 9. WELL SITE LAYOUT

- A. Exhibit "B" (Scale 1" = 50') shows the proposed well site layout.
- B. This exhibit indicates proposed location of reserve and trash pits; and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with PVC or polyethylene liner. The pit liner will be 6 mils thick. Pit liner will extend a minimum, 2'-00" over the reserve pits dikes where the liner will be anchored down.

- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

#### 10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform with the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recontoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

#### 11. OTHER INFORMATION

- A. The topography is of a rolling terrain with vegetation of sagebrush and native grass. The soils are clayey sand over caliche base.
- B. The surface is used to mainly access producing wells
- C. An archeological study is being conducted for the location and new access road. The report will be submitted separately when completed.
- D. There are no buildings of any kind in the area.

#### 12. OPERATOR'S REPRESENTATIVES:

- A. DINERO OPERATING COMPANY  
P. O. Box 10505  
Midland, Texas 79702  
Office Hours 8:30 a.m. to 5:00 p.m.  
Telephone: (915) 684-5544 or 684-4292

Russell J. Ramsland	Home - (915) 682-1959
Charlie Williams	Home - (915) 699-0909
James C. Dewey	Home - (915) 682-6543

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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 DINERO OPERATING COMPANY and its contractors/subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: May 20, 1991

Charles Williams  
Title: Production Superintendent

/lgp

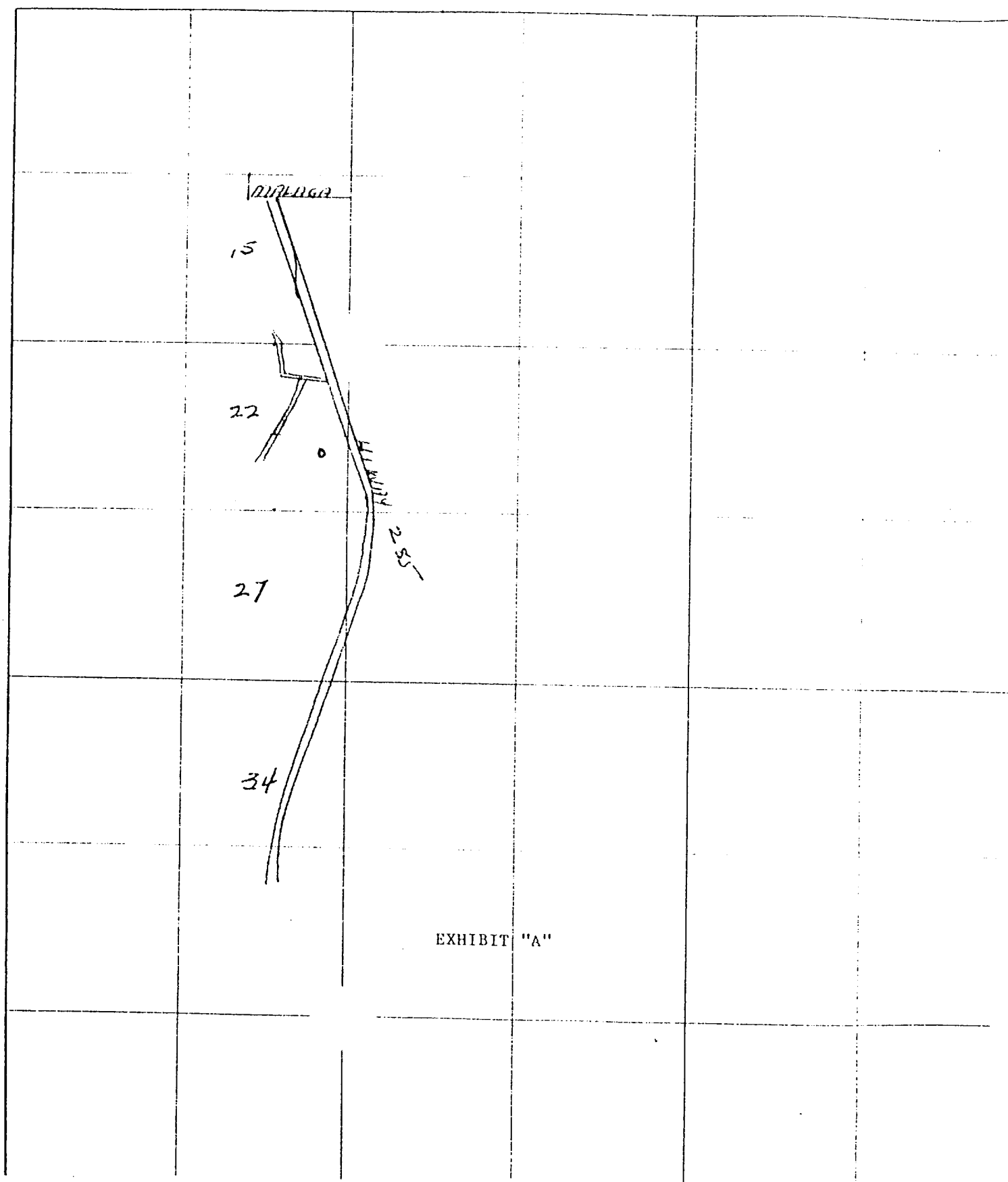
DINERO OPERATING COMP. -

AMINOIL FEDERAL NO. 2

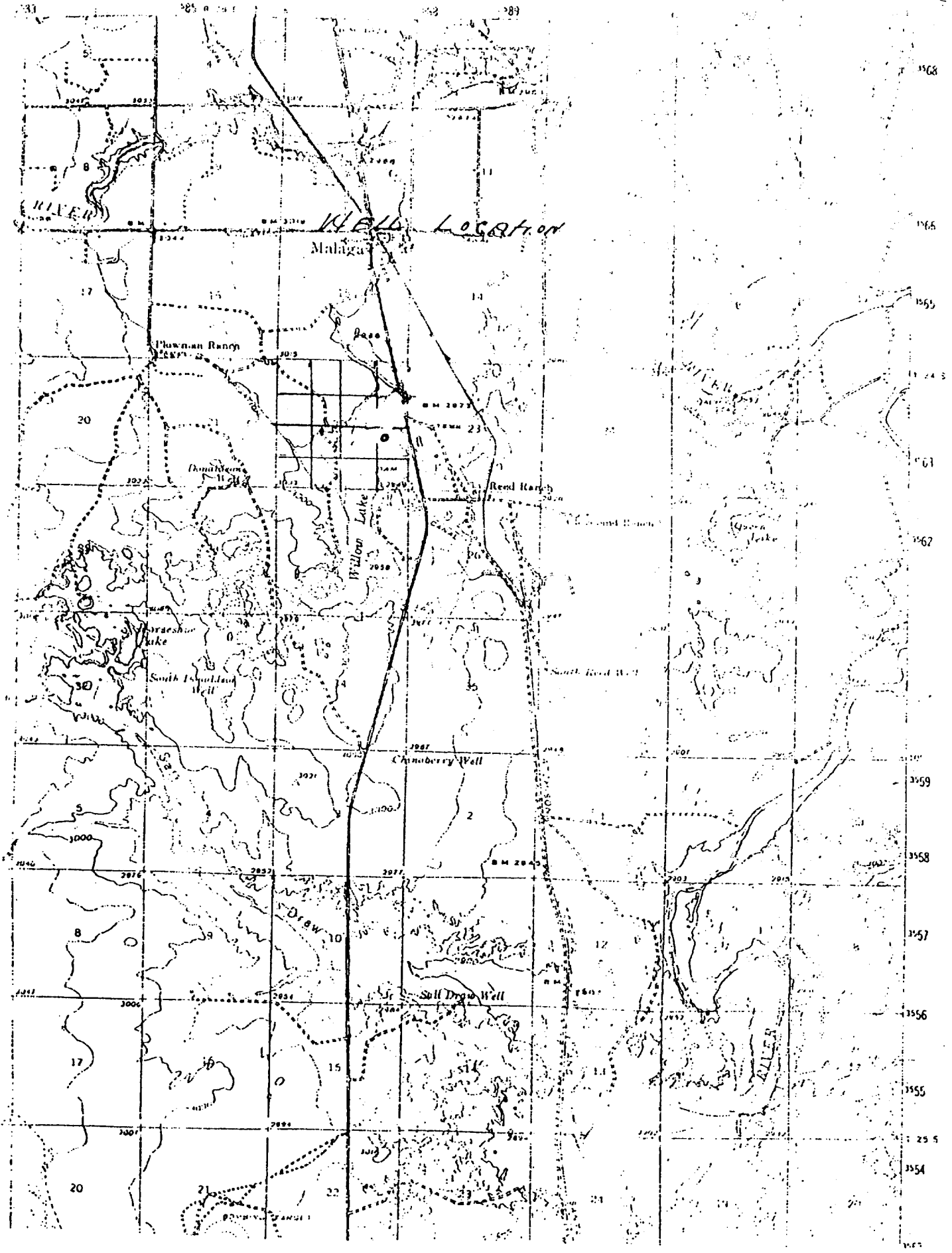
990' FEL & 2310' FSL

Section 22, T-24-S, R-28E, Eddy County, New Mexico

TOWNSHIP 24 S RANGE 28 E COUNTY EDDY







DINERO OPERATING COMPANY

AMINOIL FEDERAL NO. 2

990' FEL & 2310' FSL

Section 22, T-24-S, R-28-E,

Eddy County, New Mexico

TOWNSHIP

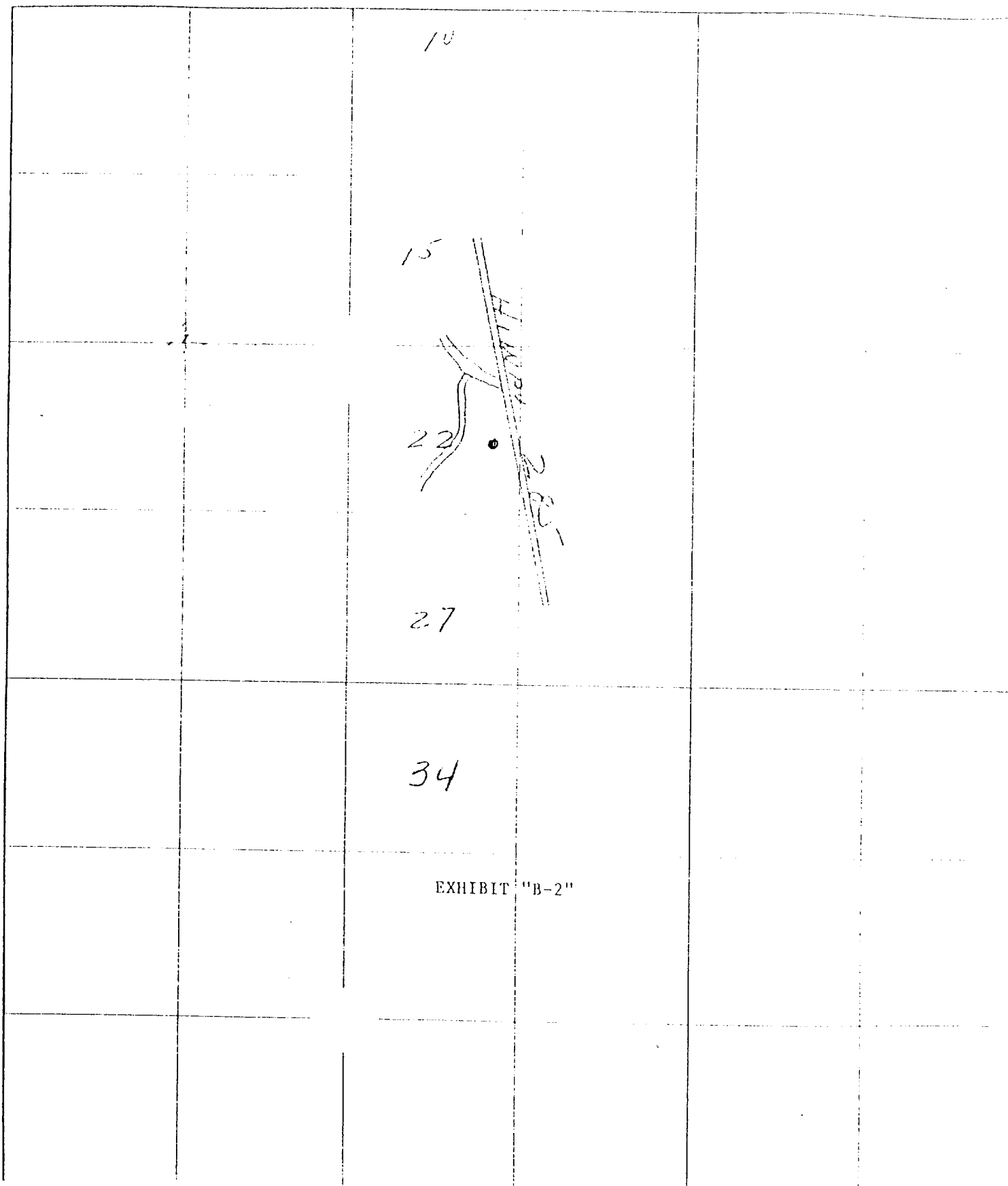
24 S

RANGE

28 E

COUNTY

Eddy



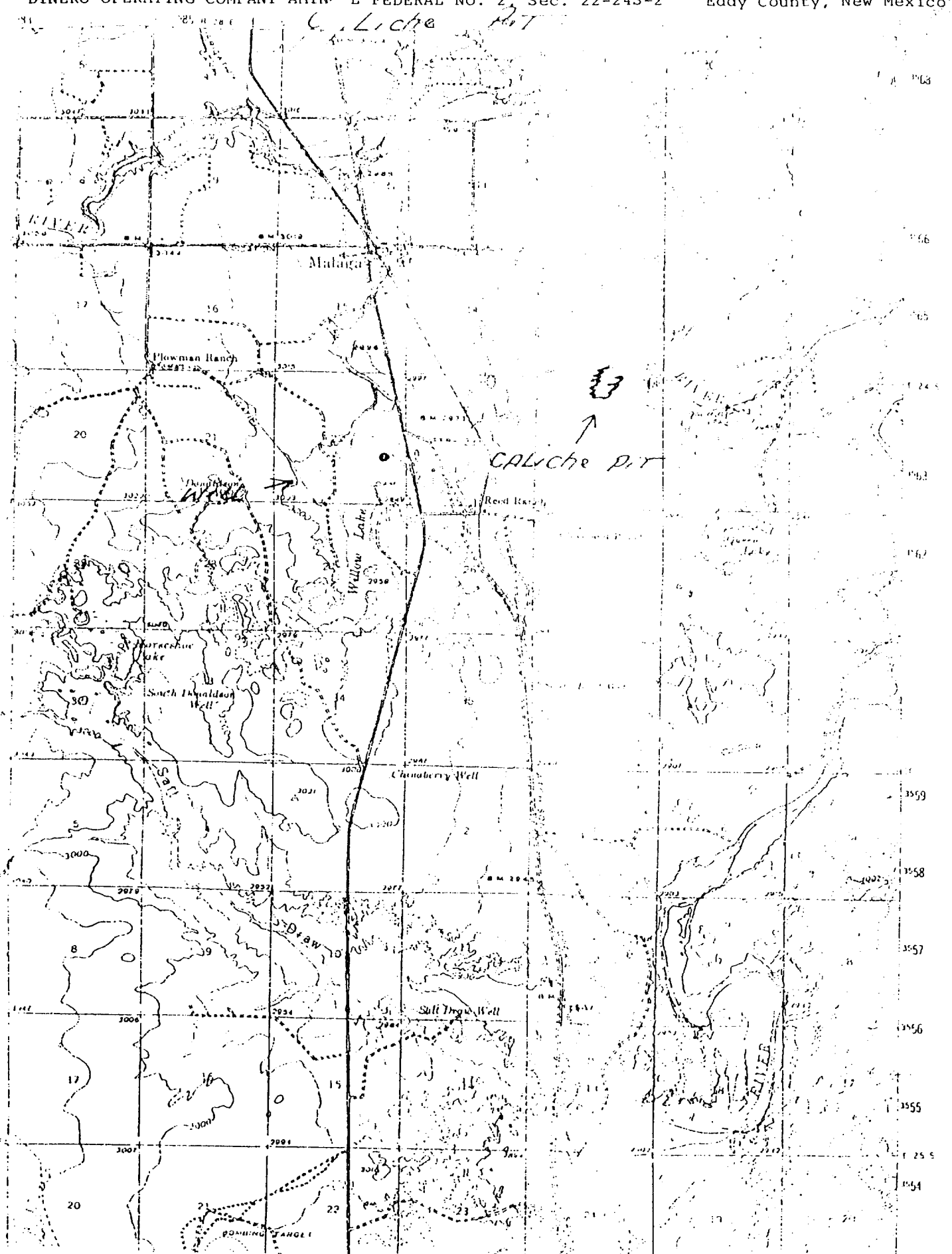
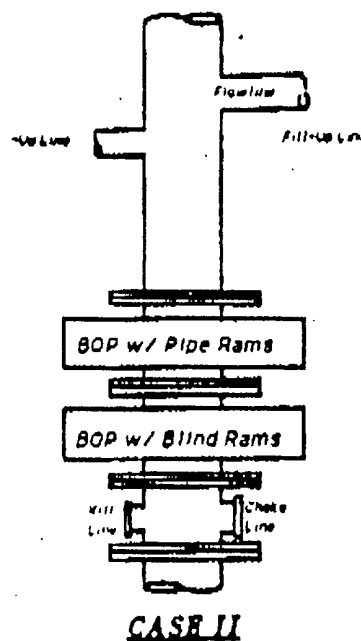


EXHIBIT "E"

BLOW-OUT PREVENTER



DINERO OPERATING COMPANY  
AMINOIL FEDERAL NO. 2  
990' FEL & 2310' FSL  
SECTION 22, T-24-S, R-28-E,  
EDDY COUNTY, NEW MEXICO

DINERO OPERATING COMPANY  
 AMINOIL FEDERAL NO. 2  
 990' FEL & 2310' FSL,  
 SECTION 22, T-24-S, R-28-E,  
 EDDY COUNTY, NEW MEXICO

**THE WESTERN COMPANY**  
**CEMENTING RECOMMENDATION**

OPERATOR	GRACE DRILLING
WELL	T/R BID
LOCATION	SEC 22 - 24S - 28E
COUNTY, STATE	EDDY, NM
PREPARED BY	MORRIS KEITH
DATE	05-08-91

**TYPE OF JOB: SURFACE CASING**

**ANNULAR GEOMETRIES**

ANNULAR I.D. (IN)	DEPTH (FEET)
12 1/4 HOLE	550

**SUSPENDED PIPES**

OUTER DIAMETER (IN)	DEPTH (FEET)
8 5/8	550

DINERO OPERATING COMPANY  
AMINOIL FEDERAL NO. 2  
990' FEL & 2310' FSL,  
SECTION 22, T-24-S, R-28-E,  
EDDY COUNTY, NEW MEXICO

**THE WESTERN COMPANY**  
**CEMENTING RECOMMENDATION**

**TYPE OF JOB: SURFACE CASING**

**VOLUME CALCULATIONS**

229 FEET X 0.4127 CU.FT. X 2.00 WASH OUT FACTOR = 189 CU.FT.  
321 FEET X 0.4127 CU.FT. X 2.00 WASH OUT FACTOR = 265 CU.FT.  
TOTAL SLURRY VOLUME: 454 CU.FT.  
81 BARRELS

SLURRY NO.	VOLUME CU.FT.	VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
1	189 /	1.76 =	110 SACKS PACESSETTER LITE (C) + 8.000 % GEL(BENTONITE) + 2.000 % CACL2 + 0.25 PPS CELLO-SEAL + 89.000 % WATER
2	265 /	1.33 =	200 SACKS CLASS O + 2.000 % CACL2 + 56.000 % WATER

**CEMENT PROPERTIES**

	SLURRY NO.1	SLURRY NO.2
SLURRY WEIGHT (POUNDS PER GALLON)	12.90	14.79
SLURRY YIELD (CU. FT. PER SACK )	1.76	1.33
AMOUNT OF MIX WATER (GAL PER SACK)	9.30	6.32

EXHIBIT "F-1"

EXHIBIT G  
DRILLING FLUID PROGRAM

DINERO OPERATING COMPANY  
AMINOIL FEDERAL NO. 2  
990' FEL & 2,310' FSL,  
Section 22, T-24-S, R-28-E,  
Eddy County, New Mexico

Surface:	Spud with fresh water natural mud. Add lime if necessary to attain a 36-38 second viscosity. Add paper and other non-toxic LCM to combat seepage and lost circulation.
Intermediate:	Drill out from under surface casing with fresh water adding lime and paper for seepage.
Production:	Drill out from under intermediate casing with fresh water using gel for viscosity. Mud up prior to drilling Delaware. Use Barite and starch for viscosity and + or - 10 cc water loss. Mud program may additionally be altered as conditions dictate.

WM

Eddy County, New Mexico

T.P. TRUL. HSE.

