Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. OIL CONS. DIV.
1301 W. Grand
Artesia, NM 88210

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: [X] DRILL [ ] REENTER	5. Lease Serial No.: NM-17056
1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone	6. If Indian, Allotee or Tribe Name:
	7. Unit or CA Agreement Name and No.: 18768
2. Name of Operator: Texaco Exploration & Production 22351	8. Lease Name and Well No.: REMUDA BASIN '19' FED #3
3a. Address: 500 N. Loraine Midland, Texas 79702	3b. Phone No. (include area code): (915) 688-4606
	9. API Well No.: 30-015-32224
4. Location of Well (*Report location clearly and in accordance with any State equirements*)*	10. Field and Pool, or [redacted]
At surface: UNIT B, 950' FNL & 1650' FEL SUBJECT TO LIKE APPROVAL BY STATE	11. Sec., T., R., M., or Blk. and Survey or Area
At proposed prod. zone: UNIT G, 1815' FNL & 1815' FEL Nash Draw; Delaware	SEC 19, T-23-S, R-30-E
14. Distance in miles and direction from nearest town or post office*: 12 MILES EAST OF LOVING, NM	12. County or Parish: EDDY; 13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any): 950'	16. No. of Acres in lease: 160	17. Spacing Unit dedicated to this well: 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: 1030.1	19. Proposed Depth: 7425'	20. BLM/BIA Bond No. on file: CO-0058
21. Elevations (Show whether DF, KDB, RT, GL, etc.: 3084'	22. Approximate date work will start*: 9/30/01	23. Estimated duration:

Carlsbad Controlled Water Basin

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signuature: A. Phil Ryan	Name (*Printed/Typed*): A. PHIL RYAN	Date: 9/10/01
Title: COMMISSION COORDINATOR		
Approved by (Signautre): (ORIG. SGN.) M. J. CHÁVEZ	Name (*Printed/Typed*): (ORIG. SGN.) M. J. CHÁVEZ	Date: FEB 19 2002
Title: STATE DIRECTOR	Office: NM STATE 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 Reverse)

FEB 2002
RECEIVED
OCD - ARTESIA

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and 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

[1] API Number	[2] Pool Code	[3] Pool Name
		Brushy Canyon, Delaware; Bone Springs

[4] Property Code	[5] Property Name	[6] Well Number
	Remuda Basin "19" Federal	3

[7] OGRID No.	[8] Operator Name	[9] Elevation
	TEXACO EXPLORATION & PRODUCTION, INC.	3084'

[10] Surface Location

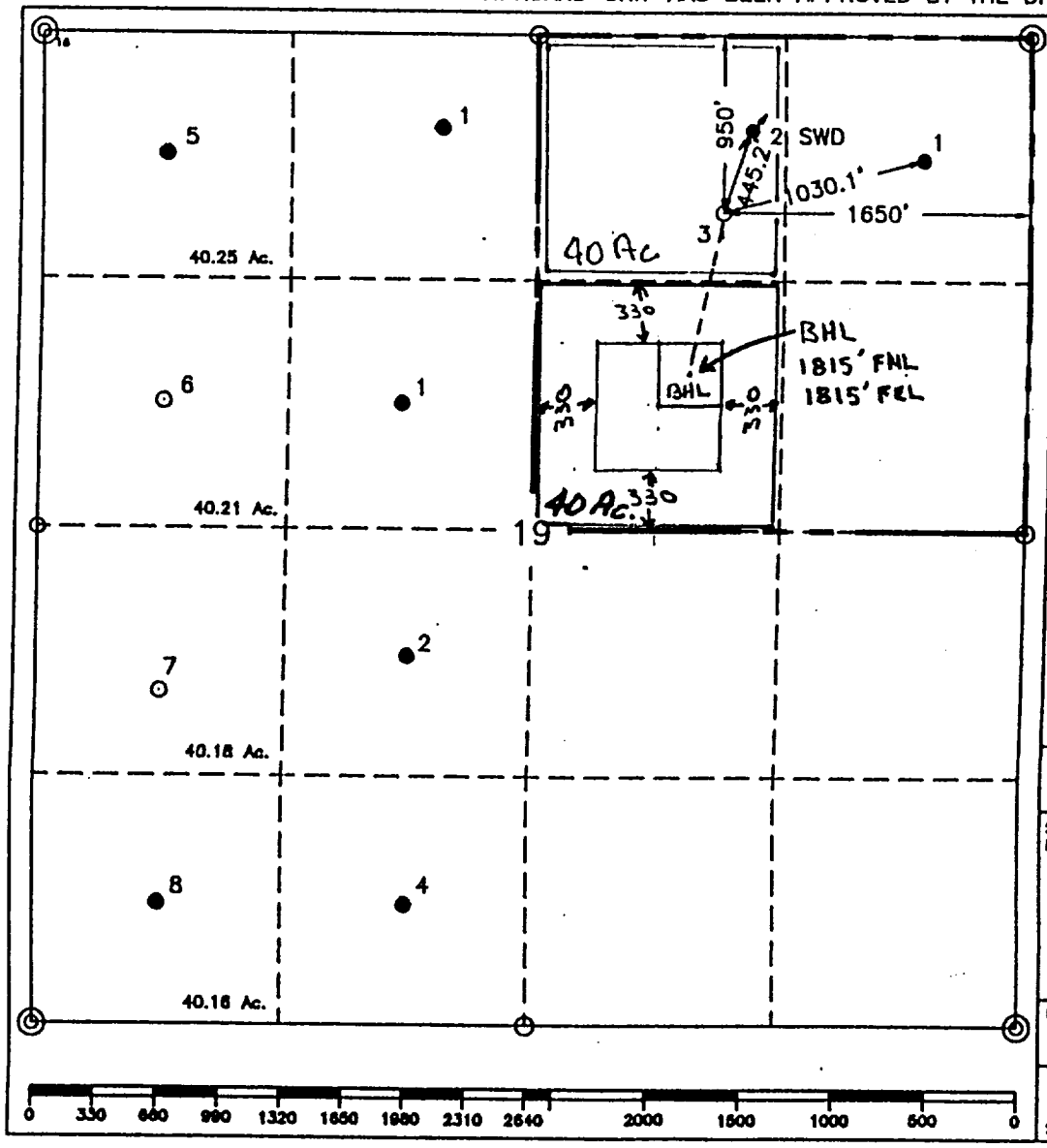
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	[7] County
B	19	23-S	30-E		950'	North	1650'	East	Eddy

[11] 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	[7] County
G	19	23-S	30-E		1815	North	1815	East	Eddy

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] 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.



[17] OPERATOR CERTIFICATION

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

Signature: A. Phil Ryan

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: May 17, 2001

[18] 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: May 14, 2001

Signature & Seal of Professional Surveyor

Certificate No. 7254 John S. Piper

Sheet

○ = Staked Location ● = Producing Well ⚡ = Injection Well ○ = Water Supply Well ✦ = Plugged & Abandon Well

DRILLING PROGRAM

REMUDA BASIN '19' FED #3

SURFACE DESCRIPTION:

See Item 11 (other information) in the attached Surface Use and Operations Plan.

FORMATION TOPS: Estimated KB Elevation: 3082'

Formation	Depth	Lithology	Fluid Content
Top of Salt	----	Salt	----
Base of Salt	3329'	Salt	----
Bell Canyon (Delaware)	3355'	Sand	Oil
Cherry Canyon (Delaware)	4140'	Sand	Oil
Brushy Canyon (Delaware)	5455"	Sand	----
Lower Brushy Canyon	7025'	Sand	----
Bone Spring Lime	7124'	Lime	Oil
Total Depth:	7425'		

The base of the salt section is the top of the Delaware at 3329'. No abnormal pressures or temperatures are anticipated to be encountered in this well. The Bottom Hole pressure at T.D. is estimated to be 7.9 PPG EMW (5135 PSI).

Install H2S equipment from 400' to 7,425' (TD). H2S RADIUS OF EXPOSURE: 100ppm = 199', 500ppm = 91', based on 4300 ppm H2S and 692 MCF (see attached H2S Drilling Operations Plan. H2S equipment to be operational prior to drilling out Surface Casing Shoe.)

Duration of Operation: 46 Days to Drill & 8 Days to Complete

PRESSURE CONTROL EQUIPMENT:

A 3000 psi (or 5000 psi at drilling contractor's option) Dual Ram BOP with rotating head (See Exhibit C) will be installed after surface casing is set. BOP will be tested each time it is installed on a casing string and at least every 29 days, and operated at least once each 24 hour period during drilling.

A PVT system will not be installed. We will be drilling thru the reserve pit and will circulate the steel pits one hour each tour to check for gains and losses and will be noted on the driller's log, which is Texaco's policy.

We do not plan to run an automatic remote-controlled choke. We will have installed and tested two manual, H2S trimmed, chokes.

Casing Program: All Casing will be new.

Surface Casing - 14 3/4" hole, 11 3/4", 42#, H-40, STC, set @ 400'.

Intermediate Casing : 11" hole, 3350' of 8 5/8", 32#, K-55, LTC, set @ 3350'.

Production Casing: 7 7/8" hole, 6150' of 5 1/2", 17#, K-55, LTC, and 1275' 5 1/2", 17#, L-80, LTC set @ 7425'.

Centralizer Program:

Surface Casing - Centralize the bottom 3 joints and every 4th to surface. Run float shoe with insert float.

Intermediate Casing - Centralize the bottom 3 joints. Run float shoe and insert float 1 joint up.

Production Casing - Centralize bottom 3 joints. Float shoe and collar 2 joints up. DV Tool @ 3850'.

Cementing Program:

Surface Casing: 450 sacks Class C w/2% Gel, 2% CaCl2 (14.8 PPG, 1.34 CF/S, 6.40 GW/S).

Intermediate Casing : 800 sacks 35/65 Poz Class H w/6% Gel, 5% Salt, 1/4# FC (12.8 PPG, 1.94 CF/S, 10.46 GW/S). F/B 100 sacks Class H Neat (15.6 PPG, 1.18 CF/S, 5.20 GW/S)>

Production Casing: 800 sacks 50/50 Poz Class H w/2% Gel, 5% Salt, 1/4# FC (14.2 PPG, 1.35 CF/S, 6.30 GW/S). F/B 500 sacks 35/65 Poz Class H w/6% Gel, 5% Salt, 1/4# FC (12.4 PPG, 2.14 CF/S, 10.46 GW/S). F/B 150 sacks Poz Class H w/2% Gel, 5% Salt, 1/4# FC (14.2 PPG, 1.35 CF/S, 6.30 GW/S).

MUD PROGRAM:

Depth	Type	Weight	Viscosity
0'-400'	Fresh Water	8.4	30
400'-3350'	Brine	10.0	29
3350'-7425'	Fresh Water	8.4	29-40

LOGGING, TESTING:

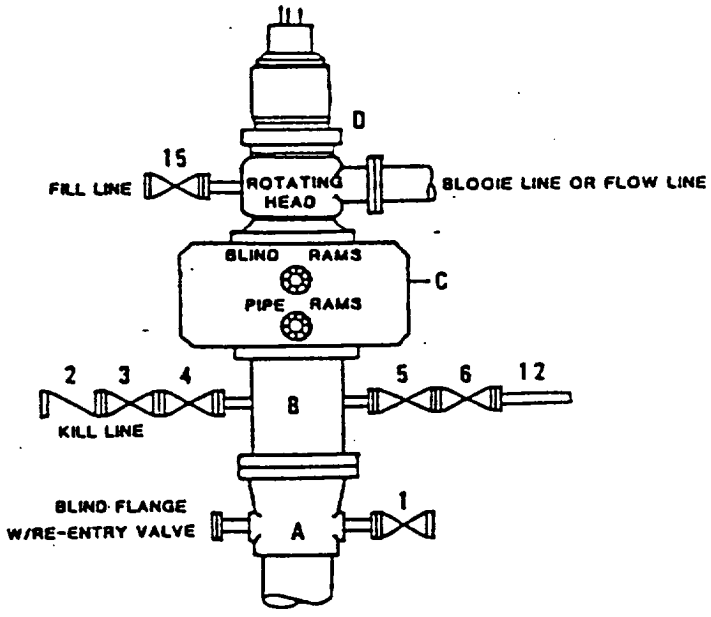
GR-CAL-CNL-LDT, GR-CAL-DLL-MSFL, GR-CAL-BHC surveys will be run.

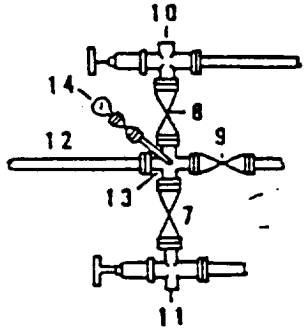
A two-man Mud Logging Unit will be used from 3300' to 7425'.

DRILLING CONTROL
CONDITION II-B 3000 WP

FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

H_2S TRIM REQUIRED
YES_____ NO X





DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

A	Texaco Wellhead
B	3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram type preventers may be utilized).
D	Rotating Head with fill up outlet and extended Blooie Line.
1,3,4, 7,8,	2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
2	2" minimum 3000# W.P. back pressure valve.
5,6,9	3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
12	3" minimum schedule 80, Grade "B", seamless line pipe.
13	2" minimum x 3" minimum 3000# W.P. flanged cross.
10,11	2" minimum 3000# W.P. adjustable choke bodies.
14	Cameron Mud Gauge or equivalent (location optional in choke line).
15	2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

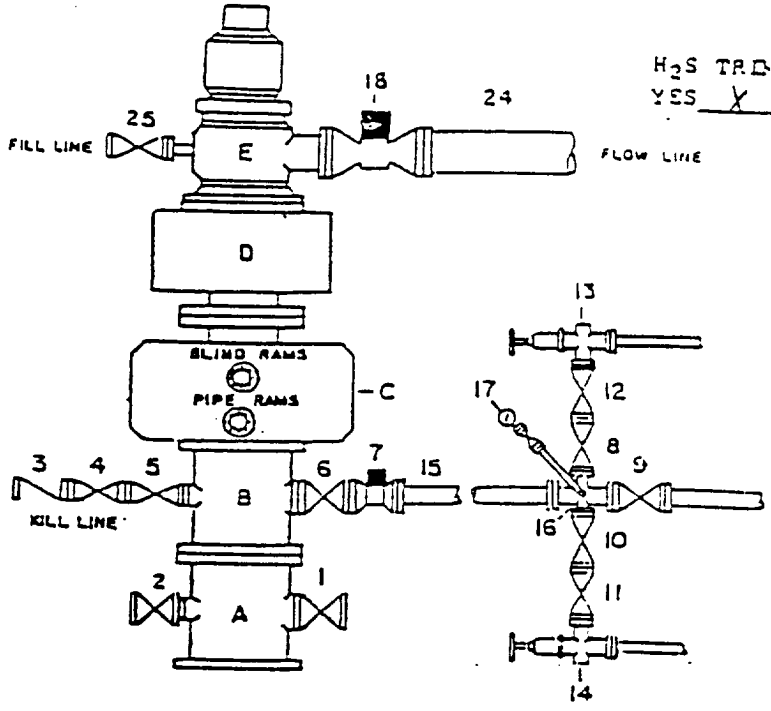
SCALE	DATE	EST. NO.	DRG. NO.
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C

DRILLING CONTROL

CONDITION IV-B-5000 PSI WP

H_2S TRIM REQUIRED
YES X NO



DRILLING CONTROL

MATERIAL LIST - CONDITION IV - B

A	Texaco Wellhead
B	5000# W.P. drilling spool with 4 minimum 3" flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	5000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines.
D	5000# W.P. Annular preventer, hydraulic operated with 1" steel, 1000# W.P. control lines.
E	Rotating Head with fill up outlet and extended blooie line.
1,2,4,5, 6,10,11, 12	2" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
3	2" minimum 5000# W.P. back pressure valve.
4,9	3" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
7	3" minimum 5000# W.P. flanged hydraulic valve
15	3" minimum Schedule 160, Grade B, seamless line pipe
16	2" minimum x 3" 5000# W.P. flanged cross
13,14	2" minimum 5000# W.P. adjustable chokes with carbide trim.
17	Cameron Mud Gauge or equivalent (location in choke line optional).
18	6" minimum 1000# hydraulic flanged valve.
24	8" minimum steel flow line.
25	2" minimum 1000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC
Midland Division
Midland, Texas

SCALE	DATE	EST NO	JOB NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT F-1

OPERATOR - LANDOWNER AGREEMENT

COMPANY: TEXACO EXPLORATION AND PRODUCTION INC.

PROPOSED WELL: REMUDA BASIN '19' FED NO. 3
FEDERAL LEASE NO. NM-17056

This is to advise that Texaco Exploration and Production Inc. has an agreement with:
Jay Mobley, 3515 Stand Pipe Road, Carlsbad, NM

the surface owner, concerning entry and surface restoration after completion of drilling operations at the above described well.

After abandonment of the well, all pits will be filled and leveled, all equipment and trash will be removed from well site. No other requirements were made concerning restoration of the well site.

9/10/01
Date

A. Phil Ryan
A. Phil Ryan
Commission Coordinator
Midland, Texas

SURFACE USE AND OPERATIONS PLAN

FOR

TEXACO EXPLORATION AND PRODUCTION, INC.

REMUDA BASIN "19" FEDERAL NO. 3

(SHL) 950' FNL & 1650' FEL, SECTION 19,

(BHL) 1815' FNL & 1815 FEL, SECTION 19,

TWP. 23 SOUTH, RANGE 30 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO

LOCATED: 12 miles Easterly of Loving, New Mexico

FEDERAL LEASE NUMBER: NM-17056

LEASE ISSUED: December 1, 1972

ACRES IN LEASE: 160

RECORD LESSEE: TEXACO EXPLORATION AND PRODUCTION, INC.

SURFACE OWNERSHIP: USA

GRAZING PERMITTEE: W. L. Mobley
3515 Standpipe Road
Carlsbad, NM 88220

POOL: Brushy Canyon, Delaware; Bone Springs

POOL RULES: Field Rules are for no wells to be located closer than 330' to any quarter-quarter section, to be 330' from the lease line.

EXHIBITS: A. Access Road and Facilities Map

B. Drilling Rig Layout Diagram

C. Well Location and Acreage Dedication Plat

1. EXISTING ACCESS ROADS

A. Exhibit "A" is an enlarged portion of a 7.5 minute U.S.G.S. topographic map showing the proposed well site and the existing roads in the area. Point "A" is the junction of the existing resource road with Eddy County Road 793 (Rawhide Road), being 3 miles South from its intersection with State Highway 128. Said intersection is approximately 12 miles Northeasterly of Loving, New Mexico along the major established Public Road System. From Point "A" as shown on Exhibit "A", go Easterly 0.30 on the existing resource road on State land to Point "B" (shown in blue on Exhibit "A"). Continue Northeasterly 0.25 on the existing resource road on private land (shown in pink on Exhibit "A") to Point "C" where the resource road enters federal land. Continue Easterly 0.15 miles to a point on the West side of the proposed well pad as shown on Exhibit "A".

2. PLANNED RESOURCE ROAD

A. Length and Width: None required

B. Surfacing Material: None required

C. Maximum Grade: None required

D. Turnouts: None required

E. Drainage Design: Not applicable

F. Culverts: None required

G. Cuts and Fills: None required

H. Gates and Cattle Guards: None required

3. LOCATION OF EXISTING WELLS

A. Existing wells on the lease and in the immediate area are shown on Exhibit "A".

4. LOCATION OF EXISTING AND PROPOSED FACILITIES

B. The oil, gas, and/or water that this well produces will be transported by a 2 7/8" steel surface flowline (shown in green) to the Remuda Basin Consolidated Tank Battery located in the Southeast quarter of the Northwest quarter of Section 19 as shown on Exhibit "A".

C. Approximately 330 feet of electric power line will be built to service this well as shown in orange on Exhibit "A" and "B". It will be a 12,470 phase to phase, 7200 volts to ground three phase. It will be operator owned.

5. LOCATION AND TYPE OF WATER SUPPLY

A. It is not contemplated that a water well would be drilled. Water necessary for drilling operations will be purchased and trucked to the well site or will be transported to the well site by a temporary pipeline laid on the ground along existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS

A. Caliche needed for the road and well pad will be taken from the proposed borrow pit located within the 400 x 400' archaeologically cleared tract at the proposed well site (see Exhibit "B" for location). If sufficient quality or quantity of caliche is not available, it will be transported to the proposed road and well site from the existing pit No. 613 in Section 18, T23S, R30E, by Eddy County Road 793 (Rawhide Road) and the existing and proposed resource roads.

7. METHOD OF HANDLING WASTE DISPOSAL

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during tests will be disposed of at commercial or company facilities.

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be placed in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of drilling and/or completion of operations. All waste material will be contained to prevent scattering by the wind.

8. ANCILLARY FACILITIES

A. None required

9. WELL SITE LAYOUT

A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, borrow pit, and the location of the major rig components.

B. Cut and Fill requirements will be moderate, but clearing and leveling of the well site will be necessary.

10. PLANS FOR RECLAMATION OF THE SURFACE

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

B. Any unguarded pits containing fluids will be fenced until the pits are dry.

C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special reclamation and/or special revegetation requirements of the Surface Management Agency will be complied with and will be accomplished as rapidly as possible.

11. OTHER INFORMATION

A. Topography: The land surface in the area of the well is relative level with moderate sand dunes. Regionally, the land slopes Northwesterly with average slope of approximately three percent.

B. Soil: Top soil at the well site is a moderate sandy loam.

C. Flora and Fauna: The vegetation cover is moderate. It includes range grasses, weeds, scrub oak bushes, and mesquite bushes. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail and other small birds.

D. Ponds and Streams: There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures: There are no occupied dwellings or other structures within 3/4 mile of the well site.

F. Archaeological, Historical, or other Cultural Sites: None were observed in the area.

G. Land Use: Grazing, oil and gas production, and wildlife habitat.

H. Surface Ownership: Federal

12. OPERATOR'S REPRESENTATIVE

A. Phil Ryan
Commission Coordinator
Texaco Exploration and Production, Inc.
P. O. Box 3109
Midland, Texas 79702
Office Phone: (915) 688-4606

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently 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 Texaco Exploration and Production, Inc. and its contractors and sub-contractors 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.

9/10/01
Date

A. Phil Ryan
Commission Coordinator
Midland, Texas

Enclosures
jsp

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
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OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

Form C-10
Revised February 10, 199
Instructions on bac

Submit to Appropriate District Offic

State Lease-4 copie
Fee Lease-3 copie

☐ AMENDED REPOR

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name	
		Brushy Canyon, Delaware; Bone Springs	
4 Property Code	5 Property Name		6 Well Number
	Remuda Basin "19" Federal		3
7 OGRID No.	8 Operator Name		9 Elevation
	TEXACO EXPLORATION & PRODUCTION, INC.		3084'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	19	23-S	30-E		950'	North	1650'	East	Eddy

11 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
G	19	23-S	30-E		1815	North	1815	East	Eddy
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.						
40									

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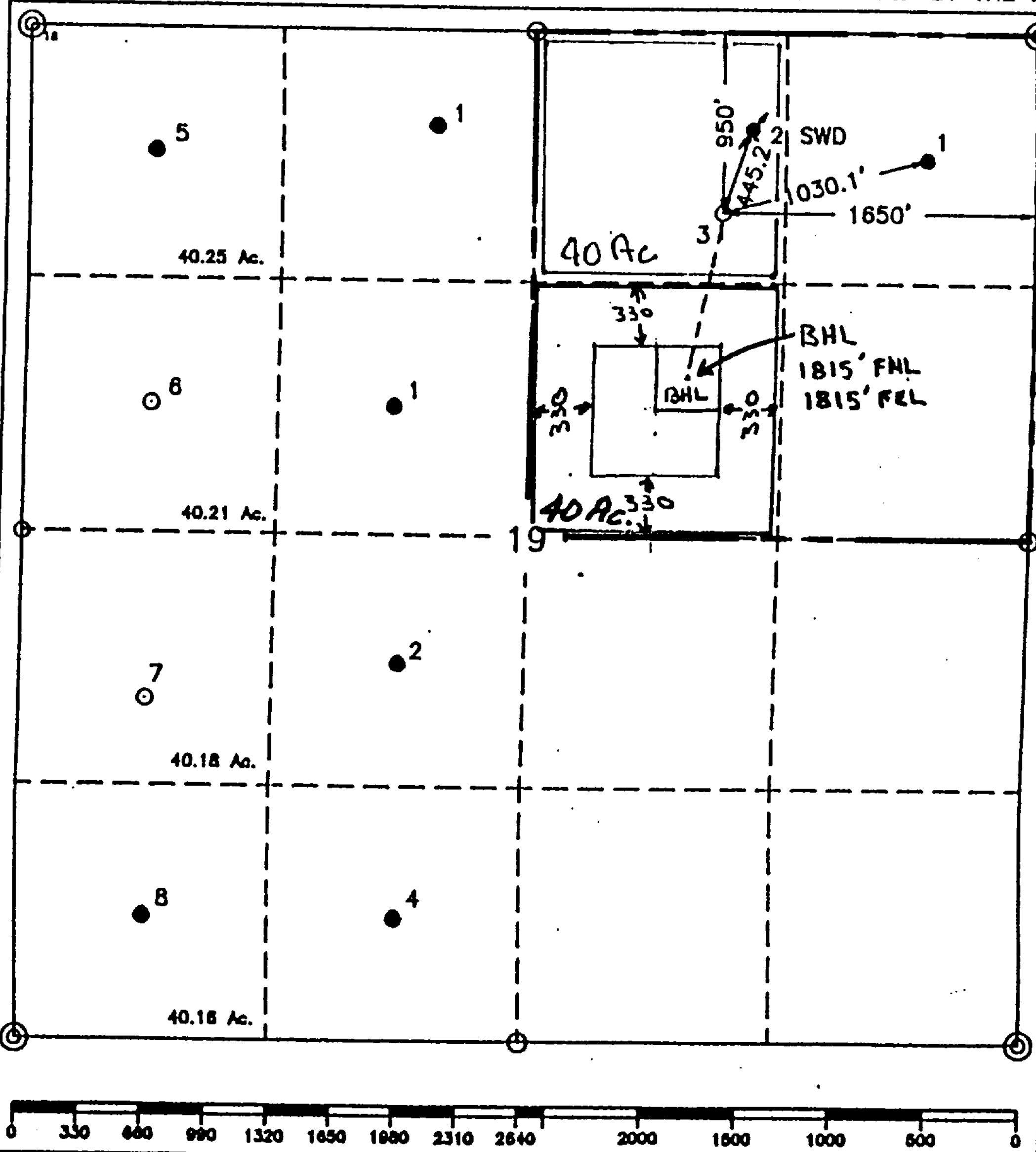


17 OPERATOR CERTIFICATION

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

Signature [signature]

Printed Name
A. Phil Ryan

Position
Commissioner Coordinator

Company
Texaco Expl. & Prod. Inc.

Date
May 17, 2001

18 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.

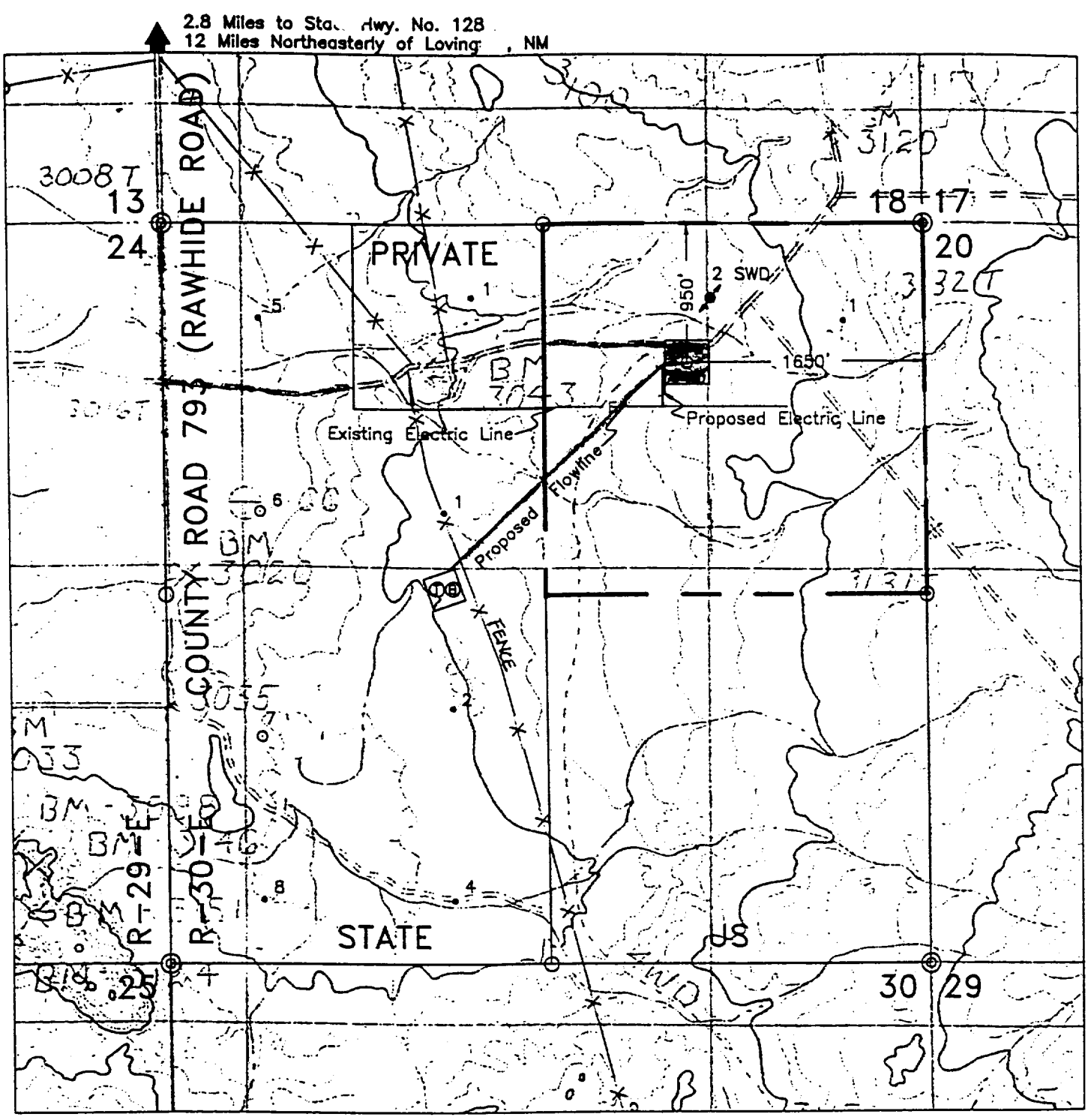
Date Surveyed
May 14, 2001

Signature & Seal of Professional Surveyor
[signature]

Certificate No.
7254 John S. Piper

Sheet

○ = Staked Location • = Producing Well = Injection Well ⊙ = Water Supply Well ✦ = Plugged & Abandon Well



LEGEND OF SYMBOLS

- = Access Road (Yellow)
- = Access Road on Lease (Purple)
- = Resource Road on State Land (Blue)
- = Resource Road on Private Land (Pink)
- = Resource Road on Federal Land (Brown)
- = Proposed Resource Road (Red)
- = Proposed Electric Line (Orange)
- = Proposed Production Flow Line (Green)
- = Staked Well Location
- = Producing Well Location
- = Water Injection Well
- = Found 1" Iron Pipe with Brass Cap
- = Found 2" or 3" Iron Pipe with Brass Cap
- = Unit or Lease Boundary

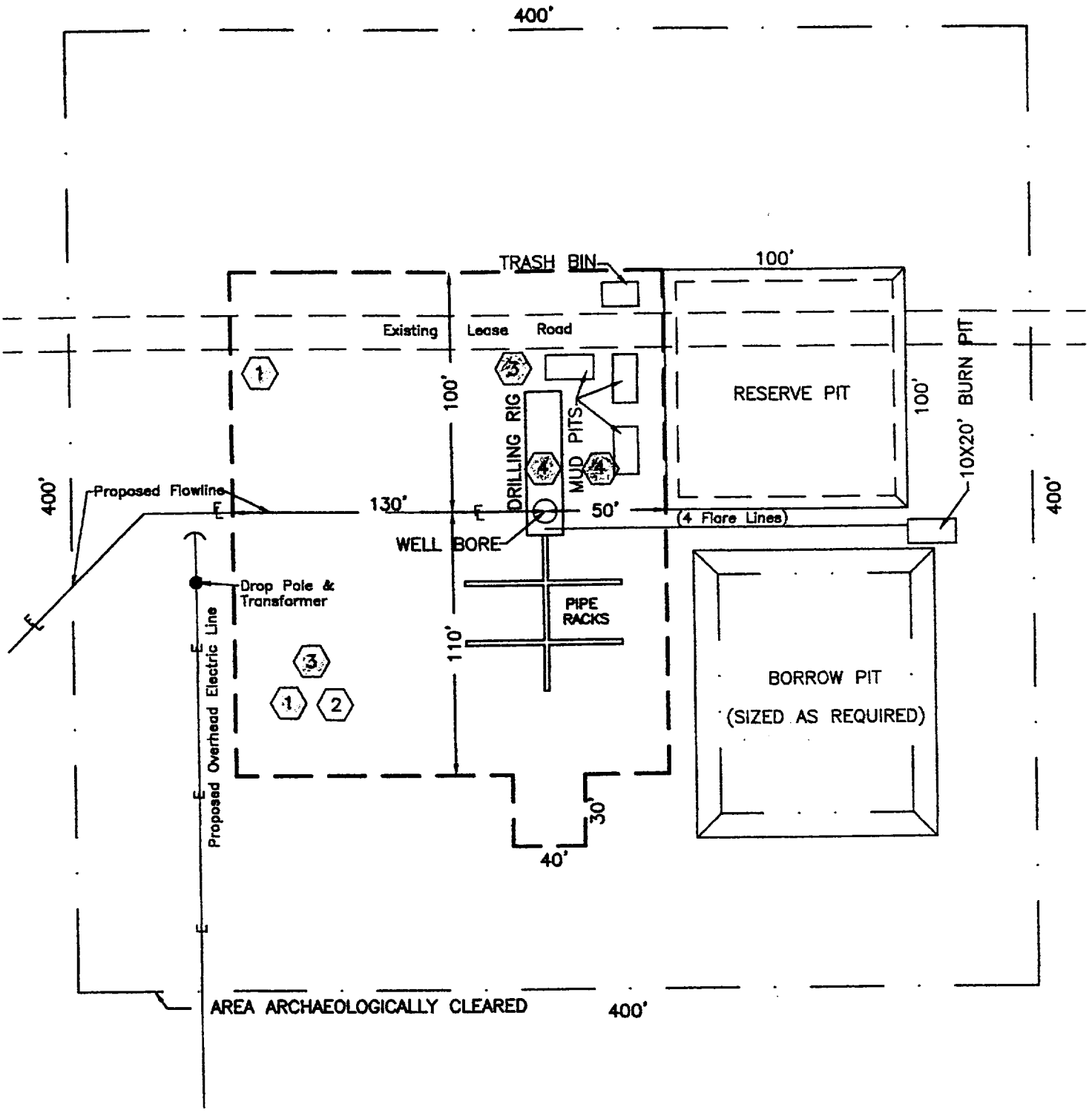
N

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

TEXACO EXPLORATION AND PRODUCTION INC.

Remuda Basin "19" Federal No. 3
Located 950' FNL & 1650' FEL, Section 19,
T-23-S, R-30-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 1000'
Date: September 13, 2000	A. Phil Ryan
Checked by: J.S. Piper	Drawing File: RB19FED3A.Dwg



H_2S DRILLING OPERATION PLAN

1. Briefing Station
2. H_2S Safety Trailer
3. Windsocks
4. H_2S Detectors, Shale Shaker, Rotating Head, Rig Floor

Prevailing Wind from the South

N

EXHIBIT "B"
DRILLING RIG LAYOUT

TEXACO EXPLORATION AND PRODUCTION INC.

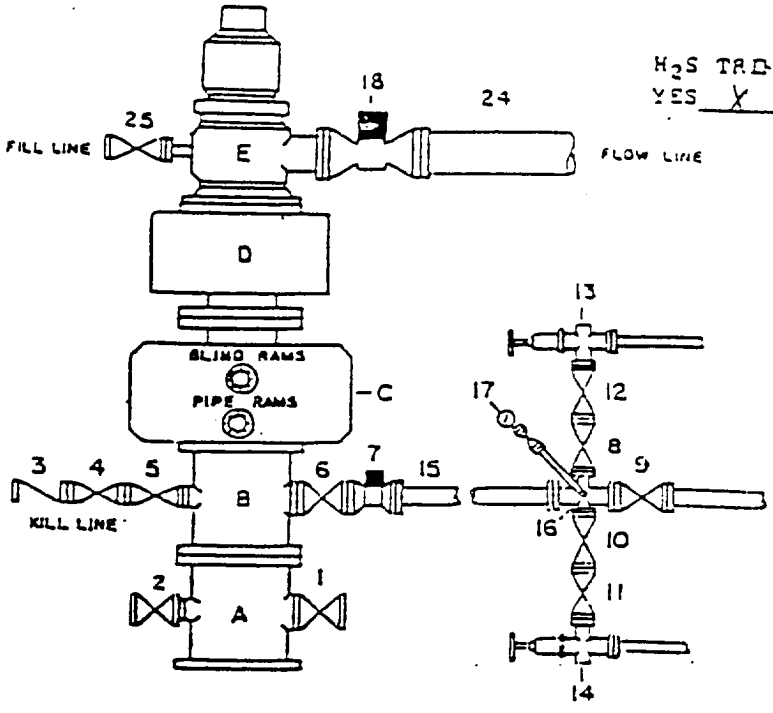
Remuda Basin "19" Federal No. 3
Located 950' FNL & 1650' FEL, Section 19,
T-23-S, R-30-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 60'
Date: May 15, 2001	A. Phil Ryan
Checked by: J. S. Piper	Drawing File: RB19FED3B.Dwg

DRILLING CONTROL

CONDITION IV-B-5000 PSI WP

H_2S TRIM REQUIRED
YES X NO



DRILLING CONTROL

MATERIAL LIST - CONDITION IV - B

A	Texaco Wellhead
B	5000# W.P. drilling spool with a minimum 2" flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	5000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines.
D	5000# W.P. Annular preventer, hydraulic operated with 1" steel, 3000# W.P. control lines.
E	Rotating Head with fill up outlet and extended Blooie line.
1,2,4,5, 8,10,11, 12	2" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
3	2" minimum 5000# W.P. back pressure valve.
6,9	3" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
7	3" minimum 5000# W.P. flanged hydraulic valve
15	3" minimum Schedule 160, Grade B, seamless line pipe
16	2" minimum x 3" 5000# W.P. flanged cross
13,14	2" minimum 5000# W.P. adjustable chokes with carbide trim.
17	Cameron Mud Gauge or equivalent (location in choke line optional).
18	6" minimum 1000# hydraulic flanged valve.
24	8" minimum steel flow line.
25	1" minimum 3000# W.P. flanged or threaded fill opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC

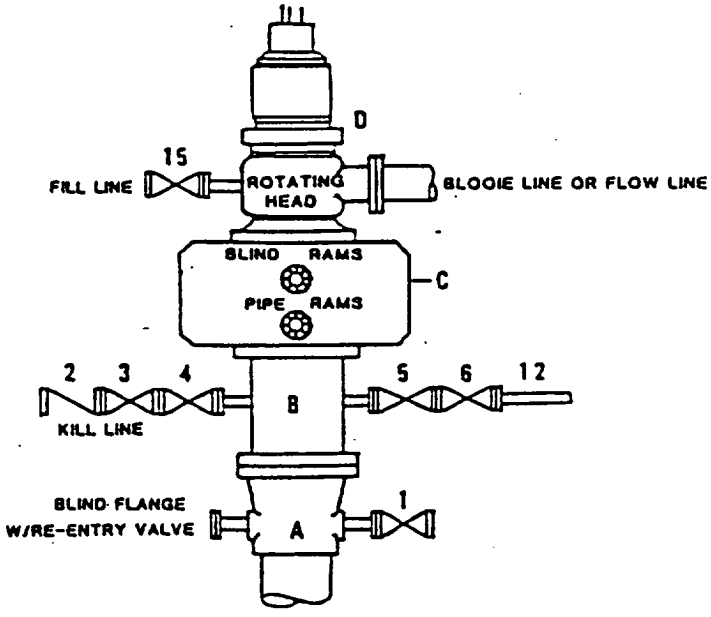
SCALE	DATE	EST NO	JOB NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

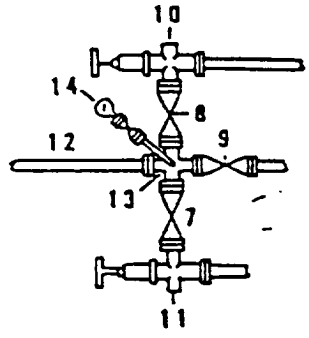
EXHIBIT F-1

DRILLING CONTROL
CONDITION II-B 3000 WP

FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

H_2S TRIM REQUIRED
YES _____ NO X





DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

A	Texaco Wellhead
B	3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram type preventers may be utilized).
D	Rotating Head with fill up outlet and extended Blooie Line.
1,3,4, 7,8,	2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
2	2" minimum 3000# W.P. back pressure valve.
5,6,9	3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
12	3" minimum schedule 80, Grade "B", seamless line pipe.
13	2" minimum x 3" minimum 3000# W.P. flanged cross.
10,11	2" minimum 3000# W.P. adjustable choke bodies.
14	Cameron Mud Gauge or equivalent (location optional in choke line).
15	2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

SCALE	DATE	EST. NO.	ORG. NO.
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

REMUDA BASIN '19' FED #3

RADIUS OF EXPOSURE

100 PPM: 199 feet

500 PPM: 91 feet Based on 4300 PPM H2S and 692 MCF.

TRAINING

Every person involved in the wellsite operation will be informed of the characteristics of hydrogen sulfide, its danger, safe procedures to be used when it is encountered, use of detection equipment, use of protective breathing equipment, and first aid procedures for regular rig personnel.

On site training will be provided by Texaco prior to reaching Order 6 compliance depth. The Texaco Drilling Supervisor is responsible for insuring all persons working on location have been provided training.

EXHIBIT A

Topographic map of location and surrounding area.

EXHIBIT B

The wellsite layout contains the following information:

1. Drill rig orientation
2. Prevailing wind direction
3. Location of all briefing areas
4. Location of access road
5. Location of flare line
6. Location of windsocks
7. Location of H2S Safety Trailer

EXHIBIT C

Well Control Equipment

PROTECTIVE EQUIPMENT

4 - 30 minute SCBA's: 2 located at each Briefing Station. An additional SCBA will be located at the Tool Pusher's trailer, if used.

5 - 5 minute escape packs will be located in the Dog House.

Means of communication while using protective equipment will be hand signals.

H2S SENSORS

H2S sensors will be located at (1) Shale Shaker (2) Rotating Head and (3) Rig Floor.

A light will be located on the rig floor. It will be set to go off at 10 PPM. It will be visible from anywhere on the location.

A siren will be located on the rig floor. It will be set to go off at 15 PPM.

Texaco Drilling Supervisor will maintain a portable H2S monitor.

MUD PROGRAM

A Fresh Water/ Brine system will be used. Ph will be maintained at 10 or higher if H2S is encountered. Sufficient quantities of H2S scavenger will be on location for use as required.

Drilling will be through an on site gas separator to separate gas from the drilling fluid with gas vented down a flare line equipped with an igniter.

METALLURGY

All wellheads, trees, BOP's, rotating heads, choke manifolds and piping will be constructed/trimmed with materials suitable for H2S service.

All casing and tubing will be no greater than 80000 psi yield strength and no greater than a Rockwell C-22 hardness.

OTHER REQUIREMENTS OF ORDER 6

The flare line (item 4 of exhibit I) will be equipped with a propane ignition.

The flare gun and flares will be located in the H2S Safety Trailer.

Communications for the location will be by Rig Telephone.

Wind direction indicators will be on the rig floor and at one briefing station with at least one visible from all points on the location.

Caution/danger signs and flags will be maintained at all entrances into the location.

An automatic remote-controlled choke will not be used. We will have installed and tested two manual, H2S trimmed, chokes.

WELL TESTING

DST's may be conducted in the Delaware formation.

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-10
Revised February 10, 199
Instructions on bac
Submit to Appropriate District Offic
State Lease-4 copie
Fee Lease-3 copie

☐ AMENDED REPOR

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
		Brushy Canyon, Delaware; Bone Springs

[4] Property Code	[5] Property Name	[6] Well Number
	Remuda Basin "19" Federal	3

[7] OGRID No.	[8] Operator Name	[9] Elevation
	TEXACO EXPLORATION & PRODUCTION, INC.	3084'

[10] Surface Location

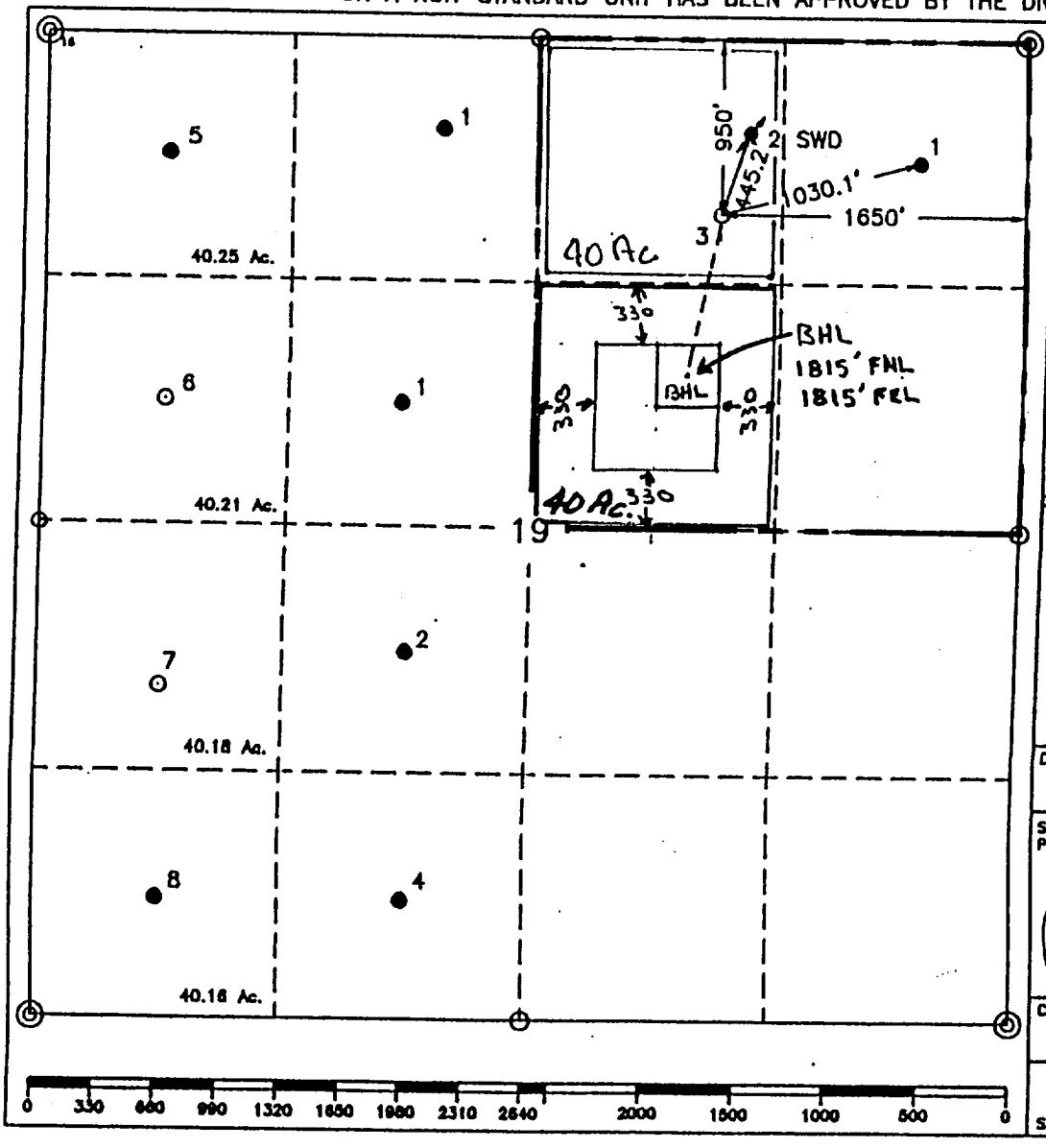
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	19	23-S	30-E		950'	North	1650'	East	Eddy

[11] 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
G	19	23-S	30-E		1815	North	1815	East	Eddy

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] 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.



[16] OPERATOR CERTIFICATION

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

Signature: A. Phil Ryan

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: May 17, 2001

[18] 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.

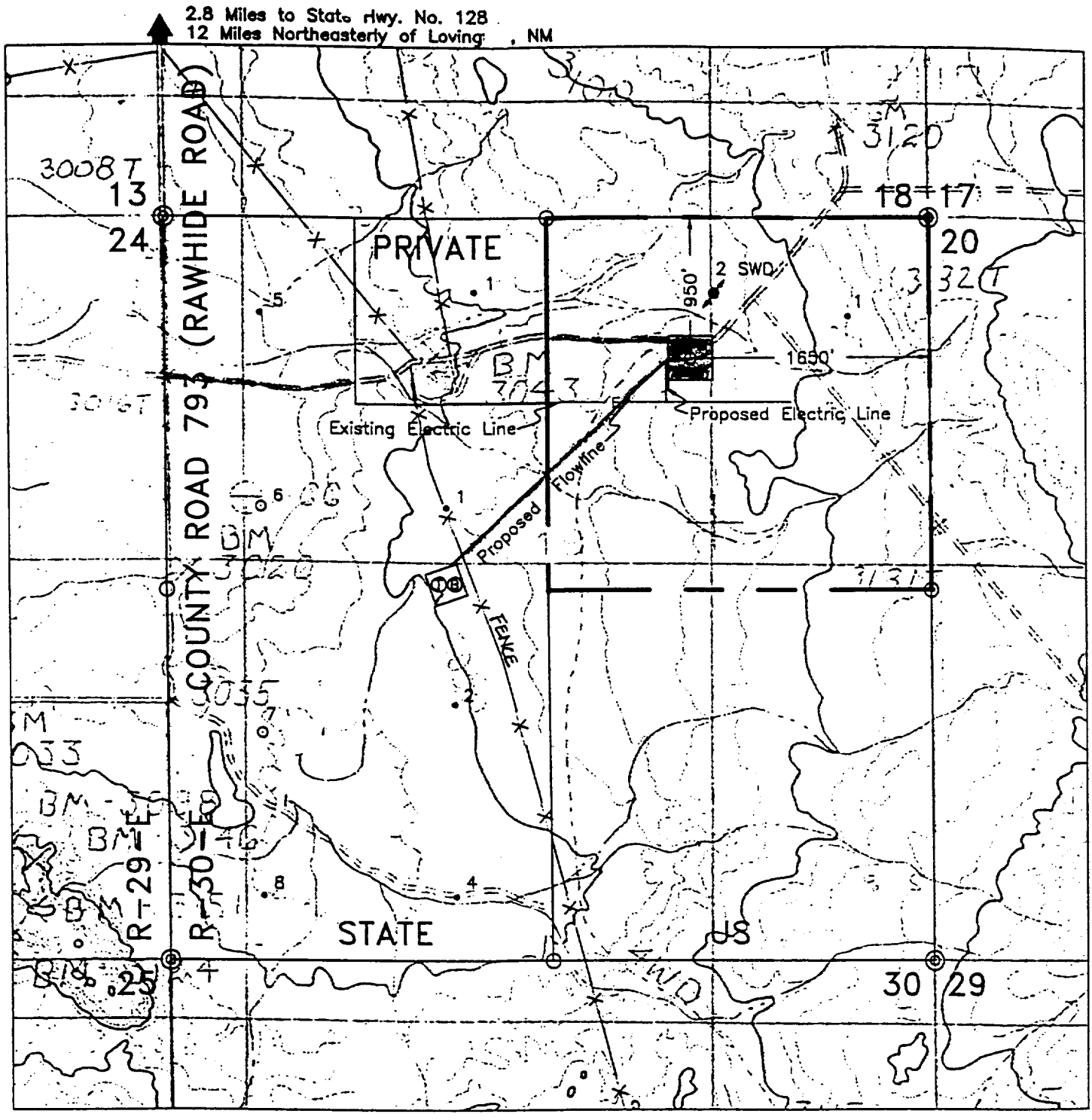
Date Surveyed: May 14, 2001

Signature & Seal of Professional Surveyer

Certificate No. 7254 John S. Piper

Sheet

○ = Staked Location ● = Producing Well = Injection Well ⊹ = Water Supply Well ✦ = Plugged & Abandon Well



LEGEND OF SYMBOLS

- = Access Road (Yellow)
- = Access Road on Lease (Purple)
- = Resource Road on State Land (Blue)
- = Resource Road on Private Land (Pink)
- = Resource Road on Federal Land (Brown)
- = Proposed Resource Road (Red)
- = Proposed Electric Line (Orange)
- = Proposed Production Flow Line (Green)
- = Staked Well Location
- = Producing Well Location
- = Water Injection Well
- = Found 1" Iron Pipe with Brass Cap
- = Found 2" or 3" Iron Pipe with Brass Cap
- = Unit or Lease Boundary

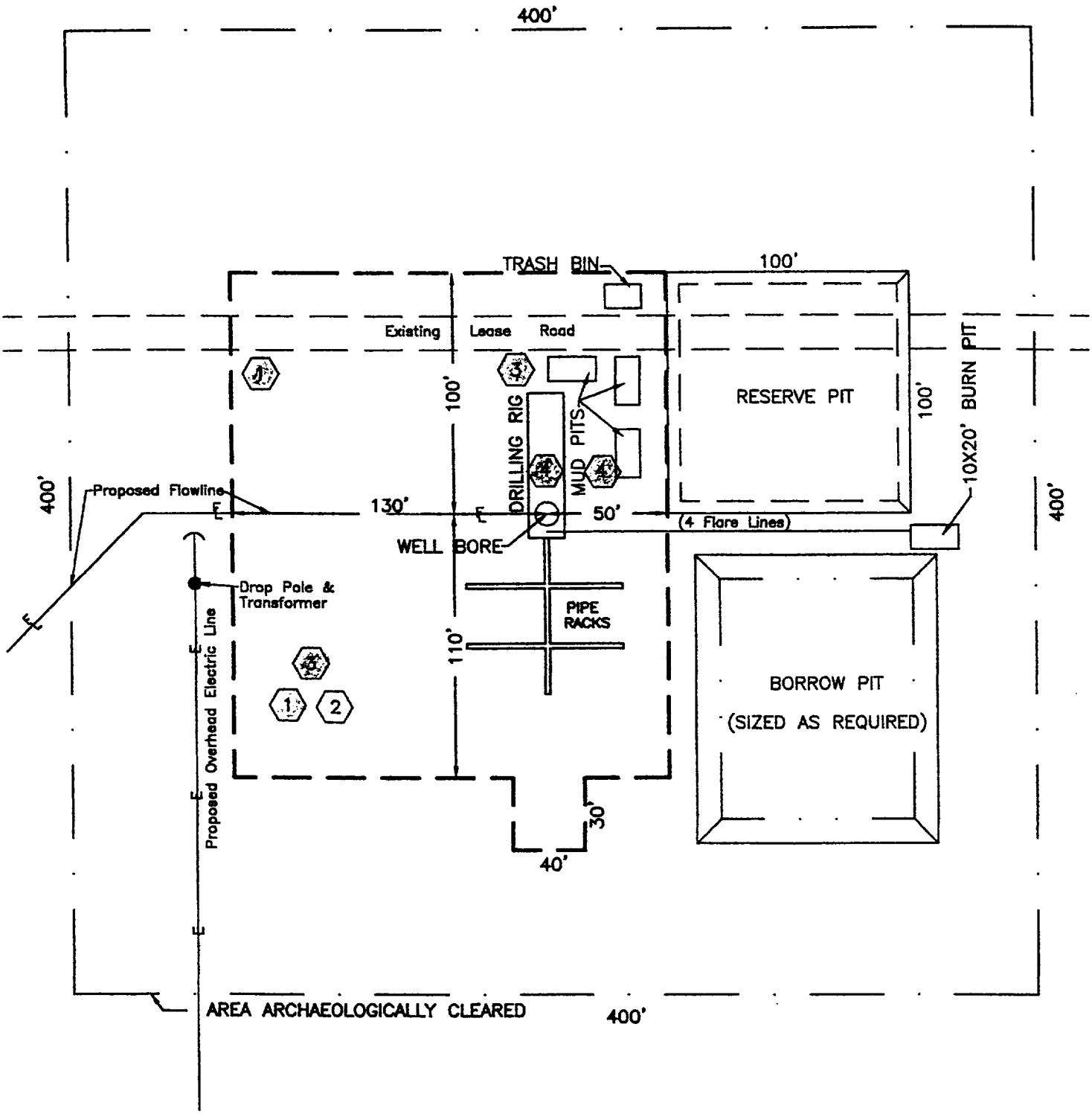
N

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

TEXACO EXPLORATION AND PRODUCTION INC.

Remuda Basin "19" Federal No. 3
Located 950' FNL & 1650' FEL, Section 19,
T-23-S, R-30-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 1000'
Date: September 13, 2000	A. Phil Ryan
Checked by: J.S. Piper	Drawing File: RB19FED3A.Dwg



N

H_2S DRILLING OPERATION PLAN

1. Briefing Station
2. H_2S Safety Trailer
3. Windsocks
4. H_2S Detectors, Shale Shaker, Rotating Head, Rig Floor

Prevailing Wind from the South

EXHIBIT "B"
DRILLING RIG LAYOUT

TEXACO EXPLORATION AND PRODUCTION INC.

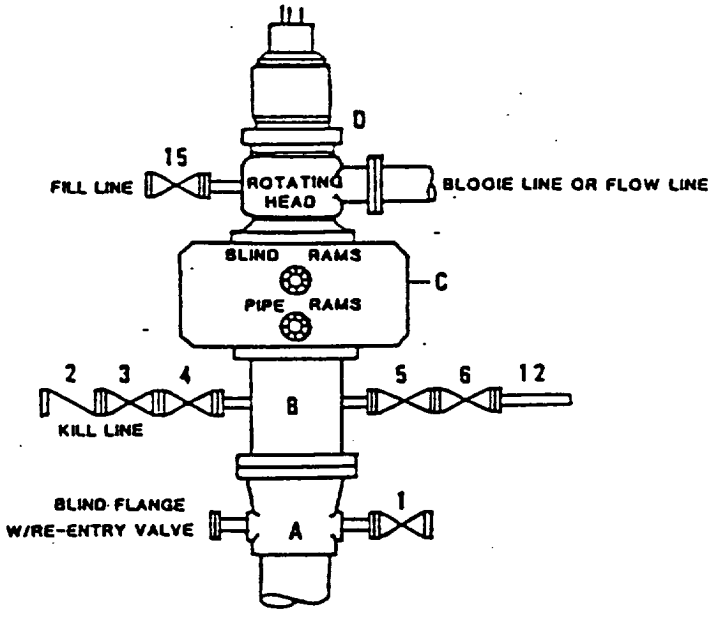
Remuda Basin "19" Federal No. 3
Located 950' FNL & 1650' FEL, Section 19,
T-23-S, R-30-E, NMPM, Eddy County, NM

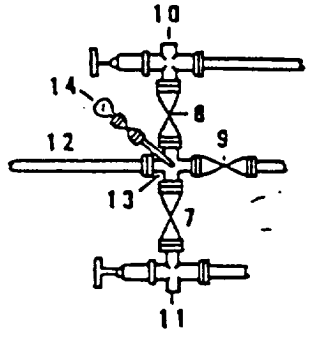
Drawn by: Gene M. Rodriguez	Scale: 1" = 60'
Date: May 15, 2001	A. Phil Ryan
Checked by: J. S. Piper	Drawing File: RB19FED3B.Dwg

DRILLING CONTROL
CONDITION II-B 3000 WP

FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

H_2S TRIM REQUIRED
YES _____ NO X





DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

A	Texaco Wellhead
B	3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram type preventers may be utilized).
D	Rotating Head with fill up outlet and extended Blooie Line.
1,3,4, 7,8,	2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
2	2" minimum 3000# W.P. back pressure valve.
5,6,9	3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
12	3" minimum schedule 80, Grade "B", seamless line pipe.
13	2" minimum x 3" minimum 3000# W.P. flanged cross.
10,11	2" minimum 3000# W.P. adjustable choke bodies.
14	Cameron Mud Gauge or equivalent (location optional in choke line).
15	2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

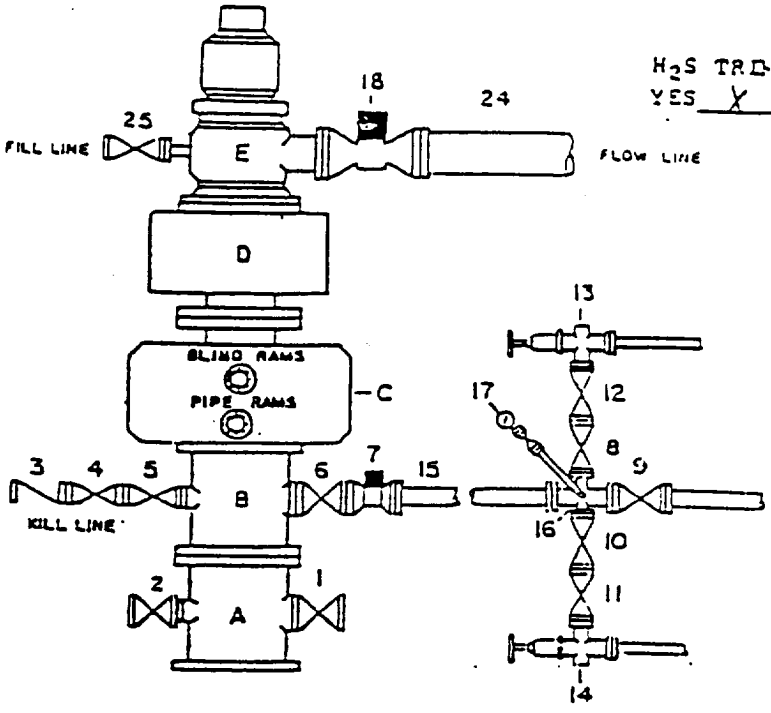
SCALE	DATE	EST. NO.	ORG. NO.
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C

DRILLING CONTROL

CONDITION IV-B-5000 PSI WP

H_2S TRIM REQUIRED
YES X NO ____



DRILLING CONTROL

MATERIAL LIST - CONDITION IV - B

A	Texaco Wellhead
B	5000# W.P. drilling spool with 4 minimum 2" flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	5000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines.
D	5000# W.P. Annular preventer, hydraulic operated with 1" steel, 3000# W.P. control lines.
E	Rotating Head with fill up outlet and extended Bloole line.
1,2,4,5, 8,10,11, 12	2" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
3	2" minimum 5000# W.P. back pressure valve.
6,9	3" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
7	3" minimum 5000# W.P. flanged hydraulic valve
15	3" minimum Schedule 160, Grade B, seamless line pipe
16	2" minimum x 3" 5000# W.P. flanged cross
13,14	2" minimum 5000# W.P. adjustable chokes with carbide trim.
17	Cameron Mud Gauge or equivalent (location in choke line optional).
18	6" minimum 1000# hydraulic flanged valve.
24	6" minimum steel flow line.
25	2" minimum 1000# W.P. flanged or threaded fill opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC
Midland Division
Midland, Texas

SCALE	DATE	EST NO	DRN NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT F-1