| 1  |                      |  | <b>5</b> 7                     | Santa re  | KV I                                    |
|--|----------------------|--|--------------------------------|---|---|
| Submit to Appropriate District Office State Lease — 6 copies Fee Lease — 5 copies  |                      | State of New Me                            | sources Department             | A Land Office  B of Maria Operator                            | Form C-101 Revised 1-1-89               |
| OIL CONSERVATION DIVISION API-NO. (assigned by QCD on New Wells) P.O. Box 1980, Hobbs, NM 88240 P.O. Box 2088 P.O. Box 2088  |                      |  |                                |   |   |
| Santa Fe, New Mexico 87502E2088) DISTRICT II P.O. Drawer DD, Artesia, NM 88210   |                      |  |                                | 5. Indicate Typ   | 7 |
| DISTRICT III 1000 Rio Brezos Rd., Azec, NM 87410  MAR 23 '89   |                      |  |                                | 6. State Oil & Gas Lease No.<br>E-379-4                       |   |
| APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK  |                      |  |                                |   |   |
| In. Type of Work:    DRILL X   RE-ENTER   DEEPEN   PLUG BACK   |                      |  |                                | 7. Lease Name or Unit Agreement Name  South Red Lake Grayburg |   |
| OF OYS   |                      |  |                                | U+.   |   |
| 2. Name of Operator S & J Operating Company  |                      |  |                                | 8. Well No. 48  |   |
| 1 Address of Operator  |                      |  |                                | © Pool same or Wildcat Red Lake Queen G → SA                  |   |
| Well Loretice  |                      |  |                                |   |   |
| Unit Letter M: 1010 Feet From The West Line and 240 Feet From The South Line   |                      |  |                                |   |   |
| Section 36 Township 17S Range 27E NMPM Eddy County   |                      |  |                                |   |   |
|  |                      | 10. Proposed Depth                         |                                | ormatice  | 12. Rotary or C.T.                      |
|  |                      | 1900'                                      |                                | Graybur   |   |
| 13. Elevations (Show whather 3637  | or DF, RT, GR, etc.) | Kind & Status Plus. Bond<br>\$50,000 Blank | et 15. Drilling Contractor N/A | 10  | Approx. Data Work will start 5-1-89     |
| 17. PROPOSED CASING AND CEMENT PROGRAM   |                      |  |                                |   |   |
| SIZE OF HOLE   | SIZE OF CASING       | WEIGHT PER FOOT                            | SETTING DEPTH                  | SACKS OF C  |   |
| 7 7/8  | 8 5/8<br>5 1/2       | 23#<br>15.5#                               | 350<br>1900                    | 280 s:<br>150 s:  |   |
| 1 110  | <u> </u>             | 13.31                                      | 2700                           |   |   |
| S & J Operating Company proposes to drill a development well in the secondary recovery project known as the South Red Lake Grayburg Unit. This well is needed to obtain production which has been swept to this area by injection wells. No zones of high or unknown pressure will be encountered, therefore, blowout preventers are not necessary.    Permit Expires 180 Days   180 D |                      |  |                                |   |   |
| IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR FLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.  |                      |  |                                |   |   |
| I hereby cartify that the information above is true and complete to the best of my knowledge and belief.  SHONATURE SHOWN THE Petroleum Engineer DATE 3-21-89  |                      |  |                                |   |   |
| SIGNATURE  | raig 1.00            | m  |                                |   | _                                       |
| TYPE OR FRENT NAME   |                      |  |                                |   | TELEPHONE NO. 8 (7 - 723 - 216/         |
| (This space for State Use)  APPROVED BY STATEOVAL, B  APPROVED BY APPROVAL, B  APPROVED BY STATEOVAL, B  APPROVED BY STATEOVAL, B  | 149                  | m  | nt                             | PLCT <b>O</b> H   | DATE JUN 0 1 198 <b>9</b>               |

## MEXICO OIL CONSERVATION COMMISS WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section Well No. Lease Operator 48 South Redlake Grayburg Unit S & J OPERATING COMPANY County Township Unit Letter Eddy County, N.M. 27 East 17 South M Actual Footage Location of Well: feet from the South 240 line and 1010 feet from the Dedicated Acreage: Producing Formation Ground Level Elev. Red Lake Queen GB-SA 3637. Grayburg 1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 interests of all owners been consolidated by communitization, unitization, force-pooling. etc? Not Applicable If answer is "yes," type of consolidation \_\_\_\_\_ No Yes 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 interests, has been approved by the Commission. CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Sandy Robertson Petroleum Engineer S & J Operating Company Company March 21, 1989 NR. REDO Date Surveyed March 10, 1989 Registered Professional Engineer and/or Land Surveyor 1010' Certificate No. 5412 NM PE&LS NO. 1500

1320 1650 1980 2310

660

26 40

2000

April 12, 1989

## WAIVER

CHEVRON U.S.A. (FORMERLY GULF OIL CORPORATION) HAS NO OBJECTION TO S & J OPERATING COMPANY DRILLING THE SOUTH RED LAKE GRAYBURG UNIT WELL NO. 48 AS AN UNORTHODOX DRILLING LOCATION. WE UNDERSTAND THAT THEY PROPOSE TO DRILL THIS WELL IN T17S, R27E, SECTION 36, 1010' FWL AND 240' FSL.

Chevron U.S.A. Inc.