

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Hondo Oil & Gas Company

3. ADDRESS OF OPERATOR

P. O. Box 2208, Roswell, NM 88202

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

At surface

660' FNL & 1980' FEL

At proposed prod. zone

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

11 miles northeast of Loco Hills, NM

10. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

(Also to nearest drig. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

639.56

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.

620'

19. PROPOSED DEPTH

4000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3983' GR

22. APPROX. DATE WORK WILL START*

11/10/89

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	625'	300 sx. Class "C" CIRCULATE
7 7/8"	5 1/2"	15.5#	4000'	200 sx. Class "C" + 600 sx. Lite

Mud Program:

0 - 625' Drill with fresh water.
625 - 4000' Drill with brine water.

BOP Program:

Will install on the 8 5/8" surface casing a 10" Series 900 Type "E" Shaffer
Double Hydraulic BOP and will test before drilling into the Queen formation.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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

Rox Brown /LB

TITLE

Petroleum Engineer

DATE

9/27/89

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

10-5-89

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

APPLICATION FOR DRILLING

HONDO OIL & GAS COMPANY
H. E. WEST "A", Well No. 18
660' FNL & 1980' FEL, Sec.3-T17S-R31E
Eddy County, New Mexico
Lease No.: LC-029426-A

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Hondo Oil & Gas Company submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Rustler Anhydrite	625'	Grayburg	3260'
Top of Salt	795'	Premier Sand	3420'
Base of Salt	1775'	San Andres	3550'
Yates	1925'	Lovington Sand	3665'
Seven Rivers	2235'	Lower S.A. "M"	3750'
Queen	2850'	T. D.	4000'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Random fresh water from surface to 300' +/-, and water flow from injection wells possible at around 2800'.

Oil: Grayburg at approximately 3260' or below.

Gas: None anticipated.

4. Proposed Casing Program: See Form 9-331C.
5. Proposed Control Equipment: See Form 9-331C and Exhibit "E".
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Blowout preventer, gas detector, kelly cock, pit level monitor, flow sensors and stabbing valve.
8. Testing, Logging and Coring Program:

Drill Stem Tests: None planned.

Logging: LDT/CNL	T.D. - 1775'
DLL RXO NGT.	T.D. - 1775'
GRN	T.D. - Surface

Coring: None planned.

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, the proposed mud program will be modified to increase the mud weight.
10. Anticipated starting date: 11/10/89
Anticipated completion of drilling operations: approximately 20 days

MULTI JOINT SURFACE USE AND OPERATIONS PLAN

HONDO OIL & GAS COMPANY
H. E. WEST "A", Well No. 18
660' FNL & 1980' FEL, Sec.3-T17S-R31E
Eddy County, New Mexico
Lease No.: LC-029426-A

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities, and the operations plan to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM Quad map showing the location of the proposed well as staked, in relation to existing roads and U.S. Highway 82. The well is approximately 11 miles north-east of Loco Hills, New Mexico, with half the distance paved.
- B. Directions: Travel east of Loco Hills, New Mexico on U.S. Highway 82 for 3.5 miles to the paved county road No. 221. Turn north on Skelly Rd. (County #221) for approximately 1.3 miles, then turn northeast onto the gravel road at the fork for .7 mile. Then turn east for .6 mile. Then turn north for .5 mile. Then turn east for 2 miles. Then turn north for .3 mile. Then turn east for .3 mile. Then turn north and go .6 mile to location. Then turn west for .4 mile. Then go north for .4 mile. Then go east for .3 mile. Then go south for .1 mile. Then turn east and go northeast for .1 mile to location. (See Exhibit "B".)

2. PLANNED ACCESS ROAD:

- A. Length and Width: A 620' road 12' wide will be constructed from the H. E. West "A" #13 northeast to the proposed wellsite. (See Exhibit "B".)
- B. Construction: The new road will be 12' wide with a center crown, with 4 inches compacted caliche. The existing roads will be graded and topped with compacted caliche as needed.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cut and Fill: The area has 8 to 15 foot sand dunes and deflation basins to be levelled.
- F. Gates, Cattleguards: None required.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two miles radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are production facilities on the lease at this time. See Exhibit "C".
- B. If the oil well proves to be commercial, the necessary production facilities will be installed on the drilling pad and flow lines will be installed along the proposed and existing access roads to the storage tanks.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh and brine water which will be obtained from commercial sources. The water will be transported over proposed and existing access roads.

6. SOURCES OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing access roads and the wellsite pad will be obtained from a Federal pit in the SE4SE4 of Section 5-T17S-R31E. The pit has been staked and cleared by the archaeologist. The topsoil from the location will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except those necessary for actual grading and levelling of the drill site and access roads.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All

waste material will be contained to prevent scattering by the wind.

- H. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELLSITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged.
- B. Mat Size: 140' x 210' plus reserve pits.
- C. Cut & Fill: The area has 5 to 12 foot sand dunes and deflation basins to be levelled.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and levelled within 90 days after abandonment.

11. OTHER INFORMATION:

- A. Topography: The wellsite and access road are located in the Mescalero Pediment, north of the Querecho Plains, to the east of the Nimenim Ridge, ca. 2.3 miles NW of Taylor Draw and 2.5 miles

SW of the Mescalero Caprock, within an area draining generally southwest towards Cedar Lake Draw, ca. 5.2 miles SW. The project area consists of billowy aeolian deposits, occurring in the form of dune rises (up to 2 metres in height), separated by swales. Deflation basins are elongate to circular in plan.

- B. Soil: The topsoil at the wellsite is Kermit-Berino fine sands.
- C. Flora and Fauna: The vegetative cover is one of a grassland environment and a scrub-grass scrub disclimax community. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the area.
- E. Residences and Other Structures: None in the area.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed wellsite and existing access road are on Federal surface and minerals.
- H. Archaeological survey revealed the occurrence of 2 Isolated Manifestations, neither of which appeared significant past the level of field recording. Therefore, archaeological clearance has been recommended. The survey was conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report has been submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

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

Bruce Stubbs
Hondo Oil & Gas Company
P.O. Box 2208
Roswell, NM 88202
Office phone: 505/625-8786
Home phone: 505/623-6466

SURFACE USE AND OPERATIONS PLAN

Hondo Oil & Gas Company,

H. E. West "A", Well No. 18

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13. CERTIFICATION:

I hereby certify that I have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to be the best of my knowledge true and correct; and, that the work associated with the operations proposed herein will be performed by Hondo Oil & Gas Company and its contractors and subcontractors in conformity with this plan and their 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.



Hondo Oil & Gas Company

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 Hondo Oil & Gas Company			Lease H.E. West "A"		Well No. 18
Unit Letter B	Section 3	Township 17 South	Range 31 East	County Eddy	
Actual Footage Location of Well: 660 feet from the North line and 1980 feet from the East line					
Ground level Elev. 3983	Producing Formation Grayburg		Pool Grayburg Jackson	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

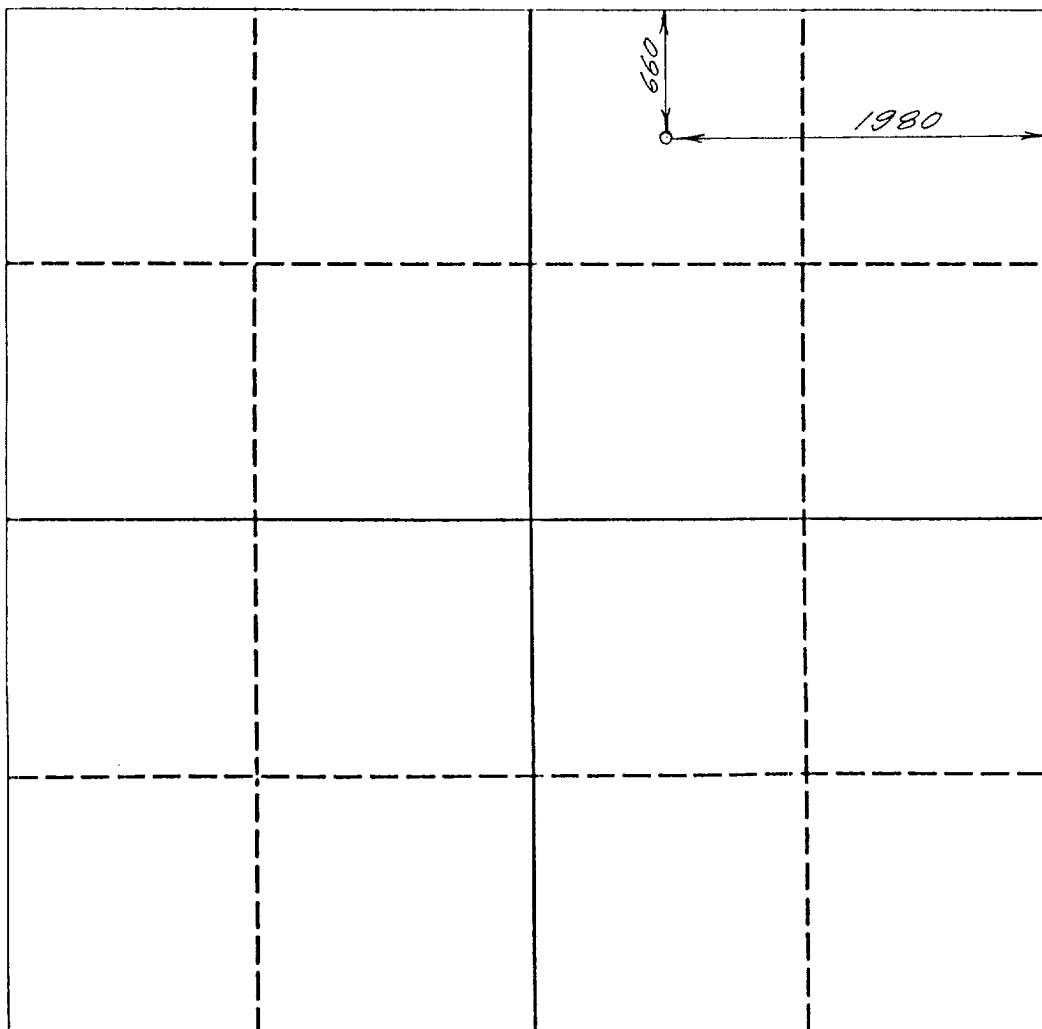
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the 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
Ron Brown / RB

Printed Name

Ron Brown

Position

Petroleum Engineer

Company

Hondo Oil & Gas Company

Date

9/27/89

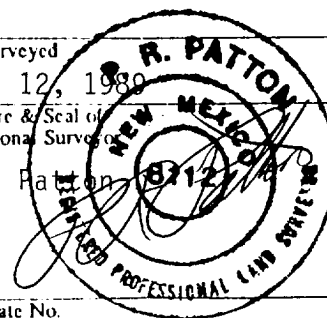
SURVEYOR CERTIFICATION

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
July 12, 1989

Signature & Seal of
Professional Surveyor

P.R. Patton



Certificate No.
8112

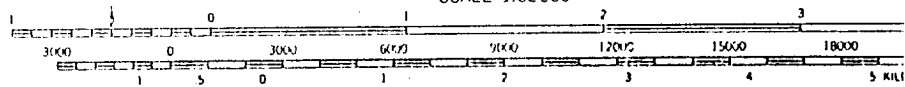


EXHIBIT "A"
Hondo Oil & Gas Company
H. E. West "A" #18
660' FNL & 1980' FEL
Sec.3-T17S-R31E
Eddy County, New Mexico
Paved Highway
Existing Access Road

d by the Geological Survey

s from aerial photographs
1963

SCALE 1:62500



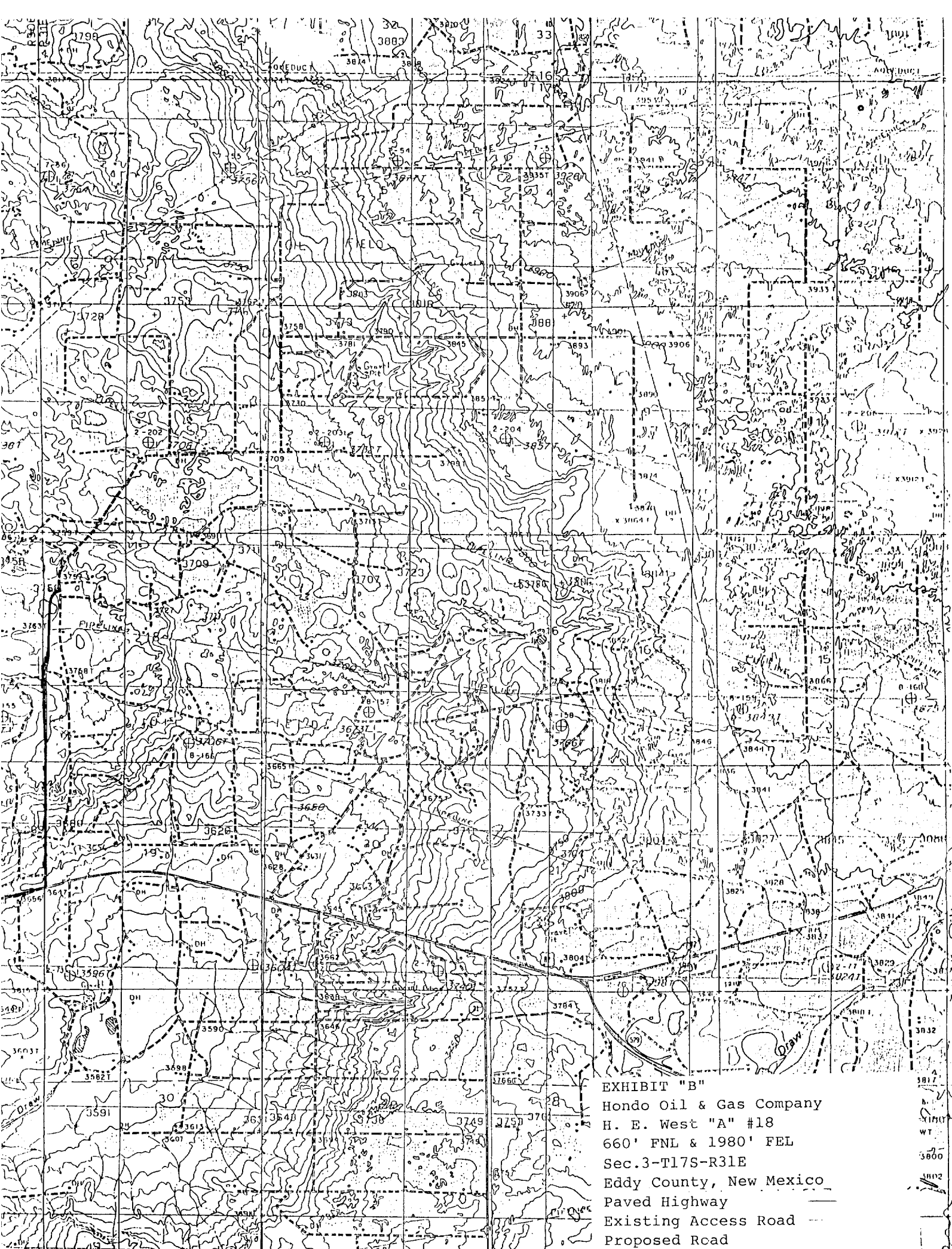
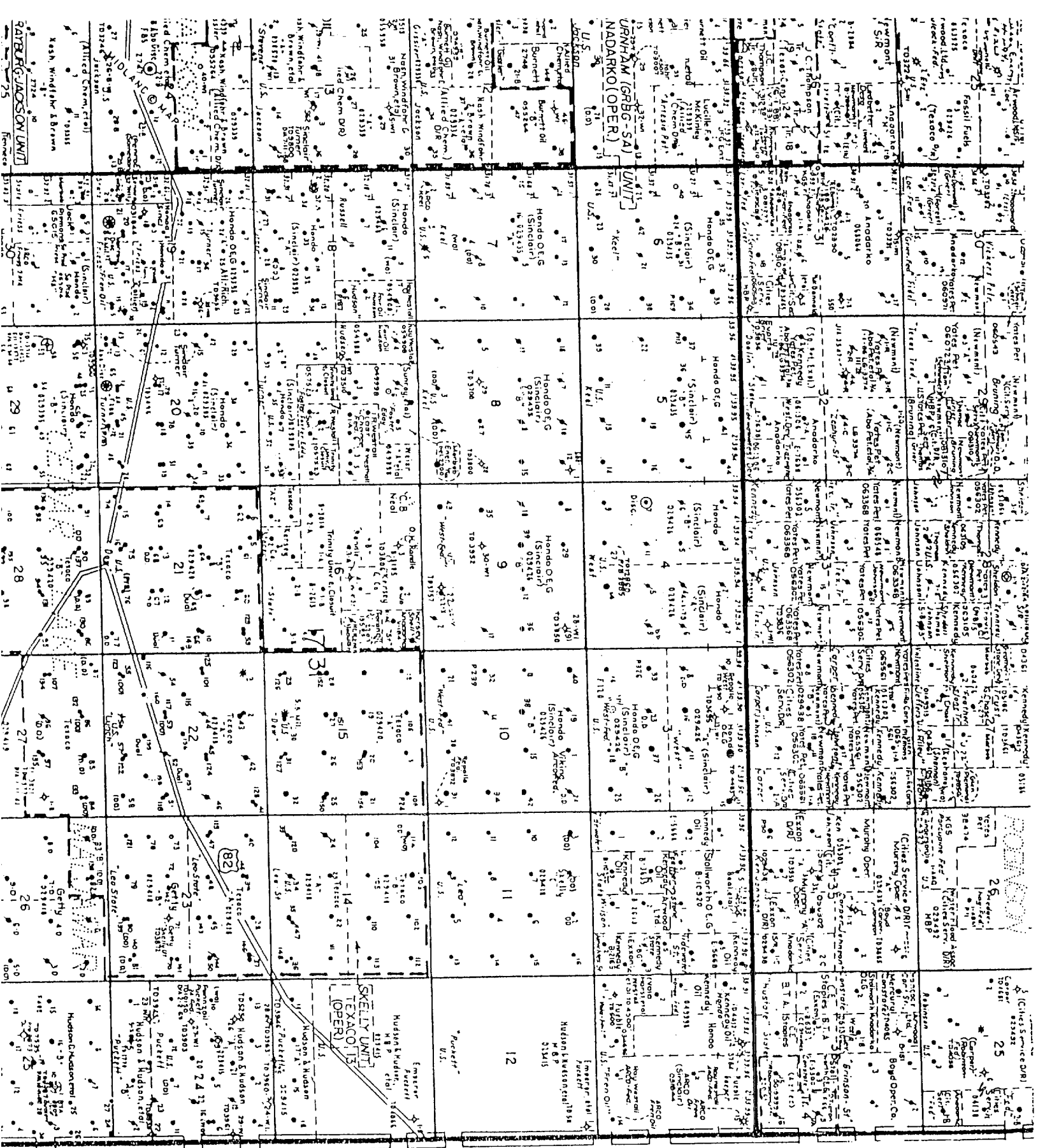


EXHIBIT "B"

Hondo Oil & Gas Company
H. E. West "A" #18
660' FNL & 1980' FEL
Sec.3-T17S-R31E
Eddy County, New Mexico
Paved Highway
Existing Access Road
Proposed Road



IT 5

EXHIBIT "C"
Hondo Oil & Gas Company
H. E. West "A" #18
Existing Wells

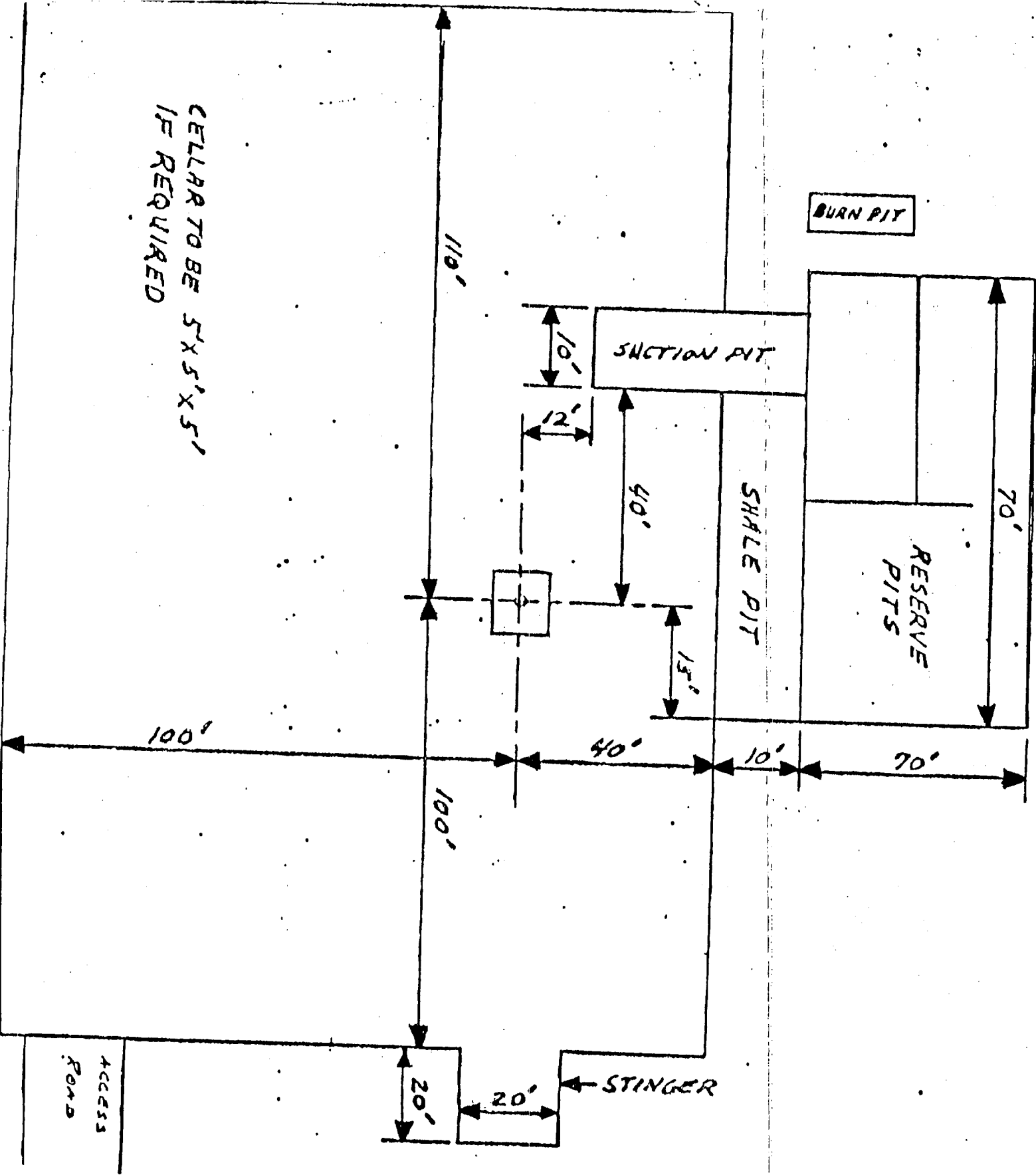
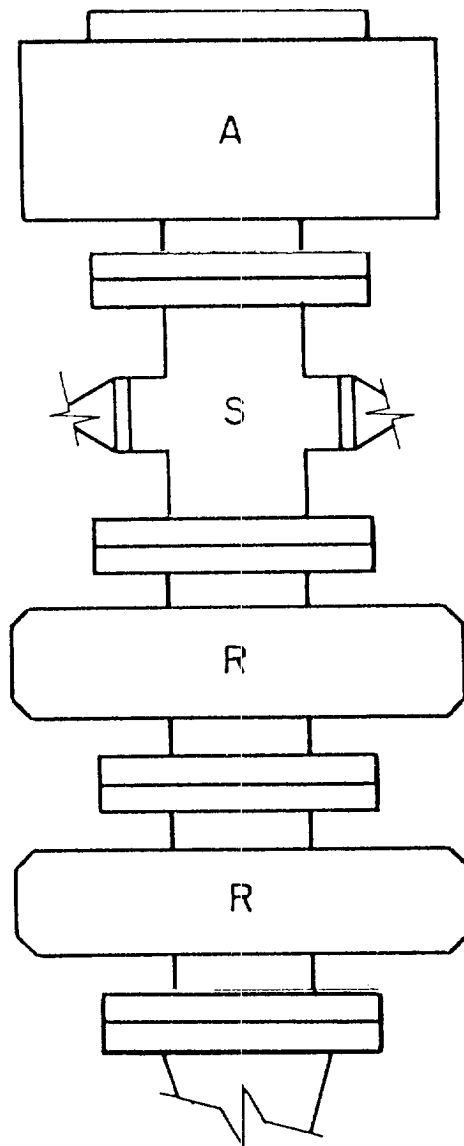


EXHIBIT "D"
Hondo Oil & Gas Company
H. E. West "A" #18
Rig Layout



A - Stripping Rubber

R - Blind and Pipe
Rams

EXHIBIT "E"
Hondo Oil & Gas Company
H. E. West "A" #18
BOP Diagram