Form 3160-3
(December 1990)

N. M. Oil Cons. Division
811 S. 1st St
ARTESIA, NM 88210-2834

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JP 8/26/97

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-069107

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT AGREEMENT NAME: Tract 6 East Millman Pool Unit

8. FARM OR LEASE NAME, WELL NO.: 7 9799

9. API WELL NO.: 30-015-29913

10. FIELD AND POOL, OR WILDCAT: Millman QN-GB-SA, East

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: 46550 Sec. 13, T19S, R28E

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Stephens & Johnson Operating Co. 19958

3. ADDRESS AND TELEPHONE NO.: P O Box 2249, Wichita Falls, TX 76307 940-723-2166

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 2310' FNL, 330' FEL (SE/4 NE/4, Unit Letter H)
At proposed prod. zone: 2310' FNL, 330' FEL (SE/4 NE/4, Unit Letter H)

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OCD ARTESIA

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 15 miles north from Carlsbad, NM

12. COUNTY OR PARISH: Eddy — 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
330'	160	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
470'	2750'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3370' GR

22. APPROX. DATE WORK WILL START*: October 15, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

CAPITAN CONTROLLED WATER BASIN

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" J-55	24	400'	350 sx Class "C" CIRC TO SURF
7 7/8"	5 1/2" J-55	15.5	2750'	600 sx Lite + 375 sx 50/50 Poz

The Operator proposes to drill to a depth sufficient to test the Grayburg formation for oil and gas. If productive 5 1/2" casing will be cemented at TD. If non-productive the well will be plugged and abandoned in a manner consistent with federal regulations. Specific programs are outlined in the following attachments.

Drilling Program
Surface Use and Operating Plan
Exhibit No. 1 - Blowout Preventer Equip.
Exhibit No. 2 - Location and Elevation Plat
Exhibit No. 3 - Planned Access Roads
Exhibit No. 4 - One Mile Radius Map
Exhibit No. 5 - Production Facilities Layout
Exhibit No. 6 - Drilling Rig Layout

Post ED-1
11-7-97
APD & Loc

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

97 AUG 25 P 2:43
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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 William M. Kincaid TITLE Petroleum Engineer DATE August 15, 1997

(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:

APPROVED BY _____ TITLE _____ DATE _____

***See Instructions On Reverse Side**

Title 18 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.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & 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
	46555	Millman QN-GB-SA, East

4 Property Code	5 Property Name	6 Well Number
009799	East Millman Unit Tract 6	7

7 OGRID No.	8 Operator Name	9 Elevation
019958	Stephens & Johnson Operating Co.	3371

10 Surface Location

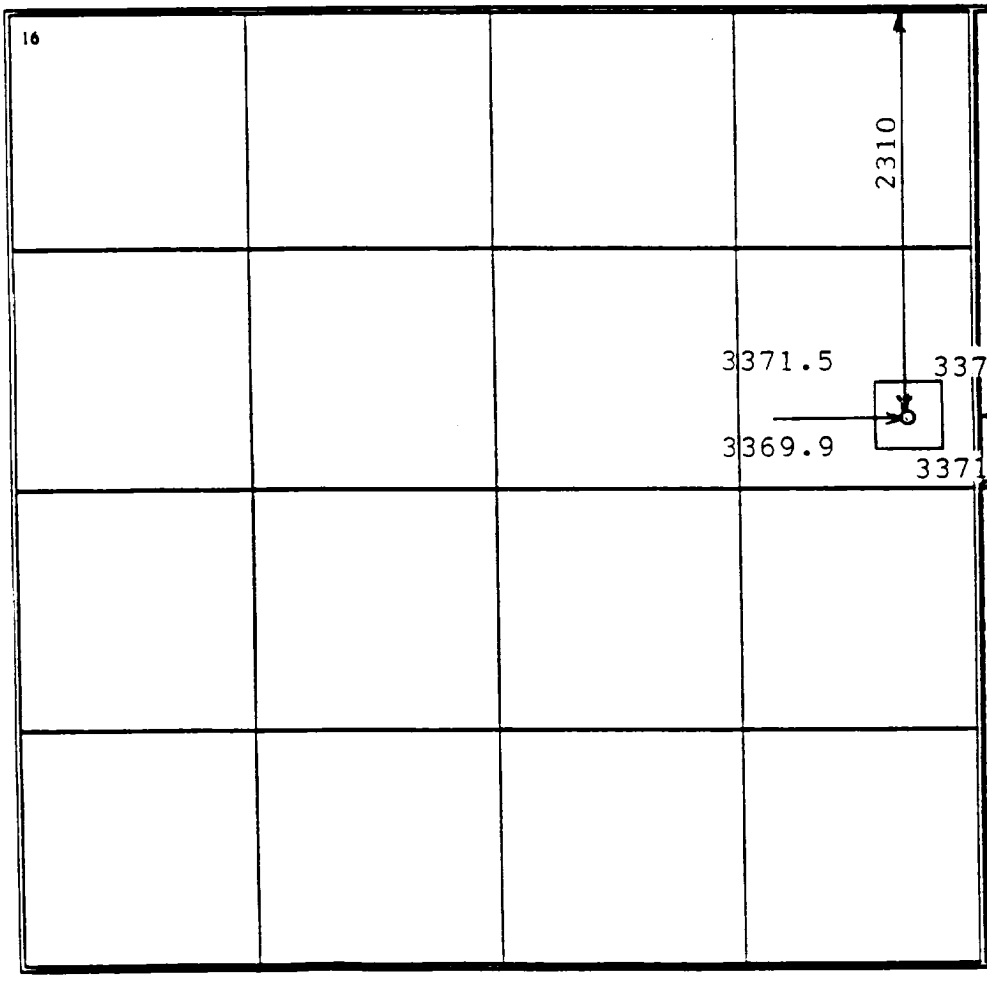
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	19 S	28 E		2310	North	330	East	Eddy

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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40	Y		

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: Will M. Kincaid

William M. Kincaid
Printed Name

Petroleum Engineer
Title

8-5-97
Date

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 belief.

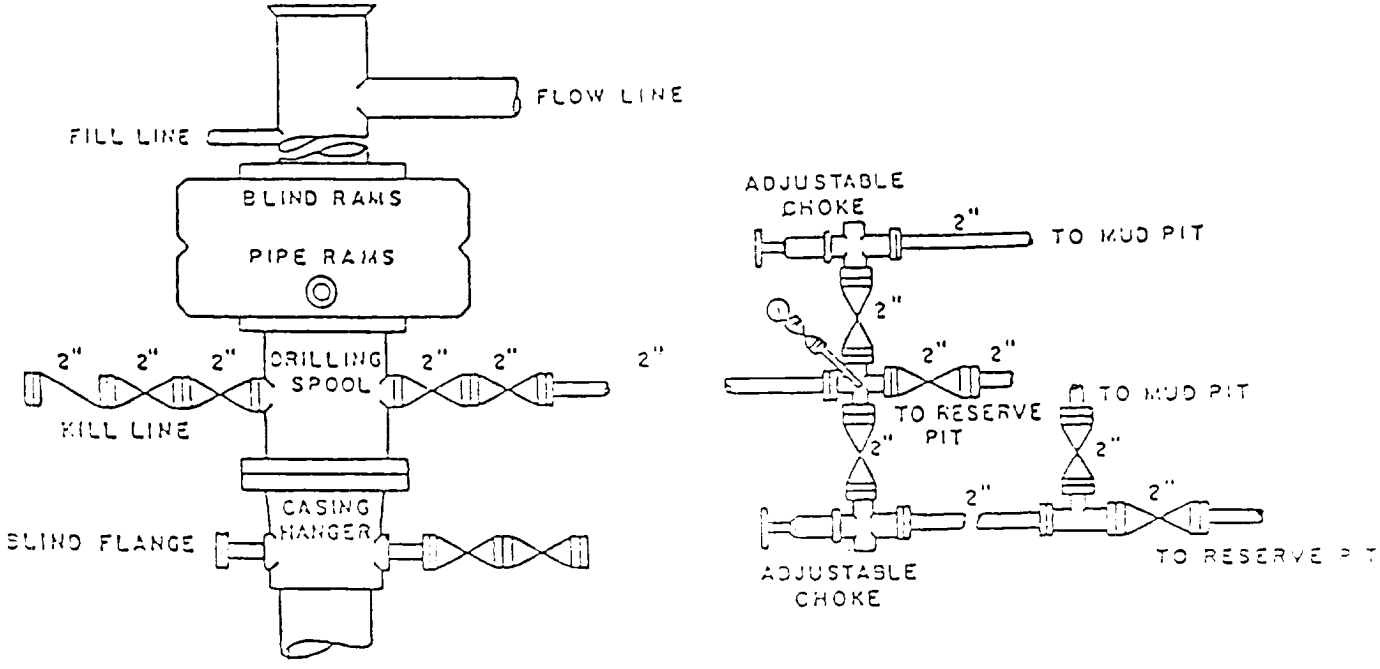
July 15, 1997
Date of Survey

R. P. Patton
Signature and Seal of Professional Surveyor

NEW MEXICO 8112 REGISTERED PROFESSIONAL LAND SURVEYOR

8112
Certificate Number

Exhibit No. 2



BOP DIAGRAM

3000# WORKING PRESSURE
RAMS OPERATED DAILY

EAST MILLMAN POOL UNIT NO. 6-7
EDDY COUNTY, NEW MEXICO

EXHIBIT NO. 1

Attachment to Exhibit #1
NOTES REGARDING THE BLOWOUT PREVENTERS
EAST MILLMAN UNIT TRACT 6 WELL NO. 7
EDDY COUNTY, NEW MEXICO

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 meet all API specifications.