

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-045-24226

5. LEASE DESIGNATION AND SERIAL NO.

NM 25450

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

South Carson Federal 23

9. WELL NO.

5

10. FIELD AND POOL, OR WILDCAT

Bisti Lower Gallup

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

Section 23, T25N, R12W

12. COUNTY OR PARISH 13. STATE

San Juan

NM

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

Hixon Development Company

3. ADDRESS OF OPERATOR

P.C. Box 2810, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface1650' FNL, 990' FWL, Section 23, T25N, R12W
At proposed prod. zone

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

24 miles south of Farmington

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

330'

16. NO. OF ACRES IN LEASE

240

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

5000'

20. ROTARY OR CABLE TOOLS

Rotary

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

6396' GLE

22. APPROX. DATE WORK WILL START*

3-1-80

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# | 220' | 200 sacks CIRCULATE |
| 7-7/8" | 4-1/2" | 10.5# | 5000' | 300 sacks |

It is proposed to drill a Bisti Lower Gallup Pool stepout well. The well will offset the Carson Lower Gallup Unit. It will be evaluated with a mud log unit, open hole logs and DST's if necessary. Treating facilities for this well will be located in Section 22, T25N, R12W. Blow out preventor diagram attached.

RECEIVED

JAN 17 1980

U. S. GEOLOGICAL SURVEY
FARMINGTON, N. M.DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"

RECEIVED

MAR 7 1980

OIL CON. COM.
DIST. 3

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

James F. Sims

TITLE

Petroleum Engineer

DATE

1-14-80

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

*ok Smith**Hold C-104 for NSP*

*See Instructions On Reverse Side

NMOCC

APPROVED
AS AMENDEDMAR 8 1980
JAMES F. SIMS
DISTRICT ENGINEER

EXHIBIT I
NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.






| | | | | | |
|--|---|------------------------|---|---------------------------------------|----------------------|
| Operator Hixon Development Company | | | Lease South Carson Federal 23 | | Well No. 5 |
| Unit Letter E | Section 23 | Township 25N | Range 12W | County San Juan | |
| Actual Footage Location of Well: 990 feet from the West line and 1650' feet from the North line | | | | | |
| Ground Level Elev. | Producing Formation Lower Gallup Sand | | Pool Bisti Lower Gallup | Dedicated Acreage: 40 Acres | |

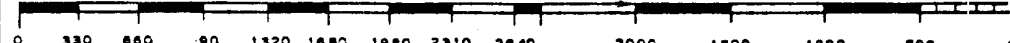
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Commission.

| | |
|--|---|
| <div style="text-align: center; border: 1px solid black; padding: 5px; margin-bottom: 10px;">SHELL OPERATED CARSON UNIT</div> <div style="display: flex; justify-content: space-around; align-items: center;"><div style="text-align: center;"> 21</div><div style="text-align: center;"> 31</div><div style="text-align: center;"> 41</div></div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"><div style="text-align: center;"> 32</div><div style="text-align: center;"> 42</div></div> <div style="border: 2px solid black; padding: 5px; margin-top: 10px; width: 150px; height: 80px; position: relative;"><div style="position: absolute; top: 5px; right: 5px; font-size: 20px; font-weight: bold;">5</div><div style="position: absolute; bottom: 5px; left: 5px; text-align: center;">Dedicated 40 acres</div></div> <div style="margin-top: 10px;"><p>Section 23</p><p>Unit Boundry</p><p>Hixon Development Company - 1.000 WI</p><p>NM 25450</p></div> | <div style="text-align: center; border: 1px solid black; padding: 5px; margin-bottom: 10px;">CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Aldrich L. Kuchera</i></p> <p>Name Aldrich L. Kuchera</p> <p>Position Petroleum Engineer</p> <p>Company Hixon Development Co.</p> <p>Date 1-10-80</p> <div style="margin-top: 20px;"><p>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.</p><p style="text-align: center;">RECEIVED MAR 7 1980 GIL-CON. COM. DIST. 3</p></div> <p>Date Surveyed _____</p> <p>Registered Professional Engineer and/or Land Surveyor _____</p> <p>Certificate No. _____</p> |
|--|---|



APPLICATION FOR PERMIT TO DRILL
HIXON DEVELOPMENT COMPANY
SOUTH CARSON FEDERAL 23 WELL NO. 5
990' FWL, 1650' FNL, SECTION 23, T25N, R12W
SAN JUAN COUNTY, NEW MEXICO

NTL-6 13 Point Requirement Outline is as follows:

1. Existing Roads - Refer to the attached topographic map. The well will be located 600 feet from an existing dirt road. The location is adjacent to the Shell Oil Company operated Carson Lower Gallup Unit. Existing well location roads in the vicinity of the South Carson Federal 23 Well No. 5 are maintained by company construction vehicles.
2. Planned Access Roads - Refer to the attached maps.
3. Location of Existing Wells - A 1-mile radius map showing offset wells is attached.
4. Location of Existing and/or Proposed Facilities - The proposed well location is situated inside a developed oil and gas field containing an extensive system of oil and gas gathering lines, water injection lines, disposal lines, power lines, fuel gas lines etc. The well's production will be piped to an existing tank battery in Section 22, T25N R12W.
5. Location and Type of Water Supply - Water for drilling will be obtained from the NIIP.
6. Source of Construction Materials - Materials for the drilling pad will be obtained from the proposed well location, i.e. none will be hauled in.
7. Methods for Handling Waste Disposal - Any waste material incurred while drilling will be buried in the mud pits, i.e. 5' deep. Cuttings, drilling fluid, well circulation and stimulation fluids (if any) will be contained in the mud pits. The mud pits will be allowed to dehydrate and will be filled and contoured per regulations. Well site will be properly cleaned up after rigging down rotary tools.
8. Ancillary Facilities - Central Bisti Lower Gallup Unit existing facilities will be used.
9. Well Site Layout - Refer to attached plat.

10. Plans for Restoration of Surface - The mud pits will be back filled, area leveled and contoured, raked and waste materials disposed of by burying 5' deep. Revegetation will not be carried out because seeding efforts in this area have been unsuccessful and a waste of money due to lack of moisture and blow sand conditions.
11. Other Information - Refer to Archeological Report to be submitted.
12. Operator's Representative -

Aldrich L. Kuchera
Hixon Development Company
Petroleum Center Building
501 Airport Drive
Suite 101
Farmington, New Mexico 87401

Office (505) 325 - 6984
Home (505) 325 - 3448
Car (505) 325 - 1873 - Unit 675
13. Certification - See Attached.

APPLICATION FOR PERMIT TO DRILL
HIXON DEVELOPMENT COMPANY
SOUTH CARSON FEDERAL 23 WELL NO. 5
1650' FNL, 990' FWL, SECTION 23, T25N, R12W
SAN JUAN COUNTY, NEW MEXICO

Other NTL - 6 Pertinent Data is as follows:

1. Estimated Log Tops:

| | |
|-----------------|---------|
| Animas | Surface |
| Ojo Alamo | 153' |
| Pictured Cliffs | 1200' |
| Lewis | 1378' |
| Point Lookout | 3646' |
| Mancos | 3803' |
| Gallup | 4726' |
| Lower Gallup | 4813' |

2. Estimated depths of water, oil and gas:

| | |
|-------------|---------------|
| Fresh water | 30' - 150' |
| Gas | 1200' - 1400' |
| Oil | 4813' - 5000' |

3. Weight and Type of Mud to be Used -

Surface - 0-220'; drill with spud mud. Spud mud will be an Aquagel/lime slurry mixed to a 40-50 sec/gt viscosity.

Production Hole - A Dextrid/Cellex low solids mud or equivalent will be used. Any hardness will be treated with soda ash. Mud weight and drilled solids will be controlled. Mud properties will be as follows:

Mud Weight - 8.4 - 8.4#/gal
Viscosity - 34 - 45 sec/quart
Plastic Viscosity - 4 - 8 cps
Yield Value - 3 - 6 #/100 sq. ft.
Fluid Loss - 8 - 12 cc's/API
pH - 8.3 - 8.5
Solids Content - 5-1/2% maximum
Annular Velocity - 120 FPM

4. Open hole logs to be used:

Induction Electric
Compensated Neutron - Density

5. Pressure control equipment will be a 10" Shaffer 3000 WP hydraulic BOP stack per the attached inventory sheet. Surface casing will be tested to 750 psi for 30 minutes prior drilling out cement. Production casing will be tested to 1000 psi for 30 minutes prior perforating.
6. On the basis of offset drilling data we do not foresee any drilling hazards such as high pressure gas zones, high temperatures, sour gas or other abnormal deviations.
7. Surface 8-5/8" 24# J-55 ST&C and production 4-1/2" 10.5# J-55 ST&C casing will be new and tested at the factory. Regular Class B cement will be used for the surface casing. Production casing will be cemented with Class B cement and 2% CaCl.
8. Duration of drilling activity from spud date to completion is expected to be about 15 days.
9. In the event that the well is a dry hole it will be plugged with prior USGS approval and the drilling site restored to its natural state.

HIXON DEVELOPMENT COMPANY

P. O. BOX 2810

FARMINGTON, NEW MEXICO 87401

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 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 Hixon Development Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Aldrich L. Kuchera

1-14-80

Aldrich L. Kuchera
Petroleum Engineer

Date

Subscribed and Sworn to before me this 14th day of January,
1980.

My Commission Expires: 7-25-83

Cindy Duncan

Cindy Duncan - Notary Public



OFFICIAL SEAL

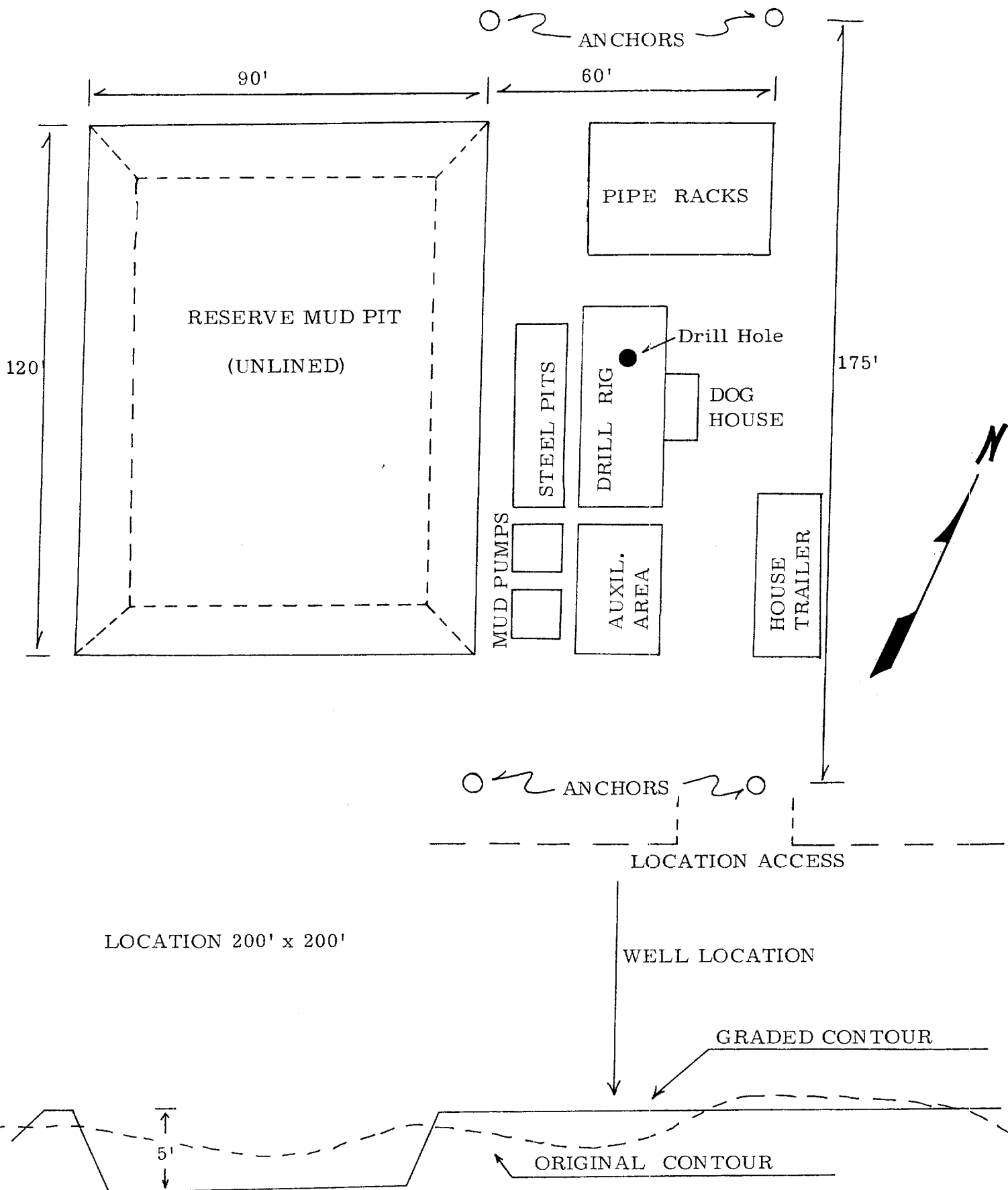
CINDY DUNCAN

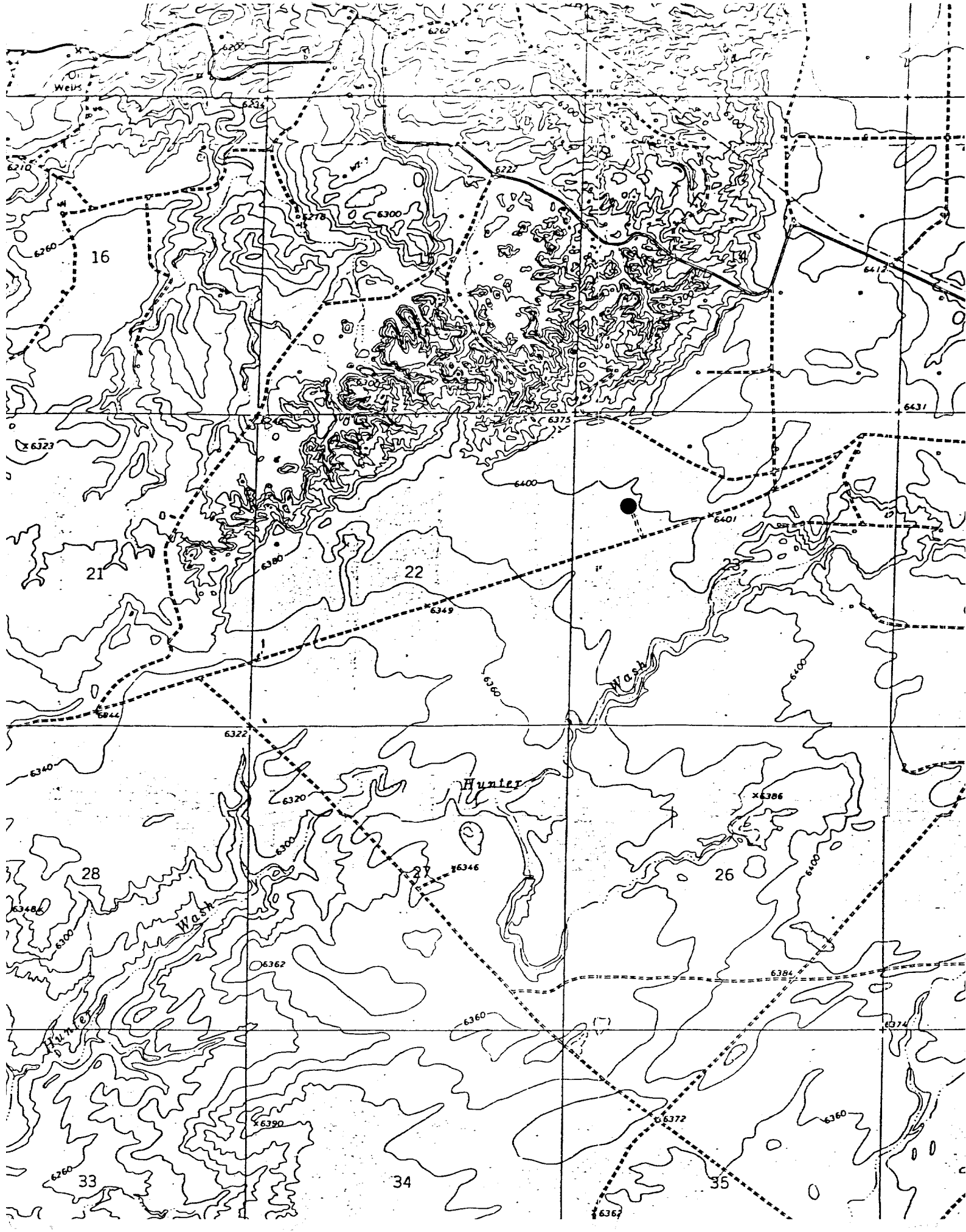
NOTARY PUBLIC - NEW MEXICO

Notary Bond Filed with Secretary of State

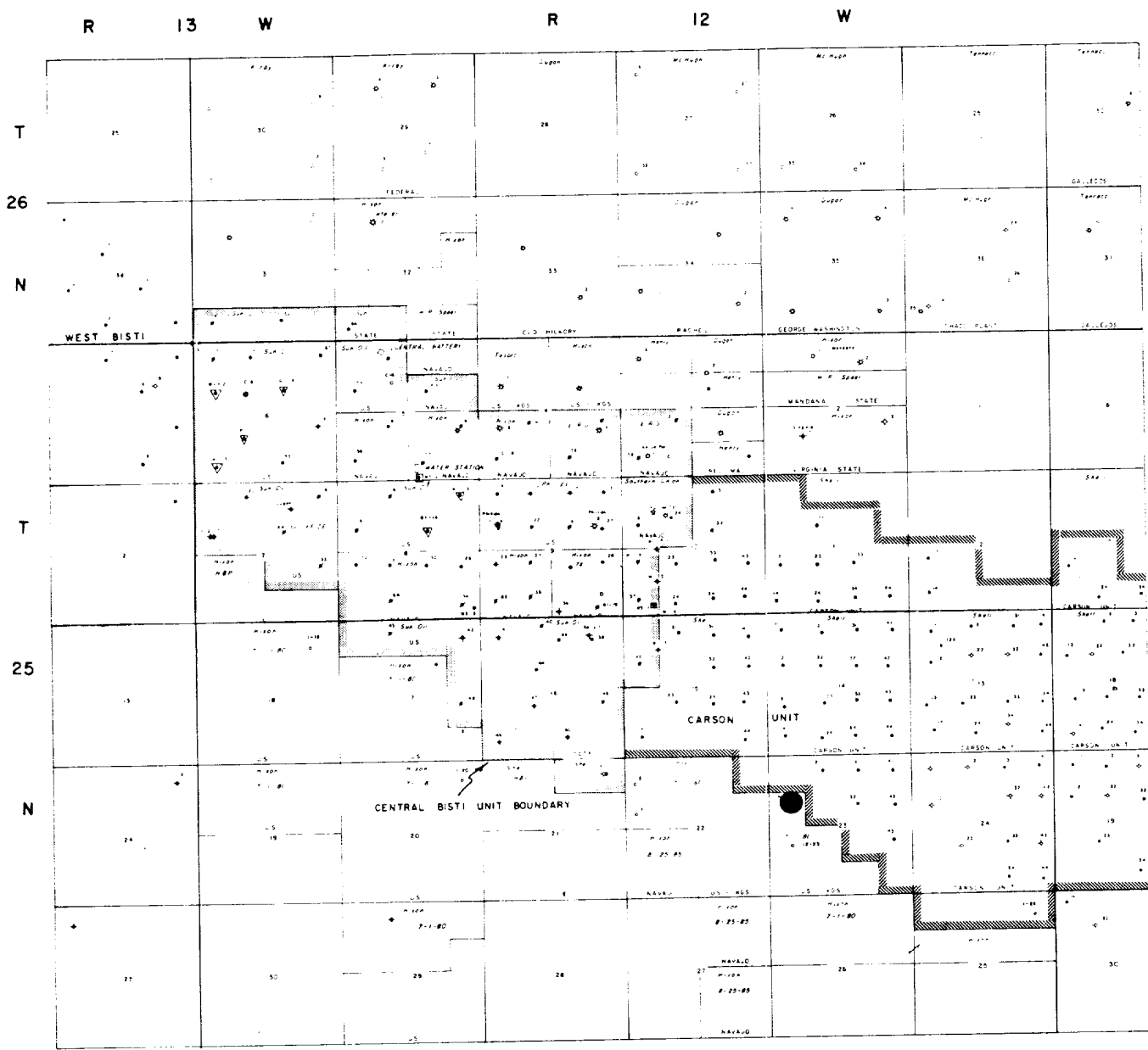
My Commission Expires: 7-25-83

HIxon DEVELOPMENT COMPANY
DRILLING LOCATION PLAT AND RIG LAYOUT
SOUTH CARSON FEDERAL 23 WELL NO. 5





SOUTH CARSON FEDERAL 23 WELL NO. 5



HIXON DEVELOPMENT COMPANY
CENTRAL BISTI UNIT

San Juan County , New Mexico

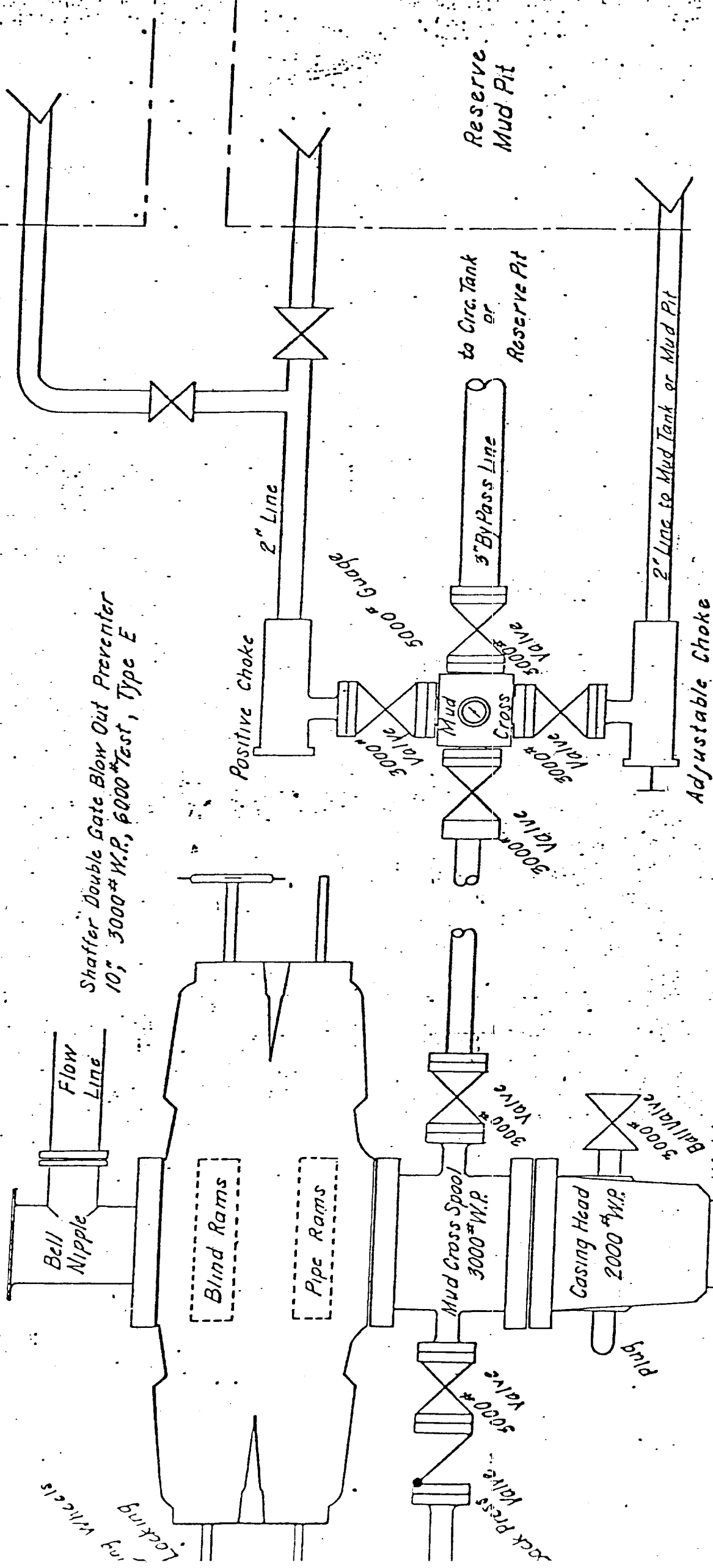


Subtotal 100 21.8%

Revised August, 1979

DATE March 1978

Circulating Tank



HIXON DEVELOPMENT COMPANY
PRESSURE CONTROL EQUIPMENT