

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

PETROLEUM CORPORATION OF TEXAS

3. ADDRESS OF OPERATOR

P. O. Box 911 Breckenridge, Texas 76024

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

At surface

1030'FSL, 1810'FEL

At proposed prod. zone

Same

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

22 miles South of Bloomfield, N.M.

15. DISTANCE FROM PROPOSED*

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

1030'

16. NO. OF ACRES IN LEASE

2040

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1030'

19. PROPOSED DEPTH

6590'

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

6604'GL, 6615'DF, 6616'KB

17. NO. OF ACRES ASSIGNED
TO THIS WELL

E/320

20. ROTARY OR CABLE TOOLS

Rotary

22. APPROX. DATE WORK WILL START*

12/10/80

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"	24.0	250'	230 sacks
7-7/8"	4-1/2"	10.50	6590'	900 sacks, 3 stage

All producing intervals in Dakota Formation will be perforated and stimulated as necessary.

EXHIBITS

This action is subject to administrative
appeal pursuant to 30 CFR 290.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"

"A" Location and Elevation Plat
"B" Ten Point Compliance Program
"C" Blowout Preventer Diagram
"D" Multi-Point Requirements for APD

"E" Access Road to Location
"F" Radius Map of Field
"G" Drill Rig Layout
"H" Fracturing Program Layout

The gas from this well is Committed.

The E/2 Section 21, is dedicated to this well.

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. FOR: PETROLEUM CORP. OF TEXAS

ORIGINAL SIGNED BY

President, Walsh Engr.
& Production Corp.

SIGNED

Ewell N. Walsh, P.E.

EWEEL N. WALSH

DATE

11/26/80

(This space for Federal or State office use)

PERMIT NO.

APPROVED
AS AMENDED

APPROVAL DATE

APPROVED BY

CONDITIONS OF APPROVAL

TITLE

DATE

JAMES F. SIMS
DISTRICT ENGINEER

*See Instructions On Reverse Side

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

P. O. BOX 2088

Form C-107

ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

Revised 10-1-77

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

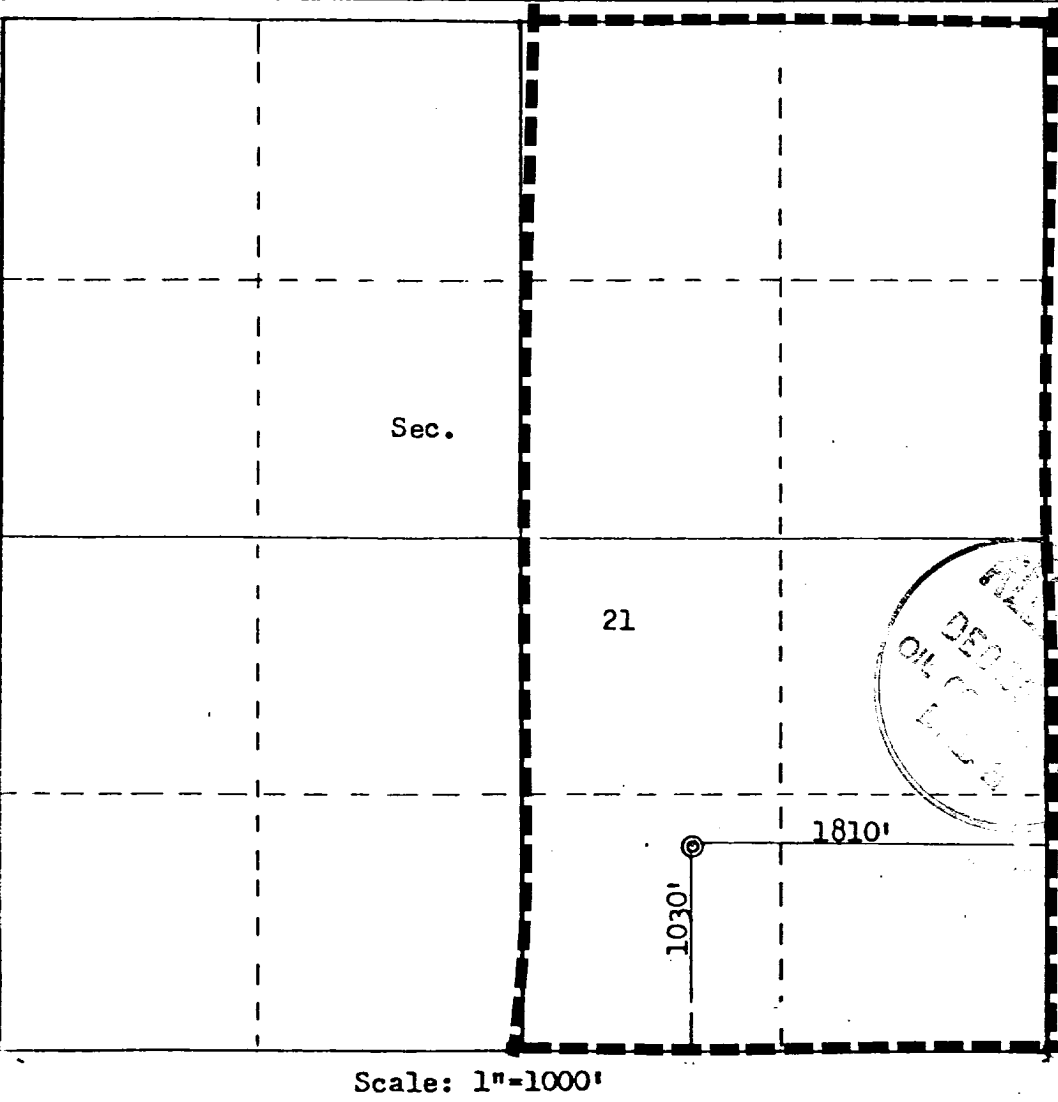
Operator PETROLEUM CORPORATION OF TEXAS			Lease FEDERAL		Well No. 1R
Unit Letter 0	Section 21	Township 25N	Range 9W	County San Juan	
Actual Footage Location of Well: 1030 feet from the South line and 1810 feet from the East line					
Ground Level Elev. 6604	Producing Formation Dakota		Pool Basin Dakota		Dedicated Acreage: 320 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.

	CERTIFICATION
	<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>For; PETROLEUM CORP. OF TEXAS</p> <p>ORIGINAL SIGNED BY</p> <p>Name EWELL N. WALSH Ewell N. Walsh, P. E.</p> <p>Position President</p> <p>Company Walsh Engineering & Prod. Corp</p> <p>Date 11/26/80</p> <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>Date Surveyed October 11, 1980</p> <p>Registered Professional Engineer and Land Surveyor Fred B. Kerr Jr.</p> <p>Certificate No. 3950</p>

Scale: 1"=1000'

EXHIBIT "B"

TEN-POINT COMPLIANCE PROGRAM

OF NTL-6 APPROVAL OF OPERATIONS

Attached to Form 9-331C

PETROLEUM CORPORATION OF TEXAS
Federal 21, No. 1-R
1030'FSL, 1810'FEL, SEC. 21-T25N-R9W
San Juan County, New Mexico

1. The Geologic Surface Formation
Nacimiento

2. Estimated Tops of Important Geologic Markers

Ojo Alamo	830'	Point Lookout	3730'
Pictured Cliffs	1820'	Gallup	5200'
Cliff House	2625'	Dakota	6350'

3. Estimated Depths of Anticipated Water, Oil, Gas or Minerals

Ojo Alamo	- 830'; Water	Dakota - 6350'; Gas
Pictured Cliffs	-1820'; Gas	
Cliff House	-2625'; Gas & Water	
Point Lookout	-3730'; Gas & Water	
Gallup	-5200'; Minor Gas & Oil	

4. The Proposed Casing Program

<u>Hole Size</u>	<u>Interval</u>	<u>Section Length</u>	<u>Size (OD)</u>	<u>Weight, Grade and Joint</u>	<u>New or Used</u>
12 $\frac{1}{4}$ "	250'	250'	8-5/8" 24#	K-55 8 round ST&C	New
7-7/8"	6590'	6340'	4 $\frac{1}{2}$ "-10.50#	K-55 8 round ST&C	New

Cement Program

Surface - 8-5/8": 250 Sacks Class "B", 3 CaCl₂ & 1/4 lb. Flocele per sack.

Production - 4½" " First Stage - 400 sacks 50/50 Pozmix, 2% Gel and 6-1/4 lbs. Gilsonite per sack. Estimated top of cement 4600'.

Second Stage - 300 sacks 65/35 Pozmix, 12% Gel, and 6-1/4 lbs. Gilsonite per sack followed by 50 sacks Class "B" Neat cement. Estimated top of cement 2500'.

Third Stage - 200 sacks 65/35 Pozmix, 12% Gel, and 6-1/4 lbs. Gilsonite per sack followed by 50 sacks Class "B" Neat Cement. Estimated top of cement 700' to Surface.

5. The Operator's Minimum Specifications for Pressure Control

EXHIBIT "C" is a schematic diagram of the blowout preventer equipment. The BOP's will be hydraulically tested to the full working pressure after nipping up and after any use under pressure. Pipe rams will be operationally checked each 24-hour period, as will blind rams each time pipe is pulled out of the hole. Such checks of BOP will be noted on daily drilling reports.

Accessories to BOP will include floor safety valve, and choke manifold with pressure rating equivalent to the BOP stack.

6. The Type and Characteristics of the Proposed Circulating Muds

Mud system will be gel-chemical with adequate stocks of sorptive agents on site to handle possible spills of fuel and oil in the surface. Heavier muds will be on location to be added if pressure requires.

<u>Interval</u>	<u>Type</u>	<u>Weight/Gal.</u>	<u>Viscosity (Sec.)</u>	<u>Water Loss</u>	<u>Additives</u>
0 - 250'	Gel-Water	9.5	60	N.C.	Lime
250 - T.D.	Low Solids	8.8	38	8	Gel, CMC, Thinner

7. The Auxiliary Equipment to be Used

- (a) A float will be used at the bit.
- (b) The mud system will be monitored visually.
- (c) A stabbing valve will be on the floor to be stabbed into the drill pipe when kelly is not in the string.

8. The Testing, Logging and Coring Programs to be Followed

- (a) DST - None
- (b) Logging - ISF, CNL-FDC
- (c) Coring - None

9. Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 2100 psig.

No hydrogen sulfide or other hazardous fluids or gases have been found, reported or known to exist at these depths in the area.

10. Anticipated Starting Date and Duration of the Operations

The anticipated starting date is set for December 10, 1980 or as soon as possible after examination and approval of drilling requirements. Operations should be completed within Ten days.

Blowout Preventer Diagram

PETROLEUM CORPORATION OF TEXAS
Federal 21, No. 1-R
1030'FSL, 1810'FEL
Section 21-T25N-R9W
San Juan County, New Mexico

PLAN VIEW - CHOKE MANIFOLD

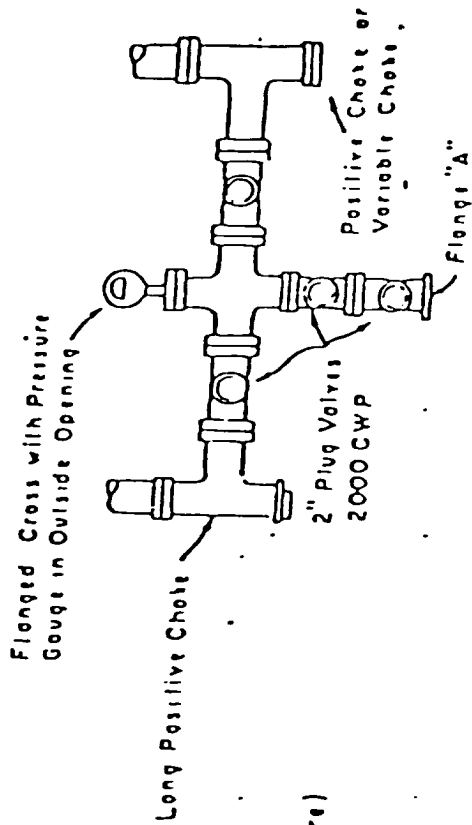
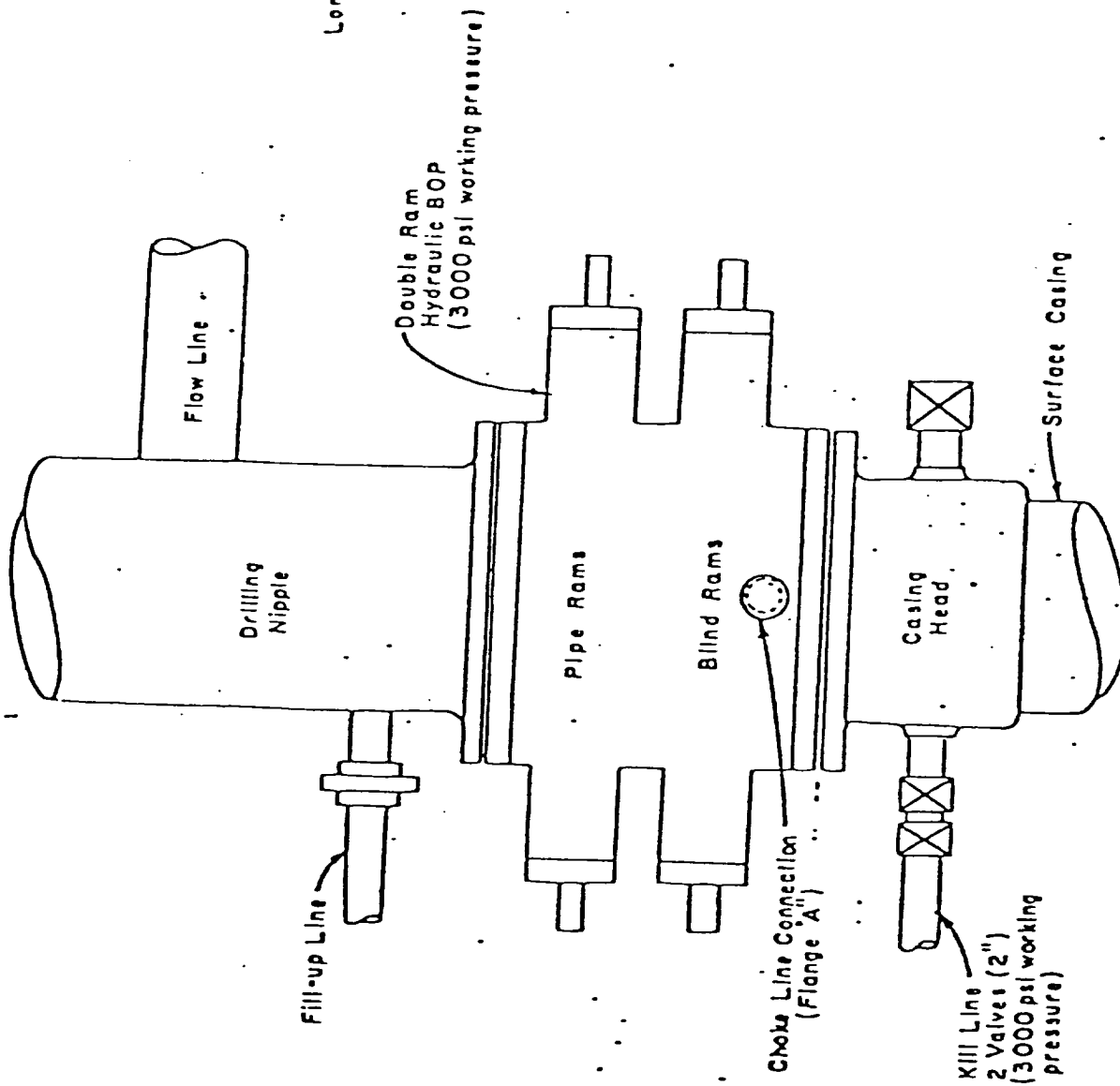


EXHIBIT "D"

MULTI-POINT REQUIREMENTS TO ACCOMPANY A.P.D.

Attached to Form 9-331C

PETROLEUM CORPORATION OF TEXAS
Federal 21, No. 1-R
1030'FSL, 1810'FEL, SEC. 21-T25N-R9W
San Juan County, New Mexico

1. Existing Roads

- A. The proposed well site and elevation plat is shown as EXHIBIT "A".
- B. Directions: South From Bloomfield, New Mexico on Highway 44 approximately 26 miles. Turn left on dirt road for 2-1/2 miles. Turn left to location.
- C. All roads to location are indicated on Exhibit "E"
Existing roads will be improved.
- D. Exploratory wells, existing roads:
N/A
- E. Development wells, existing roads: See Exhibit "E"
- F. Improvement and maintenance: Existing roads need no improvement. Access road will be improved and maintenance will be performed as required.

2. Planned Access Roads

Exhibit "E " Access road, 300' will have maximum width of 20'. No turnouts no culverts, no gates, cattle guards or fence cuts. Surface material will be native soil.

3. Location of Existing Wells

For all existing wells within one mile radius of development well, see EXHIBIT "F".

- (1) There are one water wells within a one mile radius of this location.
- (2) There is one abandoned well in this one mile radius.

- (3) There are no temporarily abandoned wells.
- (4) There are no disposal wells.
- (5) There are no wells presently being drilled.
- (6) There are ~~six~~ producing wells within this one mile radius.
- (7) There are no shut-in wells.
- (8) There are no injection wells.
- (9) There are no monitoring or observation wells for other uses.

4. Location of Existing and/or Proposed Facilities

A. Within one mile radius of location, the following existing facilities are owned or controlled by lessee/operator:

- (1) Tank Batteries: two
- (2) Production Facilities: two
- (3) Oil Gathering Lines: None
- (4) Gas Gathering Lines: None
- (5) Injection Lines: None
- (6) Disposal Lines: None

B. If production is obtained, new facilities will be as follows:

- (1) All production facilities will be located on the pad.
- (2) All well flow lines will be buried and will be on the well site and battery site.
- (3) Drill pad will be 300 feet long and 155 feet wide.
- (4) No construction materials for battery site and pad will be necessary.
- (5) Any necessary pits will be fenced and flagged to protect livestock and wildlife.
- (6) Rehabilitation whether well is productive or dry, will be made on all unused areas in accordance with BLM stipulations.

5. Location and Type of Water Source

- A. The source of water will be water well at Thriftway Hilltop Store
- B. Water will be transported by truck over existing roadways.
- C. No water well is to be drilled on this lease.

6. Construction Materials

- A. No construction materials are needed for drilling and access roads into the drilling location unless production is obtained. The surface soil materials will be sufficient or will be provided by the Dirt Contractor as needed.
- B. No construction materials will be taken off Federal or Indian Lands.
- C. All surface soil materials for construction of access roads are sufficient.
- D. All major access roads presently exist as shown on EXHIBIT "E".

7. Handling of Waste Materials and Disposal

- (1) Drill cuttings will be buried in the reserve pit and covered.
- (2) Drilling fluids will be handled in the reserve pit.
- (3) Any fluids provided during drilling test or while making production test will be collected in a test tank. If a test tank is not available during drilling, fluids will be handled in reserve pit. Any spills of oil, gas, salt waters or other noxious fluids will be cleaned up and removed.
- (4) Chemical facilities will be provided for human waste.
- (5) Garbage and non-flammable waste and salts and other chemicals produced during drilling or testing will be handled in trash pit. Flammable waste will be disposed of in burn pit. Drill fluids, water drilling mud and tailings will be kept in reserve pit, as shown on EXHIBIT "G". Reserve pit will be fenced on three sides and the fourth side fenced upon removal of the rig.
- (6) After the rig moves out, all materials will be cleaned up and no adverse materials will be left on location. Any dangerous open pit will be fenced during drilling and kept closed until such time as the pit is leveled.

8. Ancillary Facilities

No air strip, camp or other facilities will be built during drilling of this well.

9. Well Site Layout

- (1) EXHIBIT "G" is the Drill Pad Layout.

Topsoil, if removal required, will be stockpiled per specifications determined at time of pre-drill inspection.

- (2) EXHIBIT "G" is a plan diagram of the proposed rig and equipment reserve pit, burn and trash pit, pipe racks and mud tanks. No permanent living facilities are planned. There will be a trailer on site.

- (3) The reserve pits will not be lined. Steel mud tanks may be used during drilling operations.

10. Plans for Restoration

- (1) Backfilling, leveling and contouring are planned as soon as all pits have dried. Waste disposal and spoils materials will be buried or hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.
- (2) The soil banked material, if removal required, will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula provided by the BLM.
- (3) Three sides of the reserve pit will be fenced during drilling operations. Prior to rig release, the reserve pit will be fenced on the fourth side to prevent livestock or wildlife from becoming entrapped; and the fencing will be maintained until leveling and cleanup is accomplished.
- (4) The rehabilitation operations will begin as soon as possible after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation is considered best from July 15 to September 15, unless requested otherwise.

11. Other Information

(1) Soil: Sandy Loam
Vegetation: Sagebrush, Rabbit bush, juniper, galleta & tumbleweed.

(2) The primary surface use is for grazing. The surface is owned by the B.L.M.

(3) The closest live water is the None

The closest occupied dwellings - None

There are no known archaeological, historical, or cultural heritages that will be disturbed by this drilling.

(4) Restrictions: Operator must have all rights from surface to base of Dakota.

(5) Drilling is planned for on or about December 10, 1980 Operations should be completed within 15 days.

12. Lessee's or Operator's Representative

Ewell N. Walsh, P.E. President
Walsh Engineering & Production Corporation
P. O. Box 254
Farmington, New Mexico 87401
Telephone: (505) 327-4892, 24 hrs.

13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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 * and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

*Petroleum Corporation of Texas

November 26, 1980

Date

ORIGINAL SIGNED BY
EWELL N. WALSH

Ewell N. Walsh, P.E.
President
Walsh Engineering & Production Corp.

Walsh ENGINEERING & PRODUCTION CORP.

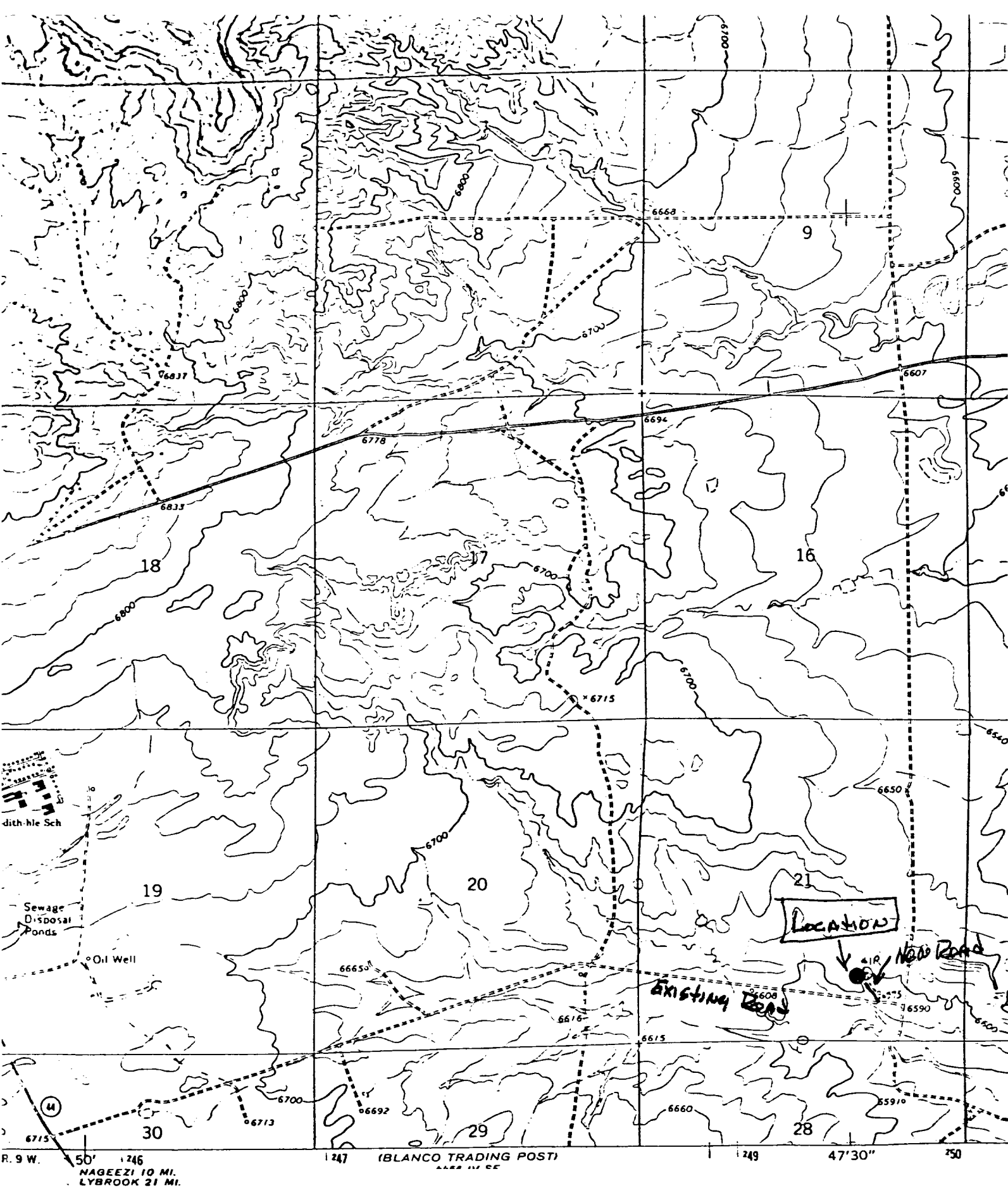
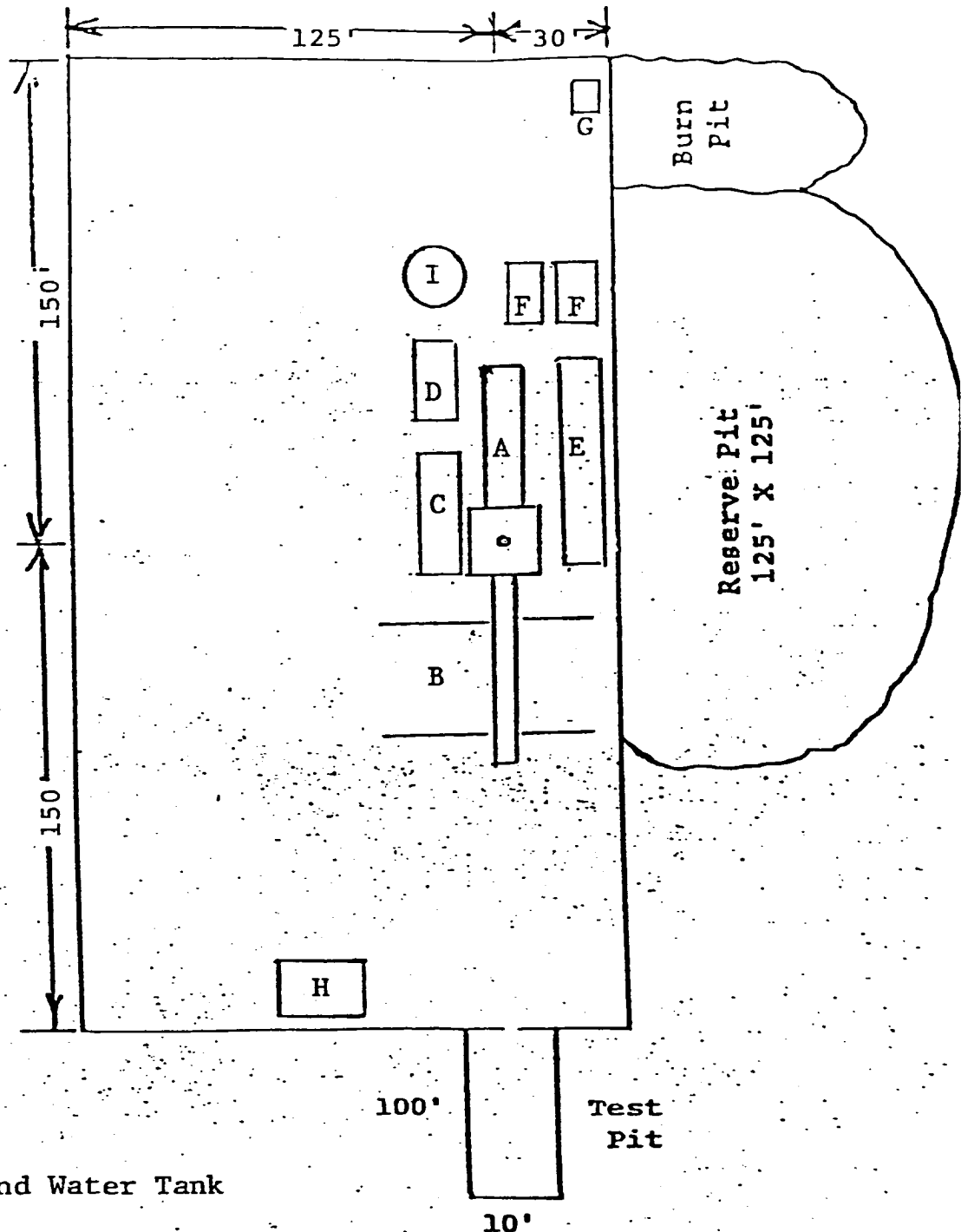


EXHIBIT "G"

Drill Rig Layout
 PETROLEUM CORPORATION OF TEXAS
 FEDERAL 21, No. 1-R
 1030' FSL, 1810' FEL, SEC. 21-T25N-R9W
 San Juan County, New Mexico



- A - Rig
- B - Piperacks
- C - Doghouse and Water Tank
- D - Fuel
- E - Mud Pit
- F - Pumps
- G - Toilet
- H - Trailer House
- I - Oil Storage

EXHIBIT "H"

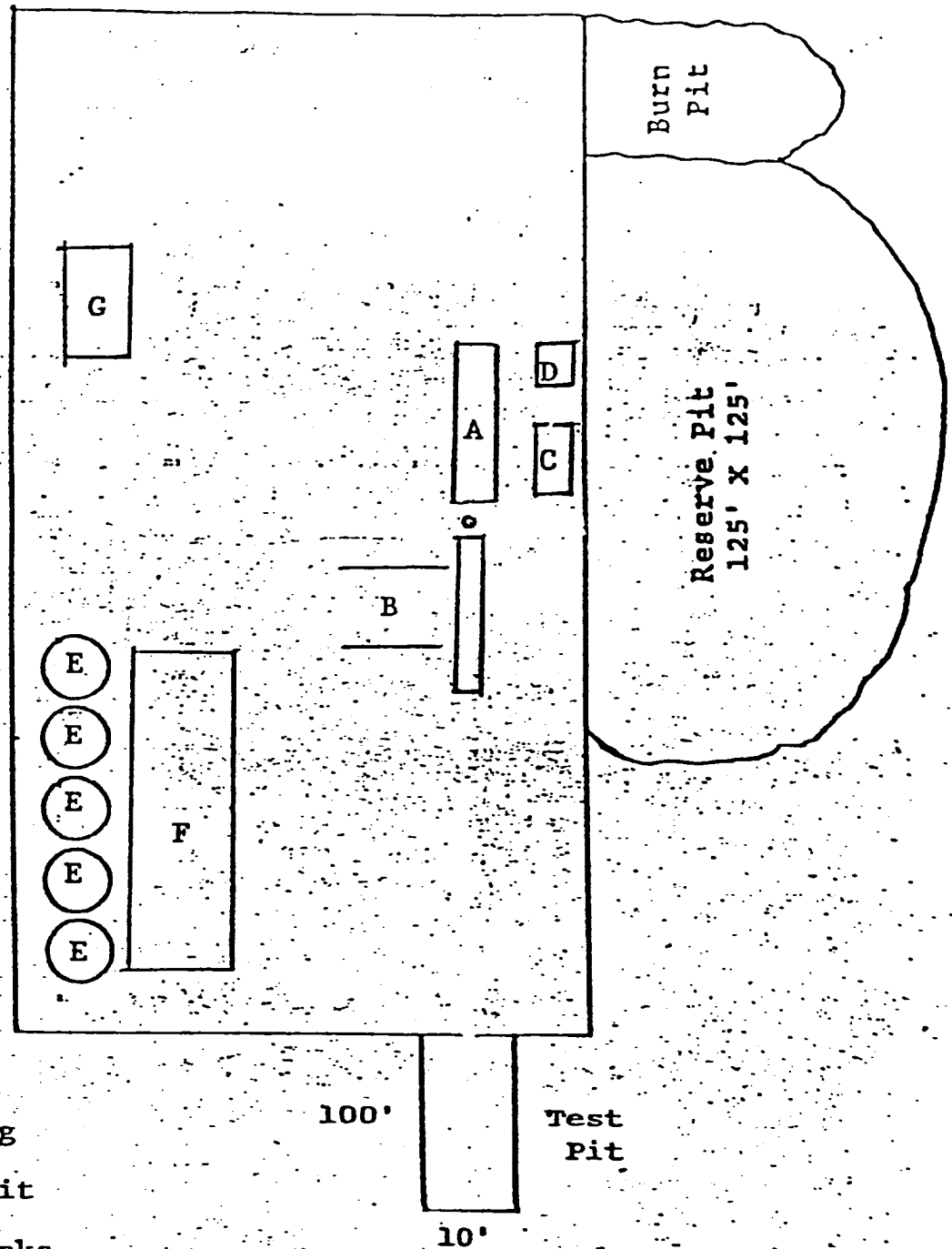
Fracturing Program Layout

PETROLEUM CORPORATION OF TEXAS

FEDERAL 21, No. 1-R

1030' FSL, 1810' FEL, SEC. 21-T25N-R9W

San Juan County, New Mexico



- A - Completion Rig
- B - Pipe Racks
- C - Circulating Pit
- D - Pump
- E - Frac Water Tanks
- F - Area Frac Equipment
- G - Trailer House