N. M. OIL CONS. COMMISSION
P. O. BOX 1980
HOBBS, NEW MEXICO 88240

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: ~~NM~~LC064427

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ OTHER — SINGLE ZONE ☐ MULTIPLE ZONE ☐

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME, WELL NO.: Elliott B ~~No. 3~~ 15 #5

2. NAME OF OPERATOR: John H. Hendrix Corporation

9. API WELL NO.: 30-025-34120

3. ADDRESS AND TELEPHONE NO.: P. O. Box 3040, Midland, TX 79702-3040 (915) 684-6631

10. FIELD AND POOL, OR WILDCAT: Wantz Abo (62700)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FNL & 480' FEL, Unit H, Sec. I5, T22S, R37E
At proposed prod. zone: Same

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. I5, T22S, R37E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 2.5 miles South of Eunice, NM

12. COUNTY OR PARISH: Lea

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
480'	40	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**
200'	7500'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): Ground 3377'

22. APPROX. DATE WORK WILL START*: 10/23/97

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
11"	K-55, 8-5/8"	24#	1133'	600 Sx. Circ.
7-7/8"	K-55, 5-1/2"	15.5#	7500'	1588 Sx. Circ.

It is proposed to drill this wellbore as a vertical Wantz Abo producer according to the drilling plan outlined in the following attachments:

1. Well Location & Acreage Dedication Plat (C-102)
2. Proposed Drilling Program
3. Surface Use Plan
4. Vicinity Map
5. Topo & Lease Road Map
6. Flowline Right -of-Ways
7. Standard Rig Layout
8. BOP and Choke Manifold Specifications (2 diagrams0
9. H2S Drilling Operations Plans & Diagram

OPER. OGRID NO. 12024
PROPERTY NO. 5173
POOL CODE 62700
EFF. DATE
API NO. 30-025-34120

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conduced on the lease land or portion thereof, as described above and as covered by BLM Bond File No. NM 2112.

IN ABOVE SPACE DESCRIBE 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 Konnie H. Wentbrook TITLE Vice President DATE 11/11/97

(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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	ELLIOTT "B" 15	3 5
OGRID No.	**Operator Name**	**Elevation**
	JOHN H. HENDRIX CORPORATION	3377

Surface Location

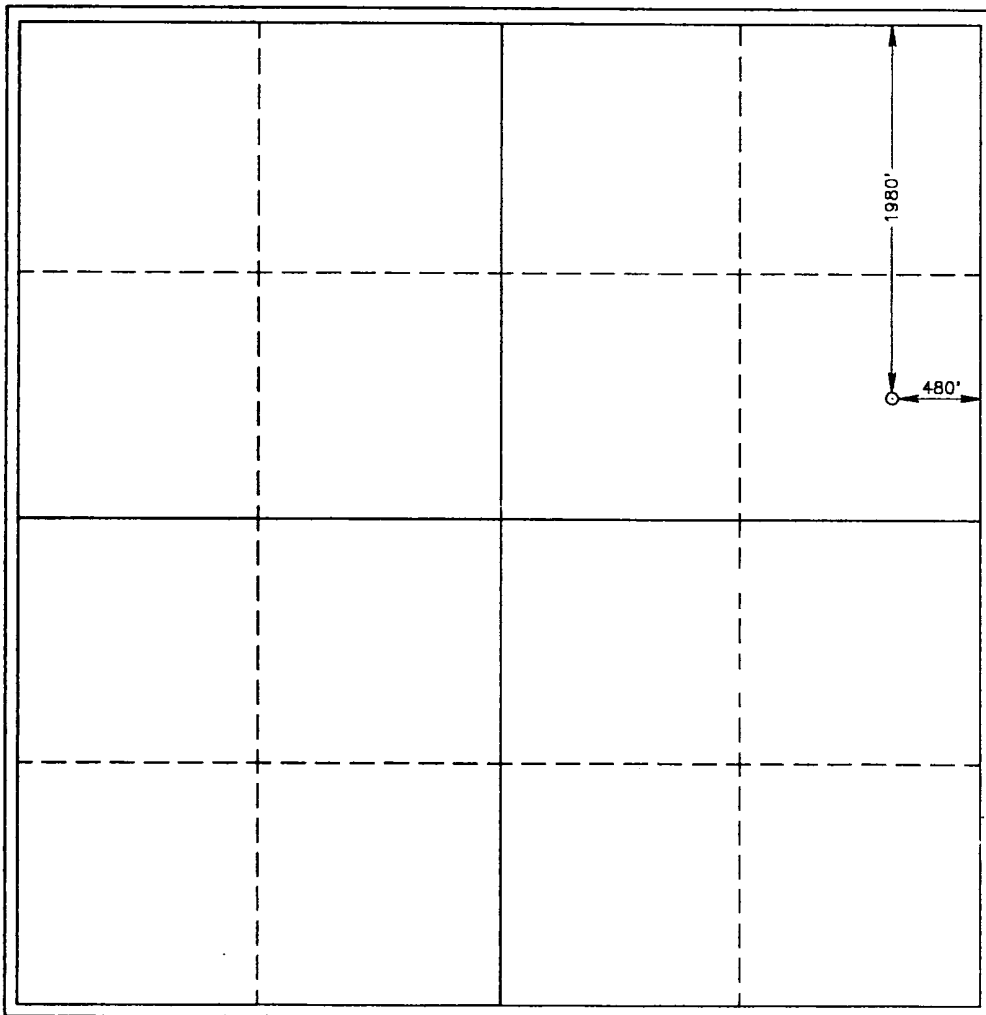
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	15	22 S	37 E		1980	NORTH	480	EAST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Ronnie H. Westbrook
Signature

Ronnie H. Westbrook
Printed Name

Vice President
Title

11/11/97
Date

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 supervison, and that the same is true and correct to the best of my belief.

JULY 25, 1997
Date Surveyed JLP

Signature & Seal of Professional Surveyor:
RONALD J. EIDSON
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR

7-30-97

W.O. Num. 97-11-1245

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239
GARY G. EIDSON, 12641

SURFACE USE PLAN

ELLIOTT B NO. 3
Surface Location: 1980' FNL & 480' FEL, Unit H, Section 15, T22S, R37E
Ground Elevation: 3377'
Bottom Hole Location: Same
Lea County, New Mexico

The following is required information concerning the possible effect which the drilling of this well may have on the environment, existing road sites, and surrounding acreage. A copy will be posted on the derrick floor so all contractors and sub-contractors will be aware of all items of this plan.

1. Existing Roads

A. The proposed well site is 1980' FNL & 480' FEL, Sec. 15, T22S, R37E, Lea County, New Mexico.

B. Attached is a Vicinity road and well map. Directions to the location are as follows: Heading South on Hwy. 18 go South of the Eunice 2.5 miles and turn to the West. Go .4 miles and turn North, and the road to the location will be to the North.

C. No improvement or maintenance is anticipated for the existing roads.

2. Planned Access Roads

A. Approximately 990' of new access road will be required.
B. No turnout will be required.
C. No culverts will be required.
D. No gates, cattle guards, or fences will be required.

3. Topographic Map and Well Location

A 7.5" quadrangle topo map of the area is included.

4. Additional right-of-ways

None.

5. Water Supply

Water (fresh & brine) will be trucked to location from Eunice.

6. Source of Construction Materials

Caliche will come from a pit located in the local area.

7. Reserve Pit - The reserve pit shall be constructed entirely in cut material & lined w/6 mil plastic.

8. Methods of Handling Waste Disposal

Waste Disposal: Well cuttings will be disposed in reserve pit. Barrel trash containers to be in accessible locations within drill site area during drilling and completion procedures. All detrimental waste will be hauled away. See rig layout for location of pits. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. Any

produced water will be collected in tanks until hauled to an approved disposal system, or separate disposal applications will be submitted to survey for appropriate approval.

9. Ancillary Facilities

None.

10. Well site Layout

The V-door faces East. The reserve pit will be lined with plastic and the pad and pits are staked. All unguarded pits containing liquids will be fenced and any unguarded pit containing oil and/or toxic liquids will be covered with a fine mesh netting to protect wildlife, if necessary.

11. Plans for Restoration of Surface

Reserve pits will be rehabilitated once drilling fluids have been allowed to evaporate to the point the pits are dry enough for back filling and leveling. In the event drilling fluids will not evaporate in a reasonable time period, the fluids will be removed and transported by tank truck to a state approved disposal facility. Back filling and leveling of the location will be completed within a time period of one year upon cessation of drilling operations.

12. Surface Ownership

Federal. The Surface Lessee has been contacted. See attached letter.

13. Other Information

An Archeological study for this location has been ordered and will be filed as soon as completed.

14. Operator's Representative and Certification

The person who can be contracted concerning compliance of this surface Use Plan is:

Ronnie H. Westbrook
P. O. Box 3040
Midland, 79702-3040

(915) 684-6631

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site; that I am familiar with the conditions which currently exist; that the statements made in this plan, are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by John H. Hendrix Corporation and its contractors and subcontractors in conformity with this plan and the 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.

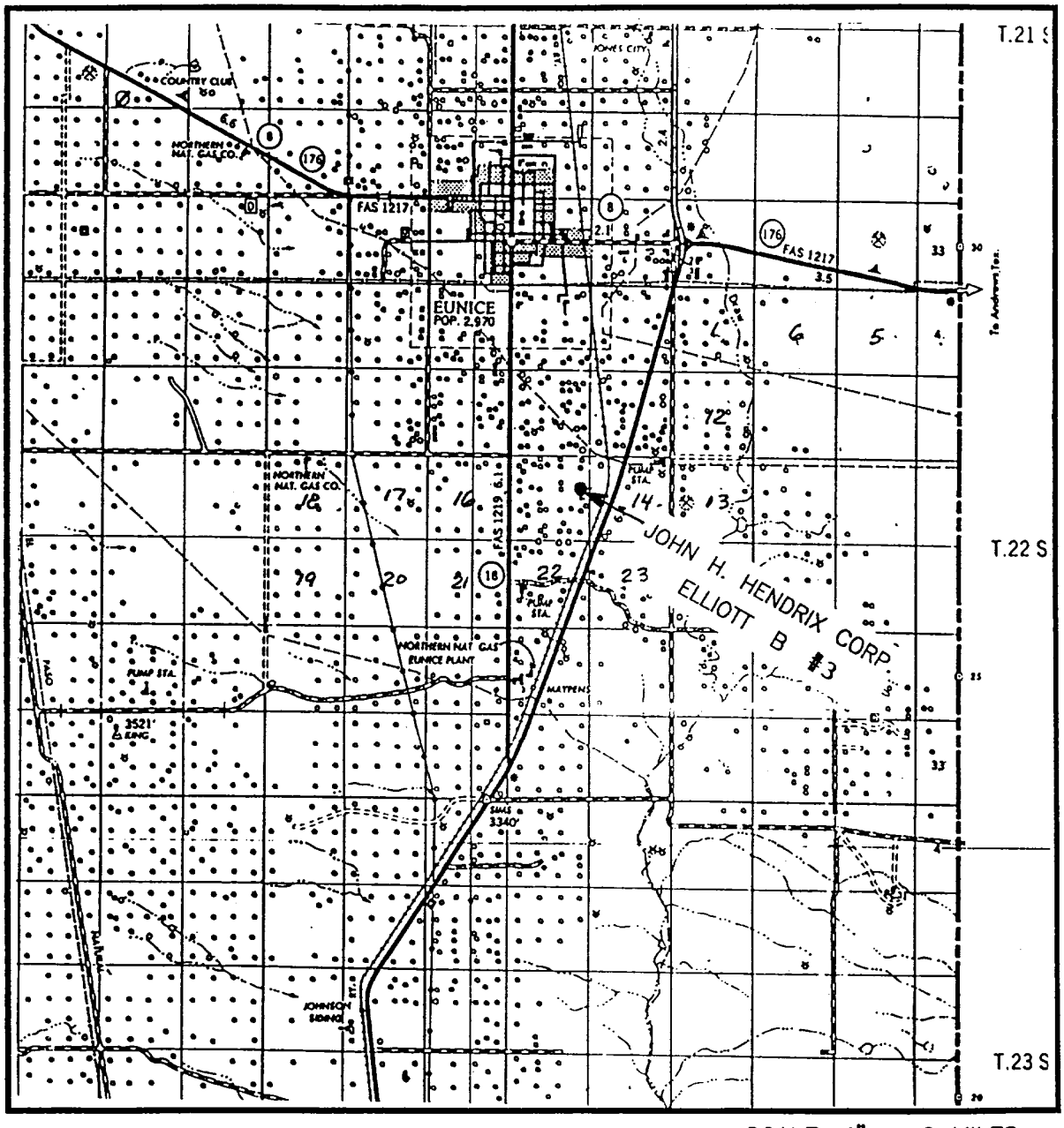
Ronnie H. Westbrook

Ronnie H. Westbrook

11/12/97

Date

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 15 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FNL & 480' FEL

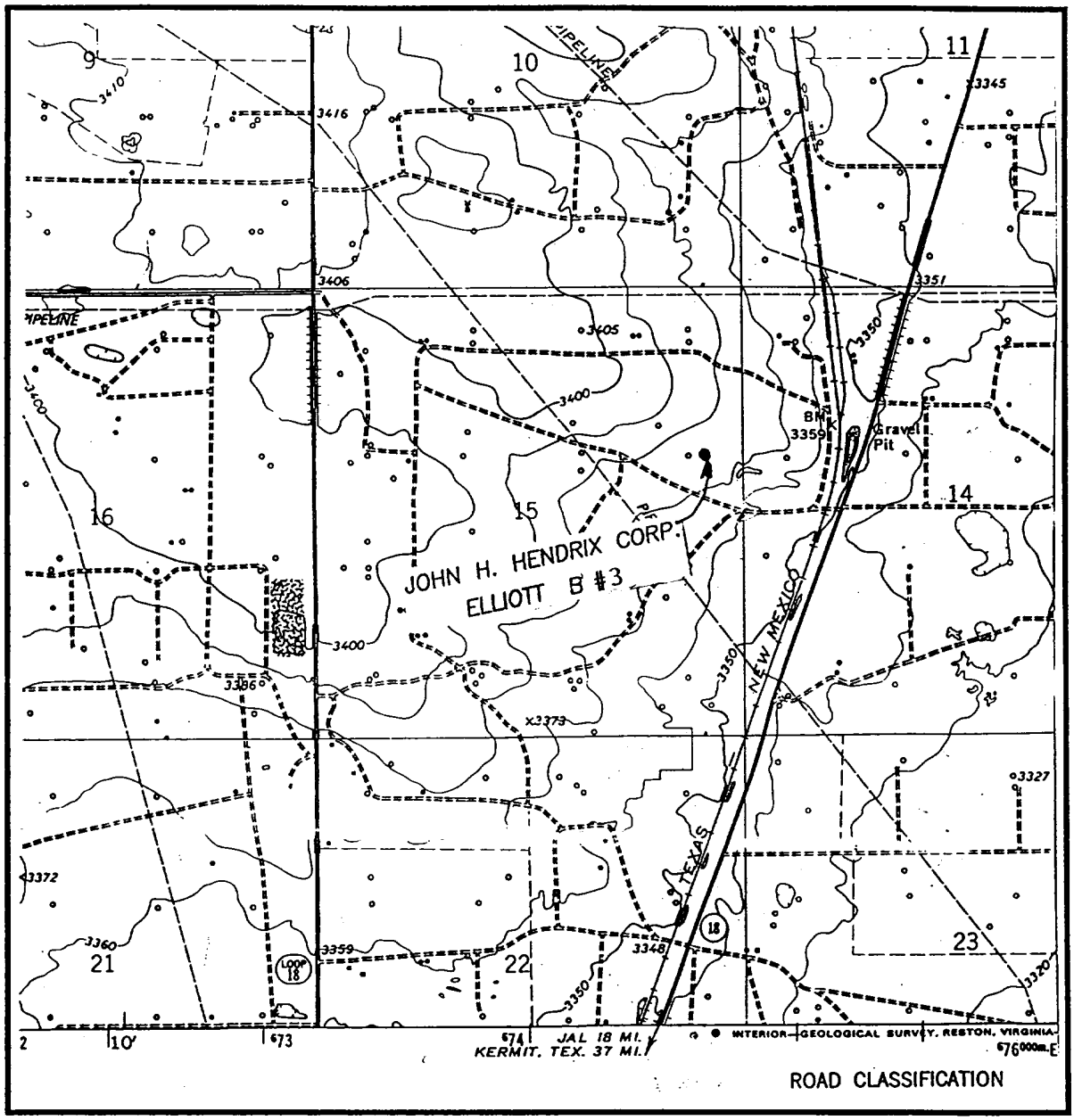
ELEVATION 3377'

OPERATOR JOHN H. HENDRIX CORP.

LEASE ELLIOTT B #3

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL – 10'

SEC. 15 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FNL & 480' FEL

ELEVATION 3377'

OPERATOR JOHN H. HENDRIX CORP.

LEASE ELLIOTT B #3

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

JOHN H. HENDRIX CORPORATION

MAILING ADDRESS
P.O. BOX 3040
MIDLAND, TX 79702-3040

(915) 684-6631
FAX (915) 684-7317
110 N. MARIENFELD, SUITE 400
MIDLAND, TEXAS 79701-4412

November 11, 1997

Bureau of Land Management
620 E. Greene
Carlsbad, NM 88220

Attn: Mr. Barry Hunt

RE: Tentative Settlement Negotiations for Well Location and Appurtenances Elliott B No. 3, Section 15, T22S - R37E, Lea County, New Mexico

Dear Mr. Hunt:

Negotiations have been finalized with the Surface Lessee and/or Grazing Lessee for the referenced location and appurtenances. The surface damages payment letter is attacted.

In the event there are any problems then John H. Hendrix Corporation, if necessary, shall rely on its LPB 102 51 01 Improvement Damage Bond for Oil & Gas Leases -issued by NM State Land Office to compensate the surface owner for actual damages. Our BLM Bond No. is NM 2112 and Surety Bond I.D. No. is LOC 4244840005100-1304.

If you have any questions, please contact me at (915) 684-6631.

Sincerely,

Ronnie H. Westbrook

Ronnie H. Westbrook
Vice President

DGB/ah

JOHN H. HENDRIX CORPORATION

MAILING ADDRESS
P.O. BOX 3040
MIDLAND, TX 79702-3040

(915) 684-6631
FAX (915) 684-7317
110 N. MARIENFELD, SUITE 400
MIDLAND, TEXAS 79701-4412

October 14, 1997

Mr. Irvin Boyd
P. O. Box 121
Eunice, New Mexico 88231

RE: Roadway and Location Pad Agreement
Elliott B-15 No. 5
Unit H, Section 15, T22S, R37E,
Lea County, New Mexico

Dear Mr. Boyd:

Please find enclosed a check in the amount of $6300.00 ($5500.00 for the captioned Roadway and Location Pad Agreement and $800.00 for Road Damages). Also enclosed is the Roadway and Location Pad Agreement for your execution.

If you have any questions regarding this matter, please do not hesitate to call. Thank you for your consideration in this matter.

Yours very truly,

Ronnie H Westbrook

Ronnie H. Westbrook
Vice President

RHW/ah

Enclosures

JOHN H. HENDRIX CORPORATION
DRILLING PROGRAM

Attachment to Form 3160-3
Elliott B No. 3
Surface Location: 1980' FNL & 480' FEL, Unit Letter H, Section 15, T22S, R37E
Ground Elevation: 3377'
Bottom Hole Location: Same
Lea County, New Mexico

1. Geologic Name and Estimated Tops:

Yates	2560'	Tubb	5960'
Seven Rivers	2780'	Drinkard	6270'
Queen	3300'	Abo	6550'
San Andres	3810'		
Blinebry	5450		

2. Estimated Depth to Fresh Water:

Possible fresh water from surface to 400'

Anticipated Possible Hydrocarbon Bearing Zones: Blinebry and Abo

The fresh water sands will be protected by setting 8-5/8" casing at 1133'' and circulating cement back to surface. The 5-1/2" production string will be set at 7500' TD and cement back to 8-5/8' surface.

3. Proposed Casing Program:

Hole Size	Interval	OD Casing	Weight, Grade, Jt Cond.
11"	0-1133'	8-5/8"	24#, K55, ST&C, New
7-7/8"	0-7500'	5-1/2"	15.5#, K55, ST&C, New

4. Proposed Cementing Program:

8-5/8" Surface Csg.: Lead - Cement w/ 400 sx. of Class "C" w/ 2% CaCl, 4% Gel
Tail - Cement w/ 200 sx. of Class "C" w/ 2% CaCl
Circulate cement to surface

5-1/2" Prod. Csg.: 1st Stage - Cement w/ 534 sx. of Class "C" w/ 6% Gel, 5 lb/sx. Salt
2nd Stage - Cement w/ 552 sx. Class "H" w/ 5 lb/sx. Salt, 9.6 lb/sx. Silicalite
Tail - Cement w/ 502 sx. of Class "C" w/ 6% Gel, 5 lb/sx. Salt
Cement to surface

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in the attachments will consist of a double ram-type (3000 psi WP) preventer. It will be hydraulically operated and will be equipped with pipe rams on top and blind rams on bottom. The BOP will be nippled up on the 8-5/8" casing and

used continuously until TD is reached. Ram-type BOP and accessory equipment will be tested to 2000 psi. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. A 2" kill line and 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a rotating head, kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with:

Depth	Type	Weight (ppg)	Viscosity (sec)
Surface to 1133'	Fresh Water Spud Mud	8.5- 8.8	30-33
1133' to 7500' TD	Brine Water w/ Loss Circ. Additvs. (Saltgel & Starch)	9.8-10.2	28-30

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

(A) A kelly cock will be kept in the drill string at all times.

(B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

(C) The drilling fluids system will be visually monitored at all times.

8. Logging, Testing and Coring Program:

(A) No drill stem tests are planned.

(B) Cased Hole GR Neutron Log

(C) No cores are anticipated.

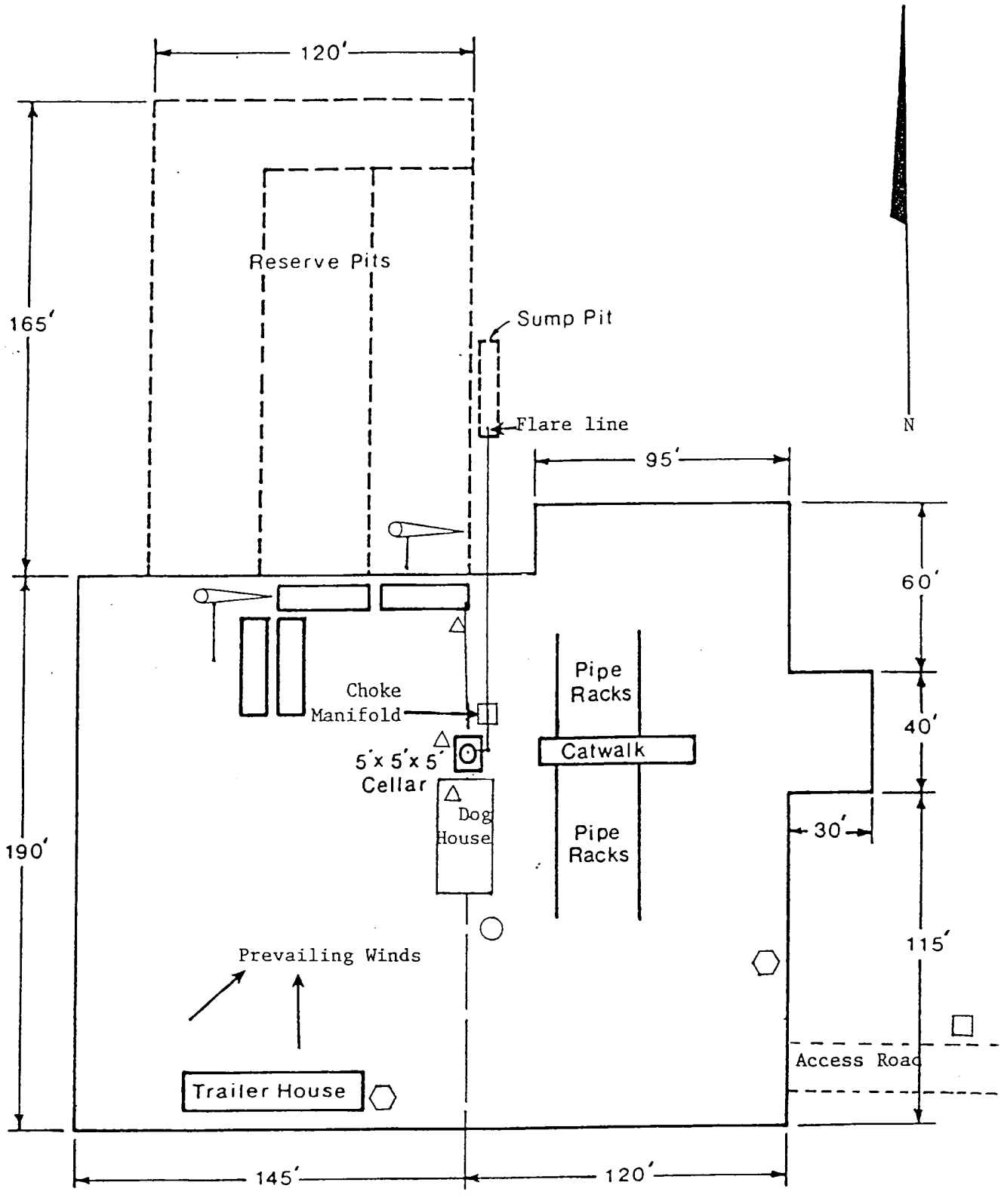
(D) Other testing procedures may be used after the production casing has been set depending on shows and other testing indicators.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom-hole temperature at TD is 110 deg. F and the estimated maximum bottom hole pressure is about 2900 psi. No hydrogen sulfide or other hazardous gases or fluids are anticipated.

10. Anticipated Starting Date and Duration of Operations:

It is planned that operations will commence shortly after approval of this application, around October 23, 1997 or depending on rig availability. A company representative will inform the BLM of our intentions prior to spudding. It is anticipated that once drilling operations commence, they will last approximately 20 days, with completion operations lasting approximately 10 days. Production will be routed through the current Elliott B battery.



○ Remote B.O.P. Closing Unit

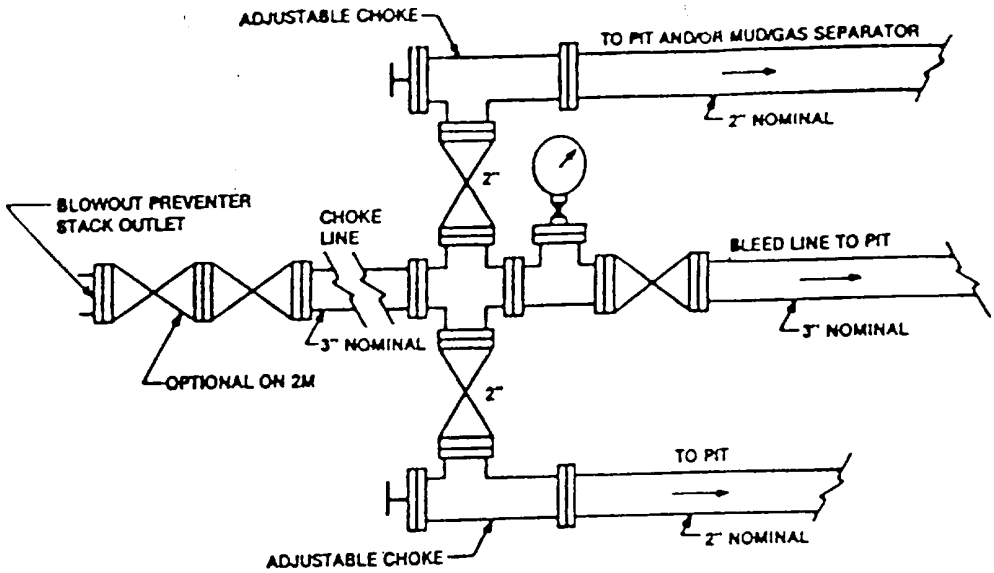
△ H_2S Monitors. Alarm at Bell Nipple and at Shale Shaker

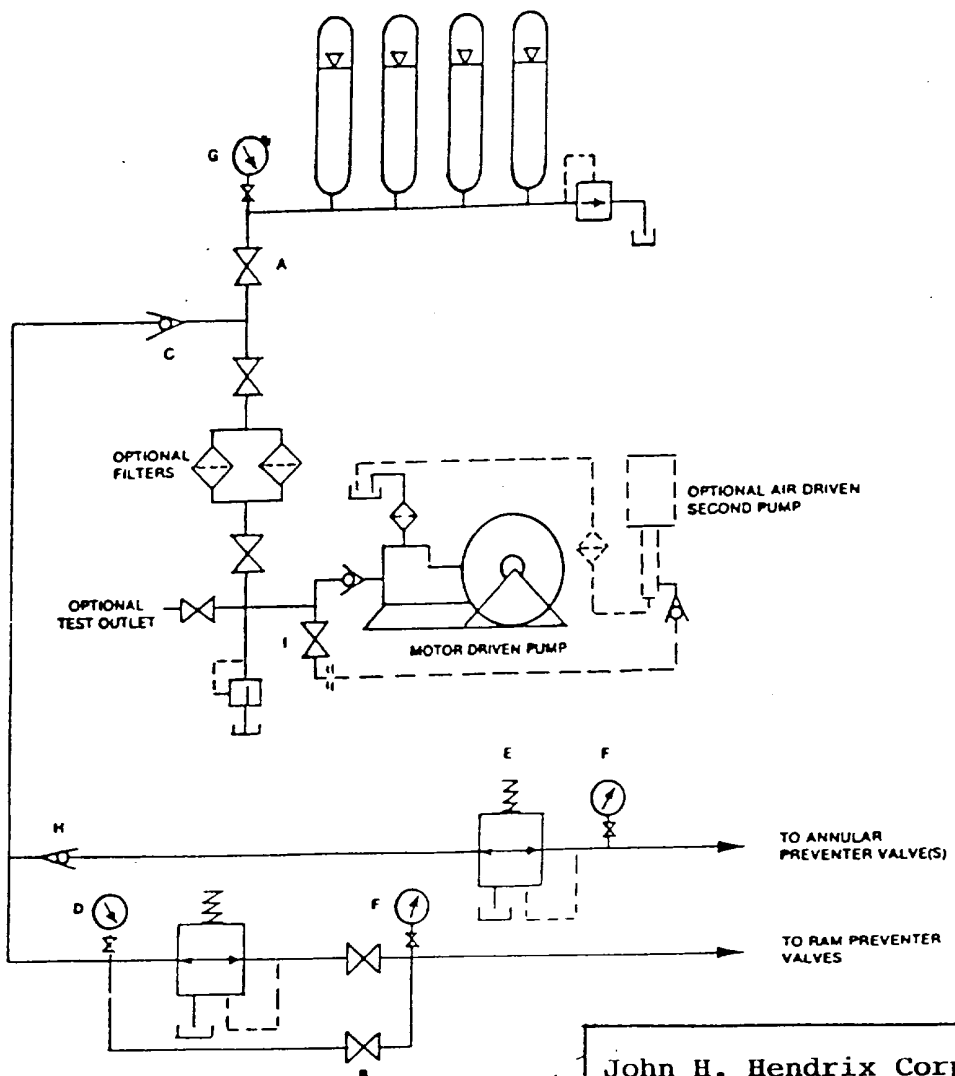
⬡ Briefing Areas

Wind Direction Indicators
Wind sock or Wind Streamers

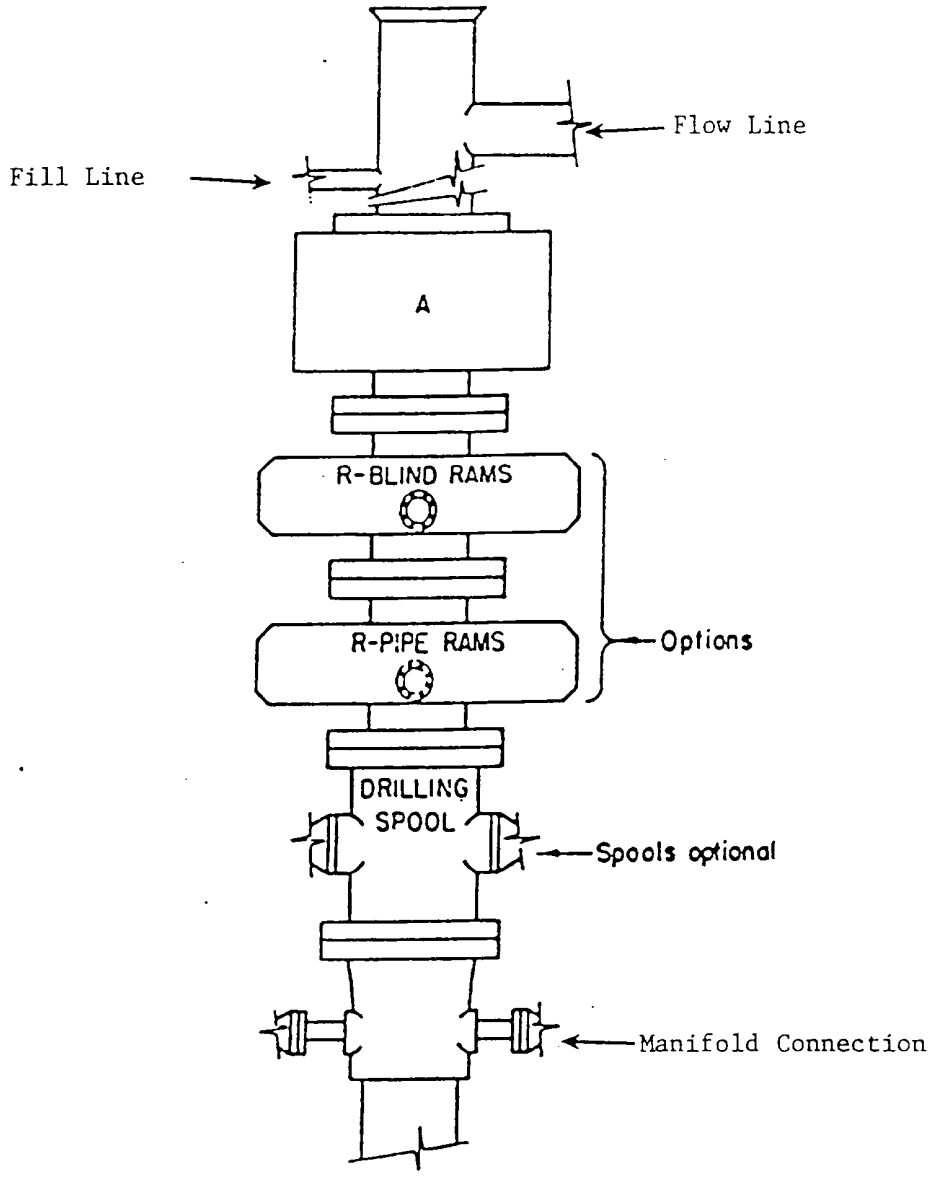
□ Sign and Condition Flags

John H. Hendrix Corporation
Plat of Rig Layout
Elliott B No. 3
1980' FNL & 480' FEL, Unit H
Sec. 15, T22S - R37E
Lea County, New Mexico





John H. Hendrix Corporatic
Choke Manifold &
Closing Unit
Elliott B No. 3
1980' FNL & 480' FEL, Unit I



ARRANGEMENT SRRA

900 Series

3000 PSI WP

John H. Hendrix Corporatio
Sketch of BOP
To Be Used On
Elliott B No. 3
1980' FNL & 480' FEL, Unit H

H2S DRILLING OPERATIONS PLAN

I. Hydrogen Sulfide Training

All contractors and subcontractors employed by John H. Hendrix Corporation will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H2S)
2. Safety precautions
3. Operations of safety equipment and life support systems

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H2S on metal components in the system, especially high tensile strength tubulars are to be used.
2. Corrective action and shut-down procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

II H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following safety equipment will be on location:

A. Wind direction indicators as seen in attached diagram.
B. Automatic H2S detection alarm equipment (both audio and visual).
C. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
D. Protective breathing equipment will be located in the dog house and at briefing areas as seen in the attached diagram.

2. Well Control Systems

A. Blowout Prevention Equipment

Equipment includes but is not limited to:

a. Pipe rams to accommodate all pipe sizes
b. Blind rams
c. Choke manifold
d. Closing unit
e. Flare line and means of ignition

B. Communication

The rig contractor will be required to have two-way communication capability. John H. Hendrix Corp. will have either land-line or mobile telephone capabilities.

C. Mud Program

The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers when appropriate will minimize hazards when penetrating H2S bearing zones.

D. Drill Stem Tests

There are no drill stem tests proposed for this well.

III. WELL SITE DIAGRAM

A complete well site diagram including the following information is attached:

1. Rig orientation
2. Terrain
3. Briefing areas
4. Ingress and egress
5. Pits and flare lines
6. Caution and danger signs
7. Wind indicators and prevailing wind direction

File: h2splans.doc