OPER. OGRID NO. PROPERTY NO. FORM APPROVED Form 3160-3 (July 1992) OMB NO. 1004-0136 UNITED SPOOL CODE Expires: February 28, 1995 DEPARTMENT OF BUREAU OF LAND EFF. DATE 5. LEASE DESIGNATION AND BERIAL NO. NM-68084 6. IF INDIAN, ALLOTTEE OR TRIBE NAME **APPLICATION FOR PERMI** 1a. TYPE OF WORK 7. UNIT AGREEMENT NAME DRILL X DEEPEN b. TYPE OF WELL SINGLE ZONE 8. FARM OR LEASE NAME, WELL NO. GAS WELL WELL X Mesa Verde "7" Fed No. 7 2. NAME OF OPERATOR Santa Fe Energy Resources, Inc. 9. API WELL NO. 3. ADDRESS AND TELEPHONE NO 550 W. Texas, Suite 1330; Midland, Texas 79701 10. FIELD AND POOL, OR WILDCAT 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*) Mesa Verde Delaware/Bone Spring SEC., T., R., M., OR BLK. AND SURVEY OR AREA (D) 290' FNL & 660' FWL At proposed prod. zone Sec. 7, T-24-S, R-32-E 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 12. COUNTY OR PARISH | 13. STATE 25 miles east of Loving, New Mexico New Mexico 15. DISTANCE FROM PROPUSED\* 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED TO THIS WELL. LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig, unit line, if any) 660' 400 40 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOOLS 18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 8700' 1320' Rotary 22. APPROX. DATE WORK WILL START\* 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3516 GR August 15, 1995 93 PROPOSED CASING AND CEMENTING PROGRAM WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT SIZE OF HOLE GRADE, SIZE OF CASING 17 1/2" H - 4013 3/8" 48.0 600' 600 sx to circulate 11" K-55 8 5/8" 32.0 4600' 1300 sx to circulate 7 7/8" K-55 5 1/2" 17.0 8700' tie back to 4400' We propose to drill to a depth sufficient to test the Bone Spring formation for oil. If productive, 5 1/2" casing will be run to TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments: Drilling Program Exhibit A - Operations Plan Exhibit E - Topo Map at Location Exhibit B - BOP and Choke Manifold Exhibit F - Map Showing Existing Wells Exhibit F (A) - Plat of Location Exhibit C - Drilling Fluid Program Exhibit D - Auxiliary Equipment Exhibit G - Well Site Layout Surface Use and Operations Plan Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above. Bond Coverage: Blanket Bond BLM Bond File No.: MT 0750 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 AMOUP. THE Agent for Santa Fe Energy	DATE 7-13.95
(This space for Federal or State office use)  PERMIT NO. APPROVAL DATE	APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would e CONDITIONS OF APPROVAL, IF ANY:	SPECIAL STIPULATIONS  ntitle the applicant to conduct operations thereon.

\*C | C | C |

APPROVED BY

#### INSTRUCTIONS

ædures and practices, either are shown below or will be issued by, or may be obtained number of copies to be submitted, particularly with regard to local, area, or regional proregulations. Any necessary special instructions concerning the use of this form and the Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and tions, as indicated, on all types of lands and leases for appropriate action by either a GENERAL: This form is designed for submitting proposals to perform certain well opera-

land should be described in accordance with Federal requirements. Consult local State ITEM 4: If there are no applicable State requirements, locations on Federal or Indian State or Federal regulations concerning subsequent work proposals or reports on the well. tion or to a new reservoir, use this form with appropriate notations. Consult applicable trom, the local Federal and/or State office.

|TEM 1: If the proposal is to redrill to the same reservoir at a different subsurface loca-

land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should ITEM 14: Needed only when location of well cannot readily be found by road from the or Federal office for specific instructions,

subsurface location of hole in any present or objective production zone. ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for be furnished when required by Federal or State agency offices.

cerning approval of the proposal before operations are started, ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, con-

## NOTICE

nished the following information in connection with information required by this applica-The Privacy Act of 1974 and the regulation in 43 CFR 2,48(d) provide that you be fur-

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit

investigations or prosecutions, as well as routine regulatory responsibility. Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory (4)(5) Information from the record and/or the record will be transferred to appropriate proposed operation on surface and subsurface water and other environmental impacts. the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract to drill or deepen an oil or gas well.

information is mandatory only if the operator elects to initiate drilling operation on an oil and gas lease. EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the

#### **BURDEN HOURS STATEMENT**

(1004-0136), Washington, D.C. 20503. Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., comments regarding the burden estimate or any other aspect of this form to 0.S. Department of the Interior, reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct Public reporting burden for this form is estimated to average 30 minutes per response, including the time for

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you

and gas leases. vironmental factors involved with drilling for oil and/or gas on Federal and Indian oil This information is being collected to allow evaluation of the technical, safety, and en-

Response to this request is mandatory only if the operator elects to initiate drilling operations on an oil This information will be used to analyze and approve applications.

and gas lease.

SEP 1 2 1995

OCD HOBBS

Form 3160-5 (June 1990)

1. Type of Well X Oil Well

Gas Well

Other

#### UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED Budget Bureau No. 1004-0135 Expires: March 31, 1993

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

NM-68084

### SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

7.	If Unit or Ca	A, Agreement Designation

Well Well Other	8. Well Name and No.	
2. Name of Operator	Mesa Verde "7" Fed No. 7	
Santa Fe Energy Resources, Inc	9. API Well No.	
3. Address and Telephone No.		
550 West Texas, Suite 1330; Mi	idland, TX 79701 (915) 682-6373	10. Field and Pool, or Exploratory Area
4. Location of Well (Footage, Sec., T., R., M., or Survey Desc	cription)	Mesa Verde Delaware/Bone Sprin
		11. County or Parish, State
(D) 330' FNL & 990' FWL Sec.	7, T-24-S, R-32-E	
		Lea, New Mexico
12. CHECK APPROPRIATE BOX(s)	TO INDICATE NATURE OF NOTICE, REP	ORT, OR OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTIO	N
Notice of Intent	Abandonment	Change of Plans
	Recompletion	New Construction
X Subsequent Report	Plugging Back	Non-Routine Fracturing
	Casing Repair	Water Shut-Off
Final Abandonment Notice	Altering Casing	Conversion to Injection
	X Other Amend Location	Dispose Water
		(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
13. Describe Proposed or Completed Operations (Clearly state all p	ertinent details, and give pertinent dates, including estimated date of start	ting any proposed work. If well is directionally drilled,

Santa Fe Energy Resources, Inc. Respectfully requests the surface location be moved from (D) 990' FNL & 660' FWL to (D) 330' FNL & 990' FWL, Sec. 7, T-24-S, R-32-E.

give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

A clearance report will be submitted by Desert West Archaeological Services.

4. I hereby certify that the foregoing is true and correct Signed Signed	Title Agent for Santa Fe Energy	Date 8-3-95
(This space for Federal or State office use)		
Approved by	Title	Date

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.

RECEIVE

OFFICE

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

Ener

State of New Mexico Minerals, and Natural Resources De ment Form C-102 Revised 02-10-94

Instructions on back

Submit to the Appropriate District Office State Lease — 4 capies Fee Lease — 3 capies

P. O. Drawer DD Artesia, NM 88211-0719 DISTRICT III 1000 Rio Brazos Rd.

Aztec, NM 87410

DISTRICT II

## OIL CONSERVATION DIVISION P. O. Box 2088 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTR	ICT	ΙV	
P. O.	Box	208	38
Santa	Fе,	MM	87507-2088

## WELL LOCATION AND ACREAGE DEDICATION PLAT

**Property Code	API Number		<sup>2</sup> Pool Code	1.	3 Pos	ol Name					
Property Rocks   Property Manne   MESA VERDE '7' FEDERAL   Township   SANTA FE ENERGY RESIDURCES, INC.   Sasta   Sas	30-025-33103 96036 /96279 Mesa Verde Delaware/Bone Spring										
MESA VERDE '7' FEDERAL   7						<del></del> e			2722118	<del></del>	
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#### DRILLING PROGRAM

# SANTA FE ENERGY RESOURCES, INC. MESA VERDE "7" Fed. No. 7

In conjunction with Form 3160-3, Application For Permit to Drill the subject well, Santa Fe Energy Resources, Inc. submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 1.

- 1. Geologic Name of Surface Formation: Permian
- 2. Estimated Tops of Significant Geologic Markers:

Rustler	930′
Delaware Lime	4600′
Bell Canyon	4580′
Cherry Canyon	5650′
Bone Spring	8500 <i>′</i>
Total Depth	8700′

3. The estimated depths at which water, oil, or gas formations are expected:

Water	None expected in area
Oil	Delaware @ 4600'
	Bone Spring @ 8500'

- 4. Proposed Casing Program: See Form 3160-3 and Exhibit A.
- 5. Pressure Control Equipment: See Exhibit B.
- 6. Drilling Fluid Program: See Exhibit C.
- 7. Auxiliary Equipment: A mud logging unit will be utilized to monitor penetration rate and hydrocarbon shows while drilling below the intermediate casing at 4600'.
- 8. Testing, Logging, and Coring Program:

Drill Stem Tests: None Planned.

Logging:

Dual Laterolog w/MSFL and Gamma Ray 4600'-8700'
Compensated Neutron/Litho-Density/Gamma Ray 4600'-8700'
Compensated Neutron/Gamma Ray (thru csg) Surface-4600'



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Mesa Verde "7" Fed. No. 7
Page 2

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

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature is 135° psi and the estimated bottom hole pressure is 3100 psi. No Hydrogen Sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major lost circulation zones have been reported in the offsetting wells.

#### 10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is August 15, 1995. Once spudded the drilling operation should be completed in approximately 15 days. If the well is productive, an additional 30 days will be required for completion and testing before permanent facilities are installed.

# EXHIBIT A OPERATIONS PLAN

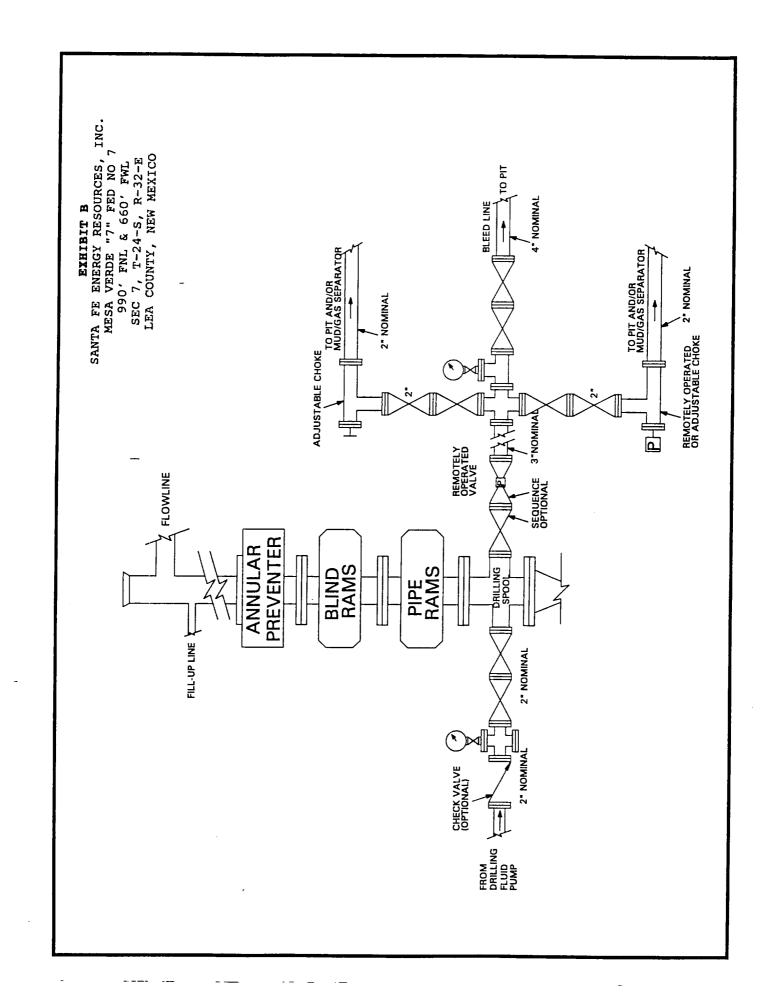
SANTA FE ENERGY RESOURCES, INC.
Mesa Verde "7" Federal No. 7
Section 7, T-24-S, R-32-E
Lea County, New Mexico

- 1. Drill a 17-1/2" hole to approximately 600'.
- 2. Run 13-3/8" 48.0 ppf H-40 ST&C casing. Cement with 600 sx Class "C" cement containing 2% CaCl<sub>2</sub>. Run centralizers on every other joint above the shoe. Apply thread lock to bottom two joints and guide shoe.
- 3. Wait on cement twelve hours prior to cutting off.
- 4. Nipple up an annular BOP system and test casing to 600 psi. WOC twenty-four (24) hours prior to drilling out.
- 5. Drill a 11" hole to approximately 4600'.
- 6. Run 8-5/8" 32.0 ppf K-55 ST&C casing. Cement with 1100 sx Cl "C" Lite containing 12 pps salt and 1/4 pps celloflake followed by 200 sx Class "C" with 2% CaCl<sub>2</sub>. Run guide shoe on bottom and float collar two joints from bottom. Centralize every other joint for bottom 400' of casing and place two centralizers in surface casing. Thread lock bottom 2 joints.
- 7. Wait on cement for twelve hours prior to cutting off.
- 8. Nipple up and install a 3000 psi. Double Ram and Annular BOP system with choke manifold. WOC 24 hours prior to drilling out.
- 9. Test BOP system to 1500 psi with the rig pump. Test casing to 1500 psi.
- 10. Drill 7-7/8" hole to 8700'. Run logs.
- 11. Either run and cement 8700' of 5-1/2" 17.0 pp K-55 LT&C \(^5-1/2\)" 15.50 ppf K-55 LT&C casing or plug and abandon as per BLM requirements.

(SSS)

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# EXHIBIT C DRILLING FLUID PROGRAM

SANTA FE ENERGY RESOURCES, INC.
Mesa Verde "7" FED NO. 7
Section 7, T-24-N, R-32-E
Lea County, New Mexico

#### <u>0-600'</u>

Spud mud consisting of fresh water gel flocculated with lime. Use ground paper for seepage control and to sweep the hole. MW-8.5 ppg, Vis-40.

#### 600'-4600'

Drill out with brine water circulating the inner portion of the reserve pit. Utilize ground paper mixed in prehydrated fresh gel to sweep the hole. MW-10.0 ppg, Vis-28.

#### 4600'-8700'

Drill out with cut brine (30,000 ppm chlorides minimum) circulating the outer portion of the reserve pit. Maintain pH at 8.5-9.5 with caustic and sweep the hole as necessary with ground paper. If it becomes necessary to mud up due to hole conditions, utilize a cut brine/Drispac system for 15-20 WL and a Vis of 30-32. MW-8.5/8.9 ppg.

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