

UNITED STATES
DEPARTMENT OF
BUREAU OF LAND

APPLICATION FOR PERMIT

OPER. OGRID NO. 20305
PROPERTY NO. 1713
POOL CODE 96229
EFF. DATE 9/14/95
API NO. 32-025-33103

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

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER ☐

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Santa Fe Energy Resources, Inc.

3. ADDRESS AND TELEPHONE NO.

550 W. Texas, Suite 1330; Midland, Texas 79701 (915) 682-6373

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

At surface

(D) 990' FNL & 660' FWL

At proposed prod. zone

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

25 miles east of Loving, New Mexico

15. DISTANCE FROM PROPOSED*

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

660'

16. NO. OF ACRES IN LEASE

400

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.

1320'

19. PROPOSED DEPTH

8700'

20. ROTARY OR CABLE TOOLS

Rotary

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

3516 GR

22. APPROX. DATE WORK WILL START*

August 15, 1995

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	H-40 13 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 B - BOP and Choke Manifold
Exhibit C - Drilling Fluid Program
Exhibit D - Auxiliary Equipment

Exhibit E - Topo Map at Location
Exhibit F - Map Showing Existing Wells
Exhibit F (A) - Plat of Location
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

James P. Phil Stinson

TITLE 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
SPECIAL STIPULATIONS
ATTACHED

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 9-11-95

*See Instructions On Reverse Side

INSTRUCTIONS

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

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the 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 be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

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

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

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 to drill or deepen an oil or gas well.

ROUTINE USES: (1) The analysts of the applicant's proposal to discover and extract 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 proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

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

BURDEN HOURS STATEMENT

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

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

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

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling operations on an oil and gas lease.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Santa Fe Energy Resources, Inc.

3. Address and Telephone No.

550 West Texas, Suite 1330; Midland, TX 79701 (915) 682-6373

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

(D) 330' FNL & 990' FWL Sec. 7, T-24-S, R-32-E

5. Lease Designation and Serial No.

NM-68084

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Mesa Verde "7" Fed No. 7

9. API Well No.

10. Field and Pool, or Exploratory Area

Mesa Verde Delaware/Bone Spring

11. County or Parish, State

Lea, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Amend Location

☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ 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 pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

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.

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

Aug 7 8 58 AM '95
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14. I hereby certify that the foregoing is true and correct

Signed James P. Phil Stinson

Title Agent for Santa Fe Energy

Date 8-3-95

(This space for Federal or State office use)

Approved by _____

Title _____

Date _____

Conditions of approval, if any:

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

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94
Instructions on back

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

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

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

☐ AMENDED REPORT

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-3303	² Pool Code 96036 / 962A	³ Pool Name Mesa Verde Delaware/Bone Spring
⁴ Property Code 17131	⁵ Property Name MESA VERDE '7' FEDERAL	⁶ Well Number 7
⁷ OGRID No. 20305	⁸ Operator Name SANTA FE ENERGY RESOURCES, INC.	⁹ Elevation 3534'

¹⁰ SURFACE LOCATION

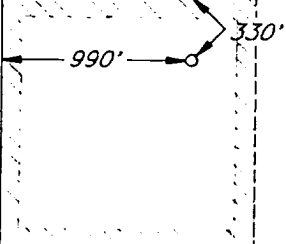
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	7	24 SOUTH	32 EAST, N.M.P.M.		330'	NORTH	990'	WEST	LEA

"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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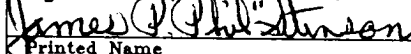
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN
CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR CERTIFICATION

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

Signature



Printed Name

James P. "Phil" Stinson

Title

Agent for Santa Fe Energy

Date

8-3-95

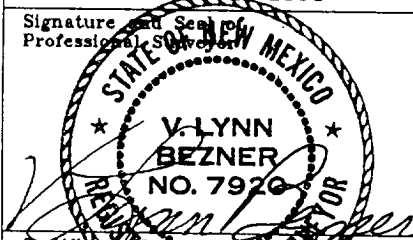
SURVEYOR CERTIFICATION

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.

Date of Survey

AUGUST 1, 1995

Signature and Seal of
Professional Surveyor



Certified

V. L. BEZNER LAND SURV. #7920

JOB #40816-1 / 47 SW / V.H.B.

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'
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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DRILLING PROGRAM

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% CaCl₂. 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% CaCl₂. 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. 2
11. Either run and cement 8700' of 5-1/2" 17.0 ppf K-55 LT&C ² 5-1/2" 15.50 ppf K-55 LT&C casing or plug and abandon as per BLM requirements. SES

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SANTA FE ENERGY RESOURCES, INC.
MESA VERDE "7" FED NO 7
990' FNL & 660' FWL
SEC 7, T-24-S, R-32-E
LEA COUNTY, NEW MEXICO

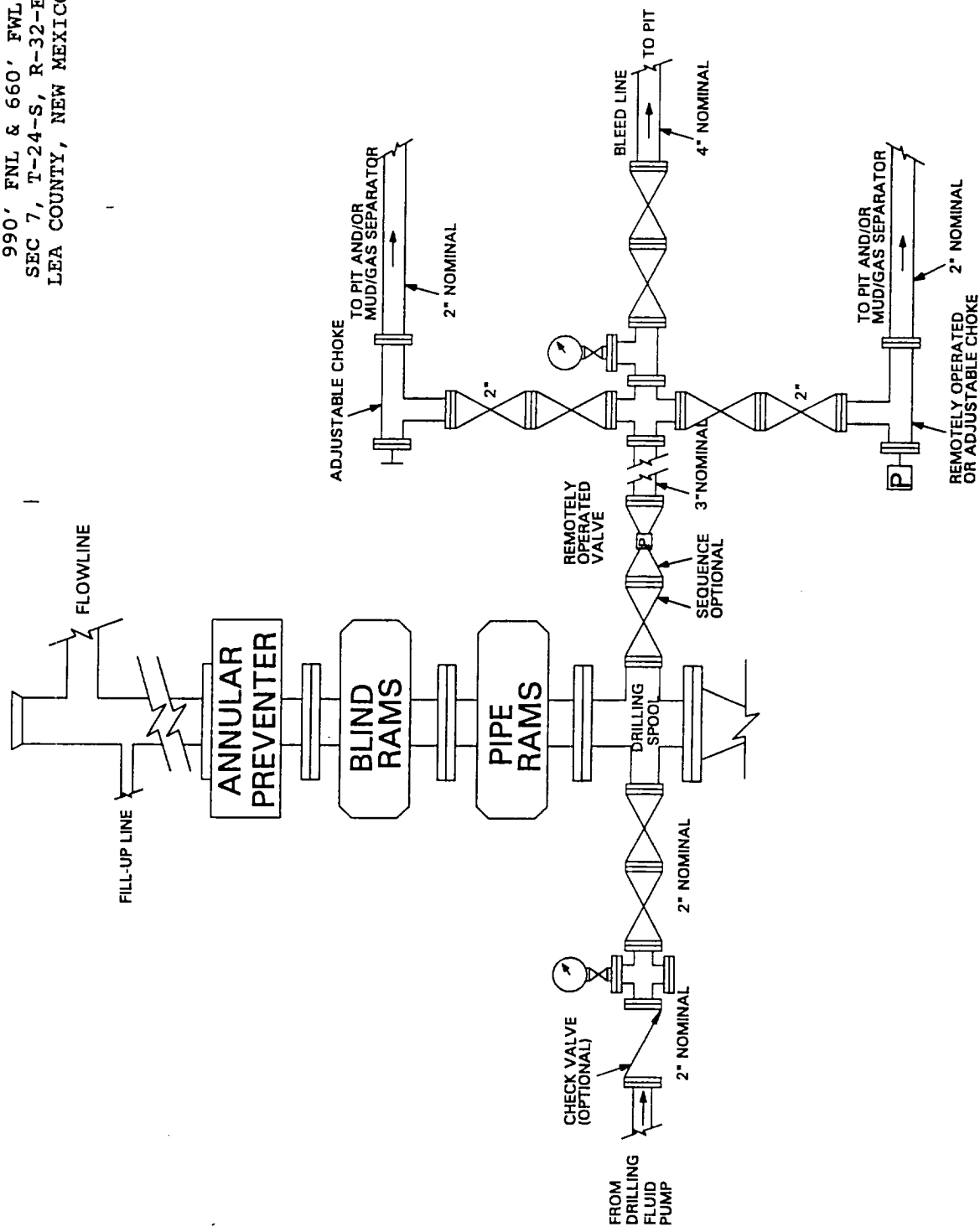


EXHIBIT C
DRILLING FLUID PROGRAM
SANTA FE ENERGY RESOURCES, INC.
Mesa Verde "7" FED NO. 7
Section 7, T-24-N, R-32-E
Lea County, New Mexico

0-600'

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.

12/6/95

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