

Form 3160-3
(August 1999)**EC**

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

OPERATOR'S COPY

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER1a. Type of Work: ☒ DRILL ☐ REENTER**CONFIDENTIAL****SECRETARY'S POTASH**1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone2. Name of Operator
FOREST OIL CORPORATIONContact: **ANNA WALLS**
E-Mail: **AVWalls@forestoil.com**5. Lease Serial No.
NMNM22080

6. If Indian, Allottee or Tribe Name:

7. If Unit or CA Agreement, Name and No:

8. Lease Name and Well No
BARCLAY FEDERAL 329. API Well No.
30-015-337033a. Address
**1600 BROADWAY SUITE 2200
DENVER, CO 80202**3b. Phone No. (include area code)
Ph: **303.812.1400**
Fc: **303.812.1602**10. Field and Pool, or Exploratory
SAND DUNES

4. Location of Well (Report location clearly and in accordance with any State requirements *)

At surface **SESW 700FSL 2500FWL**

At proposed prod. zone

11. Sec., T., R., M., or BLM and Survey or Area

**Sec 1 T23S R31E Mer NMP
SME: BLM**14. Distance in miles and direction from nearest town or post office*
30 MILES SOUTHEAST OF CARLSBAD, NEW MEXICO**SUBJECT TO LIKE
APPROVAL BY STATE**12. County or Parish
EDDY13. State
NM15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
2,500' - LEASE16. No. of Acres in Lease
1280.0017. Spacing Unit dedicated to this well
80.0018. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.
500' - BARCLAY FEDERAL #119. Proposed Depth
6400 MD

20. BLM/BLA Bond No. on file

21. Elevations (Show whether DF, KB, RT, GL, etc)
3503 GL22. Approximate date work will start
09/19/200423. Estimated duration
45-60 DAYS**24. Attachments****CARLSBAD CONTROLLED WATER BASIN**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature
(Electronic Submission)Name (Printed/Typed)
KATHY L. SCHNEEBECK Ph: 303.820.4480Date
08/19/2004Title
AGENT

Approved by (Signature)

Name (Printed/Typed)

Linda S.C. RundellDate
9/29/04Title
STATE DIRECTOROffice
NM STATE OFFICE

Application approval does not warrant or certify 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, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

**Electronic Submission #34487 verified by the BLM Well Information System
For FOREST OIL CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by LINDA ASKWIG on 08/19/2004 (04LA0752AE)**

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Forest Oil Corporation Telephone: 303-812-1400 e-mail address: _____
Address: 1600 Broadway, Suite 2200, Denver, CO 80202
Facility or well name: Barclay Federal #32 API #: _____ U/L or Qtr/Qtr SESW Sec 1 T 23S R 31E
County: Eddy Latitude 32° 19' 40.81" N Longitude 103° 43' 53.18" W NAD: 1927 ☐ 1983 ☒ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

<u>Pit</u>	<u>Below-grade tank</u>
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>±12,000</u> bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points)
Ranking Score (Total Points) 0 points	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 09/08/04

Printed Name/Title Kathy L. Schneebeck

Signature Kathy L. Schneebeck

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title _____

Signature _____

Date: _____

SEP 14 2004

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, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96149	Pool Name Livingston Ridge (Delaware)
Property Code 20761	Property Name BARCLAY FEDERAL	Well Number 32
OGRID No. 8041	Operator Name FOREST OIL CORPORATION	Elevation 3503'

Surface Location

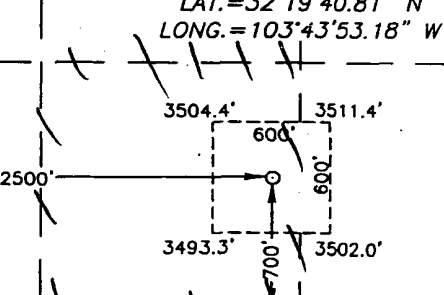
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	1	23-S	31-E		700'	SOUTH	2500'	WEST	EDDY

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 40	Joint or Infill	Consolidation Code	Order No.
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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

LOT 4	LOT 3	LOT 2	LOT 1
40.00AC	40.00AC	40.00AC	40.00AC
<p>GEODETIC COORDINATES NAD 27 NME Y=483566.2 N X=685918.1 E LAT.=32°19'40.81" N LONG.=103°43'53.18" W</p> 			

OPERATOR CERTIFICATION

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

Anna Walls
Signature

Anna Walls
Printed Name

Land Tech
Title

9/16/04
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 supervision, and that the same is true and correct to the best of my belief.

MAY 3, 2004

Date Surveyed _____ JR

Signature & Seal of Professional Surveyor
GARY EIDSON 5/13/04
04.11.0495

Certificate No. GARY EIDSON 12841

Forest Oil Corporation
Barclay Federal 32
700' FSL 2,500' FWL (SE/4 SW/4)
Sec. 1 T23S R31E
Eddy County, New Mexico
Federal Lease: NM022080

CONFIDENTIAL

DRILLING PROGRAM

This Application for Permit to Drill (APD) is filed under the Notice of Staking (NOS) process as stated in Onshore Order No. 1 and supporting Bureau of Land Management (BLM) documents. This NOS process included on-site meetings on June 17, 2004, prior to the submittal of the application, at which time the specific concerns of Forest Oil Corporation (Forest) and the BLM were discussed. All specific concerns of the BLM representatives are addressed herein, as are specific stipulations from the BLM.

FOREST RESPECTFULLY REQUESTS THAT ALL INFORMATION REGARDING THIS WELL BE KEPT CONFIDENTIAL.

SURFACE FORMATION – Rustler

GROUND ELEVATION – 3,503'

ESTIMATED FORMATION TOPS - (Water, oil, gas and/or other mineral-bearing formations)

Rustler	761'	Sandstone, shales & siltstones
Castile Anhydrite/Salt	1,171'	Sandstone, shales & siltstones
Delaware – Lamar Sh	4,506'	Shales & siltstones
Delaware – Bell Canyon	4,536'	Sandstone, shales & siltstones
Delaware – Cherry Canyon	5,411'	Sandstone, shales & siltstones
Delaware – Brushy Canyon	7,026'	Sandstone, shales & siltstones
Delaware – L. Brushy Canyon	8,131'	Sandstone, shales & siltstones

TOTAL DEPTH 8,400'

CASING PROGRAM

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 900'	17-1/2"	13-3/8"	K-55 54.5# Butt	To surface (Lead: ±470 sxs 35:65 Class "C" Tail: ±200 sxs Class "C" with additives)
0' – 4,500'	12-1/4"	8-5/8"	K-55 24# ST&C New	To surface (Lead: ±1,040 sxs 50:50 Poz; Tail: ±200 sxs Class C with additives) **
0' – 8,400'	7-7/8"	5-1/2"	N-80 17# LT&C New	To surface (±240 sxs 35:65 Class "C"; Tail: ±375 sxs Class "H" with additives) **

- * Surface casing cement volume to be based on 100% excess calculations.
- ** Production casing cement volumes will be determined by caliper log plus 20% excess calculations.
 - Yields Surface: Lead: 35:65 Class "C" yield = 1.89 ft³/sx
Tail: Class "C" yield = 1.34 ft³/sx
 - Intermediate: Lead: 50:50 yield = 2.45 ft³/sx
Tail: Class "C" yield = 1.34 ft³/sx
 - Production: Lead: 35:65 Class "C" yield = 1.92 ft³/sx
Tail: Class "H" = 1.79 ft³/sx

Surface casing top 100' will use 1" tubing, with Class "G" cement with 3% CaCl₂ prior to nipping up BOP.

Production casing will be cemented from total depth back to surface.

PRESSURE CONTROL

- See attached blowout preventer diagram.
- BOP's and choke manifold will be installed and pressure tested before drilling out of surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventers and related pressure control equipment will be pressure tested to related working pressure of the stack assembly if a test plug is used. If a plug is not used, the stack assembly will be tested to the rated working pressure of the stack assembly or 70% of the minimum internal yield of the casing, whichever is less. Annular type preventers will be pressure tested to 50% of their working pressure. All casing strings will be pressure tested to 0.22 psi/ft or 1,500 psi, whichever is greater, not to exceed 70% of the internal yield. The casing shoe will be tested by drilling 5-20' out from under the shoe and pressure tested to a maximum expected mud weight equivalent as shown in the mud program listed below.

A manual locking device (i.e. hand wheels) or automatic locking devices shall be installed on the BOP stack. Remote controls capable of both opening and closing all preventers shall be readily accessible to the driller.

The choke manifold and accumulator will meet or exceed NMOCD standards. The BOP equipment will be tested after any repairs to the equipment. Pipe rams, blind rams and annular preventor will be activated on each trip and weekly BOP drills will be conducted with each crew. All tests, maintenance, and BOP drills will be documented on rig "tower sheets".

Statement of Accumulator System and Location of Hydraulic Controls

The drilling rig has not been selected for this well. Selection will take place after approval of this application is granted. Manual and/or hydraulic controls will be in compliance with NMOCD for 5,000 psi system.

A remote accumulator will be used. Pressures, capacities, location of remote hydraulic and manual controls will be identified at the time of the NMOCD supervised BOP test.

MUD PROGRAM

0' - 900'	Fresh water w/ sweeps MW: 8.5 ppg
900' - 4,500'	Brine MW: 10 ppg

4,500' - TD Fresh water polymer
MW: 8.6 ppg – 9.0 ppg
Visc: 35 sec
WL: 20 cc or less

Sufficient mud materials to maintain mud properties, control lost circulation and to contain a “kick” will be available on location.

AUXILIARY EQUIPMENT

- A. Upper Kelly cock; lower Kelly cock will be installed while drilling.
- B. Inside BOP or stabbing valve with handle (available on rig floor).
- C. Safety valve(s) and subs to fit all string connections in use
- D. Electronic/mechanical mud monitoring will utilize a Pason Unit with a minimum: pit volume totalizer (PVT); stroke counter; flow sensor.

LOGGING, CORING TESTING PROGRAM

- A. Logging: DIL-GR-SP-CAL: TD – 4,400'
ND-GR-CAL: TD – 4,400'
- B. Coring: None planned
- C. Testing: No DST's are anticipated – Drill Stem tests may be run on shows of interest.

ABNORMAL CONDITIONS

- A. Pressures: No abnormal conditions are anticipated
Delaware pressure gradient – 0.43 psi/ft
- B. Temperatures: No abnormal conditions are anticipated
- C. H₂S: None Anticipated.
- D. Estimated bottom hole pressure: 3,612 psi at TD

ANTICIPATED START DATE

September 19, 2004

COMPLETION

The location pad will be sufficient size to accommodate all completion equipment activities and equipment. A string of 2 3/8", 4.7#, N-80, EUE 8rnd will be run as production tubing. A Sundry Notice will be submitted with a revised completion program if warranted.

Barclay Federal 32
 700' FSL 2,500' FWL (SE 1/4 SW 1/4)
 Sec. 1 T 23S R 31E
 Eddy County, New Mexico
 Lease: NM 22080

SURFACE CASING AND CENTRALIZER DESIGN

Proposed Total Depth: 4,500 '
 Proposed Depth of Surface Casing: 900 '
 Estimated Pressure Gradient: 0.43 psi/ft
 Bottom Hole Pressure at 4,500 '
 $0.43 \text{ psi/ft} \times 4,500' = 1,935 \text{ psi}$
 Hydrostatic Head of gas/oil mud: 0.22 psi/ft
 $0.22 \text{ psi/ft} \times 4,500' = 990 \text{ psi}$

Maximum Design Surface Pressure

Bottom Hole Pressure - Hydrostatic Head =
 $(0.43 \text{ psi/ft} \times 4,500') - (0.22 \text{ psi/ft} \times 4,500') =$
 $1,935 \text{ psi} - 990 \text{ psi} = 945 \text{ psi}$

Casing Strengths 8-5/8" J-55 24# ST&C

Wt.	Burst (psi)
55 #	2,730
61 #	3,090

Safety Factors

Burst: 1.0
 Burst: Safety Factor = $\frac{2,730 \text{ psi}}{945 \text{ psi}} = 2.89$ ok

Use 900' 8-5/8" J-55 24# ST&C

Use 2,000 psi minimum casinghead and BOP's but will test to 1,000 psi

Centralizers

8 Total
 1 near surface at 160'
 3 middle of bottom joint, second joint, third joint
 4 every other joint $\pm 80'$

Total centralized $\pm 440' (460' - 900')$

Note that field experience indicates that additional centralizers greatly increase the chance of "sticking" the surface casing prior to reaching surface casing total depth.

Barclay Federal 32
700' FSL 2,500' FWL (SE 1/4 SW 1/4)
Sec. 1 T 23S R 31E
Eddy County, New Mexico
Lease: NM 22080

INTERMEDIATE CASING AND CENTRALIZER DESIGN

Proposed Total Depth: 8,400 '
Proposed Depth of Intermediate Casing: 4,500 '
Estimated Pressure Gradient: 0.43 psi/ft
Bottom Hole Pressure at 8,400 '
 $0.43 \text{ psi/ft} \times 8,400' = 3,612 \text{ psi}$
Hydrostatic Head of gas/oil mud: 0.22 psi/ft
 $0.22 \text{ psi/ft} \times 8,400' = 1,848 \text{ psi}$

Maximum Design Surface Pressure

Bottom Hole Pressure - Hydrostatic Head =
($0.43 \text{ psi/ft} \times 8,400'$) - ($0.22 \text{ psi/ft} \times 8,400'$) =
3,612 psi - 1,848 psi = 1,764 psi

Casing Strengths 5-1/2" J-55 15.5# ST&C

<u>Wt.</u>	<u>Burst (psi)</u>
24 #	2,950
32 #	3,930

Safety Factors

Burst: 1.0
Burst: Safety Factor = $\frac{2,950 \text{ psi}}{1,764 \text{ psi}} = 1.67$ ok

Use 4,500' 5-1/2" J-55 15.5# ST&C

Use 2,000 psi minimum casinghead and BOP's but will test to 1,000 psi

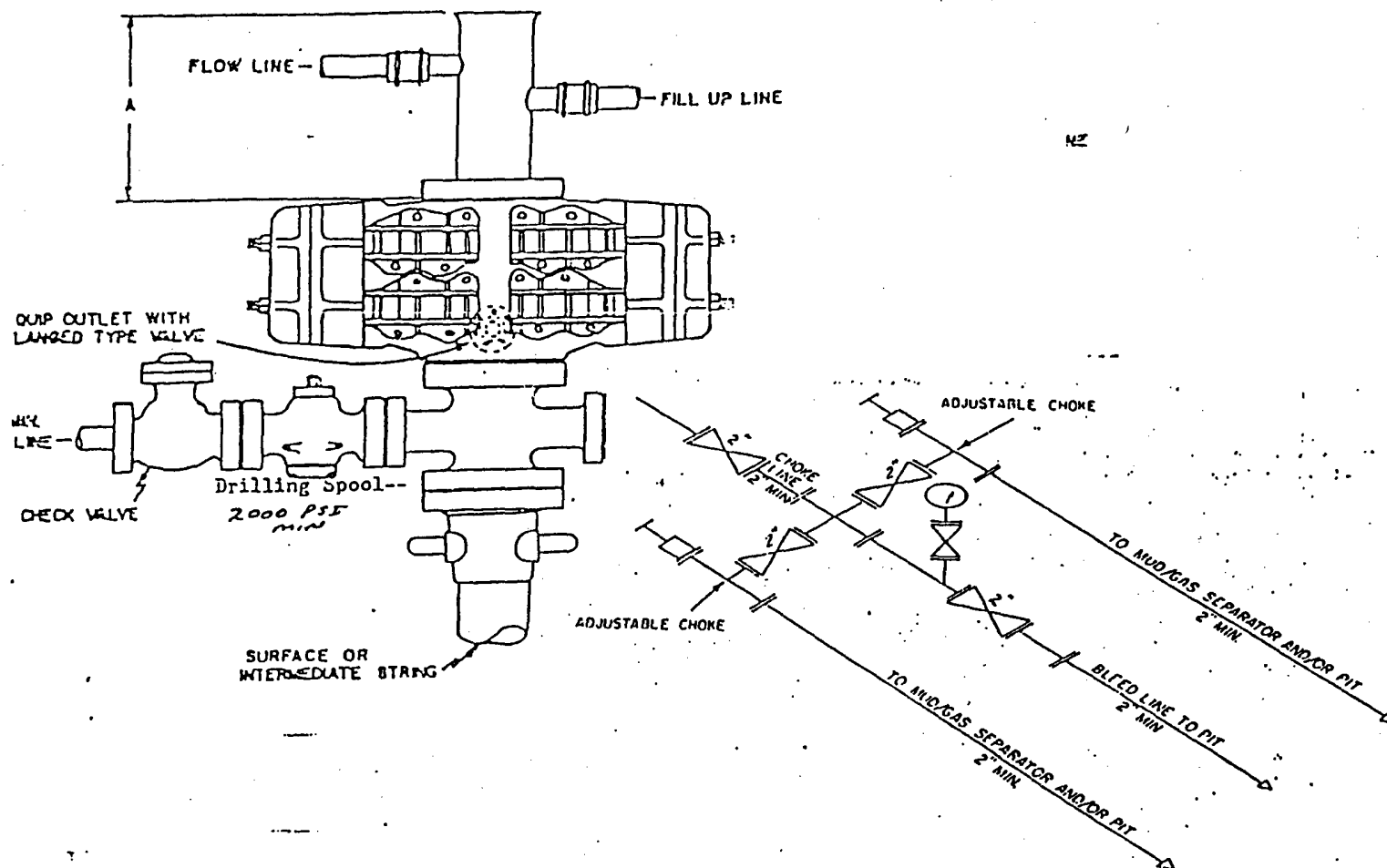
Centralizers

8 Total
1 near surface at 160'
3 middle of bottom joint, second joint, third joint
4 every other joint $\pm 80'$

Total centralized $\pm 440'$ (4,060' - 4,500')

Note that field experience indicates that additional centralizers greatly increase the chance of "sticking" the surface casing prior to reaching surface casing total depth.

ANNULAR PREVENTOR MAY BE SUBSTITUTED FOR DOUBLE GATE PREVENTORS
ROTATING HEAD TO BE USED WHEN AIR/AIR MIST DRILLING



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION MAY VARY

BLOWOUT PREVENTER

9-10 Inch 2000 psi MINIMUM

Forest Oil Corporation
Barclay Federal 32
700' FSL 2,500' FWL (SE/4 SW/4)
Sec. 1 T23S R31E
Eddy County, New Mexico
Federal Lease: NM022080

CONFIDENTIAL

SURFACE USE PLAN

WELL LOCATION AND INTRODUCTION:

This Application for Permit to Drill (APD) is filed under the Notice of Staking (NOS) process as stated in Onshore Order No. 1 and supporting Bureau of Land Management (BLM) documents. This NOS process included on-site meetings on June 17, 2004, prior to the submittal of the application, at which time the specific concerns of Forest Oil Corporation (Forest) and the BLM were discussed. All specific concerns of the BLM representatives are addressed herein, as are specific stipulations from the BLM.

An APD for the nearby Barclay Federal 1 location was applied for by ARCO Permian at a location of 660' FSL 1,980' FWL (SE/4 SW/4) Sec. 1 T23S R31E. The well was given API #30-015-24954 by NMOCD. We were unable, however, to determine the current status for this well from the information obtained from the NMOCD website. We understand that Forest has been declared the designated operator for this location.

The surveyed location is 700' FSL 2,500' FWL of Sec. 1 T23S R31E. The wellsite was surveyed and staked on May 3, 2004 by John West Surveying Company from Hobbs, New Mexico, on a site that was geologically and topographically acceptable.

An on-site meeting to address compliance issues was held on June 17, 2004. Attending were: Barry Hunt (previously inspected 06/08/04) – BLM in Carlsbad, New Mexico; Mike Cason and Brian Baiz – John West Surveying Company; Jerry Boswell, Roy Muniz – Forest Oil Corporation; Paul Carrasco – Key Energy (dirt contractor) and Dave Banko – Permit Agent, Banko Petroleum.

DIRECTIONS TO LOCATION:

Beginning at the intersection of Highway 180 and Highway 285 (from the town of Carlsbad, New Mexico) travel southeasterly on Highway 285 for approximately 9.9 miles to Highway 31. Turn left and travel easterly, then northeasterly for approximately 7.5 miles to Highway 128. Turn right and travel easterly for approximately 10.5 miles, then travel southeasterly for approximately 7.0 miles to County Road 798. Turn left and travel northerly for approximately 5.0 miles to an existing road. Turn right and travel easterly for approximately 1,960' (0.37 miles) to an existing road. Turn left and travel northerly for approximately 1,335' (0.25 miles) to the proposed access road. Turn right on the proposed access road and travel easterly for approximately 206' (0.04 miles) to the proposed location.

1) EXISTING ROADS:

- A) The well site and elevation plat for the proposed well is shown in the attached plat. The location was staked by John West Surveying Company from Hobbs, New Mexico.
- B) All roads to the location are shown on the attached map. The existing roads are adequate for travel during drilling and production operations. Upgrading of the existing roads prior to drilling will not be necessary.
- C) Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2) PLANNED ACCESS ROADS

This Application for Permit to Drill will serve as a request for BLM to initiate a Right-of-Way (ROW) application for access roads and water haul routes, if necessary, for a portion of existing access road between County Road 798 and Section 12 (NENENE) T23S R31E - $\pm 200'$. This Right-of-Way can continue up to the wellhead.

$\pm 206'$ (0.04 miles) – Total new construction – on lease.

- A) The maximum width of the running surface will be 20'. The road will be a minimum disturbance road. Water will be diverted where necessary to avoid the accumulation of water, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.
- B) The average grade will be less than 3%.
- C) Water turnouts and water bars/wing ditches will be as agreed to at the on-site meeting.
- D) No fence cuts, gates and/or cattleguards will be necessary.
- E) If production is established, BLM and FOREST will meet at the site to determine permanent culvert and/or low water crossing design. Low-water crossings, if necessary, will be installed prior to commencement of drilling operations. In the access road, if the well is completed as a producer, culverts or gravel bottom low water crossings, if necessary, will be placed on channel bottoms, on firm uniform beds which have been shaped to accept them, and aligned parallel to the channel to minimize erosion. Backfill will be thoroughly compacted.
- F) Surfacing material will consist of native soil. Any additional materials that are required will be purchased from the dirt contractor.

3) LOCATION OF EXISTING WELLS

Within a 1-mile radius:

Proposed	See Table 1
Drilling	See Table 1
Abandoned	See Table 1
Disposal injection	See Table 1
Shut-In	See Table 1
Producing	See Table 1

LOCATION OF EXISTING PRODUCING FACILITIES OPERATED BY FOREST OIL CORPORATION

Within one mile: Producing wells and pipelines See Table 1

4) NEW PRODUCTION FACILITIES PROPOSED

- A) If the well proves to be commercial, the necessary production facilities and tank battery will be installed on the drilling pad. Facilities to be constructed on location are as shown on a Production Schematic Diagram to be submitted by Sundry Notice upon well completion.
- B) Dimension of Proposed Facility is 300' x 200'.
- C) Site preparation for production will be done with standard excavation equipment using native materials. Additional surface material will be obtained from commercial sources or an approved borrow area.
- D) Per BLM stipulations, all above ground permanent structures will be painted to blend with the surrounding landscape. The color which will be used is Munsell Color Reference Number, Juniper Green, or as specified by BLM. This meets operator request that production equipment will be painted light reflective colors to limit evaporation and waste of liquid hydrocarbons.
- E) Production facilities may vary according to actual reservoir discovered and will be engineered upon completion of well tests.

- F) All pits will be fenced on all sides, and all open production pits will be covered with netting (no larger than 1" mesh)
- G) No facilities will be constructed off location.
- H) Rehabilitation of unneeded, previously disturbed areas will consist of backfilling and contouring the reserve pit area, back sloping and contouring all cut and fill slopes. These areas will be re-seeded. Refer to plans for restoration of surface for additional details.
- I) Pits, which contain oil, will be netted.
- J) Tank batteries shall be surrounded by an impervious dike of sufficient size to hold the capacity of the largest tank in the battery and still allow one foot of freeboard.
- C) Production equipment will be painted light reflective colors to limit evaporation and waste of liquid hydrocarbons. All above ground permanent structures will be painted to blend with the surrounding landscape. The color specified is given with the Munsell Color Juniper Green, or as specified by BLM.

5) LOCATION OF WATER SUPPLY

It is planned to drill the proposed well with water that will be obtained from commercial sources and will be transported over the existing access roads. No water wells will be drilled on the location.

6) SOURCE OF CONSTRUCTION MATERIALS

No additional earth materials are expected to be hauled in for construction purposes.

7) WASTE DISPOSAL

- A) Drill cuttings not retained for evaluation purposes will be disposed of in the reserve pit.
- B) Drilling cuttings will be placed in an open earthen reserve pit approximately 100' x 85' x 8'.
- C) A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.
- D) Garbage and trash produced during drilling or completion operations will be contained in a portable trash basket and hauled to approved disposal facilities. No toxic waste or hazardous chemicals will be produced by this operation.
- E) After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. No adverse materials will be left on the location. The cuttings pit will be completely fenced and flagged and kept closed until it has dried. As weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use.

8) ANCILLARY FACILITIES

No ancillary facilities will be necessary.

9) WELLSITE LAYOUT

- A) See attached drillsite plat and cut/fill diagram that shows the relative location and dimensions of the well pad, cuttings pit, and location of major rig components. Topsoil, if available, will be stockpiled per BLM specifications as determined at the onsite inspection.
- B) See attached plat for the planned orientation for the production layout.
- * C) The reserve pit will be lined with a synthetic lining 12 mil or thicker. The reserve pit liner shall be made of any manmade synthetic material of sufficient size and qualities to sustain a hydraulic conductivity no greater than 1×10^{-7} cm/sec after installation and which is sufficiently reinforced to withstand normal wear and tear associated with the installation and pit use thereof. The liner shall be chemically compatible with all substances, which shall put into the pit.

10) SURFACE PREPARATION

- A) Upon completion of the proposed operations, if the well is to be abandoned, the pit area, after being allowed to dry, will be broken out and leveled. Topsoil will be returned to the entire location, which will be leveled and contoured to as nearly the original topography as possible.
- B) The disturbed area will be revegetated as recommended by the BLM in the Conditions of Approval (COA).
- C) All small flare pits or lined water pits will be fenced while being used, and dried and reclaimed upon completion or abandonment of well.

11) GENERAL INFORMATION

- A) Project area is situated in the undulating lands and flat basins on the north edge of the Delaware Basin drainage.
- B) Topographic and geologic features – loose sand dunes with distant surrounding ridges.
- C) Soil characteristics – sand
- D) Flora consists of: Short grasses, Mesquite, Yucca, Sand dropseed
- E) Fauna – jackrabbits observed, assume deer, coyotes, rabbits, raptors, and rodents.
- F) Concurrent surface use - grazing.
- G) Mineral Lessor: Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220 (505) 234-5972
- H) Surface Owner: Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220 (505) 234-5972
Drillsite: Bureau of Land Management
Access: Bureau of Land Management
- I) Proximity of water, occupied dwellings or other features – unnamed drainage – 2.0 miles west.
- J) The required archaeological report has been waived, as a block inventory was conducted and the location is clearance recommended for construction.
- K) The operator shall be responsible for the prevention and suppression of fires on public lands caused by its employees, contractors or subcontractors. During conditions of extreme fire danger, surface use operations may be limited or suspended in specific areas.
- M) Unless otherwise exempted, free and unrestricted public access shall be maintained on the lease and associated rights-of-way.
- N) Facilities approved by the Application for Permit to Drill that are no longer included within the lease, due to a change in the lease or unit boundary, shall be authorized with a right-of-way.
- O) Historic, Cultural, and Paleontological Resources
The operator shall be responsible for informing all persons associated with this project that they shall be subject to prosecution for damaging, altering, excavating or removing any archaeological, historical, or vertebrate fossil objects or site. If archaeological, historical, or vertebrate fossil materials are discovered, the operator shall suspend all operations that further disturb such materials and immediately contact the authorized officer. Operations shall not resume until written authorization to proceed is issued by the authorized officer.

Within five (5) working days, the authorized officer will evaluate the discovery and inform the operator of actions that will be necessary to prevent loss of significant cultural or scientific values.

The operator shall be responsible for the cost of any mitigation required by the authorized officer. the authorized officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the authorized officer that the required mitigation has been completed, the operator shall be allowed to resume operations.

P) Hazardous Materials

Forest Oil Corporation maintains a file, per 29 CFR 1910.1200(g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances which are used during the course of construction, drilling, completion, and production operations for this project. Hazardous materials (substances) which may be transported across these lands may include drilling mud and cementing products which are primarily inhalation hazards, fuels (flammable and/or combustible), materials that may be necessary for well completion/stimulation activities such as flammable or combustible substances and acids/gels (corrosives). The opportunity for Superfund Amendments and Reauthorization Act (SARA) listed Extremely Hazardous Substances (EHS) at the site is generally limited to proprietary treating chemicals. All hazardous and Extremely Hazardous Substances and commercial preparations will be handled in an appropriate manner to minimize the potential for leaks or spills to the environment.

12) LESSEE'S OR OPERATOR'S REPRESENTATIVE:

Operator

Forest Oil Corporation
1670 Broadway, Suite 2800
Denver, CO 80202

Ms. Anna Walls - Regulatory Specialist
Western Division

Main Phone 303-812-1400
Fax 303-812-1590

Agent

Banko Petroleum Management, Inc.
385 Inverness Parkway, Suite 420
Englewood, CO 80112-5849
(303) 820-4480

+ David Banko - Consulting Petroleum Engineer
david@banko1.com

+ Kathy Schneebeck - Regulatory Analyst
kathys@banko1.com

Keith Dana - Range Mgmt. Consultant
(307) 362-5822 - home
(307) 389-8227 - mobile
krldana@fascination.com

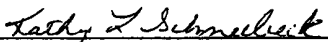
+ Contact for any questions or comments regarding this permit.

13) CERTIFICATION:

Forest Oil Corporation is responsible under the terms and conditions of the lease to conduct lease operations in conjunction with the application. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Forest Oil Corporation under their nationwide bond, BLM Bond #WIB00101.

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road; that I am familiar with the conditions which presently exist; that the statements made in this plan area, to the best of my knowledge, are true and correct; and that the work associated with the operations proposed herein will be performed by Forest Oil Corporation and its contractors and sub-contractors in conformity with this plan 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.

August 19, 2004


Kathy L. Schneebeck
Agent for Forest Oil Corporation

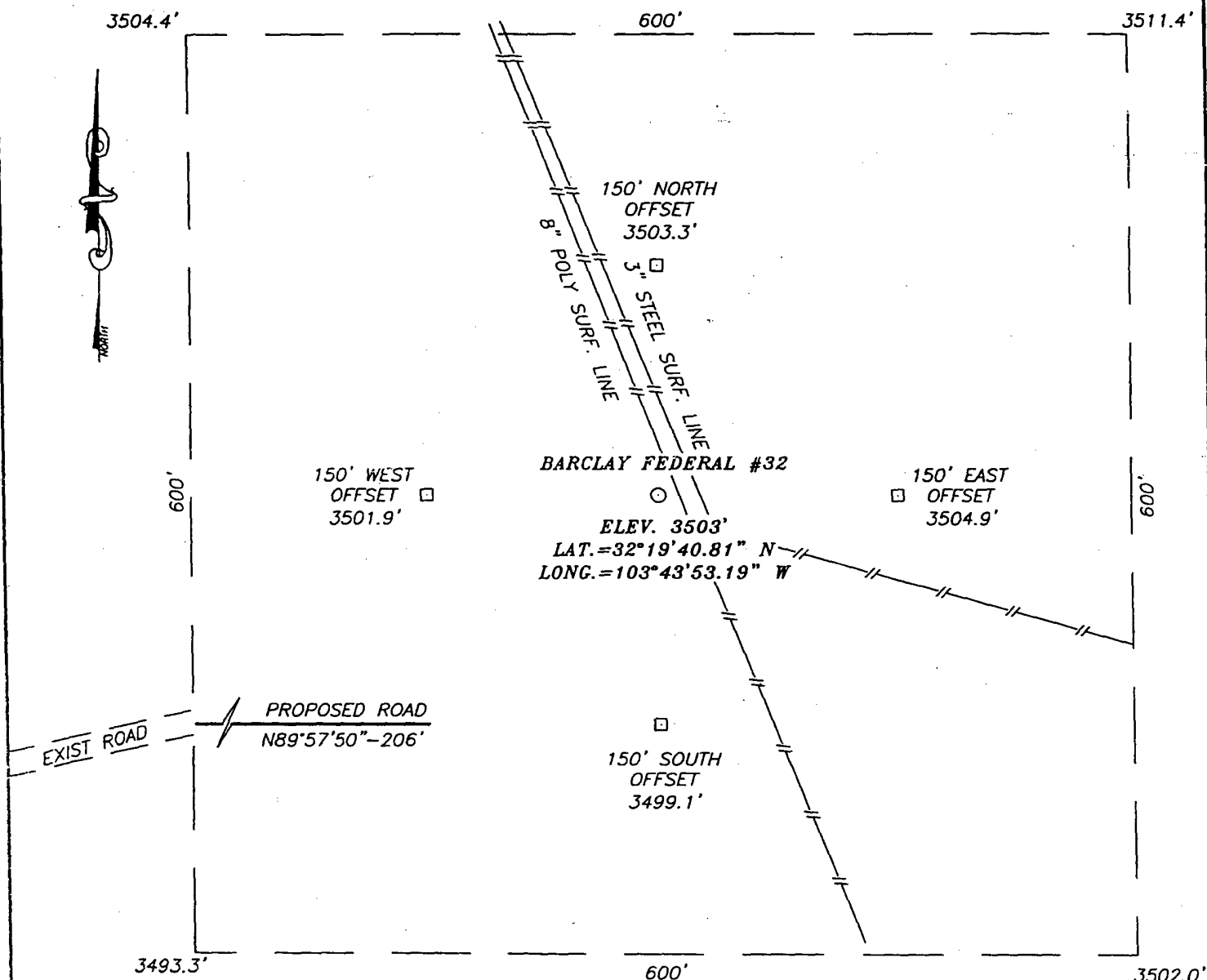
Electronic Submission #34497

Nearby Wells

TABLE 1
Barclay Federal 32
SESW SEC. 1 T23S R31E
Eddy County, New Mexico

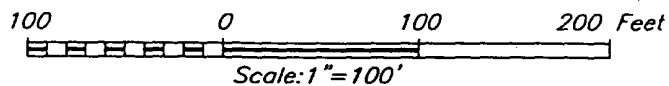
API	WELL NAME	NS FTG	EW FTG	OGRID CDE	OPERATOR	PROPE RTY	WELL TYPE	PLUG DATE	ELEV	TVD DEPT H	POOL ID	2003 PRODUCING POOL	FORMATION AND NOTES	COUNTY	STATUS	Sec.	T	R	UL
30-015-29525	MEDANO STATE #002	660S	1980W	8041	FOREST OIL CORP	32709	O	9999-12-31	3460	8355	39360	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	36	22S	31E	N
30-015-24954	BARCLAY FEDERAL #001	660S	1980W	8041	FOREST OIL CORP	32710	G	9999-12-31	3495	11549	0			EDDY	T/A	1	23S	31E	N
30-015-27998	UNION FEDERAL #001	1980S	660W	16668	OWENS PET INC	15171	O	1995-06-08	3477	8450	0		DELAWARE	EDDY	ZONE ABAN	1	23S	31E	L
30-015-28119	UNION FEDERAL #002	1910N	660W	16668	OWENS PET INC	15171	O	1995-06-08	3462	9999	0		DELAWARE	EDDY	ZONE ABAN	1	23S	31E	E
30-015-29787	BARCLAY FEDERAL #009	660S	1980E	8041	FOREST OIL CORP	32710	O	9999-12-31	3506	8390	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	1	23S	31E	O
30-015-30065	BARCLAY FEDERAL #014	1980N	660W	8041	FOREST OIL CORP	32710	O	9999-12-31	3505	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	1	23S	31E	E
30-015-30066	BARCLAY FEDERAL #015	660S	660W	8041	FOREST OIL CORP	32710	O	9999-12-31	3505	8450	0		DELAWARE	EDDY	ACTIVE	1	23S	31E	M
30-015-30239	BARCLAY FEDERAL #010	1980S	1980W	8041	FOREST OIL CORP	32710	O	9999-12-31	3520	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	1	23S	31E	K
30-015-30763	BARCLAY FEDERAL #024	660N	1980W	778	BP AMERICA PRODUCTION COMPA	29381	O	9999-12-31	3496	0	0		DELAWARE	EDDY	NO COMPL	1	23S	31E	3
30-015-30766	BARCLAY FEDERAL #021	1980N	1980W	8041	FOREST OIL CORP	32710	O	9999-12-31	3496	8480	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	1	23S	31E	F
30-015-30820	BARCLAY FEDERAL #018	1800S	1720E	8041	FOREST OIL CORP	32710	O	9999-12-31	3517	8472	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	1	23S	31E	J
30-015-30821	BARCLAY FEDERAL #020	660S	660E	8041	FOREST OIL CORP	32710	O	9999-12-31	3506	8490	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	1	23S	31E	P
30-015-30883	BARCLAY FEDERAL #027	1980S	660E	8041	FOREST OIL CORP	32710	O	9999-12-31	3524	8480	96149	LIVINGSTON RIDGE,DELAWARE	S LIVINGSTON RIDGE DELAWARE	EDDY	ACTIVE	1	23S	31E	I
30-015-05840	STATE AA-2 #001	660N	660E	8041	FOREST OIL CORP	32712	S	9999-12-31	3442	5800	96100	SWD,DELAWARE	DELAWARE	EDDY	ACTIVE	2	23S	31E	1
30-015-24112	PRE-ONGARD WELL #001	1980S	1980E	214263	PRE-ONGARD WELL OPERATOR	30041	O	1900-01-01	0	0	0		THE SUPERIOR OIL CO/DUNES S	EDDY	NO COMPL	2	23S	31E	J
30-015-25534	BARCLAY STATE #001	1980S	660E	8041	FOREST OIL CORP	32711	G	9999-12-31	3459	15136	0			EDDY	ACTIVE	2	23S	31E	H
30-015-29527	BARCLAY STATE #003	1980N	660E	8041	FOREST OIL CORP	32711	O	9999-12-31	3444	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	2	23S	31E	J
30-015-29590	BARCLAY STATE #002	1980S	1980E	8041	FOREST OIL CORP	32711	O	9999-12-31	3436	8470	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	2	23S	31E	O
30-015-29792	BARCLAY STATE #004	660S	1980E	8041	FOREST OIL CORP	32711	S	9999-12-31	3431	8450	96100	SWD,DELAWARE	DELAWARE	EDDY	ACTIVE	2	23S	31E	1
30-015-29926	BARCLAY STATE #008	990N	470E	8041	FOREST OIL CORP	32711	O	9999-12-31	3447	8400	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	2	23S	31E	P
30-015-30809	BARCLAY STATE #007	660S	660E	8041	FOREST OIL CORP	32711	O	9999-12-31	3454	8482	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	2	23S	31E	2
30-015-30810	BARCLAY STATE #009	660N	1980E	8041	FOREST OIL CORP	32711	O	9999-12-31	3439	8600	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	11	23S	31E	H
30-015-25419	BARCLAY 11 H FEDERAL #001	2180N	660E	6137	DEVON ENERGY PRODUCTION CO	13218	O	9999-12-31	3515	9104	96149	LIVINGSTON RIDGE,DELAWARE	INGLE WELLS DELAWARE	EDDY	ACTIVE	11	23S	31E	B
30-015-27615	BARCLAY 11 B FEDERAL #002	660N	1730E	6137	DEVON ENERGY PRODUCTION CO	13730	O	9999-12-31	3445	0	0		DELAWARE	EDDY	NO COMPL	11	23S	31E	G
30-015-27622	BARCLAY 11 G FEDERAL #007	1980N	1980E	6137	DEVON ENERGY PRODUCTION CO	13747	O	9999-12-31	3454	8400	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	I
30-015-29684	BARCLAY FEDERAL #004	1980S	660E	8041	FOREST OIL CORP	32710	O	9999-12-31	3504	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	G
30-015-29685	BARCLAY FEDERAL #005	1980N	1980E	8041	FOREST OIL CORP	32710	O	9999-12-31	3487	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	K
30-015-29785	BARCLAY FEDERAL #007	1980S	1980W	8041	FOREST OIL CORP	32710	O	9999-12-31	3506	8510	0			EDDY	ACTIVE	12	23S	31E	E
30-015-29786	BARCLAY FEDERAL #008	1980N	660W	8041	FOREST OIL CORP	32710	O	9999-12-31	3506	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	C
30-015-29828	BARCLAY FEDERAL #012	660N	2055W	8041	FOREST OIL CORP	32710	O	9999-12-31	3473	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	A
30-015-30063	BARCLAY FEDERAL #011	760N	660E	8041	FOREST OIL CORP	32710	O	9999-12-31	3499	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	H
30-015-30090	BARCLAY FEDERAL #013	1980N	760E	8041	FOREST OIL CORP	32710	O	9999-12-31	3507	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	J
30-015-30238	BARCLAY FEDERAL #017	1980S	1980E	8041	FOREST OIL CORP	32710	O	9999-12-31	3505	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	B
30-015-30284	BARCLAY FEDERAL #019	700N	2100E	8041	FOREST OIL CORP	32710	O	9999-12-31	3517	8450	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	D
30-015-30597	BARCLAY FEDERAL #025	660N	660W	8041	FOREST OIL CORP	32710	O	9999-12-31	3463	8377	96149	LIVINGSTON RIDGE,DELAWARE	DELAWARE	EDDY	ACTIVE	12	23S	31E	D

SECTION 1, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF RED ROAD (CO. RD. 798) AND MILLS RANCH ROAD (APPROX. 15 MILES SOUTH OF (U.S. HWY 62-180). GO SOUTH 2.3 MILES, TURN LEFT ON CALICHE ROAD AND GO EAST 0.4 MILES TO N-S CALICHE ROAD. GO NORTH TO EXIST LOCATION AND STAKED ROAD. GO EAST 0.1 MILES TO LOCATION.



FOREST OIL CORPORATION

BARCLAY FEDERAL #32 WELL
LOCATED 700 FEET FROM THE SOUTH LINE
AND 2500 FEET FROM THE WEST LINE OF SECTION 1,
TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

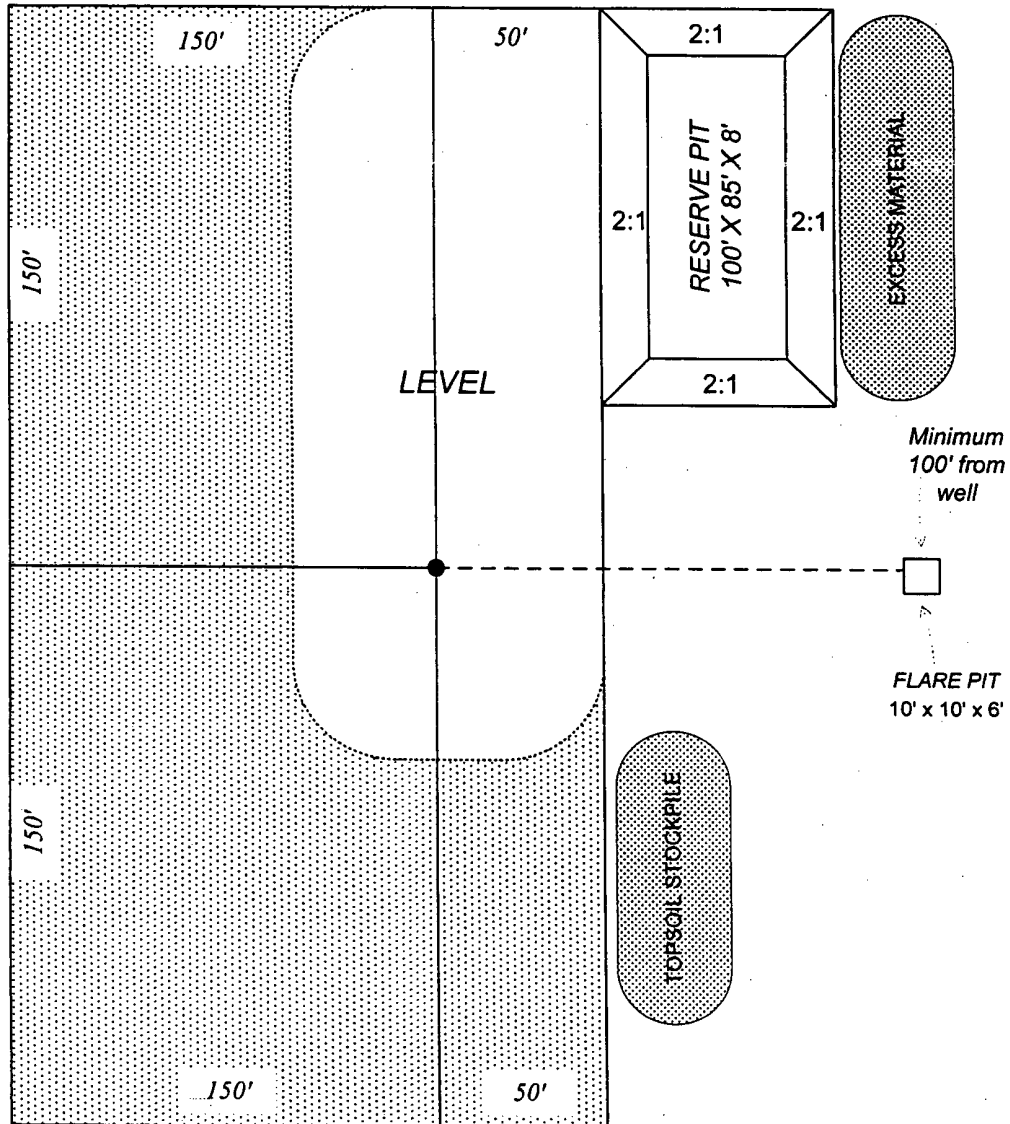
Survey Date: 05/03/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.0495	Dr By: J. RIVERO
Date: 05/12/04	Rev 1:N/A
Disk: CD#10	04110495
	Scale: 1\"=100'



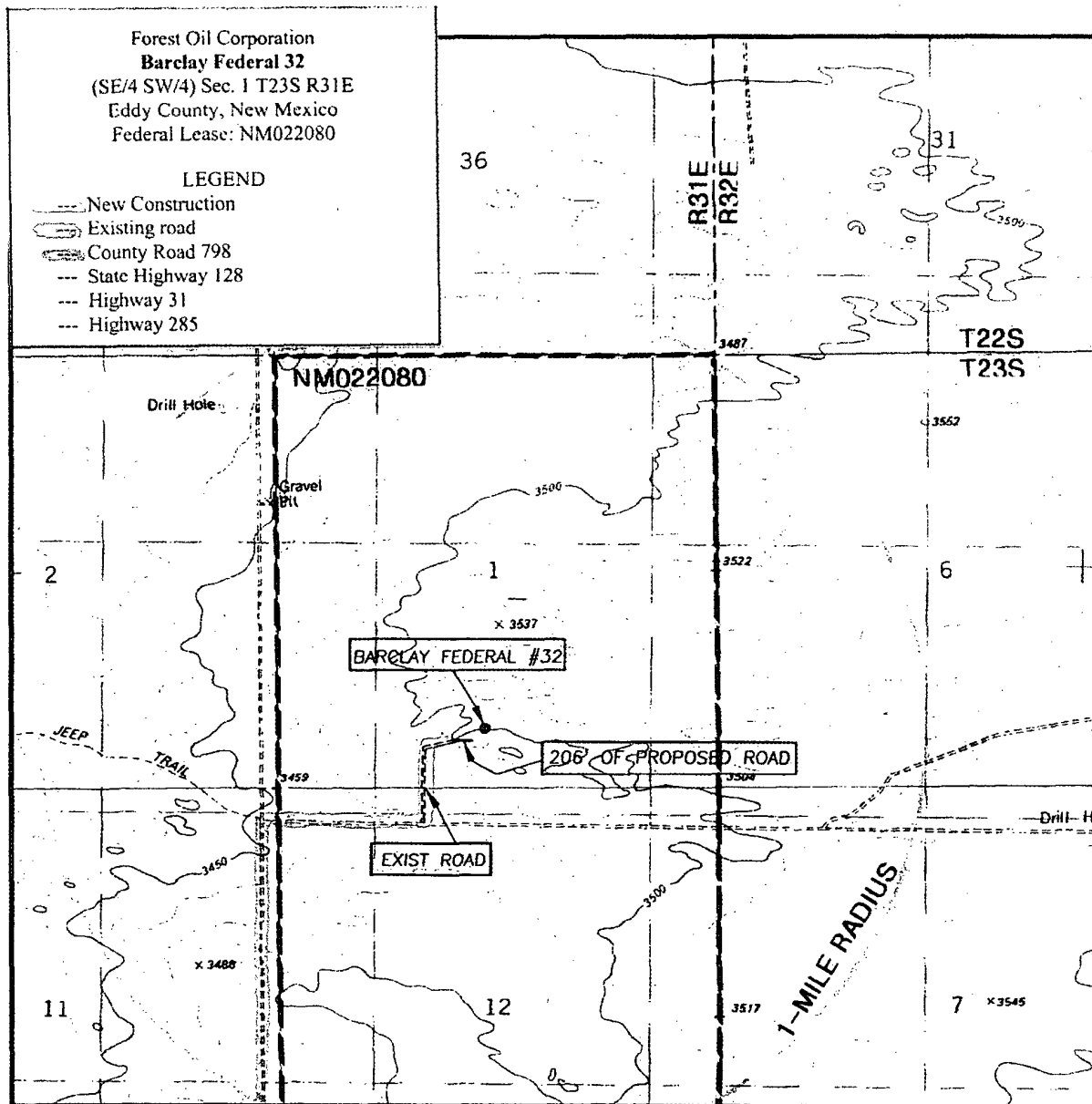
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBBS, N.M. 88240
(505) 383-3117

Forest Oil Corporation
Barclay Federal 32
700' FSL 2,500' FWL (SE/4 SW/4)
Sec. 1 T23S R31E
Eddy County, New Mexico
Federal Lease: NM022080

DRILL PAD DIMENSIONS



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
 BOOTLEG RIDGE, N.M. - 10'

SEC. 1 TWP. 23-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

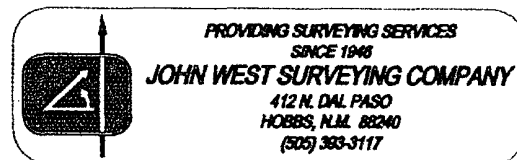
DESCRIPTION 700' FSL & 2500' FWL

ELEVATION 3503'

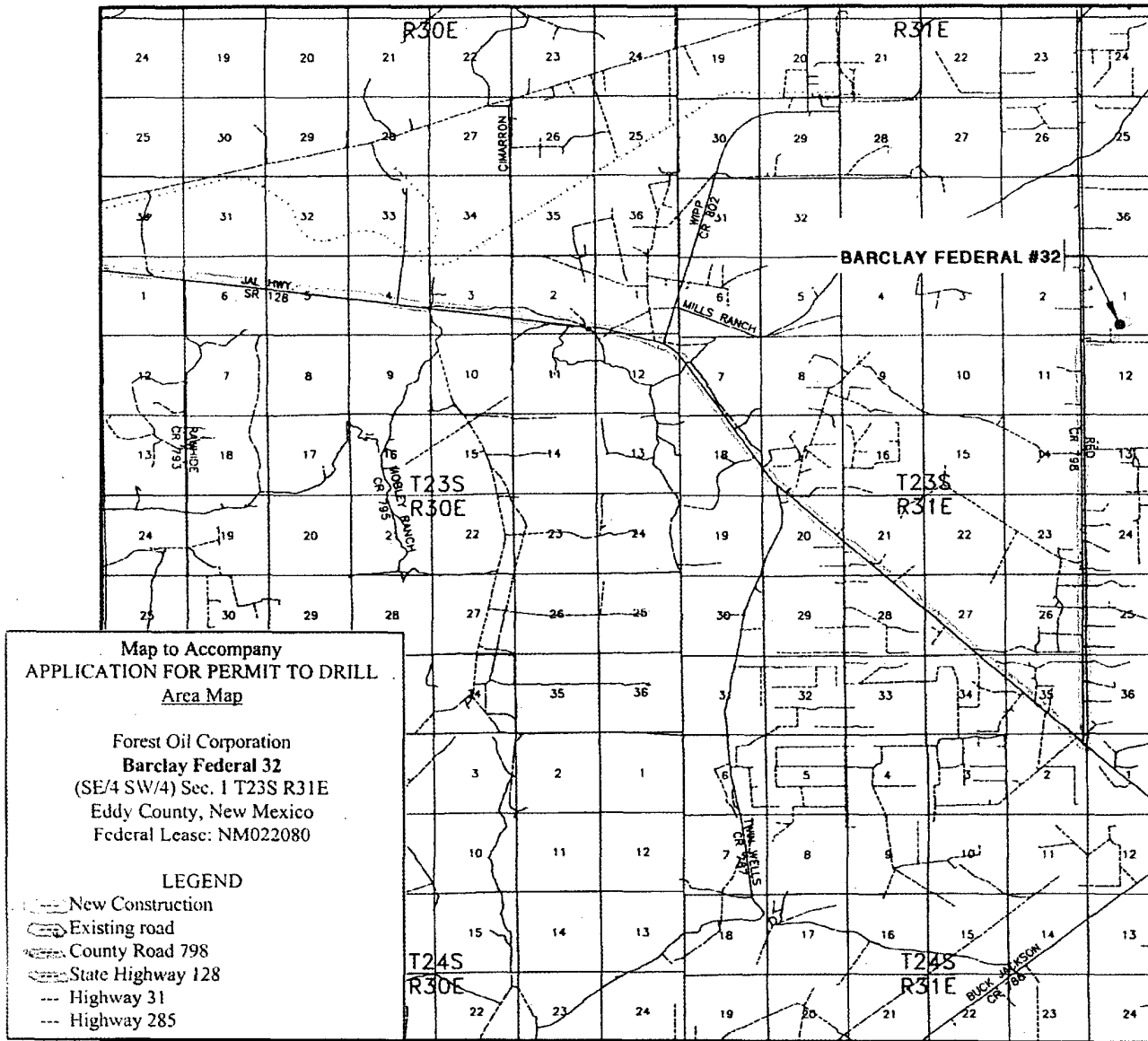
OPERATOR FOREST OIL CORPORATION

LEASE BARCLAY FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
 BOOTLEG RIDGE, N.M.

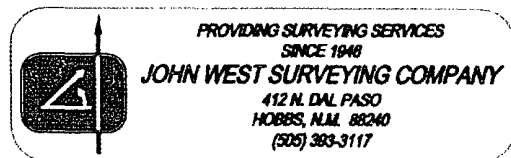


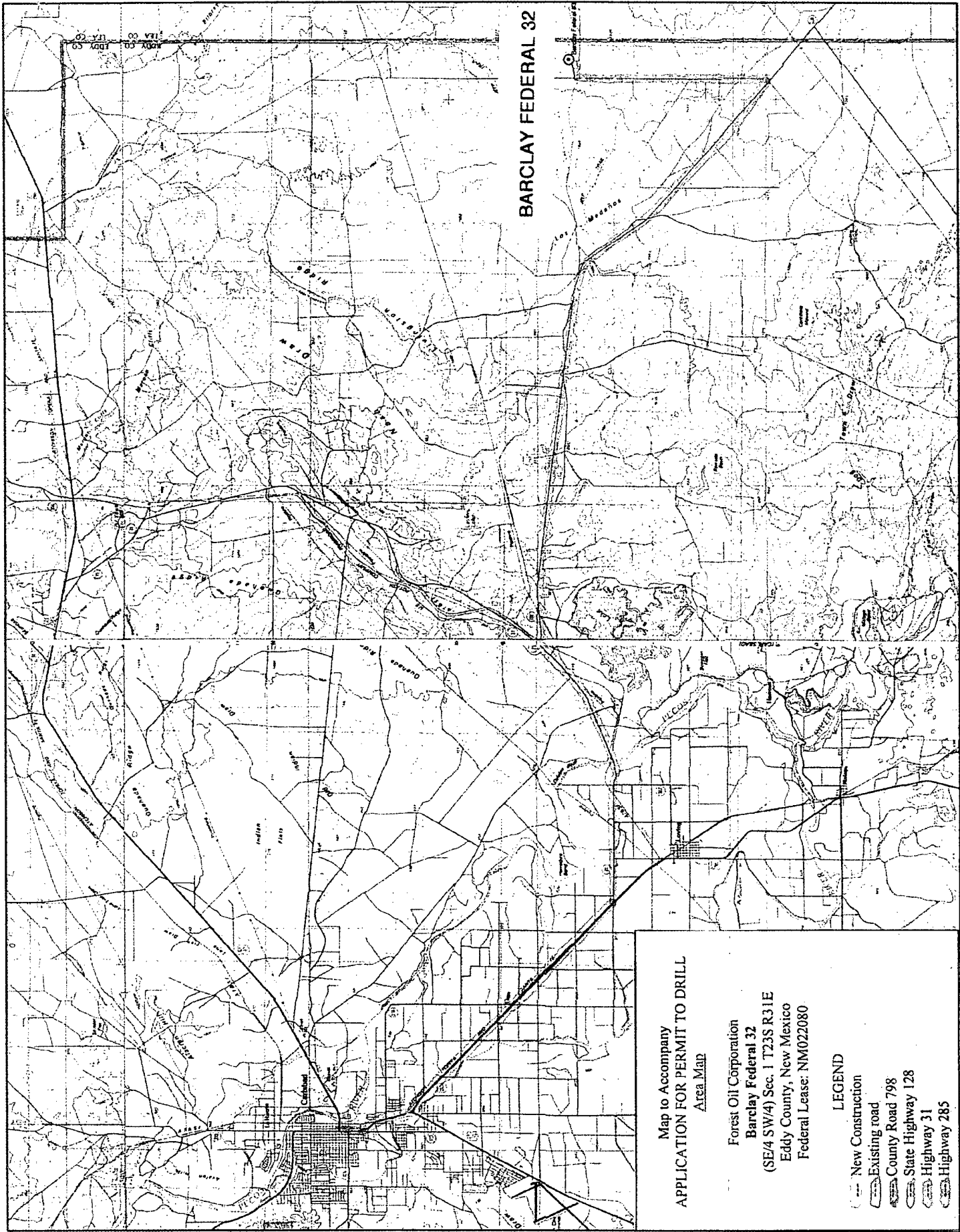
VICINITY MAP

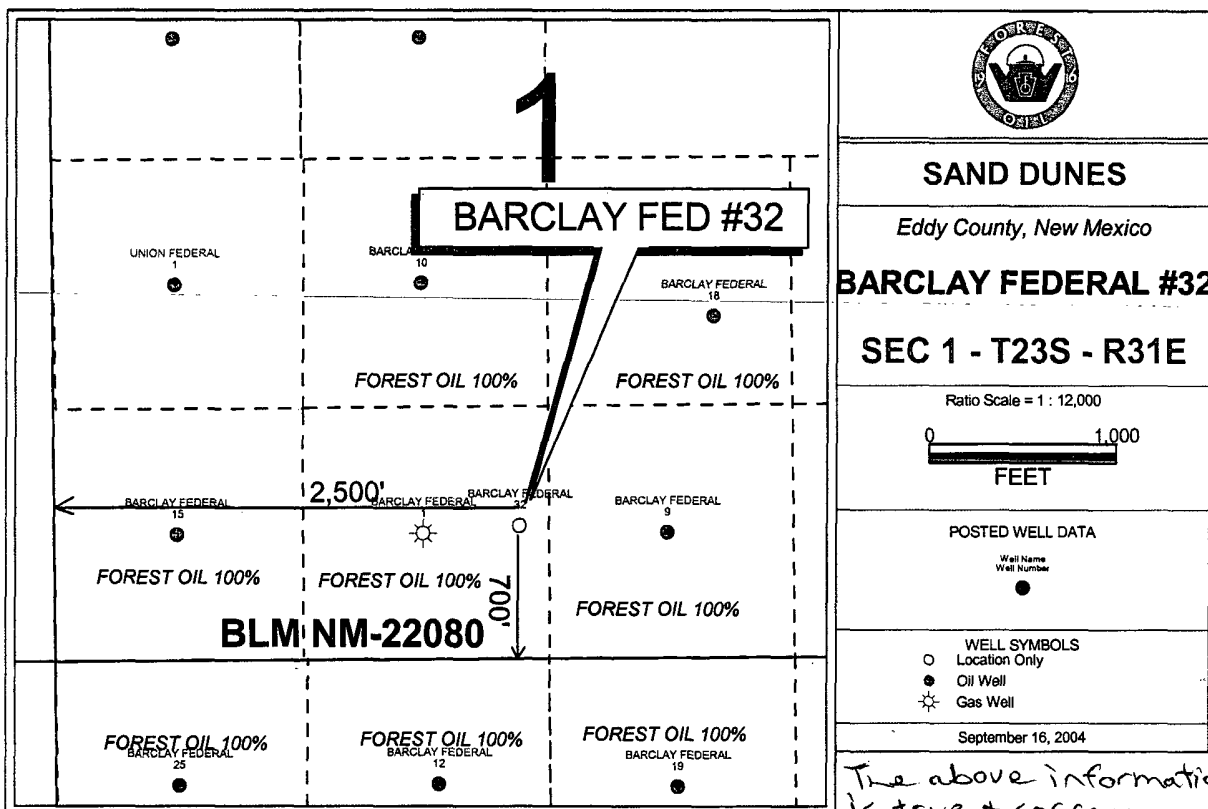


SCALE: 1" = 2 MILES

SEC. 1 TWP. 23-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 700' FSL & 2500' FWL
 ELEVATION 3503'
 OPERATOR FOREST OIL CORPORATION
 LEASE BARCLAY FEDERAL







PETRA 9/16/2004 11:20:15 AM

The above information
is true & correct to the
best of my knowledge

Anna Walls 9/16/04
Anna Walls



INTER-OFFICE MEMORANDUM

DATE: September 15, 2004

TO: Bruce Rush

FROM: James B. Peterson

SUBJECT: Barclay Federal #32 Location Exception

The Barclay Federal #32 is located 750' FSL and 2500' FWL of Section 1-T23S-R31E Eddy County, New Mexico. This location will require a location exception.

The Barclay Federal #32 must be staked at the location specified above to avoid interference with stratigraphically equivalent zones in the Delaware formation that were fracture stimulated and produced in the Barclay Federal #1. The Barclay Federal #1 is located about 520' west of the Barclay Federal #32. The Barclay Federal #1 was temporarily abandoned March 12, 2003.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 7, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Forest Oil Corporation

1600 Broadway – Suite 2200

Denver, Colorado 80202

Attention: Anna Walls

Land Tech

avwalls@forestoil.com

Administrative Order NSL-5120

Dear Ms. Walls:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 20, 2004 (***administrative application reference No. pMES0-426552947***); and (ii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-5119, dated October 7, 2004: all concerning Forest Oil Corporation's ("Forest") request to drill its Barclay Federal Well No. 32 as a replacement well within a former standard 40-acre oil spacing and proration unit in the South Livingston Ridge-Delaware Pool (96149) comprising the SE/4 SW/4 (Unit N) of Section 1, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, at an unorthodox location 700 feet from the South line and 2500 feet from the West line of Section 1.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that initial development of Delaware oil production within this 40-acre unit commenced in March, 1999 when ARCO Permian recompleted its Barclay Federal Well No. 1 (API No. 30-015-24954), located at a standard oil well location 660 feet from the South line and 1980 feet from the West line of Section 1, from the North Sand Dunes-Morrow Gas Pool (84700) to the South Livingston Ridge-Delaware Pool. Delaware oil production ceased in December, 2002 and in March, 2003 BP America Production Company temporarily abandoned the Barclay Federal Well No. 1.

From your application and the Division's records, both the SE/4 SW/4 (Unit N) and the SW/4 SE/4 (Unit O) of Section 1 are within a single federal lease (***U. S. Government lease No. NM-022080***) in which Forest owns 100 % leasehold interest; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within the Delaware interval.

It is further understood that such unorthodox location is necessitated for geologic and engineering reasons. This replacement well at the proposed unorthodox oil well location is situated between the above-describe Barclay Federal Well No. 1 and the Barclay Federal Well No. 9 (API No. 30-015-29787), which is currently producing from the South Livingston Ridge-Delaware Pool at a standard oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 1, and will enable Forest to further develop and deplete the Delaware reserves within this portion of its federal lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described Barclay Federal Well No. 32 to be drilled at an unorthodox oil well location within this former 40-acre South Livingston Ridge-Delaware oil spacing and proration unit is hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad