

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

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

RECEIVED

FEB 09 2005

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Stephens & Johnson Operating Co. P.O. Box 2249, Wichita Falls, TX 76307-2249		² OGRID Number 019958
⁴ Property Code 009799	⁵ Property Name East Millman Pool Unit Tract 4	³ API Number 30- 015- 33944
⁹ Proposed Pool 1 Millman Yates-SR-QN-GB-SA, East 46555		⁶ Well No. 16
¹⁰ Proposed Pool 2		

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
M	13	19S	28E		330	South	1291	West	Eddy

⁸ Proposed 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

Additional Well Location

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3366'
¹⁶ Multiple No	¹⁷ Proposed Depth 2700	¹⁸ Formation San Andres	¹⁹ Contractor United Drilling	²⁰ Spud Date February 21, 2005
Depth to ground water 150'		Distance from nearest fresh water well 4700'		Distance from nearest surface water 7 miles
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 20 mils thick Clay <input type="checkbox"/> Pit Volume 7000 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24 lb/ft	300'	200	Surface
7 7/8"	5 1/2"	15.50 lb/ft	2700'	800	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

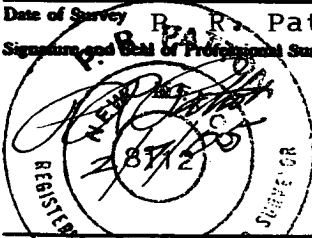
See Attachment

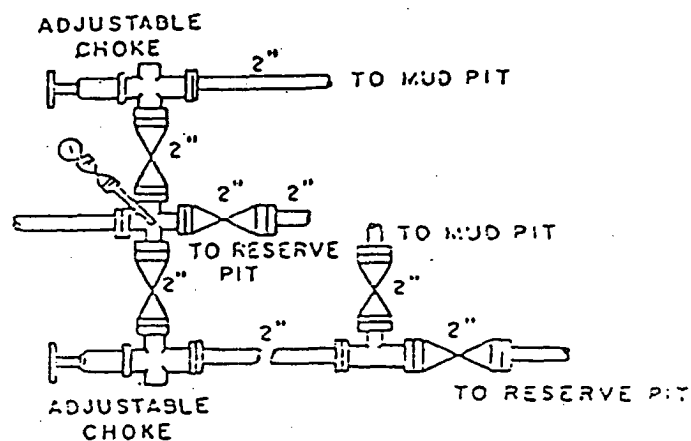
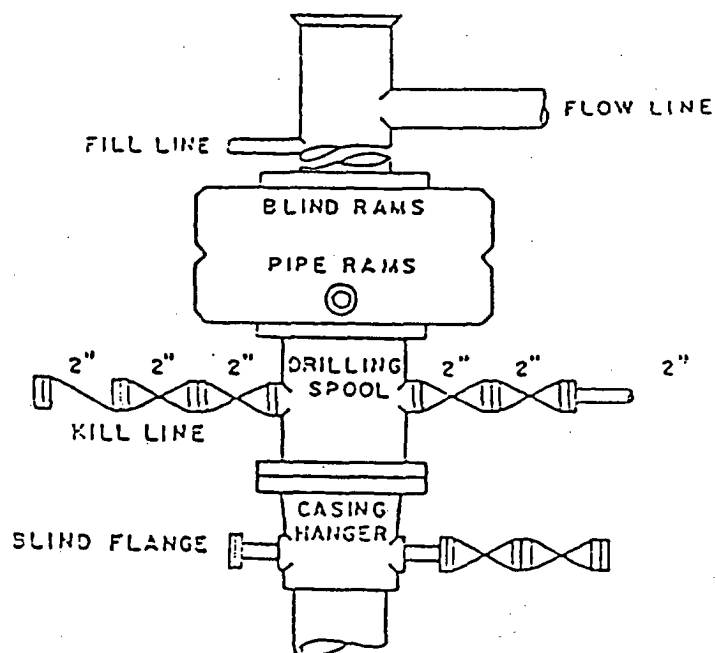
²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OGD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Signature: <i>William M. Kincaid</i>		Approved by: TIM W. GUM	
Printed name: William M. Kincaid		Title: DISTRICT II SUPERVISOR	
Title: Petroleum Engineer		Approval Date: FEB 10 2005 Expiration Date: FEB 10 2006	
E-mail Address: mkincaid@sjoc.net			
Date: 2-8-05	Phone: (940) 723-2166	Conditions of Approval: Attached <input type="checkbox"/>	

1. Drill 12 1/4" hole to 300'. Set 8 5/8" 24# csg w/approx. 200 sacks of cmt. WOC 18 hrs.
2. Drill 7 7/8" hole to 2700'. Set 5 1/2", 15.50# csg w/approx. 800 sacks of cement.
3. Complete well in Grayburg formation.

BOP: An annular type BOP will be used with a 3,000 psig working pressure and a 6,000 psig test pressure.

Note: This Application for Permit to Drill does not meet the requirement for an H2S Contingency Plan to be submitted.

<p>16</p>				<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>William M. Kincaid</i></p> <p>Signature</p> <p>William M. Kincaid</p> <p>Printed Name</p> <p>Petroleum Engineer</p> <p>Title</p> <p>2-8-05</p> <p>Date</p>
				<p>18 SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>February 4, 2005</p> <p>Date of Survey</p> <p>R. R. Patton</p> <p>Signature and Seal of Professional Surveyor:</p>  <p>Certificate Number</p> <p>8112</p>



BOP DIAGRAM
3000# WORKING PRESSURE
RAMS OPERATED DAILY

EAST MILLMAN POOL UNIT NO. 4-16
EDDY COUNTY, NEW MEXICO

EXHIBIT NO. 1