

*Barry*

N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

1120

Form 3160-3  
(August 1999)

L-05-18

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

DEC 1 2005

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

APPLICATION FOR PERMIT TO DRILL OR REENTER ~~WELL~~ **WELL-ARTESIA**

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NM070603	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name	
2. Name of Operator C & D Management Company <b>231382</b> <b>22230</b>			7. If Unit or CA Agreement, Name and No. <b>35277</b>	
3a. Address 513 Doh Lyle Road Edmondton, KY 42129		3b. Phone No. (include area code) 270-565-4629		8. Lease Name and Well No. Shearn Freedom Federal #2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL & 660' FEL (Unit A, NENE) At proposed prod. zone			9. API Well No. <b>30-015-34454</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approximately 10 miles east of Artesia, New Mexico</b>			10. Field and Pool, or Exploratory Empire Yates 7 Rivers	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>660'</b>			11. Sec., T., R., M., or Blk. and Survey or Area  Section 14-T17S-R27E	
16. No. of Acres in lease <b>160</b>			12. County or Parish Eddy	
17. Spacing Unit dedicated to this well <b>40</b>			13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.			20. BLM/BIA Bond No. on file NMB0002435	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3486' GR			22. Approximate date work will start* ASAP after approval	
			23. Estimated duration 15-200days	
24. Attachments				

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.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification.   |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Darla Jeffries</i>	Name (Printed/Typed) Darla Jeffries	Date <b>16-Aug-05</b>
Title <b>President</b>		
Approved by (Signature) <b>/s/ Joe G. Lara</b>	Name (Printed/Typed) <b>/s/ Joe G. Lara</b>	Date <b>NOV 30 2005</b>
Title <b>Acting FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	

Application approval does not warrant or certify the 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.

\*(Instructions on reverse)

Roswell Controlled Water Basin

**WITNESS** *5 1/2" CSB CEMENT JOB*

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

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>Empire Yates 7-Rivers</i>
Property Code	Property Name SHEARN FREEDOM FEDERAL	Well Number <i>2</i>
OGRID No.	Operator Name CD MANAGEMENT	Elevation 3486'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	14	17 S	27 E		660	NORTH	660	EAST	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 <i>40</i>	Joint or Infill	Consolidation Code	Order No.						

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

				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Darla Jeffries</i> Signature</p> <p>Darla Jeffries Printed Name</p> <p>President Title</p> <p>16-Aug-05 Date</p>
				<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 17, 2005 Date Surveyed</p>
				<p>Signature &amp; Seal of Professional Surveyor</p> <p><i>[Signature]</i></p>
				<p>W.O. No. 5524</p> <p>Certificate No. Gary L. Jones 7977</p> <p>PROFESSIONAL LAND SURVEYOR</p>

C & D MANAGEMENT COMPANY

Shearn Freedom Federal #2

660' FNL & 660' FEL of

Section 14-T17S-R27E

Eddy County, New Mexico

1. The estimated tops of geological markers are as follows:

Red Shale	72'
Blue Shale	365'
Seven Rivers	400'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered are:

Water: 250'

Oil or Gas: 400'

3. Pressure Control Equipment: Will request a variance for this, as this well will be drilled with a cable tool rig.

Auxiliary Equipment: None

4. Proposed Casing and Cementing Program:

300' (LB)

12-1/4" hole with 8-5/8" 32# J-55 casing set at ~~18~~ with Ready Mix to surface.

7-7/8" hole with 5-1/2" 15.5# J-55 casing set at 750' with 125 sacks of cement

Cementing Program:

Surface Casing: Ready Mix to surface

Production Casing: 125 sacks Class C with additives based on hole conditions. Circulate to surface.

5. Mud Program and Auxiliary Equipment:

6. Evaluation Program:

Samples: 1 wet cut sample every 20' to TD

Logging: Electric Gamma Log

Coring: None

DST's: None

6. Abnormal Conditions: No abnormal pressure is expected.

Lost circulation zones anticipated: None

H2S zones anticipated: Local industry info indicates no H2S will be encountered during the drilling of this well.

Maximum Bottom Hole Temperature:

7. Anticipated Starting Date: Plans are to begin drilling this well as soon as possible after approval. Drilling should take approximately 15-20 days.

MULTI-POINT SURFACE USE AND OPERATIONS  
PLAN

C & D MANAGEMENT COMPANY  
Shearn Freedom Federal #2  
660' FNL & 660' FEL of  
Section 14-T17S-R27E  
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 10 miles east of Artesia, New Mexico. The access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

From Artesia, New Mexico, proceed east on U. S. Highway 82 for approximately 8 miles to the intersection of Highway 82 and County Road 202. Turn south on County Road 202 for approximately 2 miles to the new proposed lease road. The new lease road will start here and go west for approximately 576' to the southeast corner of the location.

2. PLANNED ACCESS ROAD

A. The proposed new access will be approximately 576' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a westerly direction.

B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.

3. LOCATION OF EXISTING WELLS:

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. There are no production facilities on the well site at this time.

B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the well with a cable tool rig. If needed, water will be obtained from a commercial source and trucked to

location over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

It is planned to use the material in place for construction. If other materials are needed, the dirt contractor will locate the nearest pit and obtain permits as needed.

7. METHODS OF WASTE DISPOSAL

A. Drill cuttings will be disposed of in a steel pit and hauled to a "dirt farm"..

B. Drilling fluids will be contained in a steel pit and hauled to an approved disposal after drilling operations are complete.

C. Water producing during operations will be collected in tanks and hauled to an approved disposal. Oil produced during operations will be stored in test tanks until sold.

D. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Trash, waste paper, garbage and junk will be contained in trash trailers to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLIARY FACILITIES: None

9. WELL SITE LAYOUT:

A. The well will be drilled with a cable tool rig. Exhibit C shows the relative location of the drilling equipment and steel pits and the access road approach.

B. A 400' X 400' area has been staked and flagged.

10. PLANS FOR RESTORATION:

A. After finishing drilling and/or completion operations, all equipment and other materials not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.

B. Steel pits will be emptied at an approved disposal site or land farm.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible.

11. SURFACE OWNERSHIP: Federal – administered by the Bureau of Land Management.

GRAZING LESEE: Bogle Farms  
Dexter, New Mexico

12. OTHER INFORMATION:

A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

Darla Jeffries  
C & D Management Company  
513 Don Lyle Road  
Edmonton, KY 42129  
O: 270-565-4629  
Fax: 267-821-8544  
Cell: 270-590-3418

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed well site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by C & D Management Company 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.

Darla Jeffries  
Signature

President  
Title

16-Aug-05  
Date



SECTION 14, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

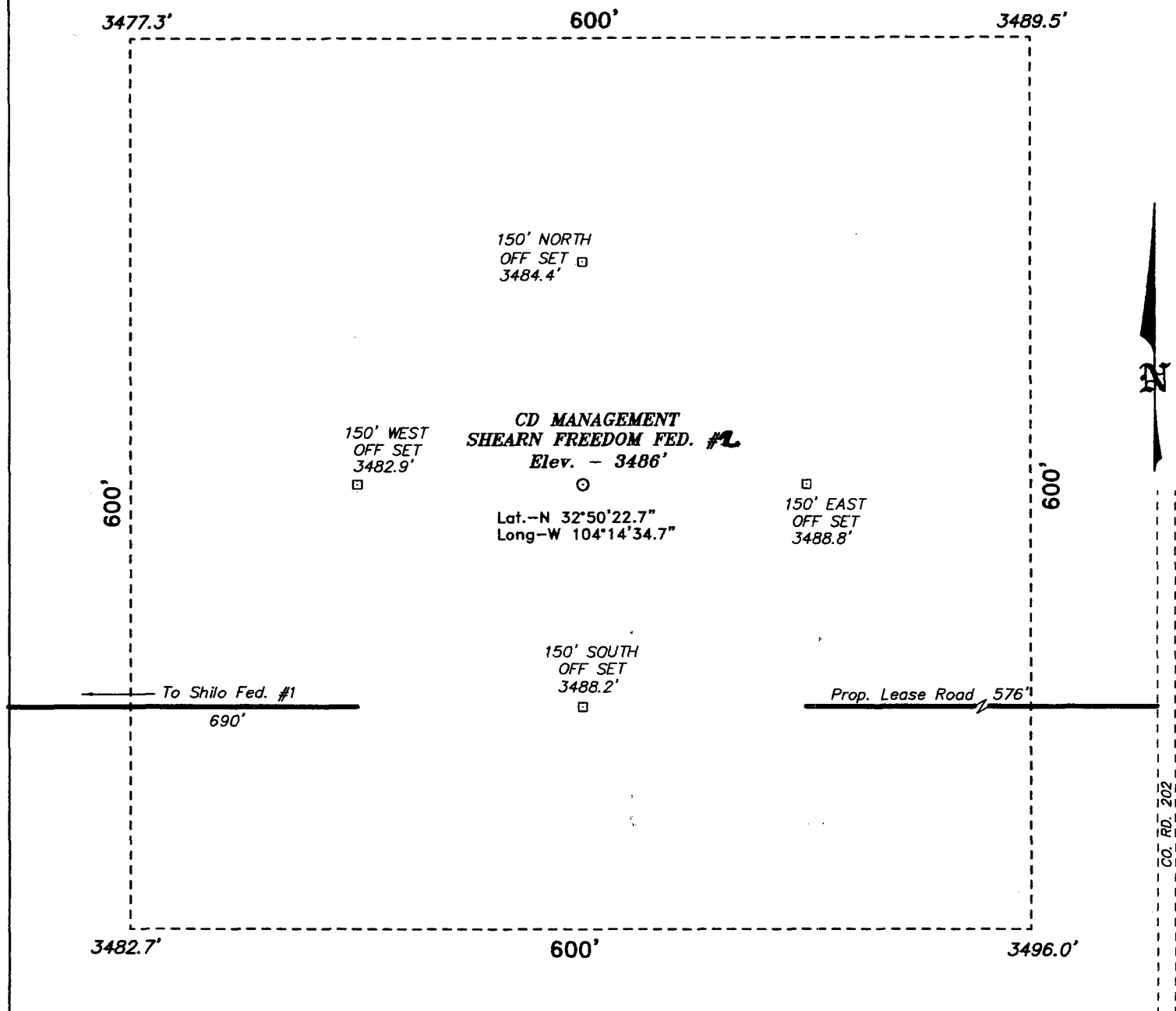
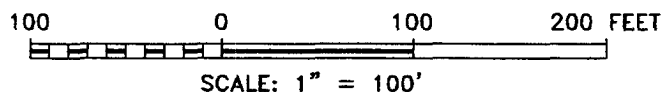


Exhibit B



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 82 AND CO. RD. 202, GO SOUTH ON CO. RD. 202 FOR 2.0 MILES PROPOSED LEASE ROAD.

**BASIN SURVEYS** P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 5524 Drawn By: K. GOAD

Date: 06-20-2005 Disk: KJG #122 - 5524A.DWG

**CD MANAGEMENT**

REF: SHEARN FREEDOM FED. No. 1 / Well Pad Topo

THE SHEARN FREEDOM FED. No. 2 LOCATED 660' FROM  
THE NORTH LINE AND 660' FROM THE EAST LINE OF  
SECTION 14, TOWNSHIP 17 SOUTH, RANGE 27 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-17-2005 Sheet 1 of 1 Sheets

**NEW MEXICO OIL CONSERVATION DIVISION**

**RULE 118**

**LOCAL INDUSTRY INFORMATION INDICATES NO H2S WILL  
BE ENCOUNTERED DURING THE DRILLING OF THIS WELL.**

C & D Management Company  
Shearn Freedom Federal #2  
660' FNL & 660' FEL of  
Section 14-T17S-R27E  
Eddy County, New Mexico  
Lease No.: NM-070603

*Exhibit C*

C & D Management Company  
Shearn Freedom Federal #2  
660' FNL & 660' FEL of  
Section 14-T17S-R27E  
Eddy County, New Mexico

- |           |  |
|-----------|--|
| Exhibit A | Copy of BLM map showing route to proposed location. Existing road in red and proposed new access in green. |
| Exhibit B | Staking plat showing 600' X 600' area  |
| Exhibit C | H2S Notification   |

Submit 3 Copies To Appropriate District Office,  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

OCD ARTESIA

Energy, Minerals and Natural Resources

1220 S. St. Francis Dr.  
Santa Fe, NM 87505

BLM

Form C-103  
May 27, 2004

WELL API NO.
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM070603
7. Lease Name or Unit Agreement Name Shearn Freedom Federal #2
8. Well Number Z
9. OGRID Number 231382
10. Pool name or Wildcat Empire Yates 7 Rivers
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3486' GR
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

C&D Management Company

3. Address of Operator

513 Don Lyle Road  
Edmonton Ky 42129

4. Well Location

Unit Letter A : 660 feet from the FNL line and 660 feet from the FEL line  
Section 14 Township T17S Range R27E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3486' GR

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

## 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

### NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Exception ☒

### SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

No abnormal pressures have been encountered at this depth in this field. We are requesting exception to a blowout preventer.

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

SIGNATURE

Darla Jeffries  
Darla Jeffries

TITLE

President

DATE

10/26/05

Type or print name

E-mail address:

cdmanagementcompany@yahoo.com

Telephone No.

270-565-4629

For State Use Only

APPROVED BY:

/s/ Joe G. Lara

ACTING  
TITLE

FIELD MANAGER

DATE

NOV 30 2005

Conditions of Approval (if any):

## CONDITIONS OF APPROVAL - DRILLING

Well Name & No.           2 – SHEARN FREEDOM FEDERAL  
Operator's Name:       C&D MANAGEMENT COMPANY  
Location:               660' FNL & 660' FEL – SEC 14 – T17S – R27E – EDDY COUNTY  
Lease:                  NM-070603

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8-5/8 inch 5-1/2 inch

C. BOP tests

2 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing ( size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

### II. CASING:

1. The 8-5/8 inch surface casing shall be set at 300 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The 5-1/2 inch production casing shall be set at 750 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

### III. PRESSURE CONTROL:

1. Well will be drilled with a cable tool rig. An Annular Preventor w/pressure control valve and diverter capable of handling 500 psi MASP (Max Anticipated Surface Pressure) will be required.

(ORIG. SCD, LES BABYAN)