

The regular location was staked 660' FNL and 1980' FWL of Section 33-21S-27E. This location fell in the black topped county road that connects U. S. Highway 62-180 with Orchard Street in the north part of Carlsbad. This was obviously an undrillable location; so, an alternate well was staked 330' east of the regular location, the new footage being 660' FNL, 2310' FWL of Section 33-21S-27E. A drilling rig will fit into this additional space nicely and your approval of this alternate location is requested.

The No. 1 Tracy "A" is one-half mile south of Cities Service Oil Company's Cawley A No. 1 recently completed Morrow Sand producer in the La Huerta Morrow Pool. Projected TD is 11,800'. The primary objective is the Morrow Sand. Secondary objectives are Wolfcamp, Canyon and Strawn.

Mr. Francis Tracy, Jr., 1601 N. Guadalupe Street, Carlsbad, New Mexico, telephone no. 505/885-4857 owns the land in fee involving our access road and location. Mr. Tracy has been notified of our intent to drill.

The nearest inhabited dwelling is the trailer house of Jess W. Lamon approximately one-half mile northwest of the Tracy A No. 1. An inactivated jet fuel storage depot is across the railroad track about 2200' southeast.

The reserve pit will be lined when it is built. Upon completion of the well, the pits will be backfilled and levelled and debris removed.

If the well is completed as a producer, production equipment will be set no closer than 150' from the well with tanks set to collect both oil and water which will be trucked to sale or disposal. The gas purchaser will install necessary gas measuring equipment and pipeline.

If it is a dry hole, the well will be plugged according to New Mexico Oil Conservation Commission requirements.

The proposed casing program consists of:

16" set at 400' with cement circulated to surface.

10-3/4" set at 3550' with cement circulated to surface.

5-1/2" set at 11,800' with sufficient cement to fill annulus from TD to 9000'.

In addition to the blow out preventer equipment shown on the attached plat, the following equipment will be in use before drilling out from under the 10-3/4" intermediate casing: