3160(067) NM-38464

MAR 26 1993

CERTIFIED--RETURN RECEIPT REQUESTED P 864 875 252

Kaiser-Francis Oil Company Attention: Milton Griffin P. O. Box 21468 Tulsa, OK 74121-1468

RE: Pure Gold A Federal Well No. 4
NM-38464
Surface: 1650' FSL & 330' FWL, Sec. 21, T23S, R31E
Eddy County, New Mexico

Dear Mr. Griffin:

On January 4, 1993, Kaiser-Francis Oil Company filed an Application for Permit to Drill (APD) at the above referenced location. I am pleased to approve your APD at the present location. Your copy of the APD, with attached stipulations, is enclosed.

Through our analysis of the APD, we have determined that the well site is located a sufficient distance from the ore zones that potash resources should not be impacted.

If you need any additional information, please contact Tony Herrell in the Carlsbad Resource Area at (505) 887-6544.

Sincerely,

15/ Monte G. Jordan

& Larry L. Woodard State Director

1 Enclosure

bcc:

NM (910, L. Woodard) NM (920, R. Smith) NM (060, A. Lopez) NM (060, L. Cone) NM (067, T. Herrell)

APPROVED BY

SUBMIT IN TR ATE. UNITED STATESON GONESSTONE DEPARTMENT OF THE INTERIOR OF THE INTERIOR

(Other instructions, on

30-015-27388 Form approved. Budget Bureau No. 1004-0136 Expires: December 31, 1991

BUREAU OF LAND MANAGEMENTNM 88210

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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 consider operations the CONDITIONS OF APPROVAL, IF ANY:	••		ppricant holds legal or equi	table title to those rights in the subject	lease which w	vould entitle the applicar	it to conduct operations thereo
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DISTRICT I P. O. Box 1980 Hobbs, NM 88240

DISTRICT II P. O. Drawer DD Artesia, NM 88210

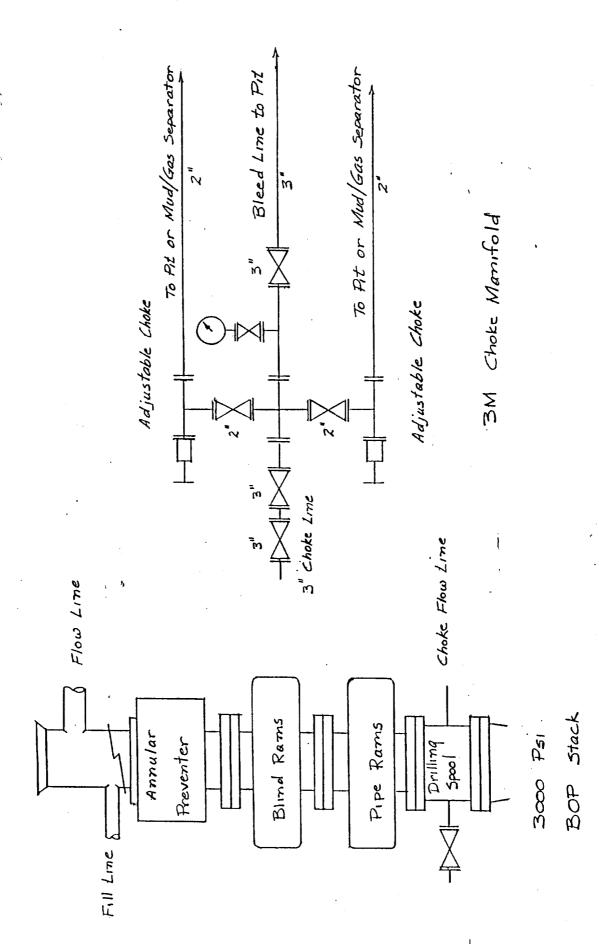
OIL CONSERVATION DIVISION P. O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT III 1000 Rio Brazos Rd Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the section.

Operator	KAI	SER	-	FRAI	VCIS		COMPANY	Lease	PURE	GDLD	" A"	FEDE	RAL	₩e	11 No. 4
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APPLICATION FOR PERMIT TO DRILL KAISER-FRANCIS OIL COMPANY Pure Gold "A" Federal No. 4 1650' FSL & 330' FWL Sec. 21, T235, R31E Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Kaiser-Francis Oil Company submits the following items of pertinent information in accordance with Onshore Oil & Gas Order Nos. 1&2, and with all other applicable federal and state regulations.

- 1. The geologic surface formation is Quaternary alluvium and other surficial deposits.
- 2. The estimated tops of geologic markers are as follows:

Delaware 4150'
Bone Springs 8000'
TD 8100'

3. We do not anticipate encountering water, and oil and gas formations are as follows:

Delaware

- 4. Proposed Casing Program: See Form 3160-3 and Exhibit A.
- 5. Pressure Control Equipment: See Exhibit B.
- 6. Mud Program: See Exhibit C.
- 7. Auxiliary equipment: Blowout preventer.
- 8. Testing, Logging, and Coring Programs: No coring or DST's are anticipated. Electric logs will consist of a Compensated Neutron/Litho Density w/ Gamma Ray and Caliper and a Dual Laterolog. A Mudlogging unit will be used from 4150' to TD.
- 9. No abnormal pressures, no abnormal temperatures and no H2S are expected.
- 10. Anticipated starting date: As soon as possible.

EXHIBIT A KAISER-FRANCIS OIL CO. Pure Gold "A" Federal #4 Eddy County, NM

SUMMARY

Drilling, Casing and Cementing Program

- Drill 17 1/2" hole to 700' and run 13 3/8", 48#, H40 casing. Use guide shoe on bottom joint with a float insert 1 joint above the guide shoe. Run 1 centralizer per joint on bottom 3 joints. Cement with 500 sx Class "C" + 2% CaCl + 1/4 pps Cello Flake lead cement followed by 200 sx Class "C" + 2% CaCl. Drop top plug and displace cement with mud.
- 2. Nipple up and install BOP's. Cement shall be allowed to stand 12 hours under pressure. After 24 hours test casing to 600 psi for 30 minutes and drill out cement. After drilling the plug and below the casing seat, test again to 600 psi for 30 minutes.
- 3. Drill 11" hole to 4070" and run 8 5/8", 32#, J55 casing. Use guide shoe on bottom and a float collar 1 joint above the shoe. Use 1 centralizer per joint on bottom 5 joints and 5 other centralizers. Cement with 800 sx Class C Lite (35:65:6) + 9.5 pps salt + 1/4 pps Celloflake lead cement followed by 200 sx Class C + 1% KCl + 5 pps salt. A Fluid Caliper will be run to determine the exact volume of cement required to circulate cement to the surface.
- 4. Nipple up and install BOP's. Cement shall be allowed to stand 12 hours under pressure. After 24 hours test casing to 1000 psi for 30 minutes and drill out cement. After drilling the plug and below the casing seat, test again to 1000 psi for 30 minutes.
- 5. Drill 7 7/8" hole to 8100' and run 5 1/2", 17#, K55 casing with a stage tool at approximately 6200'. Use a float shoe on bottom and a float collar 2 joints above the shoe. Use 1 centralizer per joint on bottom 5 joints and as required across potential productive intervals. Cement the first stage with 580 sx Class H + additives, and cement the second stage with 690 sx Class C Lite (35:65:6) lead cement followed with 100 sx Class C neat. The exact volume to bring the cement top to 4000' will be determined after logging the well.
- 6. Perforations and stimulation treatments will be determined after running electric logs and setting the 5 1/2" casing.

EXHIBIT C KAISER-FRANCIS OIL CO. Pure Gold "A" Federal #4 Eddy County, NM

Drilling Fluid Program

	Depth Ft.	Weight lb/gal	Viscosity Sec	Filtrate ml
Surface:	0'	8.5	35	No
	to	to	to	Control
	700'	9.2	45	

Spud with fresh water gel. Add lime for sufficient viscosity to clean the hole. Paper may be used to control seepage, and mixed coarse LCM for severe to total loss.

Intermediate:	700′	10.0	30	No
	to	to	to	Control
	4070'	10.3	34	

Drill out from under surface casing with brine. Circulate a controlled section of the reserve pit with brine water + additives for solids control. May use paper to control seepage and additives to help with hole cleaning.

Production:	4070'	8.4	28	No
	to	to		Control
	7800′	9.0		

Drill out from under intermediate casing with fresh water/cut brine. Circultate a separate controlled section of the reserve pit with fresh water/cut brine + additives for solids control. Use lime or caustic soda for a 9.0-10.0 pH and paper to control seepage. Use additives for hole cleaning sweeps, if needed.

7800'	8.6	30	15
to	to	to	to
TD	9.6	32	20

Start cut brine polymer. Return to the steel working pits with clean cut brine and prepare a light mud-up before reaching TD and logging. Use additives for filtrate control. Density may be adjusted to control pressures that may be encountered by addition of brine or fresh water as needed. Use caustic soda to maintain at 9.0.

SURFACE USE PLAN

KAISER-FRANCIS OIL COMPANY
Pure Gold "A" Federal No. 4
Sec. 21, T235, R31E
Eddy County, New Mexico

1. EXISTING ROADS:

Exhibit D is a portion of a USGS Topographic map showing the existing roads into the proposed location. Exhibit E shows the existing access roads onto the drilling pad.

Exhibit F is a road map showing directions into the lease. From the Junction of State Highway 128 and the Lea/Eddy county line, go northwest 5.7 miles on State Highway 128, to a point approximately 200' northeast of the location.

2. PLANNED ACCESS ROADS:

No new access road will be constructed.

3. LOCATION OF EXISTING WELLS:

Exhibit G is a plat showing existing wells and their locations

4. LOCATIONS OF TANK BATTERY, ELECTRICAL LINES, ETC:

In the event the well is completed as a producing well, temporary production facilities will be installed on the well site until the feasibility of further development drilling is evaluated. If additional development wells are drilled, a central production facility will be constructed on one of the well pads that will minimize flow line lengths and transport truck travel on the lease. Exhibit H is a diagram of a permanent tank battery facility. Flow lines and electric lines will be constructed down existing access road right of ways.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be from commercial sources, either hauled or pipelined.

6. SOURCE OF CONSTRUCTION MATERIALS:

If needed, construction materials will be obtained from the drill site's excavations or from a local source. These materials will be transported over the access route as shown on Exhibit E.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. 1. Drill cuttings will be disposed of in the reserve pit.
 - Trash, waste paper, and garbage will be contained in covered trash containers and disposed of in an authorized land fill.
 - 3. If needed, sewage from the trailer house will drain into holes with minimum depth of 10' 00". These holes will be covered during drilling and backfilled upon completion. Portable sanitation facilities will be provided and properly maintained during drilling and completion operations for the rig crews.
 - 4. All extraneous material such as surplus casing, tubing, thread protectors, unused chemicals and containers, will be removed from the location.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES:

None are planned or required.

9. WELLSITE LAYOUT:

- A. Exhibit I shows the relative location and dimensions of the well pad, reserve pits and major rig components.
- B. The land is relatively flat with sandy soil.
- C. The pad and pit area have been staked.

10. PLANS FOR RESTORATION OF THE SURFACE:

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

After finishing drilling and/or other completion operations, all equipment and other materials not needed for further operations will be removed. Pits will be filled, and the location cleaned of all trash and junk to leave the wellsite as pleasant in appearance as possible.

If the proposed well is nonproductive, all restoration and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as quickly as possible. All

pits will be filled and levelled within 90 days after abandonment.

11. OTHER INFORMATION:

A. The minerals are Federal Government.

- B. The topography is undulating to slightly inclined terrain with vegetation of grassland formation, scrub-grass scrub disclimax community. The soil is Berino complex sands.
- C. The surface is owned by J. C. Mills, P.O. Box 190, Abernathy, Texas 79311 and is used to mainly access producing wells in the area and grazing for livestock.
- D. An Archaeological Survey has been made of the proposed location by Archaeological Survey Consultants, Roswell, New Mexico, and a copy of the report is attached. BLM records (Kyte, 11/02/92) do not indicate the prior recording of sites in Section 21, T23S, R3iE. The survey on this drilling pad did not reveal any cultural resources. Also, there are no occupied dwellings or windmills.

12. OPERATOR'S REPRESENTATIVES:

The field representative for contact regarding compliance with the Surface Use Plan is:

David Rodawalt Kaiser-Francis Oil Company 2440 Market St. Rt. 5, Box 208 Odessa, Texas 79766 Phone (915) 337-2992

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently 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 Kaiser-Francis Oil Company and its contractors/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.

Date

Milton Griffin

Operations Engineer

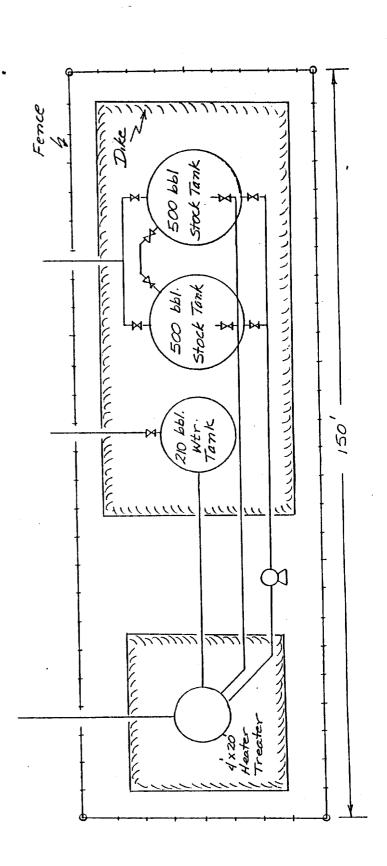
NINE-SECTION PLAT
Scale: 1 inch = 2200 feet
Printed in U. S. A.

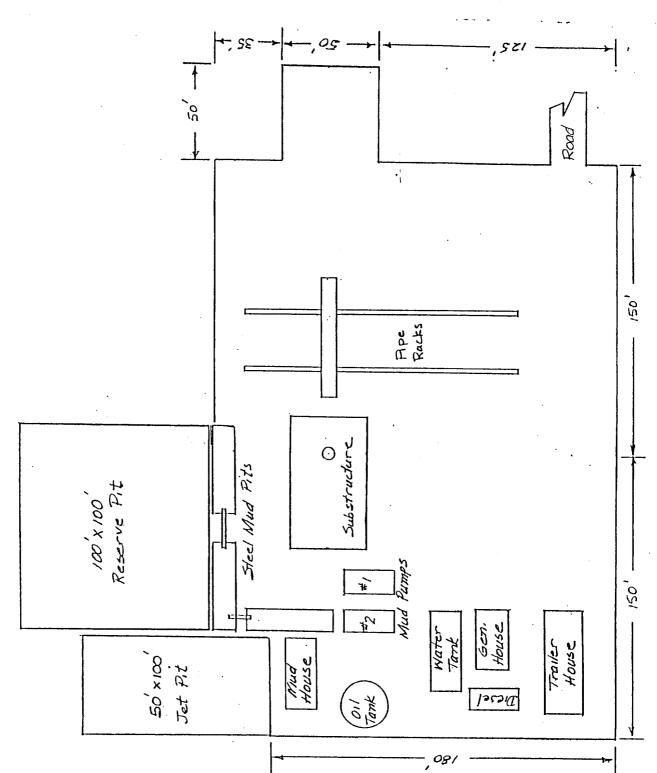
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Pure Gold "A" Federa: #4
Eddy County, NM

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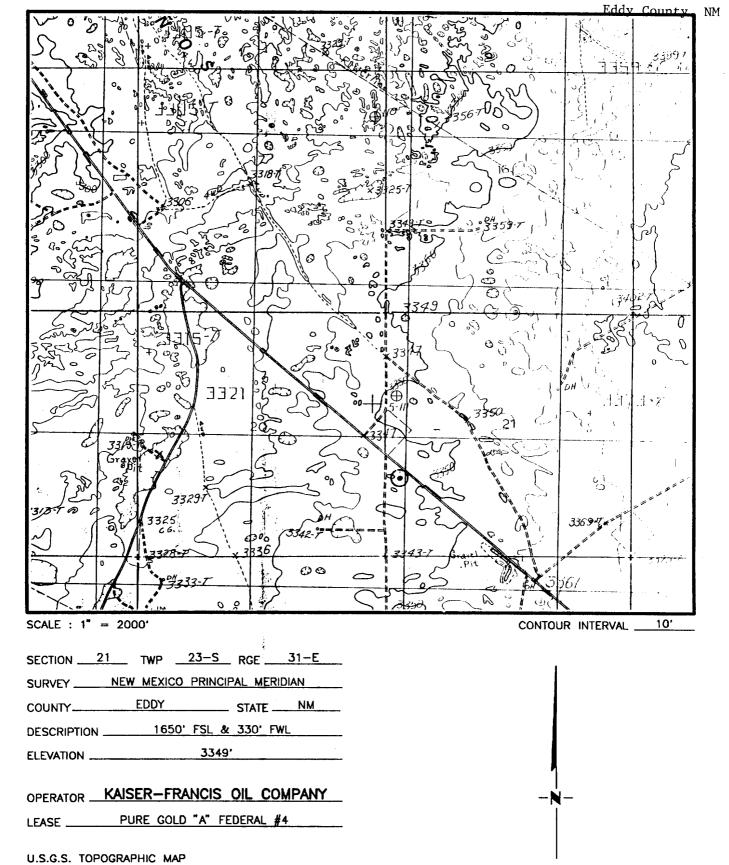
Exhibit H
Kaiser-Francis Oil Co.
Pure Gold "A" Federal #4
Eddy County, NM





LOCATION & ELEVATION VERIFIC. JON MAP

Kaiser-Francis O
Pure Gold "A" Fe
#4



TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART PAMPA, TX. 79065 (806) 665-7218

LOS MEDANOS, NEW MEXICO

W 103'47'23"

SCALED LAT. _______ N 32 17 13"

LONG. ___

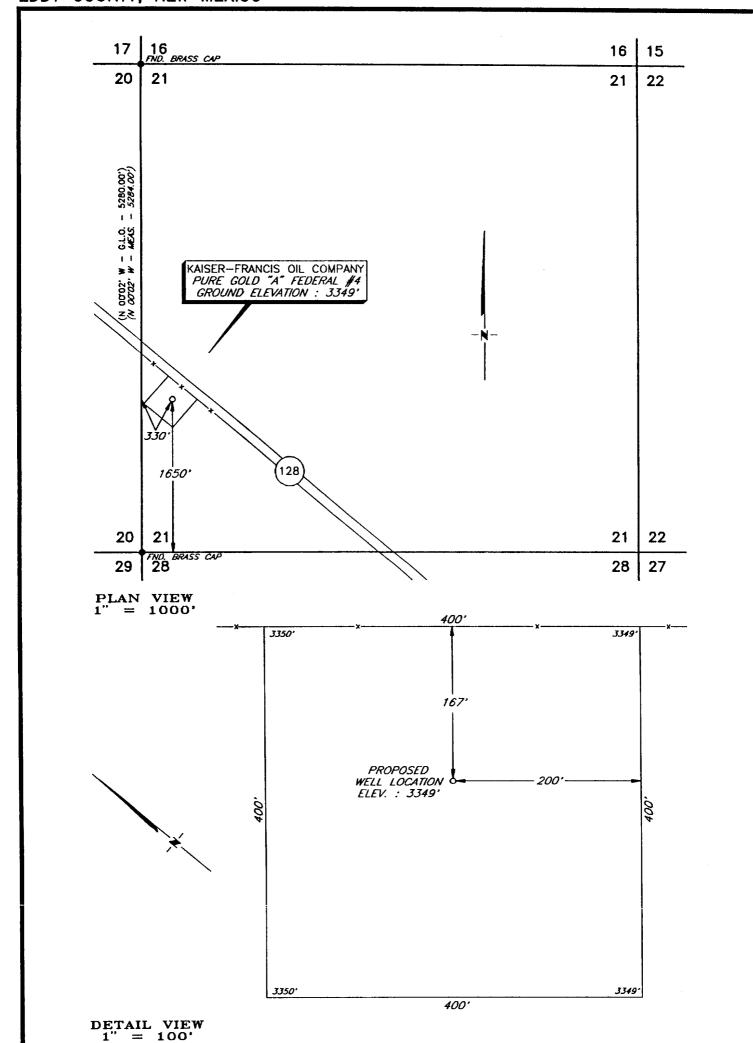
2903 N. BIG SPRING MIDLAND, TX. 79705 (915) 682-1653 621 SUNSET CIRCLE HOBBS, NM. 88240 (505) 392-5173

This location has been very carefully staked on the ground according to the best official survey records,

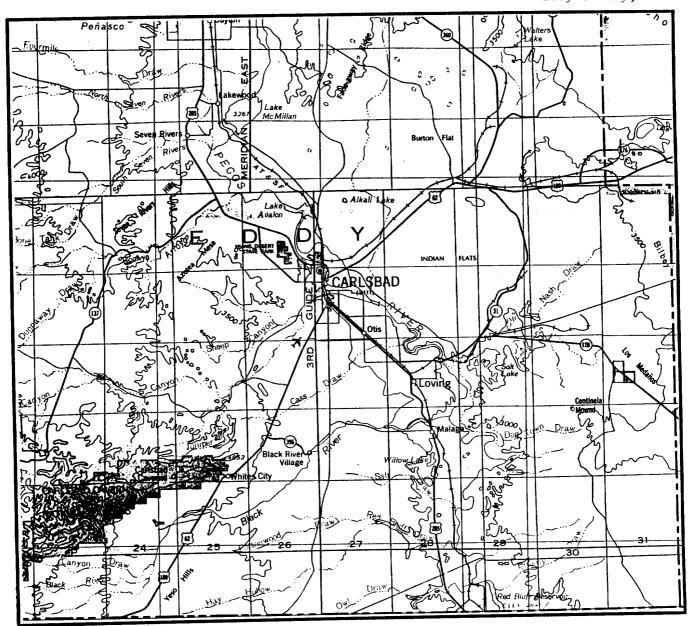
maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

Exhibit E
Kaiser-Francis Oil Co.
Pure Gold "A" Federal #4
Eddy County, NM



				MAIGED EDANGE OH COMPANY	SCALE: AS SHOWN		
				KAISER - FRANCIS OIL COMPANY	DATE: NOVEMBER 2, 1992		
NO.	REVIŚION	DATE	BY	ODESSA, TEXAS	JOB NO.: 92814		
SUR	VEYED BY:	R.B.		SURVEYING AND MAPPING BY			
DRAV	N BY:	V.H.B.		TOPOGRAPHIC LAND SURVEYORS	48 SE		
APPROVED BY: L.W.B.				MIDLAND, TEXAS	SHEET: 1 OF 1		



MILES

SECTION _____ TWP ____ 23-S __ RGE ____ 31-E SURVEY NEW MEXICO PRINCIPAL MERIDIAN EDDY STATE NM COUNTY. 1650' FSL & 330' FWL DESCRIPTION ___ 3349' ELEVATION

OPERATOR KAISER-FRANCIS OIL COMPANY PURE GOLD "A" FEDERAL #4 LEASE ___

DISTANCE & DIRECTION FROM THE INTERSECTION OF STATE HWY. 128 & THE LEA / EDDY COUNTY LINE, GO NORTHWEST 5.7 MILES ON STATE HWY. 128 TO A POINT ± 200' NORTHEAST OF THE LOCATION.



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any

possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry