

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

30-034-25094

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL		5. Lease Number NM-23045	
1b Type of Well GAS		6. If Indian, Name of Tribe or Notice	
2. Operator Parker & Parsley Development Company		7. Unit Agreement Name AUG 27 1991	
3. Address & Phone No. of Operator SA. R. KENDRICK BOX 516, AZTEC, NM 87410 (505) 334-2555		8. Farm or Lease Name OIL CON. DIV SCHALK 33 DIST. 3	
4. Location of Well 1695' FSL 1905' FWL		9. Well Number 1	
14. Distance in Miles from Nearest Town 13 AIR MILES NORTH OF GOBERNADOR, NM		10. Field, Pool, or Wildcat BASIN-FRUITLAND COAL GAS POOL	
		11. Section, Township, & Range, Meridian, or Block K-33-31N-4W	
15. Distance from Proposed Location To Nearest Property Line or Lease Line. 1695'		12. County RIO ARRIBA	
		13. State NEW MEXICO	
16. Acres in Lease 640 ACRES		17. Acres Assigned to Well S-320	
18. Distance From Proposed Location To Nearest Well Dr, Compl., Or Applied For On Lease. 278'		19. Proposed Depth 3755'	
		20. Rotary or Cable Tools ROTARY <small>This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.</small>	
21. Elevations (DF, RT, OR, Etc.) 6669' OR		22. Approximate Date Work Will Start. As soon as Possible.	

23. Proposed Casing and Cementing Program:

DEVELOPMENT AND PRODUCTION ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

Exhibits attached as follows:

- | | |
|--------------------------------------|-----------------------------------|
| "A" Location and Elevation Plat | "F" Location Profile |
| "B" Vicinity Map - Access Roads | "G" Drill Rig Layout |
| "C" Ten-Point Compliance Program | "H" Completion Rig Layout |
| "D" Multi-Point Requirements for APD | "I" Production Facility Schematic |
| "E" Blowout Preventer Schematic | |

24. Signed *AR Kendrick* Title Agent Date July 18, 1991

Permit No. not warrant that the applicant holds legal or equitable rights or title to this lease. Approval Date APPROVED AS AMENDED
Approved By DATE 19 1991 Title AREA MANAGER

NOTE: THIS FORMAT IS ISSUED IN LIEU OF U.S. BLM FORM 3160-3.

NM000

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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

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 Parker & Parsley Development Company			Lease Schalk 33		Well No. 1
Unit Letter K	Section 33	Township 31 North	Range 4 West	County Rio Arriba	
Actual Footage Location of Well: 1695 feet from the South line and 1905 feet from the West line					
Ground level Elev. 6669	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
☐ Yes ☒ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

NM-23045: Royalty - USA
Working - Schalk Development Company
Parker & Parsley Development Company
Fee: Royalty - Jose C. Gomez
Working - El Paso Production Company (Meridian Oil)

OPERATOR CERTIFICATION

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

Signature
A. R. Kendrick
Printed Name
A. R. Kendrick

Position
Agent

Company
Parker & Parsley Development Company

Date
July 18, 1991

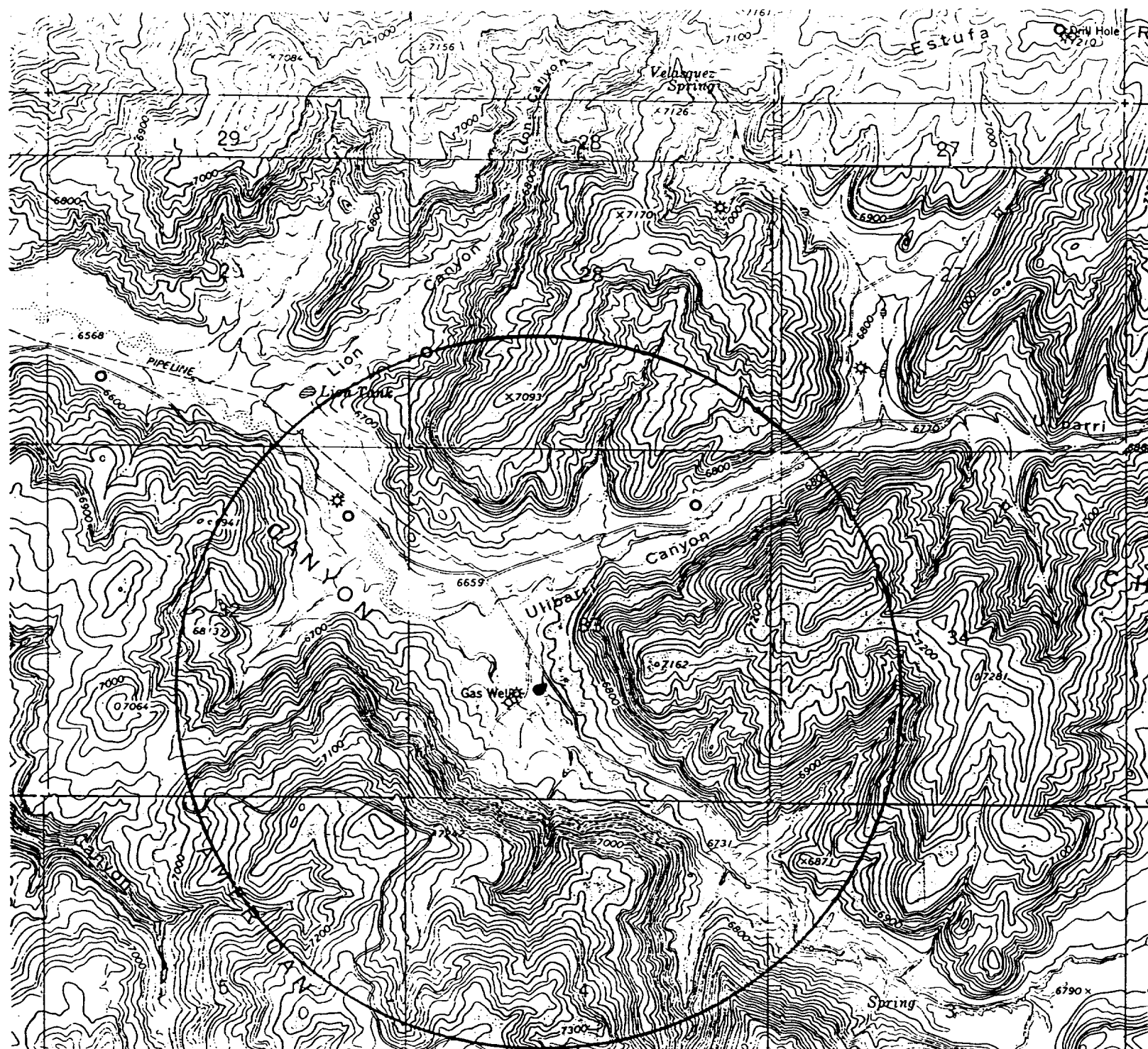
SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed
June 11, 1991

Signature & Seal of
Professional Surveyor
Edgar B. Risenhoover
Certificate No. 5979
Edgar B. Risenhoover, P.S.

EXHIBIT A



Parker & Parsley Development Company
Schalk 33 #1
1695' FSL 1905' FWL Sec. 33-T31N-R4W
Lease No. NM-23045 Elev: 6669' OR

EXHIBIT B

TEN-POINT COMPLIANCE PROGRAM

Parker & Parsley Development Company
Schalk 33 #1
1695' FSL 1905' FWL Sec 33-T31N-R4W
Elev. 6669' GR
Lease No. **NM-23045**

1. THE GEOLOGICAL SURFACE FORMATION IS: Nacimiento.
2. THE ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Ojo Alamo	2954'
Kirtland	3069'
Fruitland	3339'
Fruitland Coal	3427'
Pictured Cliffs	3504'
Total Depth	3755'

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
GAS	Fruitland Coal	3427'

4. THE PROPOSED CASING PROGRAM WILL BE AS FOLLOWS:

<u>DEPTH</u>	<u>HOLE SIZE</u>	<u>O.D.</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>TYPE</u>	<u>NEW/USED</u>
0-350'	12-1/4"	9-5/8"	36	K-55	ST&C	NEW
0-TD	7-7/8"	5-1/2"	15.5	K-55	ST&C	NEW

THE PROPOSED CEMENT PROGRAM WILL BE AS FOLLOWS:

Surface: 220 Sx Class B w/1/4# Flocele/Sx plus 2% CaCl. (260 CuFt)

Production: 1st Stage: 25 Sx 50/50 Poz, 2% Gel, .4% Hal 322, 1/4#/Sx Flocele plus 75 Sx Class B neat (123.25 CuFt). 2nd stage: 400 Sx Howcolite W/2% CaCl followed by 100 Sx Class B W/2% CaCl (842 CuFt). TOTALS 700 Sx or 1102 CuFt (155% fill).

Tools: Stage tool will be located approximately 150 feet below the base of the Ojo Alamo formation with 3 turbulator-type centralizers above it. Fifteen centralizers will be used.

Note: Sufficient cement volume to cover casing from bottom to top to be determined after logging.

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of a "2M" blowout preventer. The BOPs are to be test-operated before drilling out from under the surface casing, and operation checks will be made daily thereafter and recorded in the Daily Drilling Report. Accessories to BOP will include floor safety valve and choke manifold with pressure rating equivalent to the BOP stack.