WARRIOR, INC.

PERMIAN BASIN OPERATIONS

PO Box 5970 Hobbs, NM 88241-5970 Phone (505) 397-3596 Fax (505) 393-7051

December 23, 1992

United States Department of Interior Bureau of Land Management Carlsbad Resource Area P. O. Box 1778 Carlsbad, New Mexico 88221-1778

RE: DRILLING APPLICATION FEDERAL-D WELL NO. 13 SECTION 26, T-20-S, R-36-E LEA COUNTY, NEW MEXICO

Gentlemen:

Attached you will find Form 3160-3 and attachments as well as notice of staking the location for the captioned. The archeological report from Dr. Haskell of Carlsbad is also attached.

Please note this location is an unorthodox oil well location for which a hearing is scheduled at New Mexico Oil Conservation Division on January 7, 1993. We do not anticipate any problems for the approval of this location, and believe it is absolutely necessary to drill as staked to recover maximum reserves which would otherwise be lost.

An early approval of this application will be greatly appreciated. If you have any questions or comments, please contact me at the above address or the phone. Thank you.

Sincerely,

10 and he can I M. Y. (Merch) Merchant

Attachments

MYM/lm

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(December 1990)			reverse		Budget Bureau 1		
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Title 18 U.S.C. Section 1001, makes 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.

NOTICE OF STAKING

1

(Not to be used in place of Application for Permit to Drill Form 3160-3)

1. 011 Well \times Gas Well Other (Specify)	6. Lease Number NM_18264			
2. Name of Operator: WARRIOR, INC.	7. If Indian, Allottee or Tribe Name			
3. Name of Specific Contact Person: M. Y. (Merch) Merchant	8. Unit Agreement Name			
4. Address & Phone No. of Operator or Agent P.O. Box 5970, Hobbas, NM 88241-5970 (505) 347-3596	9. Farm or Lease Name Federal "D"			
5. Surface Location of Well	10. Well No. 13			
Attach: a) Sketch showing road entry into pad, pad dimensions, and rescrve pit. b) Topographical or other acceptable map showing location, access road.	11. Field or Hildcat Name Europt Gates Seven Rivers Queen 12. Sec., T., R., M., or Blk and Survey or Area			
and lease boundaries.	26 - T 20 South R-36.E			
15. Formation Objective(s) 16. Estimated Well Depth Queen-Seven Rivers 4000'	13. County, Parish 14. State or Borough Lea. NM			

17. Additional Information (as appropriate; must include surface owner's name, address, and telephone number).

Mr. Dale (Tuffy) Cooper, Monument, New Mexico (505) 393-6094 Signed Chart Tille Consulting Eugeneer Date 12/21/92 18.

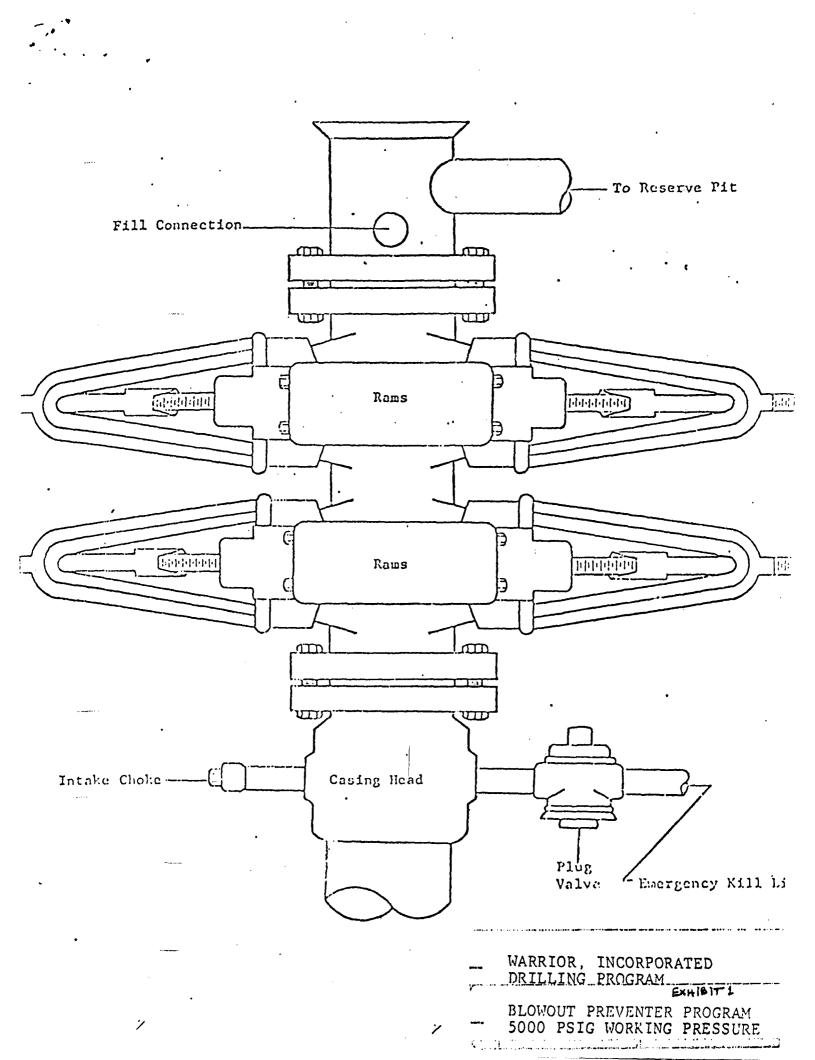
Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

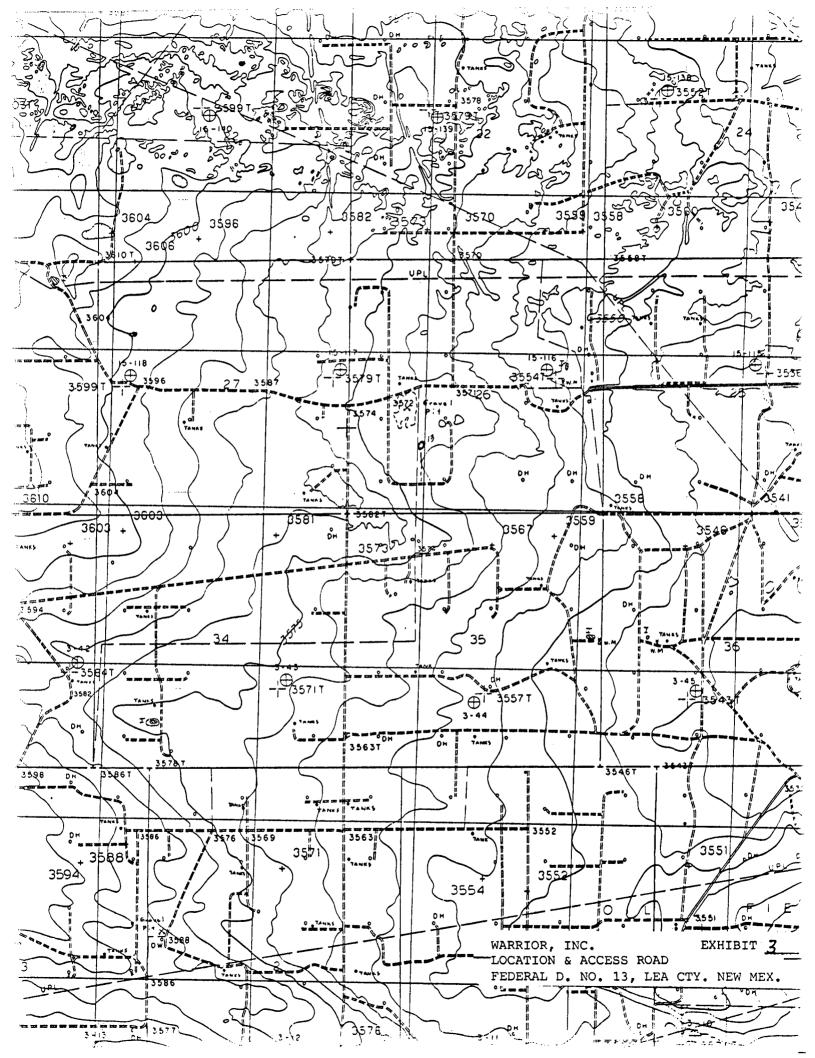
Operators must consider the following prior to the onsite:

- a) H2S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION DISTRICT I P.O. Box 2088 P.O. Box 1980, Hobbs, NM 88240 Santa Fe, New Mexico 87504-2088 DISTRICT II P.O. Drawer DD, Artesia, NM 88210 EXHIBIT #2 WELL LOCATION AND ACREAGE DEDICATION PLAT DISTRICT III FEDERAL D. NO. 13 1000 Rio Brazos Rd., Aztec, NM 87410 All Distances must be from the outer boundaries of the section LEA COUNTY, NM Lease Well No. Operator FEDERAL "D" 13 WARRIOR. INC. Unit Letter Section Township Range County 20 SOUTH 36 EAST LEA M 26 NMPM Actual Footage Location of Well: 1300 WEST 1300 SOUTH line feet from the feet from the line and Pool Ground Level Elev. Producing Formation Dedicated Acreage: 3571.1' Acres 1. Outline the acreage dedicated to the subject well by colored pencil or hachurs 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.? No No If answer is "yes" type of consolidation Yes If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary. No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division. OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and bekef. Signature lphan Printed Name M.Y. (Merch Merchani Position Consulting HILEEZ Company Warrise THC. Date December 22, 1992 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 supervison, and that the same is true and correct to the best of my knowledge an belief. Date Surveyed DECEMBER 17, 1992 3572.7' 3571.6' Signature & Seal of Professional Surveyor 1300 3573.4 3571.8 678 C RONALD J. GOSQI 3239 7973 990 1320 1650 1980 2310 2640 2000 500 330 660 1500 1000 Ó 92-11-1919





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80' 5' DEEP 5 DEEP 501 ENCLOSED TRASH BIN 4 DEEP 10' 201 10 5 DEEP 5' DEEP PUMPS • 25' CELLAR 4'x4' BOX WATER TANK 75' 100 **.....** RIG 04 PIPE RACKS DOG HOUSE ACCESS ROAD TO FED. D #13 100' ١, ¥

EXHIBIT 5

DRILLING RIG LAYOUT

400'

4001

DRILLING PROGRAM

Attached to Form 3160-3 WARRIOR INC. FEDERAL D NO. 13 LEA COUNTY, NEW MEXICO

1. The geologic name of surface formation is Alluvium.

2. The estimated tops of important geologic markers are:

Base o	f Salt	3060'
Base o	f Tansill	3114'
Base o	f Yates	3220'
Base o	f Queen	3670 '
Total 1	Depth	3950 '

3. Estimated depths at which oil and gas and water bearing formations are expected to be encountered:

100' Fresh water 3150' Gas 3265' Gas 3670' Oil & Gas 3800' Oil & Gas 3850' Oil & Gas

The surface fresh water sands will be protected by setting 8 5/8" casing at 400' and circulating cement back to surface. All oil and gas zones have cement circulated across them, and 5 1/2" production casing will be set at 3950'.

4. Casing Program:

As shown on the attached Form 3160-3.

- 5. Types and Characteristics of the Proposed Mud System:
 - The well will be drilled to TD with a combination of brine, cut brine, and 10# gel mud system through the pay. The applicable depths and properties of this system are as follows:

0-400'	Fresh water(Spud)	8.5#	40-45	Vis.	WL:	N.C.
400-3600'	Brine water	10#	30	Vis.	WL:	N.C.
3600-T.D.	8.8-9.2 Cut Brine	8.8-9.2#	28	Vis.	WL:	15

Sufficient mud materials to maintain mud properties and minimum lost circulation and weight increase requirements will be kept at the well site at all times.

Attached to Form 3160-3 WARRIOR INC. FEDERAL D. NO. 13 LEA COUNTY, NEW MEXICO

6. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit ¹ will consist of a double ram-type (3000 psi WP) preventer. BOP's will be nippled up on the 8 5/8" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of the surface casing. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A kelly cock will be kept in the drill string at all times. A full opening drill pipe stabbing valve with proper drill pipe connections will be on the rig floor at all times.

- 7. Logging, Testing and Coring Program:
 - A. There will be no drill stem testing.
 - B. The electric logging program will consist of GR-Dual Laterolog-MSFL and Compensated GR-Neutron Density from TD to surface.
 - C. No conventional or side wall coring is expected.
- 8. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature is 90°F, and estimated bottom hole pressure is 400 psig. No major loss circulation zones have been reported in the area. No hydrogen sulfide or other hazardous gases or fluids have been reported or are known to exist at this depth in the area.

9. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated date to spud is January 31, 1993. Once commenced, the drilling operations should be finished in approximately eight (8) days. An additional ten (10) days will be required for completion and testing. The well will be produced in the currently existing tank batteries north of this location.

SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3 WARRIOR INC. FEDERAL D. NO.13 Lea County, New Mexico

- 1. Existing Roads:
 - A. The well site and elevation plat for the proposed well is shown in #2. It was staked by John West Engineering Company of Hobbs, NM.
 - B. All roads to the location are shown in Exhibit #3. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road after drilling and completion operations will be done as necessary.
 - C. Directions to location: Go west of Hobbs, New Mexico -9- miles. Turn south on Highway 8 towards Monument. Go 6 miles south of Monument and turn west or right on caliche road (county maintained) to Mr. Dale (Tuffy) Cooper's house. Stay on the main dirt going west, make a semicirle by Mr. Cooper's house. Warrior Federal D battery on the north or right side of the road. Location on the south side of the battery, pass the caliche pit.
- 2. Exhibit #3 shows the of new access road to be constructed and is illustrated in yellow. The road will be constructed as follows:
 - A. The maximum depth of the running surface will be 15'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspections.
 - .B. The average grade will be less than 1%.
 - C. No turnout are planned.
 - D. No culverts, cattleguard, gates, low water crossings, or fence cuts are necessary.
 - E. Surface material will consist of native caliche. Caliche will be obtained from the offsetting caliche pit owned by the surface owner, Mr. Dale (Tuffy) Cooper. A fair market price will be paid to Mr. Cooper.
 - F. The proposed access road as shown in Exhibit # has been centerline flagged by John West Engineering Co. of Hobbs, New Mexico.
 - G. Exhibit shows all existing wells within a one-mile radius of this well. All wells are in the Eumont Yates Queen Seven Rivers pay. Warrior Federal D #2 is an injection well located in the southwest quarter of the northwest quarter of Section 26, T20S, R36E. The other injection well operated by Chevron is also shown on this map located in the SW/4 of the SW/4 Section 23 of the same township and range. There is one plugged well(Exxon) located in the SW/4 of the SE/4 in Section 26,T20S,R36E.

ATTACHED TO FORM 3160-3 WARRIOR INC. FEDERAL D # 13 LEA COUNTY, NEW MEXICO

- 3. Location of Existing Facilities:
 - A. Warrior Inc. operates only one production facility on this lease. This battery is located due north of the proposed well in Unit Letter L. No addition will be made to the tankage or separation equipment. A 2" polyline will be laid on top of the ground and connect in the flow line carrying oil, gas and water from the currently producing wells No. 1 and 5.
 - B. Electric power will be necessary to pump the well. Power line will be installed down the road ROW to the well.
- 4. If the well is productive, rehabilitation plan are as follows:
 - A. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is completed).
 - B. Caliche from unused portions of the drill pad will be removed. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.
- 5. Location and Type of Water Supply:

The water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit . No water well will be drilled on the location.

- 6. Methods of Handling Water Disposal:
 - A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
 - B. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 80'x60'x5' deep and fenced on three sides prior to drilling. The reserve will be plastic lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of ground with brine water.
 - C. Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending on water rates). After the well is permanently placed on production, produced water will be collected in water tanks at the Federal D battery and injected in the Federal D#2.
 - D. A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.

ATTACHED TO FORM 3160-3 WARRIOR INC. Federal D No. 13 Lea County, New Mexico

- E. Garbage and trash produced during drilling and completion operations will be collected in an enclosed portable trash cart. It will be carried to an approved waste management company in Hobbs, New Mexico.
- F. After the rig is moved out and the well is completed, all waste materials will be cleaned up within thirty days. No adverse material will be left on location. The reserve pit will be completely fenced and netted and kept closed until it has dried. When the reserve pit is dry enough to break out and fill, and as weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use.
- 7. Ancillary Facilities:

No airstrip, campsite, or other facilities will be built as a result of operations on this well.

- 8. Well Site Layout:
 - A. The drill pad layout, with elevations staked by John West Engineering, is shown in Exhibit . Dimensions of the pad and pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Because the pad is almost flat (level) no major cuts will be required.
 - B. Exhibit shows the orientation for the rig and associated drilling equipment, reserve pit, trash pit, pipe racks, and access roads. No permanent living facilities are planned but a temporary foreman/ tool pusher's trailer will be on location during the drilling operations.
- 9. Surface Ownership:

The surface is patented land. Mr. Dale (Tuffy) Cooper has been contacted, and damages for building location and access road are being negotiated.

10. Other Information:

An archeological report is being prepared by Dr. Haskell from his offices located in Carlsbad, New Mexcio.

ATTACHMENT TO FORM 3160-3 WARRIOR INC. FEDERAL D NO. 13 LEA COUNTY, NEW MEXICO

11. LESSEE'S AND OPERATOR'S REPRESENTATIVE:

M. Y. (MERCH) MERCHANT WARRIOR INC. PERMIAN BASIN OPERATIONS P. O. BOX 5970 HOBBS, NEW MEXICO 88241-5970 PHONE: (505) 397-3596 (24 HOURS)

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 THE WORK ASSOCIATED WITH THE OPERATIONS PROPOSED HEREIN WILL BE PERFORMED BY WARRIOR, INC. AND ITS CONTRACTORS AND SUBCONTRACTORS IN CONFORMITY WITH THIS PLAN AND THE TERMS AND CONDITIONS WHICH IT IS APPROVED. THIS STATE-MENT IS SUBJECT TO THE PROVISIONS OF 18 U.S.C. 1001 FOR THE FILING OF A FALSE STATEMENT.

DATE: 12/23/92

SIGNED: Lohamper Africhen

M. Y. (MERCH) MERCHANT MANAGER, PERMIAN BASIN



NMAS New Mexico Archaeological Services, Inc.

P.O. Box 1341 Carlsbad, New Mexico 88221-1341 (505) 887-7646 • FAX (505) 885-2587

Reconnaissance Excavation Analysis Explanation Curation

22 December 1992

Mr. M.Y. Merchant WARRIOR, INC. P.O. Box 5970 Hobbs, New Mexico 88240

Dear Mr. Merchant:

Enclosed please find NMAS' Archaeological Survey Report for WARRIOR, INC.'s proposed Federal "D" Well No. 13 and its associated access road in Lea County, New Mexico. No cultural resources were recorded during these surveys; therefore, NMAS is suggesting clearance for all proposed work.

If you have any questions pertaining to this report, please call my office. Thank you for asking NMAS to do these surveys.

Yours sincerely, kell Dr. J. Loring Haskell

Principal Investigator

Enclosure

cc: Mr. Michael Kyte, BLM, Carlsbad

as

Archaeological Survey Report

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for

WARRIOR, INC.

Federal "D" Well No. 13 and Access Road

Prepared

Ву

Dr. J. Loring Haskell

Submitted

Ву

Dr. J. Loring Haskell Principal Investigator New Mexico Archaeological Services, Inc. Carlsbad, New Mexico

22 December 1992

Permit Number: 14-2920-92-M

Report Number: NMAS-1992-19-D

ABSTRACT

٠.

New Mexico Archaeological Services, Inc., representing WARRIOR, INC., undertook a Class III survey of Bureau of Land Management land scheduled to be impacted by the construction of a drill location and its associated access road. Field work was conducted under sunny conditions with high, thin cirrus during early afternoon. The proposed location will measure 400 X 400 ft (actual area surveyed 4.44 acres). The access road will measure 100 X 500 ft (actual area surveyed 1.15 acres). Total surveyed acreage 5.59 acres. They will be situated in Section 26, T20S, R36E, NMPM, Lea County, New Mexico. No cultural properties were recorded during these surveys; therefore, NMAS is suggesting clearance for all proposed work.

Introduction

On 17 December 1992, New Mexico Archaeological Services, Inc., (NMAS), Carlsbad, (Permit Number: 14-2920-92-M), undertook for WARRIOR, INC., an archaeological survey of federal land administered by the Bureau of Land Management in Lea County, New Mexico. Reconnoitered area will be impacted by the construction of a drill location and its associated access road. These surveys were undertaken by Dr. Haskell.

Survey Technique

For these investigations, WARRIOR, INC.'s proposed location was reconnoitered for evidence of man's past activities by walking it in a series of 8.0 m wide, close interval (15° or less), zigzag transects. In addition, an added zone extending 20 ft on each side of the staked 400 X 400 ft location, and lying outside the bounds of the proposed work area, was reconnoitered by a similar means. The access road was walked in two, 15 m wide transects. Lath is considered to be the center of the proposed road. Methodologically, these procedures served to promote optimal conditions for the visual examination of the areas to be impacted by construction-related activities. Field work was conducted under sunny conditions with high thins cirrus during early afternoon. Ground visibility ranges between 70 and 85%. Field time 1½ hours.

Federal "D" Well No. 13

Location

The proposed location will measure 400 X 400 ft (actual area surveyed 4.44 acres) on federal land and will be situated 1300 ft from the south line and 1300 ft from the west line. 1

Section 26, T20S, R36E, NMPM, Lea County, NM

Thus it will be situated in the:

SW1SW1, Section 26, T20S, R36E, NMPM, Lea County, NM NW1SW1, Section 26, T20S, R36E, NMPM, Lea County, NM NE1SW1, Section 26, T20S, R36E, NMPM, Lea County, NM SE1SW1, Section 26, T20S, R36E, NMPM, Lea County, NM

The associated access road will measure approximately 100 X 500 ft (actual area surveyed 1.15 acres) and will be situated in the:

SW¹SW¹, Section 26, T20S, R36E, NMPM, Lea County, NM Map Reference: USGS MONUMENT SOUTH QUADRANGLE, 7.5 Minute Series, 1985, Prov. ED.

Enviornmental Setting

WARRIOR, INC.'s proposed location will be situated on a gently sloping portion of the Eunice Plain whose surface is marked by low hummocky terrain. Areal microrelief ranges between 0.50 and 1.0 m in height. Surficial deposits, universally dominated by the sand separate, are made up of sandy clay loams. Peds overlie <u>croute calcaire</u>. Soil individuals fall within the Typic Torripsamment subgroup. Depositionally, the surface is subject to colluvial movement. Drainage is internal owing to the Karst landform. Elevation is 3571 ft. Slope is 0.40°. Aspect is multiple (360°).

The grassland/scrub formation is made up of mesquite, broom snakeweed, silver-leaf nightshade, Russian thistle, desert holly, leather-leaf croton, loco weed, fluff grass, six weeks grama, mesa dropseed, New Mexico brittle grass, poverty threeawn and bush muhly. 2

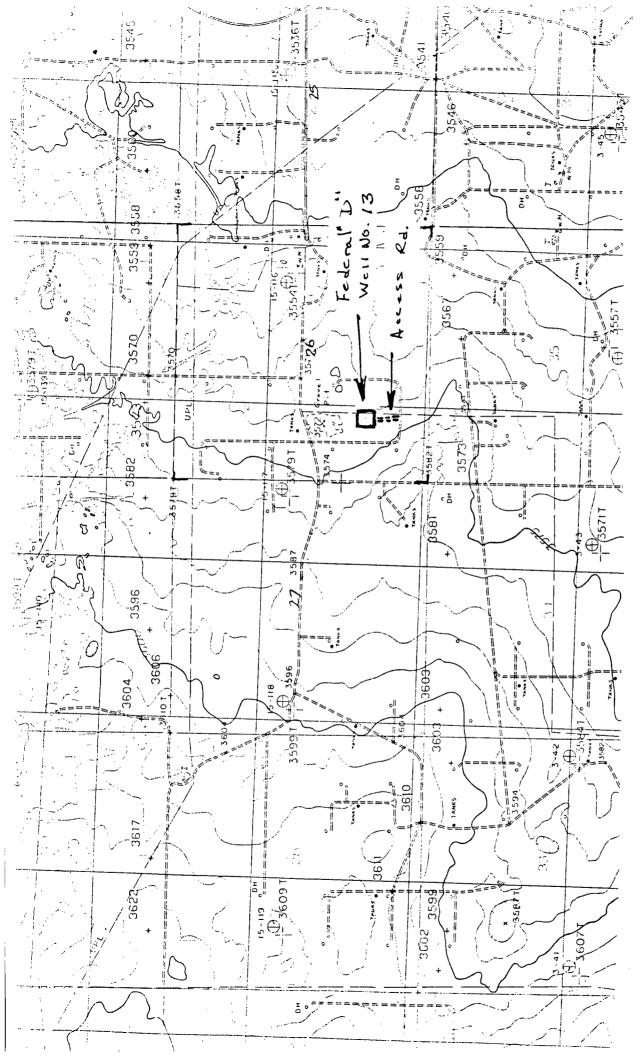
Cultural Resources

Prefield: 16 December 1992, Section 26 (no archaeological sites), T20S, R36E, Arita K. Slate.

No cultural resources were recorded during this survey. Their absence is attributable to an overall lack of silceous lithic sources, the open character of the landform itself and an extreme dearth of potable water. Land usage increases to the east where land usage was intense.

Recommendations

NMAS recommends clearance for WARRIOR, INC.'s proposed Federal "D" Well No. 13 and its access road and suggests that work-related activities proceed in accordance with company plans (Fig. 1). Clearance, of course, is granted by the Bureau of Land Management. If cultural resources are encountered during construction, the BLM and NMAS should be notified immediately.



1;24,000, 1985, Prov., Ed., showing 1300' FWL, and access road, Section USGS MONUMENT SOUTH QUADRANGLE, 7.5 Minute Series, INC.'s proposed Federal "D" Well No. 13,1300' FSL, MN NMPM, Lea County, R36E, Fig. 1. WARRIOR, 26, T20S,