Form 3160-3
(August 1999)

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OCD - ARTESIA, NM

143 RESUBMITTAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

R-111-POTASH

AFS-07-97

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: [X] DRILL [ ] REENTER	5. Lease Serial No.: NM-25876
1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone	6. If Indian, Allotee or Tribe Name: NA
	7. Unit or CA Agreement Name and No.
2. Name of Operator: Chevron U.S.A. Inc. 4323	8. Lease Name and Well No.: GETTY 24 FEDERAL #12 29747
3a. Address: 15 Smith Road, Midland Texas 79705	3b. Phone No. (include area code): 432-687-7375
	9. API Well No.: 30-015-35464
4. Location of Well (*Report location clearly and in accordance with any State equirements*)* At surface: 330' NORTH, 610' WEST, UL - D	10. Field and Pool, or Exploratory: LIVINGSTON RIDGE DELAWARE
At proposed prod. zone: SAME	11. Sec., T., R., M., or Blk. and Survey or Area: 24, 22-S, 31-E
14. Distance in miles and direction from nearest town or post office*: 29 MILES EAST OF CARLSBAD, NEW MEXICO	12. County or Parish: EDDY; 13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any): 330'	16. No. of Acres in lease: 640	17. Spacing Unit dedicated to this well: 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth: 8500'	20. BLM/BIA Bond No. on file: CA0329
21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3547'	22. Approximate date work will start*: 2-28-2005	23. Estimated duration: 4 WEEKS

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

25. Signuature: Denise Pinkerton	Name (*Printed/Typed*): DENISE PINKERTON	Date: 11-15-2005
Title: REGULATORY SPECIALIST		
Approved by (Signautre): ACTING /s/ Jesse J. Juen	Name (*Printed/Typed*)	Date: FEB 22 2007
Title: STATE DIRECTOR	Office: NM STATE OFFICE	

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 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. Sec ... fully to make to any department or agency of the United States any false, fictitious or fraudulent stateme...

(Instructions on Reverse)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

CARLSBAD CONTROLLED WATER BASIN

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	39360	Swingston Ridge; Delaware

Property Code	Property Name	Well Number
	GETTY 24 FEDERAL	12

OGRID No.	Operator Name	Elevation
4323	CHEVRON U.S.A. INC	3547'

Surface Location

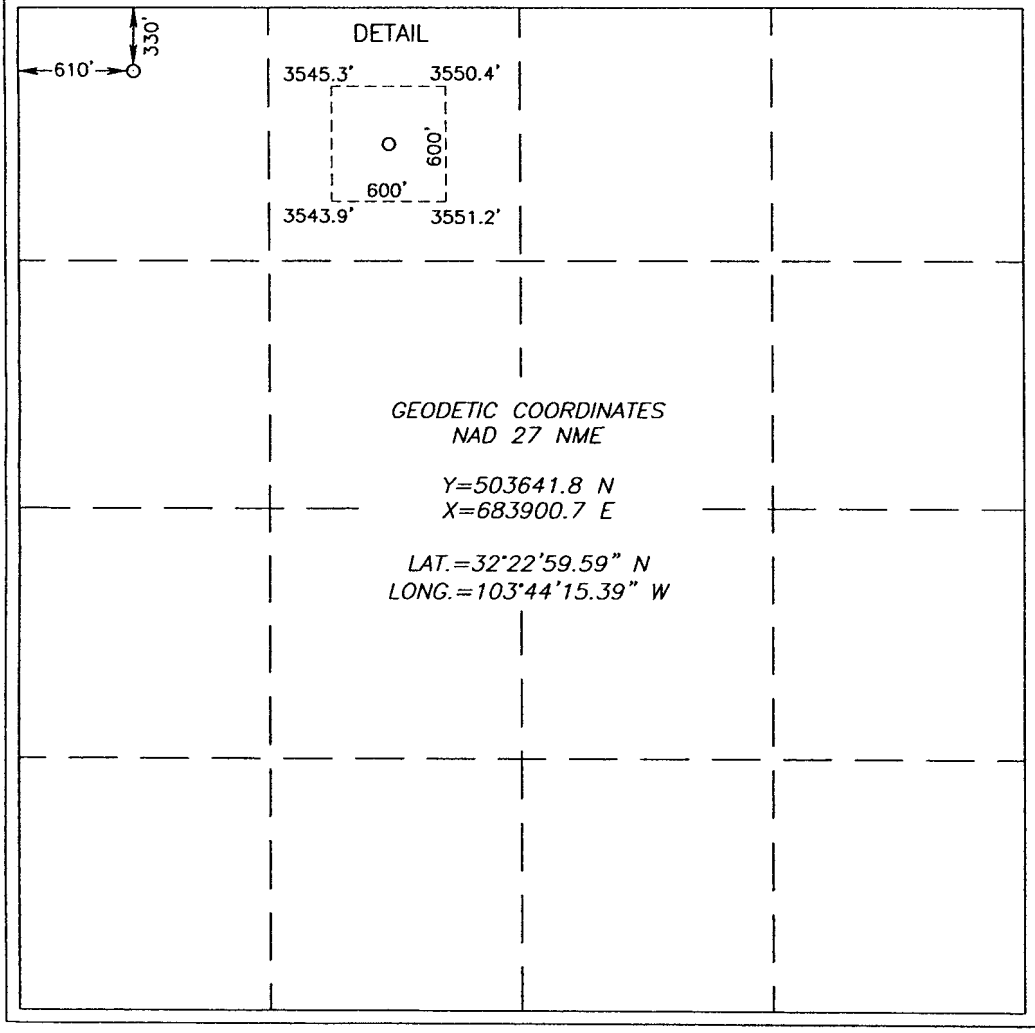
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	22-S	31-E		330	NORTH	610	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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

Denise Pinkerton
Signature

Denise Pinkerton
Printed Name

Regulatory Specialist
Title

11-15-05
Date

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 belief.

JULY 15, 2005
Date Surveyed GS

Signature & Seal of Professional Surveyor

GARY L. EIDSON
NEW MEXICO
12641
REGISTERED PROFESSIONAL SURVEYOR

Gary L. Eidson 7/25/05
05.11.1037

Certificate No. GARY EIDSON 12641

PROPOSED DRILLING PROGRAM

Getty 24 Federal #12

Section 24

Township 22 South

Range 31 East

Eddy County, New Mexico

Surface Location: 330' FNL, 610' FWL

Prepared By:	**Ray Matthews** **November 7, 2005**
WBS Number:	**TBD**
API Number:	**TBD**
Chevno:	**TBD**

Table of Contents

DIRECTIONS

TBD.

PROPOSED WORK

SURFACE HOLE:

1. Call the 1-800 dig number and notify BLM (505-234-5972) 3 working days prior to building location. Build location and cellar prior to moving in rotary tools. Have reserve pits lined and filled with water. A fresh water well should be located and utilized for fresh water as opposed to trucking. Set a 20" cemented conductor at ±40'.

2. Move in and rig up rotary tools. Install gas buster as flows in one of the offsets was encountered at 3305'. Conduct safety meeting with rig personnel. Post drilling permit and emergency response plan in the dog house. Notify the BLM and OCD of intent to spud.

3. Pick up a 17-1/2" bit, bit sub, shock sub, 6-8" collars, and 18-6" collars (slick BHA). Deviation is not expected to be a problem. Inclinations less than one degree are common.

4. Spud well utilizing fresh water as the drilling fluid. Circulate the reserve pit for solids control. It is imperative that brine, oil, or other contaminants not be introduced into the surface hole. The main purpose of this hole is to protect fresh water sands.

5. Drill a 17-1/2" hole to 800'. Possible air pockets in the lower portion of this hole section. Run 13-3/8" casing as follows:

   a) Guide shoe
   b) 1 joint 13-3/8", 48 ppf, H-40, STC casing
   c) Insert float
   d) ±760', 13-3/8", 48 ppf, H-40, STC casing

   Centralize the bottom three joints and every fourth joint thereafter.

   Threadlock the field and mill ends of the bottom three joints and all float equipment.

   Inspection: None

6. Circulate casing capacity or annular volume, whichever is greater. Cement in accordance with attached cementing summary. Displace cement with fresh water utilizing wiper plug. Displace to within ±40' of shoe. Check float. If

float fails, shut in for a minimum of four hours. If cement does not circulate, will need to run temperature survey, notify BLM and 1" back to surface.

7. Cut off casing. Install casing (starting) head. Test starting head to ±385 psi (50% of collapse rating).

8. Nipple up BOP stack. Test BOPE to 250 psi low for 5 minutes, 1000 psi high for 30 minutes. Test casing to 1000 psi for 30 minutes. Test choke manifold to 250 psi low for 10 minutes, 3000 psi high for 10 minutes.

9. Install H_2S detection equipment prior to drilling out. This equipment will remain on location until the rig is released. Equipment to include warning signs, windsocks, and detectors at the cellar, at the rotating head, at the flow line and on the floor.

INTERMEDIATE HOLE:

1. Trip in hole with an 11" bit, shock sub, 2-8" drill collars, IBS, 8" drill collar, IBS, 5-8" drill collars, and 24-6" drill collars. Tag cement.

2. Drill an 11" hole to a TD depth of 4450'. Brine water will be utilized as the drilling fluid, circulating the reserve pit for solids removal to this depth. Water flows with H2S are possible from 3300' to 4450'. Deviation increases are possible from 3600' – 4450'.

3. Take TOTCO surveys every 500' to 3300' then every 350' to 4450' (or adjust accordingly in an attempt to keep deviation below 3.0°). It is recommended that the WOB be reduced while drilling below 3100' until deviation is repeatedly kept below 3.0°.

4. Run casing as follows:

   a) Guide shoe
   b) ±45' (1 joint) 8-5/8", 32 ppf, J-55, LTC
   c) Float collar
   d) ±4405', 8-5/8", 32 ppf, J-55, LTC

   Centralize the bottom three joints. Threadlock the field and mill ends of the bottom three joints and all float equipment.

   Inspection: BCI and drift

5. Circulate casing capacity or annular volume, whichever is greater. Cement in accordance with attached cementing summary. Displace cement with fresh water utilizing wiper plug. Displace to within ±40' of shoe. Check float. If

float fails, shut in for a minimum of four hours. If cement fails to circulate, will need to run temperature survey, notify BLM and 1" back to surface.

6. Cut off casing. Install B-Section casing head. Test head to ±1265 psi (50% of collapse rating).

7. Nipple up BOP stack. Test BOPE to 250 psi low for 10 minutes, 3000 psi high for 10 minutes. Test annular to 250 psi low for 10 minutes, 1500 psi high for 10 minutes. Test casing to 2000 psi for 30 minutes.

PRODUCTION HOLE:

1. Allow 24 hours of WOC following bumping the plug prior to drilling out. Trip in hole with a 7-7/8" bit, bit sub, 2-6" drill collars, IBS, 6" drill collar, IBS, and 28-6" drill collars. Tag cement. Rig up mud loggers to have ready when drilling out of shoe.

2. Drill a 7-7/8" hole to 8500'. Fresh water will be utilized as the drilling fluid. Water flows are possible in this section of the hole as well as lost circulation from 7200' – 8200'.

3. Condition hole and trip out and run open hole logs.

4. Trip in hole and condition for casing; trip out of hole laying down.

5. Run casing as follows (maximum over pull is 70,000 pounds):

   a) Float shoe
   b) ±45' (1 joint) 5-1/2", 17 ppf, J-55, LTC
   c) Float collar
   d) ±2155', 5-1/2", 17 ppf, J-55, LTC
   e) ±200', 5-1/2", 15.5 ppf, J-55, LTC
   f) DV tool at ±6100' from surface
   g) ±2400', 5-1/2", 15.5 ppf, J-55, LTC
   h) DV tool at ±3700' from surface
   i) ±1700', 5-1/2", 15.5 ppf, J-55, LTC
   j) ±2000', 5-1/2", 17 ppf, J-55, LTC

   Include short joint in the string at ±7000'. Centralize the bottom three joints and across any potential pay. Threadlock the field and mill ends of the bottom three joints and all float equipment.

   Inspection: BCI and drift

15. Cement in accordance with attached cementing summary.

16. Set slips with weight as cemented. Cut off casing. Install permanent 11" 3000 psi X 7-1/16" 3000 psi tubing head. Test seal to 50% of collapse rating.

17. Release rig. Rig down and move out rotary tools.

POTENTIAL PROBLEMS

Surface Hole:

Air blows possible around 600'.

Intermediate Hole:

Air pockets may be encountered in the shallow portion of the hole below surface.

Possible strong water flows with sour gas at ±3300'.

Deviation at 3600' to 4450'.

Production Hole:

Rig up H2S safety equipment prior to drilling out the 13-3/8" shoe. Maintain pH at 10+ and treat with H2S scavenger.

Possible water flows at ±6000'.

Possible lost circulation at 7200' to 8200'.

MUD PROGRAM

Interval	Type	Weight (ppg)	Vis. (sec/qt)	Fluid Loss (cc)	Remarks
Surf to 800'	Fresh Wtr.	8.6	32	No control	Circulate reserve
800' to 4450'	Brine	10	29	No control	Circulate reserve
4450' to 8500'	Fresh Wtr.	8.5-9.2	28 – 45	NC to 12	Circulate reserve

When circulating the reserve, it is a good practice to switch to the steel pits for one hour each tour to monitor gains/losses. Mud up to a starch/PAC system from 8000' to TD.

EVALUATION PROGRAM

Mud Logging:

A two man unit will be rigged up at 4450' and utilized to total depth.

Open Hole Logs:

Platform Express Litho-Density/NGT, Induction log from TD to intermediate casing point.

Sidewall cores are a possibility.

SURFACE CEMENTING PROGRAM

Cement with 950 sacks Class "C" with 2% $CaCl_2$.

Minimum waiting on cement time: 12 hours

Cement properties:

Slurry weight: .....14.8 ppg

Slurry yield: ..... 1.34 ft^3 per sack

Cement must circulate to surface. If cement does not circulate, run a temperature survey six to eight hours after cementing. Contact the BLM and OCD and the Midland office for proper procedure to bring cement to surface. Normal procedure is to run one inch tubing down the annulus to top of cement, therefore one inch tubing should be on location or readily available.

Cement volume is based on 17-1/2" by 13-3/8" annular volume plus 135% excess.

INTERMEDIATE CEMENTING PROGRAM

Cement with 1100 sacks 35/65 pozmix Class "H" with 6% gel, 5% salt, 1/4 lb. cellophane flakes followed by 200 sacks Class "H" neat.

Minimum waiting on cement time: 12 hours

Cement properties:

Slurry weight: (lead).....12.8 ppg
(tail)..... 15.6 ppg

Slurry yield: (lead).....1.94 ft^3 per sack
(tail)..... 1.18 ft^3 per sack

Cement must circulate to surface. If cement does not circulate, run a temperature survey six to eight hours after cementing. Contact the BLM and OCD and the Midland office for proper procedure to bring cement to surface. Normal procedure is to run one inch tubing down the annulus to top of cement, therefore one inch tubing should be on location or readily available.

Cement volume is based on 11" by 8-5/8" annular volume plus 110% excess.

PRODUCTION CEMENTING PROGRAM

Place bomb type DV tool at ±6100' and ±3700'.

Cement first stage with 20 bbl of CW100 followed by 625 sacks of 50/50 pozmix Class "H" with 2% gel, 5% salt, 0.2% retarder and 1/4 lb. cellophane flakes. Circulate four to six hours between stages unless it is determined that this would be non-productive time considering the lost circulation during drilling operations.

Cement second stage with 360 sacks of 35/65 pozmix Class "H" with 6% gel, 5% salt, 1/4 lb. cellophane flakes followed by 115 sacks of 50/50 pozmix Class "H" with 2% gel, 5% salt, 1/4 lb. cellophane flakes.

Cement third stage with 360 sacks of 35/65 pozmix Class "H" with 6% gel, 5% salt, 1/4 lb. cellophane flakes followed by 50 sacks of 50/50 pozmix Class "H" with 2% gel, 5% salt, 1/4 lb. cellophane flakes.

Cement Properties:

First Stage	All
Slurry Weight	14.2 ppg
Slurry Yield	1.35 cu-ft/sx

Second and Third Stage	Lead	Tail
Slurry Weight	12.4 ppg	14.2 ppg
Slurry Yield	2.17 cu-ft/sx	1.35 cu-ft/sx

1st Stage: Cement volume based on 7-7/8" open hole by 5-1/2" annular volume plus 100% excess. Do not adjust downward as this is the amount of cement needed to circulate off the DV tool in this area (if caliper plus 35% is yields more cement, adjust upward).

2nd Stage: Cement volume based on 7-7/8" open hole by 5-1/2" annular volume plus 125% excess. Adjust lead cement volumes to yield caliper plus 35% excess in open hole and 15% in cased hole.

3rd Stage: Cement volume based on 8-5/8" casing by 5-1/2" annular volume plus 30% excess.

Cement is designed to circulate to surface. If cement does not circulate, run a temperature survey to determine top of cement.

CASING SUMMARY

SURFACE:

800', 13-3/8", 48 ppf, H-40, STC

INTERMEDIATE:

4450', 8-5/8", 32 ppf, J-55, LTC

PRODUCTION:

2000', 5-1/2", 17 ppf, J-55, LTC on top
4300', 5-1/2", 15.5 ppf, J-55, LTC in middle
2200', 5-1/2", 17 ppf, J-55, LTC on bottom
DV tools @ 6100' and 3700'

TUBING:

8400', 2-7/8", 6.5 ppf, J-55, EUE

CASING PROPERTIES

	BURST		COLLAPSE		Test
	Rated	(80%)	Rated	(80%)	Pressure
13-3/8", 48 ppf, H-40, STC	1730	1380	770	610	500
8-5/8", 32 ppf, J-55, LTC	3930	3140	2530	2020	1500
5-1/2", 17 ppf, J-55, LTC	5320	4255	4910	3925	2000
5-1/2", 15.5 ppf, J-55, LTC	4810	3845	4040	3230	2000
2-7/8", 6.5 ppf, J-55, EUE	7260	5808	7680	6144	

H2S DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All contractors and subcontractors employed by Chevron U.S.A. Inc. will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H2S)
2. Safety precautions
3. Operations of safety equipment and life support systems

In addition, Chevron supervisory personnel will be trained or prepared in the following areas:

1. The effect of H2S on metal components in the system. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.

2. Corrective action and shut-down procedures when drilling or working a well, blowout prevention and well control procedures, if the nature of work performed involves these items.

3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

II. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

   The following safety equipment will be on location.

   A. Wind direction indicators as seen in attached diagram.
   B. Automatic H2S detection alarm equipment (both audio and visual).
   C. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
   D. Protective breathing equipment will be located in the dog house and at the briefing areas as seen in the attached diagram.

2. Well Control Systems

A. Blowout Prevention Equipment
Equipment includes but is not limited to:

a. pipe rams to accommodate all pipe sizes
b. blind rams
c. choke manifold
d. closing unit

Auxiliary equipment added as appropriate includes:

a. annular preventor	N/A
b. rotating head	N/A
c. mud-gas separator	N/A
d. flare line and means of ignition	N/A
e. remote operated choke	N/A

B. Communication

The rig contractor will be required to have a two-way communication capability. Chevron U.S.A. Inc. will have either land-line or mobile telephone capabilities.

C. Mud Program

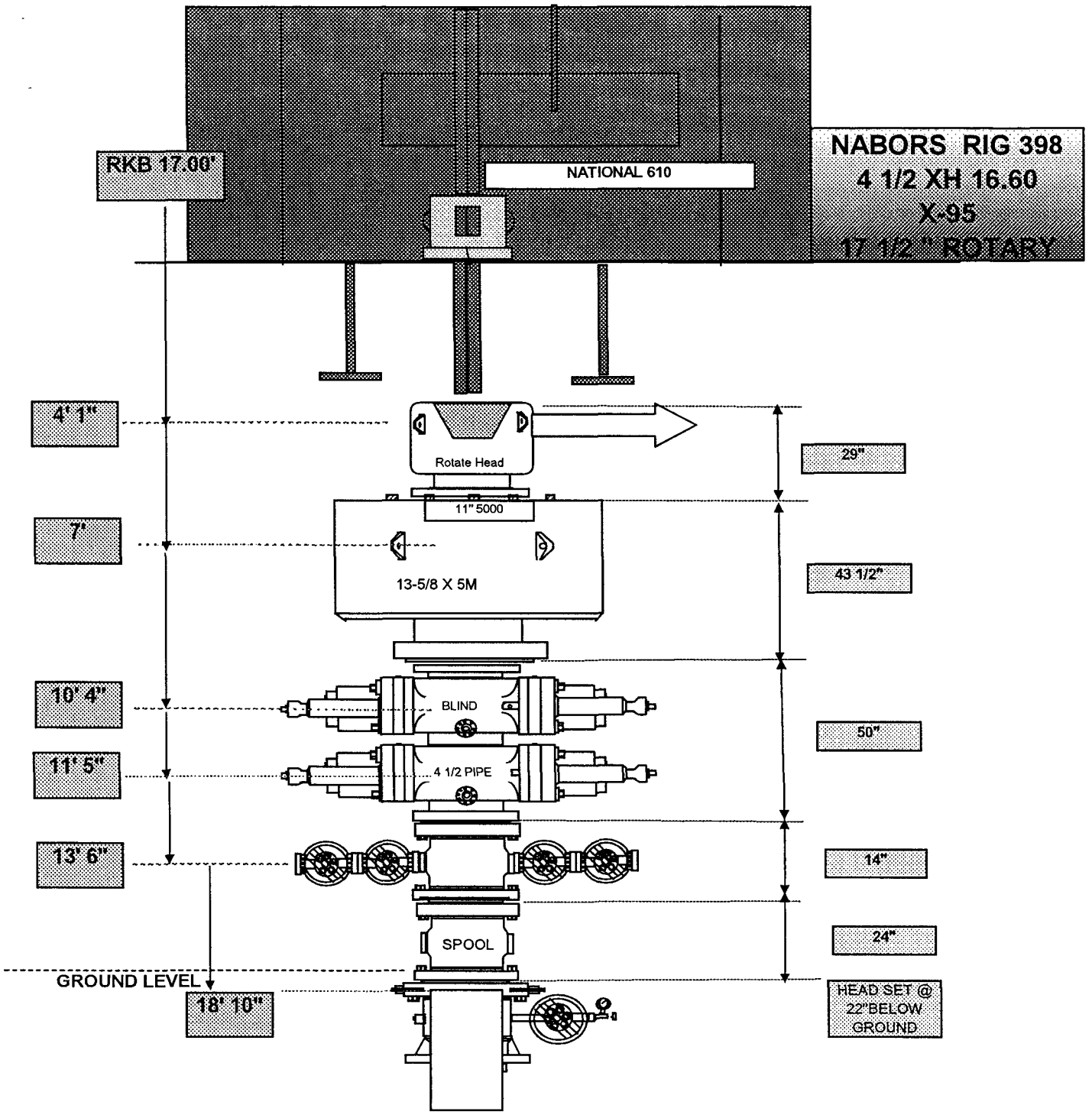
The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers when appropriate will minimize hazards when penetrating H2S bearing formations.

D. No Drill Stem Tests are planned.

III. WELL SITE DIAGRAM

A complete well site diagram including the following information is attached.

1. Rig orientation
2. Briefing areas
3. Ingress and egress
4. Pits and flare lines
5. Caution and danger signs
6. Wind indicators and prevailing wind direction



ANNULAR = HYDRIL 13 5/8" 5M
DOUBLE = SHAFFER 13 5/8" 5M
WELL HEAD = 13 5/8" 3M
KILL LINE VALVES = 2.1/16 5M
CHOKE LINE VALVE = 4 1/16 5M

1. EXISTING ACCESS ROADS

A. Exhibit "A" is a portion of a 7.5 minute U.S.G.S. topographic map at a scale of 1"=1000' showing the proposed well site and existing roads in the area. Point "A" is the junction of the proposed resource road with an existing resource road. To reach Point "A", begin in Carlsbad at the intersection of U.S. 62-180 and 285 with NMN Hwy. 524; go South 1.8 miles and take U.S. 285 left; go Southeast on U.S. 285, 7.9 miles to the intersection of U.S. 285 and NM Hwy 31; take NM 31 left and go Easterly 7.7 miles to the intersection of NM 31 and NM 128; take NM 128 right and go Easterly 17.6 miles to the intersection of NM 31 and Eddy County Hwy. 798: take Eddy County 798 left and go North 9.6 miles to an existing resource road; take a right and go East 0.7 miles to the Getty 24 Federal Battery pad and take resource road North 0.2 miles to resource road left, go West 0.2 miles to resource road North, go North 0.1 miles to Point "A".

2. PLANNED RESOURCE ROAD

A. Length and Width: Form Point "A" as shown on Exhibit "A", a new 14 foot wide Resource road will be constructed 1113 feet Westerly (shown in Blue on Exhibit "A") with access at the southeast corner of the proposed well pad, as shown on Exhibits "A" and "B".

B. Surfacing Material: Caliche material will be used to surface the proposed road. It will be watered, compacted and graded.

C. Maximum Grade: An approximate grade of less than one percent will be encountered to the proposed well pad.

D. Turnouts: None will be required.

E. Drainage Design: The new road will be crowned at the center to direct drainage to ditches on both sides of the roadway.

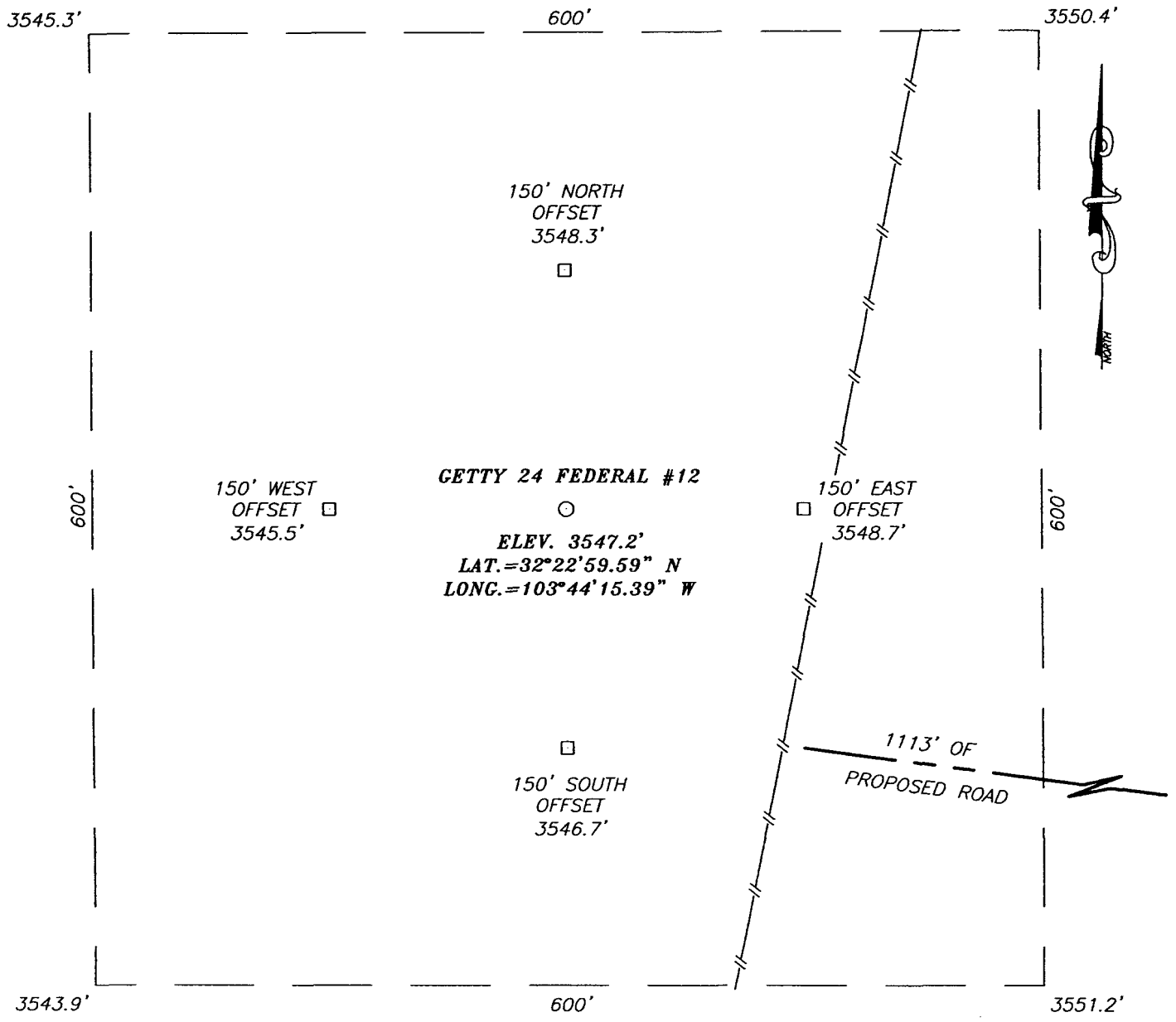
F. Culverts: None will be required.

G. Cuts and Fills:A slight amount of leveling will be required to the proposed well pad.

H. Gates and Cattle Guards: None will be required.

SECTION 24, TOWNSHIP 22 SOUTH, RANGE 31 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY #62-180 AND CO. RD. C-29 (CAMPBELL RD.) GO SOUTH ON C.R. C-29 APPROX 13.5 MILES. TURN LEFT AND GO EAST APPROX. 0.6 MILES TO A ROAD INTERSECTION AT A TANK BATTERY. TURN LEFT AND GO NORTH APPROX. 0.2 MILES. TURN LEFT AND GO WEST APPROX. 0.2 MILES TO THE EAST SIDE OF A TANK BATTERY. TURN RIGHT AND FOLLOW A STAKED ROAD NORTHWEST APPROX. 0.3 MILES TO THIS LOCATION.

100 0 100 200 Feet

Scale:1"=100'

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

CHEVRONTEXACO CORPORATION

GETTY 24 FEDERAL #12 WELL
LOCATED 330 FEET FROM THE NORTH LINE
AND 610 FEET FROM THE WEST LINE OF SECTION 24,
TOWNSHIP 22 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 07/15/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1037	Dr By: GS	Rev 1:N/A	
Date: 07/20/05	Disk: CD#4	05111037	Scale:1"=100'

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 12 Getty 24 Federal
Operator's Name: Chevron U.S.A. Inc.
Location: 0330FNL, 0610FWL, Section 24, T-22-S, R-31-E
Lease: NM-25876

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5972 or (505) 361-2822 - for wells in Eddy County in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling into the Delaware Formation. A copy of the plan shall be posted at the drilling site. **H2S has been reported in Sections 21, 23, 25, T-22-S, R-32-E measuring 500-1000 ppm in the gas streams and 100-2000 ppm in STVs. It has also been reported in Sections 24, 26, and 27 with no measurements given.**

3 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.

4. 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.

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

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13-3/8 inch surface casing shall be set **a minimum of 25 feet into the Rustler Anhydrite approximately 800 feet**, below usable water 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.

Possible lost circulation in the Delaware and Bone Spring formations.
Possible water flows in the Salado and Castile groups.

2. The minimum required fill of cement behind the 8-5/8 inch salt protection casing is **circulate cement to the surface.**

3. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall circulate to surface.**

4. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13-3/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be **2M** psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the **8-5/8** inch casing shall be **3M** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- A variance to test the **BOP, BOPE, and surface casing** to the reduced pressure of **1000** psi is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

Engineer on call phone: 505-706-2779

WWI 011807

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Tuesday, March 06, 2007 1:17 PM
To: 'Pinkerton, J. Denise (leakejd)'
Subject: Getty 24 Federal # 12

Dear Denise,
For further review of your APD for the above noted well, please submit the following:

A current NMOCD form C-102.
A h2s well contingency plan that meets the requirements of NMOCD Rule 118.
The one submitted does not meet our requirements of this rule.
Or if in your review, rule 118 does not apply in this area, a letter of statement.

Please call if you have any questions,

Bryan G. Arrant
NMOCD District II Geologist
505-748-1283

CC: Well File