

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Holly Energy, Inc., Corporation

3. ADDRESS OF OPERATOR

2001 Bryan Tower, Dallas, Texas 75201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

330' FSL and 330' FWL

At proposed prod. zone

same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 42.9 miles north and east of Artesia, New Mex.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

(Also to nearest drilg. unit line, if any)

330'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

None

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3738' Ground Level

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24# K55	Approx. 300'	187 sacks Class C
7 7/8"	5 1/2"	15 1/2# K55	Total Depth	180 sacks Class C

Propose to drill a San Andres test well. Approximately 300' of surface casing will be set and cemented to surface. Production casing will be cemented with approximately 500' of cement over the pay. Will perforate and stimulate as needed for production.

Mud Program: Fresh water gel and loss circulation material from surface to total depth.

BOP Program: Single manual 8" Schafer.

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U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE Superintendent

DATE April 12, 1977

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

DATE

APPROVED
CONDITIONS OF APPROVAL, IF ANY:

THIS APPROVAL IS RESCINDED IF OPERATIONS
ARE NOT COMMENCED WITHIN 3 MONTHS.
EXPIRES JUL 8 1977

APR 18 1977

ACTING DISTRICT ENGINEER

*See Instructions On Reverse Side

Instructions

General: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

Item 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

Items 15 and 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

Item 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-111
Supersedes C-128
Effective 1-1-55

All distances must be from the outer boundaries of the Section

Operator HOLLY ENERGY CORP.		Lease LINDA FED. 18		Well No. 1
Grid Letter M	Section 18	Township 6 South	Range 26 East	County Chaves
Actual Portage Location of Well:				
330 feet from the South		330 feet from the West		
Ground Level Elev. 3738.0	Producing Formation SA	Rock Wildcat	Estimated Acreage 40	

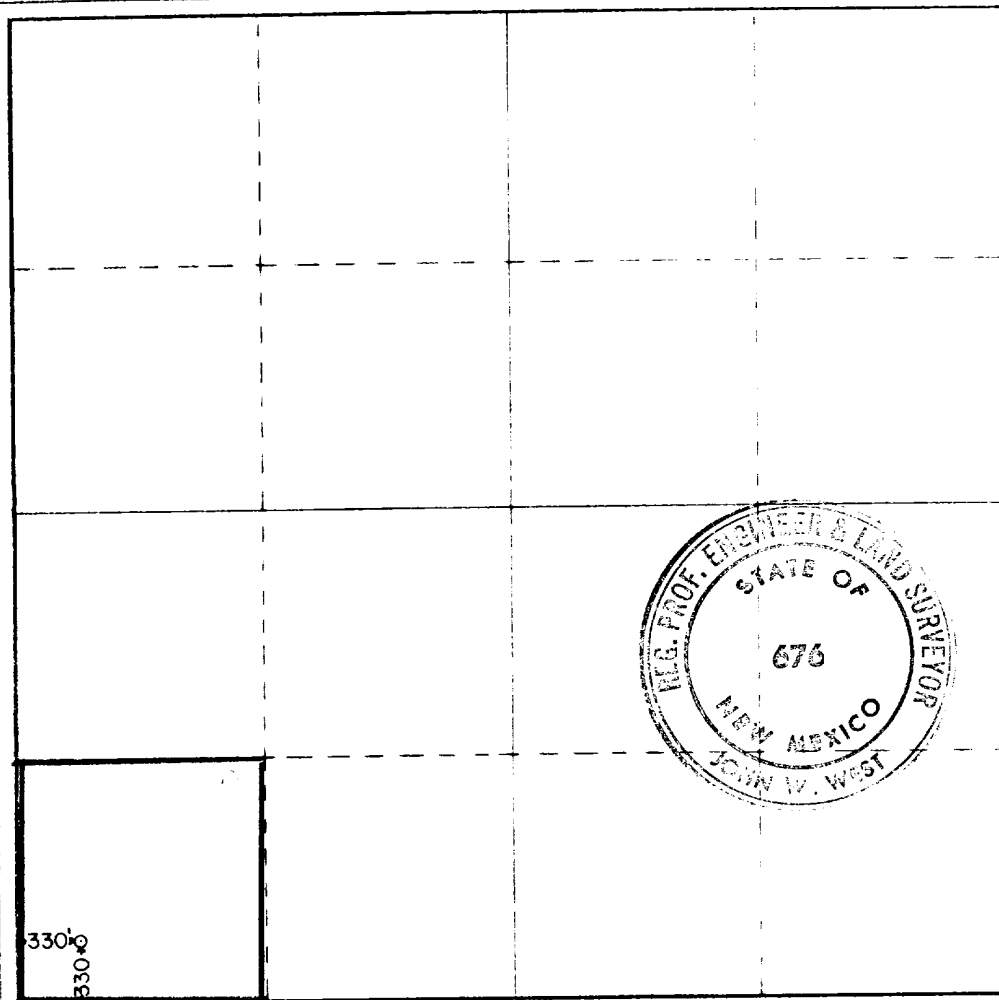
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below
2. If more than one lease is dedicated to the well, outline each and identify the acreage thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Commission.

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ARTESIA, NEW MEXICO



CERTIFICATION

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

JN Leach
agent for
Holly Energy
4/12/77

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: **April 2, 1977**

Registered Professional Engineer and Land Surveyor

John V. West

Certificate No. **676**

APPLICATION FOR DRILLING

Holly Energy Corporation
Linda Federal No. 1-18
Chaves County, New Mexico

In conjunction with For 9-331C, Application for Permit to Drill subject well in Section 18, Township 6 South, Range 26 East, Chaves County, New Mexico, Holly Energy Corporation submits the following ten items of pertinent information in accordance with U.S.G.S requirements:

1. The geologic surface formation is quaternary alluvium.
2. The estimated tops of geologic markers are as follows:

San Andres 545'
Slaughter 992'
3. The estimated depths at which anticipated water, oil, or gas formations are expected to be encountered:

Water: At approximately 500'
Oil Or Gas: Sand Andres (Slaughter) at approximately 992'
 to 1100'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C and Exhibit E.
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Blowout Preventer.
8. Testing, logging and coring programs: No testing or coring.
9. No abnormal pressures or temperatures are expected.
10. Anticipated starting date: As soon as possible
(no later than April 30, 1977).

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Holly Energy Corporation
Linda Federal No. 1-18
330' FSL and 330' FWL, Section 18-T6S-R26E
Chaves County, New Mexico
(Development Well)

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U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

This plan is submitted with Form 9-331C, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS.

- A. Exhibit A consists of adjoining portions of BLM quad-color maps No. SE-8 and SE-13, on a scale of 1/2 inch to a mile, showing the proposed location and the surrounding area. Exhibit B is a topographic map showing the area and existing roads in the immediate vicinity of the proposed location on a scale of approximately 2 3/4 inch to a mile. The proposed wellsite is located at a driving distance of approximately 42.9 miles north and east of Roswell, New Mexico.
- (1) Proceed north on Highway 285 from Roswell, New Mexico (intersection of Main Street and Second Street) for a distance of approximately 26.9 miles, to the eastbound Cottonwood Ranch road. Landmarks to identify the Cottonwood Ranch road are as follows:
- (a) You will pass highway mile marker No. 136, approximately 0.8 miles before reaching the Cottonwood Ranch road.
- (b) About 0.1 miles before reaching the Cottonwood Ranch road, you will pass an old windmill (without any fan blades) on the right (east) side of Highway 285.
- (2) Turn right (east) on the Cottonwood Ranch road and proceed in a generally eastward direction for approximately 13.65 miles, at which point the road curves to the right (south). About 0.1 miles beyond this curve, turn left (east) at a fork in the road and continue to bear left at the next fork in the road (about 0.1 miles past the first fork). Beyond this point, continue heading in a northerly direction, passing through a closed barbed wire gate after about 0.6 miles, and continuing approximately 1.5 miles beyond this gate to another, similar gate. The latter gate

is part of an east-west fence lying along the southern edge of Section 18, in which the prospective wellsite is located. Continue about 400 feet beyond this second gate. The newly constructed road to the location will begin at this point, heading west from the existing road and passing through a north-south fence en route to the wellsite.

- (3) Cattleguards will be installed to replace the two barbed wire gates mentioned above and a cattleguard will also be installed in the north-south fence adjacent to the wellsite (referred to in paragraph 1A(2) above. These cattleguards will remain, if the well is productive; otherwise, the gates and fence will be restored to their original condition.
- (4) The major portion of the existing access roads (after leaving Highway 285) is maintained by Chaves County. Of the remaining about 1/2 a mile is on federal surface and about 1 1/2 miles are on privately owned surface. These two miles will require blade scraping and leveling, and a small amount of fill in areas where there has been water erosion. Any caliche required for this work will be obtained from private surface on the property of the owner of the wellsite location. The surface of the road will be crowned in the center, with drainage on both sides of the road. Drainage wings will be constructed periodically along both sides of the road.

2. PLANNED ACCESS ROADS.

- A. A new road will be constructed from the existing access road to the wellsite, over a distance of approximately 400 feet. This road will pass through a north-south fence, about 100 feet from the existing access road, and a cattleguard will be installed through the fence as mentioned in paragraph 1A(3) above. The road will be 12 feet in width, and will be blade scraped and covered with compacted caliche, as required. There is a shallow ditch adjacent to the west side of the existing access road and this will be filled, as necessary, for construction of the new road across the ditch. The surface of the new road will be crowned in the center, with drainage on both sides, and drainage wings will be constructed periodically on both sides. No culverts or turnouts will be necessary. The new road will meet the drilling pad at the southeast corner of the pad, as shown in Exhibit D.
- B. Caliche for the new road and the drilling pad will be obtained from private surface owned by the owner of the property at the wellsite. Arrangements have been made with the land owner for the acquisition of caliche from this source.
- C. The center line of the proposed new access road has been staked and flagged, with each flag clearly visible from the next closest flag.

3. LOCATION OF EXISTING WELLS.

- A. There has been considerable drilling activity within approximately a four mile radius, southwest of the proposed location, with a heavy concentration of activity in Section 33-T6S-R26E. The drilling activity nearest the location has been in section 24-T6S-R26E, where a dry hole resulted, and in section 20-T6S-R26E, where both a dry hole and a producing oil well, subsequently plugged and abandoned, resulted. The nearest currently producing oil well is located in section 30-T6S-R26E. The only other current drilling activity is in Section 31-T6S-26E.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive of oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY.

- A. It is planned to drill the proposed well with a fresh water system. The land owner at the wellsite has agreed to make available water from private sources on his property, a short distance from the wellsite. If the volume of water from this source is not adequate for operations, water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibits A and B.

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. It is planned to obtain caliche for the construction of the drilling pad and the new access road, as well as for any necessary fill on existing access roads, from private sources, located on the property of the owner of the land at the wellsite. Arrangements have been made with the land owner for the acquisition of caliche from this source.

7. METHODS OF HANDLING WASTE DISPOSAL.

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be disposed of in the reserve pits. Oil produced during operations will be stored in tanks until sold.

- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
 - E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
 - F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.
8. ANCILLARY FACILITIES.
- A. None required.
9. WELLSITE LAYOUT.
- A. Exhibit D shows the relative location and dimensions of the well pad, reserve pits, and major rig components.
 - B. The ground elevation at the wellsite location is relatively flat, with no major undulations. Only relatively minor leveling will be necessary to construct the location, which will be covered with an appropriate thickness of compacted caliche.
 - C. The steel reserve pits will be located on the surface of the drilling pad.
 - D. The pad and pit area has been staked and flagged.
10. PLANS FOR RESTORATION OF THE SURFACE.
- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
 - B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.
 - C. If the proposed well is non-productive and the site is abandoned, arrangements will be made with the owner of the land at the location for appropriate reclamation of the surface (see attached letter re agreement between the operator and the land owner.) Any applicable regulations of the Bureau of Land Management and United States Geological Survey will be complied with and reclamation will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.
11. A. Topography: The land surface is relatively flat, with only minor undulations over the wellsite area.
- B. The topsoil at the wellsite is moderately soft sand.
 - C. Flora and Fauna: The vegetation cover in the area is relatively

light, consisting primarily of prairie grass, cactus, prairie flowers, mesquite, and miscellaneous weeds. No wildlife was observed, but the area is typical of semi-arid desert land and the wildlife is probably typical of semi-arid desert land, consisting of rabbits, reptiles, coyotes, gophers, kangaroo rats, and badgers. The area is used for cattle grazing.

- D. There are no ponds, lakes, streams or rivers in the area of the wellsite location.
- E. The nearest occupied dwelling is about two and a half miles south and west of the wellsite. There are several windmills or cattle watering troughs in the general vicinity of the wellsite, including three within approximately 3/4 of a mile of the wellsite (one each in sections 18 and 19-T6S-R25E and one in section 13-T6S-R25E). The nearest dwelling (unoccupied) is located in the northeast quarter of section 13-T6S-R25E.
- F. Surface Ownership: The wellsite is on privately owned surface, with federal control of minerals. Portions of the existing access roads and all of the proposed new access road are on privately owned surface.
- G. There is no evidence of any archeological, historical, or cultural sites in the area.

12. OPERATOR'S REPRESENTATIVE.

- A. The field representative responsible for assuring compliance with the approved surface use plan is:

Robert Loyd
Superintendent
Holly Energy Corporation
P O Box 726
Artesia, New Mexico 88210

Telephone: 505-677-3241 (office)
505-746-3422 (home)

13. CERTIFICATION.

- A. See attachment.

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently 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 Holly Energy Corporation and its contractors and sub contractors in conformity with this plan and the terms and conditons under which it is approved.

April 12, 1977

Date

Robert L. Dyer, Jr.

Name and Title

HOLLY ENERGY CORPORATION
P O BOX 726
ARTESIA, NEW MEXICO 88210
TELEPHONE: 505-677-3241

April 12, 1977

U.S. Geological Survey
American Home Security Life Building
Artesia, New Mexico 88210

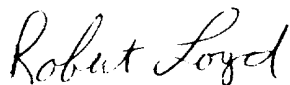
Re: Proposed Oil Well Location
Section 18-T6S-R26E
Chaves County, New Mexico

Gentlemen:

In connection with proposed drilling and related operations at the above location, Holly Energy Corporation has reached an agreement with the land owners involved, covering use of the private roads and other surface required and compensation for surface damage.

In the event that the proposed well is non-productive and the site is abandoned, arrangements will be made with the land owners for appropriate reclamation of the surface.

Sincerely,

A handwritten signature in cursive script that reads "Robert Loyd".

Robert Loyd
Superintendent

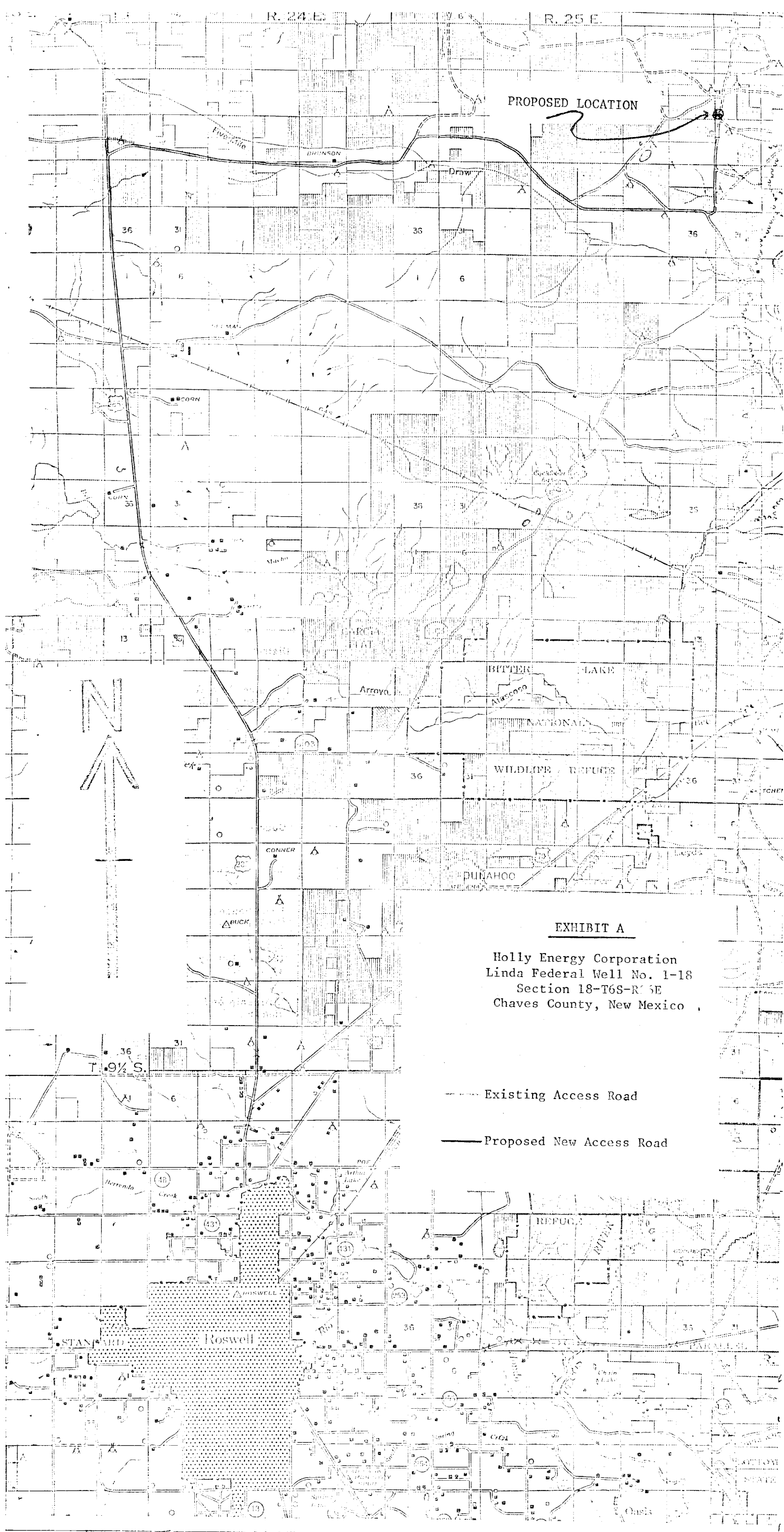


EXHIBIT A

Holly Energy Corporation
Linda Federal Well No. 1-18
Section 18-T6S-R25E
Chaves County, New Mexico

----- Existing Access Road
———— Proposed New Access Road

25

30

29

0

44

0'

36

43

3844

South Well
3805

Alkali

3800

3764

31

32

Draw

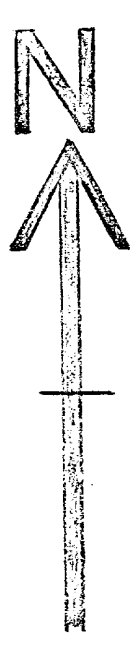
374

3723

EXHIBIT B

Holly Energy Corporation
Linda Federal Well No. 1-18
Section 18-T6S-R26E
Chaves County, New Mexico

- - - Existing Access Road
- Proposed New Access Road
- + + + + Fence



12

7

19

39

38

300

EET

37

23

Pollard Well

13

18

PROPOSED LOCATION

PROPOSED CATTLEGUARD

PROPOSED CATTLEGUARD

Badger Well

Oil Well

24

19

26

25

30

PROPOSED CATTLEGUARD

Indian Well

Oil Well

Cottonwood Ranch

Rabbit Well

12 MI TO U.S. 285

35

EXHIBIT C

Holly Energy Corporation
Linda Federal Well No. 1-18
Section 18-T6S-R26E
Chaves County, New Mexico

- * Location
- Drilling Well
- ⊕ Dry Hole
- Oil Well
- ◆ Oil Well Temporarily Abandoned
- ⊕ Oil Well Abandoned
- ⊕ Drilling Abandoned

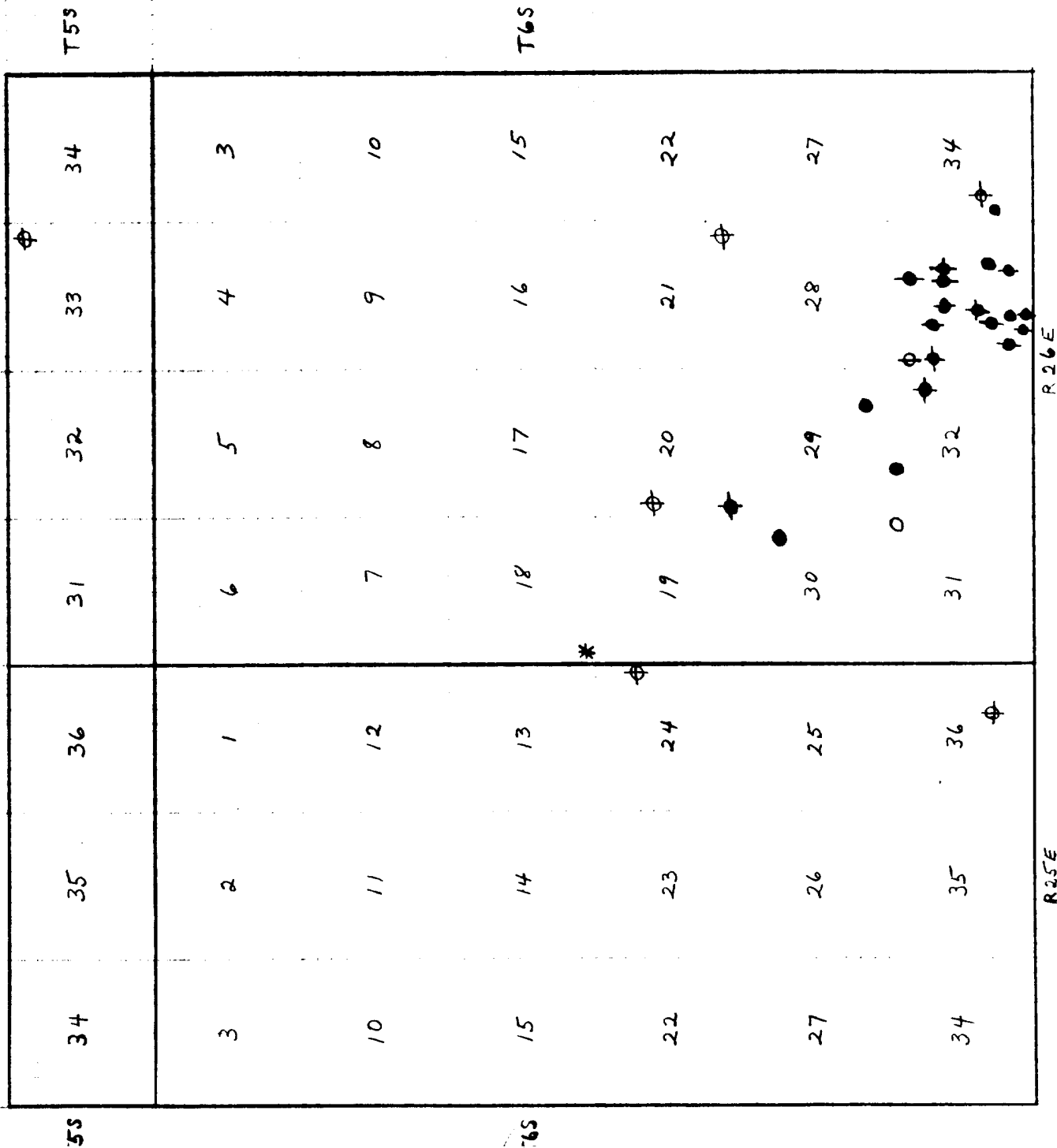




EXHIBIT D

Holly Energy Corporation
Linda Federal Well No. 1-18
Section 18-T6S-R26E
Chaves County, New Mexico

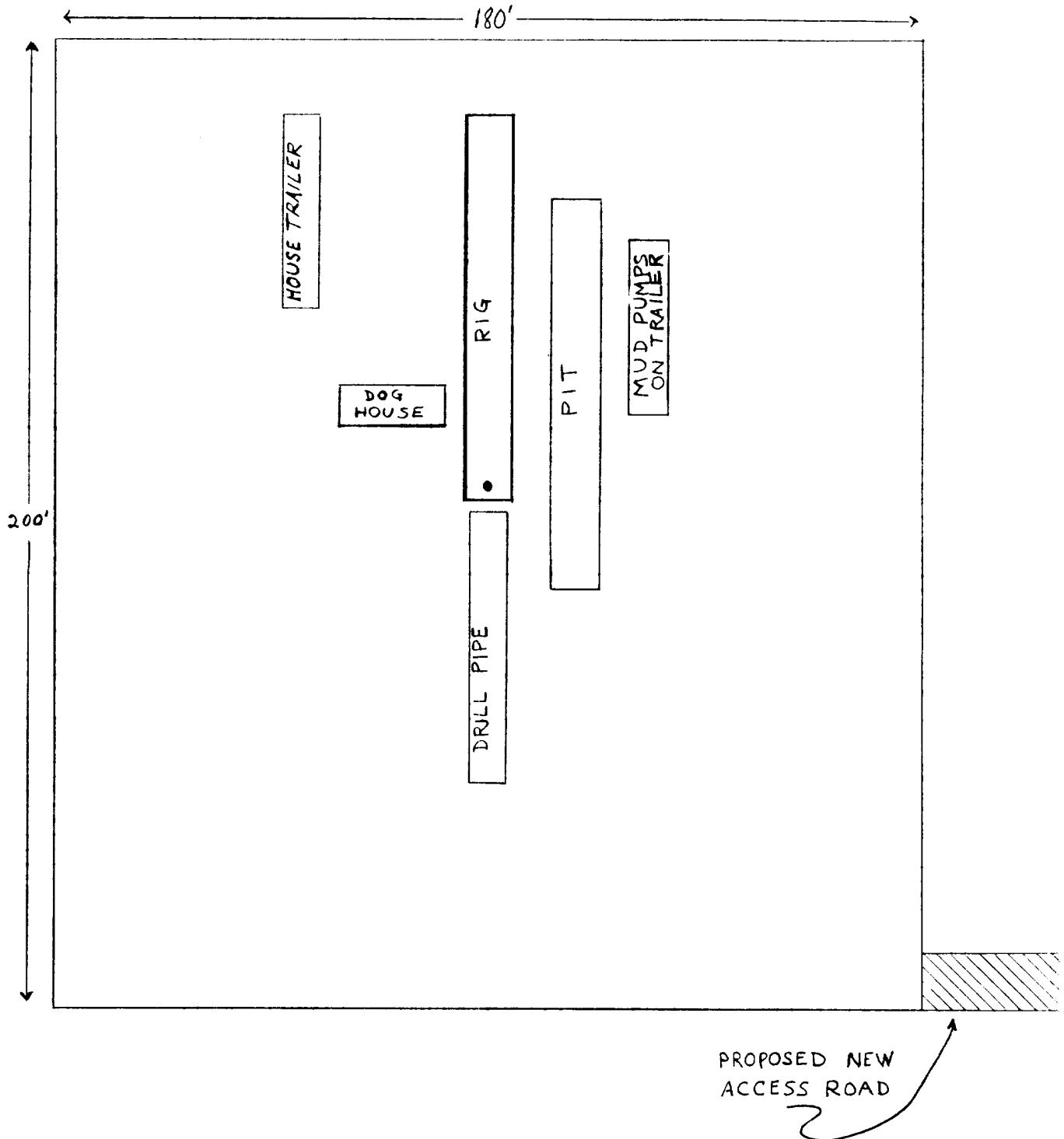
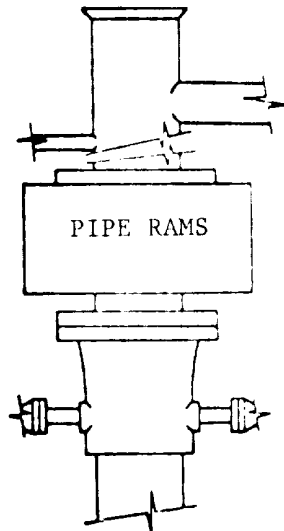


EXHIBIT E

Holly Energy Corporation
Linda Federal Well No. 1-18
Section 18-T6S-R26E
Chaves County, New Mexico

BLOW OUT PREVENTER



CHOKE MANIFOLD

Adjustable Choke

