

C/S K

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Fossil Operating, Inc.

3a. Address  
P.O. Box 181688 Dallas, TX 75218

3b. Phone No. (include area code)  
972-681-8047

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 1550' FNL & 1200' FEL

At proposed prod. zone same

14. Distance in miles and direction from nearest town or post office\*

24 miles east of Hagerman, NM

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any) 1200'

16. No. of Acres in lease  
360

17. Spacing Unit dedicated to this well  
40

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.  
1183'

19. Proposed Depth  
10,500'

20. BLM/BIA Bond No. on file  
Letter of Cr. on file (10/02)

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
3821' GL

22. Approximate date work will start\*  
1/3/03

23. Estimated duration  
30 days

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. Signature

Name (Printed/Typed)

George R. Smith

Date

12/18/02

Title

agent for Fossil Operating, Inc.

Approved by (Signature)

/S/LARRY D. BRAY

Name (Printed/Typed)

LARRY D. BRAY

Date

12/18/02

Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD 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.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

\*(Instructions on reverse)

NSL 4828

Lease Responsibility Statement: Fossil Operating, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

George R. Smith, agent

RECEIVED  
BUREAU OF LAND MANAGEMENT  
POSTOFFICE BOX 100

2002 DEC 19 PM 1:12

District I  
1825 N. French Dr. Hobbs, NM 88240

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999  
Submit to Appropriate District Office

State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name King Camp Devonian
Property Code	Property Name FOSSIL OPERATING FEDERAL COM	Well Number 1
OGRID No.	Operation Name FOSSIL OPERATING, INC.	Elevation 3821

Surface Location

UL or Lot No. H	Section 27	Township 14-S	Range 29-E	Lot Idn.	Feet from the 1550	North/South line NORTH	Feet from the 1200	East/West line EAST	County CHAVES
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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 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b> I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	Signature <i>George R. Smith</i>	Printed Name George R. Smith
	Title Agent	Date 12/18/02
	NM-103265	
	<b>SURVEYOR CERTIFICATION</b> 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.	
	NOVEMBER 14, 2002 Date of Survey	
	Signature and Seal of Professional Surveyor <i>DAN R. REDD</i>	
	NEW MEXICO 5412 REGISTERED PROFESSIONAL SURVEYOR NM REG. PS. #5412 Certificate Number	

# APPLICATION FOR DRILLING

## FOSSIL OPERATING, INC.

Fossil Operating Federal, Well No. 1  
1550' FNL & 1200' FEL, Sec. 27-T14S-R29E  
Chaves County, New Mexico  
Lease No.: NM-103265  
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, FOSSIL Operating, Inc. submits the following items of pertinent information in accordance with BLM requirements:

- The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
- The estimated tops of geologic markers are as follows:

Anhydrite	300'	Abo	5900'
Yates	1033'	Wolfcamp	7170'
Queen	1460'	Strawn	8670'
Grayburg	2135'	Atoka	9200'
San Andres	2420'	Chester	9450'
Glorieta	3300'	Missippian	9700'
Tubb	5100'	Devonian	10,200'
		T.D.	10,500'

- The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between 100' - 300'.

Oil: Possible in the Queen, San Andres, and Devonian

Gas: Possible in the Strawn and Atoka.

- Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	40.8#	J-55	ST&C	300'	Circ. 180 sx "A" + add.
12 1/4"	8 5/8"	28.0#	J-55	ST&C	2,500'	Circ. 520 sx "A" + add. *
7 7/8"	5 1/2"	17.0#	N-80	LT&C	10,200'	340 sx "H"

- Proposed Control Equipment: A 11" 5000 psi wp Shaffer, LWS Double Gate BOP will be installed on the 13 3/8" casing and operated as a 3000 psi wp system. Casing and BOP will be tested, as described in Onshore Order No. 2, before drilling out with the 12 1/4" to a maximum expected surface pressure of 1500 psi wp, and will be tested weekly. See Exhibit "E".

MUD PROGRAM:			MUD WEIGHT	VIS.	W/L CONTROL
0' - 300'	Fresh water mud:		8.4 - 9.4 ppg	32 - 34	No W/L control
300' - 2,500'	Brine mud:		10.0 ppg	28	No W/L control
2,500' - 5,800'	Fresh water mud + add		8.4 - 8.5 ppg	28	No W/L control
5,800' - 8,000'	Brine mud + add		9.4 - 9.6 ppg	30 - 34	W/L control 20 cc +/-
8,000' - 9,200'	Brine mud		9.6 - 9.8 ppg	34 - 36	W/L control 12 cc +/-
9,200' - 10,500'	Brine mud		9.7 - 9.9 ppg	36 - 38	W/L control 10 cc +/-

- Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

- Testing, Logging, and Coring Program:

Drill Stem Tests: None unless conditions warrant.

Logging: T.D to int. casing: -Schlumberger Platform Express

T.D. to Surface: GR-Neutron

Coring: Rotary Sidewall: as dictated by logs.

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated evacuated BHP = 4620 psi and a surface pressure of 2310 psi with a temperature of 165°.
10. H<sub>2</sub>S: None expected.
11. Anticipated starting date: January 3, 2003.  
Anticipated completion of drilling operations: Approximately 30 days.

## **MULTI POINT SURFACE USE AND OPERATIONS PLAN**

### **FOSSIL OPERATING, INC.**

Fossil Operating Federal, Well No. 1  
1550' FNL & 1200' FEL, Sec. 27-T14S-R29E  
Chaves County, New Mexico  
Lease No.: NM-103265  
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operations.

#### **1. EXISTING ROADS:**

- A. Exhibit "A" is a portion of a USGS Topographic map showing the location of the proposed well as staked. The well site location is approximately 22.7 road miles east of Hagerman, NM. Traveling east of Hagerman on N.M. Highway 249 there will be 20.7 miles of paved highway and 2 miles of county road.
- B. Directions: Travel east from Hagerman, NM on N. M. Highway 249 for approximately 20.7 miles to a County road (Jemina Rd) and cattleguard on the north (left) that runs north. Continue north for 1.6 miles; then turn right (east) on Katrina Rd for .3 mile to the start of the proposed access road that will run north for 400 feet across a P/A well site, the Honolulu Fed. #1 drilled by BTA Oil Prod. and then northeast for 850' to the southwest corner of the proposed well site.

#### **2. PLANNED ACCESS ROAD:**

- A. Length and Width: The proposed access roads will be approximately 1250 feet long. The proposed and existing roads are color coded on Exhibit "A".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: There will be at least one turnout, in the 850 foot portion, increasing the road width to 20 feet for passing.
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards. None.
- G. Off lease right of way: None required.

#### **3. LOCATION OF EXISTING WELLS:**

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;**

- A. Fossil Operating, Inc. has no production facilities on the lease by this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery will be installed on the drilling pad

**5. LOCATION AND TYPE OF WATER SUPPLY:**

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available. A backup Federal pit is located in SE4 Sec. 20-T14S-R29E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

**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. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

- A. None required.

**FOSSIL OPERATING, INC.**

Fossil Operating Federal, Well No. 1

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**9. WELL SITE LAYOUT:**

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged, 400' X 400'.
- B. Mat Size: 285' X 200', plus 125' X 150' reserve pits on the southeast. The surface soil will be stored in the northeast corner of the pad area.
- C. Cut & Fill: The location will require a 2- foot cut on the south and fill to the north.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

**10. PLANS FOR RESTORATION OF THE SURFACE:**

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

**11. OTHER INFORMATION:**

- A. Topography: The proposed well site and access road are located on a gentle 1.4% slope to the northwest. The location has an elevation of 3821' GL.
- B. Soil: The topsoil at the well site is a light tan sandy loam soil with some with possible underlying caliche rock. The soil is part of the Tencee gravelly sandy loam series.
- C. Flora and Fauna: The vegetation cover has a sparse grass cover of threeawn, grama, dropseed, bush muhly, along with plants of mesquite, yucca, broomweed, sage, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, antelope, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None.
- E. Residences and Other Structures: None in the immediate vicinity.
- F. Land Use: Cattle grazing.



**FOSSIL OPERATING, INC.**

Fossil Operating Federal, Well No. 1

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**11. OTHER INFORMATION:     cont.....**

- G. Surface Ownership: The proposed well site and access road is on Federal surface and minerals.
- H. There is no evidence of archaeological, historical or cultural sites in the staked area. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, is conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

**12. OPERATOR'S REPRESENTATIVE:**


- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

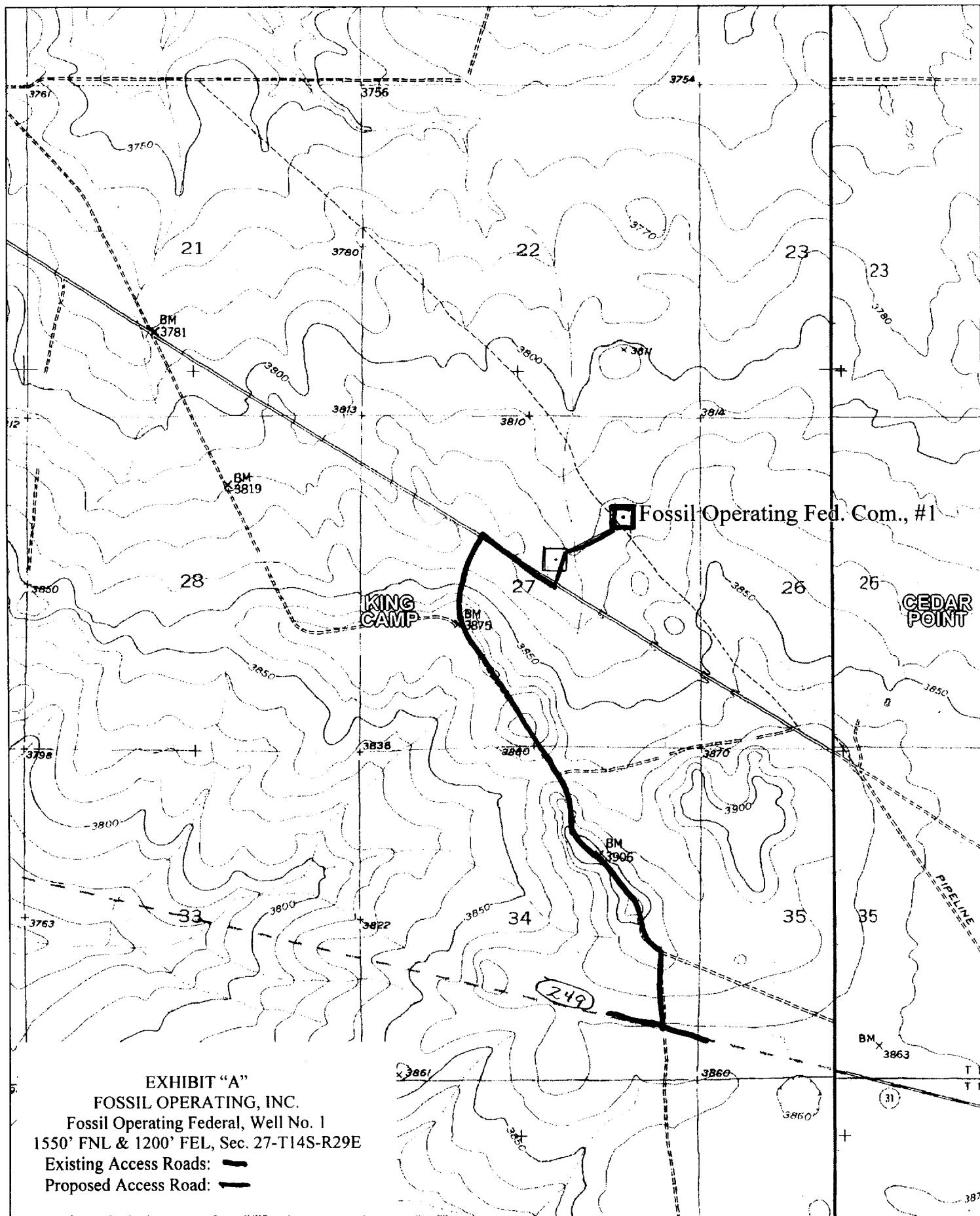
Calvin Wallen  
Fossil Operating, Inc.  
P.O. Box 181688  
Dallas, TX 75218  
Office Phone: (972) 681-8047  
Cell Phone: (214) 668-0101

**13. CERTIFICATION:**

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist the statements made in the 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 Fossil Operating, Inc. and its contractors and 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.

December 18, 2002

  
\_\_\_\_\_  
George R. Smith  
Agent for: Fossil Operating, Inc.



**EXHIBIT "A"**

**FOSSIL OPERATING, INC.**

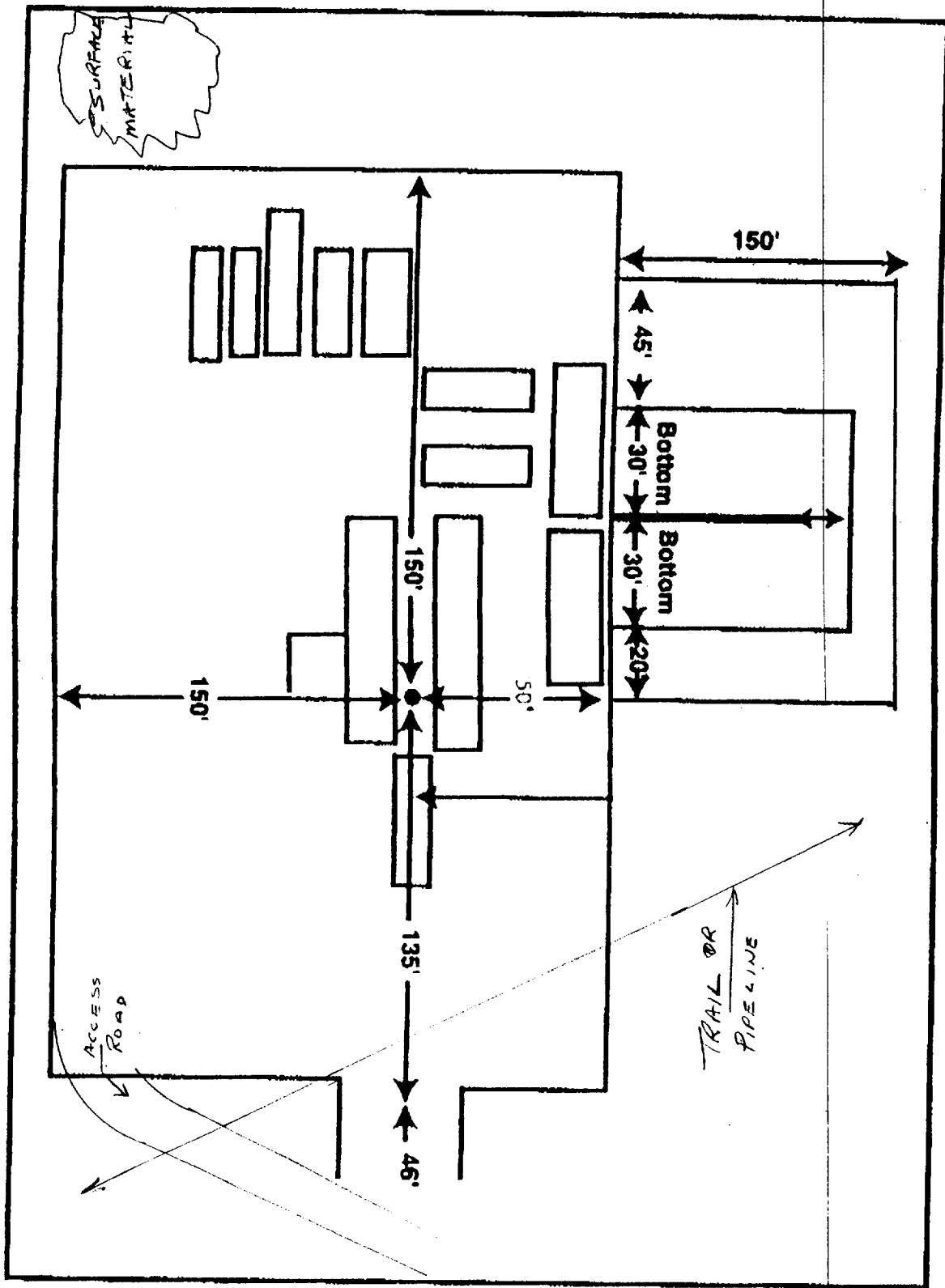
Fossil Operating Federal, Well No. 1

1550' FNL & 1200' FEL, Sec. 27-T14S-R29E

Existing Access Roads: **==**

Proposed Access Road: **—**





Rig 78

EXHIBIT "D"  
FOSSIL OPERATING, INC.  
Fossil Operating Federal, Well No. 1  
Pad & Pit Layout

RIG # 78

BLOWOUT PREVENTOR ARRANGEMENT

11" SHAFFER TYPE LWS, 5000 psi WP

11" CAMERON SPHERICAL, 5000 psi WP

120 GALLON, 5 STATION KOOMEY ACCUMULATOR

5000 psi WP CHOKE MANIFOLD

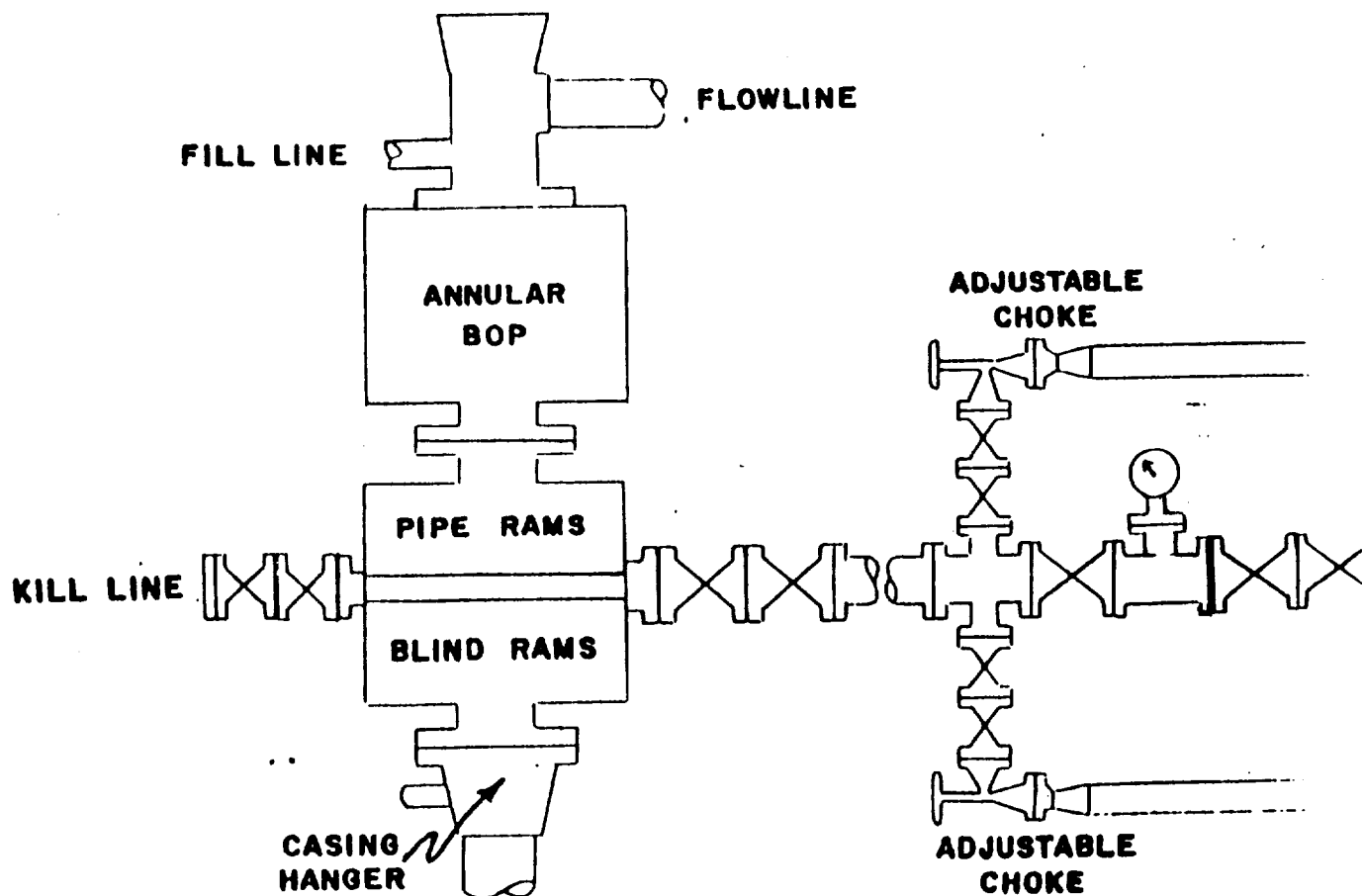


EXHIBIT "E"  
FOSSIL OPERATING, INC.  
Fossil Operating Federal, Well No. 1  
BOP Specifications