

July 1962

N. M. Oil Cons. Division

811 S. 1ST ST. SUBMIT IN TRIPLICATE

FORM APPROVED

OMR NO. 1004-0116

Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

ARTESIA, NM (B-100-0438)

(Other instructions on
reverse side)

5. LEASE DESIGNATION AND SERIAL NO.

LC-060398

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

7. TYPE OF WORK

DRILL ☒DEEPEN ☐

10. TYPE OF WELL

OIL WELL ☒GAS WELL ☐SINGLE ☒MULTIPLE ☐

OTHER ZONE

ZONE

2. NAME OF OPERATOR

Saga Petroleum LLC c/o Continental Land Resources LLC

3. ADDRESS AND TELEPHONE NO.

P.O. Box 2691, Roswell, NM 88202

4. LOCATION OF WELL

(Report location clearly and in accordance with any State requirements)

1310' FSL & 1310' FWL

7. UNIT AGREEMENT NAME

W. Henshaw Premier Unit #105

8. FARM OR LEASE NAME, WELL NO.

9. API WELL NO.

30-01S-31377

10. FIELD AND POOL, OR WILDCAT

W. Henshaw Grayburg

11. SEC. T., R., M., BLOCK AND SURVEY

OR AREA

4, T16S-30E

12. COUNTY OR PARISH

Eddy

13. STATE

NM

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

11 miles north of Loco, NM

15. DISTANCE FROM PROPOSED

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, T.O.

1310'

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

16. NO. OF ACRES IN LEASE

160.00

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40.0

18. DISTANCE FROM PROPOSED LOCATION

TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 1000'

19. PROPOSED DEPTH

3000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3835'

22. APPROX. DATE WORK WILL START

ASAP

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	450'	Circulate to surface
7-7/8"	5-1/2"	15.5#	3000'	380 sxs

Duration of Program: Drilling - Ten (10) days
Completion - Nine (9) days

See attached for complete Drilling Program

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

EXHIBITS

Exhibit "A": Drilling Program
Exhibit "B": Surface Use Plan
Exhibit "C": Land Survey Plat

Exhibit "D": Location Plat
Exhibit "E": Existing Well Plat
Exhibit "F": Rig Layout

Exhibit "G": BOP Program

The undersigned accepts all applicable terms,
conditions, stipulations, and restrictions
concerning operations conducted on the leased
land or portions thereof, as described.

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM:

If proposal is to deepen, 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

Agent/Saga Petroleum LLC

DATE

8/8/00

PERMIT No.

APPROVAL DATE

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: BY HARRY D. BRAY

APPROVED BY

Lands And Minerals

DATE

OCT 02 2000

*See Instructions On Reverse Side

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.

APPROVED FOR 1 YEAR

EXHIBIT "A"
West Henshaw Premier Unit #105

DRILLING PROGRAM

I. The geological surface formation is Quaternary.

II. Estimated Tops of Geological Markers:

<u>FORMATION</u>	<u>DEPTH</u>
Yates	1400'
Queen	2125'
Penrose	2275'
Premier	2825'
San Andres	2850'
TD	3000'

III. Estimated depths at which water, oil, gas or other mineral-bearing formations are expected to be encountered:

<u>SUBSTANCE</u>	<u>DEPTH</u>
Fresh Water	None anticipated
Oil	2850'
Gas	2850'

IV. Proposed Casing Program:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Grade</u>	<u>Weight Per Foot</u>	<u>Depth</u>
12-1/4"	8-5/8"	J-55	24#	450'
7-7/8"	5-1/2"	J-55	15.5#	3000'

B. Proposed Cement Program:

8-5/8"	Cement with 310 sacks Class C, 2.% CACL2 and 56.0% H2O, circulate to surface.
5-1/2"	Cement with 260 sacks 35:65 POZ (35% POZ 65% Class C) 6.0% Gel (Bentonite), 5.0 LB/SK salt and 105% H2O and 120 sacks 50:50 POZ (50% POZ: 50% Class C), 2.0% Gel (Bentonite), 5.0% LB/SK salt, 0.2% CD-32, 0.4% FL-62 and 57.0% H2O

V. Proposed Mud Program:

The well will be drilled to 450' using fresh water/soad ash/bentonite and ground paper (Weight 8.4 to 9.4). From 450' to 2,700', brine water will be used (Weight 10-10.2). From 2,700' to 2,900', mud up mixing yellow starch for a water loss of 10-15cc and salt gel for a viscosity of 32 to 35 sec/1000cc. Maintain a 9-10pH with caustic soda and continue to mix paper for seepage losses and to sweep hole. At TD mix 3,5 gal cns of Envirodrill NE (MF-55) prior to pulling out of the hole for E Logs & to run casing.

VI. Proposed Control Equipment:

Will install Shaffer type E 10" series 900 hydraulic BOP. See Exhibit "G" for BOP layout.

VII. Auxiliary Equipment:

Blowout preventor, gas detector, kelly cock, pit level monitor, flow sensors, and stabbing valve.

VIII. A. Testing Program:

Drill Stem Tests: If necessary

B. Logging Program:

CNL, DLL or GL, CDL or GR

C. Coring Program:

None planned

- IX. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified.
- X. H2S: None anticipated as none encountered in previously drilled wells in the vicinity.

EXHIBIT "B"

SURFACE USE AND OPERATIONS PLAN

CULTURAL RESOURCES SURVEY

APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: West Henshaw Premier Unit #105

LOCATION: SWSW OF SECTION 4 T16S-R30E, NMPM
EDDY COUNTY, NEW MEXICO

OPERATOR: SAGA PETROLEUM LLC

SUBMITTED TO:

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

CARLSBAD DISTRICT OFFICE

P.O. BOX 1778

CARLSBAD, NEW MEXICO 88220

TELEPHONE (505) 887-6544

This plan is submitted to provide permitting agencies with information necessary to allow an appraisal of the environmental effects associated with the proposed drilling operations. Within the context of typical drilling operations, this plan provides for protection of surface resources and other environmental components. This plan has been developed in conformity with the United States Geological Survey NTL-6 guidelines, Bureau of Land Management Oil and Gas Order No. 1, and in connection and consultation with the private surface owner of record, it other than the United States of America, as well as the Roswell District Office for the Bureau of Land Management and the United States Department of the Interior personnel.

PART #1

1) Surface Location:

SWSW of Section 4, Township 16 South, Range 30 East, NMPM
Eddy County, New Mexico
1310' FSL & 1310' FWL
See attached Exhibit "C"

2) Bottom Hole Location

SWSW of Section 4, Township 16 South, Range 30 East, NMPM
Eddy County, New Mexico
1310' FSL & 1310' FWL
See attached Exhibit "C"

3) Lease Issued:

a) LC-060398

4) Record Lessee:

a)	B.E. Spencer Trust	33.33%
	Box 593	
	Artesia, NM 88211	
	Elzibeth C. Chaney	16.67%
	Unknown	

Ruby C. Bell
1331 3rd Street
New Orleans, LA 70137
16.67%

Paul Slayton
P.O. Box 2035
Roswell, NM 88202
33.33%

5) Acres in Lease: 160.00

6) Acres Dedicated to Well:

There are 40.0.00 acres dedicated to this well which takes in the SWSW of Sec. 4,
Township 16 South, Range 30 East, Eddy County, New Mexico.

PART #2:

1) Existing Roads:

Exhibit "D" comprises 2 maps showing location of the proposed well, as staked, in relation to Eddy County Road 217 and existing roads. Road 217 will be used for approximately 11 miles north of Loco Hills, New Mexico to Eddy County Road 256. Turn east go approximately 1/4 mile to the new access road on the right (south). The new access road goes south for approximately 1/4 mile to the West Henshaw Premier Unit #105. Access is highlighted on the Exhibit "D".

2) Planned Access:

A. Length and Width: The new access road will be approximately 1320 feet long and 20' wide.

3) Location of Existing Wells:

Exhibit "E" shows exiting wells within a 1-mile radius of the proposed well.

4) Location of Tank Battery, production Facilities & Production Gathering & Service Lines:

If gas production is achieved, the location of the line will be determined by the purchaser laying the gather system to is existing lines.

5) Location and Type of Water Supply:

There is no useable water in this area. All water needed for drilling, testing and completion will be trucked in by a commercial transport on existing roads as shown on Exhibit "D".

6) Source of Construction Materials:

If it is necessary to use caliche on the new road and location, it will be obtained from the existing pits in the area as determined by the dirt contractor. The topsoil from the location (if any) will be stockpiled near the SE/corner of the location for future rehabilitation. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7) Method of Handling Waste Material:

- 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.
- E. Saga Petroleum LLC will comply with current laws and regulations pertaining to the disposal of human waste.
- F. All waste materials will be contained to prevent scattering by the wind and will be removed from the well site within 30 days after drilling and/or completion operations are finished.

8) Ancillary Facilities: None required.

9) Well Site Layout:

- A. Exhibit "F" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area have been staked and flagged.
- B. Mat Size: 100' X 250' plus reserve pits.
- C. Cut & Fill: Only minor leveling of the drilling site is anticipated.

- 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 needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in as 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, Saga Petroleum LLC will comply with all rehabilitation and/or vegetation requirements of the Bureau of Land Management, and such rehabilitation will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11) Other Information:

- A. Topography: The topography of the land surrounding the staked well is gentle rolling sand dunes, but generally flat, depicted on Exhibit "D".
- B. Soil: The topsoil at the well site is a brown sandy loam.
- C. Flora and Fauna: Vegetation consists of chinery oat and a sparse cover of grass, mainly grama, dropseed, three-awn, some tabosa and burro grass along with mesquite, yucca, cactus and miscellaneous wildflowers. The wildlife consists of rabbits, coyotes, antelope, rattlesnakes, dove, quail, prairie chickens and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: There are not ponds or streams in the area of the well location or access road.
- E. Residences and Other Structures: There are no occupied residences or other structures on, or in the immediate vicinity of the proposed location.
- F. Surface Ownership: The surface around the location and access road is owned by the United States of America under the management of the Bureau of Land Management.
- G. Land Use: The land is used for grazing cattle.
- H. Archaeological, Historical, and Other Cultural Sites:

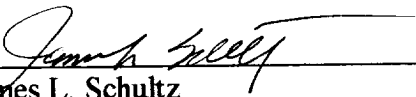
In 1997, Desert West Archaeological Services conducted an archaeological survey of the proposed well pad. Pecos Archeological Consultants will conduct a survey of the access road and file a report with the BLM under separate cover.

I. Operator's Senior Representatives:

Joe Clement
Saga Petroleum LLC
415 W.Wall, Suite 835
Midland, TX 79705
(915) 684-4293 Office Mobile (915) 557-7929

CERTIFICATION

I hereby certify that I have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that 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 Saga Petroleum LLC 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.


James L. Schultz
Agent for Saga Petroleum LLC
c/o Continental Land Resources LLC
P.O. Box 2691
Roswell, NM 88202-2691
(505) 626-6879 FAX (505) 622-3615
Date: 8-8-00

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name West Henshaw Grayburg
Property Code	Property Name WEST HENSHAW PREMIER UNIT	Well Number 105
OGRID No.	Operator Name SAGA PETROLEUM LLC	Elevation 3835

Surface Location

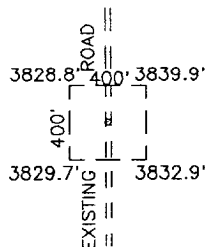
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	16 S	30 E		1310	SOUTH	1310	WEST	EDDY

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 40.0	Joint or Infill	Consolidation Code	Order No.						

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

4	3	2	1
41.16 AC.	41.12 AC.	41.08 AC.	41.04 AC.
5	6	7	8
40.00 AC.	40.00 AC.	40.00 AC.	40.00 AC.
12	11	10	9
40.00 AC.	40.00 AC.	40.00 AC.	40.00 AC.
13	14	15	16
40.00 AC.	40.00 AC.	40.00 AC.	40.00 AC.
SEE DETAIL			
1310'	1310'		
1.C-060398			



DETAIL
1"=1000'

OPERATOR CERTIFICATION

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

Signature
James L. Schultz

Printed Name
Agent/Saga Petroleum LLC

Title
8/8/00

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
supervision, and that the same is true and
correct to the best of my belief.

SEPTEMBER 13, 1997

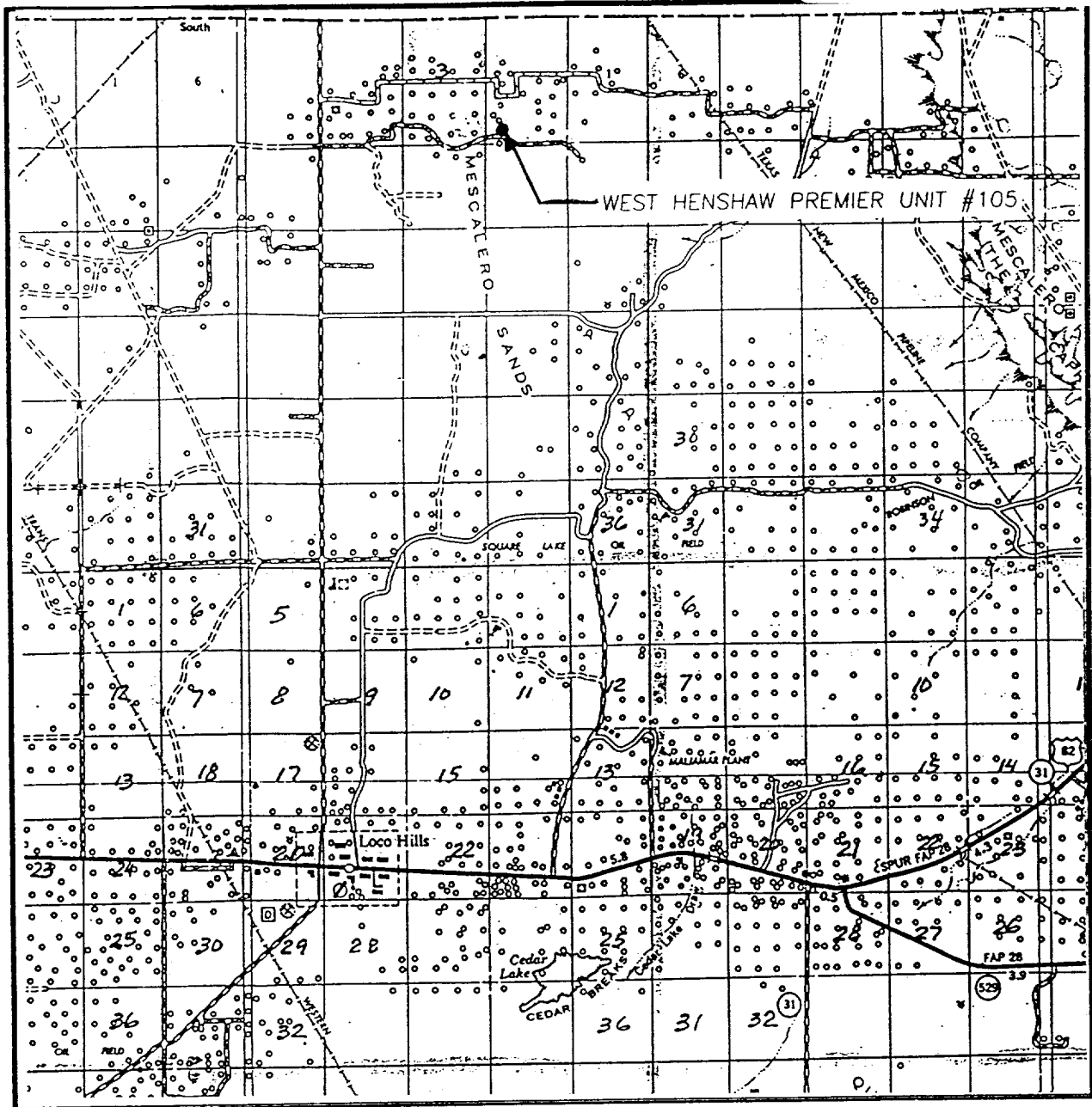
Date Surveyed
Signature & Seal of
Professional Surveyor

Ronald J. Eidson 9-25-97
97-11-1462

Certificate No. JOHN W. WEST 676
RONALD J. EIDSON 3239
GARY EIDSON 12641

VICINITY MAP

EXHIBIT D - 1



SCALE: 1" = 2 MILES

SEC. 4 TWP. 16-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1310' FSL & 1310' FWL

ELEVATION 3835

OPERATOR SAGA PETROLEUM LLC

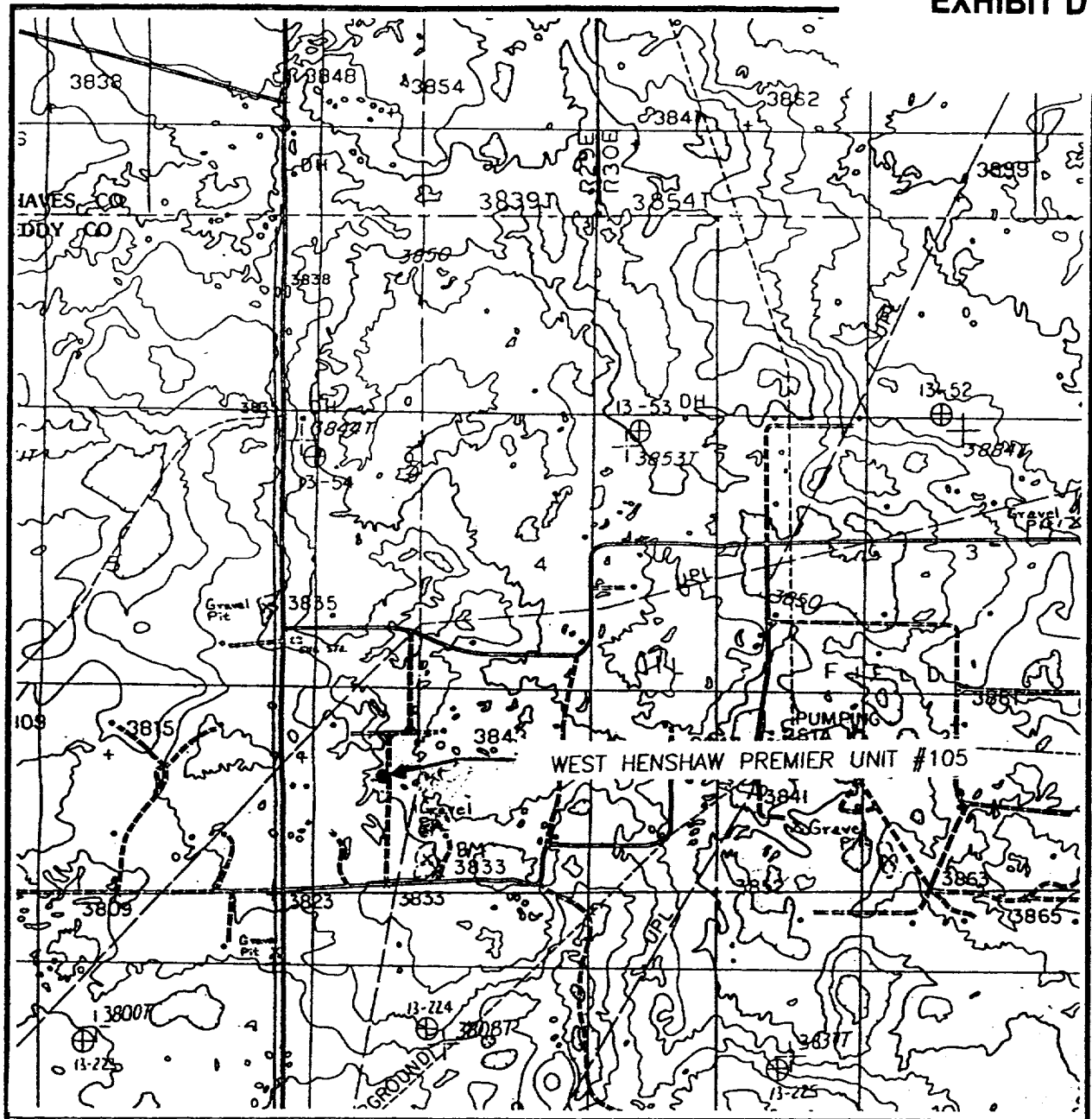
LEASE WEST HENSHAW PREMIER UNIT

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

LOCATION VERIFICATION MAP

EXHIBIT D - 2



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HENSHAW TANK - 10'

SEC. 4 TWP. 16-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1310' FSL & 1310' FWL

ELEVATION 3835

OPERATOR SAGA PETROLEUM LLC

LEASE WEST HENSHAW PREMIER UNIT

U.S.G.S. TOPOGRAPHIC MAP

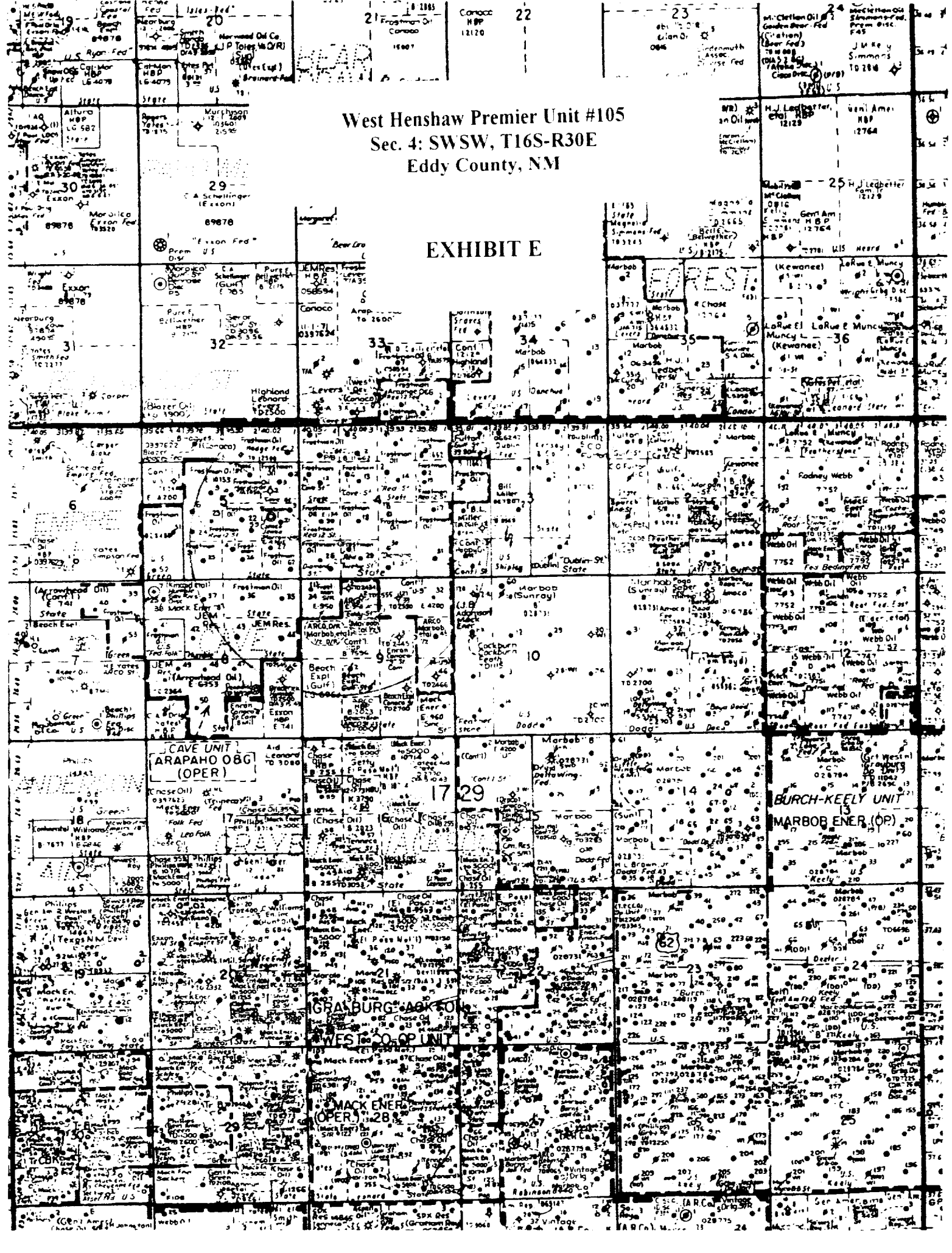
HENSHAW TANK AREA

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO

(505) 393-3117

West Henshaw Premier Unit #105
Sec. 4: SWSW, T16S-R30E
Eddy County, NM

EXHIBIT E



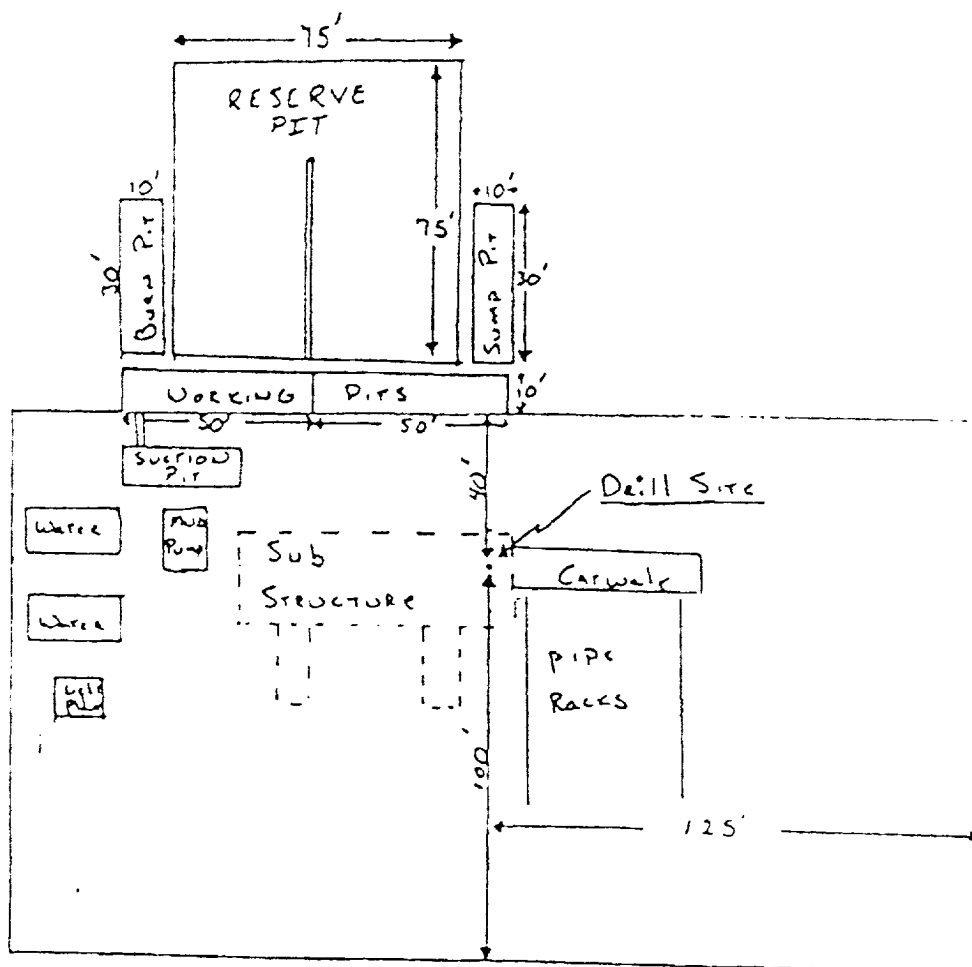
SUGGESTED PAD DIMENSIONS



Reserve Pits 4 ft. deep, plastic lined

Working pits 5 ft. deep

No cellar



Scale 1" = 50'

