Form 9-331 C (May 1963)

N.M.O.C.D. COPY

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved. Budget Bureau No. 42-R1425.

30-015-23467

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER; SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Coastal Oil & Gas Corporation

3. ADDRESS OF OPERATOR: Box 1332, Amarillo, Texas 79189

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 2148' FNL & 990' FWL
At proposed prod. zone: Same

5. LEASE DESIGNATION AND SERIAL NO.: NM - 29828

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: --

7. UNIT AGREEMENT NAME: --

8. FARM OR LEASE NAME: Parker Federal

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: UL L 1-16S-28E

12. COUNTY OR PARISH: Eddy

13. STATE: New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 18 miles east-northeast of Artesia, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 330

16. NO. OF ACRES IN LEASE: 255.13

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 660

19. PROPOSED DEPTH: 1300' Queen

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3561' GR

22. APPROX. DATE WORK WILL START*:

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ARTESIA, OFFICE

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#	150'	75 sx Class 'H' w/2% CaCl circulate
7 7/8"	5 1/2"	14#	1300'	100 sx Class 'C' w/2% CaCl

Posted ID-1 API No. 9-15-80

Mud Program: AIR or Mist Drill

BOP Program: Rig up on top of 8 5/8" conductor pipe with rotating head with 6" divertor lines.

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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 Jim Williamson Jim Williamson TITLE Operations Supervisor DATE August 12, 1980

(This space for Federal or State office use)

PERMIT NO. ______ APPROVAL DATE ______

APPROVED BY (Orig. Sgd.) PETER W. CHESTER TITLE ACTING DISTRICT ENGINEER DATE AUG 2 1 1980

CONDITIONS OF APPROVAL, IF ANY:

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.

☆ U.S. GOVERNMENT PRINTING OFFICE : 1963—O-711-396

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Coastal Oil & Gas Corporation	PARKER FEDERAL	1

Unit Letter	Section	Township	Range	County
L	1	16 S	28 E	EDDY

Actual Footage Location of Well:
2148 feet from the NORTH line and 990 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3561'	Queen	Wildcat	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

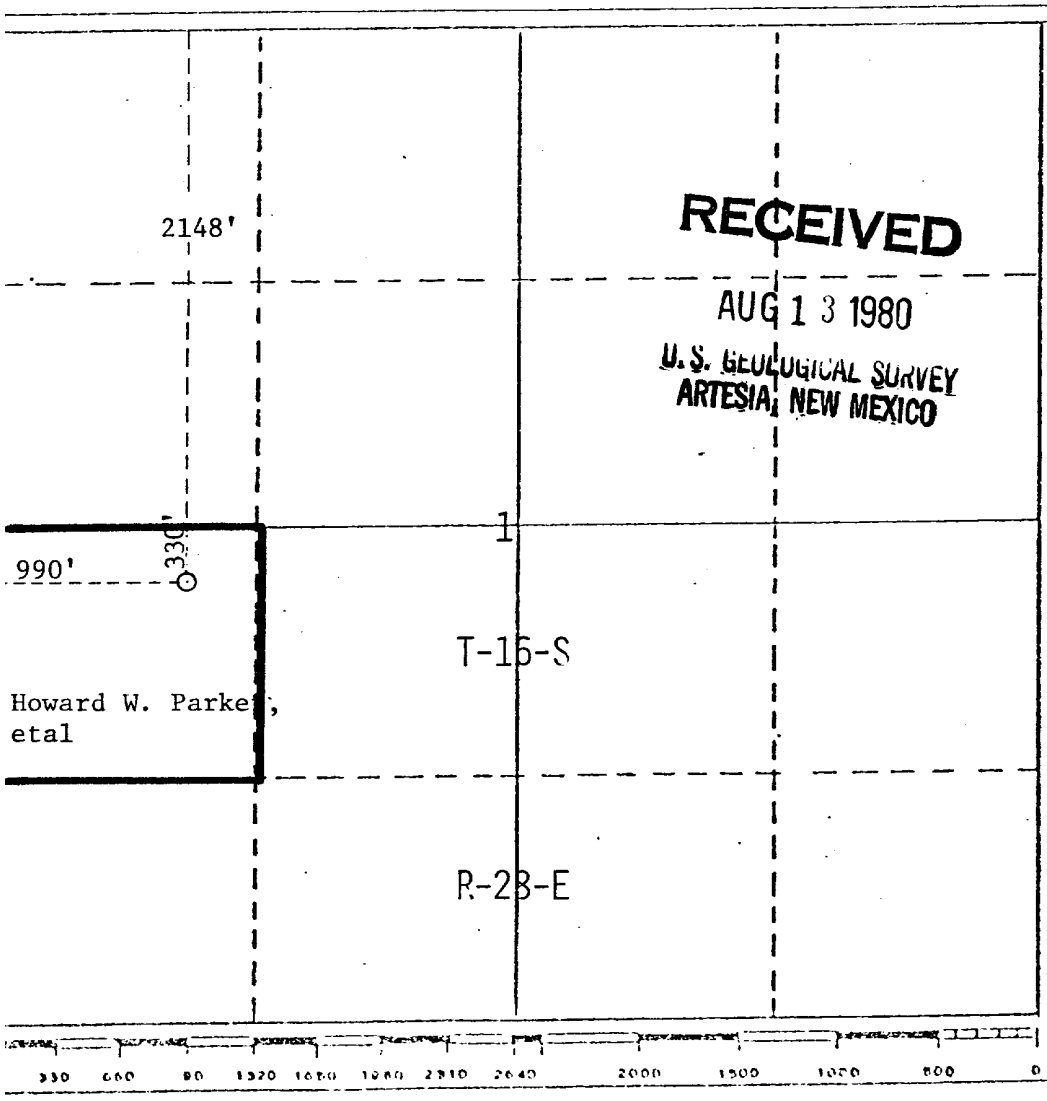
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the 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.) None consolidated. Will communitize after production established.

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 Division.



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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.

Name: Jim Williamson

Position: Operations Supervisor

Company: Coastal Oil & Gas Corporation

Date: August 12, 1980

REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR STATE OF NEW MEXICO NO. 3959 WILSON D. WATSON, JR.

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.

July 17, 1980

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

3959

Certificate No.

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Coastal Oil & Gas Corporation	Parker Federal	1

Unit Letter	Section	Township	Range	County
L	1	16 S	28 E	Eddy

Actual Footage Location of Well:
2148 feet from the North line and 990 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3561"	Queen	Wildcat	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

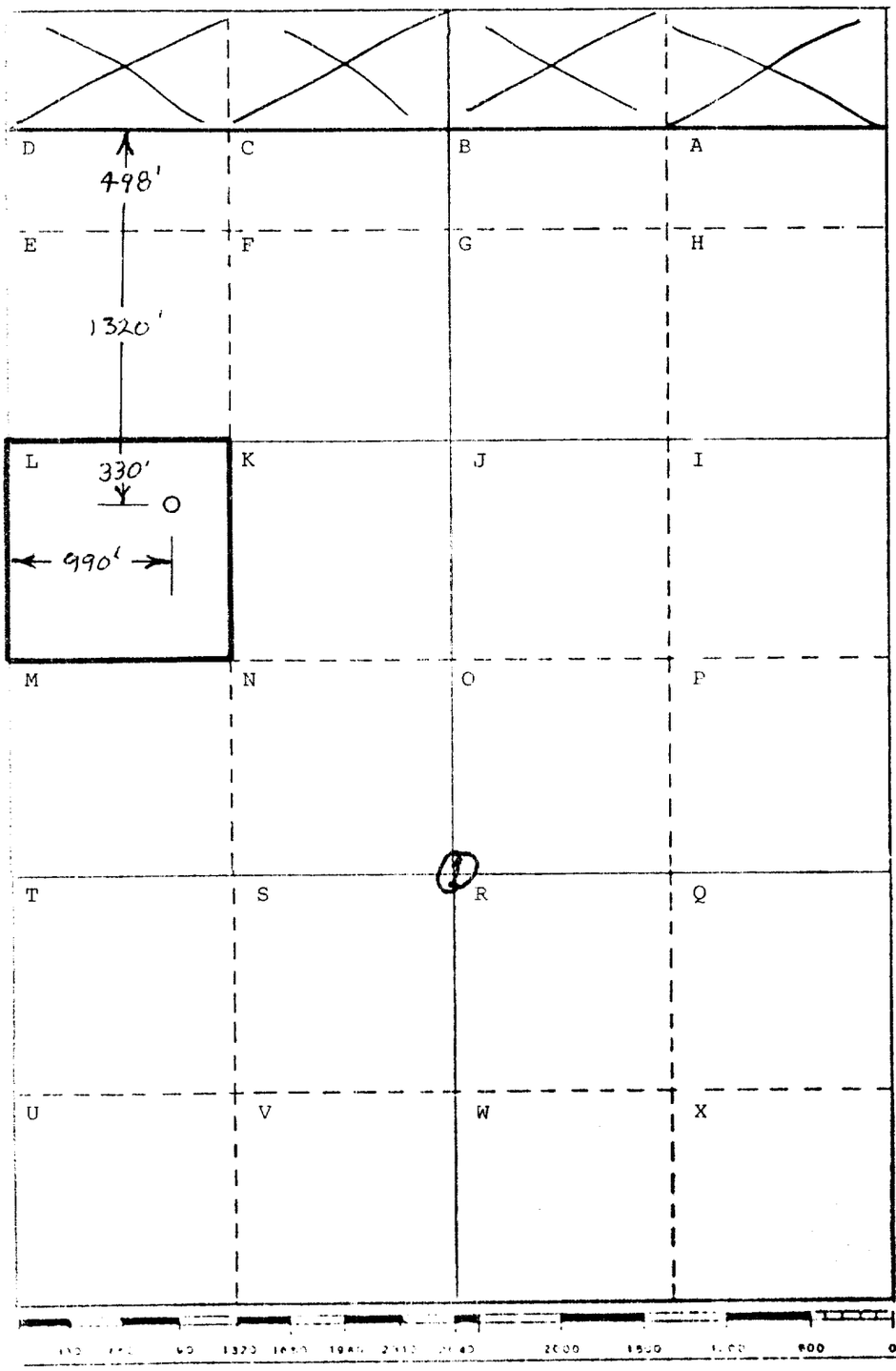
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the 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.



CERTIFICATION

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

Name: James A. Knauf

Position: Consultant

Company: Coastal Oil & Gas Corp.

Date: August 18, 1980

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 Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

NTL-6

SUPPLEMENTAL DRILLING DATA

COASTAL OIL AND GAS CORPORATION
PARKER FEDERAL LEASE
SECTION 1-16S-28E
EDDY COUNTY, NEW MEXICO

1. SURFACE FORMATION: Tansil

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Base Salt	300'
Yates	423'
Seven Rivers	643'
Queen	1130'

3. ANTICIPATED POROSITY ZONES:

Water	50-100'
Oil	1200'

4. CASING DESIGN:

Size	Interval	Weight	Grade	Joint	Condition
8 5/8"	0-150	24#	H-40	STC	New
5 1/2"	0-TD	14#	K-55	STC	New

5. SURFACE CONTROL EQUIPMENT: Rotating Control Head with 6" divertor lines

6. CIRCULATING MEDIUM: Foam Mist

7. AUXILIARY EQUIPMENT: None considered necessary on shallow development well.

8. TESTING, LOGGING AND CORING PROGRAMS: Logs will be run to TD.

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE GAS: None.

10. ANTICIPATED STARTING DATE: It is planned that operations will commence about August 19, 1980. Duration of drilling and completion operations should be 4 to 10 days.

PARKER FEDERAL #2
2148' FNL & 990' FWL

SURFACE USE PLAN

FOR

DRILLING, COMPLETING AND PRODUCING

COASTAL OIL & GAS CORPORATION
WELLS #1, #2, #3, & #4 PARKER FEDERAL
SECTION 1-16S-28E
EDDY COUNTY, NEW MEXICO

LOCATED:	18 air miles east-northeast of Artesia, N. M.
FEDERAL LEASE NUMBER:	NM-29828
LEASE ISSUED:	5-1-77 for a primary term of 10 years.
RECORD LESSEE:	Howard W. Parker (40%) Joe M. Parsley (40%) Wesley T. House (20%)
OPERATOR'S AUTHORITY:	Designation of Operator from record lessees.
BOND COVERAGE:	$10,000 Bond of Oil & Gas Lessee
ACRES IN LEASE:	255.13
SURFACE OWNERSHIP:	Federal
GRAZING PERMITTEE:	Hal Bogle Estate P. O. Box 358, Dexter, New Mexico 88230
WELL SPACING:	40-acre. Undesignated area.
EXHIBITS:	A. General Road Map B. Plat Showing Proposed Roads & Wells C. Topographic Map D. Sketch of Well Pad

ROAD LOG TO PROPOSED DRILLSITE

STARTING POINT is east of Artesia on US-82 at Mile Post 127.9 which is 20.35 miles east of US-285:

0.00 Turn north and proceed in a northerly direction for 6.73 miles to fork in the road.

6.73 Turn left (northwest) and proceed in a northwesterly direction for 2.44 miles to fork in the road. (At 8.98 miles, road drops off caprock.)

9.17 Turn right (north) and proceed in a north-northwesterly direction for 1.53 miles to fork in the road. (At 9.96 miles, road passes windmill on left; and at 10.64 miles, road starts down to salt flats.)

10.70 Turn right (north) and follow main road for 0.64 miles to fork in road.

11.34 Turn left (northwest) and go 0.15 mile to SW corner of Well #1 State.

11.49 New Road will Begin At This Point.

THIRTEEN POINT PROGRAM

1. EXISTING ROADS:

   A. Existing roads, which lead to the proposed drillsite, are shown on Exhibits "A"; "B" and "C".

2. PROPOSED NEW ROAD:

   A. Dimensions: The proposed new roads which will be 12 feet in width are shown on Exhibit "B". Road to Wells #1 & #2 will be 0.3 mile in length and will originate at Well #1 State in lot 6 of 1-16S-28E and will terminate at Well #2 in lot 12. Road to Well #3 will be 0.2 mile in length and will originate at mileage 10.87 on road log and will terminate at Well #3 in lot 13. Road to Well #4 will be 0.15 mile in length and will originate at mileage 10.82 on road log and will terminate at Well #4 in lot 15. The center lines of the roads have been staked and flagged.

B. Surfacing Material: Road to Well #4 will be surfaced with caliche. It is not planned to surface the other new roads unless the wells become productive.

C. Maximum Grade: Less than one percent.

D. Turnouts: None.

E. Drainage Design: New road will be crowned with drainage to each side.

F. Culverts: None required.

G. Cuts and Fills: None required.

H. Gates, Cattleguards: If Well #3 is productive, the existing gate at the east end of the new road to Well #3 will be replaced with a cattleguard.

3. LOCATION OF EXISTING WELLS:

A. Existing wells are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. There are no existing facilities on the lease.

B. If the lease becomes productive, a 20' x 100' tank battery pad will be constructed at the south side of the well pad of Well #1. A second tank battery pad will be constructed on the west side of the well pad of Well #4. Flow lines will be laid on top of the ground except on the well pads and road crossings.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. A water supply well is not planned. Water will be purchased and hauled to the wellsite over existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Construction material will be obtained from a new pit to be opened on Federal land in the southwest portion of lot 15 in Section 1-16S-28E. An archaeological report was made on this site by Dr. J. L. Haskell on 6-22-80.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill Cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during tests will be disposed of in the drilling pits.

D. Oil produced during tests will be produced into temporary test tanks.

E. Trash, waste paper, garbage, and junk will be buried in a trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "D".

F. All trash and debris will be buried or removed from each wellsite within 30 days after finishing each drilling and/or completion operation.

8. ANCILLARY FACILITIES:

A. None anticipated.

9. WELLSITE LAYOUT:

A. The wellsites have been surveyed, staked and flagged.

B. The dimensions and relative location of the drill pad, mud pits and trash pits with respect to the well bore are shown on Exhibit "D".

C. The wellsites are nearly level and will require hardly any cut or fill. The well pad for Well #2 will be rotated 45° clockwise due to an existing fence. The well pad for Well #3 will be rotated 90° counter-clockwise to minimize digging the reserve pit. The pad for Well #4 will be rotated 135° to move the reserve pit away from the salt lake.

D. If the wells are productive, the well pads will be surfaced with caliche.

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 wellsites in as aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced until they are filled.

C. After abandonment, all equipment, trash and junk will be removed and the location cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and accomplished as expeditiously as possible.

11. OTHER INFORMATION:

A. Topography: The well locations are nearly level.

B. Soil: Sandy loam with small amount of gravel for Wells #1, #2 & #3, and silty sand for Well #4.

C. Flora and Fauna: The vacinity surrounding the drillsites is semi-arid desert rangeland. Vegetation is thinly scattered with desert shrubs interspersed with a small amount of native grasses. No wildlife was observed, but wildlife in this habitat consists mostly of lizards, rabbits, rodents, coyotes, dove and quail.

D. Ponds and Streams: The proposed wells surround the Ishee Salt Lake Flats.

E. Residences and Other Structures: There are no occupied dwellings within three miles of the lease. Nearest windmill is 3/4 mile south of Well #4.

F. Archaeological, Historical and Other Cultural Sites: An archaeological reconnaissance of the well pads and road areas was made by the New Mexico Archaeological Services, Inc. on July 24, 1980 and only one isolated archaeological occurence was observed. It consisted of six primary decortication flakes. It is located in the west-central portion of the 400' x 400' area surrounding Well #2 Parker and lies southwest of the fence that runs diagonally through the 400' x 400' area. The location was moved 34.2' northeast and is now 330' out of the northeast corner of lot 12. The well pad is being rotated 45° and all surface disturbance will be on the northeast side of the fence.

G. Land Use: Grazing and occasional hunting.

12. OPERATOR'S REPRESENTATIVE:

Representative responsible for assuring compliance with the approved Surface Use Plan:

Marion Gibbs
Coastal Oil & Gas Corporation
415 W. 8th Street
Amarillo, Texas 79101
Office 806-372-8121
Home 806-373-3840

13. 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 COASTAL OIL AND GAS CORPORATION and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

August 12, 1980
date

Jim Williamson

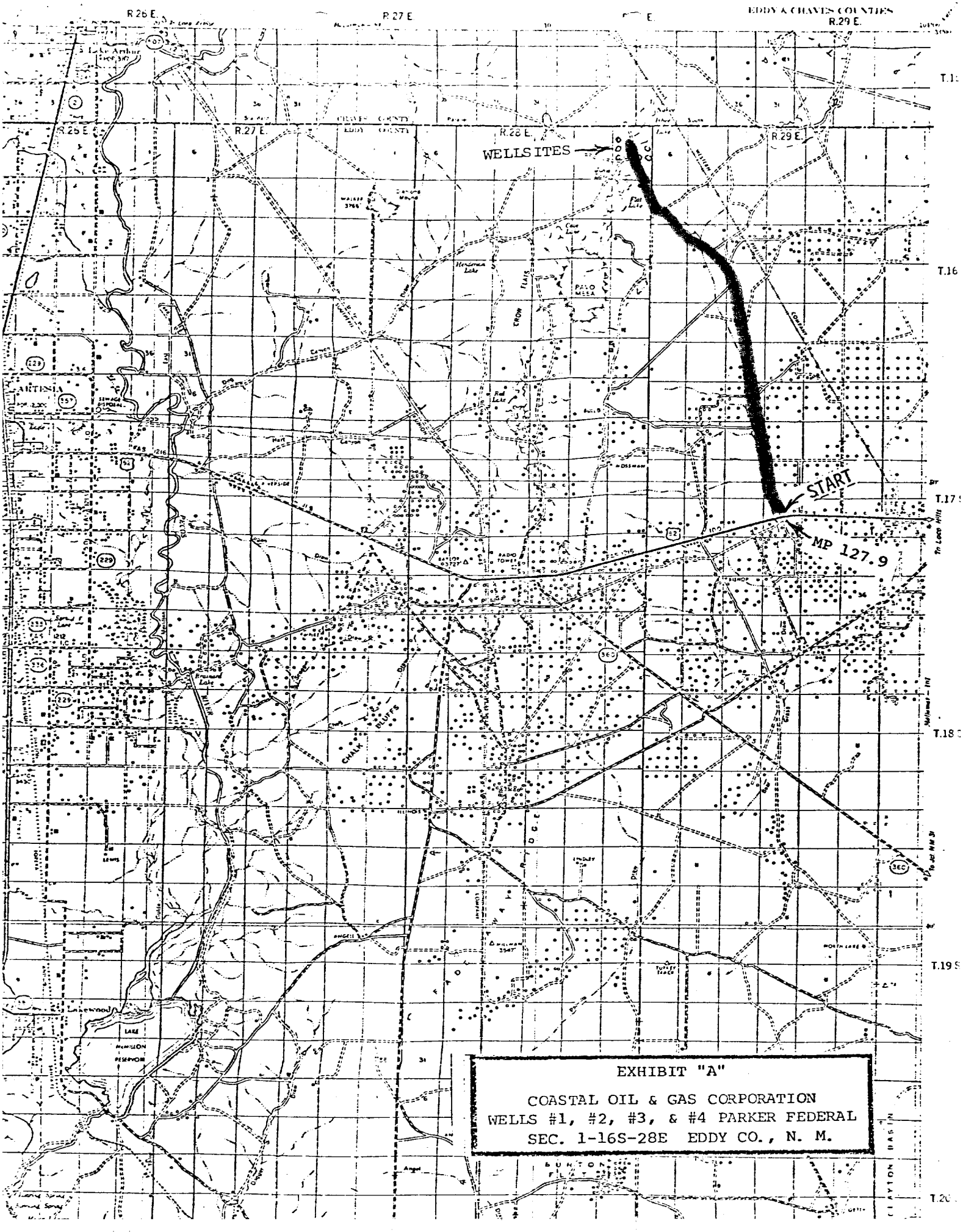


EXHIBIT "A"

COASTAL OIL & GAS CORPORATION
WELLS #1, #2, #3, & #4 PARKER FEDERAL
SEC. 1-16S-28E EDDY CO., N. M.

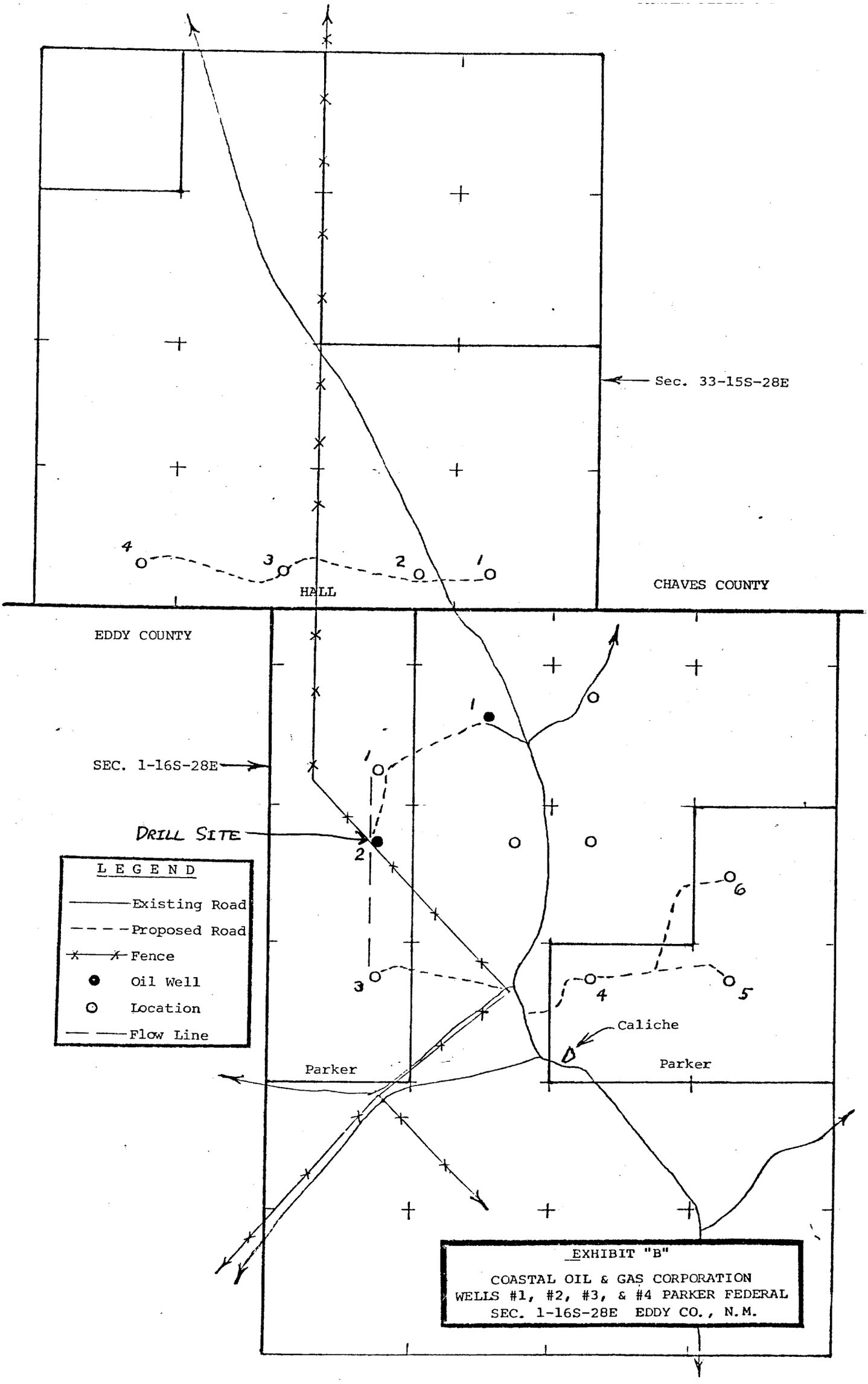


EXHIBIT "B"

COASTAL OIL & GAS CORPORATION
WELLS #1, #2, #3, & #4 PARKER FEDERAL
SEC. 1-16S-28E EDDY CO., N.M.

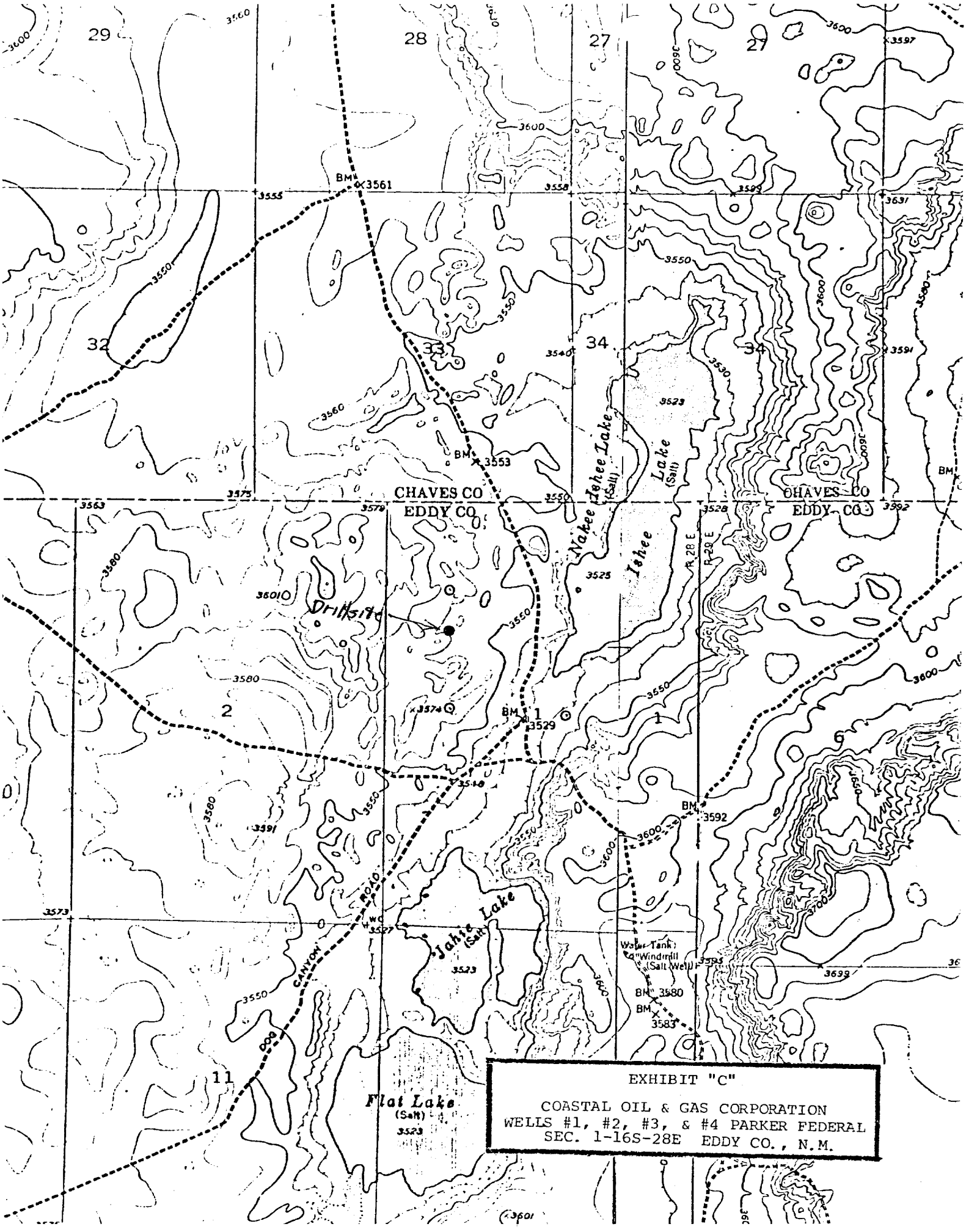


EXHIBIT "C"

COASTAL OIL & GAS CORPORATION
WELLS #1, #2, #3, & #4 PARKER FEDERAL
SEC. 1-16S-28E EDDY CO., N.M.

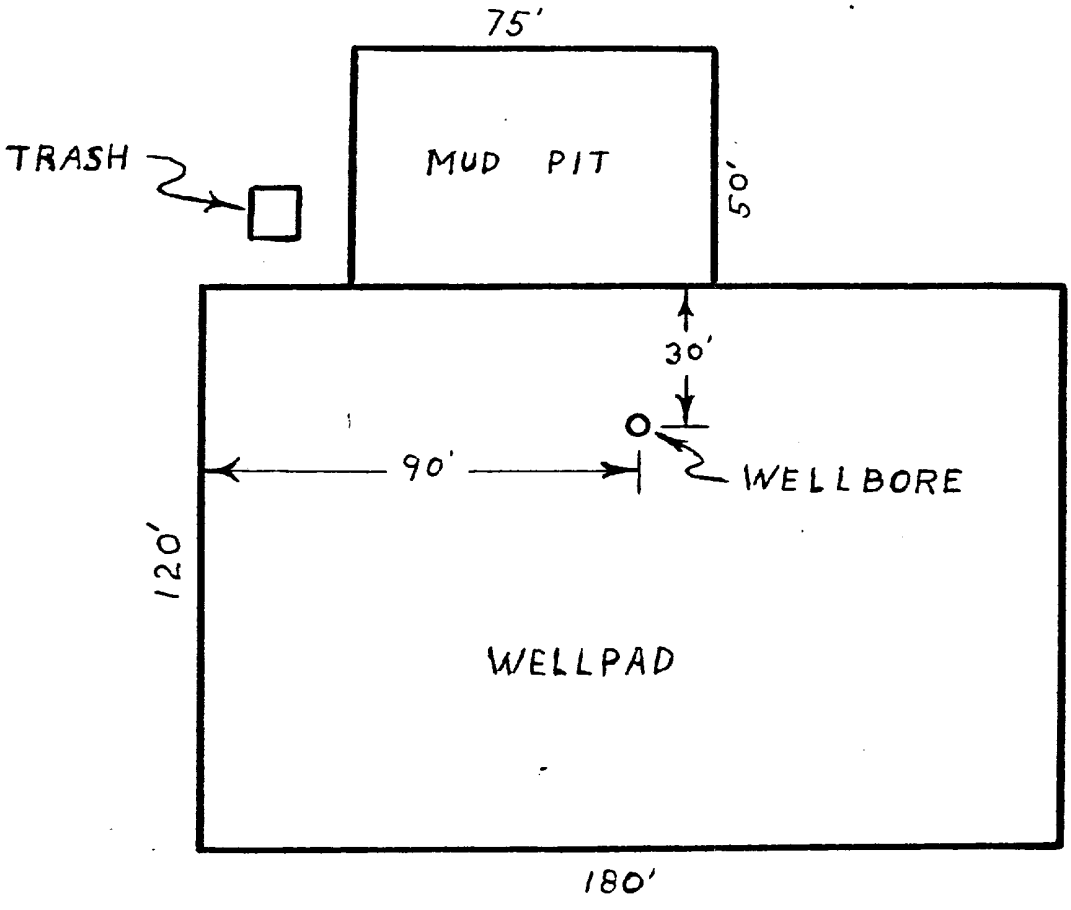


EXHIBIT "D"

COASTAL OIL & GAS CORPORATION
WELLS #1, #2, #3, & #4 PARKER FEDERAL
SEC. 1-16S-28E EDDY CO., N.M.

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United States Department of the Interior

GEOLOGICAL SURVEY

ARTESIA
HOBBS DISTRICT

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SEP 12 1980

O. C. D.
ARTESIA, OFFICE

Operator Oil & Gas Corp,
Parker Federal No. 1
2145 FNL 990 FWL, I-16 S-2
Eddy County, New Mexico 2790

[Above Data Required on Well Sign]

GENERAL REQUIREMENTS
FOR
OIL AND GAS OPERATIONS ON FEDERAL LEASES

These General Requirements apply generally to all oil and gas operations on federal leases. They apply specifically to the above described well. Special requirements that apply and are effective for this well, if any, are check-marked in section 15 of these General Requirements.

1. GENERAL:

A. Full-compliance with applicable laws and regulations, with the approved Permit to Drill, and with the approved Surface Use and Operations Plan is required. Lessee's and/or operators are fully accountable for the actions of their contractors and subcontractors.

B. Each well shall have a well sign in legible condition from spud date to final abandonment. The sign should show the operator's name, lease name or unit name, well number, location of the well and the lease serial number.

C. A complete copy of the approved Application for Permit to Drill and the accompanying Surface Use and Operations Plan along with any conditions of approval shall be available to authorized personnel at the drillsite whenever active construction or drilling operations are underway.

D. A drilling operations progress report is to be submitted daily from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should be on paper not less than 5 X 8 inches in size and each page should identify the well by operator's name, well name and number, and by well location.

E. Immediate notice is required of all blowouts, fires, spills, and accidents involving life-threatening injuries or loss of life. (See NTL-3)

F. No construction activities, such as roads, well sites, tank battery sites, pits, or other work involving surface disturbance will be commenced until a Surface Use and Operations Plan is submitted and approval obtained.

G. If, during operations, any archeological or historical sites, or any object of antiquity subject to the Antiquities Act of June 8, 1906, are discovered, all operations which would affect such sites are to be suspended and the discovery reported promptly to the appropriate offices of the Geological Survey and the Bureau of Land Management.

[illegible] variance from the approved [illegible] pit, tank, or drilling [illegible] indefinitely. [illegible] approval to be obtained orally, but such approval does not waive the written report requirements.

I. Blowout prevention equipment is to be installed before drilling below the surface casing shoe and will be maintained in operable condition until operations are completed.

J. All shows of fresh water and minerals will be reported and protected.

K. Well area and lease premises will be maintained in a workmanlike manner with due regard to safety, conservation, and appearance. All waste associated with the drilling operations will be contained and will be buried in place (in a separate trash pit) or removed and deposited in an approved sanitary landfill. All garbage (metal containers will be crushed) and debris left on site will be buried at least two feet deep. All trash and debris will be buried or removed from the site within one month after removal of the drilling rig and/or completion rig, and the wellsite will be kept clean and in an aesthetically satisfactory condition for the life of the well.

L. Unless drilling operations are commenced within one year, approval of an Application for Permit to Drill will automatically expire. A written request for extension may be granted if timely submitted.

2. CONSTRUCTION ACTIVITIES, (ALSO REFER TO SEC. 3, DRILLING PITS):

A. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan, the conditions of approval and a copy of sec. 2 and 3 of these General Requirements.

B. No caliche, gravel, or other related minerals from new or existing pits on Federal land will be used in construction of roads, well sites, etc., without prior approval from the Bureau of Land Management.

C. Vegetative materials removed during construction must be disposed of in such manner that it does not detract from the aesthetics of the area and does not accelerate erosion. Vegetation removed during clearing operations should be placed in drainages, washes, gullies, etc., and "walked down" by crawler type tractor. If there are no drainages in the immediate area, the vegetation should be "walked down" in place. All trash resulting from construction activities will be disposed of. Any large rocks resulting from construction activities will not be piled or left in rows but will be left so they do not detract from the natural appearance of the area. Any available topsoil encountered during construction should be stockpiled for use in restoring the pit area after the pits are covered.

D.

E. Each existing fence to be crossed by the permittee will be braced and tied off before cutting so as to prevent slacking of the wire. The opening will be protected as necessary during construction to prevent the escape of livestock and upon completion of construction, the fence will be repaired back to the original standard of the existing fence. A cattleguard will be installed in any fence where a road is to be regularly traveled. A twelve foot gate will be installed adjacent to the cattleguard when necessary.

NOTE: Sec. 2-C and 2-D above apply primarily to Federal Surface. If the land is privately owned, these requirements may be varied to comply with the operator-landowner agreement.

3. DRILLING PITS:

A. Mud pits will be constructed so as not to leak, break or allow discharge of liquids. Pits are not to be located in natural drainage. Any plastic material used to line pits must be removed to below ground level before pits are covered.

B. All unguarded pits containing liquids will be fenced.

C. Liquids in pits will be allowed to evaporate, or be properly disposed of otherwise, before pits are broken. Under no circumstances will pits be allowed to be cut to be drained.

4. CASING AND CEMENTING REQUIREMENTS:

A. Surface casing is to be set at sufficient depth to protect fresh water zones and cement circulated to the surface. In areas where the salt section (Salado) is present, surface casing should be set at least 50 feet into the Rustler Anhydrite and cement circulated to the surface. If surface casing is set at a lesser depth, the first string of casing set below the salt section must be cemented from the casing shoe to the surface or cemented to the surface through a stage tool set at least 50 feet below the top of the Rustler, after cementing around the shoe with sufficient cement to fill to the base of the salt section, minimum.

B. Intermediate and production casing strings are to be set and cemented as necessary to effectively isolate and seal off all water, oil, gas or potash bearing strata encountered in the well down to the casing point. Where the salt section is present, the minimum required cement fill behind the first casing string, either production or intermediate, set below the salt section is back to above the base of the salt section.

C. Prior to drilling the plug after cementing, all casing strings shall be pressure tested. Test pressure shall not be less than 600 psi for surface casing, and a minimum of 1,500 psi or 0.2 psi/ft., whichever is greater, for other casing strings. If the pressure declines more than 10 percent in 30 minutes, or if there is other indication of a leak, the casing shall be recemented, repaired, or an additional casing string run, and the casing shall be tested again in the same manner.

D. After cementing but before commencing any tests, the casing string shall stand cemented under pressure until the cement has reached a compressive strength of at least 500 psi at the shoe, except that in no case shall tests be initiated until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log.

5. BLOWOUT PREVENTION:

A. Blowout preventers and related well-control equipment shall be installed, tested and used in such manner necessary to prevent blowouts.

B. Ram-type blowout preventers and related control equipment shall be pressure tested with water to the rated working pressure of the stack assembly (except that the annular-type preventer may be tested to 70 percent of rated working pressure): (a) when installed, (b) before drilling possible abnormally pressured zones, and (c) following repairs that require disconnecting a pressure seal in the assembly.

C. While drill pipe is in use, ram-type blowout preventers shall be actuated to test proper functioning once each trip, but in no event less than once each day. The annular-type blowout preventer shall be actuated on the drill pipe at least once each week.

D. Blowout preventers are to have proper rams for the operations being performed. Casing rams are required when running casing.

E. Blowout preventers are to have handwheels installed.

F. A choke line and a kill line are to be properly installed. The kill line is not to be

G. The accumulator system shall have a [illegible] of operating the hydraulic preventers.

H. Drill string safety valves, to [illegible] the rig floor while drilling operations are in progress.

I. Blowout prevention drills are to be conducted as necessary to assure that equipment is operational and that each crew is properly trained to carry out emergency duties. All BOP tests and drills are to be recorded in the driller's log.

J. The maximum pressure to be allowed on blowout preventers during well control operations is to be posted for each casing string.

K. The characteristics, use, and testing of drilling mud and the conduct of related drilling procedures shall be such as are necessary for well control. Quantities of mud materials sufficient to insure well control shall be maintained, readily accessible for use at all times.

L. When coming out of the hole with drill pipe, the annulus shall be filled with mud before the mud level drops below 100 feet. The volume of mud required to fill the hole shall be watched, and any time there is an indication of swabbing, or influx of formation fluids, proper blowout prevention precautions must be taken. The mud shall not be circulated and conditioned except on or near bottom, unless well conditions prevent running pipe to bottom.

M. From the time drilling operations are initiated and until drilling operations are completed, a member of the drilling crew or the toolpusher shall maintain rig floor surveillance at all times, unless the well is secured with blowout preventers or cement plugs.

6. REPORTS:

A. The following reports shall be filed with the District Engineer within 15 days after the work is completed:

(1) Five copies of Sundry Report, Form 9-331, giving complete information concerning:

(a) Setting of each string of casing. Show size, grade and weight of casing set, size hole, depth set, amount and type of cement used, whether cement circulated, top of cement behind casing if determined, depth of cementing tools if used, casing test method and results, and date work was done. Show spud date on first report submitted.

(b) Intervals tested, perforated, acidized, or fractured and results obtained. Show date work was done.

(2) Four copies of Well Completion Report, Form 9-330. Show formation tops, drill stem test information, completion data, and production tests. Show all oil and gas zones and important water sands under item 37. Data on water sands should include rate of water inflow and elevation to which water rose in hole.

(3) Two copies of all electrical and radioactivity logs run.

7. DRILLER'S LOG:

A. The following shall be entered in the daily driller's log:

(1) Blowout preventer pressure tests including test pressures and results.

(2) Blowout preventer tests for proper functioning.

(3) Blowout prevention drills conducted.

(4) Casing run, including size, grade, weight and depth set.

(5) How pipe was cemented, including amount of cement, type, whether cement circulated, location of cementing tools, etc.

(6) Waiting on cement time for each casing string.

(7) Casing pressure tests after cementing including test pressure and results.

8. DRILLSTEM TESTS:

A. Estimated amounts of oil and gas recovered and/or produced during drillstem tests are to be shown in the driller's log and reported in accordance with NTL-4A.

9. GAS FLARING:

Pursuant to NTL-4A

10. WATER DISPOSAL:

A. An application for approval of the disposal method for water production from all new wells must be filed with the District Engineer pursuant to Section VII of NTL-2B. Failure to timely file such application will be considered an incident of non-compliance and will be grounds for issuing a shut-in order until the application is submitted.

11. SAFETY:

A. All rig heating stoves are to be the explosion-proof type.

B. Drilling rig engines should have water cooled exhausts.

C. Rig safety lines are to be installed.

D. Hard hats must be utilized.

12. SUBSEQUENT OR CHANGE OF PLANS:

A. Any additional construction, re-construction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, will require the filing of a suitable plan and prior approval by the Survey after clearance with the surface management agency.

13. REMOVAL OF DRILLING RIG:

A. Unless a well has been properly cased and cemented, or properly plugged, the drilling rig must not be moved from the drillsite without prior approval from the Survey.

14. ABANDONMENT:

A. If the well is dry and is to be plugged, approval of the proposed plugging program may be obtained orally. However, oral approval must be confirmed in writing by immediately filing a Notice of Intention to Abandon on Form 9-331 in quintuplicate with the District Engineer. The report should show the total depth reached, the reason for plugging, and the proposed intervals, by depths, where cement plugs are to be placed, type of plugging mud, etc.

B. Upon completion of approved plugging, erect a regulation well marker which should not be less than 4 inches in diameter and extend at least 4 feet above general ground level. Heap up the dirt around the base of the marker about 12 inches to take care of any settling of the cellar. The top of the marker must be closed or capped. The following minimum information shall be permanently placed on the marker with a plate, cap, or welded bead:

(1) Operator
(2) Well number and name
(3) Section - Township - Range
(4) [illegible] feet [illegible] section lines

C. If, upon abandonment of wells on Federal surface, the retention of the well pad and/or access road is not considered necessary for the management and multiple use of the natural resources, they will be ripped a minimum of 12" in depth. All ripped surfaces are to be [illegible] from vehicular travel by construction of a [illegible] at the entrance to these ripped areas. (Reserve top of the [illegible] may be required.)

D. Surface restoration after abandonment of wells on non-Federal surface normally will be in accordance with the operator - landowner agreement.

E. Within 15 days after plugging the well, a Subsequent Report of Abandonment is to be filed on form 9-331 in quintuplicate showing the manner in which the well was plugged, including depths where casing was cut and pulled from, intervals, by depths, where cement plugs were placed, and the date plugging was completed. When all surface restoration work is completed, advise the District Office so that a field inspection of the wellsite can be made.

15. SPECIAL STIPULATIONS:

The following special requirements apply and are effective when check-marked.

☐ A. _____ surface casing should be set in the Rustler Anhydrite formation and cement circulated to the surface. If surface casing is set at a lesser depth, the _____ casing must be cemented from the casing shoe to the surface or cemented to the surface through a stage tool set at least 50 feet below the top of the Rustler after cementing around the shoe with sufficient cement to fill to the base of the salt section.

☒ B. Before drilling below the 8 5/8 casing, the blowout preventer assembly will consist of ~~[illegible]~~ operated two ram type preventers.

☐ C. Casing protectors will be run on drill pipe while drilling through the _____ casing. Protectors will be of sufficient number and of sufficient outside diameter to protect the casing.

☒ D. Minimum required fill of cement behind the 8 5/8 casing is to Surface

☐ E. After setting the _____ casing string and before drilling into the _____ formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the _____ formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:

(1) A recording pit level indicator to determine pit volume gains and losses.

(2) A mud volume measuring device for accurately determing mud volume necessary to fill the hole on trips.

(3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.

☐ F. For the protection of livestock and wildlife all pits containing toxic liquids will be fenced and covered with a fine mesh netting (i.e. Hardware Cloth) with openings being 1/2 inch or less.

☒ G. Above ground permanent structures and equipment shall be painted in accordance with the attached Painting Guidelines. The paint color is to simulate:

☐ Sandstone Brown, Fed. Std. 595-20318 or 30318

☐ Sagebrush Gray, Fed. Std. 595-26357 or 36357

☒ H. A kelly cock will be installed and maintained in operable condition.

☐ I. The District Office is to be notified in sufficient time for a representative to witness cementing of the _____ casing.

☐ J. A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the U. S. Geological Survey, P. O. Drawer 1857, Roswell, New Mexico 88201. The effective date of the agreement must be prior to any sales.

☐ K. A Gamma Ray-Compensated Neutron log is required from the base of the salt section to the surface with cable speed not to exceed 30 feet per minute.

☒ L. At least one working day prior to constructing the well pad, access roads and/or related facilities, the operator or dirt contractor shall notify the authorized officer (Bureau of Land Management, Carlsbad Resource Area, 505-887-6544). He shall also notify the Authorized Officer within two working days after completion of earth-moving activities.

☒ M. All access roads constructed in conjunction with the drilling permit(APD) will be limited to a 12 foot wide driving surface, excluding turn-arounds. Surface disturbance associated with construction and/or use of the road will be limited to 24 feet in width. If well is a producer, all roads will be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts and/or any other measures deemed necessary by the authorized officer of the BLM. The following is a general guide for the spacing of water bars:

% Slope	
less than 2%	200 ft.
2% to 4%	100 ft.
4% to 5%	75 ft.
more than 5%	50 ft.

☐ N. Special Stipulations:

Flare pit to be a minimum of