

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

Terra Resources, Inc.

RECEIVED

3. ADDRESS OF OPERATOR

10 Desta Drive, Suite 500 West Midland, Texas 79705

SEP 24 '87

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

At surface FWL

660' NW & EEL

At proposed prod. zone

Same

O. C. D.

ARTESIA. OFFICE

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

15 miles north-east of Artesia

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

280

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*

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

19. PROPOSED DEPTH

9300'

20. ROTARY OR CABLE TOOLS

Rotary

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

Ground level = 3635' /

22. APPROX. DATE WORK WILL START*

9-20-87

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13.375	48.0	300	325 sx CIRCULATE
11"	8.625	24.0	1700	550 sx CIRCULATE
7-7/8"	5.5	15.5 & 17.0	9500	500 sx

- 1) Drill 17 1/2" hole to 300' w/fresh water mud. Set & cement 13-3/8" casing. Circulate cement to surface.
- 2) Drill 11" hole to 1700' w/brine water. Set 8-5/8" casing at 1700' & circulate cement to surface.
- 3) Drill 7-7/8" hole to 9300' w/fresh water and fresh water based mud. Set 5-1/2" casing @ 9600'.
Circulate cement back to 6500'.

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

Ship Cooper

TITLE OPERATIONS ENGINEER

DATE 9/8/87

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE 9-23-87

CONDITIONS OF APPROVAL, IF ANY:

*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 plate, 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.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396, 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill, deepen, or plug back an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

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.

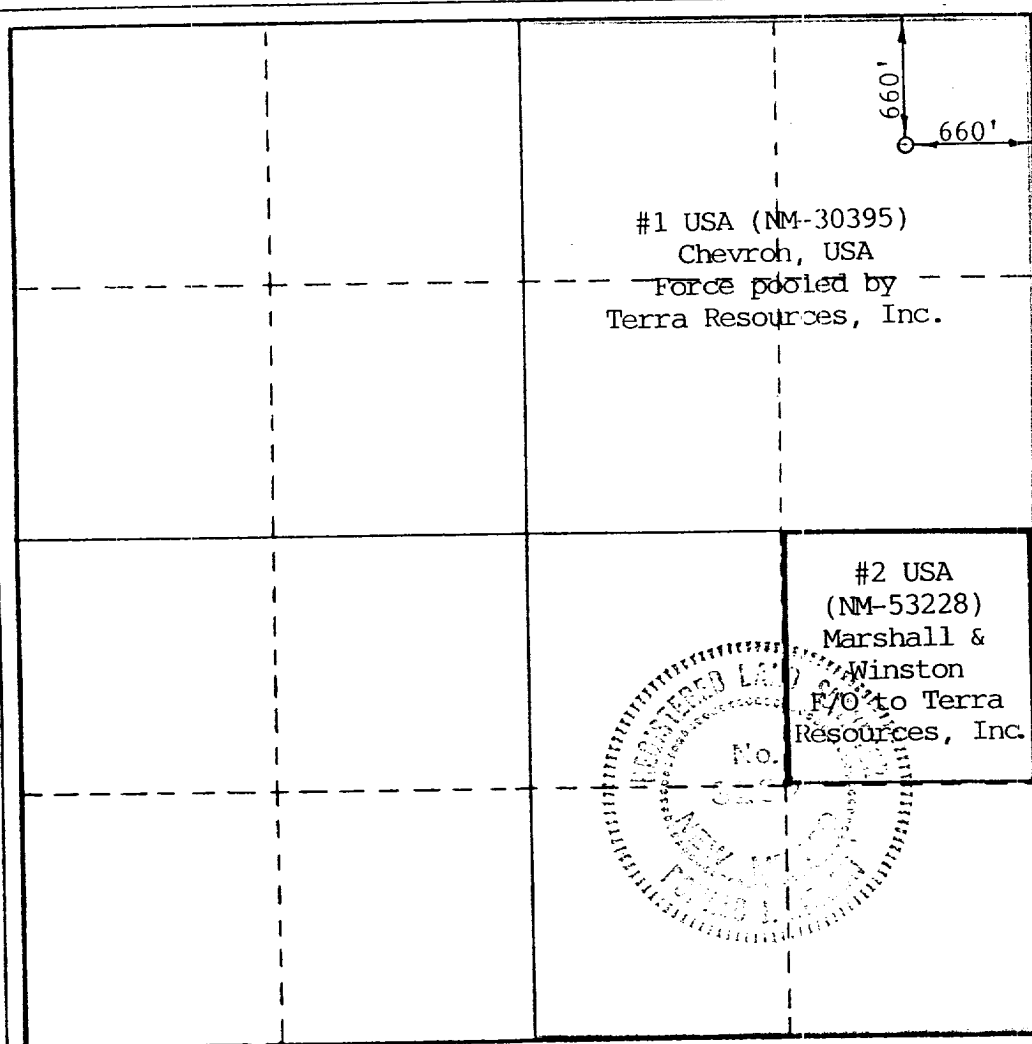
Operator Terra Resources, Inc.			Lease Chevron 7 Federal		Well No. 1
Unit Letter A	Section 7	Township 16 South	Range 28 East	County Eddy	
Actual Footage Location of Well:					
660 feet from the North line and		660' feet from the East line			
Ground Level Elev. 3635.1	Producing Formation Morrow	Pool Diamond Mound		Dedicated Acreage: 320 Acres	

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 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 forced pooling

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 Skip Coyner

V.M. "Skip" Coyner

Position
Operations Engineer

Company
Terra Resources, Inc.

Date
9/8/87

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.

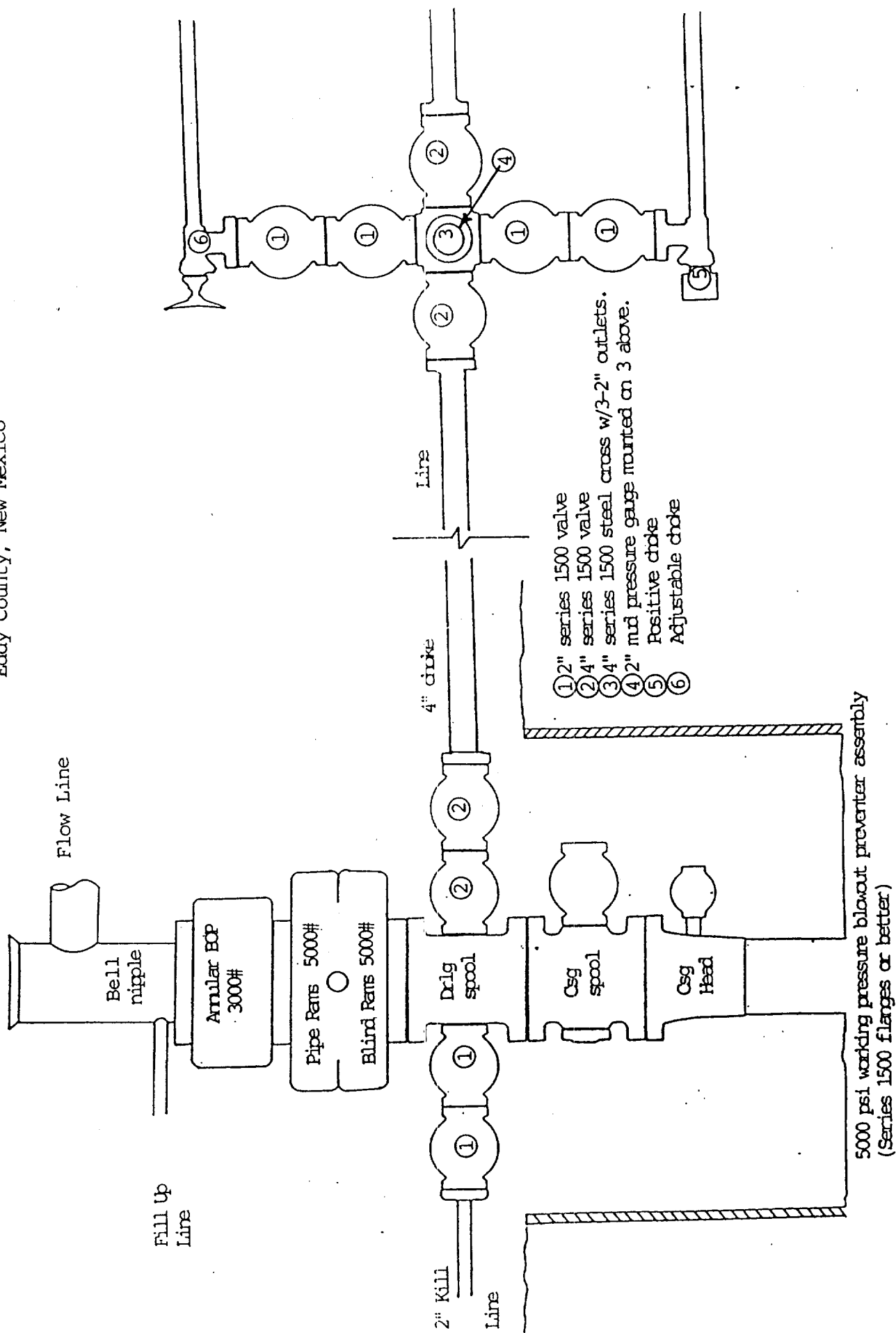
Date Surveyed
August 7, 1987

Registered Professional Engineer
and/or Land Surveyor

Ronald J. Eidson

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

EXHIBIT F
 Pressure Control Equipment
 Terra Resources, Inc.
 Chevron "7" Federal 1
 660' FNL & FEL
 Sec. 7 T-16-S R-28-?E
 Eddy County, New Mexico



TERRA RESOURCES, INC.
Chevron "7" Federal 1
660' FEL & 660' FNL
Sec. 7, T-16-S, R-28-E
Eddy County, New Mexico

In conjunction with form 3160-3, **Application for Permit to Drill**, Terra Resources, Inc. submits the following ten items of pertinent information in accordance with USGG requirements:

1. The geologic surface formation is Permian (Artesia Group)
2. The estimated tops of geologic markers are as follows:

Yates	300'	Tubb	4400'
7 Rivers	800'	Abo	5200'
Queen	1050'	Wolfcamp	6400'
Grayburg	1400'	Strawn	8450'
San Andres	1650'	Atoka	8740'
Glorietta	3200'	Morrow Sands	8930'
		Chester Lm	9220'

3. The estimated depths at which anticipated fresh water, oil or gas formations are expected to be encountered:

fresh water:	surface to 300'
oil or gas:	Wolfcamp 6400'
	Strawn 8450'
	Atoka 8740'
	Morrow 8930'
4. Proposed casing and cementing program: See **Exhibit E**
5. Pressure control equipment: See **Exhibit F**
6. Mud program: See **Exhibit G**
7. Auxiliary equipment: none
8. Testing, logging and coring programs:
 - a) No cores are planned.
 - b) Drill Stem Tests (When justified by a valid show of oil or gas)

Wolfcamp	6400'
Strawn	8450'
Atoka	8740'
Morrow	8930'
 - c) Open hole logs:

Gamma Ray-Caliper-Neutron-Density Porosity Log	1700' - TD
Gamma Ray-Neutron log	Surf - 1700'
Gamma Ray-Dual Laterolog-Micro laterolog	1700' - TD
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: as soon as possible.

EXHIBIT E
Topographic Map
Terra Resources, Inc.
Chevron "7" Federal 1
660' FNL & FEL
Sec. 7 T-16-S R 28 E
Eddy County, New Mexico

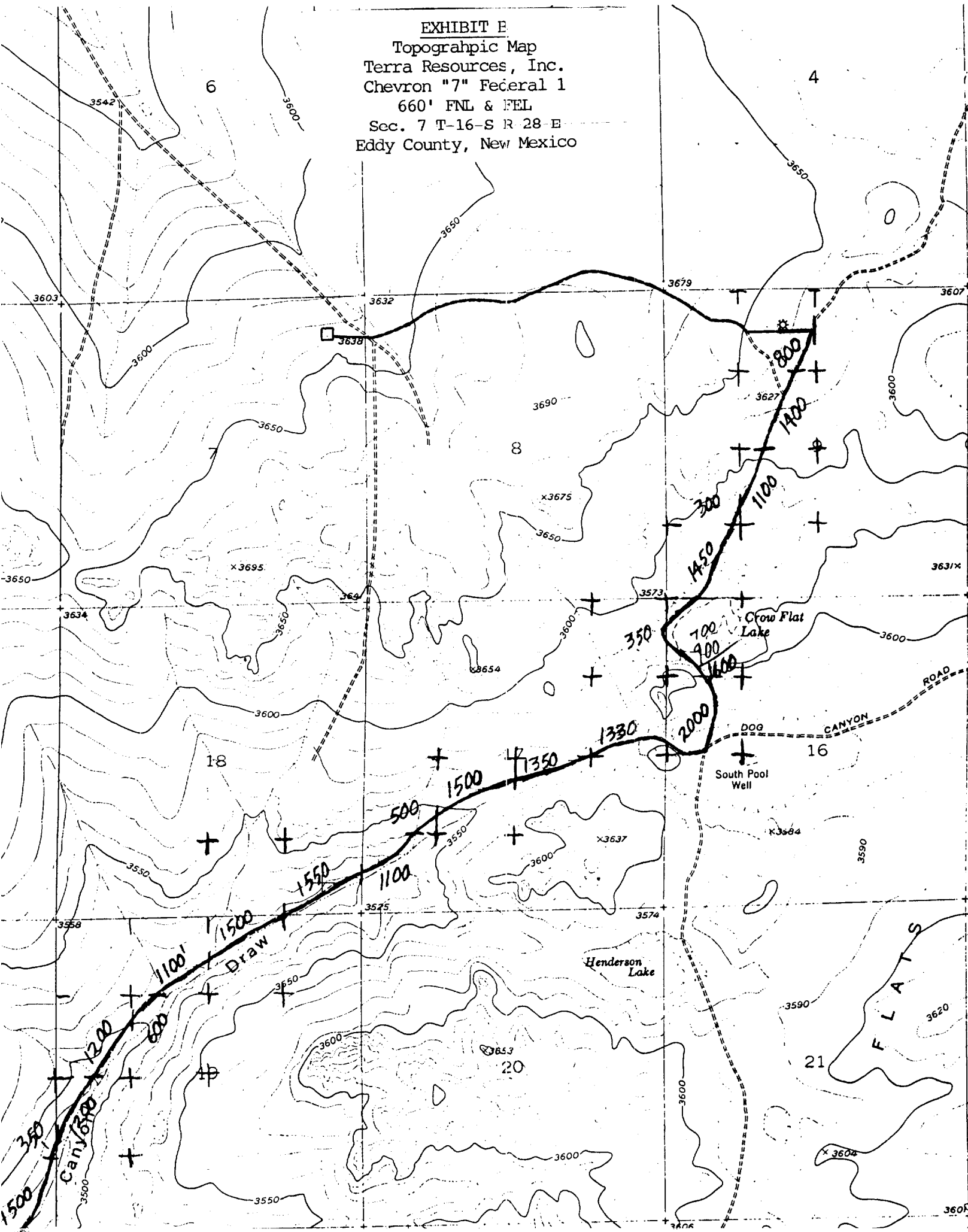


EXHIBIT D
Terra Resources, Inc.
Chevron "7" Federal 1
660' FNL & FEL
Sec. 7 T-16-S R-28-E
Eddy County, New Mexico

