

APPLICATION FOR DRILLING

GENERAL OPERATING COMPANY
GRAYBURG JACKSON UNIT
TRACT 4 WELL NO. 2
1980' FSL AND 1980' FILL
SECTION 22-T17S-R30E
EDDY COUNTY, NEW MEXICO

In conjunction with Form 9-3310, Application for Permit to Drill subject well, General Operating Company submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Holocene-aged alluvial material.
2. The estimated tops of geologic markers are as follows:

Top Salt	400'
Base Salt	1120'
Top Seven Rivers	1900'
Top Queen	2275'
Top Grayburg	2700'

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

Water: None
Oil or Gas: Seven Rivers (Fron) - approximately 1900'
Grayburg - approximately 3050'

4. Proposed Casing Program: See Form 9-3310.
5. Pressure Control Equipment: See Form 9-3310.
6. Mud Program: See Form 9-3310.
7. Auxiliary Equipment: Normal drilling rig inventory.
8. Testing, Logging and Coring Program:

Drill Stem Tests: None

Logging: Sidewall Neutron Porosity Log
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

GENERAL OPERATING COMPANY
GRAYBURG JACKSON UNIT TRACT 4 WELL NO. 2
1980' FSL AND 1980' FEL
SECTION 22-T17S-R30E
EDDY COUNTY, NEW MEXICO

This plan is submitted with Form 9-3310, 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

Exhibit A is a portion of a USGS topographic map of the area on a scale of approximately one inch to the mile, showing the location of the proposed wellsite and roads in the vicinity. The proposed location is situated approximately 1.5 miles east of Loco Hills, New Mexico, via the access routes shown on Exhibit A. Directions as follows:

- a. Proceed east from Loco Hills for 1.5 miles on Highway 82.
- b. Turn left (north) through cattle guard and immediately turn left (west) on lease road and proceed in westerly direction approximately 0.5 mile to a point north of proposed location.
- c. No new road will be required for access to the proposed location.

2. PLANNED ACCESS ROAD

No new road construction will be required to service the proposed location.

3. LOCATION OF EXISTING WELLS

The well locations in the vicinity of the proposed well are shown on Exhibit B. Petroleum Corporation of Texas' Dexter Federal No. 1, also producing well in the Jackson Abo Field, is located 2310' FSL and 1650' FEL Section 22-T17S-R30E on the same 40-acre unit as the proposed location.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

This proposed producing well is on an active waterflood unit that covers 1600-acres.

If proposed well is successfully completed, a flow line will be laid in a southeasterly direction and connected to the existing oil gathering system for the Grayburg Jackson Unit located at Tract 4 Well No. 1 (TA oil well). Production from the proposed well will then be transported through the Unit oil gathering system to the

Unit tank battery located in the SE/4 SE/4 Section 22-T17S-R30E.

Production from the well will be lifted by pumping unit driven by gas engine utilizing gas produced by the proposed well, if available.

5. LOCATION AND TYPE OF WATER SUPPLY

It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing roads shown on Exhibit A.

6. SOURCES OF CONSTRUCTION MATERIALS

Any caliche required for construction of the drilling pad will be obtained from an existing pit on federally owned surface north of the proposed location (same 40-acre unit).

7. METHODS OF HANDLING WASTE DISPOSAL

Drill cuttings will be disposed in the reserve pit.

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

Water produced during operations will be disposed through salt water disposal facilities located at Unit tank battery site in the SE/4 SE/4 Section 22-T17S-R30E.

Oil produced during operations will be sold through LACF facilities located at Unit tank battery site in the SE/4 SE/4 Section 22-T17S-R30E.

Current laws and regulations pertaining to the disposal of human waste will be complied with.

Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of earth. All waste material will be contained to prevent scattering by the wind.

All trash and debris will be buried or removed from the wellsite within 90 days after finishing drilling and/or completion operations.

8. NECESSARY FACILITIES

None required.

9. MATERIAL LAYOUT

Exhibit C shows the dimensions of the well pad and reserve pits, and the location of major rig components.

The ground surface at the drilling location is sloping down toward

the south. Cutting will be required to level the pad area, which will be covered with at least six inches of compacted caliche.

The pad and pit area have not been staked and flagged.

The reserve pits will not be plastic lined unless fluid loss occurs.

10. PLANS FOR RESTORATION OF THE SURFACE

After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in as aesthetically pleasing a condition as possible.

Unguarded pits, if any, containing fluids will be fenced until they have been filled.

If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11. TOPOGRAPHY

The wellsite and access route are located on a broad, undulating plain.

The top soil at the wellsite is probable Holocene-aged aeolian material.

The vegetation cover at the wellsite is moderately sparse, with prairie grasses, some yucca, and miscellaneous weeds.

No wildlife was observed but it is likely that rabbits, lizards, insects, and rodents traverse the area. The area is used for cattle grazing.

There are no ponds, lakes, streams, or rivers within several miles of the proposed wellsite.

There are no houses or buildings within 1 mile of the proposed wellsite.

The wellsite is located on Federal surface.

There is no evidence of any archaeological, historical, or cultural sites in the vicinity of the location.

12. OPERATOR'S REPRESENTATIVES.

The field representatives responsible for assuring compliance with the approved surface use plan are:

C. W. Stumhoffer	Carroll Bellah
Partner	Consulting Drilling Supervisor
General Operating Company	General Operating Company
Suite 1007 Ridgley Bank Building	P. O. Box 1202
Fort Worth, Texas 76116	Maljamar, New Mexico 88264
Telephone: 817-731-6361 (Office)	Telephone: 505-397-3291 (Mobile)
817-923-2016 (Home)	505-396-5278 (Home)

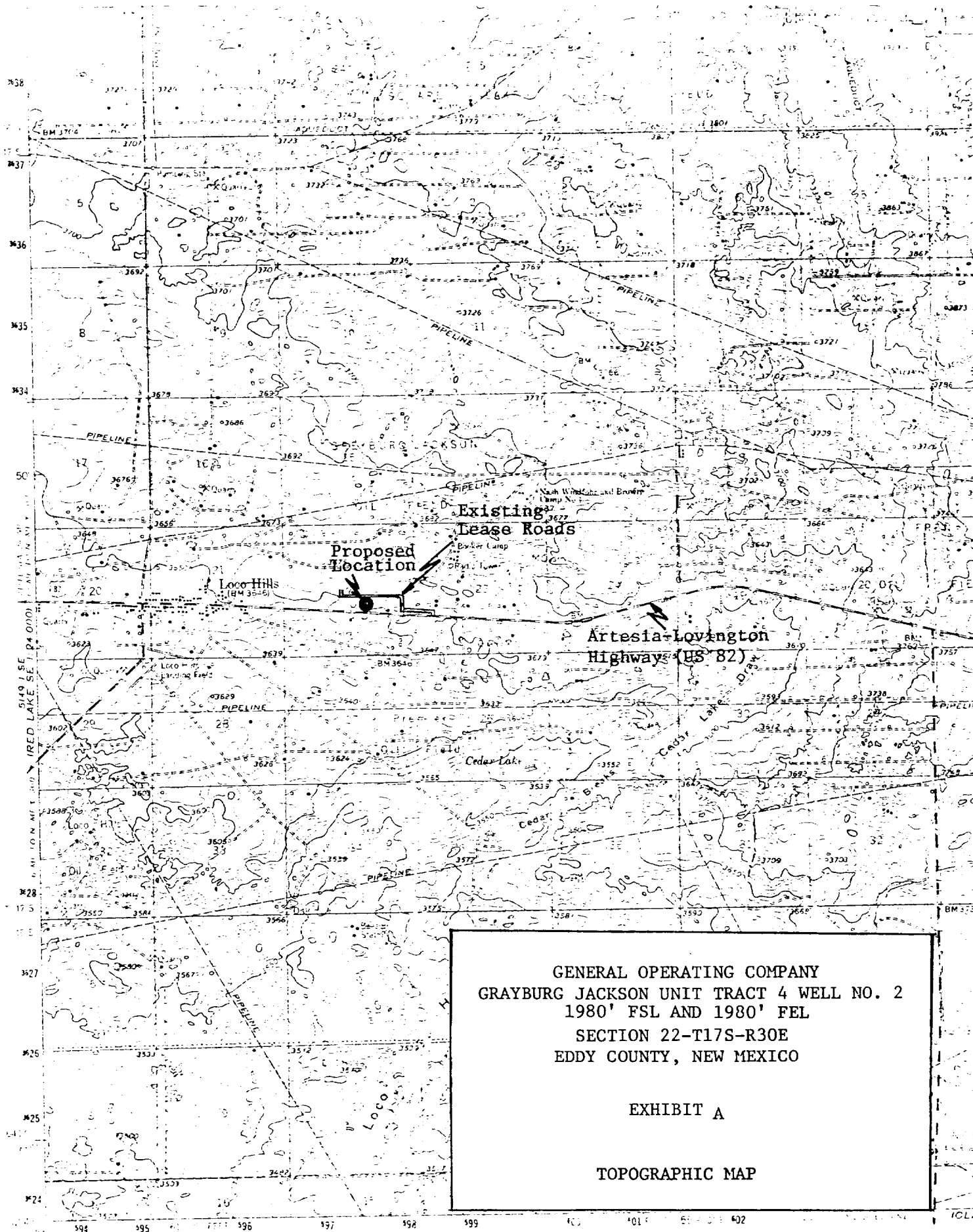
13. CERTIFICATION.

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 General Operating Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

June 27, 1979
Date

C. W. Stumhoffer

C. W. Stumhoffer
Partner
General Operating Company
Suite 1007 Ridgley Bank Building
Fort Worth, Texas 76116



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EXHIBIT A

TOPOGRAPHIC MAP

Mapped, edited, and published by the Geological Survey,

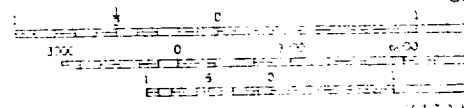
UNITED STATES DEPARTMENT OF THE INTERIOR

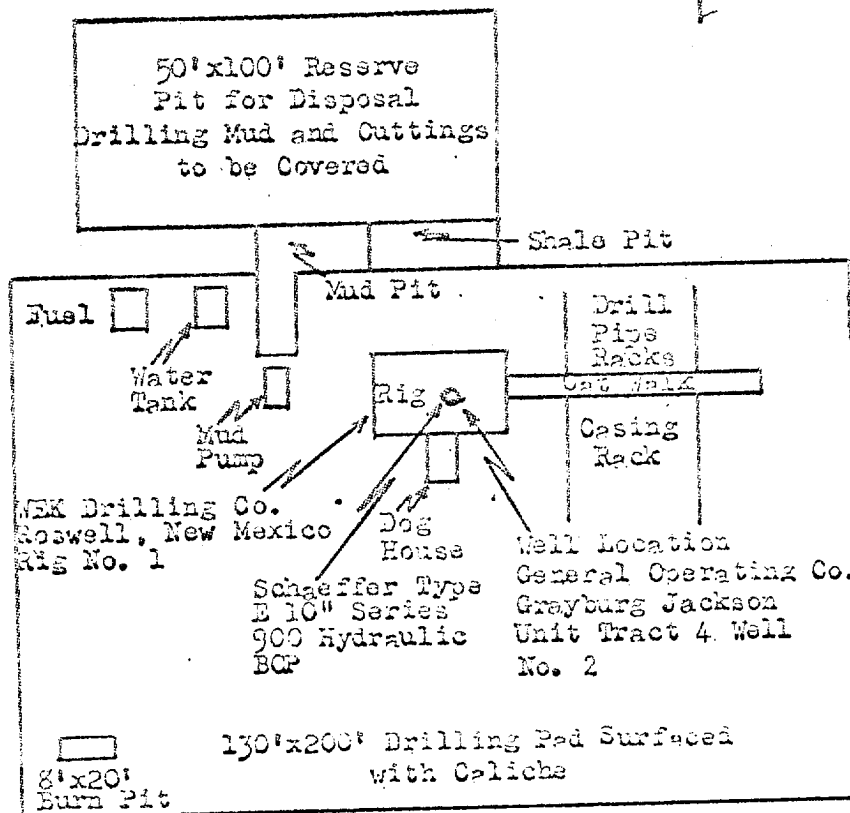
Geological Survey, Open-File Report 100-10, from aerial photographs
taken 1957-1958, and from the survey of 1963

Published by the Geological Survey, Department of the Interior

Scale: 1 inch = 1 mile. Contour interval: 20 feet. Elevation in feet above sea level.

0 1 2 3 4 5 6 7 8 9 10
11 12 13 14 15 16 17 18 19 20
21 22 23 24 25 26 27 28 29 30
31 32 33 34 35 36 37 38 39 40
41 42 43 44 45 46 47 48 49 50
51 52 53 54 55 56 57 58 59 60
61 62 63 64 65 66 67 68 69 70
71 72 73 74 75 76 77 78 79 80
81 82 83 84 85 86 87 88 89 90
91 92 93 94 95 96 97 98 99 100





SCALE 1" = 200'

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EXHIBIT C

PAD LAYOUT