

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC-029435-B	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Hondo Oil & Gas Company		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P.O. Box 2208, Roswell, NM 88202		8. FARM OR LEASE NAME J. L. Keel "B" Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2080' FSL & 660' FEL At proposed prod. zone Same		9. WELL NO. 38	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 8 miles northeast of Loco Hills, NM		10. FIELD AND POOL, OR WILDCAT Grayburg Jackson	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 6-T17S-R31E	
16. NO. OF ACRES IN LEASE 1885		12. COUNTY OR PARISH Eddy	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE NM	
18. PROPOSED DEPTH 4000'		19. ROTARY OR CABLE TOOLS Rotary	
20. ELEVATIONS (Show whether DF, RT, GR, etc.) 3745' GL		21. APPROX. DATE WORK WILL START* 5/20/88	
22. 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#	370'	300 sx. Class C w/2% CCCIRCULATE
7 7/8"	5 1/2"	15.5#	4000'	200 sx. Class C + 550 sx. Lite CIRCULATE

Mud Program:

0' - 370' Drill with fresh water.
370' - 4000' Drill with a saturated brine drilling fluid.

BOP Program:

Will install on the 8 5/8" surface casing a 10" Series 900 Type "E" Shaffer Double Hydraulic 6000 psi test, 3000 psi wp BOP and will test daily.

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 Ron Brown TITLE Engineer DATE 4-18-88

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 5-18-88

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-4-85

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

Operator HONDO OIL & GAS COMPANY			Lessee J. L. Keel "B" FED.		Well No. 38
Unit Letter "I"	Section 6	Township 17 South	Range 31 East	County Eddy	
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 2080 feet from the South line and 660 feet from the East line </div>					
Ground Level Elev. 5748.2	Producing Formation Grayburg		Tract Grayburg Jackson SR-Q-G-SA		Dedicated Acreage 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or bechere marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.

660

2080

CERTIFICATION

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

Ron Brown

Name
Ron Brown

Position
Engineer

Company
Hondo Oil & Gas Company

Date
5/18/88

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
April 11, 1988

Registered Professional Engineer and/or Land Surveyor

Herschel L Jones

Certificate No. **3640**

BLOWOUT PREVENTER

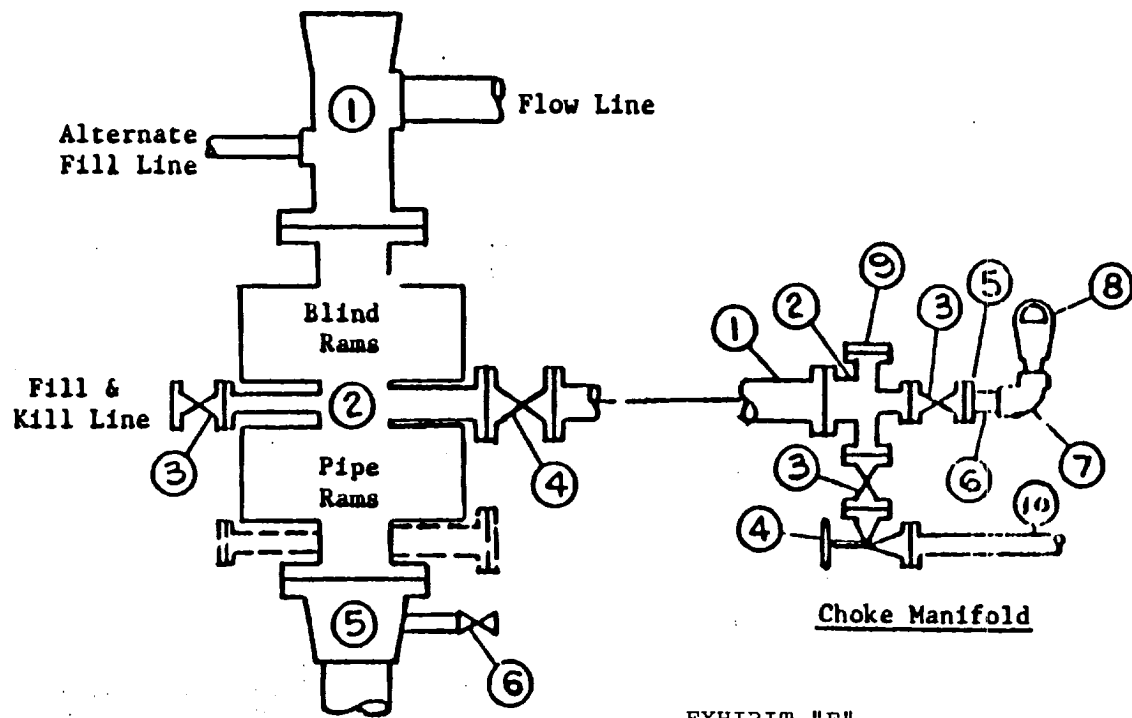


EXHIBIT "E"
Hondo Oil & Gas Company
J. L. Keel "B" Well No. 38
BOP Diagram

APPLICATION FOR DRILLING

HONDO OIL & GAS COMPANY
J. L. KEEL "B", Well No. 38
2080' FSL & 660' FEL, Sec.6-T17S-R31E
Eddy County, New Mexico
Lease No.: LC-029435-B
(Development Well)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Hondo Oil & Gas Company submits the following items of pertinent information in accordance with BLM requirements:

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

Rustler Anhydrite	320'	Premier Sand	2990'
Top of Salt	515'	San Andres	3130'
Base of Salt	1377'	Lovington Sand	3231'
Yates	1496'	Lower S.A. "M"	3292'
Seven Rivers	1794'	Lowest S.A. Pay	3592'
Queen	2395'	T. D.	4000'
Grayburg	2814'		

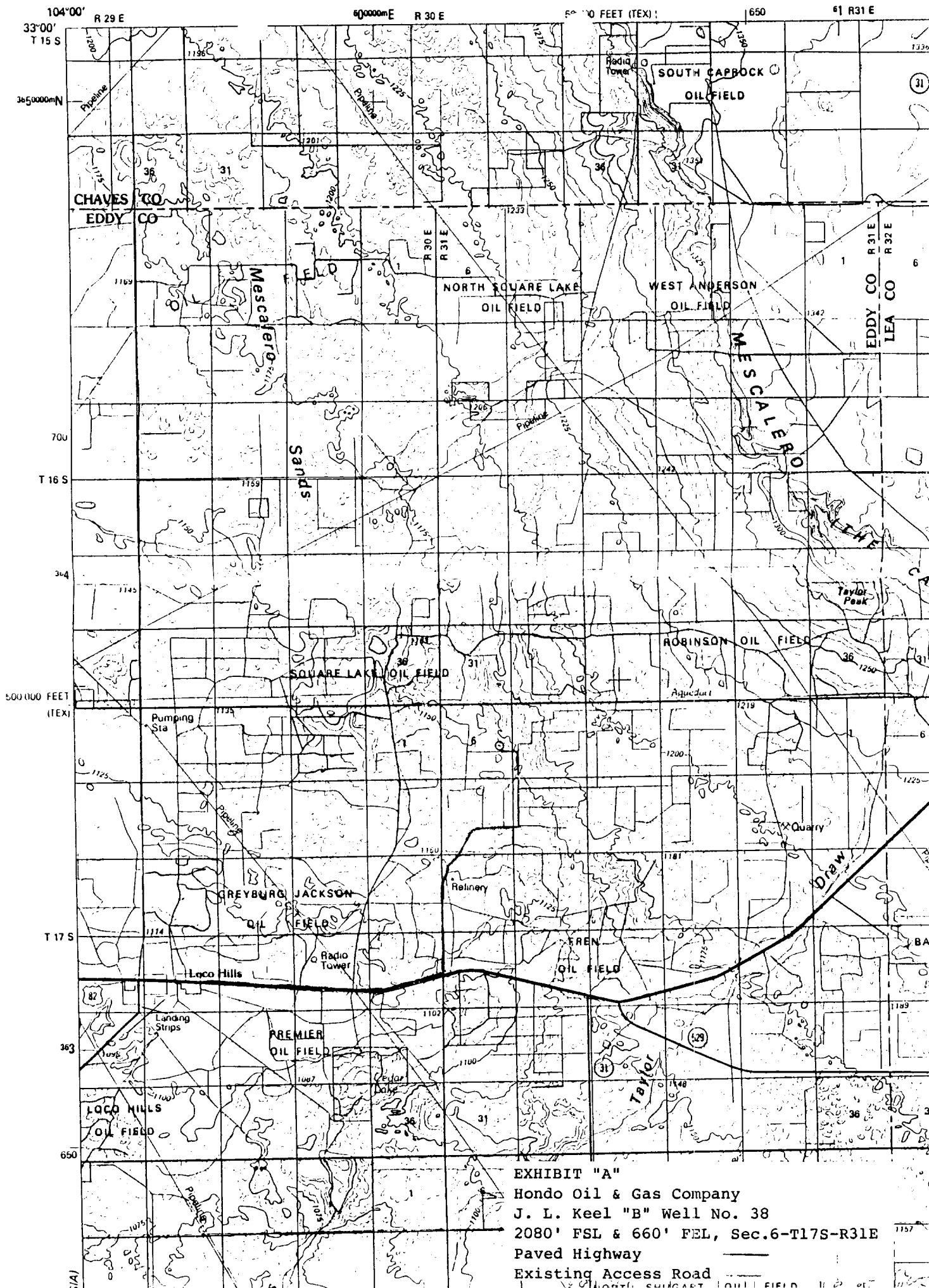
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

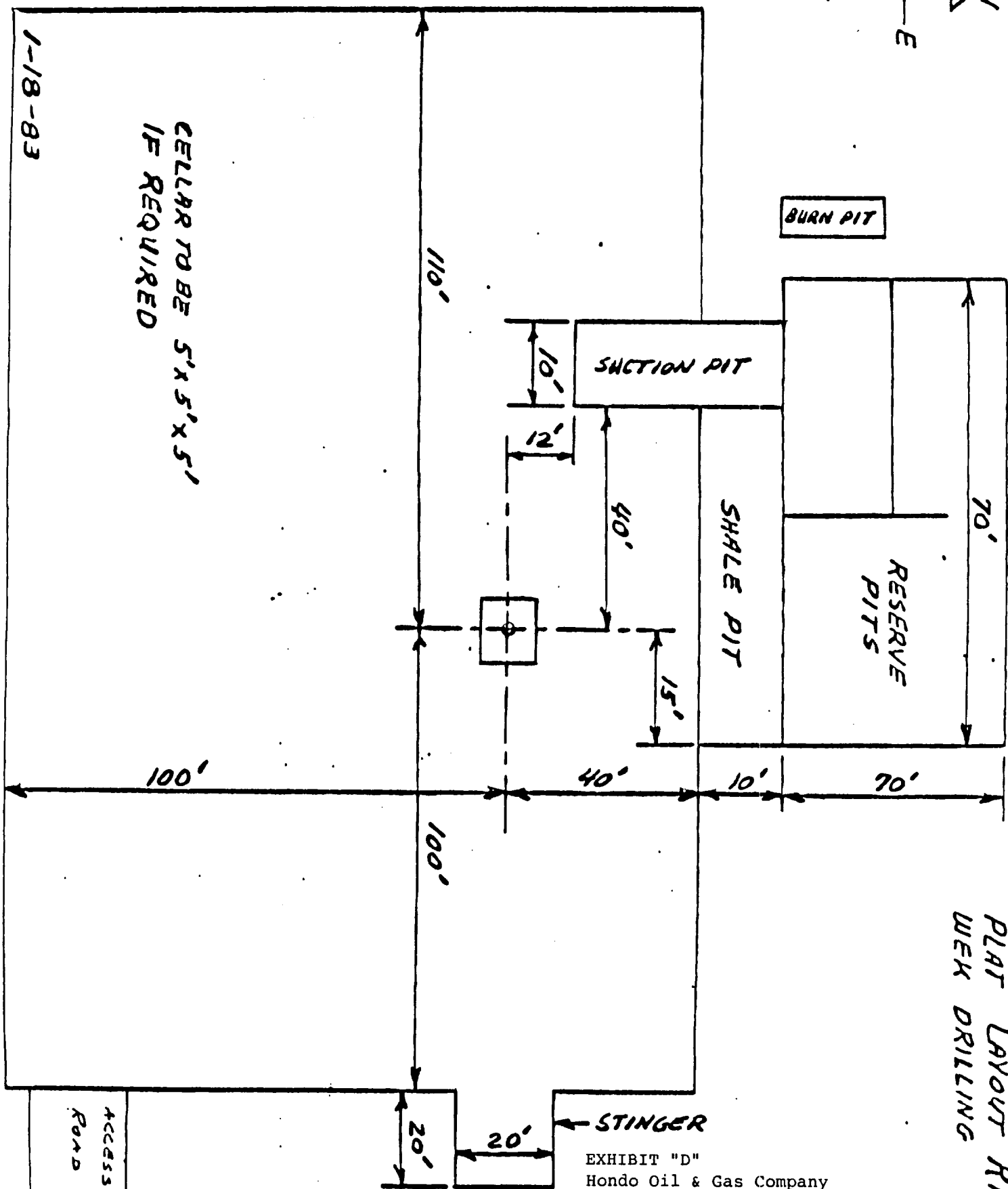
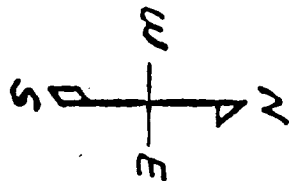
Water: Random fresh water from surface to 300' +/-, and water flow from injection wells possible at around 2800'.

Oil: Grayburg at approximately 2814' or below.

Gas: None anticipated.

4. Proposed Casing Program: See Form 9-331C.
5. Proposed Control Equipment: See Form 9-331C and Exhibit "E".
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Blowout preventer, gas detector, kelly cock, pit level monitor, flow sensors and stabbing valve.
8. Testing, Logging and Coring Program:
Drill Stem Tests: None planned.
Logging: LDT/CNL T.D. - 1377'
DLL RXO NGT. T.D. - 1377'
GRN T.D. - Surface
Coring: None planned.
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.
10. Anticipated starting date: 5/20/88
Anticipated completion of drilling operations: approximately 20 days





PLAT LAYOUT RIG 1
WEK DRILLING

EXHIBIT "D"
Hondo Oil & Gas Company
J. L. Keel "B" Well No. 38
Rig Layout