

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
Other instructions on
reverse side)

C/SF
30-015-25934
Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

JUN 20 '88

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

Hondo Oil & Gas Company

3. ADDRESS OF OPERATOR

P.O. Box 2208, Roswell, NM 88202

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

1780' FNL & 660' FWL

At proposed prod. zone

Same

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

8 miles northeast of Loco Hills, NM

10. 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

1885

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.

1335'

19. PROPOSED DEPTH

4000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3805.7' GL

22. APPROX. DATE WORK WILL START*

6/15/88

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# | 430' | 300 sx. Class C w/2% cc CIRCULATE |
| 7 7/8" | 5 1/2" | 15.5# | 4000' | 200 sx. Class C + 550 sx. Lite |

Mud Program:

0' - 430' Drill with fresh water.

430' - 4000' Drill with a saturated brine drilling fluid.

BOP Program:

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

POST ID-1
NL & API
6-24-88

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

5-6-88

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

Don Pelton

TITLE

Acty

DATE

6-17-88

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 1-1-85

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

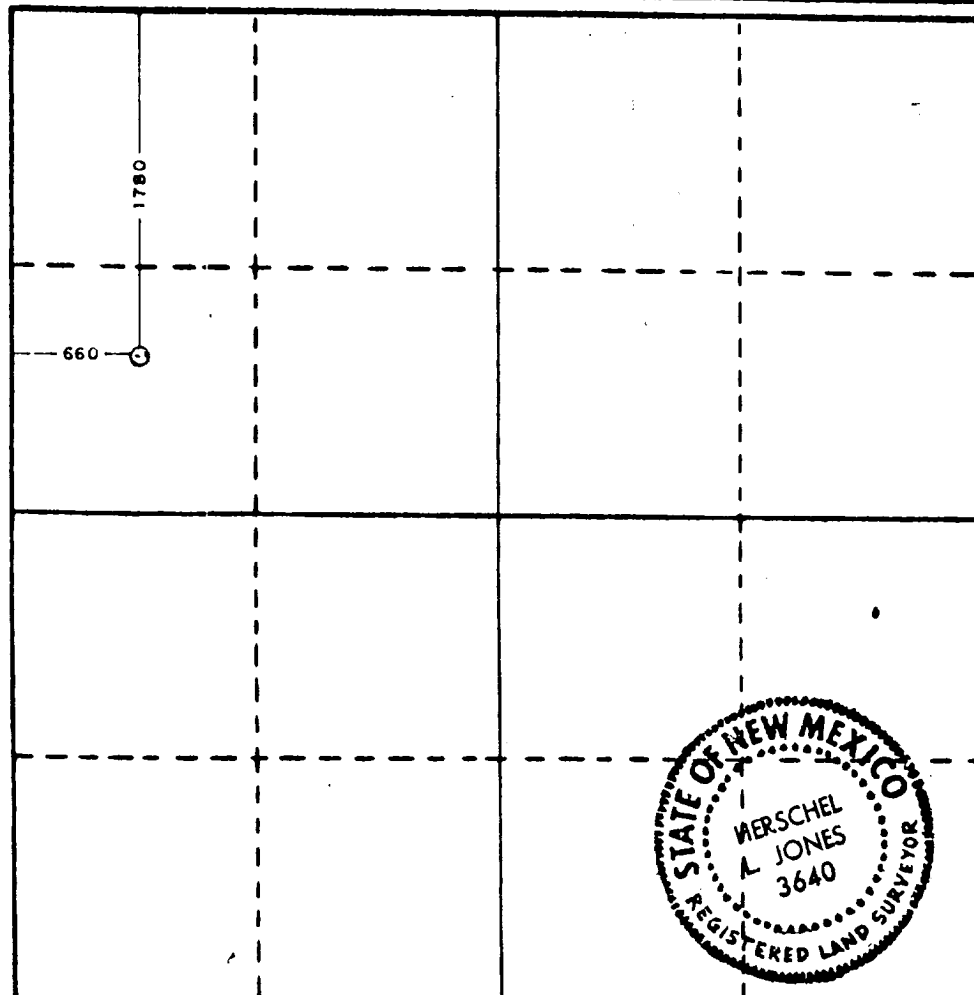
| | | | | | |
|--|---------------------|-----------------------------|-------------------------------------|-----------------------|-----------------------|
| Operator HONDO OIL & GAS COMPANY | | | Lessee J. L. Keel "B" FED | | Well No. 37 |
| Unit Letter "E" | Section 5 | Township 17 South | Range 31 East | County Eddy | |
| Actual Footage Location of Well: 1780 feet from the North line and 660 feet from the West line Ground Level Elev. 3805.7 Producing Formation Grayburg Well Grayburg Jackson SR-Q-G-5A Dedicated Acreage 40 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 _____

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.

Ron Brown

Name
Ron Brown
Position
Engineer
Company
Hondo Oil & Gas Company

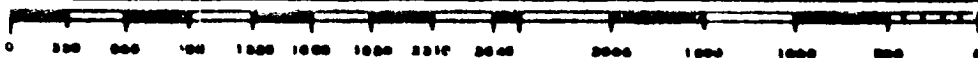
Date
5/6/88

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
May 5, 1988

Registered Professional Engineer and/or Land Surveyor

[Signature]
Certificate No. **3640**



BLOWOUT PREVENTER

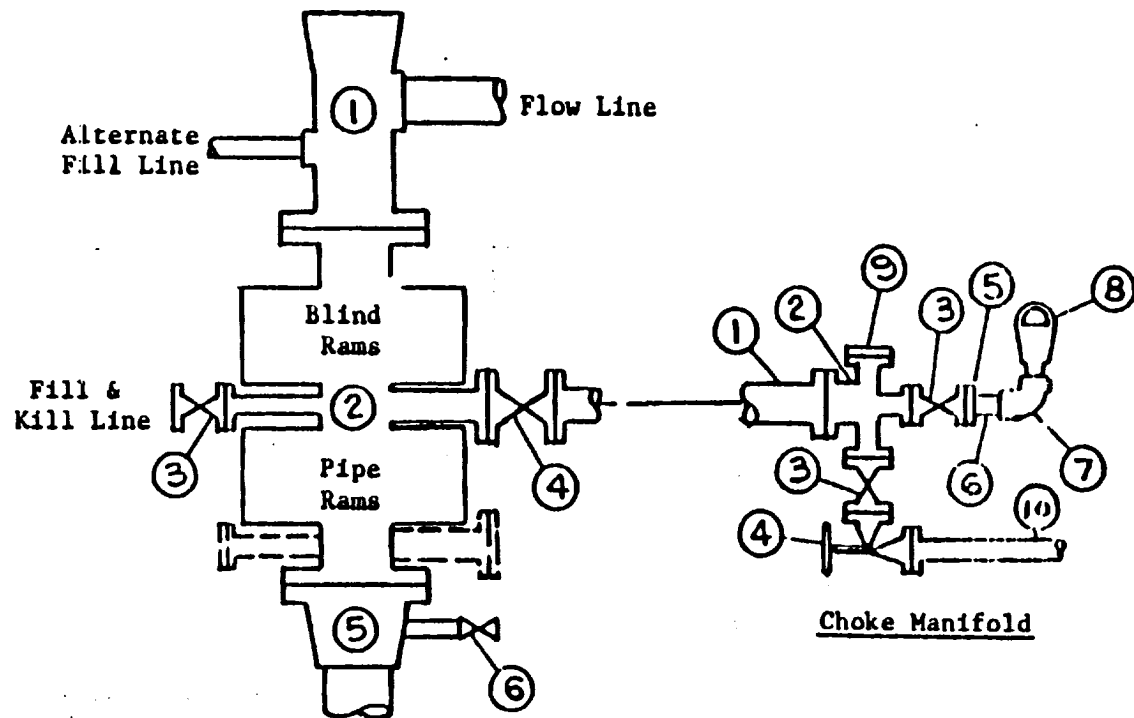


EXHIBIT "E"
Hondo Oil & Gas Company
J. L. Keel "B" Well No. 37
BOP Diagram

APPLICATION FOR DRILLING

HONDO OIL & GAS COMPANY
J. L. KEEL "B", Well No. 37
1780' FNL & 660' FWL, Sec.5-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 | 383' | Premier Sand | 3098' |
| Top of Salt | 568' | San Andres | 3222' |
| Base of Salt | 1457' | Lovington Sand | 3327' |
| Yates | 1601' | Lower S.A. "M" | 3392' |
| Seven Rivers | 1899' | Lowest S.A. Pay | 3692' |
| Queen | 2497' | T. D. | 4000' |
| Grayburg | 2927' | | |

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 2927' 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:

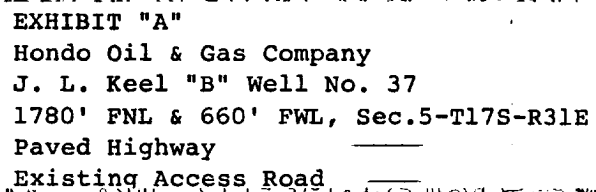
Drill Stem Tests: None planned.

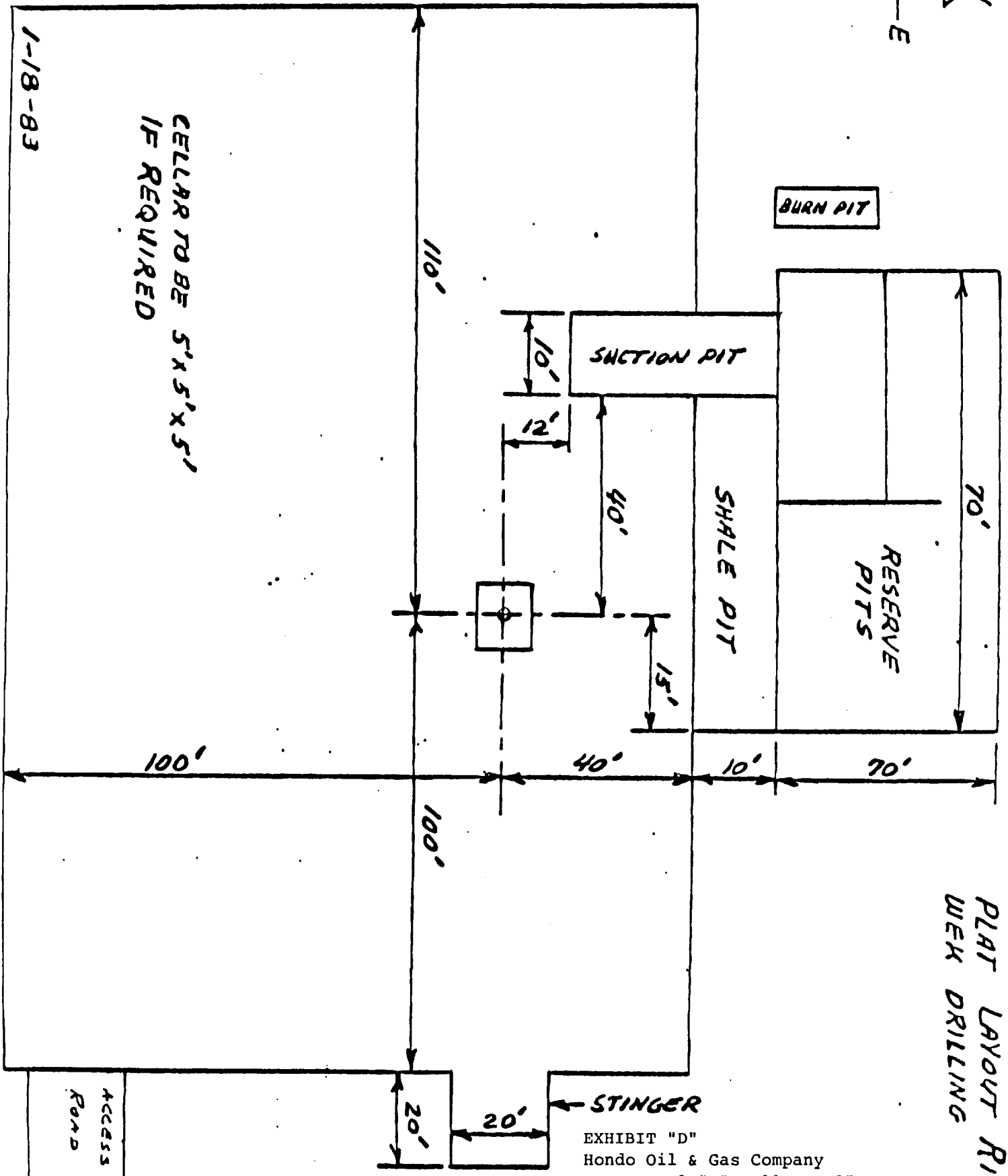
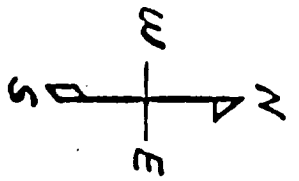
| | | |
|----------|--------------|----------------|
| Logging: | LDT/CNL | T.D. - 1457' |
| | DLL RXO NGT. | T.D. - 1457' |
| | GRN | T.D. - Surface |

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: 6/15/88
Anticipated completion of drilling operations: approximately 20 days

(ROSWELL)





PLAT LAYOUT RIG 1
WELL DRILLING

EXHIBIT "D"
Hondo Oil & Gas Company
J. L. Keel "B" Well No. 37
Rig Layout