

UNITED STATES RECEIVED
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

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

660' FNL & 660' FEL
At proposed prod. zone

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

9 miles northeast of Loco Hills, NM

10. DISTANCE FROM PROPOSED*

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

660'

16. NO. OF ACRES IN LEASE

1885

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

1320'

19. PROPOSED DEPTH

4000'

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

3981' GR

23. 3917'

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# | 470' | 300 sx. Class "C" w/2% CIRCULATE |
| 7 7/8" | 5 1/2" | 17# | 4000' | 1000 sx. HLC + 300 sx. Class "C" |

Mud Program:

0 - 470' Drill with fresh water.
470 - 4000' Drill with saturated brine.

BOP Program:

Will install on the 8 5/8" surface casing a 10" Series 900 Type "E" Shaffer Double Hydraulic BOP and will test before drilling into the Queen formation.

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

1/3/89

(This space for Federal or State office use)

PERMIT NO.

Orig. Signed by Richard L. Manus

APPROVAL DATE

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE CARLISLE RESOURCE AREA

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

*See Instructions On Reverse Side

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-102
Revised 10-1-79

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

| | | | | | |
|--|--|---------------------------------|---------------------------------------|-----------------------|-----------------------|
| Operator Hondo Oil & Gas Company | | | Lease J.L. Keel "B" | | Well No. 44 |
| Unit Letter A | Section 5 | Township 17 South | Range 31 East | County Eddy | |
| Actual Footage Location of Well: 660 feet from the North line and 660 feet from the East line | | | | | |
| Ground Level Elev. 3917 | Producing Formation Grayburg | Pool Grayburg Jackson | Dedicated Acreage: 40 Acres | | |

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

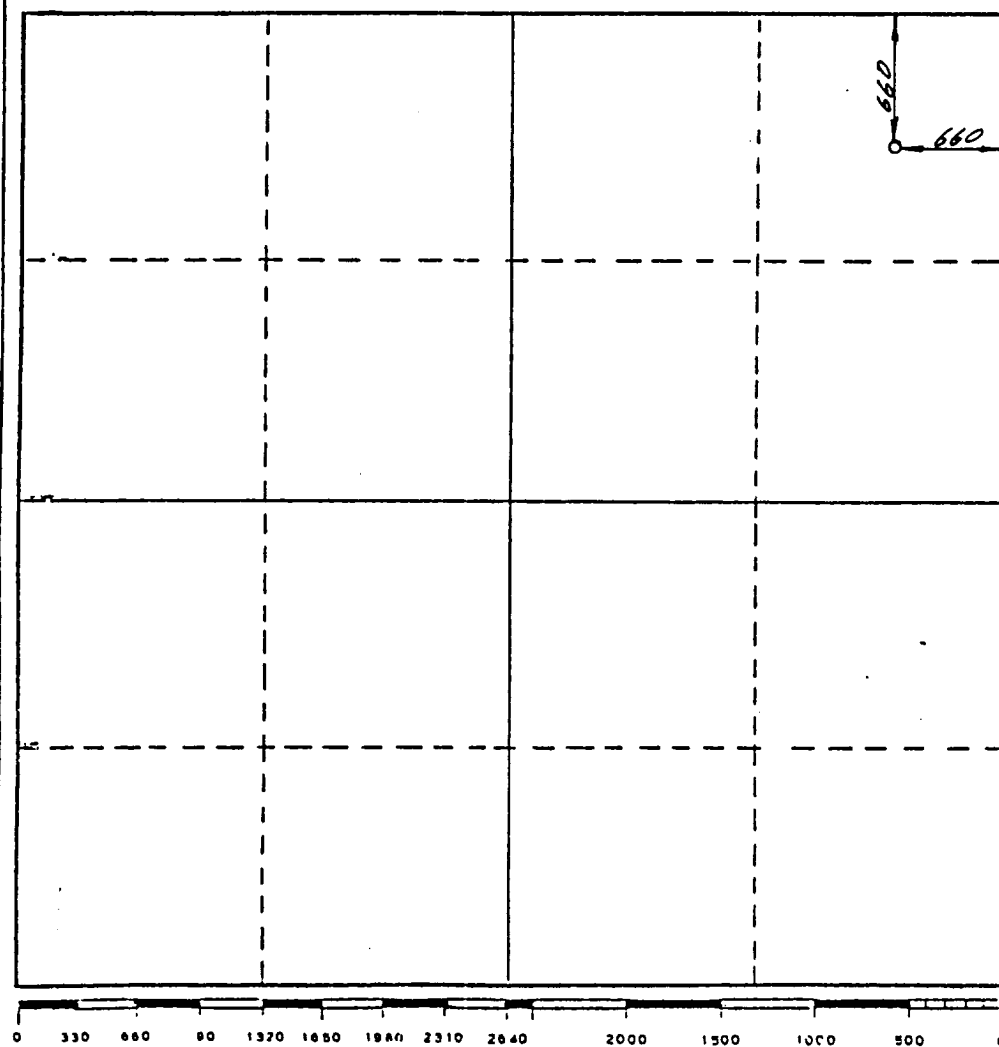
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 Division.



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

1/3/89

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.

6 October 1988

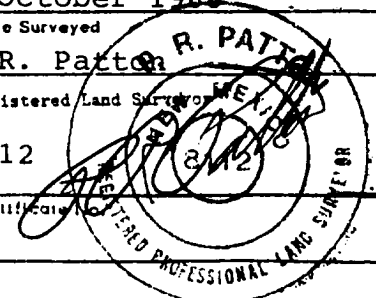
Date Surveyed

P.R. Patton

Registered Land Surveyor

8112

Certificate



BLOWOUT PREVENTER

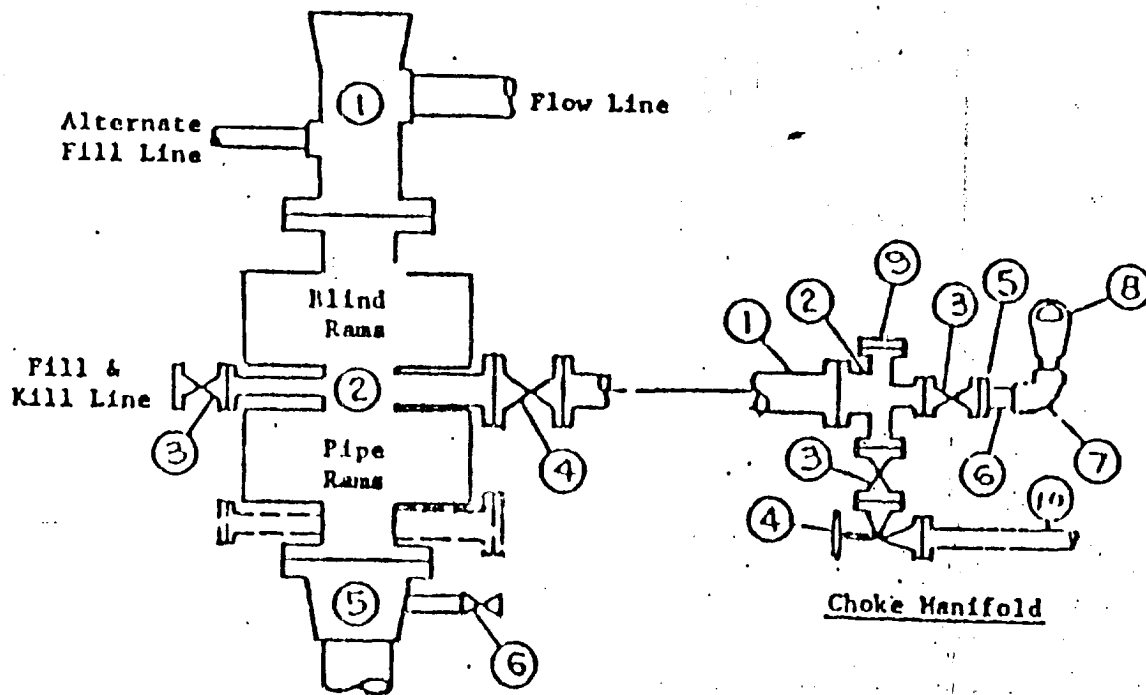


EXHIBIT "E"
Hondo Oil & Gas Company
J. L. Keel "B" #44
BOP Diagram

APPLICATION FOR DRILLING

HONDO OIL & GAS COMPANY
J. L. KEEL "B", Well No. 44
660' FNL & 660' FEL, 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 | 470' | Grayburg | 3100' |
| Top of Salt | 660' | Premier Sand | 3260' |
| Base of Salt | 1585' | San Andres | 3370' |
| Yates | 1735' | Lovington Sand | 3480' |
| Seven Rivers | 2040' | Lower S.A. "M" | 3540' |
| Queen | 2650' | T. D. | 4000' |
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Random fresh water from surface to 280' +/-, and water flow from injection wells possible at around 2325'.

Oil: Grayburg at approximately 3100' 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. - 1585'
DLL RXO NGT. T.D. - 1585'
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: 1/27/89
Anticipated completion of drilling operations: approximately 20 days

LOCO HILLS QUADRANGLE
NEW MEXICO-EDDY CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

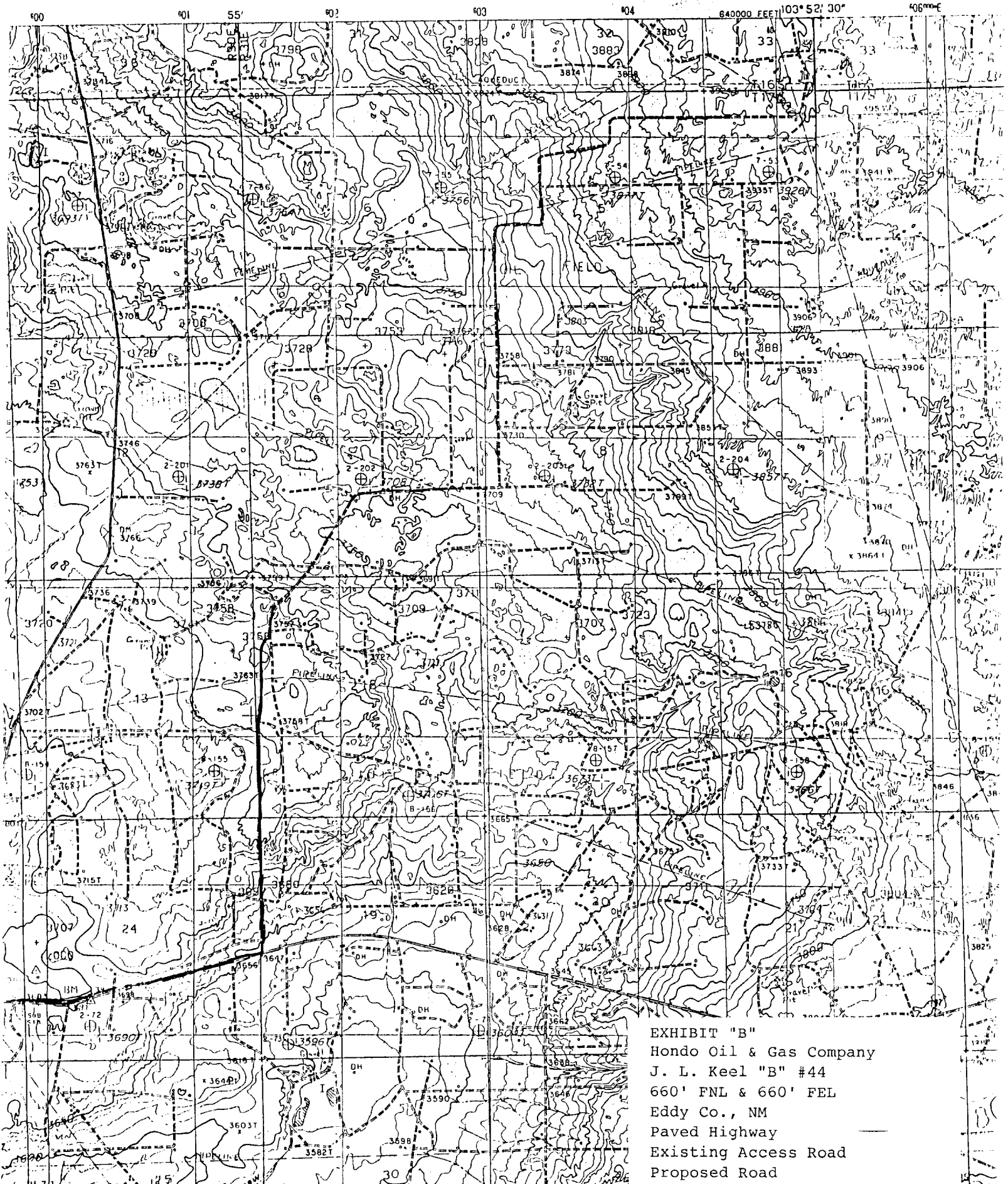


EXHIBIT "B"
Hondo Oil & Gas Company
J. L. Keel "B" #44
660' FNL & 660' FEL
Eddy Co., NM
Paved Highway
Existing Access Road
Proposed Road

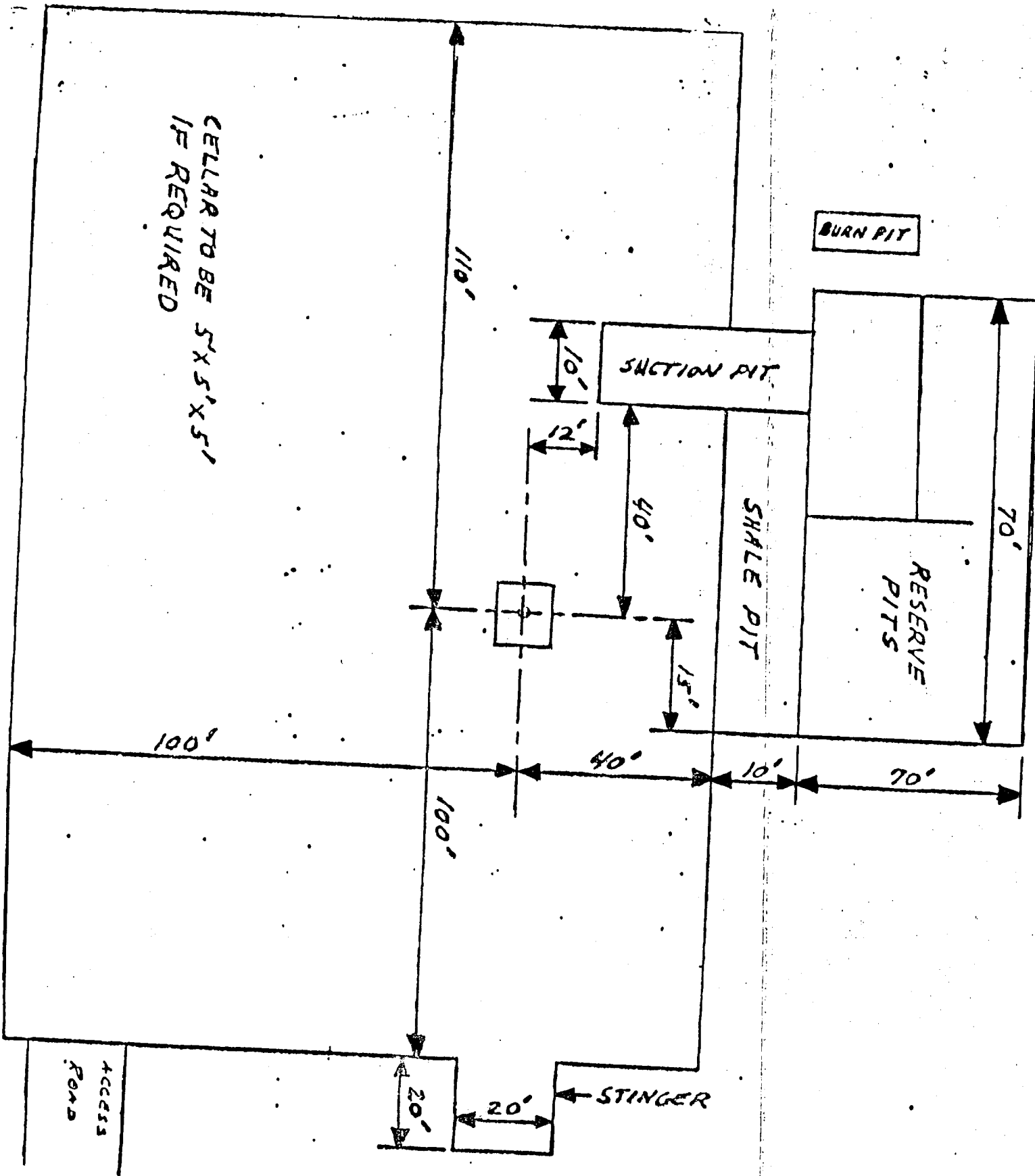


EXHIBIT "D"
Hondo Oil & Gas Company
J. L. Keel "B" #44
Rig Layout