

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN 'L' LOCATE*
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

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: 1930' FNL & 1830' FEL
At proposed prod. zone: 1220'

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
9 miles northeast of Loco Hills, NM

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1830'

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. 1220'

19. PROPOSED DEPTH
4000'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3891' GR

22. APPROX. DATE WORK WILL START*
2/9/89

5. LEASE DESIGNATION AND SERIAL NO.
LC-029435-B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
J. L. Keel "B"

9. WELL NO.
45

10. FIELD AND POOL, OR WILDCAT
Grayburg Jackson

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 5-T17S-R31E

12. COUNTY OR PARISH
Eddy

13. STATE
NM

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#	420' CIRCULAR	500 sx. Class "C" w/2% CC
7 7/8"	5 1/2"	17#	4000' CIRCULAR	1900 sx. HLC + 300 sx. Class "C"

Mud Program:

- 0 - 420' Drill with fresh water.
420 - 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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL REGULATIONS
ATTACHED

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.

SIGNED Bar Brown TITLE Engineer DATE 2/1/89

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY Carl L. Brown TITLE CARL L. BROWN DATE 2/8/89

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

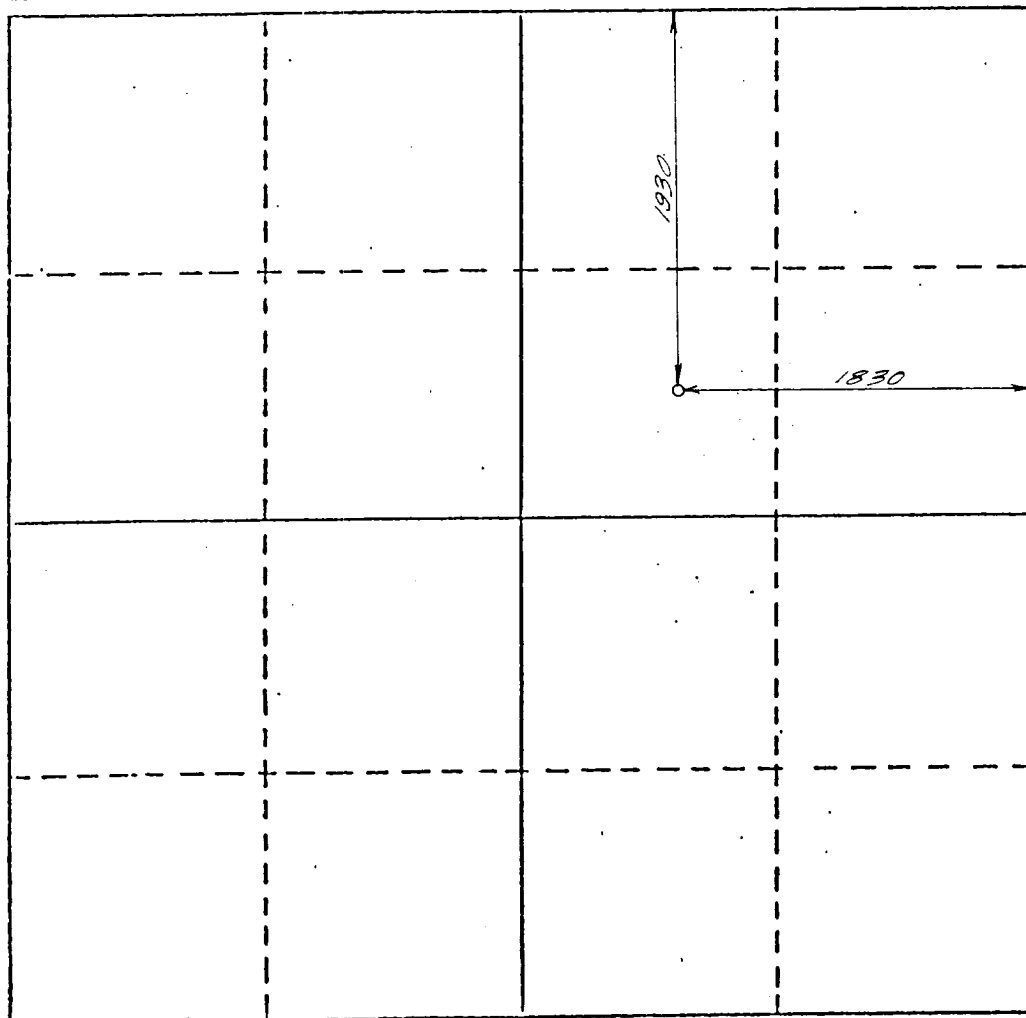
Operator Hondo Oil & Gas Co.			Lease J. L. Keel "B"		Well No. 45
Unit Letter G	Section 5	Township 17 South	Range 31 East	County Eddy	
Actual Footage Location of Well: 1930 feet from the North line and 1830 feet from the East line					
Ground Level Elev. 3891	Producing Formation Grayburg		Pool Grayburg Jackson		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 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
2/1/89

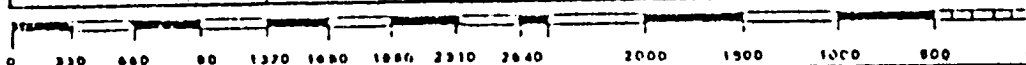
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

December 30, 1988

Date Surveyed
P. R. Patton
Registered Professional Engineer
and/or Land Surveyor

8112

Certificate No.



BLOWOUT PREVENTER

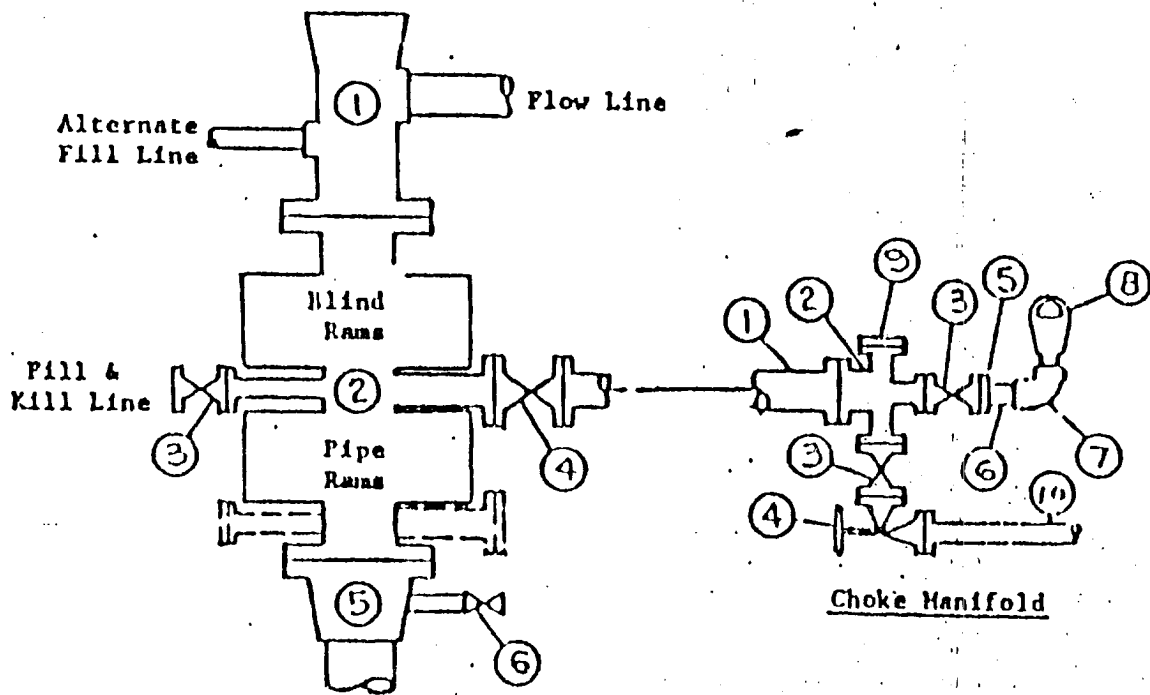


EXHIBIT "D"
Hondo Oil & Gas Company
J. L. Keel "B" #45
BOP Diagram

APPLICATION FOR DRILLING

HONDO OIL & GAS COMPANY
J. L. KEEL "B", Well No. 45
1930' FNL & 1830 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	420'	Grayburg	3020'
Top of Salt	610'	Premier Sand	3200'
Base of Salt	1335'	San Andres	3325'
Yates	1685'	Lovington Sand	3425'
Seven Rivers	1990'	Lower S.A. "M"	3485'
Queen	2600'	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'.

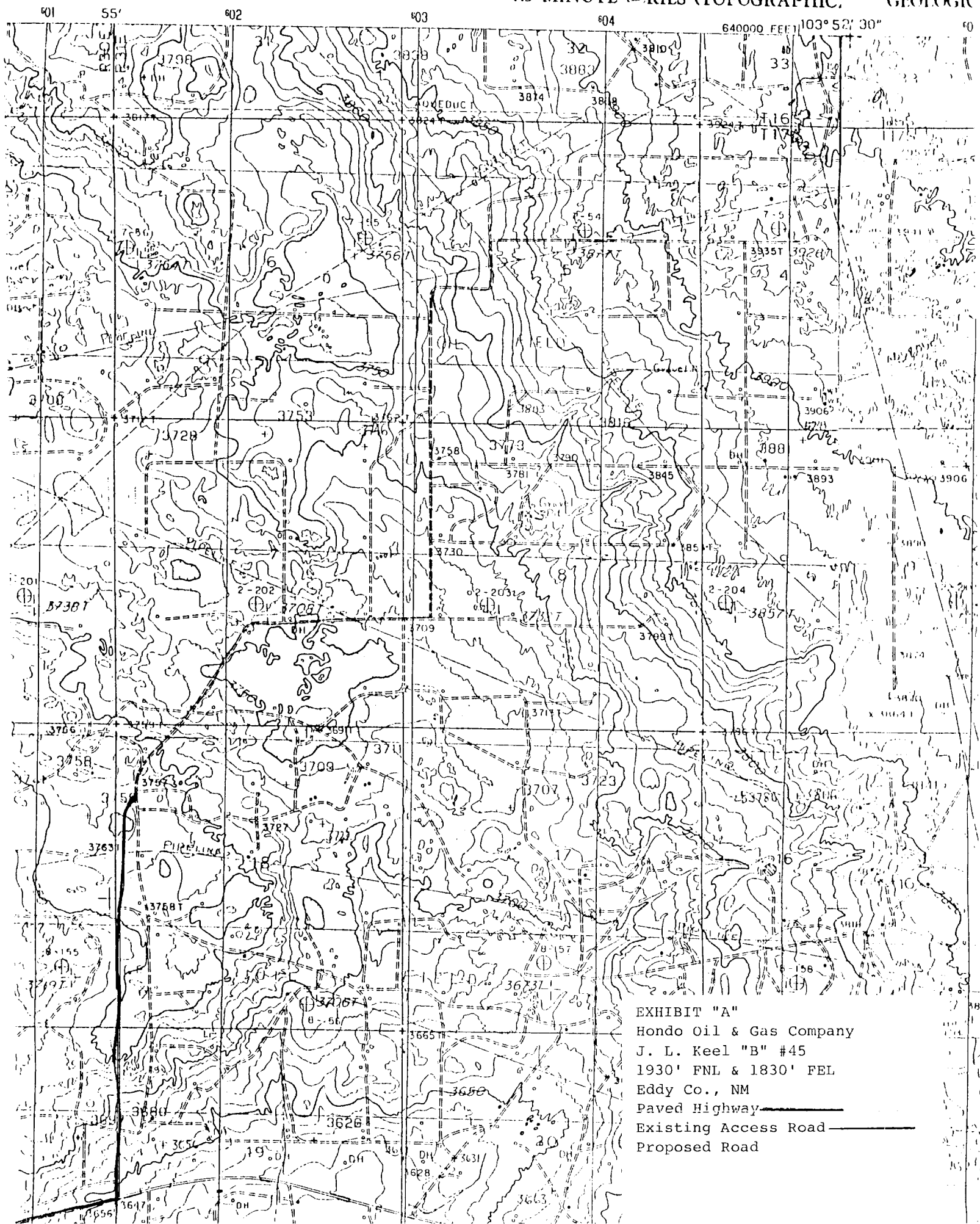
Oil: Grayburg at approximately 3020' or below.

Gas: None anticipated.
4. Proposed Casing Program: See Form 9-331C.
5. Proposed Control Equipment: See Form 9-331C and Exhibit "D".
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. - 1535'
DLL RXO NGT. T.D. - 1535'
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: 2/9/89
Anticipated completion of drilling operations: approximately 20 days



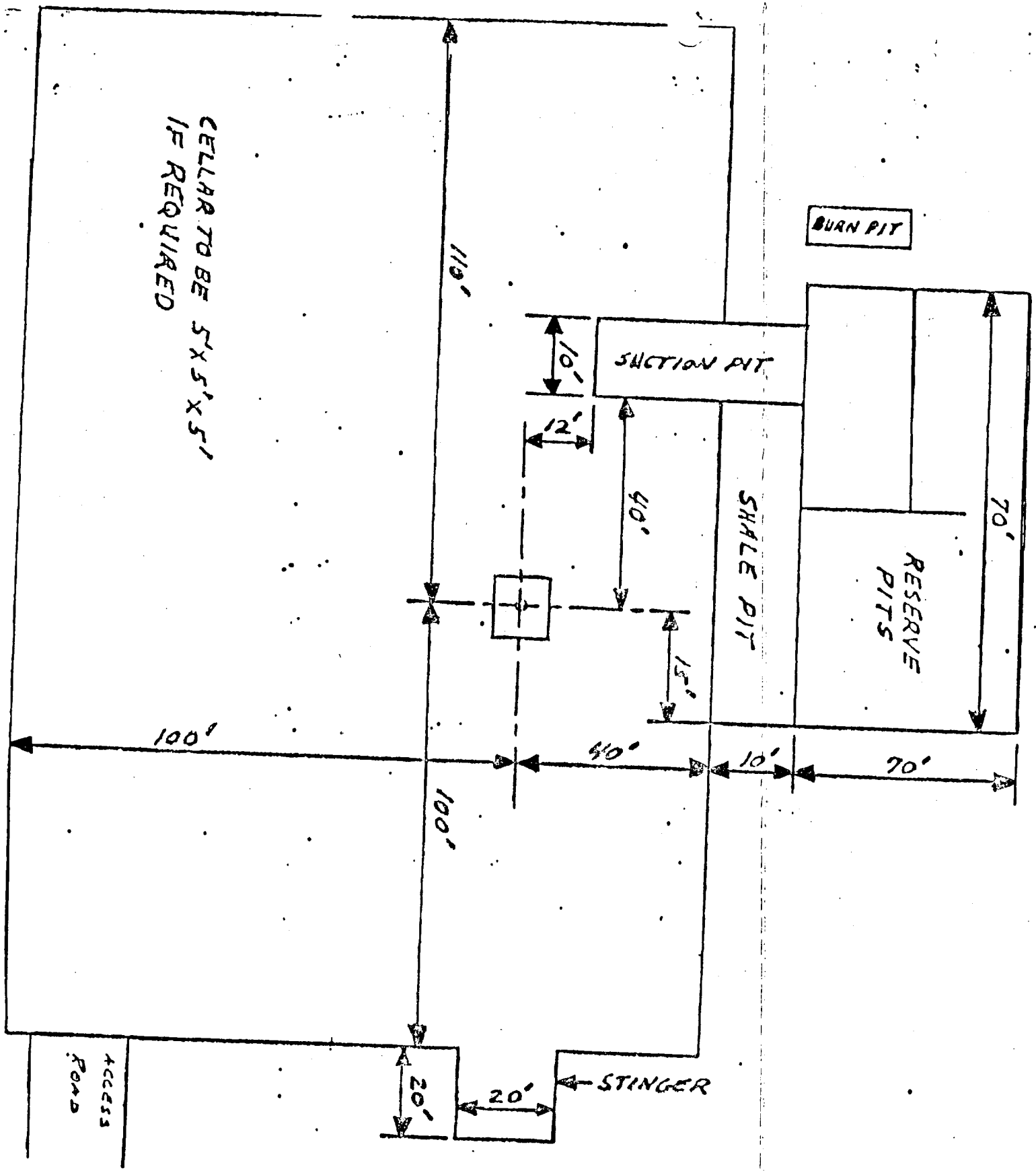


EXHIBIT "C"
 Hondo Oil & Gas Company
 J. L. Keel "B" #45
 Rig Layout