

UNITED STATES
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
RECEIVED ☐

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

1880' FSL & 1980' FEL

At proposed prod. zone

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

8 1/2 miles northeast of Loco Hills, NM

10. DISTANCE FROM PROPOSED*

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

1880'

16. NO. OF ACRES IN LEASE

1919.88

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1220'

19. PROPOSED DEPTH

4000'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

3881' GR

22. APPROX. DATE WORK WILL START*

10/13/89

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#	470'	300 sx. Class C
7 7/8"	5 1/2"	17#	4000'	300 sx. Class C + 1000 sx. Lite

Mud Program:

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

BOP Diagram:

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 STIPULATIONS

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.

24.

SIGNED

Ron Brown / RB

TITLE

Petroleum Engineer

DATE

9/25/89

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

AREA MANAGER

CARLSBAD RESOURCE PREP

APPROVED BY

TITLE

DATE

10-6-89

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

APPLICATION FOR DRILL

HONDO OIL & GAS COMPANY
H. E. West "B", Well No. 46
1880' FSL & 1980' FEL, Sec.9-T17S-R31E
Eddy County, New Mexico
Lease No.: LC-029426-B

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	460'	Grayburg	3119'
Top of Salt	649'	Premier Sand	3279'
Base of Salt	1614'	San Andres	3409'
Yates	1770'	Lovington Sand	3520'
Seven Rivers	2080'	Lower SA "M"	3599'
Queen	2699'	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 300' +/-, and water flow from injection wells possible at around 2800'.

Oil: Grayburg at approximately 3119' or below.

Gas: None anticipated.

4. Proposed Casing Proposed: 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. - 1614'
	DLL RXO NGT.	T.D. - 1614'
	GRN	T.D. - Surf.

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: 10/13/89.
Anticipated completion of drilling operations: approximately 20 days

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

HONDO OIL & GAS COMPANY
H. E. West "B", Well No. 46
1880' FSL & 1980' FEL, Sec.9-T17S-R31E
Eddy County, New Mexico
Lease No.: LC-029426-B

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM quad map showing the location of the proposed well and access road as staked, in relation to existing roads and U.S. Highway 82. The well is approximately 8 1/2 miles northeast of Loco Hills, New Mexico, with half of the distance paved.
- B. Directions: Travel east of Loco Hills, New Mexico on U.S. Highway 82 for 3.5 miles to the paved county road no. 221. Turn north on Skelly Road (county #221) for approximately 1.3 miles, then turn northeast onto the gravel road at the fork for .7 mile. Then turn east for .6 mile. Then turn north for .5 mile. Then turn east for 1.6 miles. Then turn south for .6 mile and go to location. (See Exhibit "B".)

2. PLANNED ACCESS ROAD:

- A. Length and Width: None required. The existing access road enters location on the east side. (See Exhibit "B".)
- B. Construction: The existing roads will be graded and retopped with compacted caliche as needed.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattleguards: None required.

3. LOCATION OF EXISTING FACILITIES:

- A. There are production facilities on the lease at this time. See Exhibit "C".

- B. If the oil well proves to be commercial, the necessary production facilities will be installed on the drilling pad and flow lines will be installed along the existing access roads to the storage tanks.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh and brine water which will be obtained from commercial sources. The water will be transported over existing access roads.

6. SOURCES OF CONSTRUCTION MATERIALS:

- A. Caliche for resurfacing the access road and wellsite pad will be obtained from a federal pit in the SESE of Section 5-T17S-R31E. The pit has been staked and cleared by the archaeologist. The topsoil from the location will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except those necessary for actual grading and levelling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.

H. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

9. WELLSITE LAYOUT:

A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits and major rig components. The pad and pit area has been staked and flagged.

B. Mat Size: 140' x 210' plus reserve pit.

C. Cut and Fill: The area has sand dune rises up to 10 feet to be levelled.

D. The surface will be retopped with compacted caliche and the reserve pit will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

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

B. Any unguarded pits containing fluids will be fenced until they are filled.

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

11. OTHER INFORMATION:

A. Topography: The well pad is in the Mescalero Pediment, north of the Querecho Plains, to the east of the Nimenim Ridge, ca. 2.86 miles NW of Taylor Draw and 4 miles SW of the Mescalero Caprock, within an area draining generally southwest towards Cedar Lake

Draw, ca. 5.5 miles SW. Except for the south 1/2 of the well pad, the project is within an area of relatively deep aeolian deposits, on the southeast edge of a dune ridge system; dune rises up to 3 metres high, and up to 100 metres long occur in the northern part of the well pad.

- B. Soil: The topsoil at the wellsite is Kermit-Berino fine sands.
- C. Flora and Fauna: The vegetative cover is primarily one of grass-land environment and scrub-grass disclimax community. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the area.
- E. Residences and Other Structures: None in the area.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The wellsite and existing access road are on federal surface and minerals.
- H. Archaeological survey revealed 2 Isolated Manifestations, one of which is outside of the 400 ft. sq. well pad. Neither appeared significant past the level of field recording. Therefore, archaeological clearance for this well has been recommended. The archaeological survey was conducted by Archaeological Consultants, P. O. Drawer D, Roswell, NM 88202 and has been submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Bruce Stubbs
Hondo Oil & Gas Company
P. O. Box 2208
Roswell, NM 88202
Office phone: 505/625-6729
Home phone: 505/623-6466

13. CERTIFICATION:

I hereby certify that I have inspected the drillsite and access road; that I am familiar with conditions which presently exist; that the statements made in the plan are, to be the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Hondo Oil & Gas Company and its contractors and subcontractors in conformity with this plan and their terms and conditions under which it is approved. This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.

Rox Brown / LB
Hondo Oil & Gas Company

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

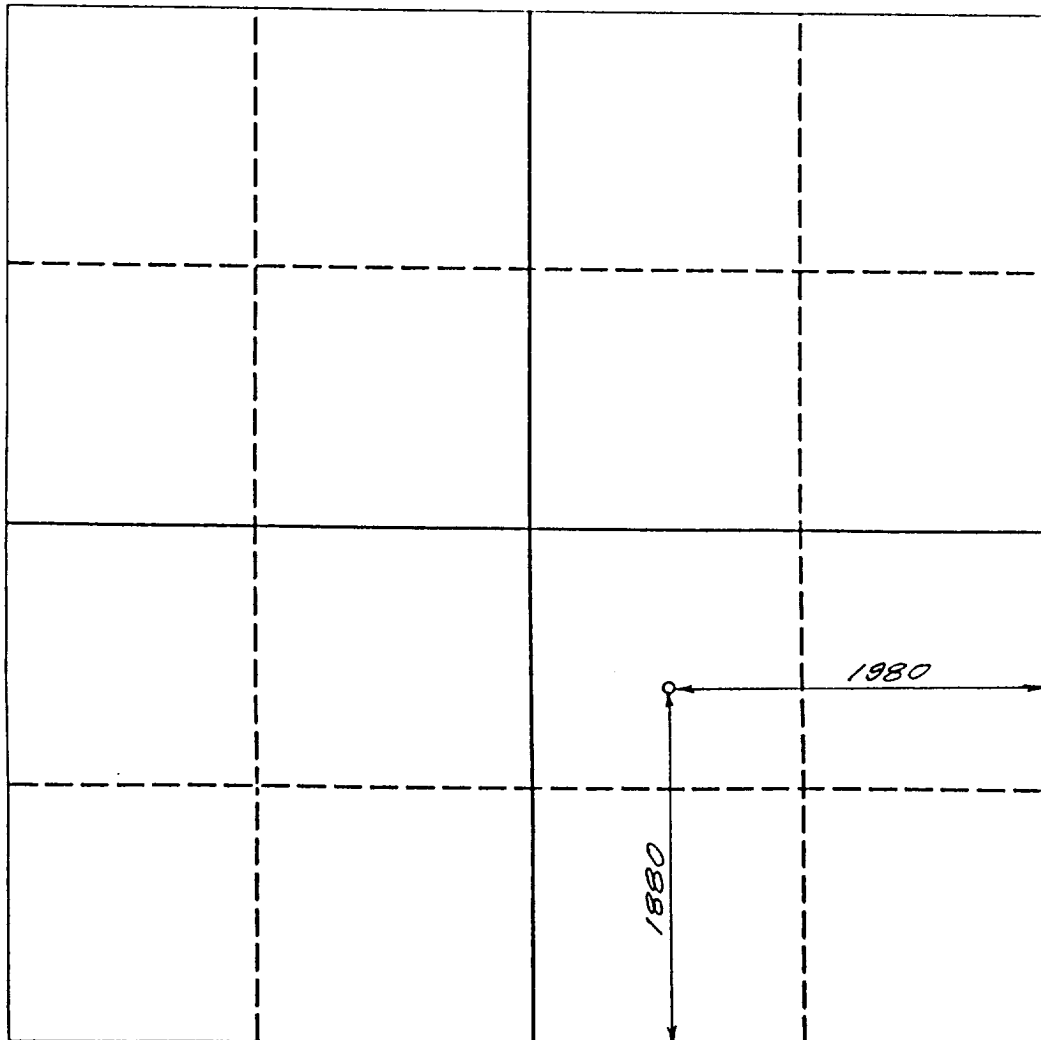
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Hondo Oil & Gas Company			Lease H.E. West "B"		Well No. 46
Unit Letter J	Section 9	Township 17 South	Range 31 East	County Eddy	
Actual Footage Location of Well: 1880 feet from the South line and 1980 feet from the East line					
Ground level Elev. 3881	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 interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

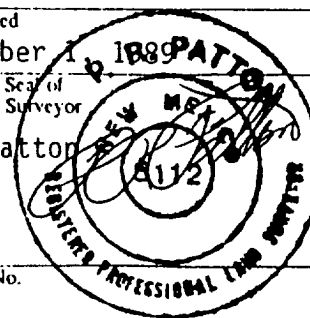
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Ron Brown / RB
Printed Name
Ron Brown
Position
Petroleum Engineer
Company
Hondo Oil & Gas Company
Date
9/25/89

SURVEYOR CERTIFICATION

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
September 1, 1989
Signature & Seal of Professional Surveyor
P.R. Patton
Certificate No.
8112



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

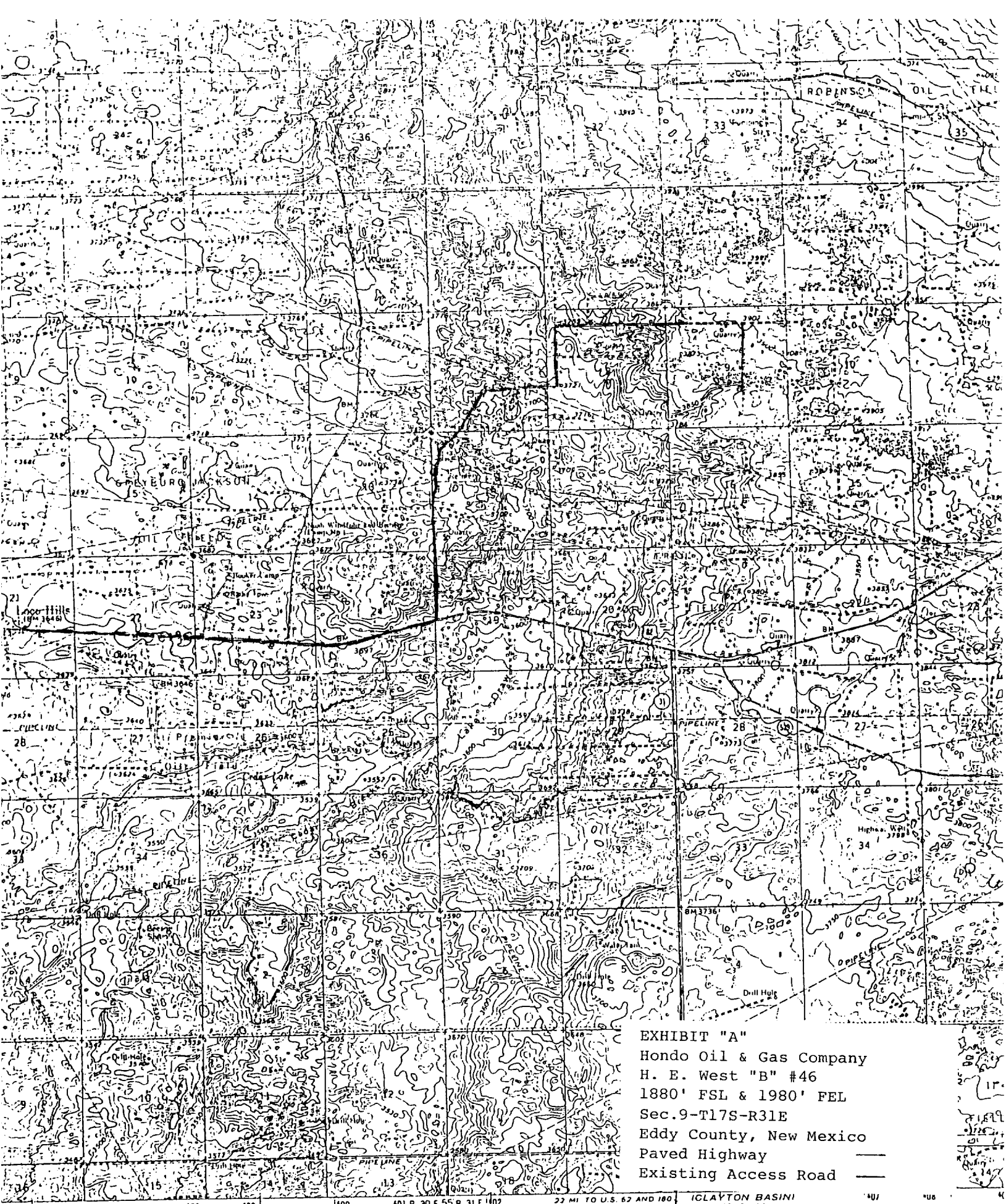
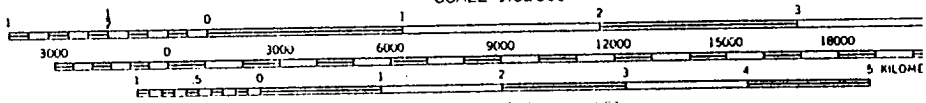


EXHIBIT "A"
Hondo Oil & Gas Company
H. E. West "B" #46
1880' FSL & 1980' FEL
Sec. 9-T17S-R31E
Eddy County, New Mexico
Paved Highway
Existing Access Road

CLAYTON BASIN
5249 111
SCALE 1:62500

Published by the Geological Survey

Methods from aerial photographs
and surface surveys 1963



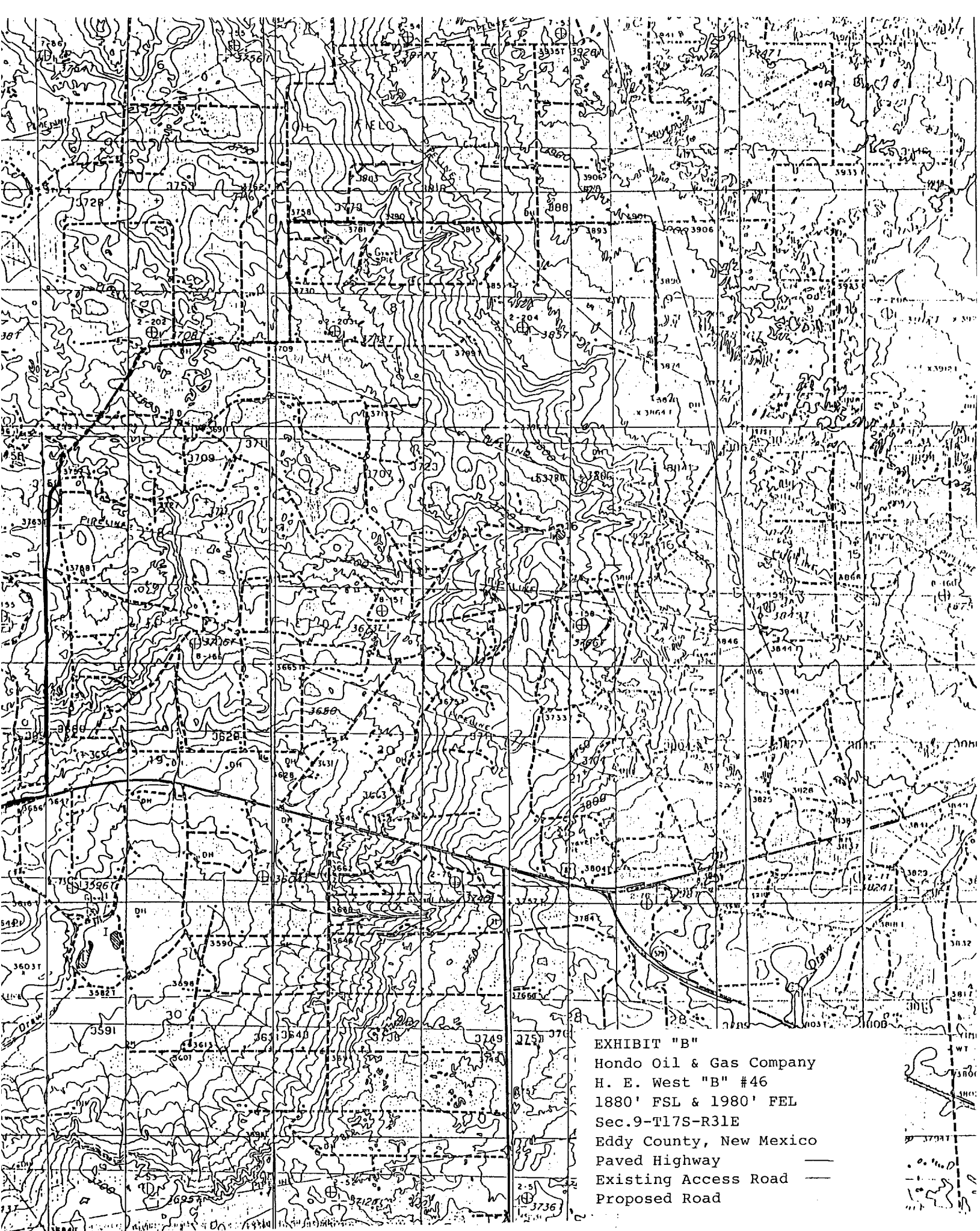


EXHIBIT "B"
Hondo Oil & Gas Company
H. E. West "B" #46
1880' FSL & 1980' FEL
Sec. 9-T17S-R31E
Eddy County, New Mexico
Paved Highway ———
Existing Access Road ———
Proposed Road ———

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EXHIBIT "C"
Hondo Oil & Gas Company
H. E. West "B" #46
Existing Wells

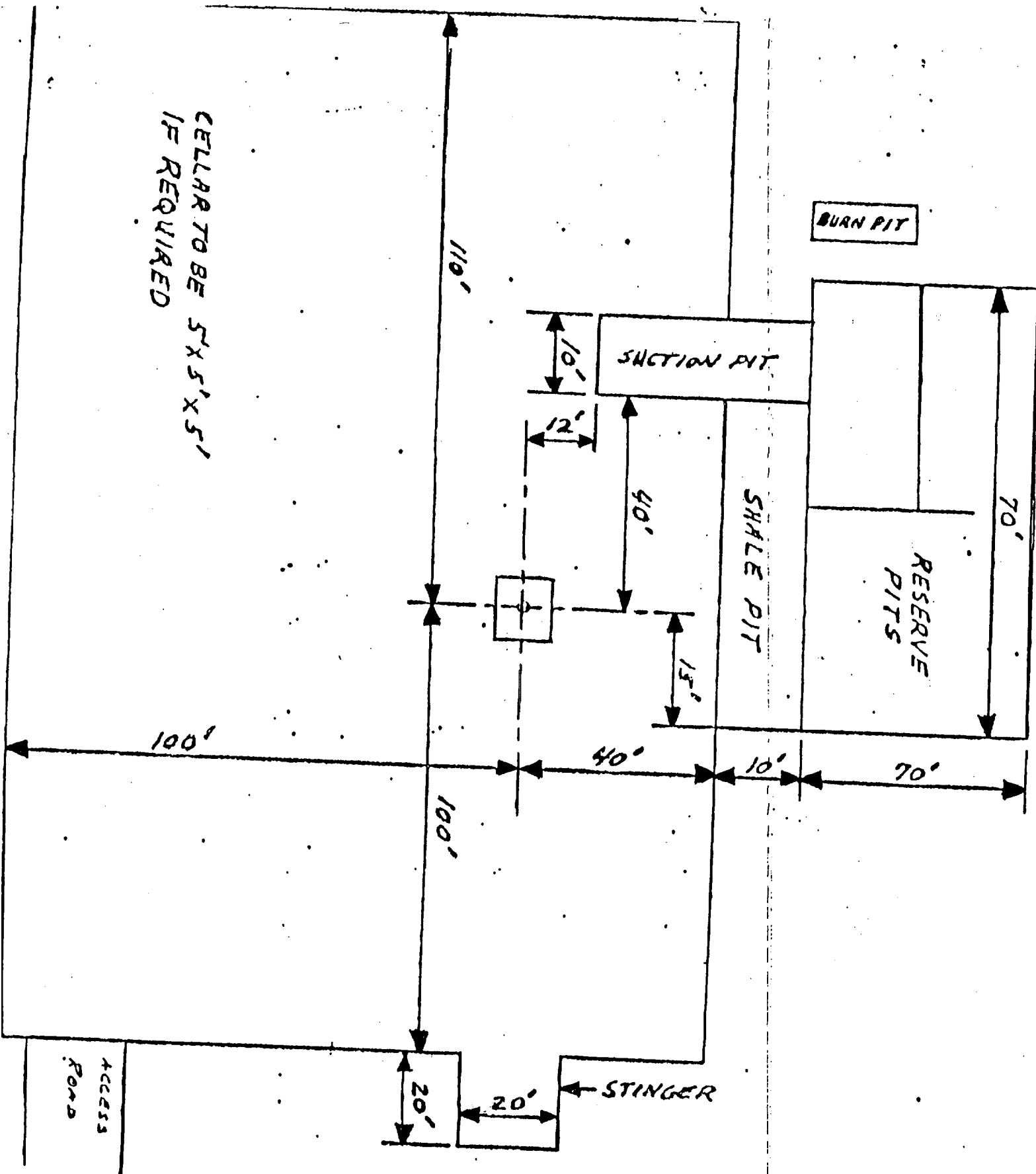
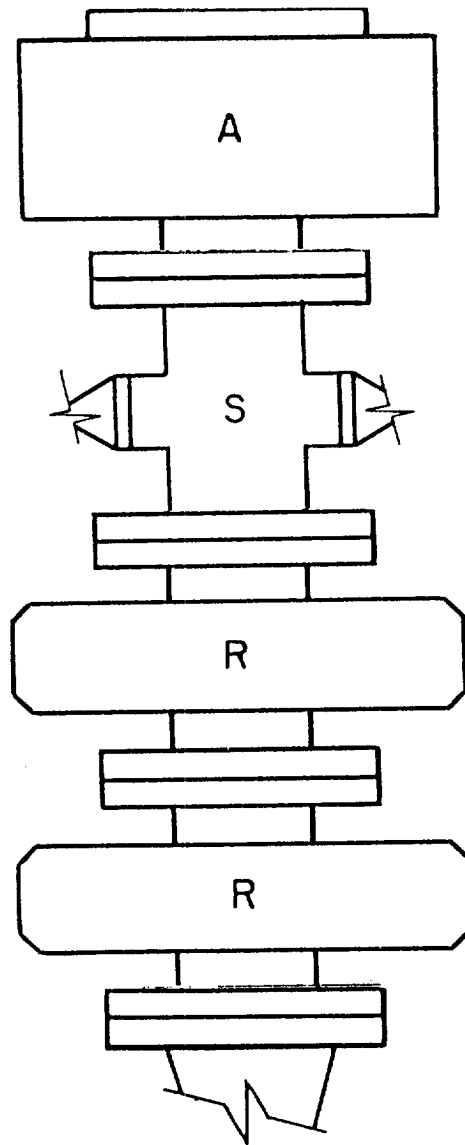


EXHIBIT "D"
Hondo Oil & Gas Company
H. E. West "B" #46
Rig Layout



A - Stripping Rubber
B - Blind and Pipe
Rams

EXHIBIT "E"
Hondo Oil & Gas Company
H. E. West "B" #46
BOP Diagram