

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0138
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
Drill ☒ Deepen ☐ 7/04/97

b. TYPE OF WELL
Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone ☐

2. NAME OF OPERATOR
Shahara Oil, LLC 143119

3. ADDRESS AND TELEPHONE NO.
207 W. McKay Phone: 505-885-5433
Carlsbad, NM 88220 Fax: 505-885-4989

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface 1974' FNL & 992' FEL, Unit H
At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
2 1/2 miles southwest of Loco Hills, NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 666'
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 737'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3582' GR

| PROPOSED CASING AND CEMENTING | | | |
|-------------------------------|-----------------------|-----------------|---------------|
| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH |
| 12 1/4" | 8 5/8" | 24# K-55 | 500' |
| 7 7/8" | 5 1/2" | 17# J-55 | 3200' |

5. LEASE DESIGNATION AND SERIAL NO.
LC-060529

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Beeson "F" No. 22

9. API WELL NO.
30-215-29840

10. FIELD AND POOL, OR SUBCAT
Loco Hills Queen San Andres

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Section 31, T17S, R30E

12. COUNTY OR PARISH
Eddy County

13. STATE
NM

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START
September 1, 1997

The operator proposes to drill to a depth sufficient to test the Queen and Grayburg for oil. Specific programs are outlined in the following attachments:
DRILLING PROGRAM
SURFACE USE AND OPERATING PLAN
EXHIBIT A - ROAD MAP
EXHIBIT B - EXISTING WELL MAP
EXHIBIT C - LOCATION AND ACREAGE DEDICATION PLAT
EXHIBIT C-1 - TOPO MAP
EXHIBIT D - DRILLING AND RIG LAYOUT
EXHIBIT E - 3M BOP EQUIPMENT
EXHIBIT F - TOP OF SALT MAP

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Kerry E. Hughes TITLE E.O. DATE 8/28/97

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY (ORIG. SGD.) TONY L. FERGUSON TITLE ADM, MINERALS DATE 9-16-97

*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.

MINERAL DIVISION

CH

SUBJECT TO
LIKE APPROVAL
BY STATE FOR
UNORTHODOX LOCATION

ROSWELL CONTROLLED WATER BASIN

WITNESS

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

RECEIVED
1997 SEP - 3 10:09

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
RECEIVED
OCT 1 1997

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

RC-

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|---|
| API Number 30-015-29840 | Pool Code 39520 | Pool Name Loco Hills Queen Grayburg San Andres |
| Property Code 17368 | Property Name BEESON "F" <i>Federal</i> | Well Number 22 |
| OGRID No. 143119 | Operator Name SHAHARA OIL, LLC | Elevation 3582 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 31 | 17 S | 30 E | | 1974 | NORTH | 992 | EAST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | Order No. |
|------------------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|-----------------|--|---|
| LOT 1 37.67 AC. | | OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Perry L. Hughes</i> Printed Name Perry L. Hughes Title PRESIDENT Date 9/5/97 |
| LOT 2 37.65 AC. | | 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 belief. Date Surveyed 18, 1997 Signature & Seal of Professional Surveyor <i>Gary G. Eidson</i> W.O. 1191 |
| LOT 3 37.63 AC. | | Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239 GARY G. EIDSON, 12641 |
| LOT 4 37.61 AC. | | |

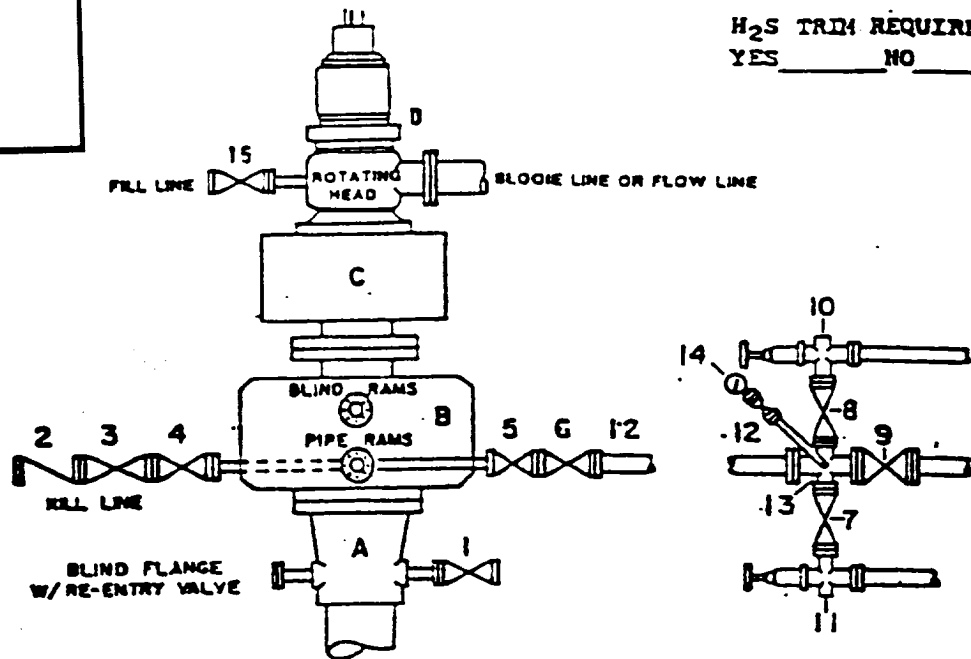
Exhibit "E"

BOP Equipment

Shahara Oil, LLC
Beeson "F" No. 22
1974' FNL & 992' FEL
Sec 31, T17S, R30E
Eddy County, New Mexico
Lease No. LC-060529

DRILLING CONTROL CONDITION III-B 3000 PSI WP

H₂S TRIM REQUIRED
YES _____ NO _____



DRILLING CONTROL

MATERIAL LIST - CONDITION III - B

- | | |
|------------|---|
| A | Wellhead |
| B | 3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram preventers may be utilized with 3000# W.P. drilling spool with 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line. The drilling spool is to be installed below the single ram type preventers). |
| C | 3000# W.P. Annular Preventer with 1" steel, 3000# W.P. control lines. |
| D | Rotating Head with fill up outlet and extended Bloop line. |
| 1,3,4,7,8, | 2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve. |
| 2 | 2" minimum 3000# W.P. back pressure valve. |
| 5,6,9 | 3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve. |
| 12 | 3" minimum Schedule 80, Grade B, seamless line pipe. |
| 13 | 2" minimum x 3" minimum 3000# W.P. flanged cross. |
| 10,11 | 2" minimum 3000# W.P. adjustable choke bodies. |
| 14 | Cameron Mud Gauge or equivalent (location optional in Choke line). |
| 15 | 2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve. |

| | | | |
|-------------|------|----------|----------|
| SCALE: | DATE | EST. NO. | DRG. NO. |
| DRAWN BY | | | |
| CHECKED BY | | | |
| APPROVED BY | | | |

EXHIBIT E