Form 3160-3
(December 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N. M. Oil Cor
811 S. 1ST ST.
ARTESIA, NM 88210-2834

FORM APPROVED
Budget Bureau No. 1004-0136
Expires: December 31, 1991

SUBMIT IN TRIPLICATE

Bureau of Land Management
Received
AUG 30 2000
Carlsbad Field Office
Carlsbad, N.M.

RECEIVED
OCT 2000
OCD - ARTESIA

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. Type of Work: DRILL ☒ DEEPEN ☐

1b. Type of Well
OIL WELL ☐ GAS WELL ☒ OTHER 96351

SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. Name of Operator
TEXACO EXPLORATION & PRODUCTION INC.

3. Address and Telephone No.
P.O. Box 3109, Midland Texas 79702 688-4606

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At Surface
Unit Letter A : 1100 Feet From The NORTH Line and 660 Feet From The EAST Line
At proposed prod. zone
SAME

5. Lease Designation and Serial No.
NM 98120 ~~LC0294420A~~

6. If Indian, Alottee or Tribe Nam

7. If Unit or CA, Agreement Designation

8. Well Name and Number
SKELLY UNIT 11091
905

9. API Well No.
30-015-31371

10. Field and Pool, Exploratory Area
FREN, MORROW UNDES.

11. SEC., T., R., M., or BLK. and Survey or Area
Sec. 14, Township 17-S, Range 31-E

14. Distance In Miles and Direction from Nearest Town or Post Office*
9 MILES EAST OF LOCO HILLS, NM

12. County or Parish: EDDY
13. State: NM

15. 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: 4160

17. No. of Acres Assigned To This Well: 320

18. Distance From Proposed Location* to Nearest Well, Drilling, Completed or Applied For, On This Lease, Ft.: 493.4'

19. Proposed Depth: 12550'

20. Rotary or Cable Tools: ROTARY

21. Elevations (Show whether DF,RT, GR, etc.): GR-3940'

22. Approx. Date Work Will Start*: 9/15/00

23 PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	WC40,11 3/4"	42#	550'	350 SACKS-CIRCULATE
11"	WC50,8 5/8"	32#	4200'	1680 SACKS-CIRCULATE
7 7/8"	WC70,5 1/2"	17#	12550'	2220 SACKS-CIRCULATE

CEMENTING PROGRAM:
SURFACE CASING: 100 SACKS CLASS C w/2% GEL, 2% CaCl2 (14.2 PPG, 1.50 CF/S, 6.30 GW/S). F/B 250 SACKS CLASS C w/2% CaCl2 (14.8 PPG, 1.34 CF/S, 6.30 GW/S).

INTERMEDIATE CASING: 1110 SACKS 35/65 POZ CLASS H w/6% GEL, 5% SALT, 1/4# FC (12.8 PPG, 1.94 CF/S, 10.46 GW/S). F/B 570 SACKS CLASS H (15.6 PPG, 1.18 CF/S, 5.20 GW/S).

PRODUCTION CASING: 1st STAGE-1200 SACKS 50/50 POZ CLASS H w/2% GEL, 5% SALT, 1/4# FC (14.2 PPG, 1.35 CF/S, 6.30 GW/S). DV TOOL @ 8800'--2nd STAGE- 720 SACKS 35/65 POZ CLASS H w/6% GEL, 5% SALT, 1/4# FC (12.4 PPG, 2.14 CF/S 11..90 GW/S). F/B 300 SACKS 50/50 POZ CLASS H w/2% GEL, 5% SALT, 1/4# FC (14.2 PPG, 1.35 CF/S, 6.30 GW/S).

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 true verticle depths. Give blowout preventer program, if any.

24. I hereby certify that the foregoing is true and correct

SIGNATURE A. Phil Ryan TITLE Commission Coordinator DATE 8/22/00

TYPE OR PRINT NAME A. Phil Ryan

(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.

APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ TITLE Assistant Field Manager, Lands And Minerals DATE OCT [illegible] 2000

CONDITIONS OF APPROVAL, IF ANY:

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.

APPROVED FOR 1 YEAR

DeSoto/Nichols 10-94 ver 2.0

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
		Fren, Morrow

[4] Property Code	[5] Property Name	[6] Well Number
	Skelly Unit	905

[7] OGRID No.	[8] Operator Name	[9] Elevation
22351	TEXACO EXPLORATION & PRODUCTION, INC.	3940'

[10] Surface Location

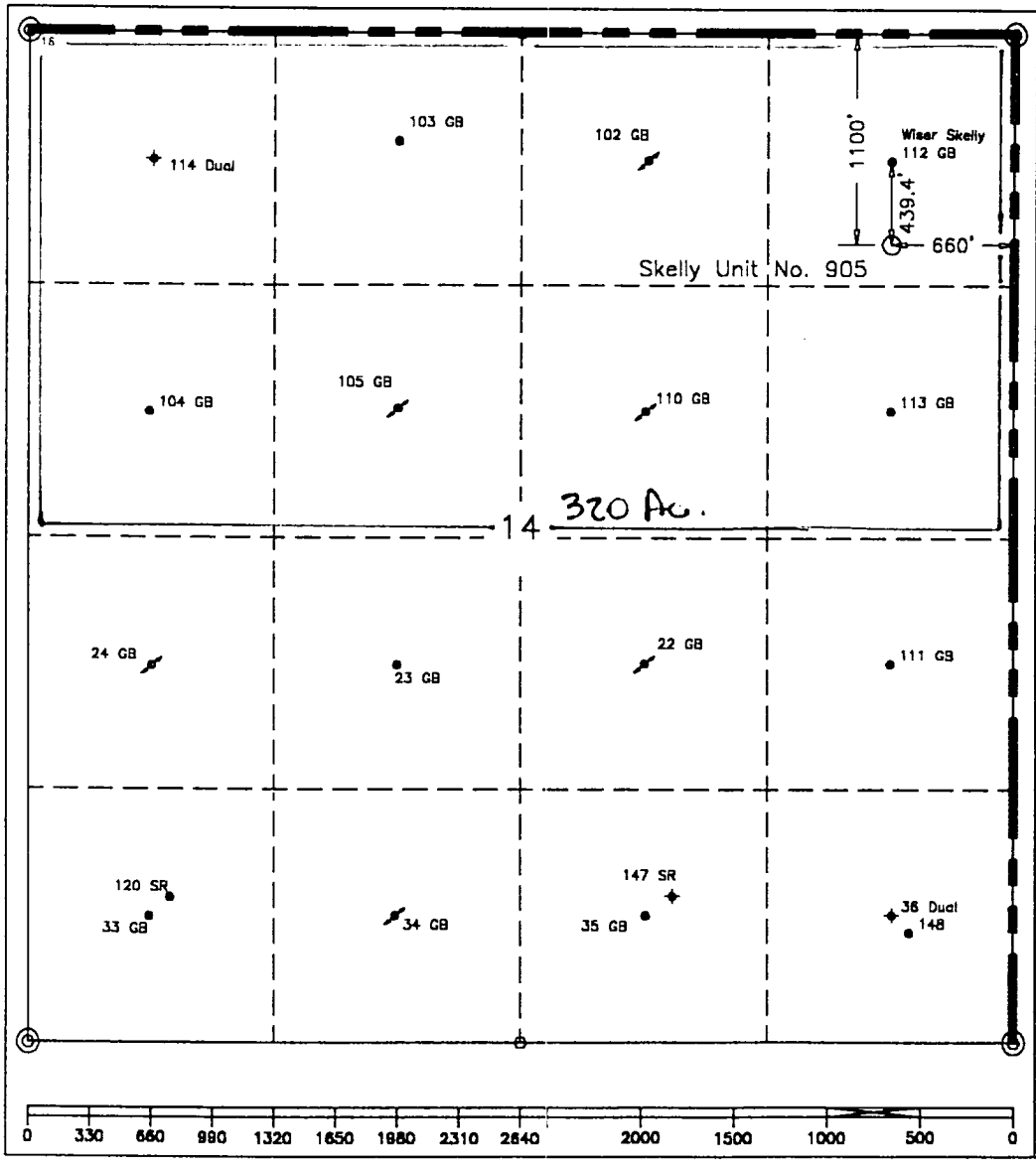
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	[7] County
A	14	17-S	31-E		1100'	North	660'	East	Eddy

[11] 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	[7] County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.



[17] OPERATOR CERTIFICATION

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

Signature: A. Phil Ryan

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: August 10, 2000

[18] 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: August 8, 2000

Signature & Seal of Professional Surveyor

Certificate No. 7254 John S. Piper

Sheet

DRILLING PROGRAM

SKELLY UNIT WELL No. 905

SURFACE DESCRIPTION:

See Item 11 (other information) in the attached Surface Use and Operations Plan.

FORMATION TOPS: Estimated KB Elevation: 3963'

Formation	Depth	Lithology	Fluid Content
Rustler	1314'	Anhy, Salt	----
Yates	2569'	Anhy	----
Queen	3414'	Ss, Dolomite	Oil
San Andres	4207'	Dolo, Limestone	----
Glorieta	5679'	Dolomite	----
Tubb	6862'	Sandstone	----
Abo	7403'	Dolomite	----
Wolfcamp Limestone	8939'	Limestone	Oil
Strawn	11054'	Limestone	Gas
Atoka	11455'	Sandstone	Gas
Morrow Limestone	11709'	Limestone	----
Morrow Sand	12730'	Sandstone	Gas
Chester	12580'	Sandstone	----
Total Depth:	12550'		

The base of the salt section is the top of the Yates at 2569'. No abnormal pressures or temperatures are anticipated to be encountered in this well. The Bottom Hole pressure at T.D. is estimated to be 7.9 PPG EMW (5135 PSI).

H2S in the San Andres formation is possible. H2S RADIUS OF EXPOSURE: 100ppm = 199', 500ppm = 91', based on 4300 ppm H2S and 692 MCF (see attached H2S Drilling Operations Plan. H2S equipment to be operational prior to drilling out Surface Casing Shoe.)

Duration of Operation: 46 Days to Drill & 8 Days to Complete

PRESSURE CONTROL EQUIPMENT:

A 3000 psi (or 5000 psi at drilling contractor's option) Dual Ram BOP with rotating head (See Exhibit C) will be installed after surface casing is set. A 5000 psi Dual Ram BOP with a rotating head and annular preventer will be used. (See Exhibit D). It will be installed after intermediate casing is set at 4200'. BOP will be tested each time it is installed on a casing string and at least every 29 days, and operated at least once each 24 hour period during drilling.

A PVT system will not be installed. We will be drilling thru the reserve pit and will circulate the steel pits one hour each tour to check for gains and losses and will be noted on the driller's log, which is Texaco's policy.

We do not plan to run an automatic remote-controlled choke. We will have installed and tested two manual, H2S trimmed, chokes.

CASING AND CEMENT PROGRAM:

The cementing program is detailed on Form 3160-3. All casing will be new.

Casing Program:

Surface Casing - 14 ¾" hole, 11 ¾", 42#, WC-40, STC, set @ ~~550~~ 610'.

Intermediate Casing: 11" hole, 4200' of 8 5/8", 32#, WC-50, LTC set @ 4200'.

Production Casing: 7 7/8" hole, 8600' of 5 ½", 17#, WC-70, LTC & 3950' of 5 ½", 17#, SS-95, LTC set @ 12550'.

Centralizer Program:

Surface Casing - Centralize the bottom 3 joints and every 4th to surface.

Intermediate Casing - Centralize the bottom 3 joints.

Production Casing - Centralize every other joint from TD to 10800' and above and below the DV Tool @ 8800'.

MUD PROGRAM:

Depth	Type	Weight	Viscosity
0'-~~550~~ 610'	Fresh Water	8.4	28
400'-4200'	Brine	10.0	29
4200'-12550'	Fresh Water/Starch	8.4-10.1	29-40

LOGGING, TESTING:

GR-CAL-CNL-LDT, GR-CAL-DLL-MSFL, GR-CAL-BHC surveys will be run.

A two-man Mud Logging Unit will be used from 4200' to 12550'.

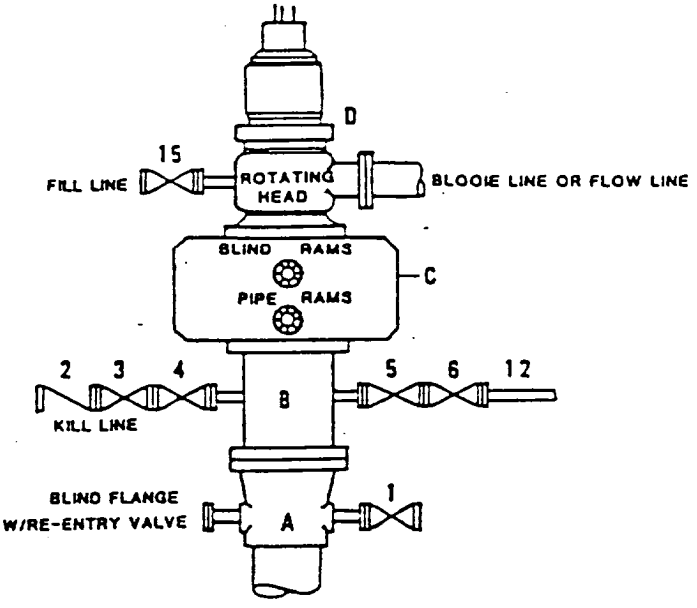
A drill stem test may be conducted in the Morrow, if needed.

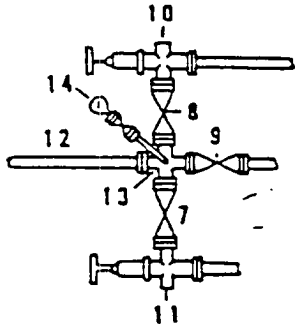
Sidewall cores (25) are planned for the Morrow.

DRILLING CONTROL
CONDITION II-B 3000 WP

FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

H_2S TRIM REQUIRED
YES_____ NO X





DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

A	Texaco Wellhead
B	3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	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 type preventers may be utilized).
D	Rotating Head with fill up outlet and extended Blooie 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.

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

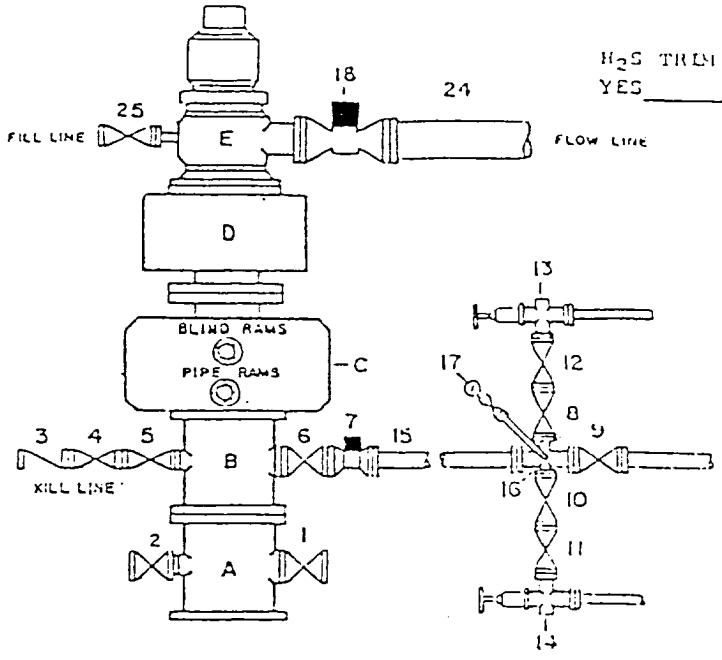
SCALE	DATE	EST NO	ORD NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C

DRILLING CONTROL

CONDITION IV-B-5000 PSI WP

H_2S TRIM REQUIRED
YES_____NO_____



DRILLING CONTROL

MATERIAL LIST - CONDITION IV - B

A	Texaco Wellhead
B	5000# W.P. drilling spool with a minimum 2" flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	5000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines.
D	5000# W.P. Annular preventer, hydraulic operated with 1" steel, 3000# W.P. control lines.
E	Rotating Head with fill up outlet and extended Blooie line.
1,2,4,5, 8,10,11, 12	2" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
3	2" minimum 5000# W.P. back pressure valve.
6,9	3" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
7	3" minimum 5000# W.P. flanged hydraulic valve
15	3" minimum Schedule 160, Grade B, seamless line pipe
16	2" minimum x 3" 5000# W.P. flanged cross
13,14	2" minimum 5000# W.P. adjustable chokes with carbide trim.
17	Cameron Mud Gauge or equivalent (location in choke line optional).
18	6" minimum 1000# hydraulic flanged valve.
24	8" minimum steel flow line.
25	2" minimum 3000# W.P. flanged or threaded fill opening steel gate valve, or Halliburton Lo Torc Plug valve.

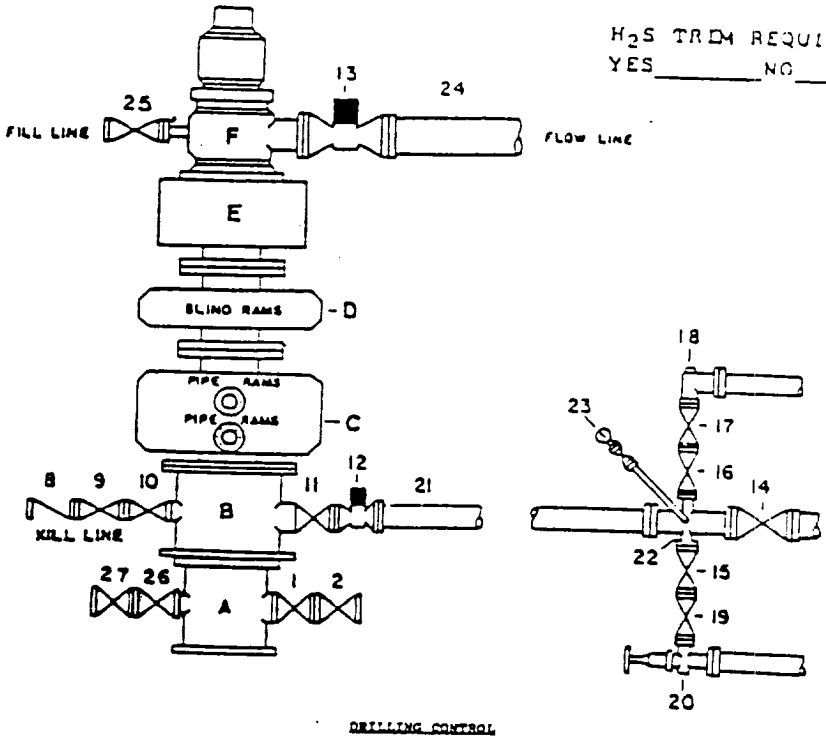
TEXACO, INC
Midland Division
Midland, Texas

EXHIBIT D

DRILLING CONTROL

CONDITION V-B - 10,000 PSI WP

H_2S TRIM REQUIRED
YES_____NO_____



DRILLING CONTROL

MATERIAL LIST - CONDITION V-B

A	Texaco Wellhead
B	10,000# W.P. Drilling Spool with a minimum 2" flanged outlet for kill line and 4" minimum flanged outlet for choke line
C	10,000# W.P. Dual Variable Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control line
D	10,000# W.P. Single Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
E	10,000# W.P. Annular preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
F	When required - Rotating Head with fill up outlet and extended Blooie line
1,2,9,10, 15,16,17, 19,26,27	2" minimum 10,000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve
8	2" minimum 10,000# W.P. Back pressure valve
11,14	4" minimum 10,000# W.P. flanged full opening steel gate valve
12	4" minimum 10,000# W.P. flanged full opening hydraulic valve
13	When required - 10" minimum 1000# W.P. flanged full opening hydraulic valve
21	4" minimum 10,000# W.P. 4130 mechanical tubing with flanged ends, or equivalent
22	2" minimum X 4" minimum 10,000# W.P. flanged cross
18	2" minimum 10,000# W.P. automatic choke
20	2" minimum 10,000# W.P. adjustable choke equipped with carbide trim
23	Cameron Mud Gauge or equivalent (location in choke line optional)
24	When required - 10" steel flow line
25	2" minimum 1000# W.P. flanged or threaded full opening steel gate valve or Halliburton Lo Torc plug valve

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

SCALE	DATE	EST NO	ORD NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT G-1

SURFACE USE AND OPERATIONS PLAN

FOR

TEXACO EXPLORATION AND PRODUCTION, INC.

SKELLY UNIT NO. 905

1100.0' FNL & 660.0' FEL, SECTION 14,

TWP. 17 SOUTH, RANGE 31 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO

LOCATED: 10 miles Easterly of Loco Hills, New Mexico

FEDERAL LEASE NUMBER: LC 029420A

LEASE ISSUED: Lease is in a producing status.

ACRES IN LEASE: 4160

RECORD LESSEE: Texaco Exploration and Production, Inc.

SURFACE OWNERSHIP: USA

GRAZING PERMITTEE: Olane & Ladoyce Caswell
1702 Gilham
Brownfield, Texas 79316

POOL: Fren, Morrow

POOL RULES: Field Rules are for no wells to be located closer than 10' to any quarter-quarter section and 660' from the nearest lease line and quarter section lines.

EXHIBITS: A. Access Road and Facilities Map

B. Drilling Rig Layout Diagram

C. Well Location and Acreage Dedication Plat 40 acres

1. EXISTING ACCESS ROADS

A. Exhibit "A" is an enlarged portion of a 7.5 minute U.S.G.S. topographic map showing the proposed well site and the existing roads in the area. Point "A" is the junction of an existing resource road and State Highway 82. Said intersection is approximately 5.2 miles Southwesterly of Maljamar, New Mexico and 10 miles Easterly of Loco Hills, New Mexico along the major established Public Road System. From Point "A" as shown in Purple on Exhibit "A", go .30 miles Northwesterly, then .30 miles Northerly, then .58 miles Northeasterly, then .42 Northerly to Point "B", an intersection of two existing resource roads. Then go .30 miles Easterly along said resource road as shown in purple on Exhibit "A" to Point "C", the beginning of the proposed resource road.

2. PLANNED RESOURCE ROAD

A. Length and Width: From Point "C" as shown on Exhibit "A" a new 14 foot wide resource road will be constructed approximately 525 feet Southerly as shown in red on Exhibit "A" to the Southeast corner of the proposed well pad, as shown on Exhibits "A" and "B".

B. Surfacing Material: Caliche material will be used to surface the proposed road. It will be watered, compacted, and graded.

C. Maximum Grade: An approximate grade of one percent will be encountered descending from point "C" to the proposed well pad.

D. Turnouts: Turnouts will not be required.

E. Drainage Design: The new road will be crowned at the center to direct drainage to ditches on both sides of the roadway with turnout ditches to be constructed as required.

F. Culverts: None will be required.

G. Cuts and Fills: A slight amount of leveling will be required.

H. Gates and Cattle Guards: None will be required.

3. LOCATION OF EXISTING WELLS

A. Existing wells on the lease and in the immediate area are shown on Exhibit "A".

4. LOCATION OF EXISTING AND PROPOSED FACILITIES

A. The oil, gas, and/or water that this well produces will be stored at the proposed tank battery to be constructed on the proposed well site as shown on Exhibits "A" and "B".

B. An electric power line 525.0 feet long will need to be constructed to service this site. It will be a 12,470 phase to phase, no neutral, rapture protected line.

5. LOCATION AND TYPE OF WATER SUPPLY

A. It is not contemplated that a water well would be drilled. Water necessary for drilling operations will be purchased and trucked to the well site or will be transported to the well site by a temporary pipeline laid on the ground along existing roads.

6. SOURCE OF CONSTRUCTION MATERIALS

A. Caliche needed for the well pad will be taken from the proposed borrow pit located within the 400x400' archaeologically cleared tract at the proposed well site (See Exhibit "B" for location). If sufficient quality or quantity of caliche is not available, it will be transported to the proposed well site from from the existing pit located in the Northwest quarter of the Southeast quarter of Section 11, T17S, R31E, by the existing resource roads.

7. METHOD OF HANDLING WASTE DISPOSAL

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during tests will be disposed of at commercial or company facilities.

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be placed in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of drilling and/or completion of operations. All waste material will be contained to prevent scattering by the wind.

8. ANCILLARY FACILITIES

A. None required.

9. WELL SITE LAYOUT

A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, and the location of the major rig components.

B. Cut and Fill requirements will be moderate, but clearing and leveling of the well site will be necessary.

10. PLANS FOR RECLAMATION OF THE SURFACE

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

B. Any unguarded pits containing fluids will be fenced until the pits are dry.

C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special reclamation and/or special revegetation requirements of the Surface Management Agency will be complied with and will be accomplished as rapidly as possible.

11. OTHER INFORMATION

A. Topography: The land surface in the area of the well is relatively level with moderate sand dunes. Regionally, the land slopes Southwesterly with average slopes of less than one to two percent.

B. Soil: Top soil at the well site is a moderate sandy loam.

C. Flora and Fauna: The vegetation cover is moderate. It includes range grasses, weeds, scrub oak bushes, and mesquite bushes. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail and other small birds.

D. Ponds and Streams: There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures: There are no occupied dwellings or other structures within 3/4 mile of the well site.

F. Archaeological, Historical, or other Cultural Sites: None were observed in the area.

G. Land Use: Grazing, oil and gas production, and wildlife habitat.

H. Surface Ownership: Federal

12. OPERATOR'S REPRESENTATIVE

A. Phil Ryan
Commission Coordinator
Texaco Exploration and Production, Inc.
P. O. Box 3109
Midland, Texas 79702
Office Phone: (915) 688-4606

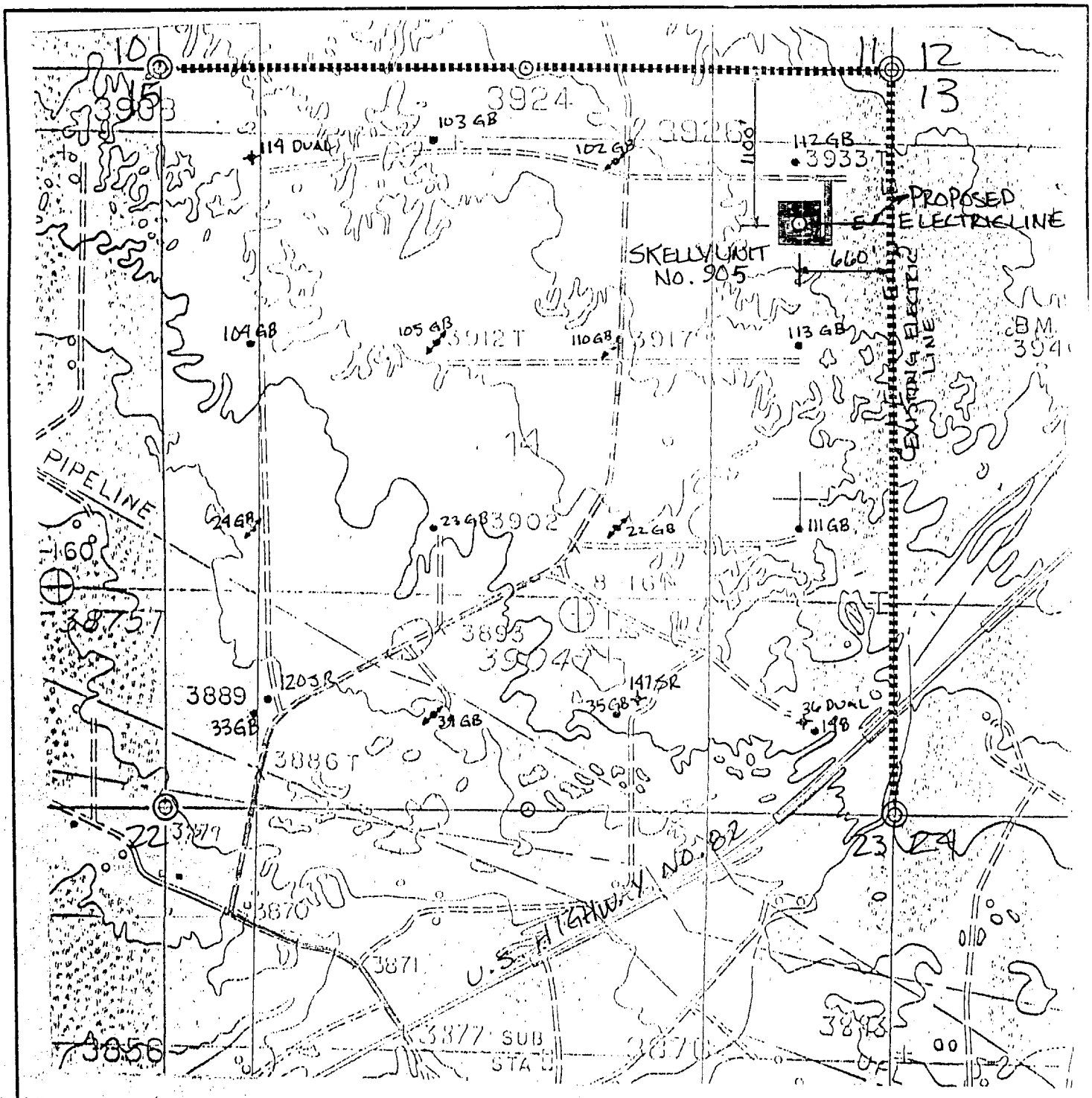
CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Texaco Exploration and Production, Inc. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.

8/22/00
Date

A. Phil Ryan
Commission Coordinator
Midland, Texas

Enclosures
jsp



LEGEND OF SYMBOLS

- = Access Road (Yellow)
- = Resource Road on Lease (Purple)
- = Resource Road on State Land (Blue)
- = Resource Road on Private Land (Pink)
- = Resource Road on Federal Land (Brown)
- = Proposed Resource Road (Red)
- = Proposed Electric Line (Orange)
- = Proposed Production Flow Line (Green)
- = Staked Well Location
- = Producing Well Location
- = Water Injection Well
- = Found 1" Iron Pipe with Brass Cap
- = Found 2" or 3" Iron Pipe with Brass Cap
- = Unit or Lease Boundary

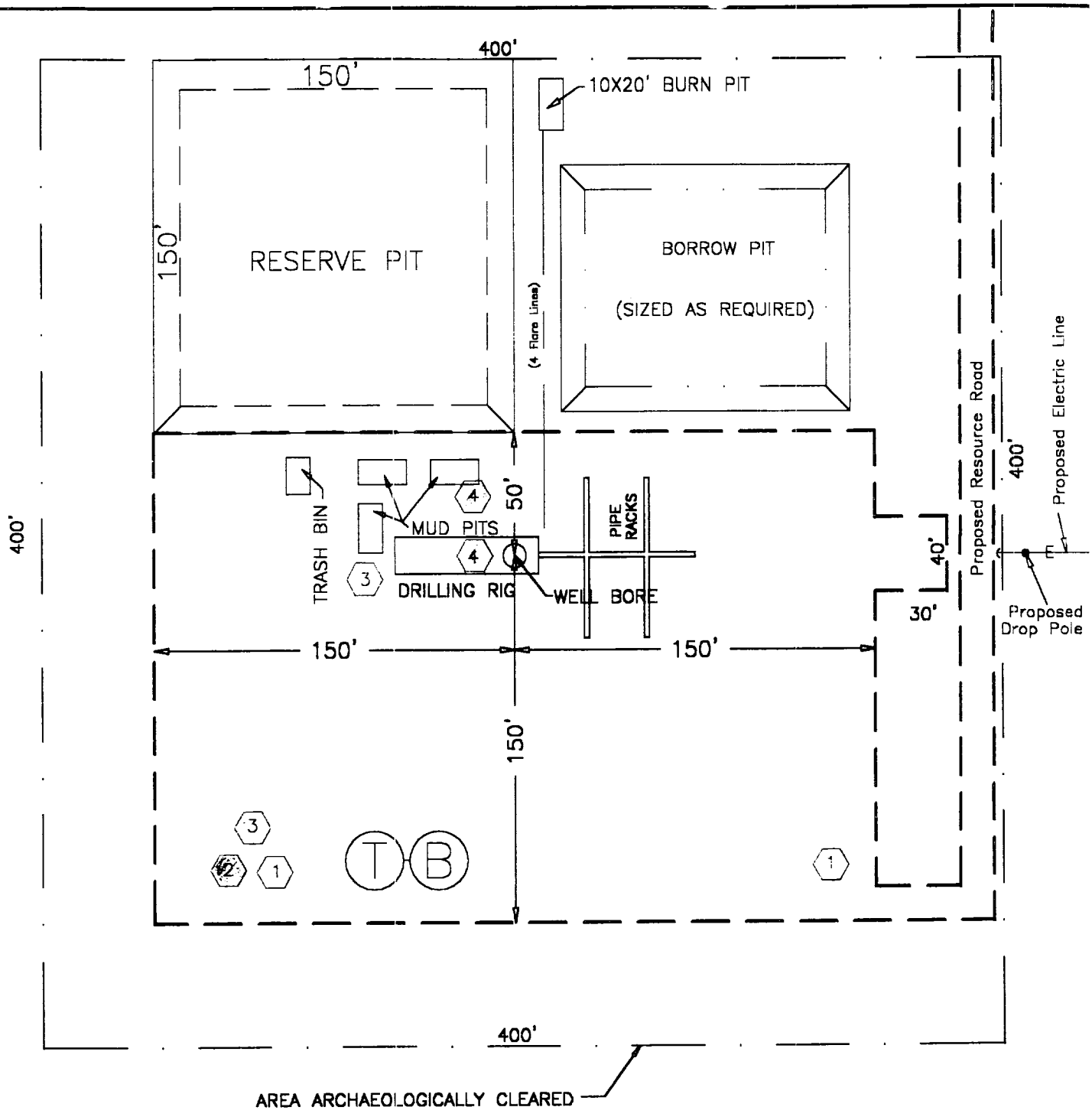
N

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

TEXACO EXPLORATION AND PRODUCTION INC.

SKELLY UNIT No. 905
Located 1100' FNL & 660' FEL, Section 14,
T-17-S, R-31-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 1000'
Date: August 9, 2000	A. Phil Ryan
Checked by: J.S. Piper	



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H_2S DRILLING OPERATION PLAN

1. Briefing Station
2. H_2S Safety Trailer
3. Windsocks — Skelly Unit No. 66
4. H_2S Detectors, Shale Shaker, Rotating Head, Rig Floor

Prevailing Wind from the South

EXHIBIT "B"
DRILLING RIG LAYOUT

TEXACO EXPLORATION AND PRODUCTION INC.

SKELLY UNIT No. 905
Located 1100' FNL & 660' FEL, Section 14,
T-17-S, R-31-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 60'
Date: August 9, 2000	A. Phil Ryan
Checked by: J. S. Piper	

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
		Fren, Morrow

[4] Property Code	[5] Property Name	[6] Well Number
	Skelly Unit	905

[7] OGRID No.	[8] Operator Name	[9] Elevation
22351	TEXACO EXPLORATION & PRODUCTION, INC.	3940'

[10] Surface Location

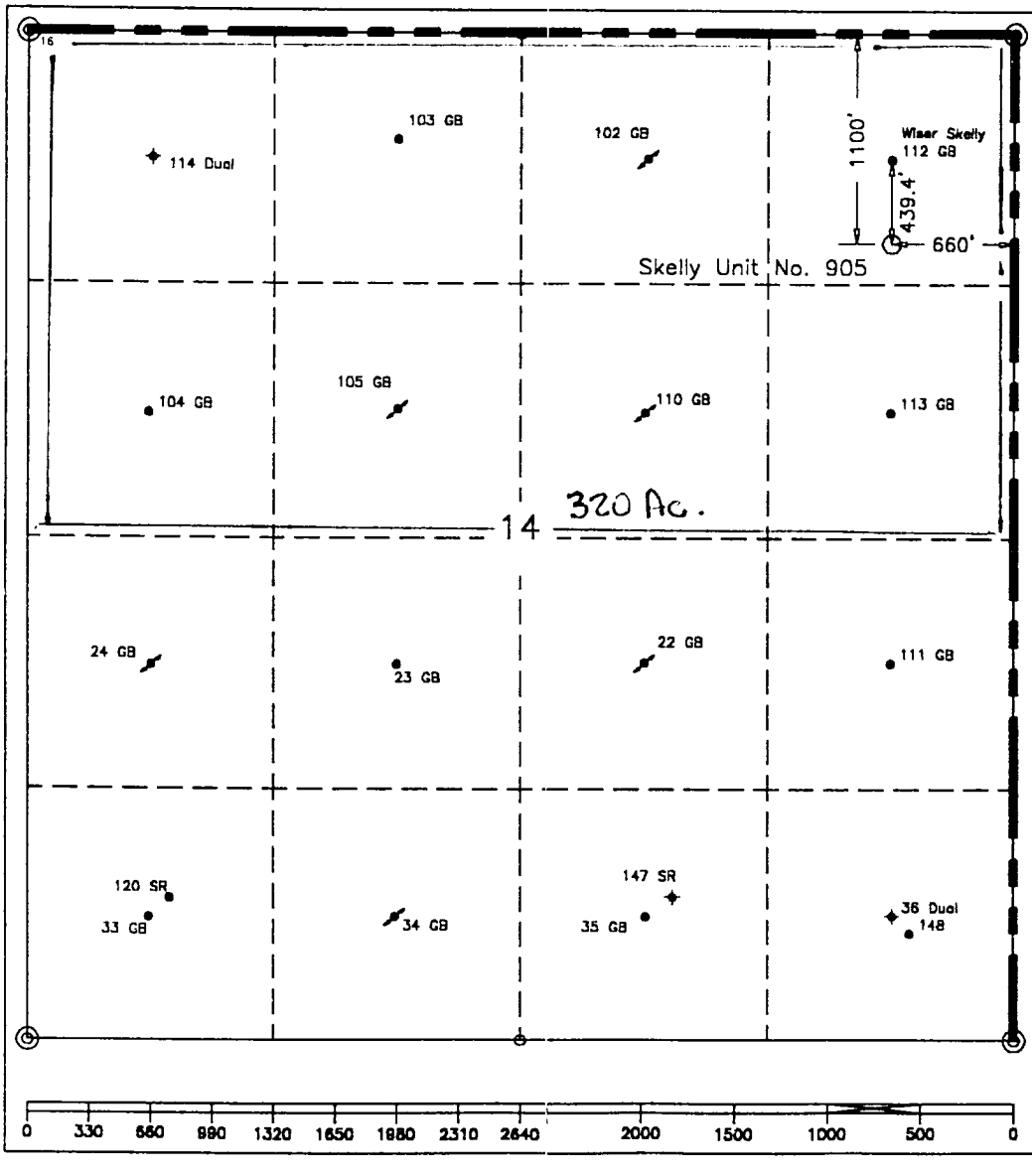
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	[7] County
A	14	17-S	31-E		1100'	North	660'	East	Eddy

[11] 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	[7] County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.



[17] OPERATOR CERTIFICATION

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

Signature: A. Phil Ryan

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: August 10, 2000

[18] 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: August 8, 2000

Signature & Seal of Professional Surveyor: John S. Piper

Certificate No. 7254 John S. Piper

Sheet

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

SKELLY UNIT WELL No. 905

RADIUS OF EXPOSURE

100 PPM: 199 feet

500 PPM: 91 feet Based on 4300 PPM H2S and 692 MCF.

TRAINING

Every person involved in the wellsite operation will be informed of the characteristics of hydrogen sulfide, its danger, safe procedures to be used when it is encountered, use of detection equipment, use of protective breathing equipment, and first aid procedures for regular rig personnel.

On site training will be provided by Texaco prior to reaching Order 6 compliance depth. The Texaco Drilling Supervisor is responsible for insuring all persons working on location have been provided training.

EXHIBIT A

Topographic map of location and surrounding area.

EXHIBIT B

The wellsite layout contains the following information:

1. Drill rig orientation
2. Prevailing wind direction
3. Location of all briefing areas
4. Location of access road
5. Location of flare line
6. Location of windsocks
7. Location of H2S Safety Trailer

EXHIBIT C

Well Control Equipment

PROTECTIVE EQUIPMENT

4 - 30 minute SCBA's: 2 located at each Briefing Station. An additional SCBA will be located at the Tool Pusher's trailer, if used.

5 - 5 minute escape packs will be located in the Dog House.

Means of communication while using protective equipment will be hand signals.

H2S SENSORS

H2S sensors will be located at (1) Shale Shaker (2) Rotating Head and (3) Rig Floor.

A light will be located on the rig floor. It will be set to go off at 10 PPM. It will be visible from anywhere on the location.

A siren will be located on the rig floor. It will be set to go off at 15 PPM.

Texaco Drilling Supervisor will maintain a portable H2S monitor.

MUD PROGRAM

A Fresh Water/ Brine system will be used. Ph will be maintained at 10 or higher if H2S is encountered. Sufficient quantities of H2S scavenger will be on location for use as required.

Drilling will be through an on site gas separator to separate gas from the drilling fluid with gas vented down a flare line equipped with an igniter.

METALLURGY

All wellheads, trees, BOP's, rotating heads, choke manifolds and piping will be constructed/trimmed with materials suitable for H2S service.

All casing and tubing will be no greater than 80000 psi yield strength and no greater than a Rockwell C-22 hardness.

OTHER REQUIREMENTS OF ORDER 6

The flare line (item 4 of exhibit I) will be equipped with a propane ignition.

The flare gun and flares will be located in the H2S Safety Trailer.

Communications for the location will be by Rig Telephone.

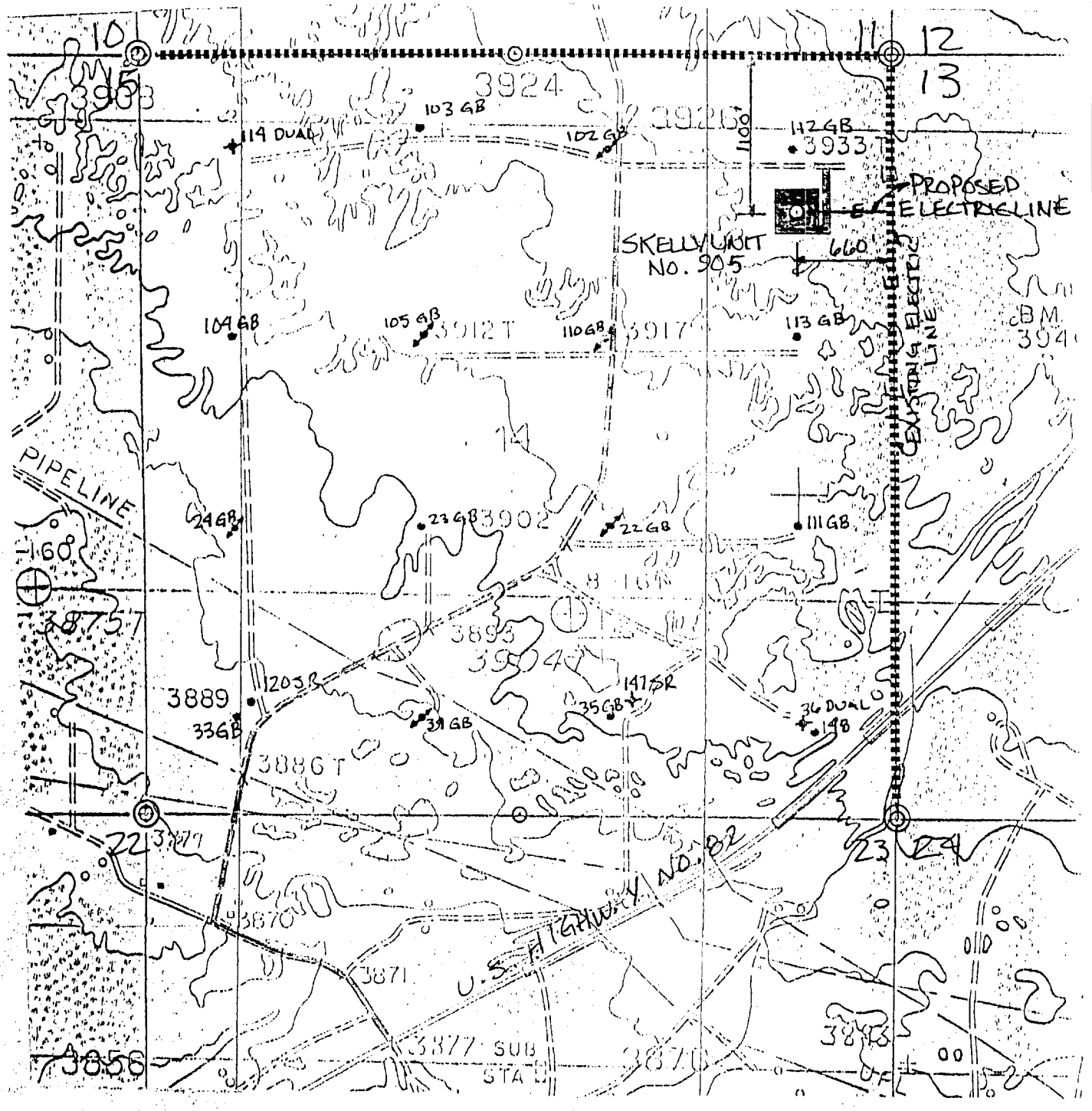
Wind direction indicators will be on the rig floor and at one briefing station with at least one visible from all points on the location.

Caution/danger signs and flags will be maintained at all entrances into the location.

An automatic remote-controlled choke will not be used. We will have installed and tested two manual, H2S trimmed, chokes.

WELL TESTING

DST's may be conducted in the Morrow formation.



LEGEND OF SYMBOLS

- = Access Road (Yellow)
- = Resource Road on Lease (Purple)
- = Resource Road on State Land (Blue)
- = Resource Road on Private Land (Pink)
- = Resource Road on Federal Land (Brown)
- = Proposed Resource Road (Red)
- = Proposed Electric Line (Orange)
- = Proposed Production Flow Line (Green)
- o = Staked Well Location
- = Producing Well Location
- = Water Injection Well
- o = Found 1" Iron Pipe with Brass Cap
- O = Found 2" or 3" Iron Pipe with Brass Cap
- = Unit or Lease Boundary

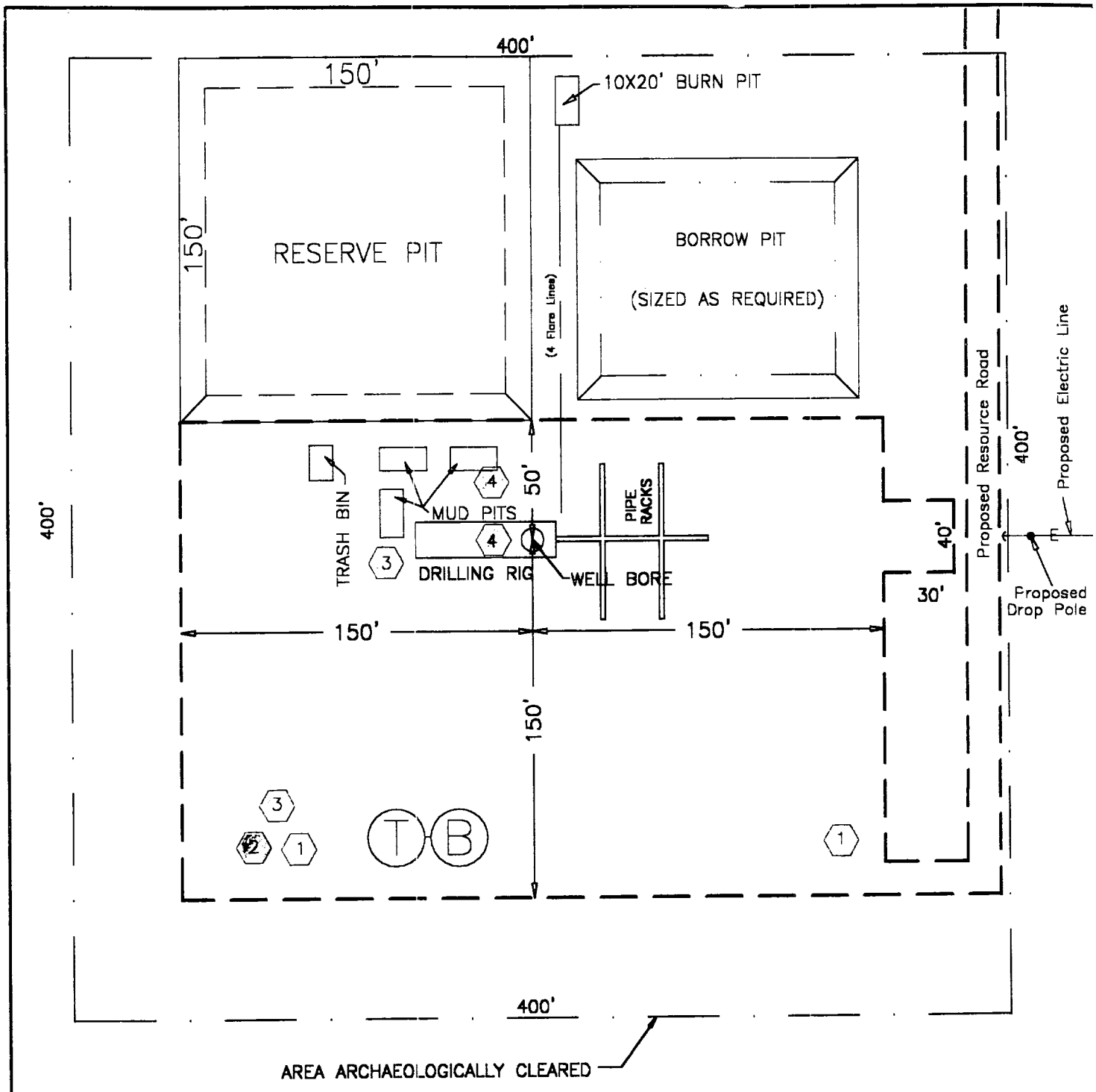
N

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

TEXACO EXPLORATION AND PRODUCTION INC.

SKELLY UNIT No. 905
Located 1100' FNL & 660' FEL, Section 14,
T-17-S, R-31-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 1000'
Date: August 9, 2000	A. Phil Ryan
Checked by: J.S. Piper	



N

H_2S DRILLING OPERATION PLAN

1. Briefing Station
2. H_2S Safety Trailer
3. Windsocks — Skelly Unit No. 66
4. H_2S Detectors, Shale Shaker, Rotating Head, Rig Floor

Prevailing Wind from the South

EXHIBIT "B"
DRILLING RIG LAYOUT

TEXACO EXPLORATION AND PRODUCTION INC.

SKELLY UNIT No. 905
Located 1100' FNL & 660' FEL, Section 14,
T-17-S, R-31-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 60'
Date: August 9, 2000	A. Phil Ryan
Checked by: J. S. Piper	

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

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

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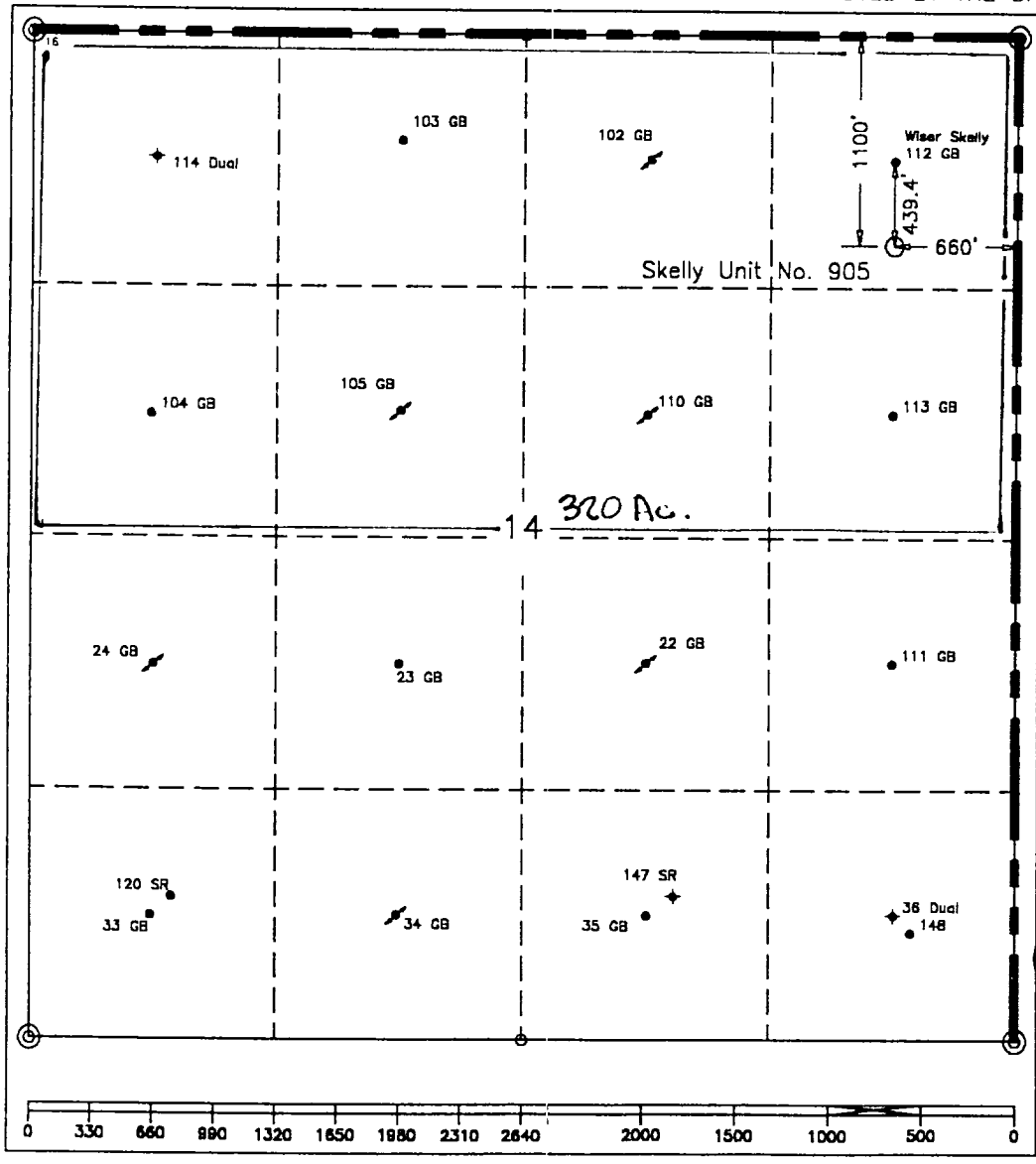

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Printed Name: A. Phil Ryan

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Date Surveyed: August 8, 2000

Signature & Seal of Professional Surveyor

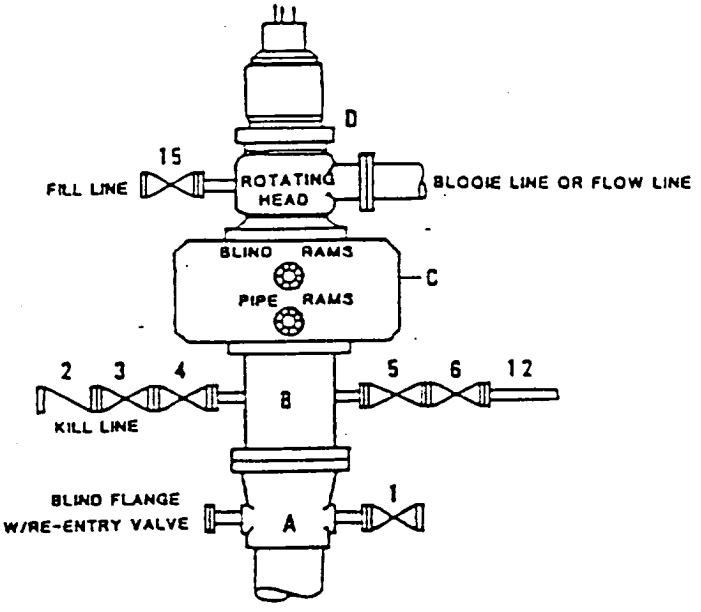
Certificate No. 7254 John S. Piper

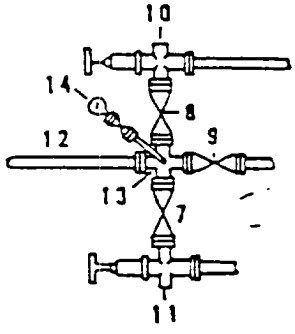
Sheet

DRILLING CONTROL
CONDITION II-B 3000 WP

FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

H_2S TRIM REQUIRED
YES _____ NO X





DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

A	Texaco Wellhead
B	3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	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 type preventers may be utilized).
D	Rotating Head with fill up outlet and extended Blooie 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.

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

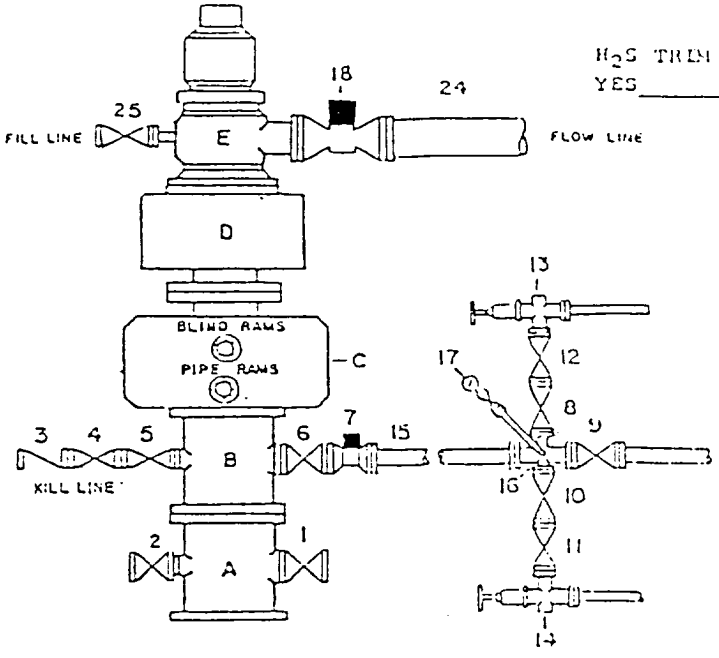
SCALE	DATE	EST NO	ORG NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C

DRILLING CONTROL

CONDITION IV-B-5000 PSI WP

H_2S TRIM REQUIRED
YES_____NO_____



DRILLING CONTROL

MATERIAL LIST - CONDITION IV - B

A	Texaco Wellhead
B	5000# W.P. drilling spool with a minimum 2" flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	5000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines.
D	5000# W.P. Annular preventer, hydraulic operated with 1" steel, 3000# W.P. control lines.
E	Rotating Head with fill up outlet and extended Blooie line.
1,2,4,5, 8,10,11, 12	2" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
3	2" minimum 5000# W.P. back pressure valve.
6,9	3" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
7	3" minimum 5000# W.P. flanged hydraulic valve
15	3" minimum Schedule 160, Grade B, seamless line pipe
16	2" minimum x 3" 5000# W.P. flanged cross
13,14	2" minimum 5000# W.P. adjustable chokes with carbide trim.
17	Cameron Mud Gauge or equivalent (location in choke line optional).
18	4" minimum 1000# hydraulic flanged valve.
24	8" minimum steel flow line.
25	2" minimum 3000# W.P. flanged or threaded fill opening steel gate valve, or Halliburton Lo Torc Plug valve.

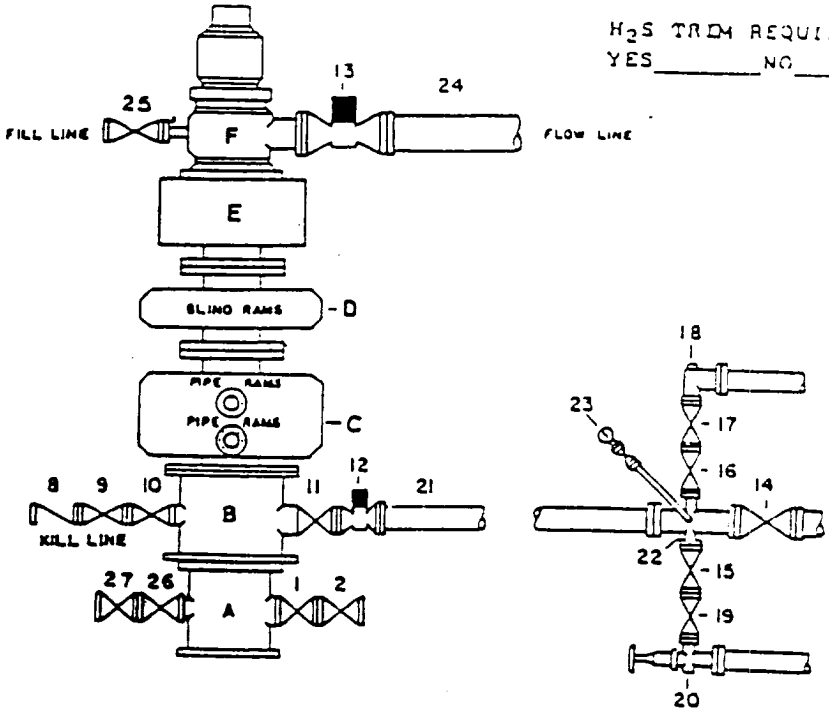
TEXACO, INC

EXHIBIT D

DRILLING CONTROL

CONDITION V-B - 10,000 PSI WP

H_2S TRIM REQUIRED
YES_____ NO_____



DRILLING CONTROL

MATERIAL LIST - CONDITION V-B

A	Texaco Wellhead
B	10,000# W.P. Drilling Spool with a minimum 2" flanged outlet for kill line and 4" minimum flanged outlet for choke line
C	10,000# W.P. Dual Variable Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control line
D	10,000# W.P. Single Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
E	10,000# W.P. Annular preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
F	When required - Rotating Head with fill up outlet and extended Blooie line
1,2,9,10, 15,16,17, 19,26,27	2" minimum 10,000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve
8	2" minimum 10,000# W.P. back pressure valve
11,14	4" minimum 10,000# W.P. flanged full opening steel gate valve
12	4" minimum 10,000# W.P. flanged full opening hydraulic valve
13	When required - 10" minimum 10000# W.P. flanged full opening hydraulic valve
21	4" minimum 10,000# W.P. 4130 mechanical tubing with flanged ends, or equivalent
22	2" minimum X 4" minimum 10,000# W.P. flanged cross
18	2" minimum 10,000# W.P. automatic choke
20	2" minimum 10,000# W.P. adjustable choke equipped with carbide trim
23	Cameron Mud Gauge or equivalent (location in choke line optional)
24	When required - 10" steel flow line
25	2" minimum 10000# W.P. flanged or threaded full opening steel gate valve or Halliburton Lo Torc plug valve

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

SCALE	DATE	EST NO	DRG NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT G-1