

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N. M. OFFICE

ARTESIA, NEW MEXICO

FORM APPROVE
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER


1a. Type of Work <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NMLC-050906	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A	
2. Name of Operator Anadarko Petroleum Corp. 817		7. Unit or CA Agreement Name and No. N/A 28882	
3a. Address P.O. Box 2497, Midland, TX 79702		8. Lease Name and Well No. WELCH FEDERAL #1	
3b. Phone No. (include area code) 915-683-0538		9. API Well No. 30-015-22300	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1980 FNL & 1980 FEL At proposed prod. zone SAME WFG		10. Field and Pool, or Exploratory TRAVIS - YATES	
14. Distance in miles and direction from nearest town or post office* 8 MILES SOUTH OF LOCO HILLS, NM		11. Sec., T., R., M., or Blk. and Survey or Area SEC 8 T18S, R29E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1980		12. County or Parish EDDY	
16. No. of Acres in lease 320		13. State NM	
17. Spacing Unit dedicated to this well 80 ACRES			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 660		19. Proposed Depth 2189	
20. BLM/BIA Bond No. on file 153571			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3538 GL		22. Approximate date work will start* 7/23/2001	
23. Estimated duration 7 DAYS			

Carbon Controlled Water Basin

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) BOB O'DONOVAN	Date 07/12/01
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Title

SUMMER ENGINEER

Approved by (Signature) /S/ JOE G. LARA	Name (Printed/Typed) /S/ JOE G. LARA	Date SEP 14 2001
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Title

ACTING

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on Reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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NEW MEXICO OIL CONSERVATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

Depco, Inc.		Welch Fed.		1	
G	8	18 South	29 East	Eddy	

1980	feet from the	North	line and	1980	feet from the	East	line
3515.0	Producing Formation	Empire Morrow, South			320		

- 1 Outline the acreage dedicated to the subject well by colored pencil or hachure marks
- 2 If more than one lease is dedicated to the well, outline each and identify the ownership thereof (for interest and royalty).
- 3 If more than one lease of different ownership is dedicated to the well, have the interests dated by communitization, unitization, force-pooling, etc?

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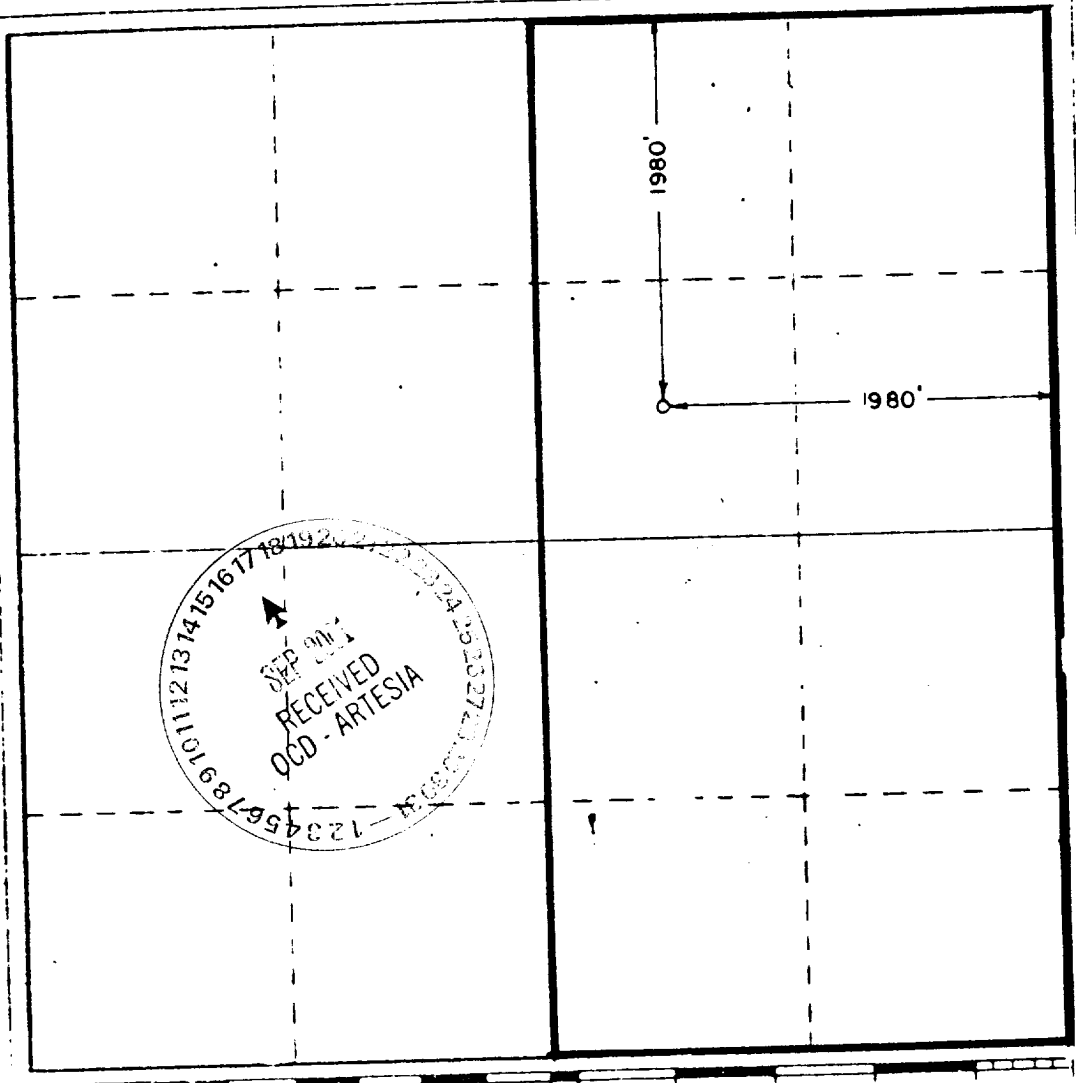
AUG 29 1977

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

☐ 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 Commission.



CERTIFICATION

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

D. R. Mason

Name
D. R. Mason

Position
Chief Clerk

Company
DEPCO, Inc.

Date
8-26-77

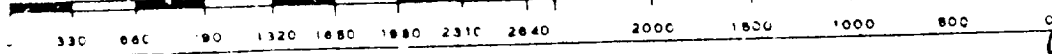
I hereby certify that the well location shown on this plat was plotted from the notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief

Date Surveyed
August 9, 1977

Registered Professional Engineer and Land Surveyor

John W West

Certificate No. 676



INADARKO PETROLEUM COR.

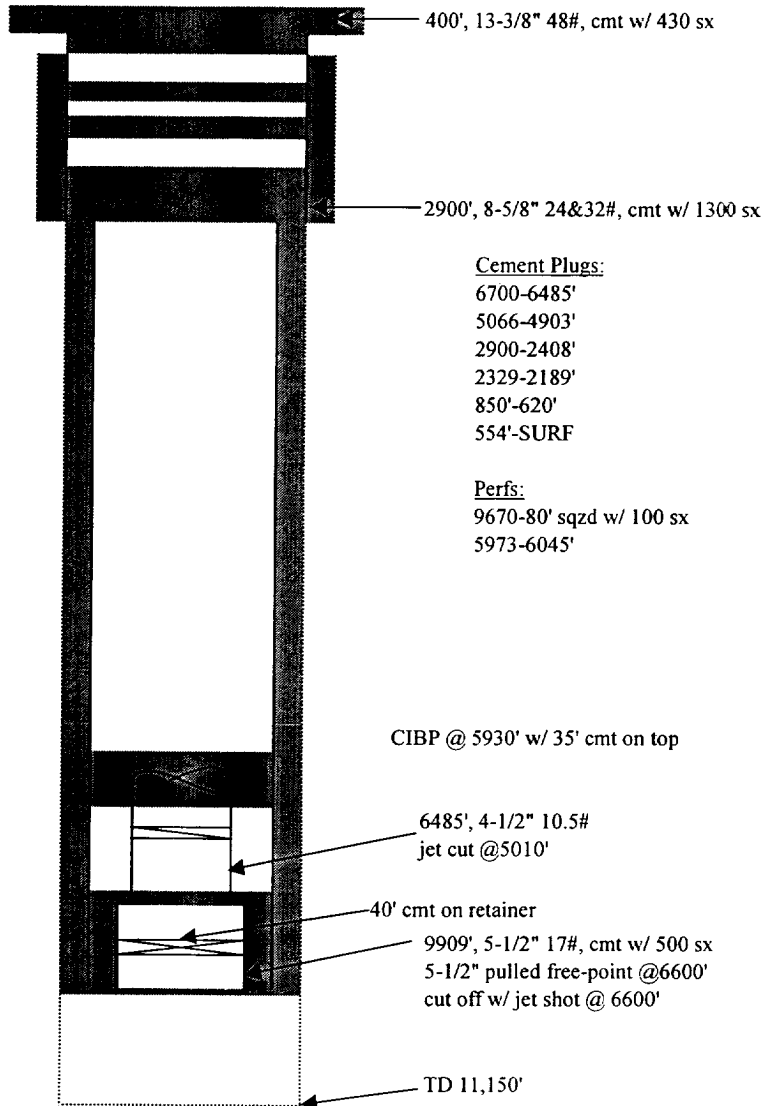
Welch Federal #1

S8, T18S, R29E

1980' FNL, 1980' FEL

Eddy County, NM

Current Configuration



*NOTE- cmt sqz. @ 360' from 360'- SURF inside 8-5/8" casing and 400-360' between 13-3/8" and 8-5/8" casing



ANADARKO PETROLEUM CORP

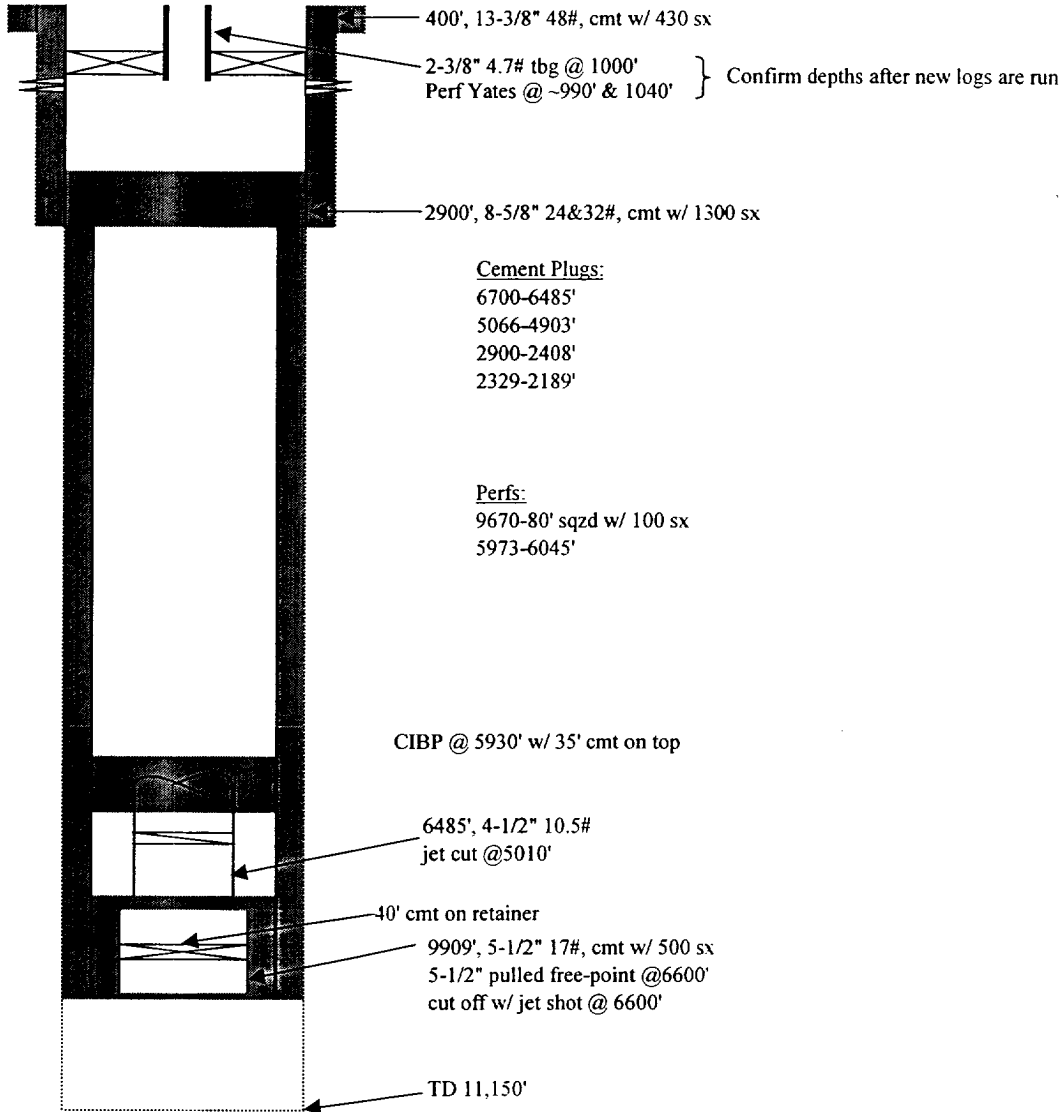
Welch Federal #1

S8, T18S, R29E

1980' FNL, 1980' FEL

Eddy County, NM

Proposed Configuration



*NOTE- cmt sqz. @ 360' from 360'-SURF inside 8-5/8" casing and
400-360' between 13-3/8" and 8-5/8" casing

DRILLING PROGRAM

Attachment to Form 3160-3
Anadarko Petroleum Corporation
Welch Federal No. 1
1980' FNL & 1980' FEL
Section 8, T18S, R29E
Eddy County, New Mexico

The Welch Federal No. 1 is currently plugged. The proposed operation calls for the well to have cement plugs drilled out to 2189'. The existing location and access roads will be used.

1. Geologic Name of Surface Formation

Quaternary Alluvium

2. Estimated Tops of Important Geological Formations

Yates 800'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas

Water: None Anticipated
Oil: None Anticipated
Gas: 990' (within cased interval)

No other formations are expected to yield oil, gas or fresh water in measurable volumes.

4. Casing Program

Existing:

<u>Hole Size</u>	<u>Interval</u>	<u>Casing OD</u>	<u>Weight</u>	<u>TOC</u>
17-1/2"	0' - 400'	13-3/8"	48#	Surface
11"	0' - 2900'	8-5/8"	24 & 32#	Surface
7-7/8"	5010' - 6485'	4-1/2"	10.5#	4903'
7-7/8"	6600' - 9909'	5-1/2"	17#	6485'

Proposed:

There will be no new casing in this well.

5. Cementing Program

There will be no new cement in this well.

6. Minimum Specifications for Pressure Control

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (3M system) double ram type (3000# WP) preventor. This unit will be manually operated. The BOP will be

installed on the 8 5/8" production casing and utilized continuously until total depth is reached. As per BLM Drilling Operations Order #2, prior to drilling out the 8 5/8" casing shoe, the BOP will be function tested.

Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These function tests will be documented on the daily driller's log. Other accessory BOP equipment will include a kelly cock, floor safety valve, choke lines and choke manifold having a 3000# WP rating.

7. Types and Characteristics of Proposed Mud System

This well will be drilled using a 8.43 ppg 2% KCL water system. The 2% KCL will be used for the entire drilling interval of SURF-2189'.

8. Auxiliary Well Control and Monitoring Equipment

- A. A kelly cock will be in the drill string at all times.
- B. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.

9. Logging, Testing and Coring Program

- A. No drillstem tests are planned.
- B. No open hole logs will be run.
- C. The following cased hole logs will be run:
 - CLL/GR/CNL (2000' to SURF)
 - CBL (2000' to SURF)
- D. No coring program is planned.

10. Abnormal Pressures, Temperatures and Potential Hazards

No abnormal pressures or temperatures are expected. The anticipated bottom hole temperature at total depth is 100 degrees and maximum bottom pressure is 450 psia. Since all drilling will be within existing casing, no lost circulation zones are anticipated.

11. Anticipated Starting Date and Duration of Operations

No work will be undertaken until approval has been received from the BLM. This operation will take place on existing roads and surface locations. The anticipated start date for this project is July 23, 2001. The drilling operation should require approximately 3 days. If the well is deemed productive, completion operations will require an additional 4 days for completion and testing.

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

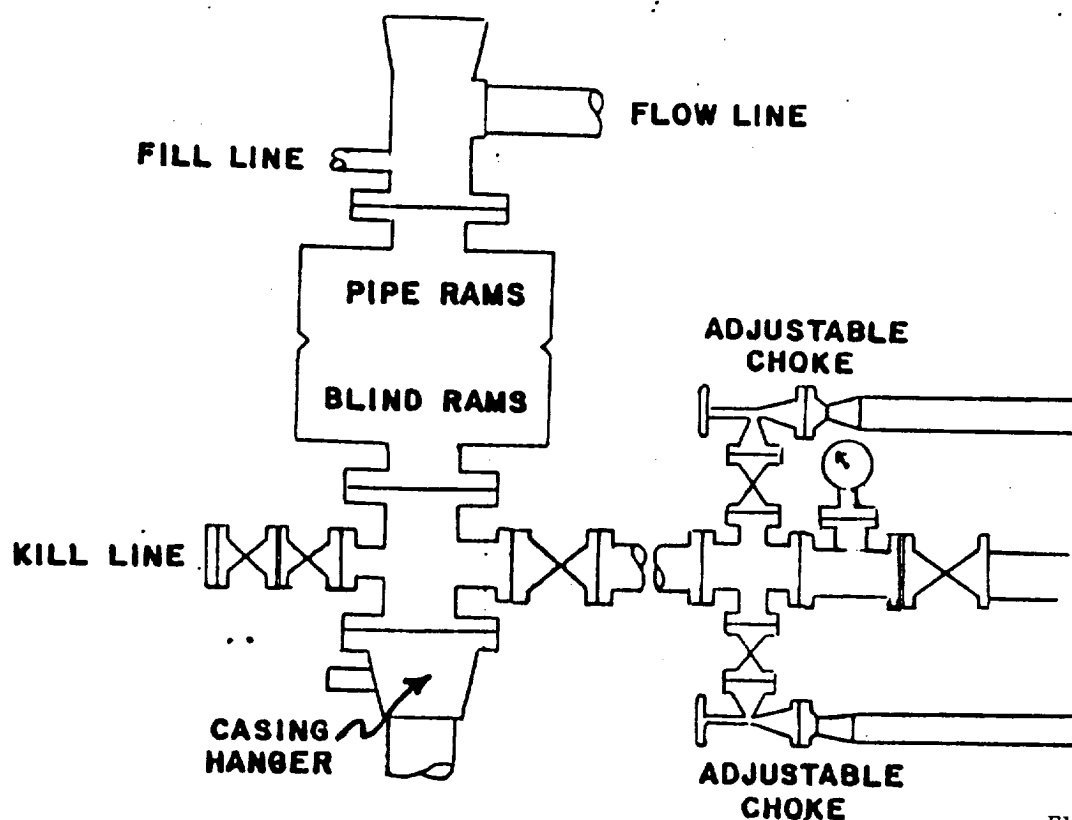


EXHIBIT "E"
CHI OPERATING, INC.
Welch Federal, Well No. 1
BOP Specifications

SURFACE USE AND OPERATING PLAN

Attachment to Form 3160-3
Anadarko Petroleum Corporation
Welch Federal No. 1
1980' FNL & 1980' FEL
Section 8, T18S, R29E
Eddy County, New Mexico

The Welch Federal No. 1 is currently plugged. The proposed operation calls for the well to have cement plugs drilled out to 2189'. The existing location and access roads will be used and will not require modification.

1. Existing Roads

A. No new roads will be constructed.

B. From Loco Hills go 8 miles south on County Road 217. Then go north (right) 1 mile on highway 360 to location road. Follow lease road to Welch Federal #1.

2. Proposed Access Road

Existing access road will be utilized.

3. Location of Existing Wells

Exhibit #2 shows all existing wells within a one-mile radius of the proposed re-entry of the Welch Federal No. 1.

4. Location of Existing and/or Proposed Facilities

A. If re-entry is successful, surface facilities will be installed on the existing pad at the Welch Federal No. 1.

5. Location and Type of Water Supply

The Welch Federal No. 1 cement plugs will be drilled using 2% KCL water system (outlined in Drilling Program). The water will be obtained from commercial sources and trucked to location.

6. Source of Construction Materials

No location or road construction will be required.

7. Methods of Handling Water Disposal

A. Drill cuttings will be disposed into a steel reserve pit.

- B. Drilling fluids will be contained in steel mud tanks.
- C. Water produced from the well during completion operations will be disposed into a steel tank. After placing the well on production through the production facilities, all water will be collected in tanks. Any produced oil will be separated into steel stock tanks until sold.
- D. Garbage, trash and waste paper produced during operations will be collected in a contained trailer and disposed at an approved landfill. All waste material will be contained to prevent scattering by the wind. All water, fluids, salt or other chemicals will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be generated by this operation.
- E. All waste material will be removed within 30 days after the well is either completed or abandoned.

8. Ancillary Facilities

No campsite or other facilities will be constructed as a result of this well.

9. Well Site Layout

- A. The existing wellsite will be utilized. No additional dirt work will be required.
- B. No permanent living facilities are planned.

10. Plans for Restoration of Surface

- A. If the zone of interest is deemed commercially productive, the drilling equipment and tanks will be removed from the location within 120 days of completion.

11. Surface Ownership

This well site is owned by the U.S.A.

12. Other Information

- A. The area surrounding the well site is gypsiferous and supportive of desert scrub and grassland formation. The vegetation is moderately sparse with desert scrub.
- B. No permanent water or water wells are within a 1 mile radius of this location.

13. Lessee's and Operator's Representative

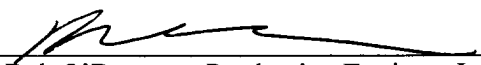
The Anadarko Petroleum Corporation representative responsible for ensuring compliance of the surface use plan is:

Bob O'Donovan
Production Engineer Intern
(915) 682-1666 (office)

Anadarko Petroleum Corporation
P. O. Box 2497
Midland, TX 79702

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road, that I am familiar with the conditions that presently 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 Anadarko Petroleum Corporation and its contractors under which it is approved.

Signed: 
Bob O'Donovan-Production Engineer Intern

Date: 7/12/2001

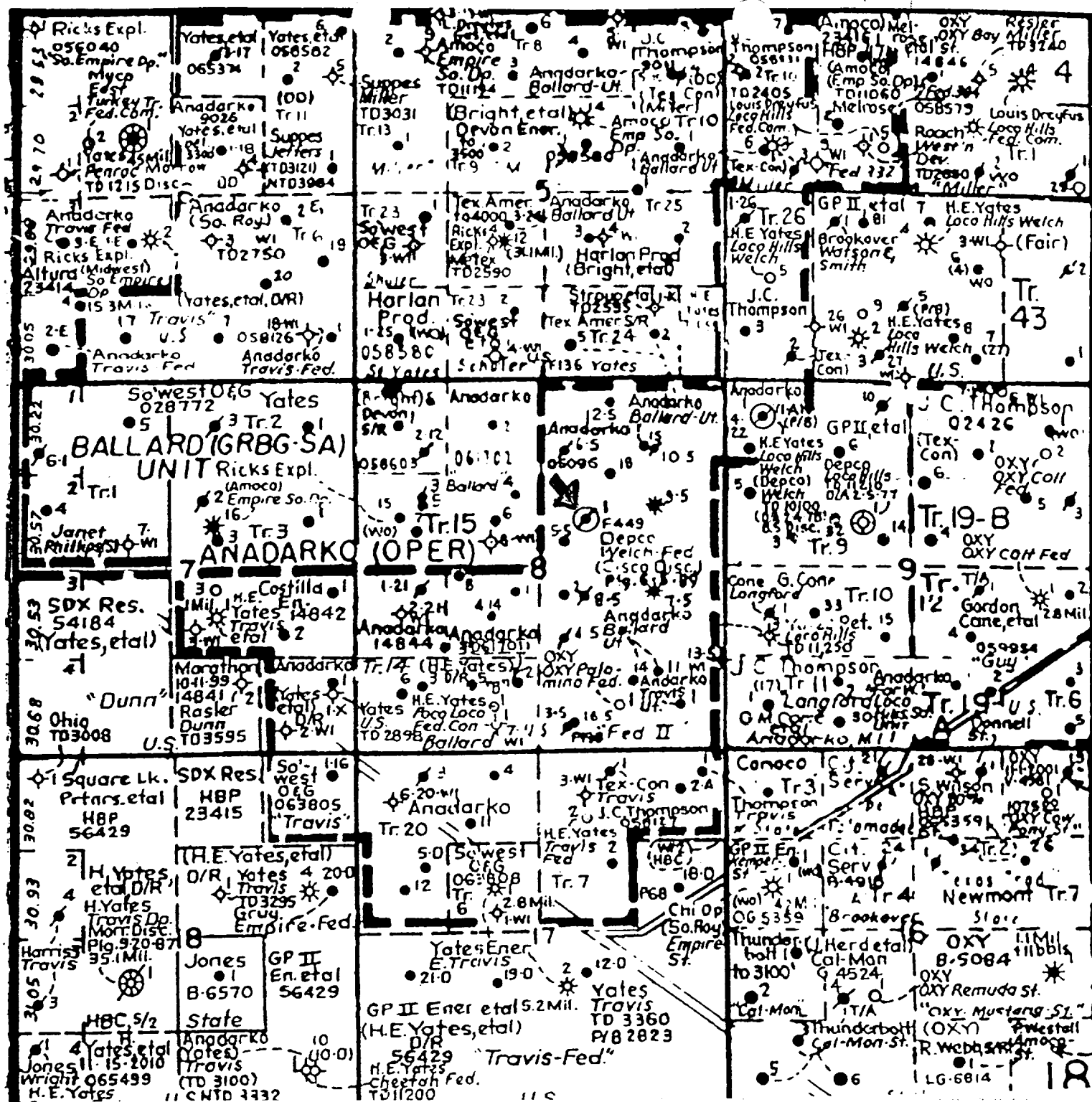


EXHIBIT #2

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Operator Name: Anadarko Petroleum Corporation
Street or Box: P.O. Box 2497
City, State: Midland, TX
Zip Code: 79702

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.:

NMLC-050906

Legal Description of Land:

SEC 8 T18S R29E; 1980 FNL & 1980 FEL
Welch Federal #1

Formation(s) (if applicable):

YATES

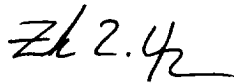
Bond Coverage: (State if individually bonded or another's bond)

Anadarko Corporate Bond

BLM Bond File No.:

153571

Authorized Signature:



Title: DIVISION ENGINEER

Date: 7-17-01

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