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Form approved.
Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

C. E. LaRue and B. N. Muncy, Jr.

3. ADDRESS OF OPERATOR

P. O. Box 196, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface

1980' FSL and 1980' FEL of Section 27 T 18S, R30E

At proposed prod. zone

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

7 miles south of Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED*

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

660'

16. NO. OF ACRES IN LEASE

40

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.

19. PROPOSED DEPTH

3500'

20. ROTARY OR CABLE TOOLS

Rotary

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

3427.3 GL

22. APPROX. DATE WORK WILL START*

October 10, 1977

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	Used 8 5/8"	28#	600'	150 Sacks circulated
7 7/8"	New 4 1/2"	9 1/2#	3500'	240 sacks

Formation top estimated: Salt 525'; Seven Rivers 1745'; Queen 2800'; Grayburg 3350'.

No abnormal pressures have been encountered in the area, drilling fluid will be water with some small amounts of mud additive in Queen formation to facilitate sample clarity. Gamma Ray Neutron logs will be run to TD in open hole.

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OCT 6 1977

AUG 29 1977

D. C. C.
ARTESIA, OFFICEU.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

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

TITLE Operator

DATE August 25, 1977

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

DATE

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE OF OPERATIONS

THIS APPROVAL IS RESCINDED IF OPERATIONS
ARE NOT COMMENCED WITHIN 3 MONTHS.

EXPIRES

JAN - 4 1978

*See Instructions On Reverse Side

ACTING DISTRICT ENGINEER
R. L. LEWIS
X / RichardACTING DISTRICT ENGINEER
R. L. LEWIS
X / Richard

NE. EXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedes C-128
Effective August 1, 1977

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

C.E. Larue & Muncy		Lease	Duval		1
Unit	Section	W. M. S.	Range	Section	
J	27	18 South	30 East	Eddy	
Actual Location of Well					
1980	feet from	South	1980	feet from	East
Ground level elev.	Producing bottom		N.	Benson Queen	40
3427.3	Queen				

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, forced-pooling, etc?

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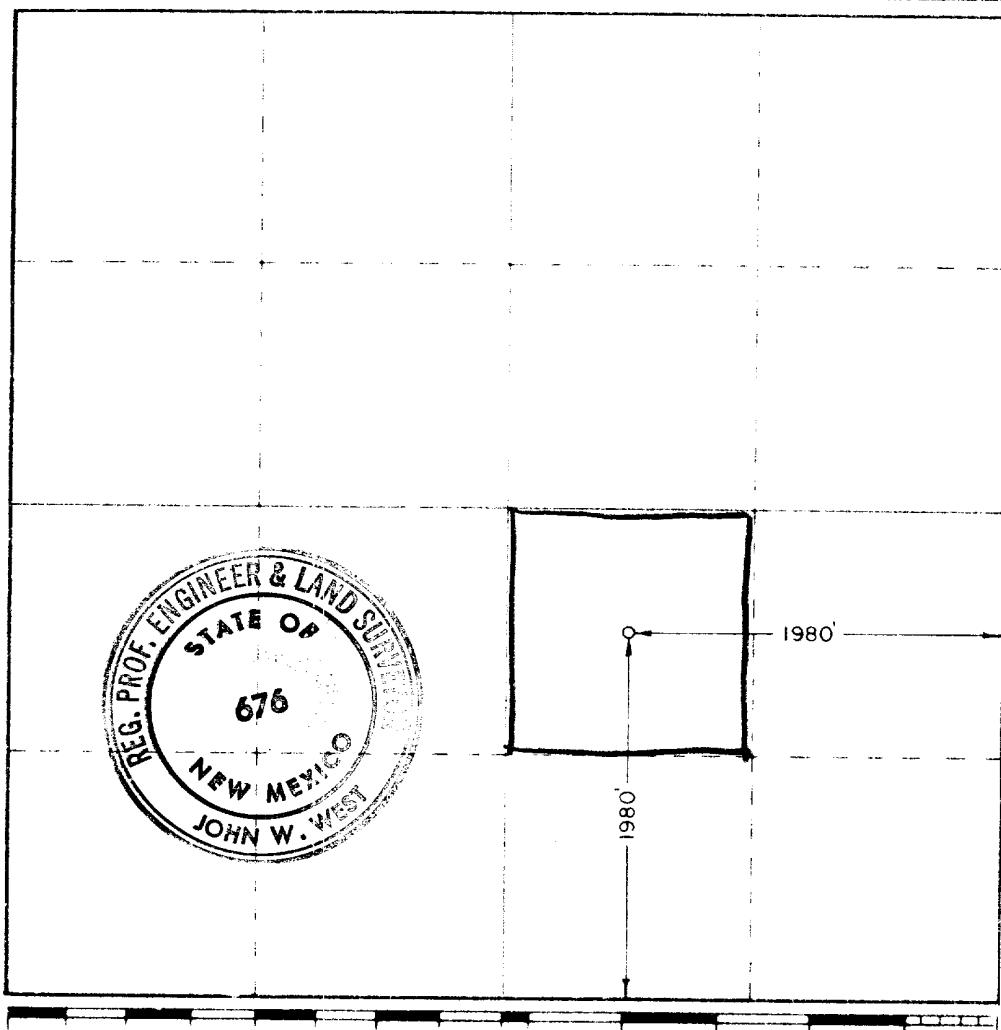
AUG 29 1977

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

Yes No If answer is "yes" type of consolidation _____

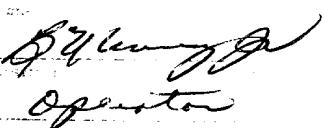
If answer is "no" List the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

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.


Operator

C.E. LaRue and B.N. Muncy, Jr.

August 22, 1977

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

Land Surveyor

August 17, 1977

Registered Professional Engineer
Land Surveyor

Certified by

John W. West

Certificate No.

676

C. E. LaRue and B. N. Muncy, Jr.
Duval Federal No. 1
660' FSL and 1980' FWL Section 27, T18S R30E
Eddy County, New Mexico
Lease No. NM 28527
Development Well

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AUG 29 1977

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

1. Existing Roads - Maps showing drillsite and all existing roads are shown on Exhibit A & B from existing road 700' of new road in planned south to location.
2. Planned Access Roads - Exhibit A shows new road to be constructed in red line. Road will be built to a maximum width of 12 feet and surfaced with caliche, with no turn-outs planned. Drainage will not be a factor as surface is sandy with no water drainage. Road design will be for drilling equipment and water haulage for drilling purposes, and for oil trucking. No culverts or special drainage features are believed necessary. Center line of new road has been staked with flagging visible from one stake to the other.
3. Existing Wells are shown on Exhibit B.
4. Tank battery will be placed on eadge of drilling pad and flow lines will cross only caliche pad. All pads and access roads will be used for production and maintenance. If well is non-productive the drilling pad, and such access road as not needed to reach other location will be ripped and restored in accordance with current rules.
5. There are no rivers, creeks, lakes, ponds or water wells in the entire lease area. All water for drilling purposes will be trucked to location over present and to be constructed access roads shown on Exhibit A from the nearest water supply at Loco Hills, New Mexico.
6. Caliche pits will be the only source of material used in road and pad construction, location is shown on Exhibit A, in SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 26. All material will be hauled over present roads and road to be constructed as shown on Exhibit A.
7. All cutting and drilling fluid will be left in pits and covered after they have dried, which should be in 4 to 6 weeks. All garbage and trash will be kept in containers, placed in trash pit as shown on Exhibit C and covered when well is completed. No well in area has produced water or oil during drilling.
8. No camps or airstrips will be constructed.
9. See Exhibit C. There will be no lining used in mud pits. All equipment and transportation will use only access roads and drilling pad. Mud will be stacked on drilling pad adjacent to mud pump. Only minor leveling and caliche cover will be needed on drilling pad. No significant cuts or fills will be required other than construction of mud pits and reserve pit. The pad and pit area have been staked.
10. At completion of drilling and completion operations all equipment not necessary for well production will be removed, pits will be filled when dried, and trash pit will be covered when completion equipment is moved off. All access roads not needed for other producing wells or lease will be ripped and restored in accordance with current rules as will the pad if well is non-production.
11. Area in general is rolling, with sand dunes creating the principal changes in elevation. Mesquite and scrub oak are primary brush growth, with extremely scanty native grasses and fairly heavy weeds. All surface area is Federal land, as are all roads present and to be constructed. Topsoil is extremely sandy, underlaid with caliche. Land is used for grazing purposes and is classed very low in number of livestock it will maintain because, the extremely sparse vegetation, and the fact there is no natural water above ground in the area for streams or ponds and closest water well to this location is 8 miles east. Nothing has been observed in the area that would give indication of archaeological historical or cultural sites. There are no steep hillsides or gullies in the area where road and drilling pad are to be constructed and no drainage or erosion problems should be encountered. Road and pit construction will require little change other than blading and spreading caliche. Wildlife in the area is typical semi-arid natives, numbers of all are considerable less than average across most of this country. The only structure in the area is a Potash Mine 4 miles southwest.
12. Operators representative is B. N. Muncy, Jr. P. O. Box 196, Artesia, New Mexico 88210. Telephone Number (505) 746-6651

C. E. LaRue and B. N. Muncy, Jr.

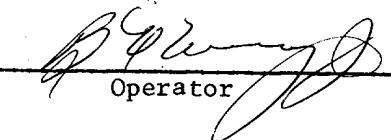
Duval Federal No. 1

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13. I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I'm familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct and that the work assisted with the operations proposed herein will be performed by LaRue and Muncy and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

August 25, 1977

Date



C. E. LaRue
Operator

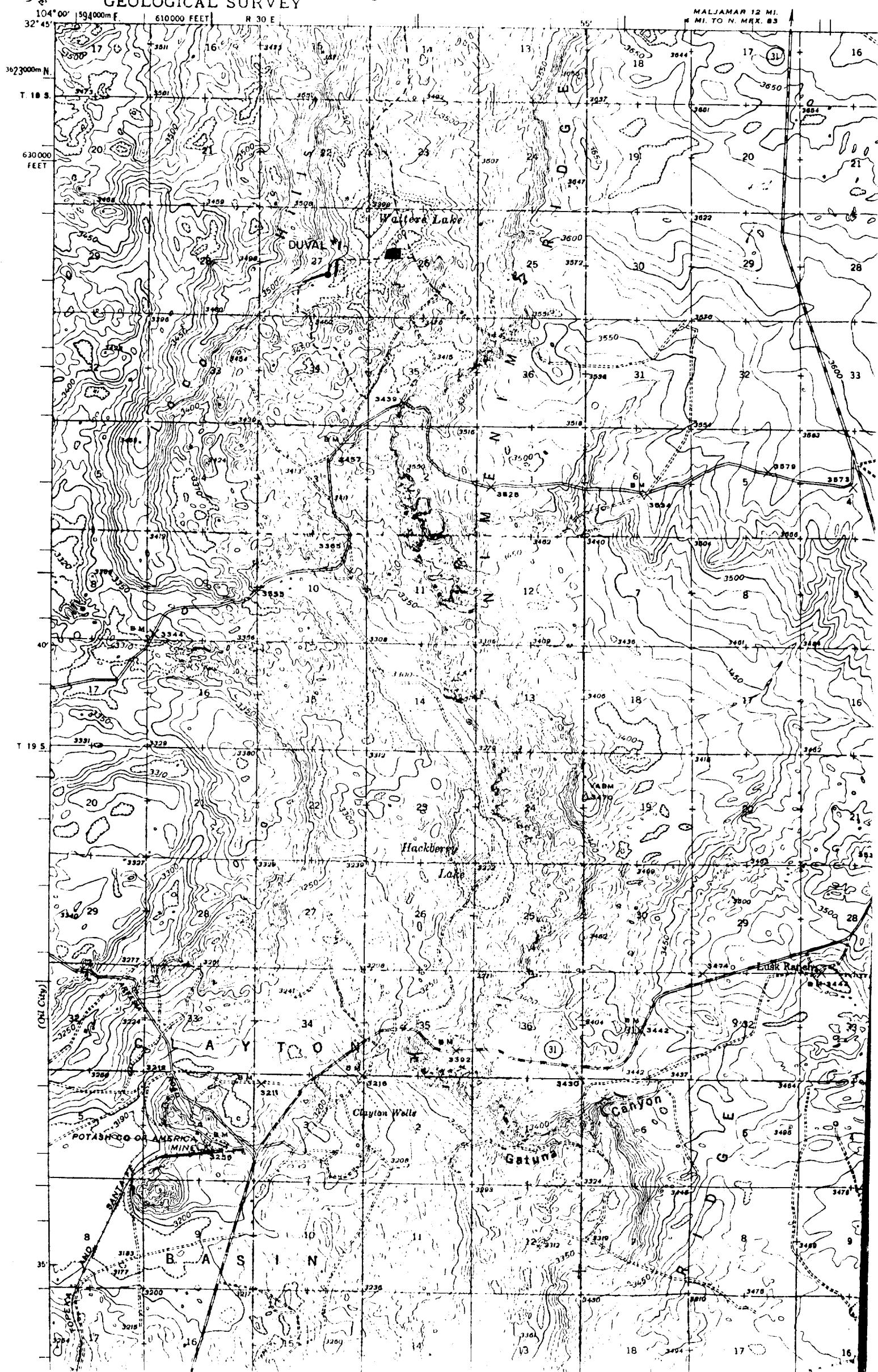
EXHIBIT A
DUVAL FEDERAL #1

C.E. LARUE AND B.N. MUNCEY, GP.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

LOCATION
CALICHE PIT ■

EXISTING ROADS
ROAD TO BUILD — 700'

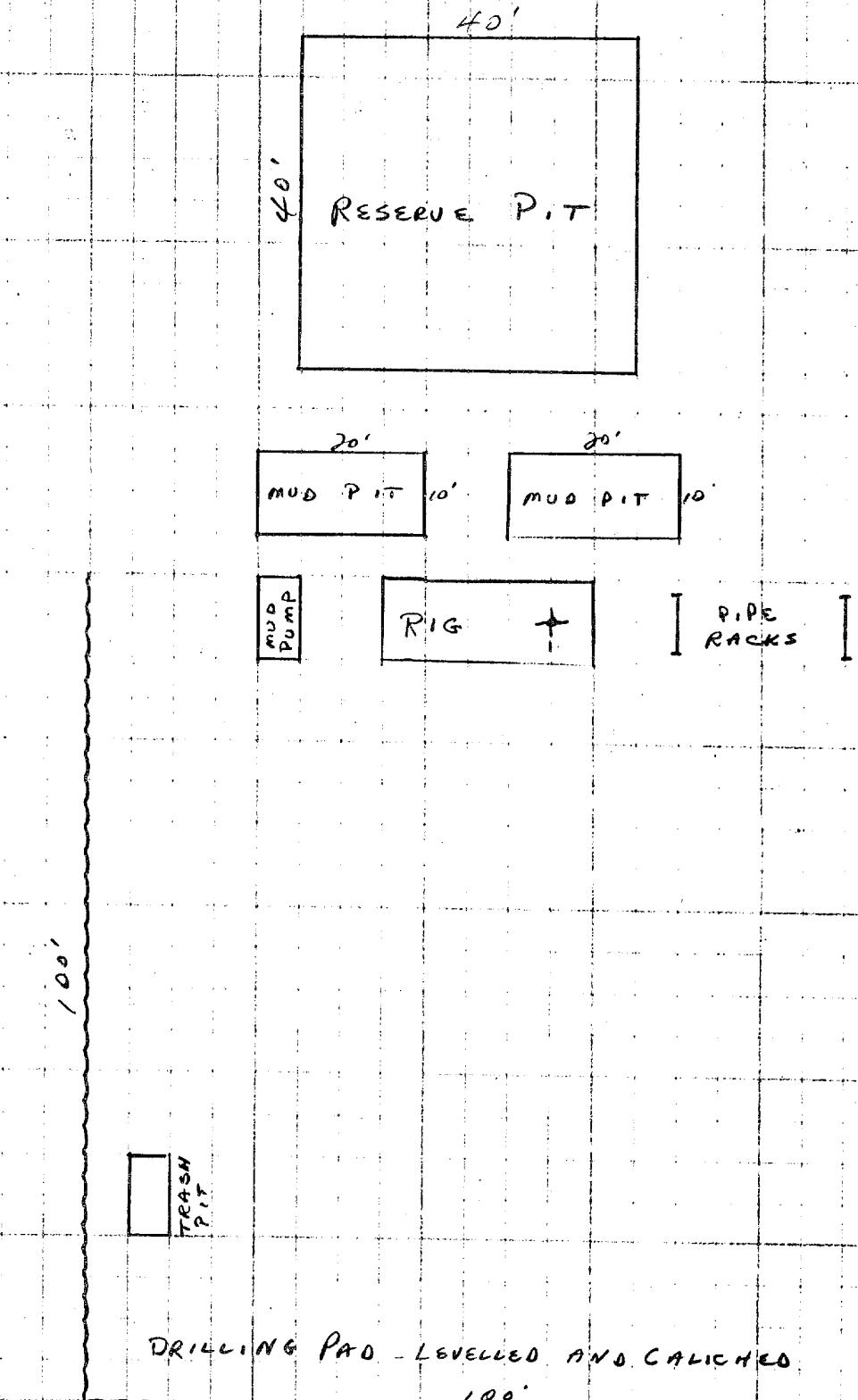


C.E. LaRue and B.N. Muncy, Jr.

DUVAL FEDERAL #1
EXHIBIT B

PROPOSED LOCATION

11 - SCALE 1" = 20'



DRILLING PAD - LEVELLED AND CALICHEO

100'

PITS WILL BE DOG TO COVER GARBAGE AND TRASH, WHICH WILL BE KEPT IN
CONTAINERS UNTIL WELL IS COMPLETED.

C.E. LaRue and B.N. Muncy, Jr.

EXHIBIT C