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C-SP

Form 9-331 C
(May 1963)

SUBMIT IN PLICATE*
(Other instructions on reverse side)

JUN 16 1980

O. C. D.
ARTESIA, OFFICE

Form approved.
Budget Bureau No. 42-R1425.

30-015-23368

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
NM 13987

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Cobb Federal

9. WELL NO.
2

10. FIELD AND POOL, OR WILDCAT
Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 22, T18S, R27E

12. COUNTY OR PARISH
Eddy

13. STATE
New Mexico

1a. TYPE OF WORK
DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL
OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [ ]

RECEIVED
MAY 22 1980
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

2. NAME OF OPERATOR
Kenai Oil & Gas, Inc.

3. ADDRESS OF OPERATOR
1001 Petroleum Building Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
2,290' FNL & 330 FEL

At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 19 road miles southeast of Artesia, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
330'

16. NO. OF ACRES IN LEASE
240

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
2,300'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3,457.8 GR

22. APPROX. DATE WORK WILL START*
July 1, 1980

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	20 or 24#	450'	400 Sx--Class "C" Circulate
7 7/8"	4 1/2"	10.5#	2,300'	350 Sx-- Class "C"

Casing and Mud Program: Move in R.V. Rotary, spud 11" hole, drill to 450', run 8 5/8" casing, cement with 400 Sx Class "C", WOC 18 hours, nipple up, test BOP and casing with 1000 PSI, drill 7 7/8" hole to 2,300", mud up at approx. 1,900" w/36 VIS, 9.5 wt., no WL control, run logs, if looks commercial, run 4 1/2" casing and cement with 300-350 Sx class "C".

BOP Program: Will use Shaffer Type E double hydraulic BOP 10" Series 900. See Exhibit "E".

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 Agent for: Kenai Oil & Gas, Inc. DATE May 22, 1980

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NE MEXICO OIL CONSERVATION COMMISSI

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

Operator	Lease	Well No.
Kenai Oil & Gas, Inc.,	Cobb Federal	2

Unit Letter	Section	Township	Range	County
H	22	18 South	27 East	Eddy

Actual Footage Location of Well:
2290 feet from the North line and 330 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3457.8	Metex/San Andres	Artesia	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

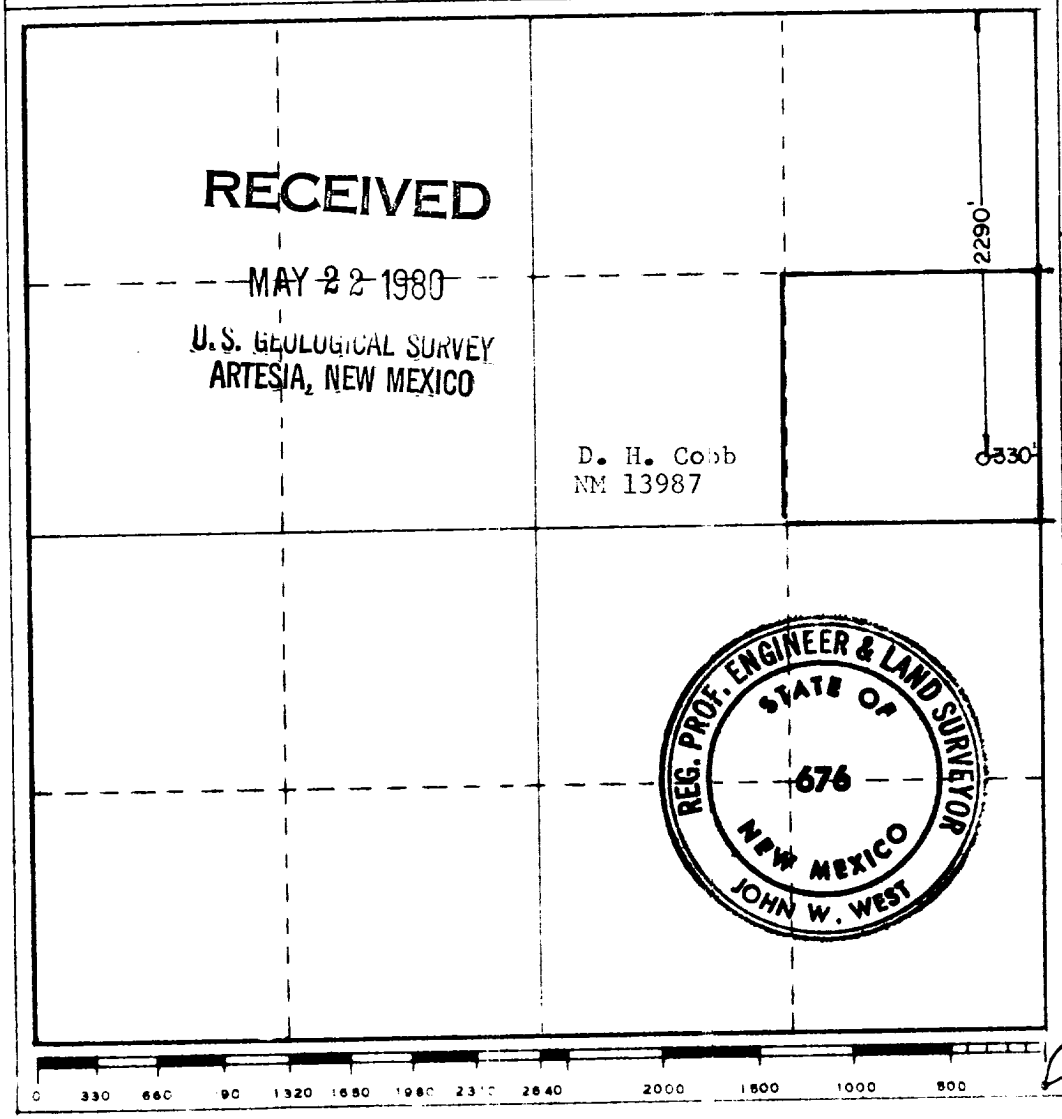
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests 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 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.

Name: George R. Smith

Position: Agent for

Company: Kenai Oil & Gas, Inc.

Date: May 22, 1980

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: May 14, 1980

Registered Professional Engineer and/or Land Surveyor

Certificate No. JOHN W. WEST 676
PATRICK A. ROMERO 6668
Ronald J. Eidson 3239

N.M.O.C.D COPY

United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

RECEIVED
JUN 12 1980
O. C. D.
ARTESIA, OFFICE

June 10, 1980

Kenai Oil & Gas, Inc.
1001 Petroleum Building
Midland, Texas 79701

Gentlemen:

KENAI OIL & GAS, INC.
Cobb Fed No. 2
2290 FNL 330 FEL Sec. 22 T.18S R.27E
Eddy County Lease No. NM-13987
Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 2,300 feet to test the San Andres formation is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL LEASES, dated July 1, 1978.

2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the SURFACE USE PLAN and this approval including the GENERAL REQUIREMENTS.

3. All access roads will be limited to a 12 foot wide driving surface, excluding turnarounds. Surface disturbance associated with road construction will be limited to 20 feet in width.

4. Submit a Daily Report of Operations from spud date until the Well Completion Report (form 9-330) is filed. The progress report should be not less than 8" x 5" in size and each page should identify the well.

5. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Requirements. The color used should simulate Sandstone Brown (Federal Standard No. 595A, color 20318 or 30318).

6. Notify the Survey by telephone 24 hours prior to spudding well.

7. Cement behind the 8-5/8" and 4-1/2" casing must be circulated.

8. Notify Survey in sufficient time to witness the cementing of the 4-1/2" casing.

9. Special Stipulations: Use existing road to locations as illustrated on attached map.

10. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

George H. Stewart
Acting District Engineer

APPLICATION FOR DRILLING

Kenai Oil & Gas, Inc.
Cobb Federal -- Well No. 2
2290' FNL & 330" FEL, Sec 22, T18S, R27E
Eddy County, New Mexico
Lease: NM 13987
(Development)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Kenai Oil & Gas, Inc. submits the following items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is quaternay alluvium and other surficial deposits.

2. The estimated tops of geologic markers are as follows:

Yates	200'	Loco Hills	1590'
Queen	1064'	Middle Metex	1650'
Penrose	1471'	Lower Metex	1700'
Grayburg	1518'	San Andres	1882'

3. The estimated depths at which anticipated water, oil, or gas formations are expected to be encountered:

Water:	Possibley at approx. 200' and 1650'
Oil:	Loco Hill at approx. 1592' Lower Metex at approx. 1710' San Andres at approx. 1996'
Gas:	None

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: See Form 9-331C and Exhibit E.

6. Mud Program: See Form 9-331C.

7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; Blow out Preventer; inside blowout preventer.

8. Testing, Logging and Coring Program:

   Logging: Open hole logs: DLL & MLL W/GR Density and CNL from bottom of surface casing to total depth.

   Drill Stem Test: None anticipated at this time.

   Coring: None.

9. No abnormal pressures or temperatures are indicated.

10. Anticipated starting date: July 1, 1980.
    Anticipated completion date: Approximately two weeks after starting date.

MUL -POINT SURFACE USE AND OPERATIO PLAN

Kenai Oil & Gas, Inc.
Cobb Federal -- Well No. 2
2290' FNL & 330' FEL, Sec 22, T18S, R27E
Eddy County, New Mexico
Lease: NM 13987
(Development)

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 New Mexico State Highway Map showing the location of the proposed well as staked, approximately 19 road miles southeast of Artesia, New Mexico.

B. Travel east on U.S. Highway 82 approximately 10 miles east of the junction of U.S. 285 and U.S. 82 in Artesia. Turn southeast on paved road just past Highway Marker 117. There is an old Depco sign at turnoff. Travel 3.5 miles southeasterly turning south at "Y" passing the Phillips Petroleum processing plant on right. Turn southwest 2.6 miles past "Y" onto dirt road crossing a cattle guard .7 mile from paved road, circle a ranch house, cross another cattle guard. Turn right (NW) through a ranch gate .7 mile west of the second cattleguard, passing Yates Metex well on the right. Proceed northwest .3 mile form gate turning left at fork in road crossing under powerline. Continue westerly 1.3 miles passing oil storage tanks on left. The proposed access road will start 200' east of Cobb Federal Well No. 1 wellsite traveling south to proposed location.

C. The proposed access road will start at this point at Well No. 1 moving due south for 1300' to enter the southeast corner of the proposed wellsite. The proposed road is marked by surveyors stakes and ribbons.

2. PLANNED ACCESS ROADS:

A. Length and Width: The new access road will be 12 feet wide (20' ROW) and appoximately 1,300 feet long, from the point of origin just east of the Cobb Federal Well No. 1 wellsite to the edge of the proposed drilling pad. The new access road is labeled and color coded in red on Exhibit "A" and "B". The centerline of the new road has been staked and flagged.

B. Construction: The new road will constructed by grading and topping with the existing soil compacted. Compacted caliche will be used if necessary. The surface will crowned, with adequate drainage.

C. Turnouts: There will be at least one turnout located at the midpoint of the proposed road. This will increase the width of new road to 20 feet for a distance of 30 feet.

2. D. Culverts: None required.

E. Cuts and Fills: None required.

F. Gates, Cattleguards: None required.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Location of the existing tank battery and the proposed flow line from Well No. 2 to the existing tank battery are shown on Exhibit "B1". If the proposed well is completed for production the new flow line, as shown, will follow the proposed access road and will not be buried. No additional surface disturbance will occur.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with fresh water. The water will be obtained from commercial sources and will be trucked to the wellsite over the existing roads and the proposed access road shown on Exhibit "A" and "B".

6. SOURCE OF CONSTRUCTION MATERIALS:

A. The top soil and surface materials from the proposed wellsite and access road will be used for surfacing. However, if any caliche is required for surfacing, it will be obtained from an existing pit located on a state lease in the NE¼ of the NE¼ of Sec. 23, T18S, R27E. Top soil will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except for those necessary for actual grading and leveling 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.

C. All pits will fenced with normal fencing material 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 USGS for approval.

E. Oil produced during operation will be stored in tanks until sold.

F. Current laws and regulations pertaining to the disposal of human waste will be complied with.

7. METHODS OF HANDLING WASTE DISPOSAL cont.:

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 dim sions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged.

B. Some minor levelling of the wellsite will be required , cutting from the south and southeast and filling to the northwest because of the 1' per 100' slope to the northwest.

C. 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 location cleaned of all trash and junk to leave the wellsite in an 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 and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abondonment, or as soon as practical.

11. OTHER INFORMATION:

A. Topography: The land surface in the vicinity of the wellsite is gently sloping approximately 1' in a 100' to the northwest.

B. Soil: The topsoil at the wellsite is a sandy clay loam with limestone and gypsum outcropping.

C. Flora and Fauna: The vegetative cover consists of very sparse miscellaneous grasses, mesquite, creosote bush along with other miscellaneous desert flowers and weeds. Coyotes and rabbits were observed in the area and other wildlife probably includes those typical of semi-arid desert land.

11. OTHER INFORMATION cont.:

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

E. Residences and Other Structures: There are no residences or other structures in the vicinity of the proposed well.

F. Land Use: Cattle grazing.

G. There is no evidence of any archaeological, historical or cultural sites in the area. NMAS of Carlsbad is submitting a report.

H. Surface Ownership: The well site is on Federal surface.

12. OPERATOR'S REPRESENTATIVE:

A. The field representative responsible for assuring compliance with the approved surface use and operations plan for Kenai Oil & Gas, Inc. is:

Mr. D. T. Howell, Mgr.
Kenai Oil & Gas, Inc.
1001 Petroleum Building
Midland, Texas 79701
Telephone: Off.: (915) 685-1725
Hm. : (915) 685-4179

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am 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 associated with the operations proposed herein will be performed by Kenai Oil & Gas, Inc. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

DATE: May 22, 1980

George R. Smith Agent for:
Kenai Oil & Gas, Inc.

LAKE MC MILLAN NORTH QUADRANGLE

NEW MEXICO-EDDY CO.

7.5 MINUTE SERIES (TOPOGRAPHIC)

3149 I SW (RED LAKE)

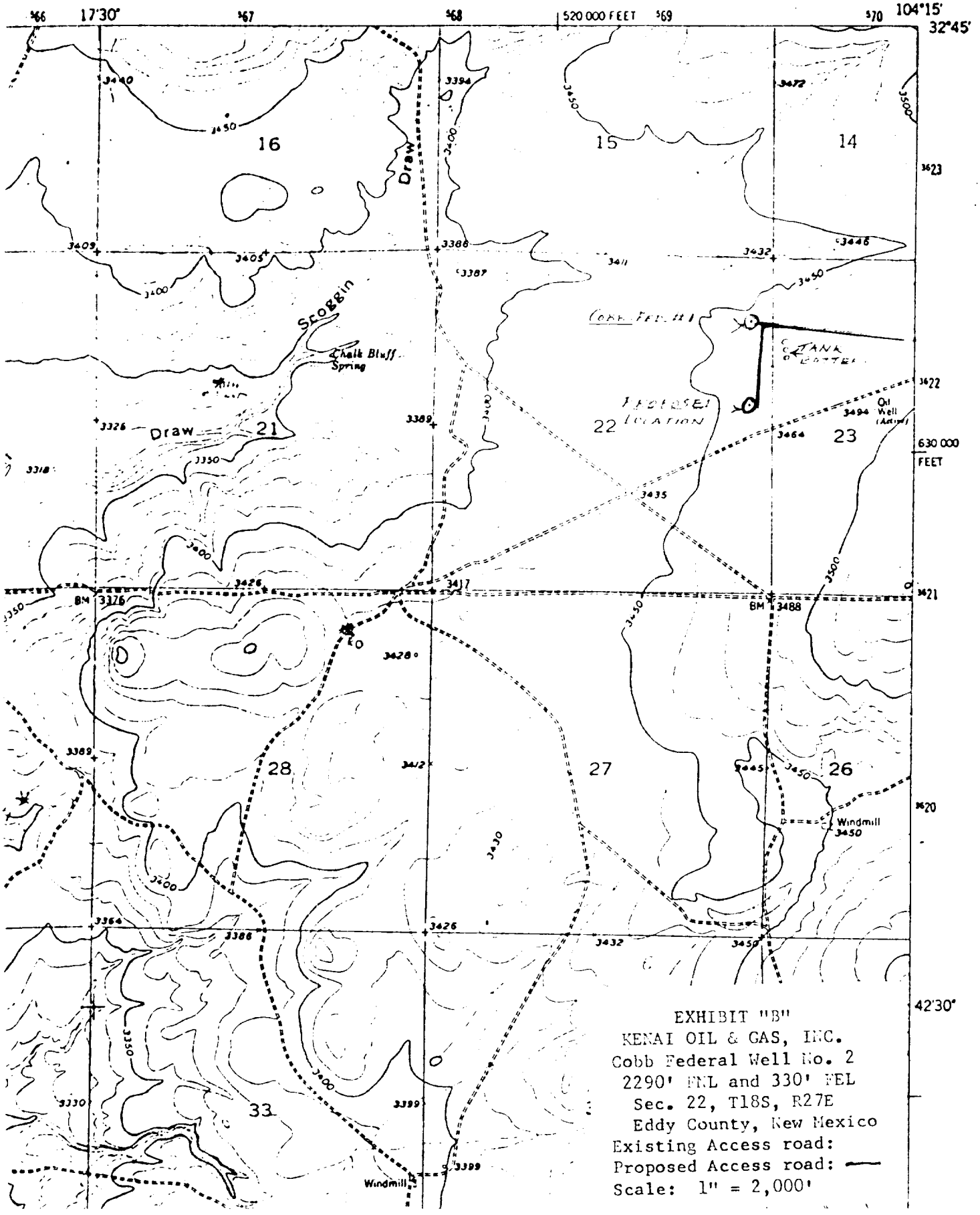
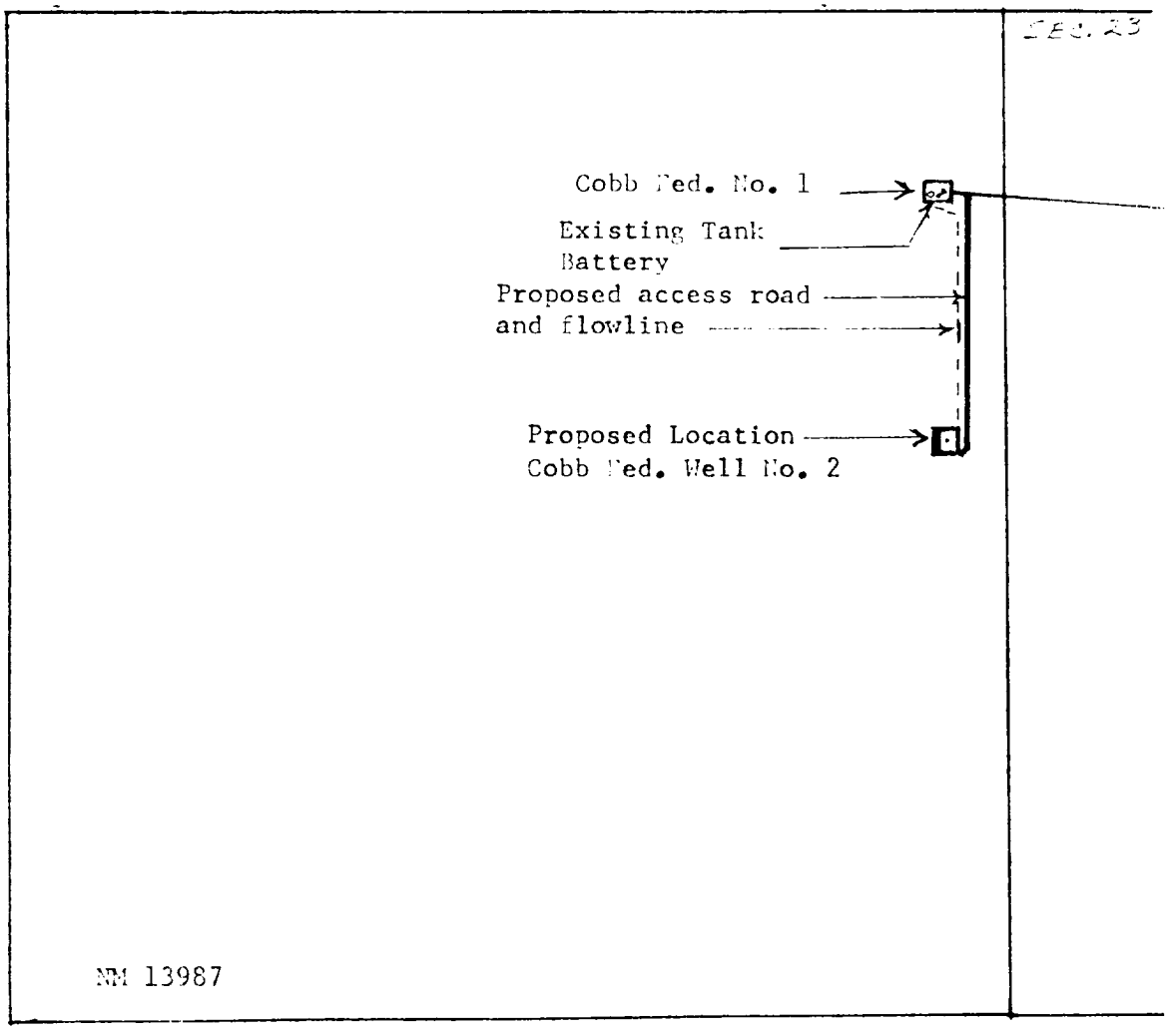


EXHIBIT "B"
KENAI OIL & GAS, INC.
Cobb Federal Well No. 2
2290' FNL and 330' FEL
Sec. 22, T18S, R27E
Eddy County, New Mexico
Existing Access road:
Proposed Access road: ——
Scale: 1" = 2,000'

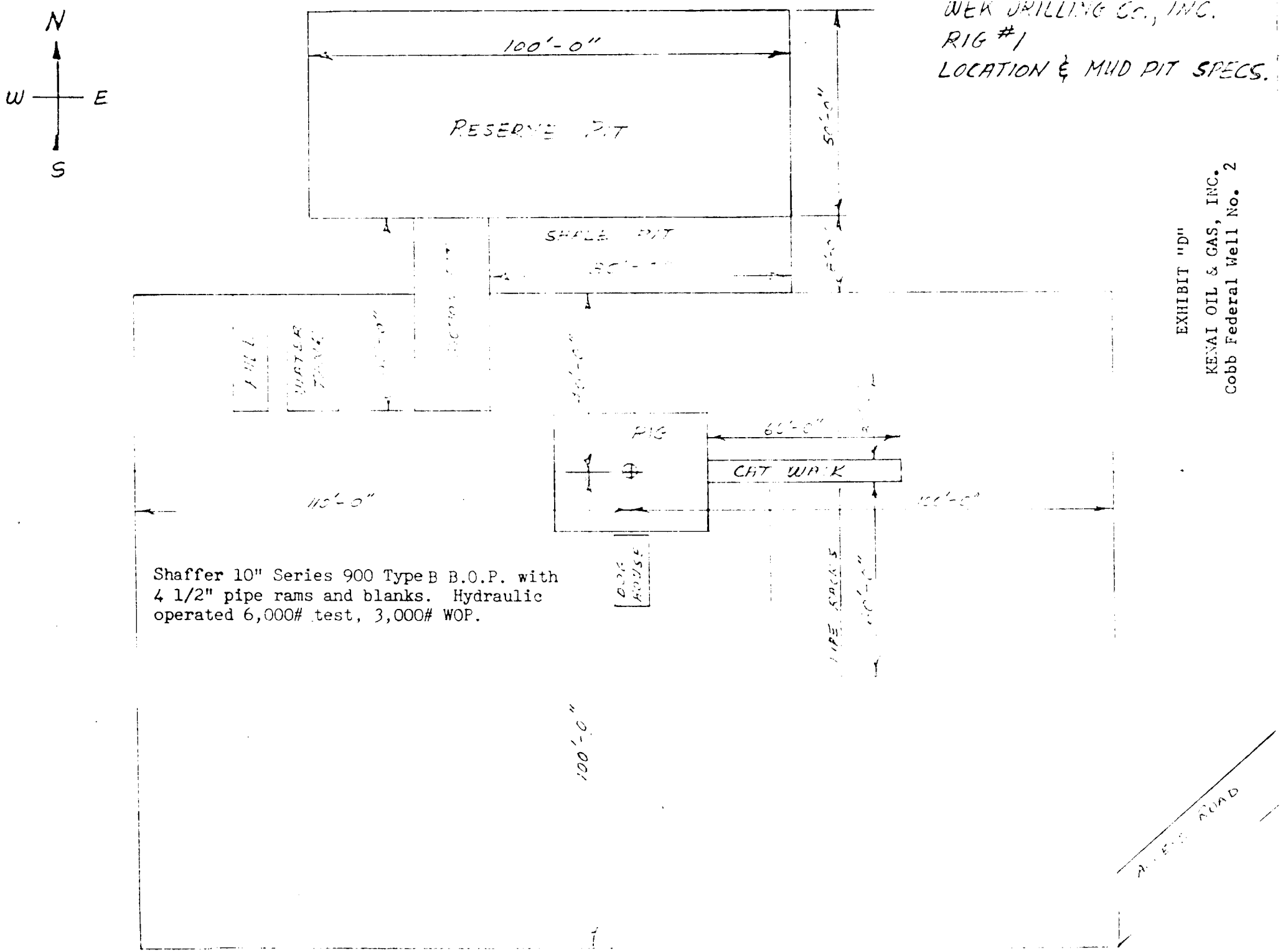
SEC. 22, T18S, R27E



Scale: 1" = 1000'

EXHIBIT "B-1"
KENAI OIL & GAS, INC.
Cobb Federal Well N. 2
Eddy County, New Mexico

WEK DRILLING CO., INC.
RIG #1
LOCATION & MUD PIT SPECS.



Shaffer 10" Series 900 Type B B.O.P. with 4 1/2" pipe rams and blanks. Hydraulic operated 6,000# test, 3,000# WOP.

EXHIBIT "D"
KENAI OIL & GAS, INC.
Cobb Federal Well No. 2

LEK DRILLING CO., INC. - Rig 1 & 3

BLOWOUT PREVENTER SPECIFICATION

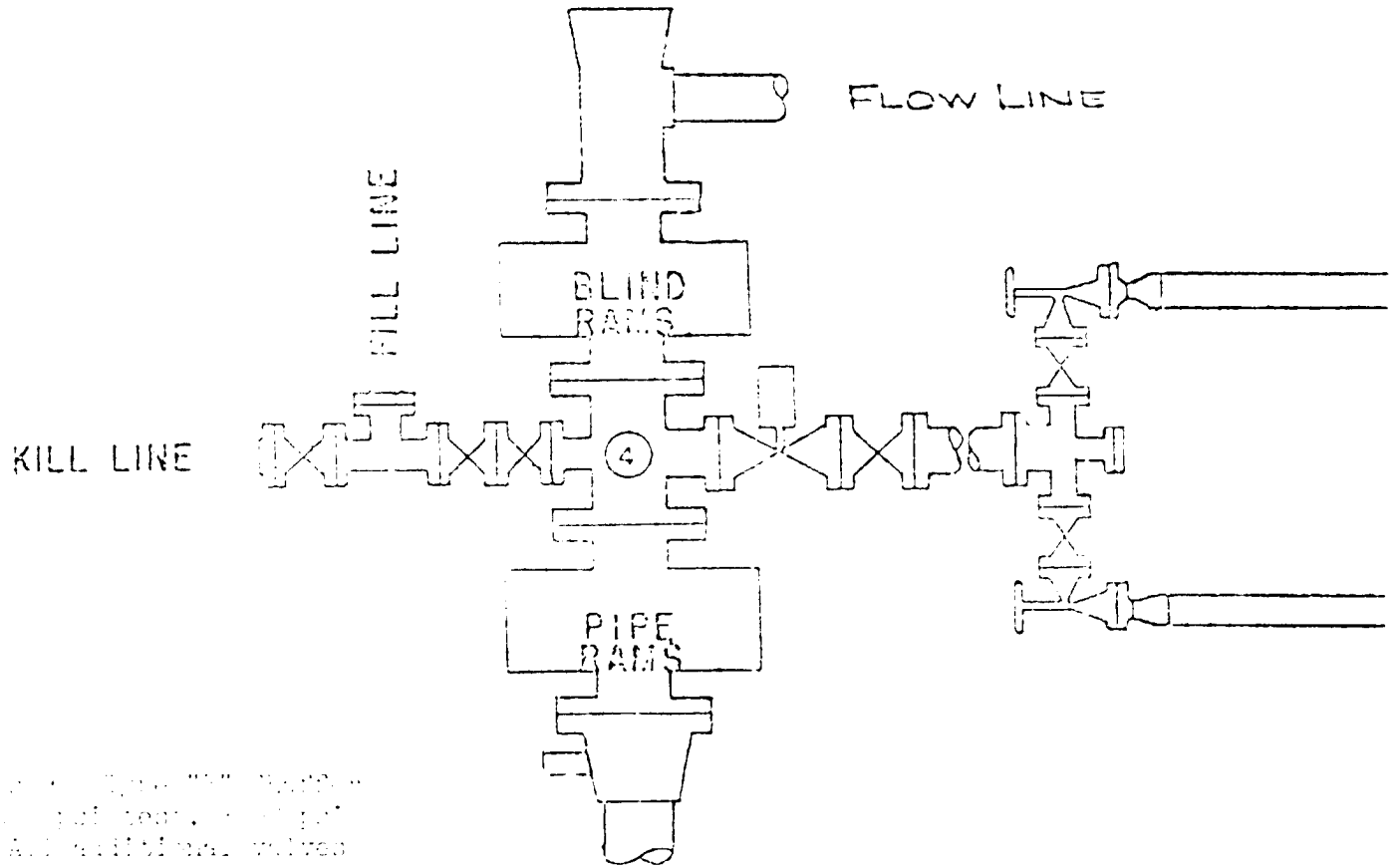


EXHIBIT "E"

KENAI OIL & GAS, INC.
Cobb Federal Well No. 2

[illegible] Double Hydril [illegible] working pressure. All additional valves & connections are to be same test & working pressure.