

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

30-015-23845

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

Holly Energy Inc.

3. ADDRESS OF OPERATOR

P.O. Box 726 Artesia, New Mexico 88210

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

At surface 990 FNL 330 FEL Sec 3 T-18S R-30E

At proposed prod. zone

same

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

3 miles southeast of Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

(Also to nearest drg. unit line, if any)

1,000'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

16. NO. OF ACRES IN LEASE

640

19. PROPOSED DEPTH

3800

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOL

Rotary

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

3570.2

22. APPROX. DATE WORK WILL START*

soon as possible after
approval

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLES	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11	8-5/8	24#	500'	275 sx & circulate to surface
7-7/8	5-1/2	15.5#	3800'	cement w/sulfate resistant cement to cover all potential pay zones

We propose to drill this well to approximately 3800' and complete in the Grayburg-San Andres zones.

All zones indicating porosity will be acidized or sand fraced.

Water and native mud will be used at approximately 100' of T.D. to get hole in shape to log.

A 14' 900 series Shaffer Trip Double B.O.P. will be used in drilling this well.

Posted ID-1
API + NL Bond
7-2-81

24. If applicant desires to deepen or plug back, give data on present productive zone and proposed new zone. If applicant desires to drill or deepen, give data on sub-surface location and measured and true vertical depth.

25. If applicant desires to drill or deepen, give data on sub-surface location and measured and true vertical depth.

26. If applicant desires to drill or deepen, give data on sub-surface location and measured and true vertical depth.

27. If applicant desires to drill or deepen, give data on sub-surface location and measured and true vertical depth.

28. If applicant desires to drill or deepen, give data on sub-surface location and measured and true vertical depth.

29. If applicant desires to drill or deepen, give data on sub-surface location and measured and true vertical depth.

30. If applicant desires to drill or deepen, give data on sub-surface location and measured and true vertical depth.

APPROVED

(One Seal) GEORGE H. STEWART

JUN 25 1981

FOR

JAMES A. GILLHAM
DISTRICT SUPERVISOR

*See Instructions On Reverse Side

APPROVAL DATE

DATE

Holly Energy, Inc.		Nelson Federal		7
A	3	18 South	30 East	Eddy
990	North	line 330	feet from the East	line
3570.2	San Andres	Grayburg-San Andres Loco Hills		40 Acres

1. Is the acreage dedicated to the subject well by colored pencil or hatchure mark on the plat below.

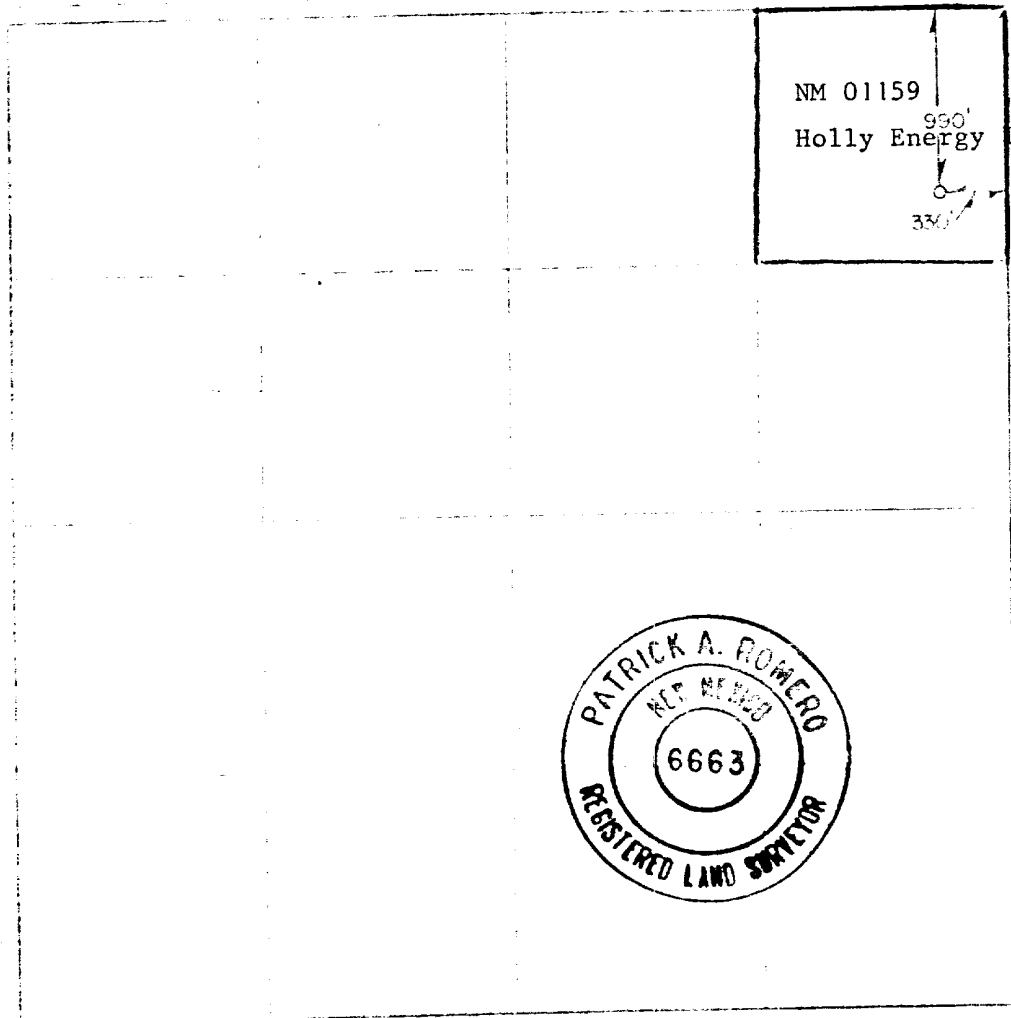
2. If the acreage is dedicated to the well on line each and identify the owner or owners thereof (both as to working interest and ownership).

3. If the acreage 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.) _____

Notwithstanding the above, the well is dedicated to the well until all interests have been consolidated (i.e., communitization, unitization, force-pooling, etc.) until a non-extended 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.

Robert Loyd
Robert Loyd
Superintendent
Holly Energy Inc.
5-15-81

I hereby certify that the well location shown on this plat was plotted from the survey made by me or under my supervision and that the same is correct to the best of my knowledge.

May 6, 1981

Patrick A. Romero
PATRICK A. ROMERO 6663
Donald J. Eldon 3239

APPLICATION FOR DRILLING

Holly Energy Inc.
Nelson #7
Section 3, T-18S, R-30E
Eddy County, New Mexico

In conjunction with form 9-331C, application for permit to drill subject well in Section 3, Township 18 South, Range 30 East, Eddy County, New Mexico. Holly Energy Inc. submits the following 12 items of pertinent information in accordance with U.S.G.S. requirements:

1. The geologic surface formation is quaternary alluvium.
2. The estimated tops of geologic markers are as follows:
 - 1580' Yates
 - 2434' Queen Sand
 - 2880' Loco Hills Sand
 - 3160' San Andres
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered are:
 - Water: Water at approximately 300' base 500'
 - Oil or Gas: 1580'
4. Proposed Casing Program: See form 9-331C.
5. Pressure Control Equipment: See form 9-331 C and Exhibit E.
6. Mud Program: See form 9-331C.
7. Auxiliary Equipment: Blowout Preventer.
8. Testing, Logging and Coring Program:
 - Pressure Test: Surface casing to 1000 psig and Production casing to 1500 psig.
 - Drilling Samples: 10' samples 500' to T.D.
 - Electric Logging: Dual Induction Lateral log and Compensated Neutron log-Formation and Density log T.D. to 500'-
CLN-gamma log T.D. to surface.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated Starting Date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Holly Energy Inc.

Nelson #7

990' FNL and 330' FEL Section 3 T-18S R-30E

Eddy County, New Mexico

This plan is submitted with Form 9-331C, Application for Permit to Drill covering the above described well. The purpose to this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion effects associated with the operations.

1. EXISTING ROADS.

A. Exhibit A is a portion of B.L.M. Maljamar Quadrangle map no. 107 on a scale of 1/3" to a mile, showing the proposed location and the surrounding area. Exhibit B is a portion of U.S.G.S. topographical map, on a scale of approximately 2" to a mile, showing the wellsite area and existing roads in the immediate vicinity of the proposed location. The proposed location is a driving distance of approximately 31 miles east of Artesia, New Mexico.

1. Proceed east on highway 82 to the intersection of highways 82 and 285 in Artesia, New Mexico for a distance of approximately 25 miles. At this point turn right at the ARCO service station in Loco Hills and proceed south to southwest for 3 miles. At this point turn left at the Newmont Oil Co. and Gas Company of New Mexico signs and proceed south for .3 miles to cattleguard, crossing the cattleguard and keep traveling east for 1.1 miles passing through a Holly Energy tank battery to Nelson #3. At this point the road turns west to double highline wires. At the highline wires turn left (east) and follow road into Yates Petroleum Nelson Yates Fed. #1 well. The newly constructed road to the wellsite will begin at this point, heading north from the existing road.

2. PLANNED ACCESS ROAD.

A. The newly constructed access road will run in an north to south direction and will be approximately 2400 feet in length. It will join the drilling pad at the southwest corner of the pad. The road will be 12 feet in width and the surface will be crowned in the center, with drainage on both sides. No culvert or cattleguards will be needed.

B. The center line of the proposed new road has been staked and flagged and is clearly visible.

3. LOCATION OF EXISTING WELLS.

A. Existing wells in the vicinity are shown on Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

A. In the event that the proposed well is productive, the necessary production facilities will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER.

- A. Any water used in the drilling operation will be fresh or brine water. The water will be purchased from commercial sources and will be hauled to the location by truck over the existing and planned roads shown on Exhibits A and B.

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. Gravel for construction of the drilling pad and the new access road, as well as for resurfacing part of the existing access road, will be obtained from Section 4.

7. METHODS OF HANDLING WASTE DISPOSAL.

- A. Drill cuttings will be disposed of in the reserve pit.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pit is dry.
- C. Water produced during operations will be disposed of in the reserve pit. Oil produced during operations will be stored in tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. 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.
- F. 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 dimensions of the well pad, reserve pit and major rig components.
- B. Major leveling will be required to construct the location. The ground surface at the wellsite is composed of sand dunes ranging from 0-12 feet in height, with the major slope from east to west. The pad surface will be covered with 6 inches of compacted gravel.
- C. The reserve pits will be plastic lined.
- D. The pad and pit area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they have been filled.

- C. If the proposed well is nonproductive, 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 abandonment.

11. OTHER INFORMATION.

- A. Topography: The proposed wellsite is located in a high sand dunes area with undulation of 0-12 feet in height.
- B. The topsoil at the wellsite is moderately soft sand.
- C. Flora and Fauna: The vegetation cover at the wellsite is moderately sparse, consisting of mesquite, shinnery oak, prairie flowers and weeds. The only wildlife observed were lizards and rabbits, but it is likely that other wildlife typical of semi-arid desert land also inhabit the area. The area is used for cattle grazing.
- D. There are no ponds, lakes, streams or rivers within several miles of the wellsite.
- E. The nearest occupied dwellings are west of the proposed location approximately 3 miles. There are no windmills within the immediate area.
- F. The wellsite is on Federal surface, with federal control of minerals.
- G. There is no evidence of any archeological, historical or cultural sites in the area of the wellsite.

12. OPERATOR'S REPRESENTATIVE.

- A. The field representative responsible of assuring compliance with the approved surface use and operations plan is:

Robert Loyd
Superintendent
Holly Energy Inc.
P.O. Box 726
Artesia, New Mexico 88210
Telephone: 505-748-1356 (Office)
505-365-2391 (Home)
505-365-2521 (Mobil)

13. 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 condulations 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 Holly Energy Inc. and its contractors and its subcontractors in conformity with this plan and terms and conditions under which it is approved.

5-14-81

DATE

Robert Loyd

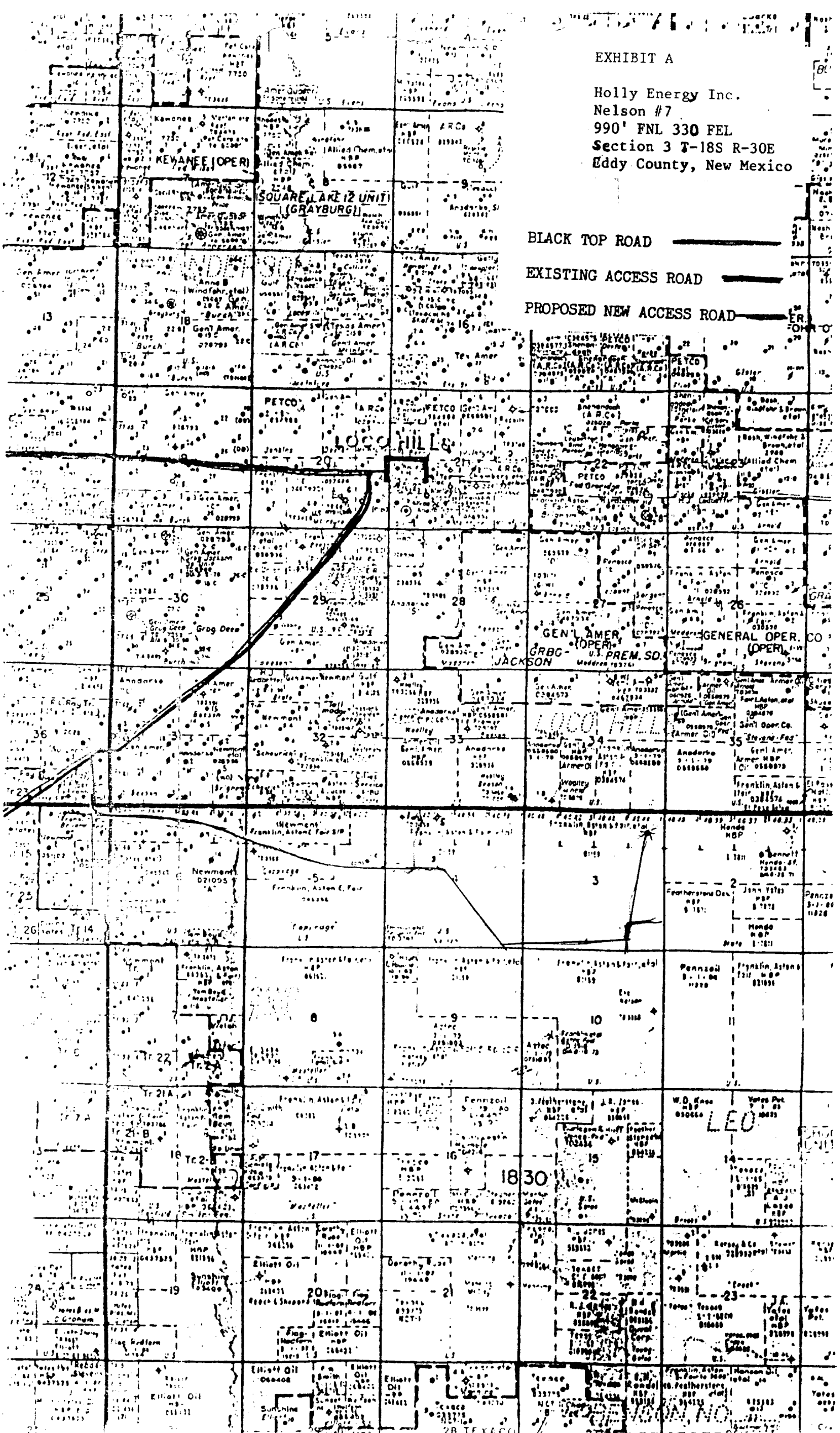
SUPERINTENDENT

NAME AND TITLE

$\left[\begin{array}{c} \cdot \\ \theta \end{array} \right]$

6-11-5
 Nech
 E. E
 07.
 Nech
 E-
 2
 7035-
 1-
 233

ER. OHIO



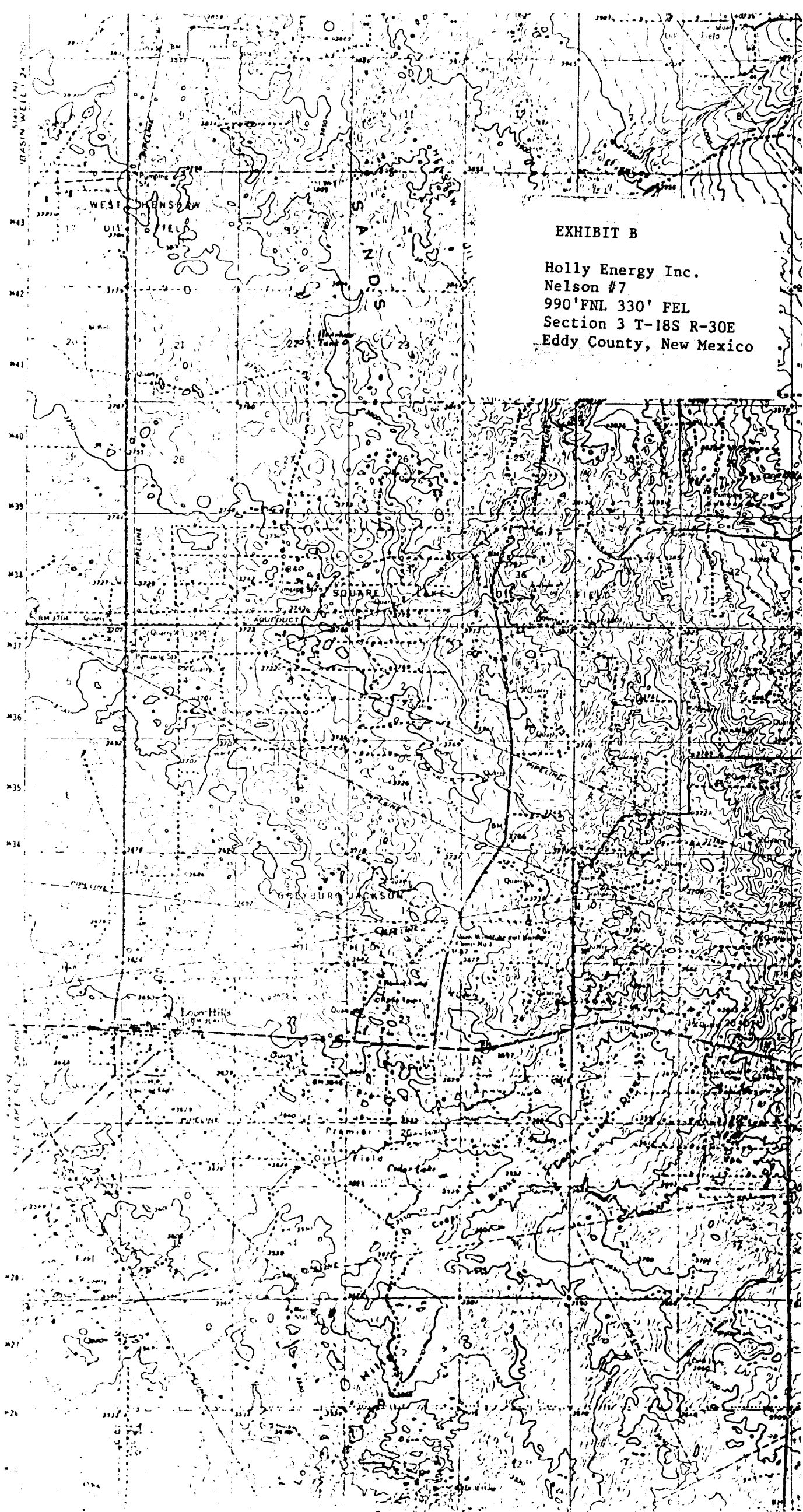


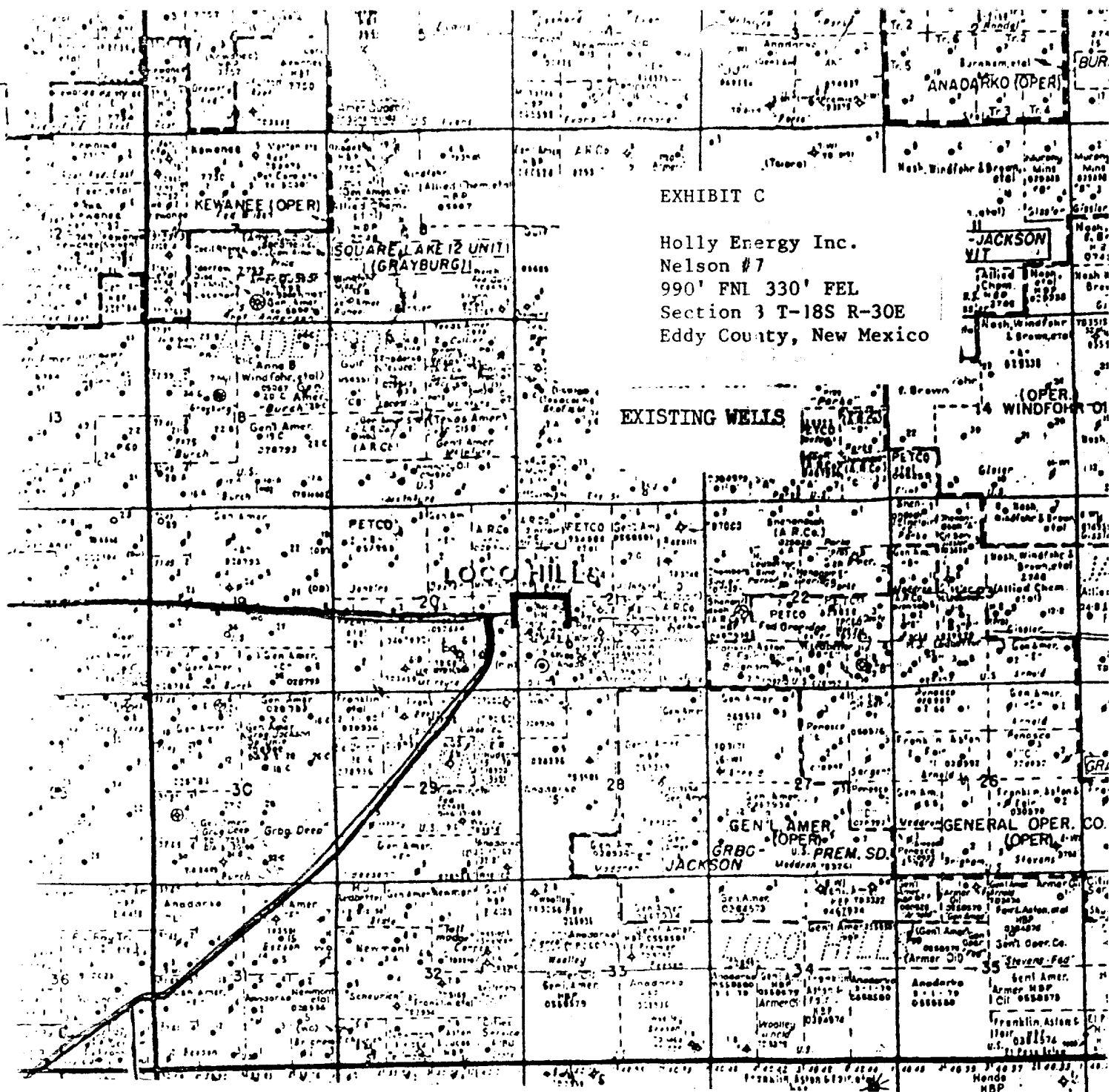
EXHIBIT B

Holly Energy Inc.
Nelson #7
990' FNL 330' FEL
Section 3 T-18S R-30E
Eddy County, New Mexico

EXHIBIT C

Holly Energy Inc.
Nelson #7
990' FNL 330' FEL
Section 3 T-18S R-30E
Eddy County, New Mexico

EXISTING WELLS



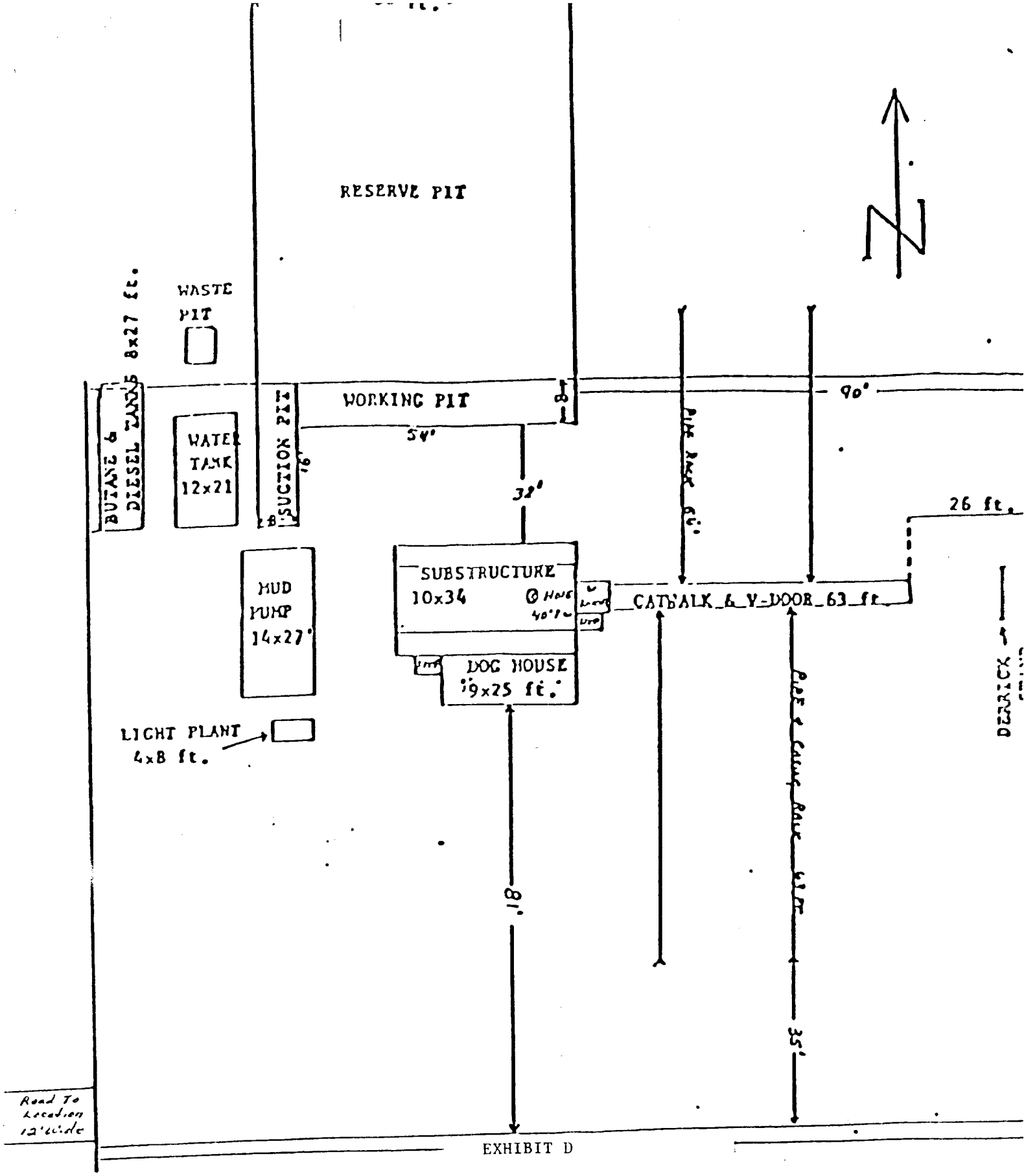


EXHIBIT D

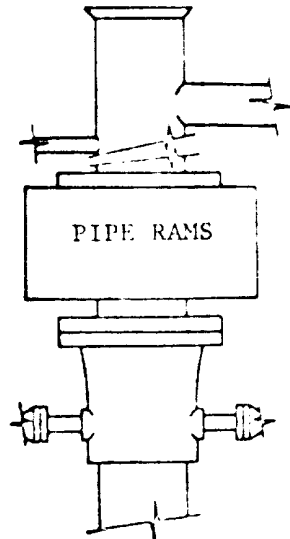
Holly Energy Inc.
Nelson #7
990' FNL 330' FEL
Section 3 T-18S R-30E
Eddy County, New Mexico

Scale: 1 inch = 25 ft.

EXHIBIT E

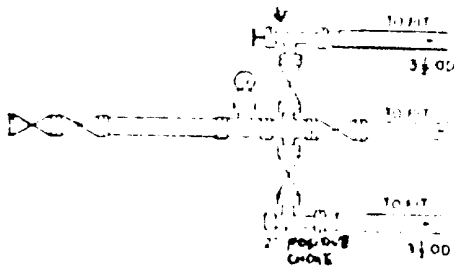
Holly Energy Inc.
Nelson #7
990' FNL 330' FEL
Section 3 T-18S R-30E
Eddy County, New Mexico

BLOW OUT PREVENTER



CHOKER MANIFOLD

Adjusted to Choke



1000