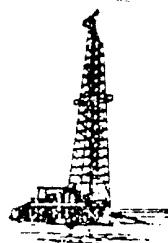


DEPCO, Inc.

Exploration & Production



800 Central
ODESSA, TEXAS 79760

January 12, 1982

U. S. G. S.
P.O. Box 1857
Roswell, New Mexico 88201

Attn: George Stewart

Re: Surface requirements
Federal 384 #1
Sec. 4, T.18s, R.29e
990 FNL & 2300 FEL

Dear Sir:

The surface owner at this location, Mr. Bill Bogle, has been contacted in regards to surface damages, and an agreement has been made. 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. The location will be cleaned of all trash and junk.
- B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.
- C. All pits will be filled and leveled within 90 days after abandonment.

Very truly yours:

A handwritten signature in cursive script that reads "Carl Bizzell".

Carl Bizzell
Dist. Production. Supt.

CB/vp

DEPCO, Inc.
800 Central
Odessa, Texas 79761

Application for Drilling
DEPCO, Inc.
No. 1 Federal 384
990 FNL & 2300 FEL, Sec. 4, T-18S, R-29E
Eddy County, New Mexico

In conjunction with Form 9-331 C, Application for permit to drill, DEPCO, Inc. submits the following items of pertinent information in accordance with USGS requirements.

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

Queen	2025
Grayburg	2420
Loco Hills	2505
Metex	2585
Premier	2750
San Andres	2850
Lovington	2950
Jackson	3080

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

Water: Approximately 100 feet or less
Oil or Gas: Queen 2025-2420'
Grayburg 2420-2750'
San Andres 2850-3250'

3. Proposed casing program: See Form 9-331C.
4. Pressure control equipment: See Form 9-331C and Exhibit D.
5. Mud program: See Form 9-331C and attached letter from Marrs Mud Company.
6. Auxiliary equipment: Blowout preventer, inside blowout preventer, kelley cock.
7. Testing, logging, and coring program:

Logging: Compensated Neutron/Density
Formation Density
Dual Induction

8. No abnormal pressures or temperatures are anticipated.
9. Anticipated starting date: As soon as possible.

JLTI-POINT SURFACE USE AND OPERATIONS PLAN

DEPCO, Inc.
No. 1 Federal 384
990 FNL & 2300 FEL, Sec. 4, T-18S, R-29E
Eddy County, New Mexico

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

1. EXISTING ROADS

A. Exhibit A is a portion of the USGS Map of Chaves County, New Mexico, on a scale of 1" = 2000' showing the area of the proposed wellsite and the roads in the vicinity. The wellsite is located approximately 19 miles East of Artesia, New Mexico, and part of the access route to the location is indicated in red on Exhibit A.

(1) Proceed East on Highway 82 from Artesia, New Mexico, for approximately 18 miles to the junction of the old Loco Hills Road at old Loco Hills in the extreme North of Sec. 29, T-18S, R-29E.

(2) At this point turn right and proceed South for approximately $2\frac{1}{4}$ miles.

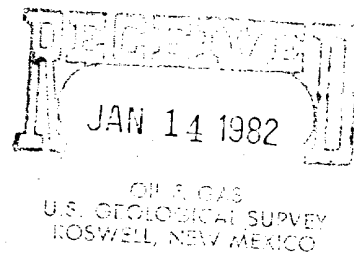
(3) From this point the location is staked and flagged to the West of the existing access road approximately 65 feet.

2. PLANNED ACCESS ROAD

A. The wellsite is located on the edge of the existing access road.

3. LOCATION OF EXISTING WELLS

A. See Exhibit B.



4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- A. There are no existing facilities on lease.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive of oil, electric power from existing lines will be utilized if necessary. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY.

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from a commercial source and will be hauled to the location by truck over the existing and proposed roads on Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. Caliche for construction of the drilling pad and the new access road, and repairs to the existing access road, will be obtained from existing quarry in the NW $\frac{1}{4}$ of Sec. 33, T-17S, R-29E.

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. 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 appropriate approval.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste material will be contained to prevent scattering by the wind.
- G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLIARY FACILITIES.

- A. None required.

9. WELLSITE LAYOUT.

- A. Exhibit C shows the relative location and dimensions of the well pad, reserve pits. and major rig components.
- B. The ground surface at the wellsite is in an area of a gentle inclination. The pad will be covered with at least 6 inches of compacted caliche.
- 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. The location will be cleaned of all trash and junk.
- B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.
- C. This location is on fee surface. All pits will be filled and leveled within 90 days after abandonment.

11. OTHER INFORMATION.

- A. Topography: The wellsite is in an area of low rolling hills.
- B. The topsoil at the wellsite is of sandy loams and loamy sand.
- C. The vegetation cover at the wellsite is semi-sparse and consists primarily of prairie grass, mesquite, sand sage, and various legumes. No wildlife was observed, but it is likely that typical semi-arid desert wildlife, such as rabbits, coyotes, gophers, rodents and snakes inhabit the area. The area is used for cattle grazing.
- D. There are no stock ponds, lakes, streams or rivers within several miles of the wellsite.
- E. There are no occupied dwellings in the immediate vicinity.

2. OPERATOR'S REPRESENTATIVE..

- A. The field representatives for assuring compliance with the approved surface use plan are:

Carl Bizzell
Production Superintendent
DEPCO, Inc.
300 Central Drive
Odessa, Texas 79761
Telephone: 915-337-1536 (Office)
915-366-2147 (Home)
915-337-5677 (Mobile)

Danny Hokett
DEPCO, Inc.
Home Address: Rt. 2, Box 201-B
Artesia, New Mexico
Telephone: 505-365-2593 (Mobile)
505-748-2197 (Home)

3. 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 DEPCO, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Date

R. L. Denney - Chief Clerk
DEPCO, Inc.

AC 505
523-6862



AC 505
396-4876

MARRS MUD

a division of
Corral, Inc.

1717 West Second St.
Roswell, New Mexico 88201

Sales Office
1118 West Aspen
Lovington, New Mexico 88260

COMPANY DEPCO, INC.

WELL FEDERAL 384 #1

FIELD _____

LOCATION Section 4, T-18-S, R-29-E

COUNTY EDDY STATE NEW MEXICO

PROPOSED DEPTH 3,250'

PROPOSED MUD PROGRAM

CASING PROGRAM:

10 3/4" or 8 5/8" Surface @ 400'
7" or 4 1/2" Production @ 3,250'

SUGGESTED MUD PROPERTIES

<u>DEPTH</u> <u>(FEET)</u>	<u>MUD WEIGHT</u> <u>(PPG)</u>	<u>VISCOSITY</u> <u>(SEC)</u>	<u>FLUID LOSS</u> <u>(ML)</u>
100	8.6-8.8	32-34	No Control
200	8.6-8.8	32-34	No Control
300	8.8-9.0	32-34	No Control
400	9.0-9.2	32-34	No Control

Set Surface Casing and drill out with brine water.

500	10.0	28	No Control
1000	10.0	28	No Control
1500	10.0	28	No Control
2000	10.0	28	No Control
2500	10.0	28	No Control
3000	10.0	28	No Control
3100	10.0-10.1	38-40	No Control
3250	10.1-10.3	38-40	No Control

Set Production Casing.

AC 505
623-6862



AC 505
396-4876

MARRS MUD

a division of
Corral, Inc.

1717 West Second St.
Roswell, New Mexico 88201

Sales Office
1118 West Aspen
Lovington, New Mexico 88260

COMPANY DEPCO, INC.

WELL FEDERAL 384 # 1

FIELD _____

LOCATION Section 4, T-18-S, R-29-E

COUNTY EDDY STATE NEW MEXICO

PROPOSED DEPTH 3,250'

PROPOSED MUD PROGRAM BY CASING INTERVAL

SURFACE: 0' - 400'

We suggest spudding with water and letting it convert to a native mud system, having a 32-34 Sec/1000cc viscosity. We do not anticipate any problems in this interval.

INTERMEDIATE: 400' - 3250'

Drill from below the surface casing with saturated brine water circulating the reserve pit. This fluid should be adequate to drill to 3100', where we suggest coming back into the working pits and mudding up with a Salt gel to have a drilling fluid with the following properties:

Mud Weight- 10.0 -10.1 PPG
Viscosity - 38 - 40 Sec./ 1000cc
Fluid Loss - No Control

This fluid should be adequate for safe drilling and logging at total depth.

ESTIMATED MUD COST: \$2,000.00 - \$2,500.00

The estimated mud cost is under normal conditions and does not include any extensive loss of circulation, fishing, etc. This cost is also based on normal drilling rate per day, therefore, any excessive time spent on drilling due to crooked hole, testing, breakdowns, etc., would increase mud cost.

AC 505
623-6862



AC 505
396-4876

MARRS MUD

a division of
Corral, Inc.

1717 West Second St.
Roswell, New Mexico 88201

Sales Office
1118 West Aspen
Lovington, New Mexico 88260

COMPANY DEPCO, INC.

WELL FEDERAL 384 # 1

FIELD _____

LOCATION Section 4, T-18-S, R-29-E

COUNTY EDDY STATE NEW MEXICO

PROPOSED DEPTH 3,250'

STOCK POINT:

Marrs Mud
Lovington, N.M.
505/396-2540
505/396-7555

PERSONNEL:

Wayne W. Marrs
General Manager
Lovington, N.M.
505/396-4876

Jim F. Essman
Assistant Manager
Hobbs, N.M.
505/397-2529

Norman Bentle
Sales & Service Rep.
Hobbs, N.M.
505/392-5616

Samie "Bud" Holmes
Sales & Service Rep.
Hobbs, N.M.
505/392-3128

Jim McNulty
Sales Representative
Midland, Tx.
915/684-7218

Mike Samuels
Sales & Service Rep.
Roswell, N.M.
505/623-5029

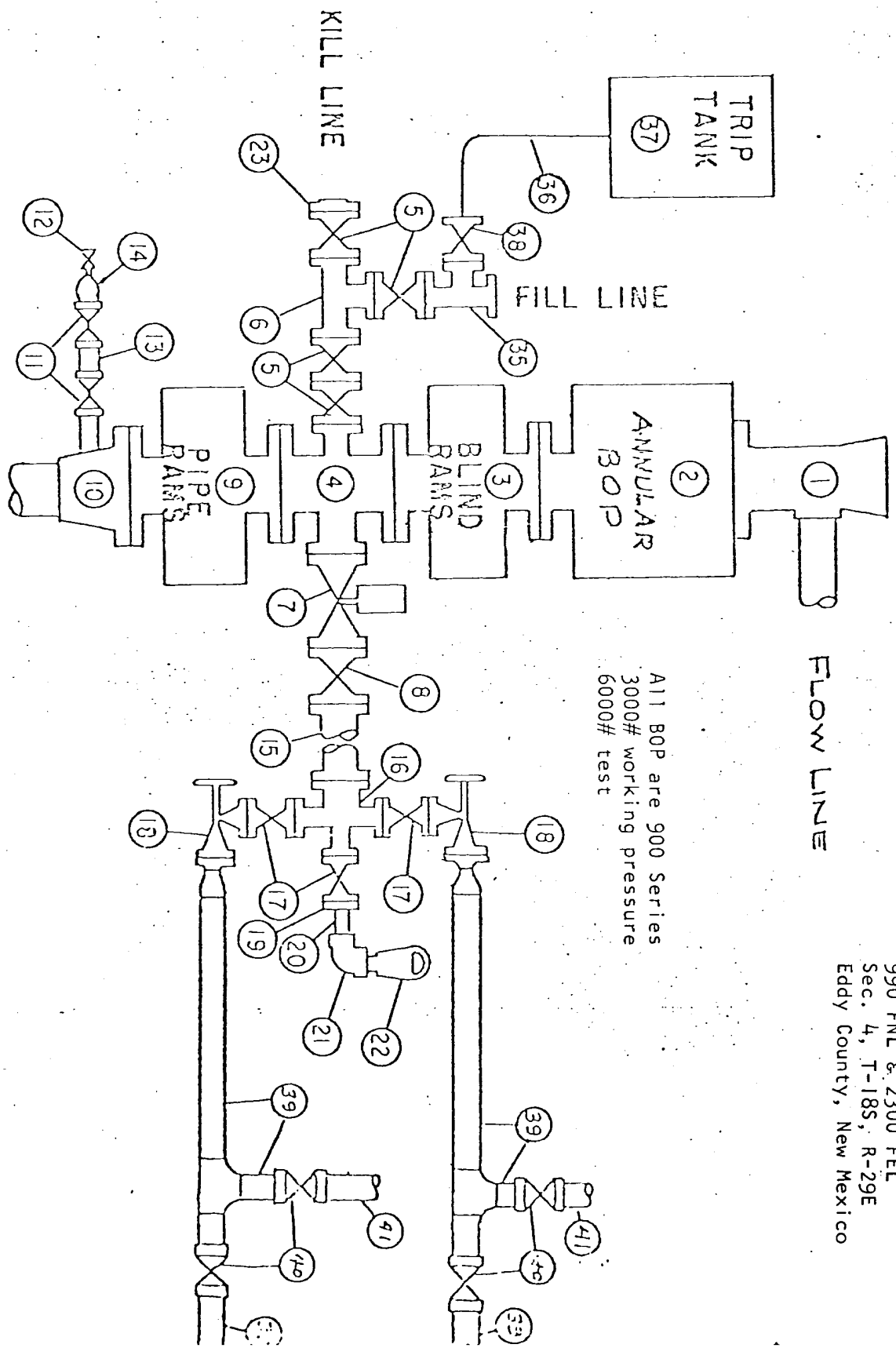
Steve Marrs
Sales & Service Rep.
Denver City, Texas
806/592-3163

COMMUNICATIONS

24 Hour Answering Service
505/397-3291

WEK DRILLING CO., INC. BLOWOUT PREVENTER SPECIFICATION

EXHIBIT D
 DEPCO, Inc.
 Federal 384 # 1
 990 FNL & 2300 FEL
 Sec. 4, T-18S, R-29E
 Eddy County, New Mexico



All BOP are 900 Series
 3000# working pressure
 6000# test

9/15/73

50-015-24080

0001 184860

PROP 26585

0001 39520

6-10-82
CN/FD
Secy- 3251'

DL/MSFL
416- 3253'