

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

Hondo Oil and Gas Company

3. ADDRESS OF OPERATOR

P.O. Box 1610 - Midland, Texas 79702

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

At surface

1980' FSL and 1980' FWL (Unit letter K)

At proposed prod. zone

Same as above

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

7 miles Southeast 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'

13. DISTANCE FROM PROPOSED LOCATION*

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

2594'

16. NO. OF ACRES IN LEASE

240

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

19. PROPOSED DEPTH

8700'

20. ROTARY OR CABLE TOOLS

Rotary

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

GR 3721.7'

22. APPROX. DATE WORK WILL START*

As soon as permit is
approved

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48# H-40	620'	650 sx Circ
12-1/4"	9-5/8"	36# K-55	2150'	800 sx Circ
8-3/4"	5-1/2"	15.5# K-55	8700'	1700 sx TOC @ 1500'
		17# K-55		

Propose to drill a Tamano (Bone Springs) development well and test for commercial production.

Blowout Preventer Program attached.

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

Isent Day

TITLE Drilling Engineer

DATE 3/31/86

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

*See Instructions On Reverse Side

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq.; 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill, deepen, or plug back an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

**NEW MEXICO OIL CONSERVATION COMMISSION
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

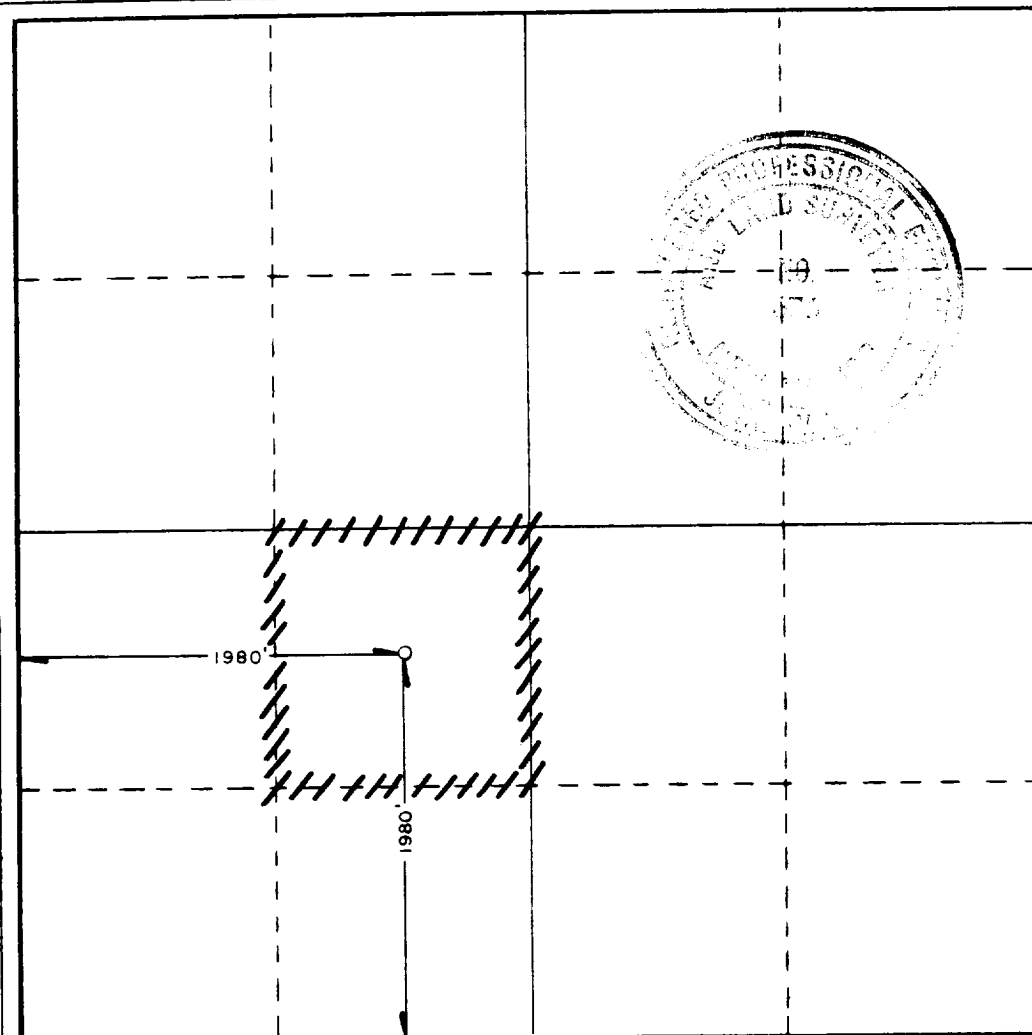
Operator HONDO OIL & GAS COMPANY		Lease WILMAR FEDERAL		Well No. 2
Unit Letter K	Section 4	Township 18 SOUTH	Range 31 EAST	County EDDY
Actual Footage Location of Well: 1980 feet from the SOUTH line and 1980 feet from the WEST line				
Ground Level Elev. 3721.7'	Producing Formation Bone Springs	Pool Tamano	Dedicated Acreage: 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 *Frank Day*
Position
Drilling Engineer

Company **ARCO Oil & Gas Co.
Div. of Atlantic Richfield Co.**

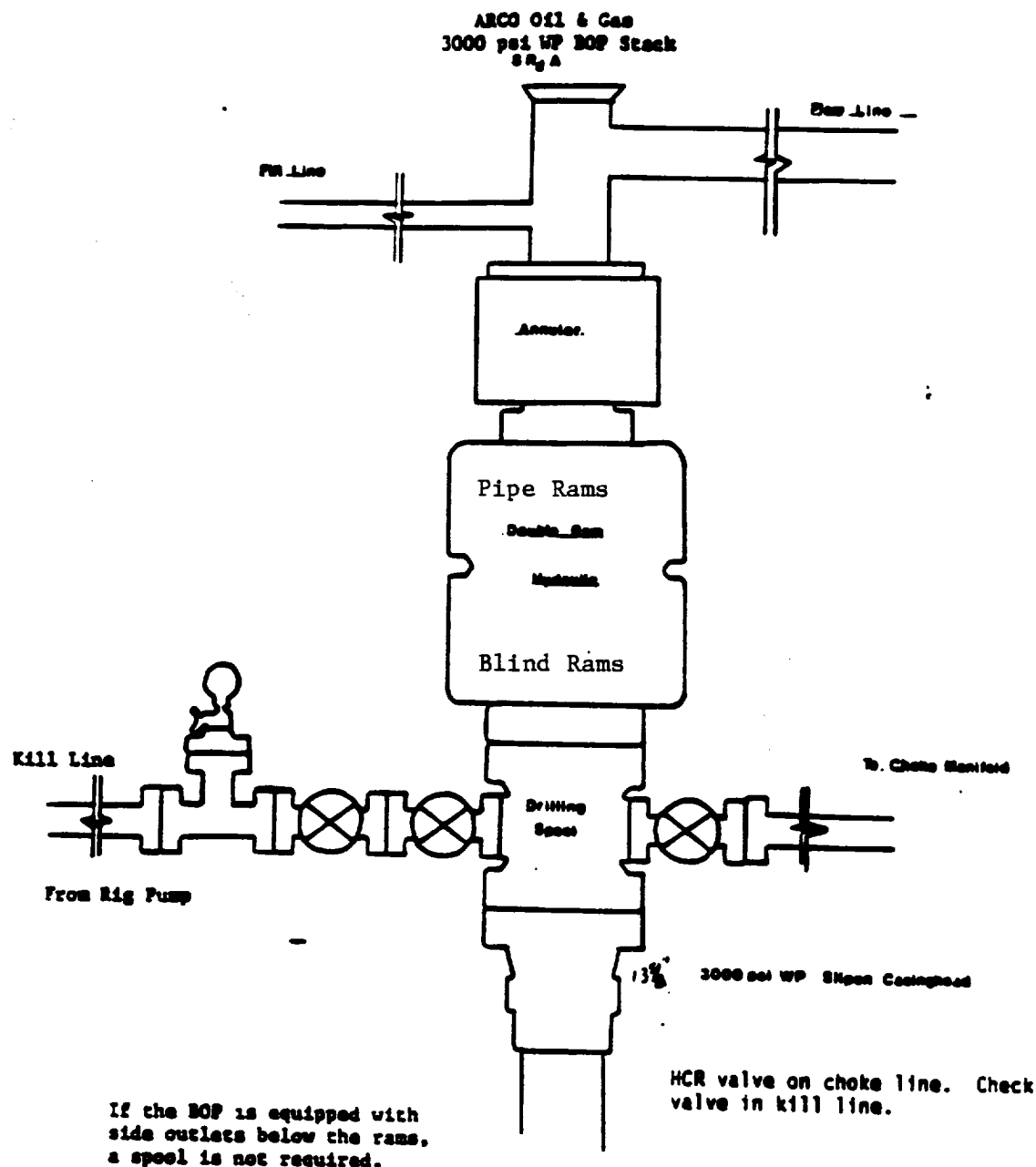
Date
3/31/86

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
JANUARY 23, 1986

Registered Professional Engineer
and/or Land Surveyor

Ronald J. Eidson
Certificate No. **JOHN W. WEST, 676**
RONALD J. EIDSON, 3239



ARCO Oil & Gas Company
Division of Atlantic Richfield Company
Blow Out Preventer Program

Lease Name Wilmar Federal

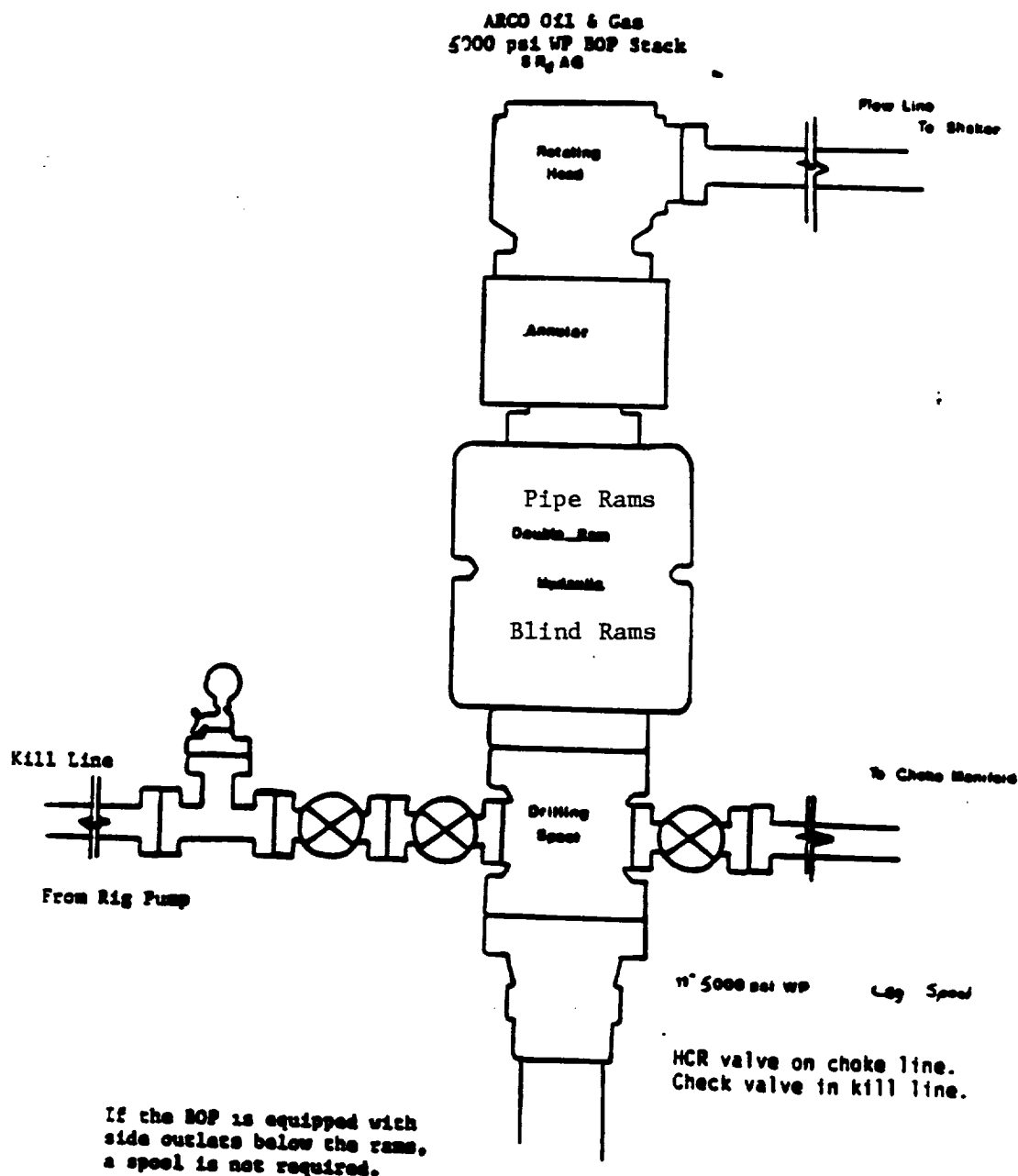
Well No. #2

Location 1980' FSL & 1980' FWL, Sec 4,
T-18-S, R-31-E, Eddy County, NM

BOP to be tested when installed on well and will be maintained in good working condition during drilling. All wellhead fittings to be of sufficient pressure to operate in a safe manner.

MEZ 1/85

c



ARCO Oil & Gas Company

Division of Atlantic Richfield Company

Blow Out Preventer Program

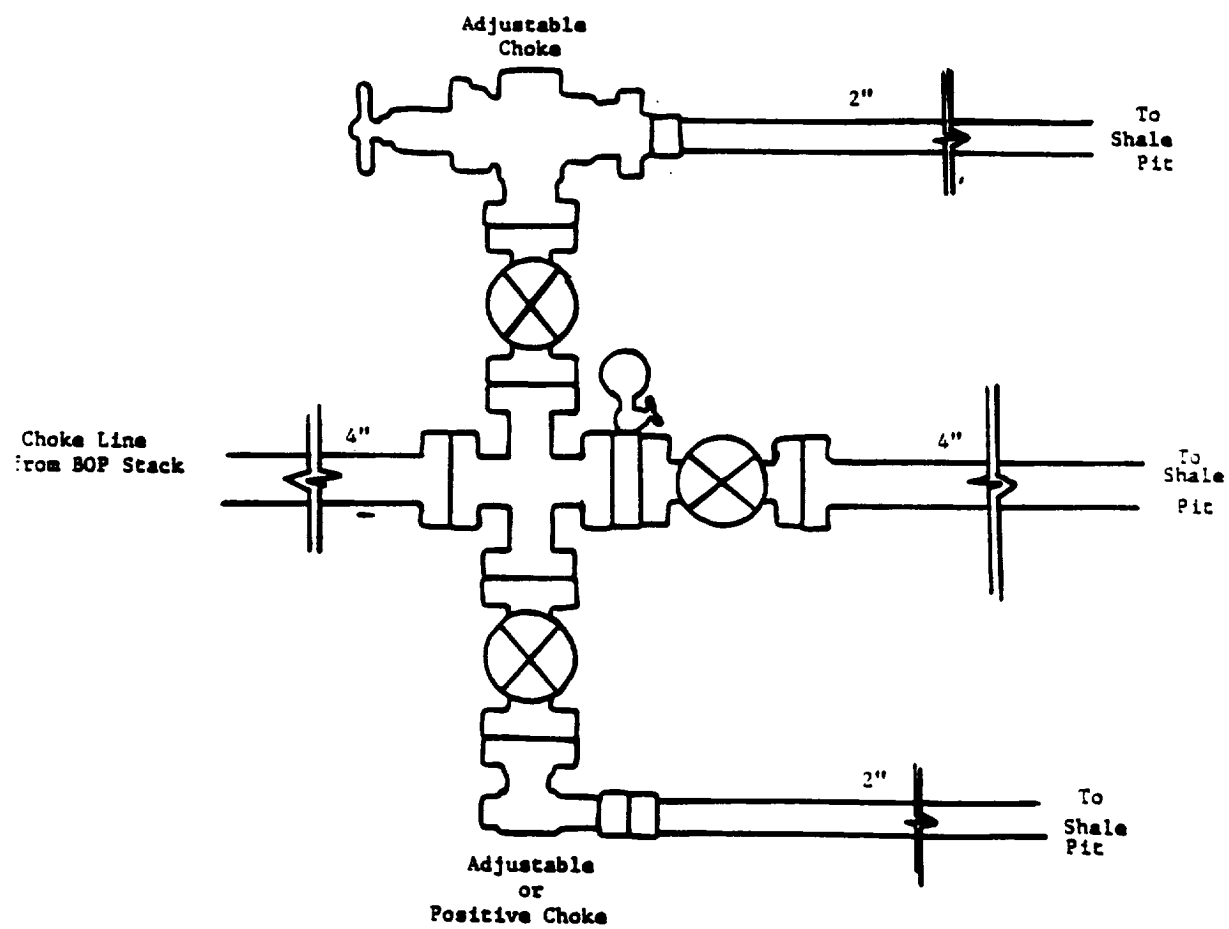
Lease Name Wilmar Federal

Well No. #2

Location 1980' FSL & 1980' FWL, Sec. 4,
T-18-S, R-31-E, Eddy Co., NM

BOP to be tested when installed on well and will be maintained in good working condition during drilling. All wellhead fittings to be of sufficient pressure to operate in a safe manner.

ARCO Oil & Gas
5000psi WP Choke Manifold



To supplement USGS Form 3160-3 " Application for Permit to Drill, Deepen or Plugback", the following additional information is submitted to comply with USGS Order NTL-6.

Operator: Hondo Oil and Gas Company

Lease & Well No: Wilmar Federal #2

Location: Unit Letter K

Section 4 - 18S - 31E

Eddy County, New Mexico

Lease, New Mexico LC-029389-a

Development well X Exploratory well

1. See Well Location and Acreage Dedication Plat Form C-102.
2. See Form 3160-3 for elevation above sea level of unprepared location.
3. The geologic name of the surface formation is: Querecho Plains Aeolian material with loose sandy loams and commonly harbor calcareous gravels.
4. The type of drilling tools and associated equipment to be utilized will be: Rotary
5. The proposed drilling depth will be 8700' .
6. The estimated tops of important geologic markers are:

Yates	2100'	San Andres	4010'
Queen	3160'	Bone Springs	5200'
7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are:

Bone Springs 8200'	Oil
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8. The proposed casing program including the size, grade and weight-per-foot of each string has been indicated on Form 3160-3. All strings of casing will be: New X Used .
9. See Form 3160-3 for amount of cement.

