

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

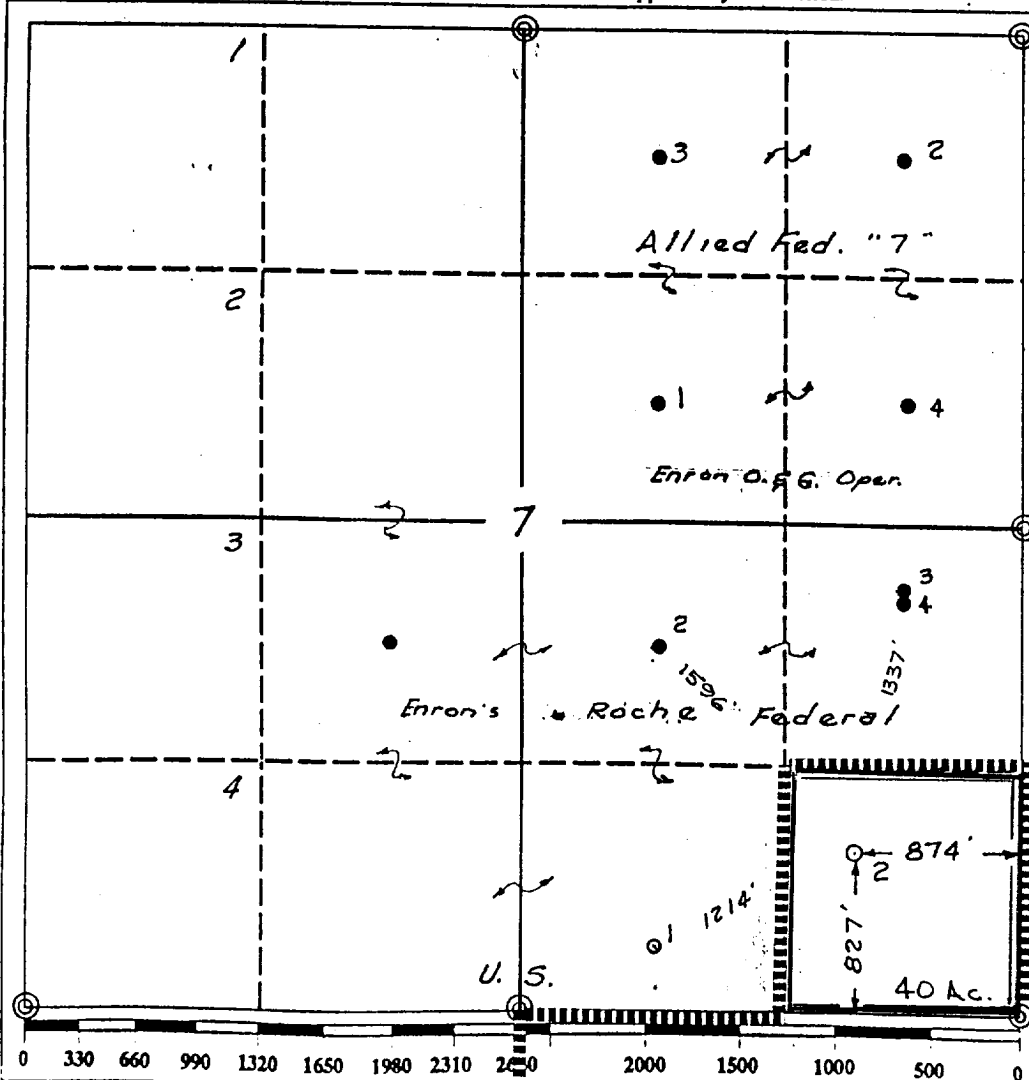
All Distances must be from the outer boundaries of the section

Operator TEXACO INC.			Lease Kincaid-Watson Federal		Well No. 2
Unit Letter P	Section 7	Township 18 South	Range 31 East	County Eddy	

Actual Footage Location of Well:

827 feet from the South line and	874 feet from the East line
Ground level Elev. 3651	Producing Formation Bone Spring Sand
Pool Shugart Bone Spring, North	
Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature <i>Royce D. Mariott</i>
Printed Name Royce D. Mariott
Position Division Surveyor
Company Texaco Inc.
Date February 29, 1990

SURVEYOR CERTIFICATION

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 February 27, 1990
Signature & Seal of Professional Surveyor <i>John S. Piper</i>
Certificate No. 7254

ANTICIPATED WATER, OIL, GAS AND MINERAL  
BEARING FORMATIONS

Lease: Kincaid-Watson Federal      Well No: 2  
Location: 827' FSL, 874' FEL, Sec. 7, T-18-S, R-31-E  
County: Eddy      State: New Mexico  
Elevation: GR-3651'      Proposed TD: 9500'

Formation Tops

<u>Depth</u>	<u>Formation</u>	<u>Oil</u>	<u>Gas</u>	<u>Water</u>	<u>Mineral</u>
2000'	Yates				
2980'	Queen				
3576'	Grayburg				
4035'	San Andres				
7416'	Bone Spring				
7900'	2nd Bone Spring	X			
8943'	3rd Bone Spring				

No drill stem tests will be conducted. No cores will be taken.

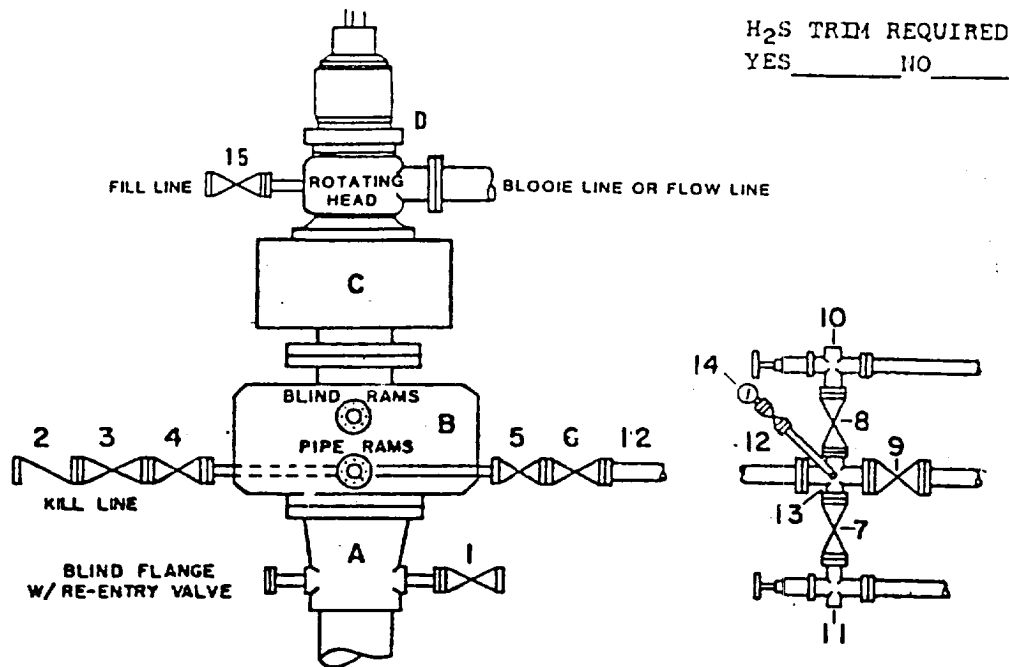
No abnormal pressures or temperatures are anticipated to be encountered in this well. H<sub>2</sub>S in the Queen, Grayburg and San Andres formations is possible. GR-CAL-CNL-LDT, GR-CAL-BHC-SONIC, GR-CAL-DLL-MSFL surveys will be run.

Mud Program

<u>Depth</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>
0'-650'	Fresh - Spud Mud	8.4	28
650'-2520'	Brine	10.0	29
2520'-9500'	Cut Brine	9.0	29
@ TD if Hole Conditions Dictate	Gel/Drispac	9.0	32-34

Blowout preventer will be installed after surface casing is set. BOP will be tested each time it is installed on a casing string and operated at least once each 24-hour period during drilling.

# **DRILLING CONTROL** **CONDITION III-B 3000 PSI WP**



## DRILLING CONTROL

### MATERIAL LIST - CONDITION III - B

- |                |   |
|----------------|---|
| A              | Texaco Wellhead   |
| B              | 3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram preventers may be utilized with 3000# W.P. drilling spool with 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line. The drilling spool is to be installed below the single ram type preventers). |
| C              | 3000# W.P. Annular Preventer with 1" steel, 3000# W.P. control lines.   |
| D              | Rotating Head with fill up outlet and extended Blooie line.   |
| 1,3,4,<br>7,8, | 2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.   |
| 2              | 2" minimum 3000# W.P. back pressure valve.  |
| 5,6,9          | 3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.   |
| 12             | 3" minimum Schedule 80, Grade B, seamless line pipe.  |
| 13             | 2" minimum x 3" minimum 3000# W.P. flanged cross.   |
| 10,11          | 2" minimum 3000# W.P. adjustable choke bodies.  |
| 14             | Cameron Mud Gauge or equivalent (location optional in Choke line).  |
| 15             | 2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.   |



**TEXACO, INC.**  
 MIDLAND DIVISION  
 MIDLAND, TEXAS



SCALE	DATE	EST NO	DRG NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

**EXHIBIT E**

**SURFACE USE AND OPERATIONS PLAN  
FOR  
T E X A C O I N C.**

KINCAID-WATSON FEDERAL NO. 2  
827 FSL & 874 FEL SECTION 7,  
TWP. 18 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO

LOCATED: 7.5 airline miles SSE of Loco Hills, New Mexico

FEDERAL LEASE NUMBER: LC 029393-B

LEASE ISSUED: July 17, 1961, Lease is in producing status

ACRES IN LEASE: 440 Acres

RECORD LESSEE: TEXACO INC.

SURFACE OWNERSHIP: USA

GRAZING PERMITTEE: Snyder Ranches  
c/o Larry Squires  
P.O. Box 2158  
Hobbs, New Mexico 88241

POOL: 2nd Bone Spring Sand Pay

POOL RULES: Statewide, 40 acre spacing for oil

<u>EXHIBITS:</u> A. Access Road Map and Facilities Map,	Page 6
B. Drilling Rig Layout Diagram,	Page 7
C. Well Location and Acreage Dedication Plat,	Page 8

## 1. EXISTING ACCESS ROADS

A. Exhibit "A" in a portion of a 7.5 minute U.S.G.S. topographic map showing the proposed well site and the existing roads in the area. Point "A" is the junction of a local access road with Eddy County Road 222 (old State Highway #31), at a point 2.8 miles Southerly of its intersection with U.S. Highway #82, said intersection being six miles Easterly along U.S. Highway 82 from Loco Hills and thirty-four miles Westerly of Lovington, New Mexico.

The local access road meanders Westerly, Southerly alternately and finally Southeasterly for a total length of 1.55 miles to Point "B" where access to the Lease is acquired as shown on Exhibit "A". This local access road consists of 1.34 miles on Federal Lands (Yellow), and 0.21 miles on State Land (Blue) as shown on said Exhibit. (Right-of-way on State Lands has been previously acquired)

An Existing Resource Road, on the subject lease shown in Purple on Exhibit "A", will be used from Point "B" 0.15 miles Easterly to Point "C" the Southeast corner of the existing Kincaid-Watson Federal Well #1 pad and tank battery.

## 2. PLANNED RESOURCE ROAD

A. Length and Width: From Point "C" as shown on Exhibit "A" a new 14 foot wide Resource Road will be constructed 329 feet Easterly and 1167 feet Northeasterly to Point "D", the Southerly Corner of the proposed well site pad, as shown in Red on Exhibit "A" (Total of 1496 feet of road required, all being on this lease.)

B. Surfacing Material: Caliche material will be used to surface the proposed road. It will be watered, compacted, and graded.

C. Maximum Grade. An approximate grade of four percent will be encountered ascending from Point "C" to the point of deflection to the Northeast and an approximate grade of one percent descending will be encountered to Point "D" at the proposed location.

D. Turnouts: Will be constructed as required

E. Drainage Design: The new road will be crowned at the center to direct drainage to ditches on both sides of the roadway with turnout ditches as required.

F. Culverts: None Required.

G. Cuts and Fills: A moderate amount of leveling and grading will be required as the road ascends from Point "C" to the point of deflection. Only a slight amount of leveling will be required from the point of deflection to the proposed drill site as the road crosses several small and moderate sand dunes.

H.Gates and Cattle Guards: None required.

### 3. LOCATION OF EXISTING WELLS

A. Existing wells on the lease and in the immediate area are shown on Exhibit "A".

### 4. LOCATION OF EXISTING AND PROPOSED FACILITIES

A. The oil, gas, and/or water that this well will produce will be transported by a surface 2 or 2 1/2 inch steel flowline (shown in Green on Exhibit "A") lying along the East and South sides of the proposed resource road and across the existing well pad to the existing Kincaid-Watson Federal Tank Battery, which is on the South side of the said well pad, to be separated and stored before sales and/or transportation.

B. No electric power line will be built to service this well at this time.

### 5. LOCATION AND TYPE OF WATER SUPPLY

A. It is not contemplated that a water well would be drilled. Water necessary for drilling operations will be purchased and trucked to the drill site or will be transported to the well site by a temporary pipeline laid on the ground alongside the existing and proposed roads.

### 6. SOURCE OF CONSTRUCTION MATERIALS

A. Caliche needed for the road and well pad will be taken from an existing pit (shown in Pink on Exhibit "A") in the SE/4 of the NE/4 of Section 13, T-18-S, R-30-E, Eddy County, New Mexico. It will be transported to the road and well site by the existing local and resource roads, as shown on Exhibit "A".

### 7. METHOD OF HANDLING WASTE DISPOSAL

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during tests will be disposed of in the drilling pits.

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of soil. All waste material will be contained to prevent scattering by the wind. Location of trash pit is shown on Exhibit "C".

F. All trash and debris will be buried or removed from the well site within 30 days after completion of drilling and/or completion operations.

#### 8. ANCILLARY FACILITIES

A. None required.

#### 9. WELL SITE LAYOUT

A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, and trash pit, and the location of the major rig components. The layout of the pad is anticipated to be turned to be parallel to the existing pipelines to the Northwest of the location.

B. Cut and Fill requirements will be minor, but clearing and leveling of the well site will be necessary.

#### 10. PLANS FOR RECLAMATION 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 the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced until the pits are dry.

C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special reclamation and/or special revegetation requirements of the Surface Management Agency will be complied with and will be accomplished as rapidly as possible.

#### 11. OTHER INFORMATION

A. Topography: The land surface in the area of the well is relatively level with small and moderate sand dunes. Regionally, the land slopes to the Northwest with average slopes of less than one or two percent.

B. Soil: Top soil at the well site is a deep sandy loam.

C. Flora and Fauna: The vegetation cover is moderate, it includes range grasses, weeds, scrub oak bushes, and an occasional mesquite bush. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail and other small birds.

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

E. Residences and Other Structures: There are no occupied dwellings or other structures within 3/4 mile of the well site.

F. Archaeological, Historical, or other Cultural Sites: None were observed in the area.

G. Land Use: Grazing, oil and gas production, and wildlife habitat.

H. Surface Ownership: Federal

12. OPERATOR'S REPRESENTATIVE

C. P. Basham  
Drilling Superintendent  
Texaco Inc.  
P. O. Box 3109  
Midland, Texas 79701  
Office Phone: (915) 688-4620

CERTIFICATION

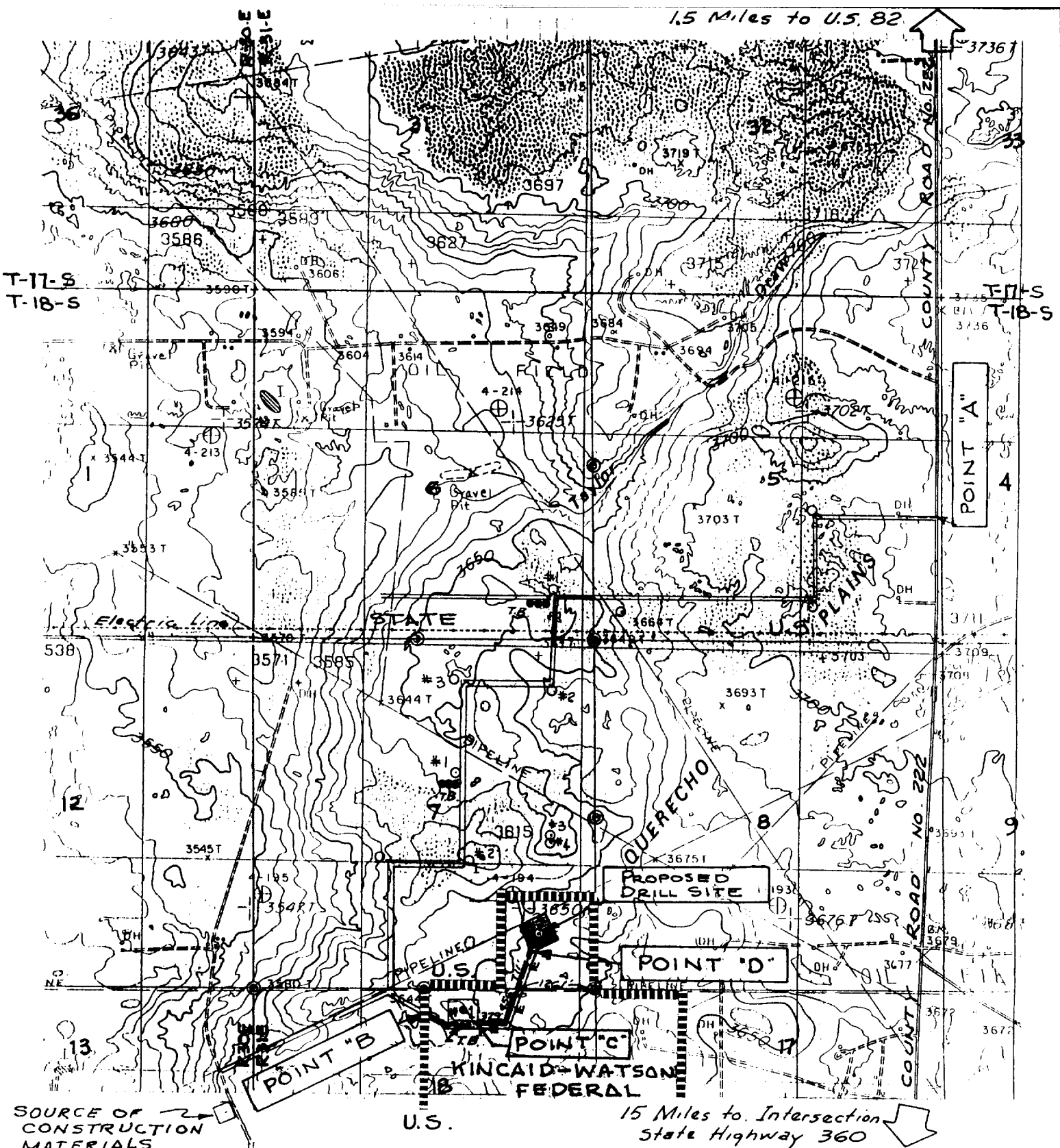
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Texaco Inc. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.

4-5-90  
Date

C. P. Basham  
C. P. Basham  
Drilling Superintendent  
Midland, Texas

Enclosures  
jsp



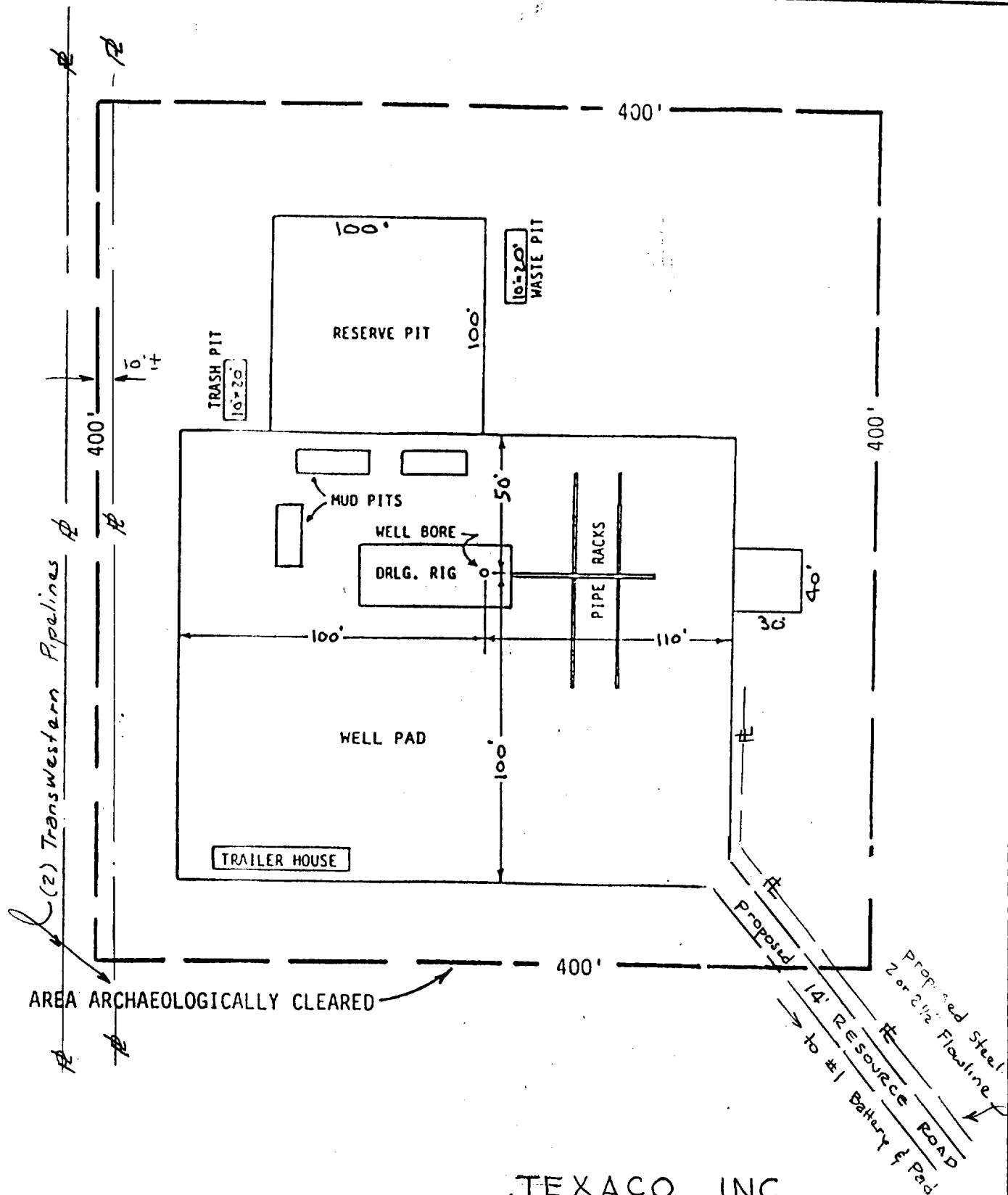


- LEGEND**
- ===== Lease Boundary
  - ===== Access Road, Federal (Yellow)
  - ===== Access Road, State Land (Blue)
  - ===== Resource Road on Lease (Purple)
  - ===== Proposed Resource Road (Red)
  - Proposed Steel Flowline (Green)
  - ⊙ = G.L.O. Iron Pipe w/B.C. Found on Survey
  - T.B. = Tank Battery

**EXHIBIT "A"**  
**TEXACO'S KINCAID-WATSON**  
**FEDERAL NO. 2, SEC. 7**  
**T-18-S, R-31-E, EDDY CO., NM**

**PIPER SURVEYING COMPANY**  
P. O. BOX 6432-ATS  
MIDLAND, TEXAS 79711

DRAWN BY: J.S. Piper	SCALE: 1" = 2000'
CHECKED BY: J.S. Piper	FILE NO.
DATE: 3/29/90	SHEET: 6 of 8



TEXACO INC.

EXHIBIT "B"

KINCAID-WATSON FED. # 2  
 Section 7, T-18-S, R-31-E, NMPM  
 EDDY COUNTY, NEW MEXICO  
 DRILLING RIG LAYOUT

SCALE: None

Sheet 7 of 8

JSPiper 4-4-90

Submit to Appropriate  
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1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator <b>TEXACO INC.</b>			Lease <b>Kincaid-Watson Federal</b>		Well No. <b>2</b>
Unit Letter <b>P</b>	Section <b>7</b>	Township <b>18 South</b>	Range <b>31 East</b>	County <b>NMPM Eddy</b>	
Actual Footage Location of Well: <b>827</b> feet from the <b>South</b> line and <b>874</b> feet from the <b>East</b> line					
Ground level Elev. <b>3651</b>	Producing Formation <b>Bone Spring Sand</b>		Pool <b>Shugart Bone Spring, North</b>		Dedicated Acreage: <b>40</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest 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 interest, has been approved by the Division.

OPERATOR CERTIFICATION

I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature *Royce D. Mariott*  
Printed Name **Royce D. Mariott**  
Position **Division Surveyor**  
Company **Texaco Inc.**  
Date **February 29, 1990**

SURVEYOR CERTIFICATION

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 **February 27, 1990**  
Signature & Seal of Professional Surveyor *John S. Piper*  
Certificate No. **7254**  
Sheet **8** of **8**

