Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

30-015-26417

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONS. COMMISSION
Drawer DD
Artesia, NM 88210

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM 33437A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

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

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Sand 7 Federal

2. NAME OF OPERATOR: Enron Oil & Gas Company

9. WELL NO.: 4

3. ADDRESS OF OPERATOR: P. O. Box 2267, Midland, Texas 79702

RECEIVED
JUL 2 '90
O. C. D.
ARTESIA, OFFICE

10. FIELD AND POOL, OR WILDCAT: Shugart, North Bone Spring

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 560' FSL & 2125' FWL
At proposed prod. zone: 560' FSL & 2125' FWL

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 7, T18S, R31E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 12 miles SE from Loco Hills

12. COUNTY OR PARISH: Eddy — 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 560 / 560

16. NO. OF ACRES IN LEASE: 640

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: 8800'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3608.5' GR

22. APPROX. DATE WORK WILL START*: July 1, 1990

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	42# H-40 ST&C	700'	750 sx Circulated
11	8-5/8	28 & 32 K-55 &	N-80 2500'	1000 sx Circulated
7-7/8	5-1/2	17# K-55 LT&C	ST&C 8800'	1550 sx

BOP - Install at 2500' with 5000# cap.

Post ID-1
7-6-90
New Loc & API

Gas is dedicated.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

RECEIVED
JUN 11 10 35 AM '90
CARLSBAD, NEW MEXICO

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: Betty Gildon — Betty Gildon — TITLE: Regulatory Analyst — DATE: 6-12-90

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY: Dave Stout for — TITLE: AREA MANAGER, CARLSBAD RESOURCE AREA — DATE: 6 29 90

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
ENRON OIL & GAS Company	Sand "7" Federal	4

Unit Letter	Section	Township	Range	County
N	7	18 South	31 East NMPM	Eddy

Actual Footage Location of Well:
560 feet from the South line and 2125 feet from the West line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3608.5	Bone Spring	Shugart, North	40 Acres

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

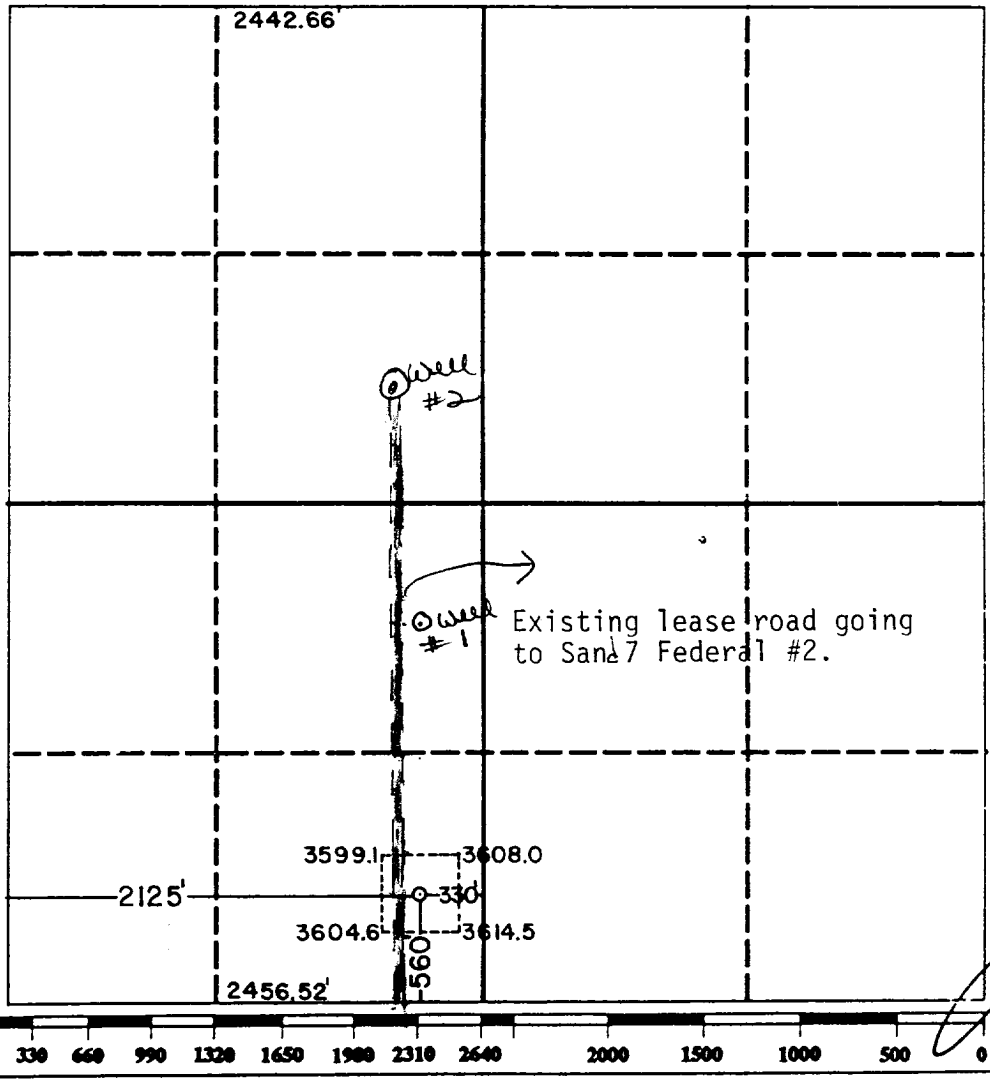
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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

Printed Name: Betty Gildon

Position: Regulatory Analyst

Company: Enron Oil & Gas Company

Date: 6/12/90

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: May 29, 1990

Signature & Seal of Professional Surveyor

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

REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR NEW MEXICO JOHN W. WEST

125630

APPLICATION FOR PERMIT TO DRILL

1. The geologic surface formation is Quarternary.

2. The estimated tops of important geologic markers are:

1.	1st Bone Spring Sand 7350'	6.	
2.	2nd Bone Spring Carb 7700'	7.	
3.	Roche Sand Zone 8350'	8.	
4.		9.	
5.		10.	

3. Depths at which oil, water, or gas bearing formations are expected to be encountered.

Bone Spring 7350' to 8800'

4. Brief description of testing, logging, and coring programs.

Drill Stem test as necessary
Gamma Ray - Surface to TD
Sonic and/or Neutron Density 2300' +/- to TD
Mud Logger 2300' +/- to TD
No coring anticipated.

5. Any anticipated abnormal pressures or temperatures expected? Any potential hazards - H2S?

No abnormal pressures/temperatures anticipated.

No H_2S zones expected.

1. (A) Pressure control equipment to be used.

1 - 5000# WP Cameron Iron Works double type "U" blowout preventor with pipe & blind rams.

(B) Pressure ratings (or API series).

1 - 1500 series - 5000# WP

(C) Testing procedures and frequency.

BOP will be tested at installation point as inticated on Application for Permit to Drill.

(D) Schematic Diagram.

See attached Exhibit "C"

2. Mud Program

Type and Characteristics

0 - 700' 8.5 - 8.8 Native
700 - 2500' 10.0 brine water
2500'- 8700' 8.4 fresh water

Quantities and types of weighting material to be maintained

500 sacks barite on location.

ENRON OIL & GAS COMPANY

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Sand 7 Federal, Well No. 4
560' FSL & 2125' FWL
Section 7, T18S, R31E
Eddy County, New Mexico

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, the magnitude of necessary surface disturbance involved and the procedures 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 operation

1. EXISTING ROADS:

Proposed location is just east of an existing lease road running north & south & going to Enron's Sand 7 Federal #2. See NMAS 1990-32-MY (figure 2) attached.

PLANNED ACCESS ROADS:

None

3. LOCATION OF EXISTING WELLS:

Existing wells in the surrounding area include Enron's Sand 7 Federal #1 located 1420' to the north, Sand 7 Federal #2 located 2743' to the north, and proposed Canadian Kenwood 18 Federal #2 located 1060' to the south in Section 18, T18S, R31E.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

There are no existing production facilities. If production is encountered, a temporary facility will be established on the drill pad, and if warranted a production facility would be built at a later date in the immediate area of the drill-pad location. If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will purchased from commercial sources and transported to the well site over the roads as shown.

6. SOURCE OF CONSTRUCTION MATERIALS:

Will use Federally-owned pit located in the SE/4 NE/4 of Section 13, T18S, R30E.

7. METHODS 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 pits are dry.

C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be in test 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. Location of the trash pit is shown on Exhibit "B".

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

8. ANCILLARY FACILITIES:

None required.

9. WELLSITE LAYOUT:

A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, trash pit and location of major rig components.

B. Only minor levelling of the well site will be required.

C. The reserve pit will be plastic lined.

D. The pad and pit area have been staked and flagged.

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 locations cleaned of all trash and junk to leave the well in an aesthentically pleasing condition as possible.

B. Any unguarded pits containing fluid will be fenced until they are filled.

C. After abandonment of the well, surface restoration will be in accordance with current Federal laws and regulations. Pits will be filled and location will be cleaned. The pit area, and well pad will be removed to promote vegetation.

11. OTHER INFORMATION:

A. Topography: Land surface is undulatory and duned; slope is 0.60^{0}

B. Soil: Soils are made up of loose sand & sandy clay loams.

C. Flora & Fauna: Vegetation primarily consists of shinnery oak, sand sage, plains yucca, mesquite, and various other grasses native to the area. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles and some birds.

D. Ponds & Streams: None in the immediate vicinity

E. Residences & other structures: None

F. Archaeological, Historical & Cultural Sites:

Archaeological Sites:

NM 5942 (Category 2) located NW1/4SE1/4SE1/4SW1/4, SW1/4NE1/4SE1/4SW1/4, Section 7, T18S, R31E, NMPM. UTM: Zone 13, N3,624,580; E602,200. See NMAS 1990-32-MY attached. Location is 25' from cultural remains. A fence 300' in length will be located on the east side of proposed location to prevent interference with this site.

NM-06-4506 is within 1600' of proposed location.
NMAS 5084 is within 1900' of proposed location.
NMAS 5878 is within 1300' of proposed location.
PAC/ED is within 4000' of proposed location.

12. OPERATOR'S REPRESENTATIVE:

The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Mr. John R. Frick
3406 Meadowridge Lane
Midland, Texas 79701

Phones: Business: (915) 686-3725
Home: (915) 694-4323

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 Enron Oil & Gas Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Ray L. Ingle
Operations Manager

SHUGART, NORTH FIELD

SECTION 7. TOWNSHIP 18 SOUTH, RANGE 31 EAST

EDDY COUNTY, NEW MEXICO

edeRAL

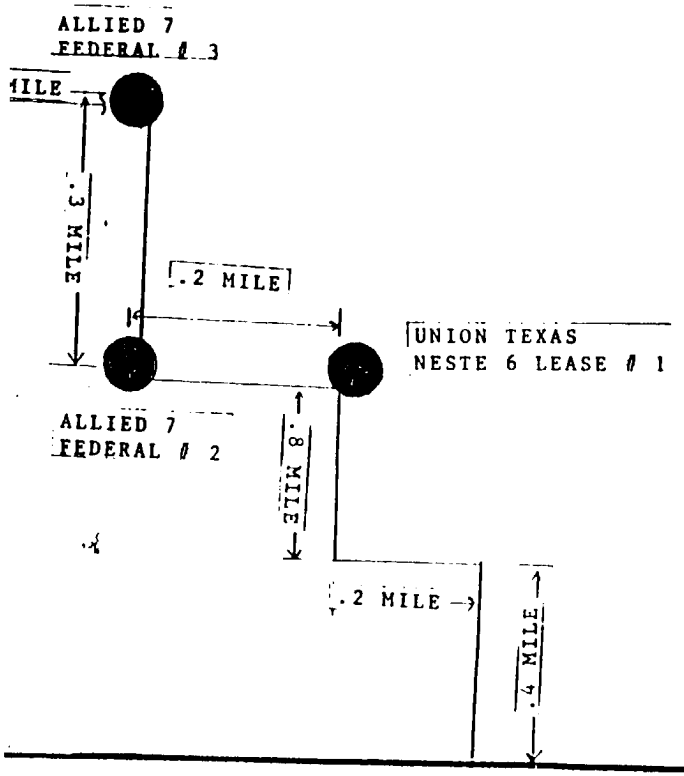


EXHIBIT "A"

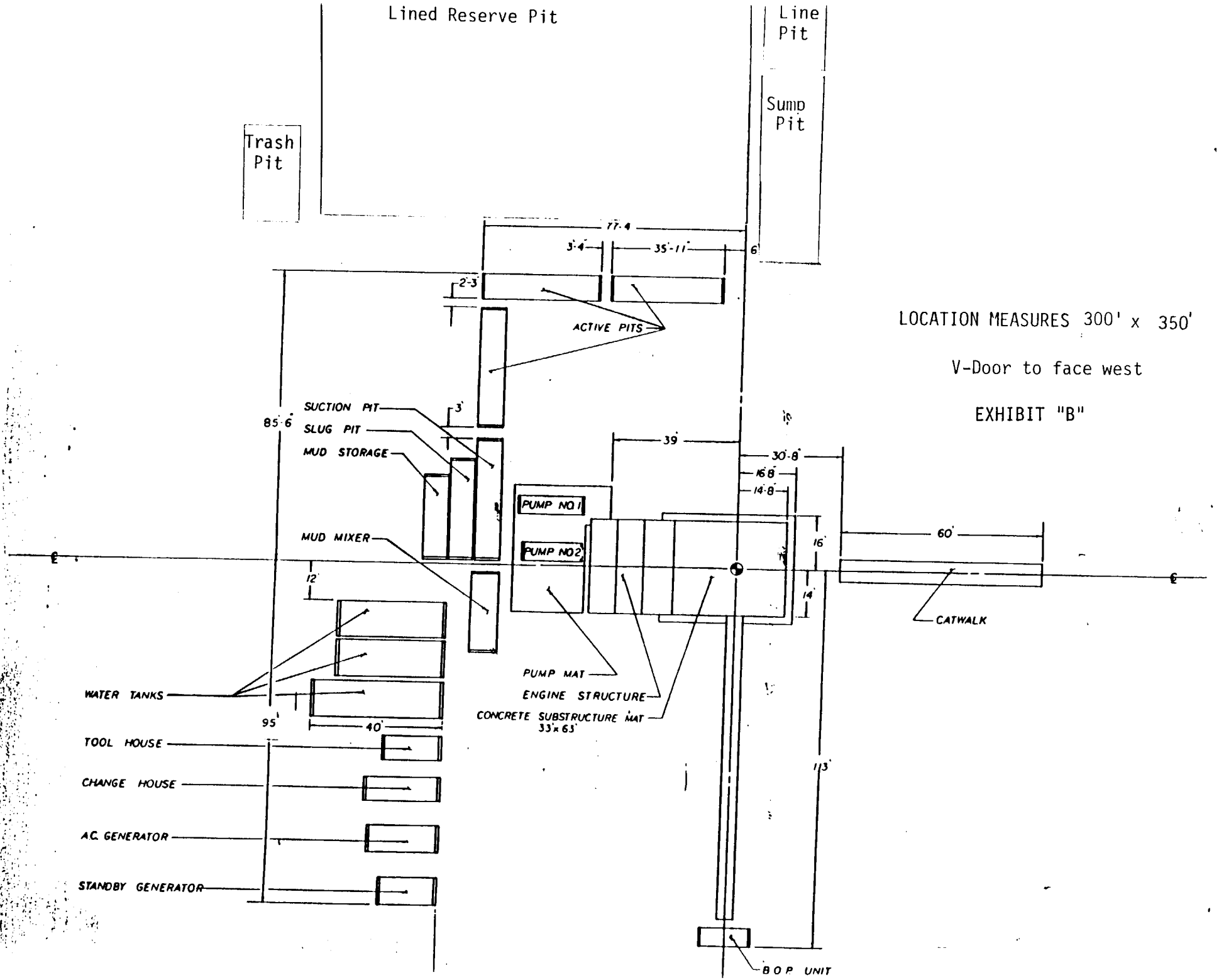
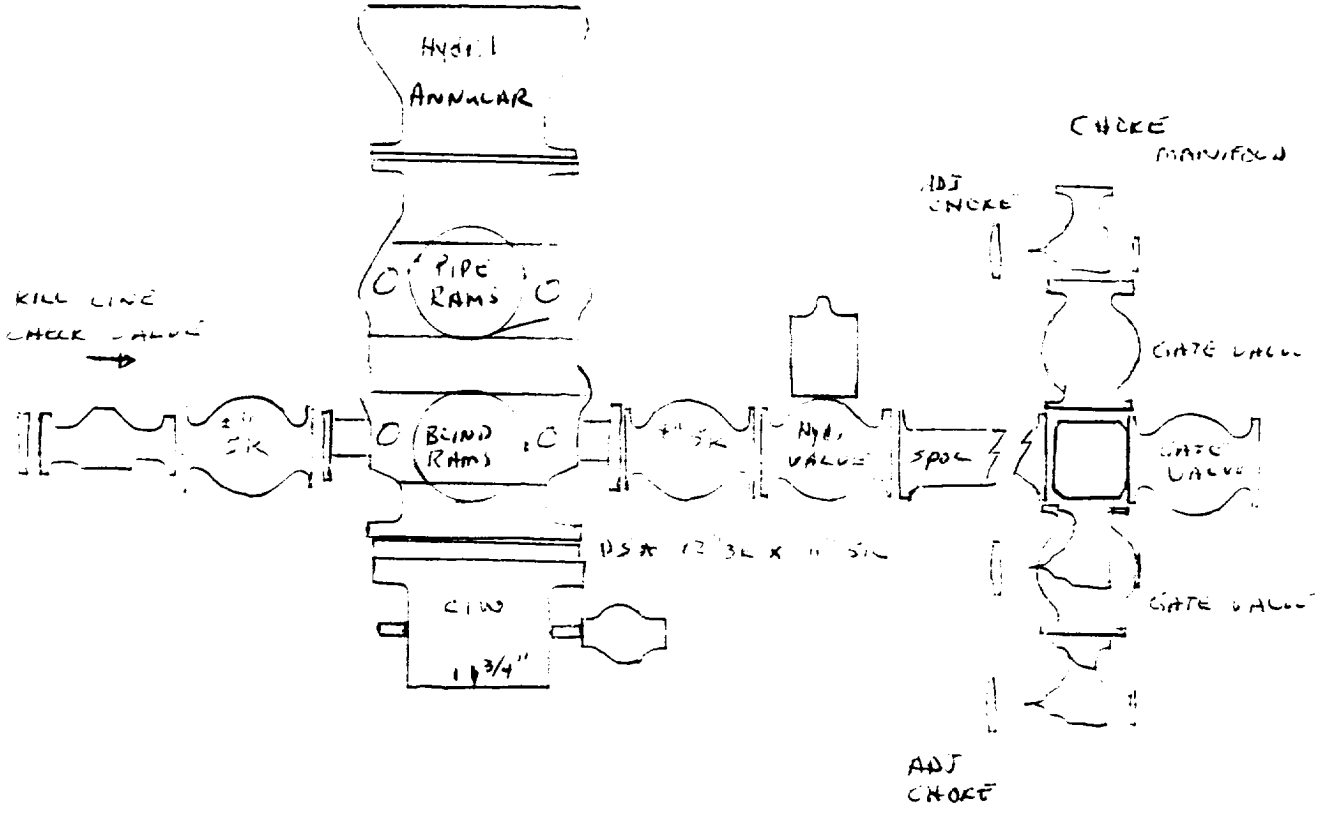

Lined Reserve Pit
Line Pit
Sump Pit
Trash Pit
77.4
3.4
35'-11"
6'
2-3
ACTIVE PITS
LOCATION MEASURES 300' x 350'
V-Door to face west
EXHIBIT "B"
SUCTION PIT
SLUG PIT
MUD STORAGE
3'
85.6'
39'
30.8'
16.8'
14.8'
PUMP NO.1
PUMP NO.2
MUD MIXER
16'
60'
12'
14'
CATWALK
WATER TANKS
95'
40'
PUMP MAT
ENGINE STRUCTURE
CONCRETE SUBSTRUCTURE MAT
33'x 63'
TOOL HOUSE
CHANGE HOUSE
A.C. GENERATOR
STANDBY GENERATOR
113'
B.O.P. UNIT

EXHIBIT "C"


Hydril
ANNULAR
PIPE RAMS
BLIND RAMS
KILL LINE
CHECK VALVE
CHOKE
MANIFOLD
ADJ CHOKE
GATE VALVE
SPOOL
DSA
CIW
1 3/4"
ADJ CHOKE