

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 88-120 LC 029418B	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. UNIT AGREEMENT NAME Lea "D"	
2. NAME OF OPERATOR The Wiser Oil Company		8. FARM OR LEASE NAME, WELL NO. 24	
3. ADDRESS AND TELEPHONE NO. P. O. Box 2568 Hobbs, New Mexico 88241 (505) 392-9797		9. API WELL NO. 30-015-31265	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At Surface 10' FNL & 52' FEL Unit A At proposed prod. Zone 10' FNL & 52' FEL Unit A		10. FIELD AND POOL OR WILDCAT Grayburg Jackson 7-Rivers-QN-GE-SA	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* ± 8.5 miles East of Loco Hills, New Mexico		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 26, 17S-31E, N.M.P.M.	
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 10' (Also to nearest drlg. unit line, if any)		12. COUNTY FOR PARISH Eddy	
16. NO. OF ACRES IN LEASE 1920.00		13. STATE NM	
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. 660'	
19. PROPOSED DEPTH 4500'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3859'		22. APPROX. DATE WORK WILL START * Sept. 1, 2000	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" X-42	23#	625' 425'	Circulate WITNESS
7 7/8"	5 1/2" J-55	17#	4500'	Sufficient to bring cmt 100'

Duration of Program: Drilling – Nine (9) days
Completion – Thirty (30) days
See attached for complete Drilling Program

EXHIBITS

Exhibit "A": Drilling Program Exhibit "D": Land Survey Plat Exhibit "G": Rig Layout
Exhibit "B": H₂S Plan Exhibit "E": Location Plat Exhibit "H": BOP Layout
Exhibit "C": Surface Use Plan Exhibit "F": Existing Well Plat

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 prevention program, if any.

24.

SIGNED AT. M. Jones TITLE Superintendent DATE June 21, 2000

This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY LARRY D. BRAY TITLE Assistant Field Manager, Lands And Minerals DATE JUL 21 2000

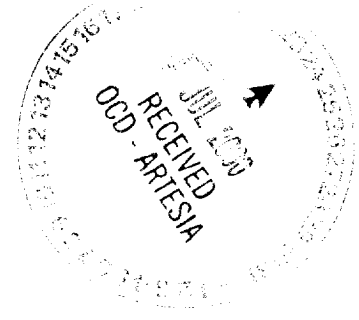
*See Instructions On Reverse Side

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.

APPROVED FOR 1 YEAR

EXHIBIT "A"

DRILLING PROGRAM



I. The geological surface formation is recent Permian with quaternary alluvium and other surficial deposits.

II. Estimated Tops of Geological Markers:

<u>FORMATION</u>	<u>DEPTH</u>
Rustler Anhydrite	550'
Top of Salt	685'
Base of Salt	1600'
Queen	2700'
Grayburg	3100'
San Andres	3500'
TD	4500'

III. Estimated depths at which water, oil, gas, or other mineral-bearing formations are expected to be encountered:

<u>SUBSTANCE</u>	<u>DEPTH</u>
Fresh Water	There is little, if any, in this section
Oil	Fren 7-Rivers; Grayburg and San Andres below 3200'
Gas	None anticipated

IV. A. Proposed Casing Program:

<u>HOLE SIZE</u>	<u>CASING SIZE</u>	<u>GRADE</u>	<u>WEIGHT PER FOOT</u>	<u>DEPTH</u>
12 1/4"	8 5/8"	New 8RD ST&C X-42	23#	425'
7 7/8"	5 1/2"	New 8RD LT&C J-55	17#	4500'

B. Proposed Cement Program:

8 5/8" Cmt w/ 300 sx Class "C" cmt w/2% CaCl. Circulate to surface.

5 1/2" Cmt w/ 700 sx Halliburton Lite w/1/4# Flocele, 325 sx Premium Plus w/.5% Halad-9, & 325 sx Premium Plus w/.5% Halad-344 w/3% KCl.

The top of cement is designed to reach 100' above 8 5/8" casing shoe.

V. Proposed Mud Program:

The well will be drilled to total depth using brine & fresh water. Depths of systems are as follows:

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>MUD WT.</u>	<u>VISCOSITY</u>	VI.	Proposed Control Equipment:
0-425'	Fresh Water	8.8 ppg	30		
425'-TD	Brine Water	9.5-10.5 ppg	28		

Will install on the 8 5/8" surface casing a 10" Series 900 Type "E" Shaffer Double Hydraulic BOP and will test before drilling in the Queen formation. BOP working pressure: 3000 psi. See Exhibit "H" for BOP layout.

VII. Auxiliary Equipment:

Blowout preventor, gas detector, kelly cock, pit level monitor, flow sensors, and stabbing valve.

VIII A. Testing Program:

Drill Stem Tests: None planned

B. Logging Program:

<u>LOG</u>	<u>Interval</u>
GR-DLL-MSFL-Cal	T.D. - 2,300'
GR-CNL-CDL-Cal	T.D. - Surface

C. Coring Program:

None planned

IX No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, the proposed mud program will be modified to increase the mud weight. The estimated maximum bottom hole pressure is 1980 psi.

EXHIBIT "B"

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H_2S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H_2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H_2S Safety Equipment and Systems

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating, the first zone containing, or reasonably expected to contain, H_2S .

1. Well Control Equipment:
 - A. Flare line with electronic igniter or continuous pilot.
 - B. Choke manifold with a minimum of one remote choke.
 - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - D. Auxiliary equipment to include annular preventer, mud-gas separator, rotating head, and flare gun with flares.
2. Protective equipment for essential personnel:
 - A. Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on Exhibit "G".
3. H₂S detection and monitoring equipment:
 - A. Two portable H₂S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.
 - B. One portable SO₂ monitor positioned near flare line.
4. Visual warning systems:
 - A. Wind direction indicators as shown on Exhibit "G".
 - B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate.
5. Mud program:
 - A. The mud program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H₂S scavengers will minimize hazards when penetrating H₂S-bearing zones.
 - B. A mud-gas separator and an H₂S gas buster will be utilized.

6. Metallurgy:
 - A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
 - B. All elastomers used for packing and seals shall be H₂S trim.
7. Communication:
 - A. Radio communications in company vehicles including cellular telephone and 2-way radio.
 - B. Land Line (telephone) communications at field office.
8. Well testing:
 - A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours, and formation fluids will not be flowed to the surface. All drill stem testing operations conducted in an H₂S environment will use the closed chamber method of testing.

EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN

CULTURAL RESOURCES SURVEY

APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: LEA "D" # 24

LOCATION: NE $\frac{1}{4}$ NE $\frac{1}{4}$ OF SECTION 26, T17S-R31E, N.M.P.M.
EDDY COUNTY, NEW MEXICO

OPERATOR: THE WISER OIL COMPANY

SUBMITTED TO:

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

ROSWELL AREA OFFICE

2909 WEST 2ND STREET

ROSWELL, NEW MEXICO 88201

TELEPHONE (505) 627-0272

This plan is submitted to provide permitting agencies with information necessary to allow an appraisal of the environmental effects associated with the proposed drilling operations. Within the context of typical drilling operations, this plan provides for protection of surface resources and other environmental components. This plan has been developed in conformity with the United States Geological Survey NTL-6 guidelines, Bureau of Land Management Oil and Gas Order No. 1, and in connection and consultation with the private surface owner of record, if other than the United States of America, as well as the Carlsbad Area Resource Office for the Bureau of Land Management and the United States Department of the Interior personnel.

PART #1:

1) Surface Location:

NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26, Township 17 South, Range 31 East, N.M.P.M.
Eddy County, New Mexico
10' FNL & 52' FEL, Unit A
See attached Exhibit "D"

2) Bottom Hole Location:

NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26, Township 17 South, Range 31 East, N.M.P.M.
Eddy County, New Mexico
10' FNL & 52' FEL, Unit A
See attached Exhibit "D"

3) Leases Issued:

a) NM-98120

4) Record Lessee:

a)	Texaco Exploration & Production Inc.	100%
	P. O Box 2100	
	Denver, Colorado 80201	

5) Acres in Lease:

a)	Section 11: All	640.0000
	Section 14: N/2	320.0000
	Section 23: S/2	320.0000
	Section 26: All	<u>640.0000</u>
		1920.0000

6) Acres Dedicated to Well:

There are 40.0000 acres dedicated to this well which takes in the NE¼SE¼ of Section 26, Township 17 South, Range 31 East, Lea County, New Mexico.

PART #2:

1) Existing Roads:

Exhibit "E" is a map showing the location of the proposed well, as staked, in relation to existing roads and U. S. Highway 82. The well is ± 5.1 miles southeast of Maljamar, New Mexico. From Loco Hills, New Mexico, go east approximately 8.2 miles on US 82. Turn southeast on lease road and go approximately 1 mile, turn south and go approximately 1/8 mile, turn east and go 1800' to location.

2) Planned Access:

- A. Length and Width: An 1800' road 20' wide will be constructed from the existing access road south to the well site. Extra width may be needed in the turns.

Application for a buried pipeline right-of-way will be made when it becomes necessary.

- B. Construction: The new road will be 20' wide with a center crown, with 6 inches compacted caliche. The existing roads will be lightly graded and topped with compacted caliche as needed.

- C. Turnouts: None required.

- D. Culverts: None required.

- E. Cuts and Fills: The area has small sand dunes and deflation basins to be leveled.

F. Gates and Cattleguards: None required.

3) Location of Existing Wells:

Existing wells within a one-mile radius of the proposed well are shown on Exhibit "F".

4) Location of Existing and/or Proposed Facilities:

A. There are production facilities on the Skelly Unit at this time. See Exhibit "F".

B. If the oil well proves to be commercial, the necessary production facilities will be installed on the drilling pad, and flow lines will be installed along the proposed and existing roads to the production facilities and storage tanks.

5) Location and Type of Water Supply:

The Wiser Oil Company plans to drill the proposed well with fresh and brine water which will be obtained from commercial sources. The water will be transported over proposed and existing access roads.

6) Source of Construction Materials:

Caliche for surfacing access roads and the wellsite pad will be obtained from the location itself or from BLM pits in the area.

7) Method of Handling Waste Material:

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

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

C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.

D. Water produced during operations will be collected in tanks until hauled to an approved disposal system.

E. Oil produced during operation will be stored in tanks until sold.

- F. The Wiser Oil Company will comply with current laws and regulations pertaining to the disposal of human waste.
 - G. All waste materials will be contained to prevent scattering by the wind and will be removed from the well site within 30 days after drilling and/or completion operations are finished.
- 8) Ancillary Facilities: None required.
- 9) Well Site Layout:
- A. Exhibit "G" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area have been staked and flagged.
 - B. Mat Size: 140' X 210' plus reserve pits.
 - C. Cut & Fill: Only minor leveling of the drilling site is anticipated.
 - D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.
- 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 the location cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. If the proposed well is non-productive, The Wiser Oil Company will comply with all rehabilitation and/or vegetation requirements of the Bureau of Land Management, and such rehabilitation 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 wellsite and access road are located in the Querecho Plains. The site is relatively flat.

B. Soil:

The proposed location, access road, and production facilities consist of sandy soil. Slope in the proposed area ranges from zero (0) to five (5) degrees.

C. Flora and Fauna:

Vegetation is one of a grassland environment and a scrub-grass, scrub disclimax community. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail, and other wildlife typical of the semi-arid desert land.

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

E. Residences and Other Structures:

There are no occupied residences or other structures on or near the proposed location.

F. Land Use: The land is used for grazing cattle.

G. Surface Ownership: The surface is owned by the United State of America under Federal Grazing Lease # GR306664 to Caswell Ranches.

H. Archaeological, Historical, and Other Cultural Sites:

Desert West Archaeological Survey Consultants is conducting an archaeological survey of the proposed Skelly Unit # 403 well which includes the access road, drilling location, and production facilities. Their report will be filed with the BLM under separate cover.

I. Operator's Senior Representative:

Mike Jones
The Wiser Oil Company
P.O. Box 2568
Hobbs, New Mexico 88241
(505) 392-9797
FAX (505) 392-8971

J. Person in Charge of Overall Project:


Matt Eagleston
The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, Texas 75225
(214) 265-0080
FAX (214) 373-3610

K. Person in Charge of Drilling Operations:

Matt Eagleston
The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, Texas 75225
(214) 265-0080
FAX (214) 373-3610

CERTIFICATION

I hereby certify that I have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 The Wiser Oil Company and its contractors and subcontractors 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.


Mike Jones - The Wiser Oil Company
P. O. Box 2568
Hobbs, New Mexico 88241
(505) 392-9797 FAX (505) 392-8971

Date: July 15, 2000

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

EXHIBIT "D" Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 28509	Pool Name Grayburg Jackson 7-Rivers QN GB SA
Property Code 017540	Property Name LEA "D"	Well Number 24
OGRID No. 022922	Operator Name WISER OIL COMPANY	Elevation 3859'

Surface Location

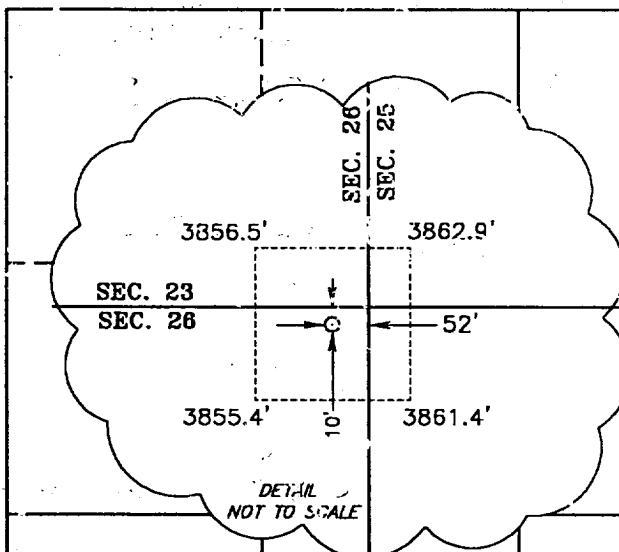
UL or lot No. A	Section 26	Township 17 S	Range 31 E	Lot Idn	Feet from the 10	North/South line NORTH	Feet from the 52	East/West line EAST	County EDDY
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Bottom Hole Location. If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 40	Job: or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>LAT - N32°48'46.3" LONG - W103°49'54.6"</p>	<h4>OPERATOR CERTIFICATION</h4> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>G. M. Jones</i> Signature G. M. Jones Printed Name Superintendent Title June 15, 2000 Date</p> <h4>SURVEYOR CERTIFICATION</h4> <p>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 belief.</p> <p>April 6, 2000 Date Surveyed Signature & Seal of MEXICO Professional Surveyor No. 01286 Certificate No. 7977</p> <p>BASIN SURVEYS</p>
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Sheet 1 of 1 Sheets


EXHIBIT "E"
VICINITY PLAT

● Lea "D" #24

10' FNL and 52' FEL, Unit A
NE¼NE¼ of Sec. 26, T17S-R31E
Eddy County, New Mexico

 Paved Highway

 Existing Access Road

 Proposed Access Road

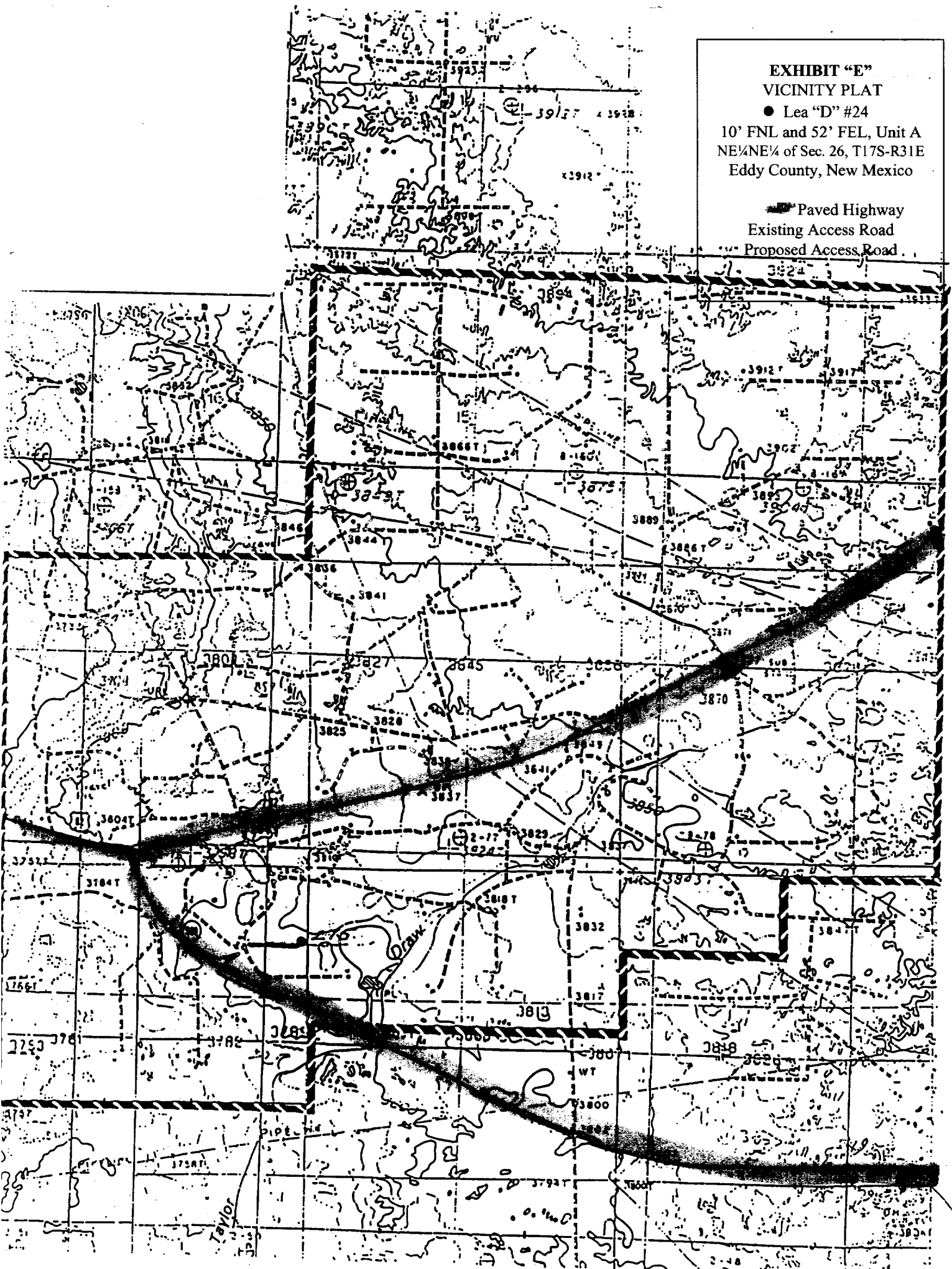
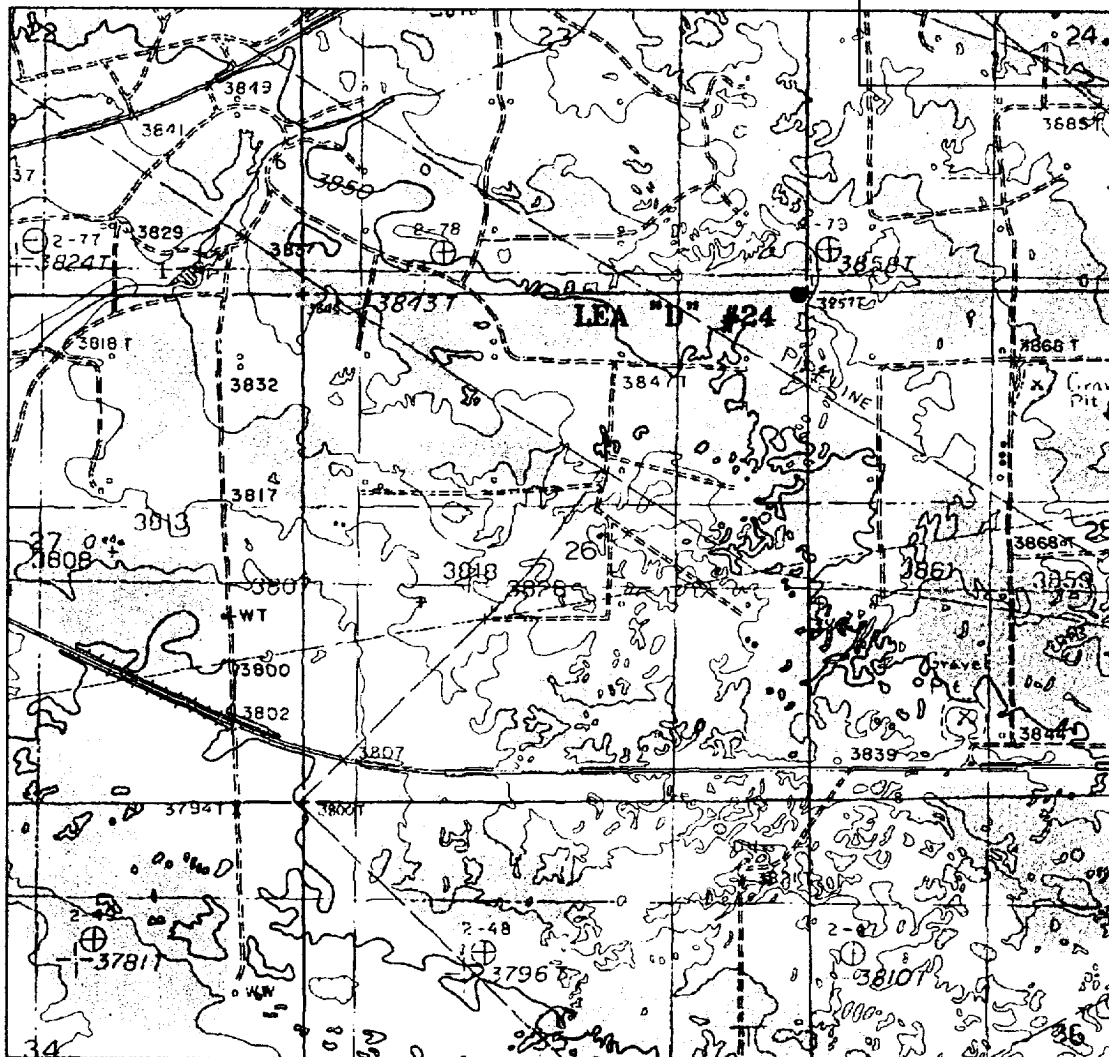


EXHIBIT "E"

● Lea "D" #24

10' FNL and 52' FEL, Unit A
NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 26, T17S-R31E
Eddy County, New Mexico

**LEA "D" #24**

Located at 10' FNL and 52' FEL
Section 26, Township 17 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys
focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 0128AA - KJG #122

Survey Date: 04-06-2000

Scale: 1" = 2000'

Date: 04-11-2000

WISER OIL CO.

EXHIBIT "F"

● EXISTING WELLS
● PRODUCTION FACILITIES

The Wiser Oil Company
Lea "D" #24

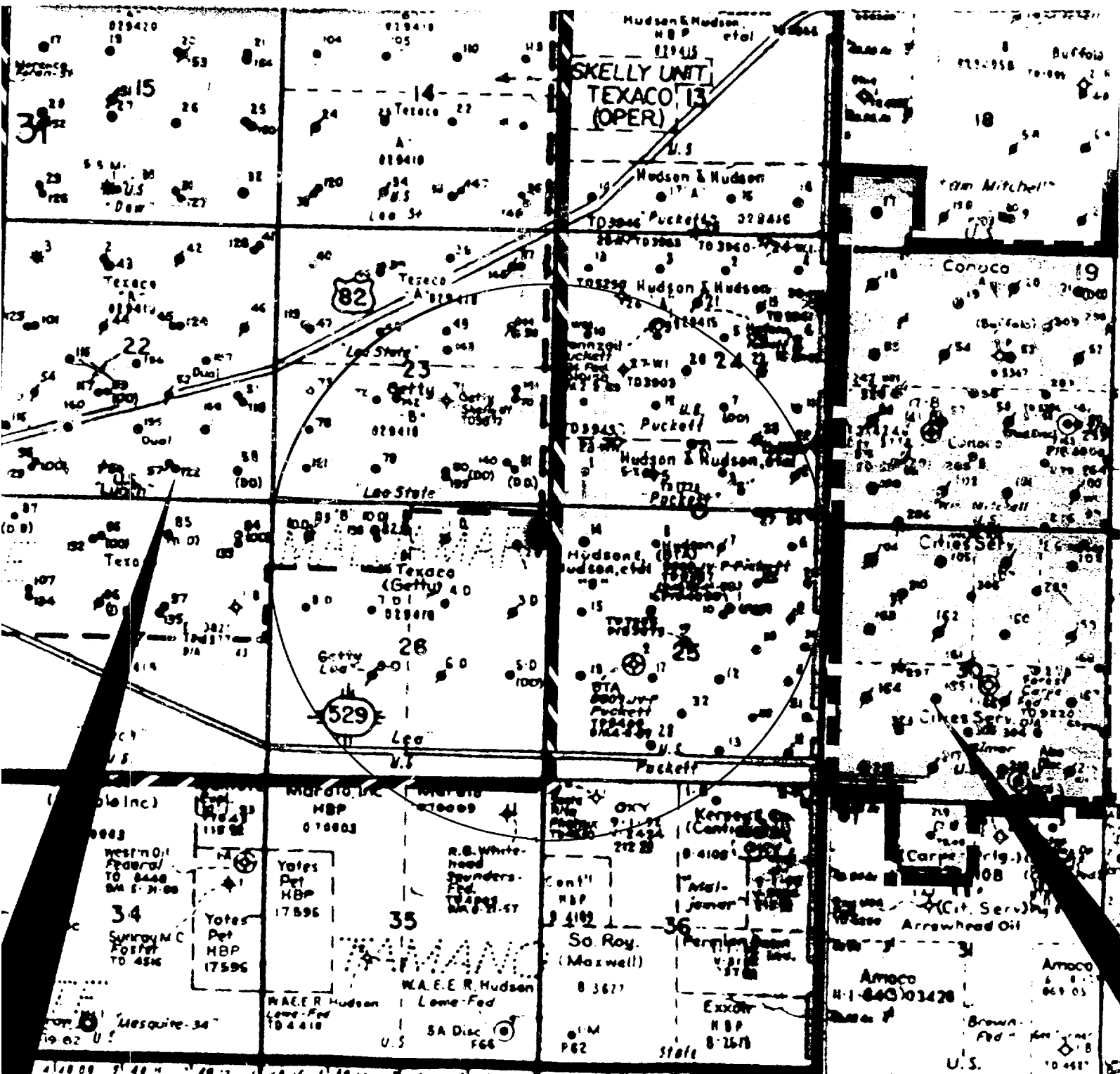
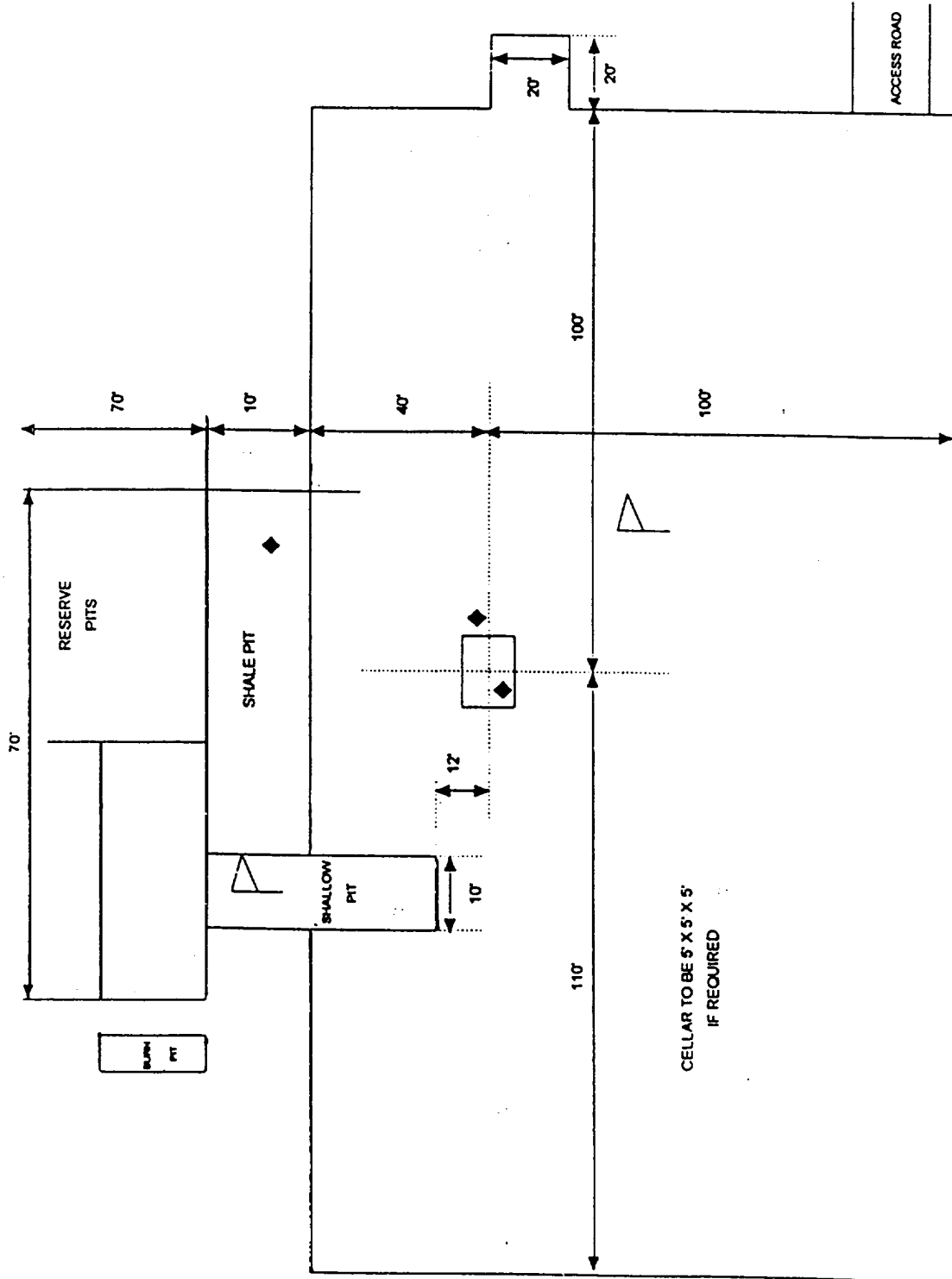


EXHIBIT "G"

RIG LAYOUT

The Wiser Oil Company
Lea "D" #24

Prevailing Wind Direction
Summer - North
Winter - Northeast



- ◆ H2S Monitors with alarms at the bell nipple and shale shaker
- △ Wind Direction Indicators
- Safe Briefing areas with caution signs and protective breathing equipment. Min. 150 ft from wellhead.

BOP & CHOKE MANIFOLD

12"/9000 Cameron SS Space Saver
 3000# Working Pressure
 3000# Working Pressure Choke Manifold

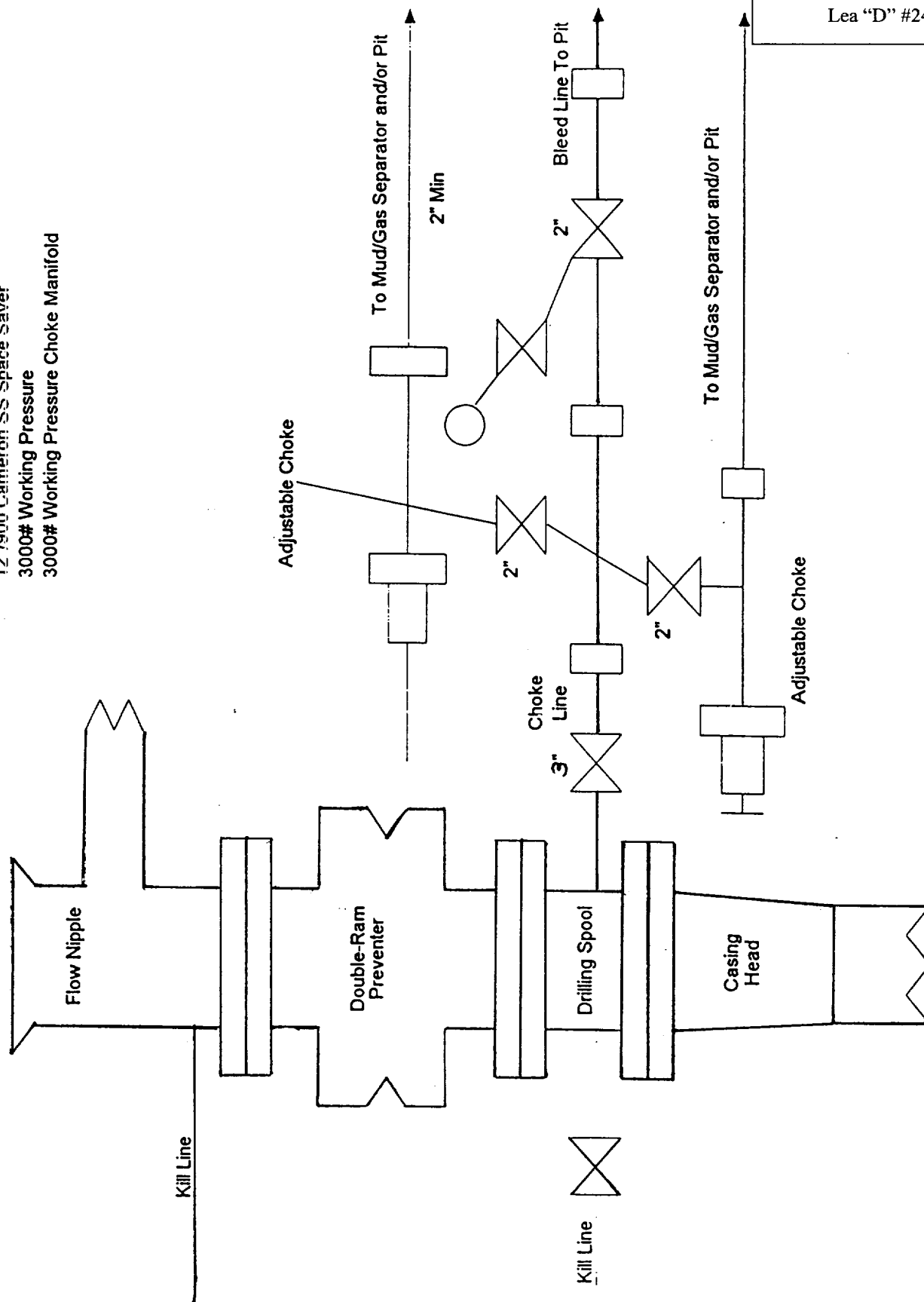


EXHIBIT "H"

BOP LAYOUT

The Wiser Oil Company
 Lea "D" #24