

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

Holly Energy Inc. ✓

3. ADDRESS OF OPERATOR

P.O. Box 176 Artesia, N.M. 88210

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

At surface

1796' FWL & 1980 FNL

At proposed prod. zone

same

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

approximately 6 1/2 miles

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

660'

18. DISTANCE FROM PROPOSED LOCATION*

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

51'

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

3636.8 GR

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#	650'	700 sx circulated
11"	8 5/8	32#	4550'	1240 sx
7 7/8"	5 1/2	17# & 20#	11,875'	cement to cover all potential pay zone

Mud Program; Native mud 0'-4500

Fresh water mud 4500' to 9000' 8.6 lbs. per gallon Vis. 28

Water Loss N.C.

Fresh water mud 9000' to 12000' 9.6-9.8 lbs. per gallon

Vis. 32-35 Water Loss- 12CC

B.O.P. Program; one(1) Hydrll 10" Type Gk

one(1) Schaffer Double 10" Type B

Both 1500 Series, Hydraulic operated

Gas not dedicated.

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

Robert L. Ayer

TITLE Superintendent

DATE June 9, 1980

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY (Orig. Sgd.) PETER W. CHESTER

TITLE ACTING DISTRICT ENGINEER

DATE AUG 19 1980

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Certificate No. JOHN W. WEST
PATRICK A. ROMER
Ronald J. Edwards

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-100
Supersedes O-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Owner Holly Energy Corp.		Lease Canadian Kenwood 18 Federal		Section 1
Section F	Range 18	Meridian 18 South	Block 31 East	County Eddy

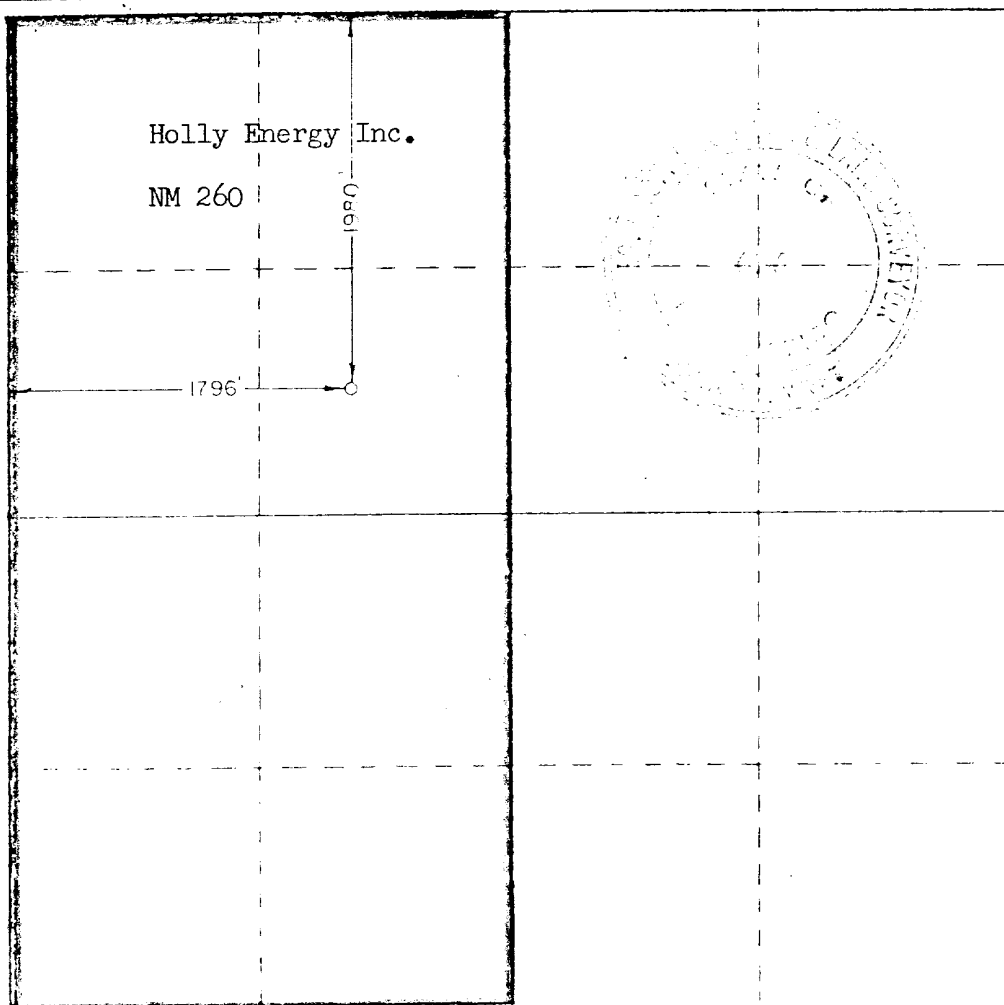
Year 1980	Section 18	Range 18 South	Block 31 East	County Eddy
Acres 3636.8	Producing Formation Atoka-Morrow	Unders. North Shugart Atoka Morrow	Dedicated Acreage 320	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.

Robert Loyd

Robert Loyd

Superintendent

Holly Energy Inc.

June 11, 1980

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.

June 3, 1980

Register

John W. West

JOHN W. WEST
PATRICK A. ROMERO
Randy J. Egan



N.M.O.C.D. COPY

RECEIVED

United States Department of the Interior

AUG 22 1980

GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

O. C. D.
ARTESIA, OFFICE

August 15, 1980

Holly Energy, Inc.
P. O. Box 176
Artesia, New Mexico 88210

Gentlemen:

HOLLY ENERGY, INC.
Canadian Kenwood 18 Fed. No. 1
1980 FNL 1796 FWL Sec. 18 T.18S R.31E
Eddy County Lease No. NM-260

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 11,875 feet to test the Atoka-Morrow is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.
3. All access roads will be limited to a 12 foot wide driving surface, excluding turnarounds. Surface disturbance associated with road construction will be limited to 20 feet in width.
4. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should not be less than 8" x 5" in size and each page should identify the well.
5. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate Sandstone Brown (Federal Standard No. 595A, color 20318 or 30318).
6. Before drilling below the 8-5/8" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
7. A kelly cock will be installed and maintained in operable condition.

8. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.
9. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
 - (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.
10. Notify the Survey by telephone 24 hours prior to spudding well.
11. Special Stipulations: Utilize caliche pit in NE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 17, T. 18S., R. 31E.
12. Cement behind the 13-3/8" casing must be circulated.
13. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

(Orig. Sgd.) PETER W. CHESTER

Acting District Engineer

APPLICATION FOR DRILLING

Holly Energy Inc.
Canadian Kenwood 18 Federal #1
Section 18 T-18S R-31E
Eddy County, New Mexico

In conjunction with form 9-331C, application for permit to drill subject well in Section 18, Township 18 South, Range 31 East, Eddy County, New Mexico, Holly Energy Inc., submits the following 12 items of pertinent information in accordance with U.S.G.S. requirements:

1. The geologic surface formation is quaternary alluvium.
2. The estimated tops of geologic markers are as follows:
 - 1950' Yates
 - 3050' Queen
 - 6100' Bone Spring
 - 9750' Wolf Camp
 - 10,750' Strawn
 - 11,065' Atoka
 - 11,550' Morrow
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered are:
 - Water: Water at approximately 300' base 500'
 - Oil or Gas:
4. Proposed Casing Program: See form 9-331C
5. Pressure Control Equipment: See form 9-331C and Exhibit E.
6. Mud Program: See form 9-331C
7. Auxiliary Equipment: Blowout Preventer, Inside Blowout Preventer, Kelley Cock.
8. Testing, Logging and Coring Program:
 - Pressure test: Surface casing to 1000 psig and Production casing to 1500 psig.
 - Drilling samples: 10' samples 7000' To TD
30' samples 0 to 7000'
 - Electric Logging: Dual Induction Lateral log and Compensated Neutron Log-formation and Density log TD to CLN- gamma ray TD to surface
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated Starting Date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Holly Energy Inc.
Canadian Kenwood Federal 18 # 1
1980' FNL and 1796' FWL
Section 18 T-18S R-31E
Eddy County, New Mexico

RECEIVED
JUN 18 1990
U.S. BUREAU OF LAND MANAGEMENT
ARTESIA, 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 magnitude of necessary surface disturbance involved, 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 operations.

1. EXISTING ROADS.

A. Exhibit A is a portion of B.L.M. quad-color map no. SE-19 on a scale of 1/3" to a mile, showing the proposed location and the surrounding area. Exhibit B is a portion of U.S.G.S. topographical map, on a scale of approximately 2" to a mile, showing the wellsite area and existing roads in the immediate vicinity of the proposed location. The proposed location is a driving distance of approximately 37 miles east of Artesia, New Mexico.

(1) Proceed east on highway 82 from the intersection of highways 82 and 285 in Artesia, New Mexico for a distance of approximately 31 miles. At this point highway 31 intersects highway 82, turn right for approximately 5 miles. At this point there will be a Mewborne Oil and Texaco sign on the west side of the highway, turn right and proceed 1.5 miles. At this point, Mewborne Oil Co. has a water injection well, turn right (North) on a old lease road to location.

2. PLANNED ACCESS ROAD

A. There will be not newly constructed access road as a road already exists and will come in on the Southeast corner of drilling pad.

3. LOCATION OF EXISTING WELLS

A. Existing wells in the vicinity are shown on Exhibit C.

4. LOCATION OF EXISTING AND /OR PROPOSED FACILITIES.

A. There are no existing production facilities on the lease.

B. In the event that the proposed well is productive, the necessary production facilities will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER.

A. Any water used in the drilling operation will be fresh or brine water. The water will be purchased from commercial sources and will be hauled to the location by truck over the existing and planned roads shown on Exhibits A and B.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. Caliche for construction of the drilling pad and resurfacing of the existing access road, will be obtained from Sec 17 T-18S R-31E

7. METHODS OF HANDLING WASTE DISPOSAL.

- A. Drill cuttings will be disposed of in the reserve pit.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pit is dry.
- C. Water produce during operations will be disposed of in the reserve pit. Oil produced during operations will be stored in 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.
- F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and /or completion operations.

8. ANCILLARY FACILITIES.

- A. None required.

9. WELLSITE LAYOUT.

- A. Exhibit D shows the relative location and demensions of the well pad, reserve pit and major rig components.
- B. Only minor leveling will be required to construct the location. The ground surface at the wellsite is relatively flat, with only minor undulations and a gradual slope from north to south. The pad surface will be covered with 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. Pits will be filled and the location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they have been filled.
- C. If the proposed well is nonproductive, all rehabilitation and /or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and 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 proposed wellsite is located 51' Southwest of a dry hole and there will be undulations of 0' to 1 foot in height.
- B. The topsoil at the wellsite is moderately soft sand.
- C. Flora and Fauna: The vegetation cover at the wellsite is moderately sparse, consisting of mesquite, shinnery oak, prairie flowers and weeds. The only wildlife observed were lizards and rabbits, but it is likely that other wildlife typical of semi-arid desert land also inhabit the area. The area is used for cattle grazing.
- D. There are no ponds, lakes, streams or rivers within several miles of the wellsite.
- E. The nearest occupied dwellings are south of the proposed location approximately 3 miles. There are no windmills within the immediate area.
- F. The wellsite is on Federal surface, with federal control of minerals.
- G. There is no evidence of any archeological, historical or cultural sites in the area of the wellsite.

12. OPERATOR'S REPRESENTATIVE.

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is:

Robert Loyd
Production Supervisor
Holly Energy Inc.
P.O.Box 726
Artesia, New Mexico 88210
Telephone: 505-746-6161 (Office)
505-365-2521 (Mobil)
505-365-2391 (Home)

13. 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 consultations 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 Holly Energy Inc. and its contractors and its subcontractors in conformity with this plan and terms and conditions under which it is approved.

6-9-80

Date

Robert Lynd (Superintendent)
NAME & TITLE

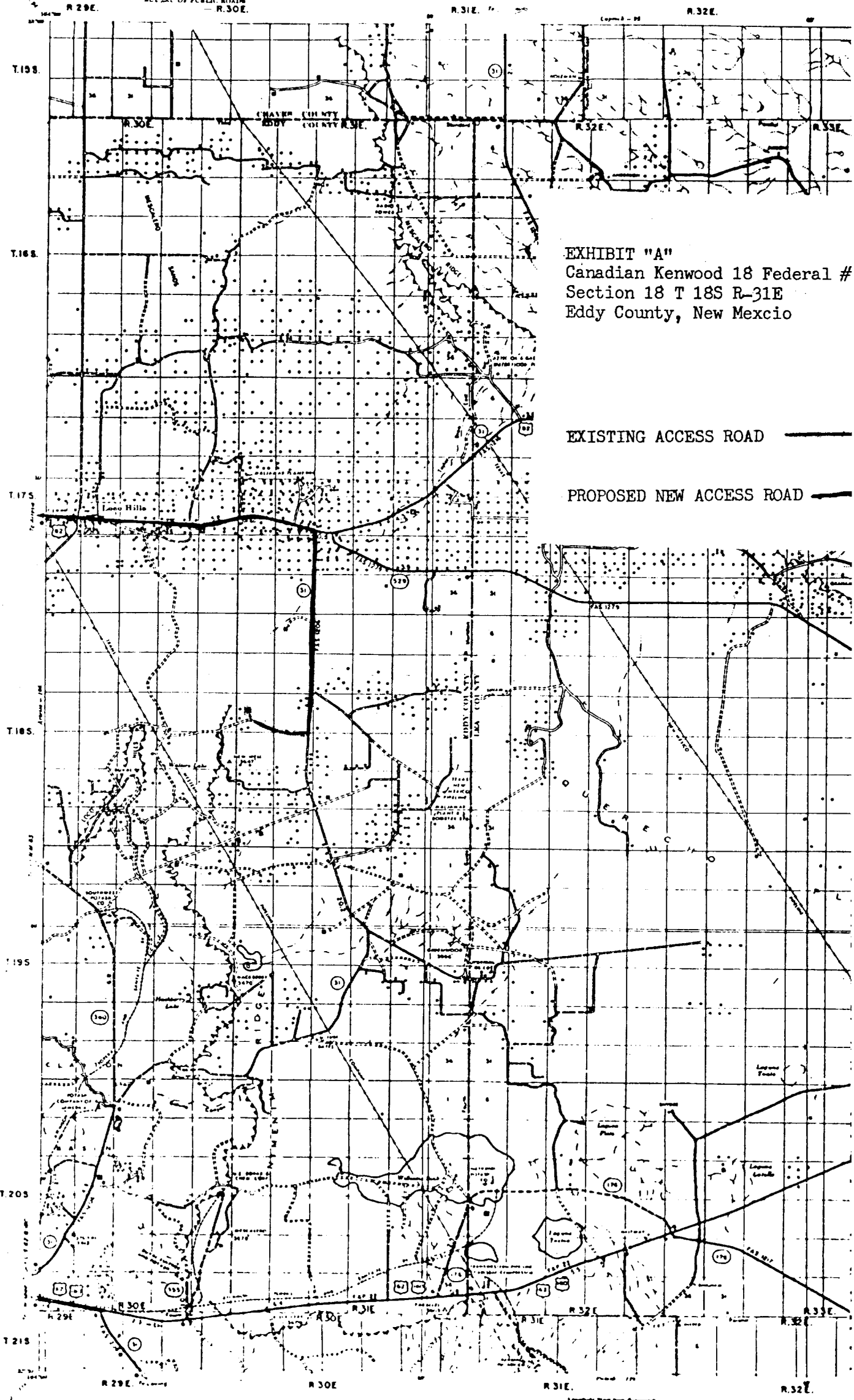


EXHIBIT "A"
Canadian Kenwood 18 Federal #
Section 18 T 18S R 31E
Eddy County, New Mexico

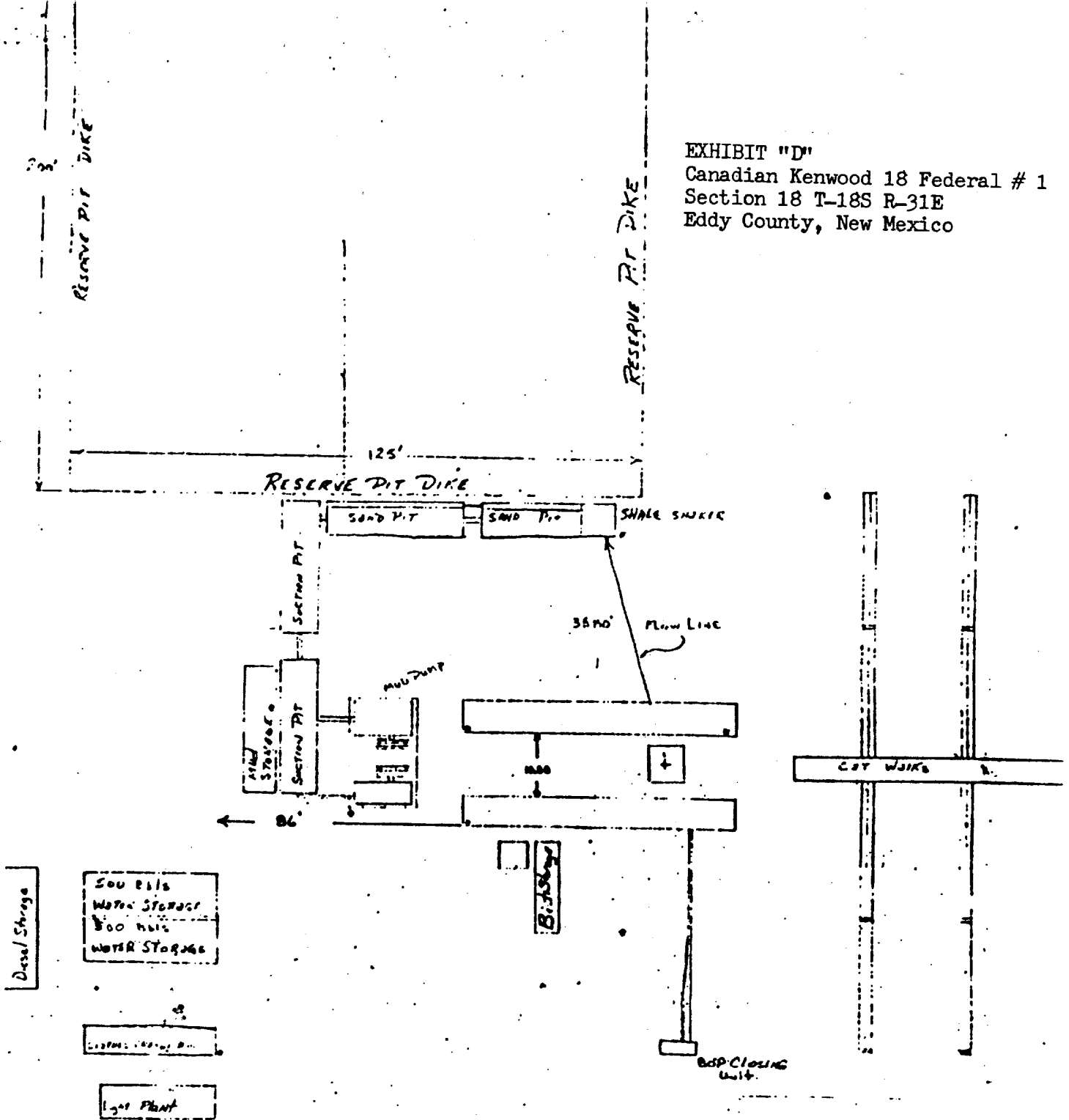
EXISTING ACCESS ROAD ———

PROPOSED NEW ACCESS ROAD - - - - -

EXHIBIT "B"
Canadian Kenwood 18 Federal #1
Section 18 T-18S R-31E
Eddy County, New Mexico

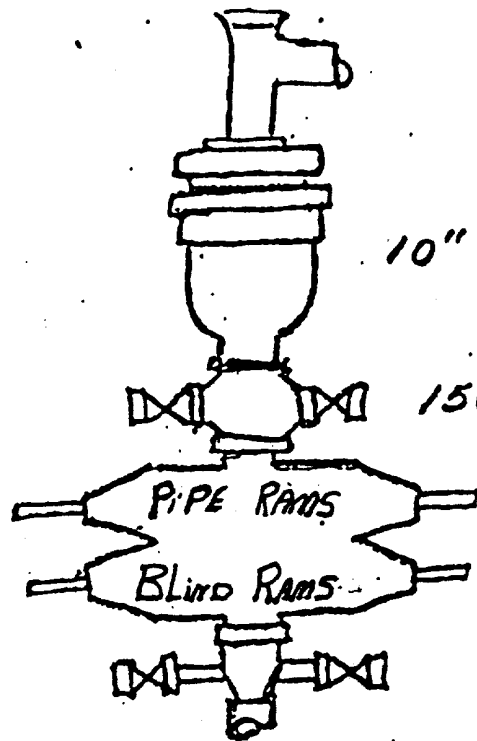
EXHIBIT "D"

Canadian Kenwood 18 Federal # 1
 Section 18 T-18S R-31E
 Eddy County, New Mexico



Location Size:	
North	40'
East	150'
South	140' to 190'
West	140'

EXHIBIT "E"
Canadian Kenwood 18 Federal #1
Section 18 T-18S R-31E
Eddy County, New Mexico



10" 1500S Hydril GK

1500S DRILLING SPOOL

10" 1500S SHAFFER
DOUBLE HYDRAULIC
TYPE B