

United States Department of the Interior



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JUL 25 BUREAU OF LAND MANAGEMENT ROSWELL DISTRICT OFFICE P.Q. BOX 1397 ROSWELL, NEW MEXICO 88201

NM-24160 3162.41 (065)

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AUG 04 '88

Siete Oil & Gas Corporation P.O. Box 2523 Roswell, New Mexico 88202-2523

Gentlemen:

Your Application for Permit to Drill the Osage Federal No. 1 well in the NW1SE1 sec. 35, T. 19 S., R. 29 E., Eddy County, New Mexico, lease NM-24160, to a depth of 6000 feet to test the Undesignated Parkway Delaware in the oil-potash Area, is hereby approved as amended by stipulations attached to the application.

One copy of the application is returned herewith. Please notify the Bureau of Land Management office checked on the attached special stipulation, in sufficient time for a representative to witness all cementing operations.

Approval of this application 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.

EQ)

	Sincerely,	20
	Orlg. Sgd. David L. Mari	
		C.O
~ .	Francis R. Cherry, Jr.	1
	District Manager	
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1 Enclosure

cc: VNMOCD-Hobbs - 2

Form 3160-3 (November 1983)	5	EDCETXEES	• •	(Othe	T IN TRI er instruct reverse sid	ions on	Duu	approved. get Bureau I ires August	10, 1004-	60 -0136
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Siete Oil & Ga	s Corporation						9. WELL	-		
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NE. ...EXICO OIL CONSERVATION COMMISSI WELL LOCATION AND ACREAGE DEDICATION PLAT

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Form C+102 Supersedes C+128 Effective 1-1-65

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Operator SIETE OIL	& GAS CORPORATIO	Le	osage Fede	ral	Well No.
Unit Letter Sect J	ion Townshi 35	19 South	^{Range} 29 East	County Eddy Coun	ıty, N.M.
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No allowable w	ill be assigned to the	e well until all ir	terests have been	consolidated (by comm	unitization, unitization.
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SUPPLEMENTAL DRILLING DATA
SIETE OIL AND GAS CORPORATION
OSAGE FEDERAL NO. 1
1980' FSL & 1980' FEL
Section 35: T19S, R29E
Eddy County, New Mexico
Lease Number - NM-24160

The following items supplement "Onshore Oil and Gas Order No. 1:

1. The geologic surface is quaternary.

2. The estimated geological marker tops:

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B/Salt		1300'
Queen		2500'
T/Del.		3200'
T/Bone	Spring	5800'

3. Estimated depths to water, oil or gas:

Water: Approximately 220' Oil or Gas: 3300' - 5800'

4. Proposed casing program:

Size	Interval	Weight	Grade	<u>Joint</u>	<u>New or Used</u>
13 3/8"	0 - 350'	54.5#	J-55	ST&C	New
8 5/8"	0 - 2500'	24 & 32.0	J-55	ST&C	New
5 1/2"	0 - T.D.	15.5#	J-55	ST&C	New

- 5. Pressure Control Equipment: The blowout preventer will be a double ram type preventer. A sketch is attached.
- 6. Mud Program:
 0 350': Native mud adding gel and lime for sufficient viscosity to insure clean hole for running casing.
 350' 2500': Drill out with native becoming brine.
 2500' T.D.: Drill out of intermediate with a cut brine system to T.D.
- 7. Auxiliary Equipment: A kelly cock will be installed on the rig floor while drilling operation are in progress..
- 8. Testing, Logging and Coring Programs: Possible drill stem tests and/or coring is not planned.

Logging: Compensated Neutron - Formation Density - Gamma Ray - Caliper - Dual Laterolog - RXO.

9. No abnormal pressures or temperature zones are anticipated.

10. Anticipated starting date: Commence drilling operations ASAP.

SURFACE USE PLAN

FOR

DRILLING, COMPLETING AND PRODUCING

SIETE OIL AND CAS CORPORATION Osage Federal No. 1 1980' FSL & 1980' FEL Section 35: T19S, R29E Eddy County, New Mexico Lease Number: NM-24160

LOCATED:

17 miles Northeast of Carlsbad, New Mexico

FEDERAL LEASE NUMBER: NM-24160

LEASE ISSUED: February 1, 1975

RECORD LESSEE: Conoco, Inc.

BOND COVERAGE: \$25,000 Bond of Siete Oil and Gas Operator

1320

ACRES IN LEASE:

SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE:

Snyder Ranches C/O Larry Squires P.O. Box 726 Lovington, NM 88260 Telephone: 393-7544

POOL:

EXHIBITS:

A. Area Road Map

- B. Topographic Map Showing Access Route
- C. Lease Map Showing Well Tests

Undesignated Parkway Delaware

D. Sketch of Well Pad

ROAD LOG TO PROPOSED DRILLSITE

Starting point being Pecos River Bridge - Carlsbad, New Mexico on Highway 62-180:

- 0.0 Proceed East Northeast on Highway 62-180 for 13.5 miles.
- 13.5 Turn North (4/10 mile past mile marker 49) on County Road 238 and proceed North for 2.1 miles (end of County Road North).
- 15.6 Proceed North off County Road (Conoco Tuesday Federal Sign) and proceed 4.1 miles.
- 19.7 Turn East and proceed 1 mile.

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20.7 Location.

- 1. EXISTING ROADS:
 - A. Existing roads, which lead to the proposed drillsite, are shown on Exhibits "A" & "B".
- 2. PROPOSED NEW ROAD:
 - A. The new access road will be 14' wide by approximately 5300' in length. New acces road will enter the Southwest corner of the location as displayed on Exhibit "B".
 - B. Surfacing Materials: Caliche
 - C. Maximum Grade: Less than 1%
 - D. Turnouts: None required
 - E. Drainage Design: None required
 - F. Culverts: None required
 - G. Cuts and Fills: Less than 3'
 - H. Gates, Cattleguards: See Exhibit "B"
- 3. LOCATION OF EXISTING WELLS:
 - A. Existing wells are shown on Exhibit "C".
- 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
 - A. If the proposed well is productive, will construct tank battery on location.
- 5. LOCATION AND TYPE OF WATER SUPPLY:
 - A. A water supply well is not planned. Water will be purchased and hauled to the well site over existing and proposed roads.
- 6. SOURCE OF CONSTRUCTION MATERIALS:
 - A. Construction material will be obtained from an existing federal pit in the SW4NE4 of Section 3: T2OS, R29E.

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

- D. Oil produced during tests will be produced into temporary test tanks.
- E. Trash, waste paper, garbage and junk will be buried in a trash pit and covered with a minimum of 24" of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "D".

8. ANCILLARY FACILITIES:

A. None anticipated.

9. WELLSITE LAYOUT:

- A. The drillsite has been surveyed, staked and flagged.
- B. The dimensions and relative location of the drill pad, mud pits and the trash pits with respect to the wellbore are shown on Exhibit "D".
- C. The wellsite is nearly level and will not require any cut or fill. The drill pad will be surfaced with caliche.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other materials not needed for operations will be removed. Pits will be filled and the location cleansed of all trash and junk to leave the wellsite in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. After abandonment, all equipment, trash and junk will be removed and the location cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and accomplished as expeditiously as possible.

11. OTHER INFORMATION:

- A. Topography: The surface is relatively flat. Drainage to Southwest.
- B. Soil: Kermit Berino fine sands.
- C. <u>Flora and Fauna</u>: Vicinity surrounding the drillsite is semi-arid desert rangeland. Vegetation is thinly scattered with desert shrubs interspersed with a small amount of native grasses. No wildlife was observed, rodents, coyotes, dove or quail.
- D. Ponds and Streams: None
- E. Residences and other Structures: A ranch house is located approximately $\frac{1}{2}$ miles Northeast of location.

- F. Archaeological, Historical and Other Cultural Sites: None were observed by this area. The pad and road areas were archaeologized on May 31, 1988.
- G. Land Use: Grazing and occasional hunting.
- 12. OPERATOR'S REPRESENTATIVE:

Representative responsible for assuring compliance with the approved Surface Use Plan:

> Harold D. Justice Petroleum Building, Suite 200 200 West First Roswell, New Mexico 88201 Office: 622-2202 Home: 625-0072

13. CERTIFICATION:

I hereby certify that I, or persons under my supervision have inspected the proposed drillsite and access road; 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 operations proposed herein will be performed by SIETE OIL AND GAS CORPORATION, and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

SIETE OIL AND GAS CORPORATION

Harold D. Justice. V. P. Drilling & Production

BOP DIAGRAM RATED 3000#



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L&M Drilling Rig No. 1

Exhibit 'D' Siete Oil & Gas Corporation Osage Federal No. 1 1980' FSL & 1980' FEL Sec. 35, T19S, R29E Eddy County, N.M.



Petroleum Building Suite 200 P.O. Box 2523 Roswell, New Mexico 88202 Telephone (505) 622-2202 May 31, 1988

Lundeburg Ind. P. O. Box 31 Carlsbad, NM 88220

Attention: Mr. Bob Krul

Re: Notice of Intent to Drill <u>Township 19 South, Range 29 East, NMPM</u> <u>Section 35: SW4, W2SE4</u> Eddy County, New Mexico

Dear Mr. Krul:

As per our conversation this morning, we have been notified by the Bureau of Land Management that the above location lies within a restricted potash area under which you have a lease on adjoining lands. Pursuant to potash stipulations referred to in NMOCD R-111-A, we are hereby giving you notice of our intent to drill at a location within the SW_4 , W_2SE_4 Section 35, T-19-S, R-29-E, Eddy County, New Mexico.

The test well would be drilled to a depth of 6200' to adequately test the Delaware formation, which if completed as a producer, would be classified as an oil well. The test well is located at a legal location on the above described property.

Pursuant to such regulations, we would respectfully request that you respond favorably to us within 10 days. For your convenience we have added at the end of this letter an approval for execution by an officer of your company. You may execute one copy and return it to us, keeping the other copy for your records.

If you have any questions in regard to this matter, please do not hesitate to call.

Very truly yours,

SIETE OIL & GAS CORPORATION

GENE SHUMATE

Vice President Land

The undersigned has no objections and approves the request by Siete Oil & Gas Corporation to drill an oil well to a depth of approximately 6200 feet at a legal location within the property referenced above.

LUNDEBURG IND.

6-2-82

SIETE OIL & GAS CORPORATION

Petroleum Building Suite 200 P.O. Box 2523 Roswell, New Mexico 88202 Telephone (505) 622-2202

May 31, 1988

Amax Chemical Corporation Minesite Carlsbad, NM 88220

> Re: Notice of Intent to Drill <u>Township 19 South, Range 29 East, NMPM</u> <u>Section 35: SW1, W1SE1</u> Eddy County, New Mexico

Gentlemen:

In a conversation this morning with Lundeburg, we were notified that Amax Chemical was the operator of the Potash lease on State of New Mexico lands in the above described area. We have been notified by the Bureau of Land Management that the above location lies within a restricted potash area under which you have ongoing operations. Pursuant to potash stipulations referred to in NMOCD R-111-A, we are hereby giving you notice of our intent to drill at a location within the SW $\frac{1}{4}$, $W\frac{1}{2}SE\frac{1}{4}$ Section 35, T-19-S, R-29-E, Eddy County, New Mexico.

The test well would be drilled to a depth of 6200' to adequately test the Delaware formation, which if completed as a producer, would be classified as an oil well. The test well is located at a legal location on the above described property.

Pursuant to such regulations, we would respectfully request that you respond favorably to us within 10 days. For your convenience we have added at the end of this letter an approval for execution by an officer of your company. You may execute one copy and return it to us, keeping the other copy for your records. For your information we have under separate letter notified Lundeberg Ind. of our intent to drill in the area.

If you have any questions in regard to this matter, please do not hesitate to call.

Very truly yours,

SIETE OIL & GAS CORPORATION

GENE SHUMATE

Vice President Land

The undersigned has no objections and approves the request by Siete Oil & Gas Corporation to drill an oil well to a depth of approximately 6200 feet at a legal location within the property referenced above.

AMAX CHEMICAL CORPORATION

CHILF MING WRINGON

June 2, 1988

Date