

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

2. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

3. NAME OF OPERATOR

Siete Oil and Gas Corporation

4. Area Code & Phone No.

(505)622-2202

5. ADDRESS OF OPERATOR

P.O. Box 2523

Roswell, NM 88202-2523

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

At surface 2310' FSL & 2310' FWL, NE 1/4 SW 1/4, Unit Letter K

At proposed prod. zone Same

MAR - 6 '90

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

17 miles NE Carlsbad, NM

O. C. D.

8. DISTANCE FROM PROPOSED*

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

2310'

9. NO. OF ACRES ASSIGNED

1320

10. NO. OF ACRES ASSIGNED
TO THIS WELL

40

11. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

560'

12. PROPOSED DEPTH

8500'

13. ROTARY OR CABLE TOOLS

Rotary

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

3308' GR

15. APPROX. DATE WORK WILL START*

ASAP

PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
26"	20"	94#	J-55	8rd	350'	350 sxs circ
17 1/2"	13 3/8"	54#	J-55	8rd	1150'	500 sxs circ
12 1/4"	8 5/8"	24# & 32#	J-55	8rd	3200'	1000 sxs circ
7 7/8"	5 1/2"	20# & 17#	J-55 & N-80	8rd	8500'	1500 sxs

Selectively perforate and treat pay zones.

Attachments:

Survey plat (C-102)

Supplemental drilling data

Surface use plan

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

* Note: Fresh Water mud will be used while drilling the Capitan Reef interval.

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.

SIGNED

Clayton Bailey

TITLE

Drig. & Prod. Tech.

DATE

2/8/90

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

DATE

3-5-90

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISS.
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section.

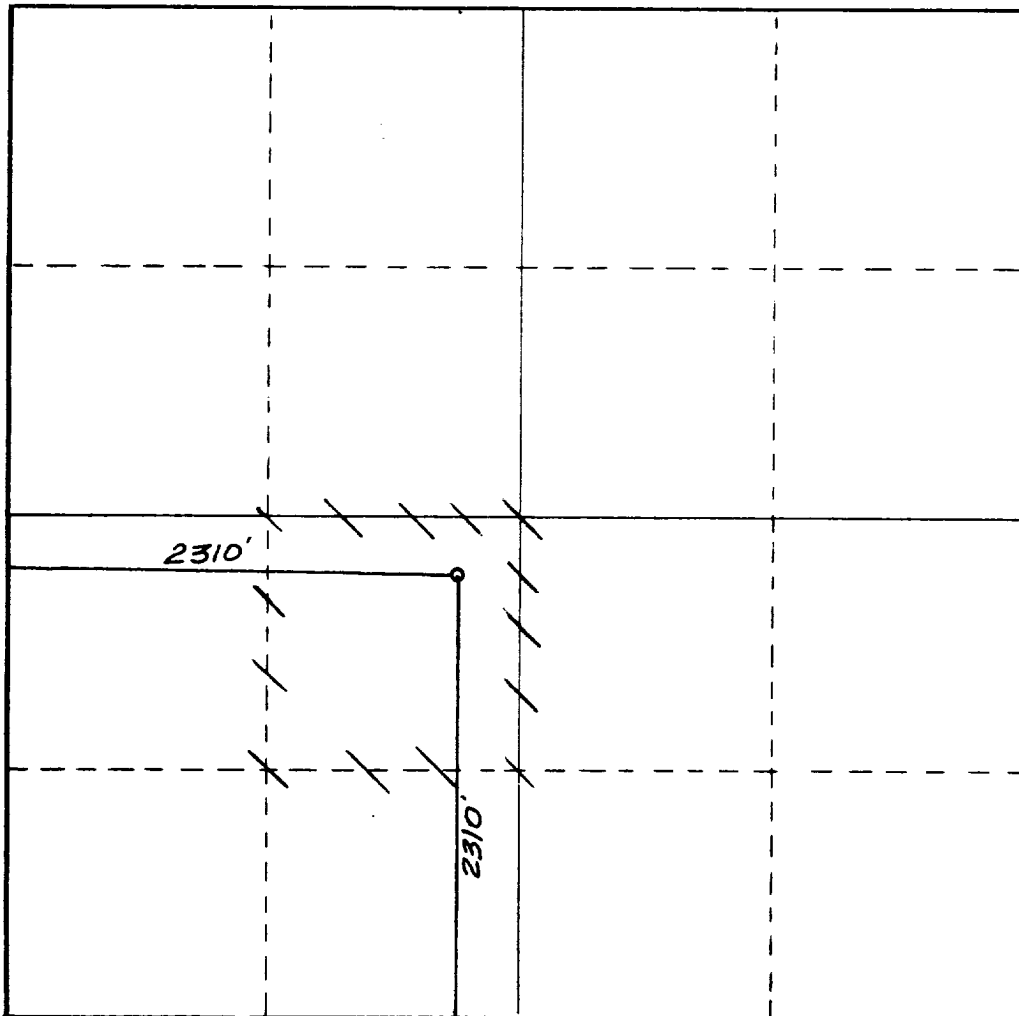
Operator SIETE OIL & GAS CORPORATION			Lease Osage Federal		Well No. 17
Unit Letter K	Section 34	Township 19 South	Range 29 East	County Eddy County, N.M.	
Actual Footage Location of Well: 2310 feet from the West line and 2310 feet from the South line					
Ground Level Elev. 3308.	Producing Formation Bone Spring	Pool Parkway	Dedicated Acreage: 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 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.

Harold D. Justice

Name
Harold D. Justice

Position
V.P. Drilling & Production

Company
Siete Oil & Gas Corporation

Date
February 8, 1990

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.

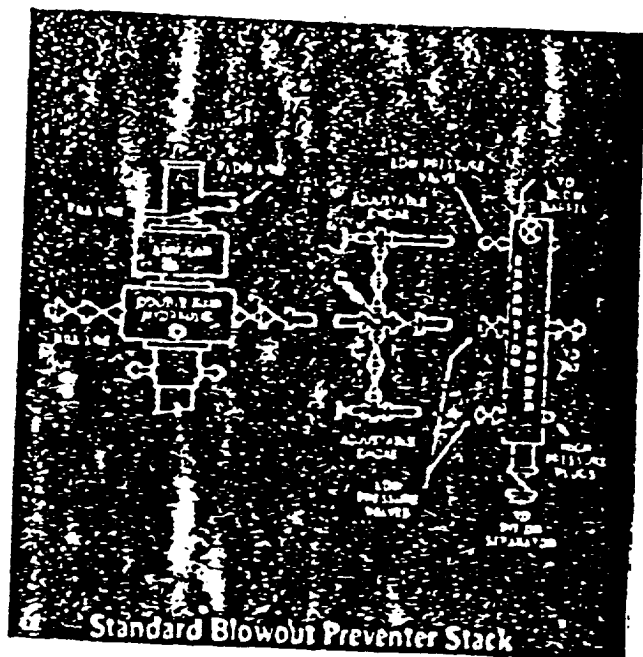
Date Surveyed
February 5, 1990

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.
NM PE&LS NO. 5412

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



One hydraulic double 10" X 900 series.
 One Hydril 10" X 900 series.
 Choke manifold 4" X 900 series flanged
 connections. 4 valve accumulator closing
 unit.

SUPPLEMENTAL DRILLING DATA
SIETE OIL AND GAS CORPORATION
OSAGE FEDERAL #17
2310' FSL & 2310' FWL
Section 34: 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:

B/Salt	920'
Queen	2485'
Del. Sand	3375'
T/Bone Spring	5635'

3. Estimated depths to water, oil or gas:

Water: Approximately 220'
Oil or Gas: 8000'

4. Proposed casing program:

<u>Size</u>	<u>Interval</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>	<u>New or Used</u>
20	0 - 350'	94#	J-55	LT&C	New
13 3/8	0 - 1150'	54#	J-55	LT&C	New
8 5/8	0 - 3200'	24# & 32#	J-55	LT&C	New
5 1/2	0 - T.D.	17#	J-55 & N-80	LT&C	New

5. Pressure Control Equipment: The blowout preventer will be a double ram type preventer. A sketch is attached.

6. Mud Program:

* See Note
on Form
3160-3
(555)

0-350':	Native mud adding gel and lime for sufficient viscosity to insure clean hole for running casing.
350'-3200':	Cut Brine.
3200'-T.D.:	Drill out with native becoming brine, add starch and salt gel to maintain a viscosity of 30, @ T.D. 40; mud weight 9.3#.

7. Auxiliary Equipment: A kelly cock will be installed on the rig floor while drilling operations 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 GAS CORPORATION
Osage Federal No. 17
2310' FSL & 2310' FWL
Section 34: 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

ACRES IN LEASE: 1320

SURFACE OWNERSHIP: Federal

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

POOL: Parkway Bone Spring

EXHIBITS: A. Area Road Map
B. Topographic Map Showing Access Route
C. Lease Map Showing Well Tests
D. Sketch of Well Pad

ROAD LOG TO PROPOSED DRILLSITE

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

- 0.00 Proceed East - Northeast on Highway 62-180 for 13.5 miles.
- 13.50 Turn North (4/10 mile past mile marker 40) on County Road 238 and proceed North for 2.1 miles (end of County Road North).
- 15.60 Proceed North off County Road (Conoco - Tuesday Federal sign) and go 4.0 miles (.3 mile North of Osage Federal No. 8).
- 19.60 Turn East and go .25 miles.
- 19.85 Location.

THIRTEEN POINT PROGRAM

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 will be approximately 14' wide and will be .25 mile entering the location from the Southeast corner.
- 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: None required

3. LOCATION OF EXISTING WELLS:

- A. Existing wells are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. If the well is productive, we will construct a flowline parallel with the access road to tank battery on the Osage Federal No. 8 (SW $\frac{1}{4}$ NE $\frac{1}{4}$).

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 SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3: T20S, 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. If the well is found to be productive, a powerline will be built from the Osage Federal No. 8 (SW $\frac{1}{4}$ NE $\frac{1}{4}$) following lease road R/W to location.

9. WELLSITE LAYOUT:

- A. The drill site 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 the West.
- B. Soil: Kermit Berino fine sands.
- C. Flora and Fauna: 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: None in the immediate area.
- F. Archaeological, Historical and Other Cultural Sites: None were observed in this area. The pad area was archaeologized on February 5, 1990.
- 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 88202
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

Date: 2/8/90

BY: Harold D. Justice *HJD*
Harold D. Justice
V.P. Drilling & Production

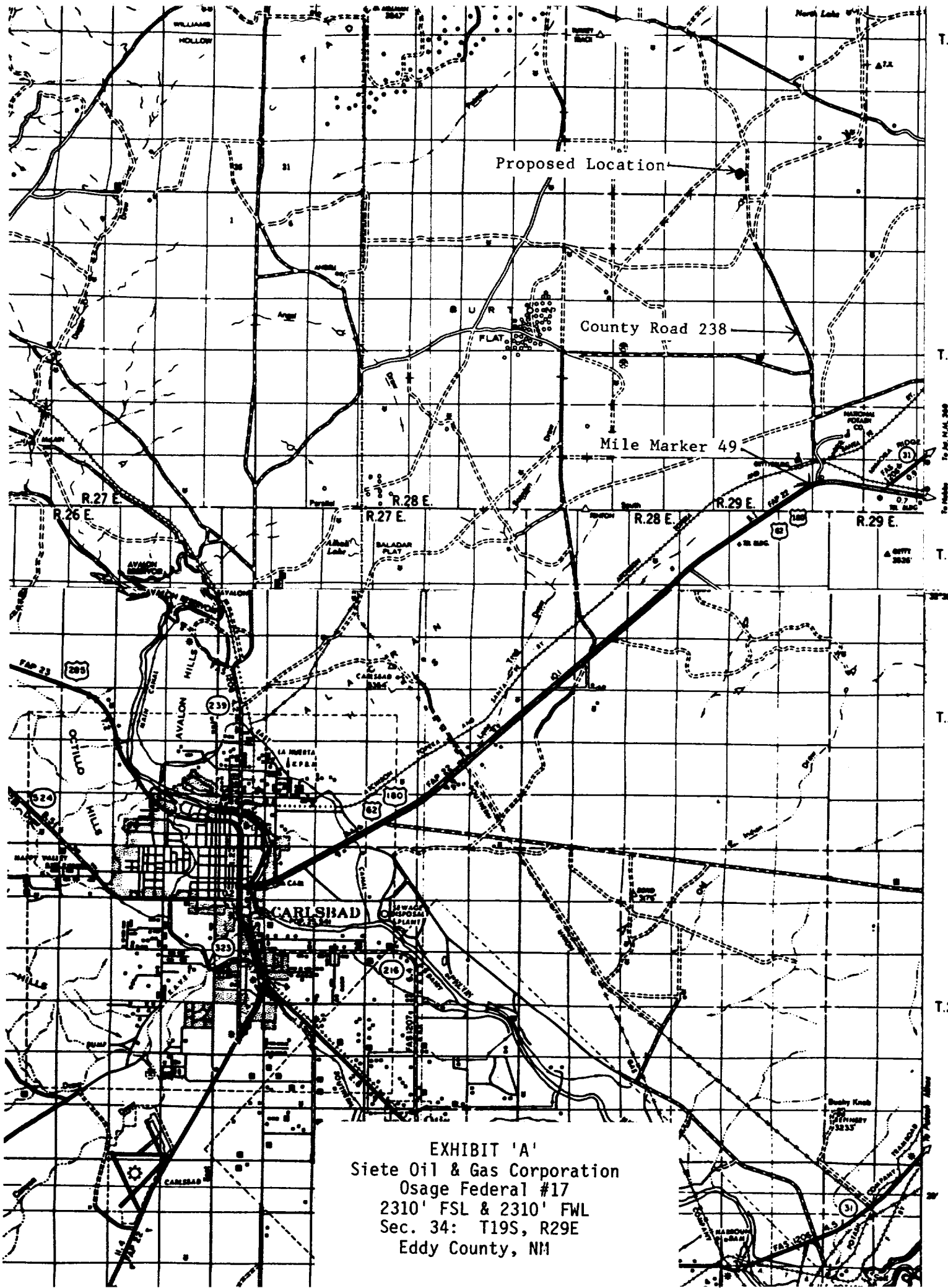
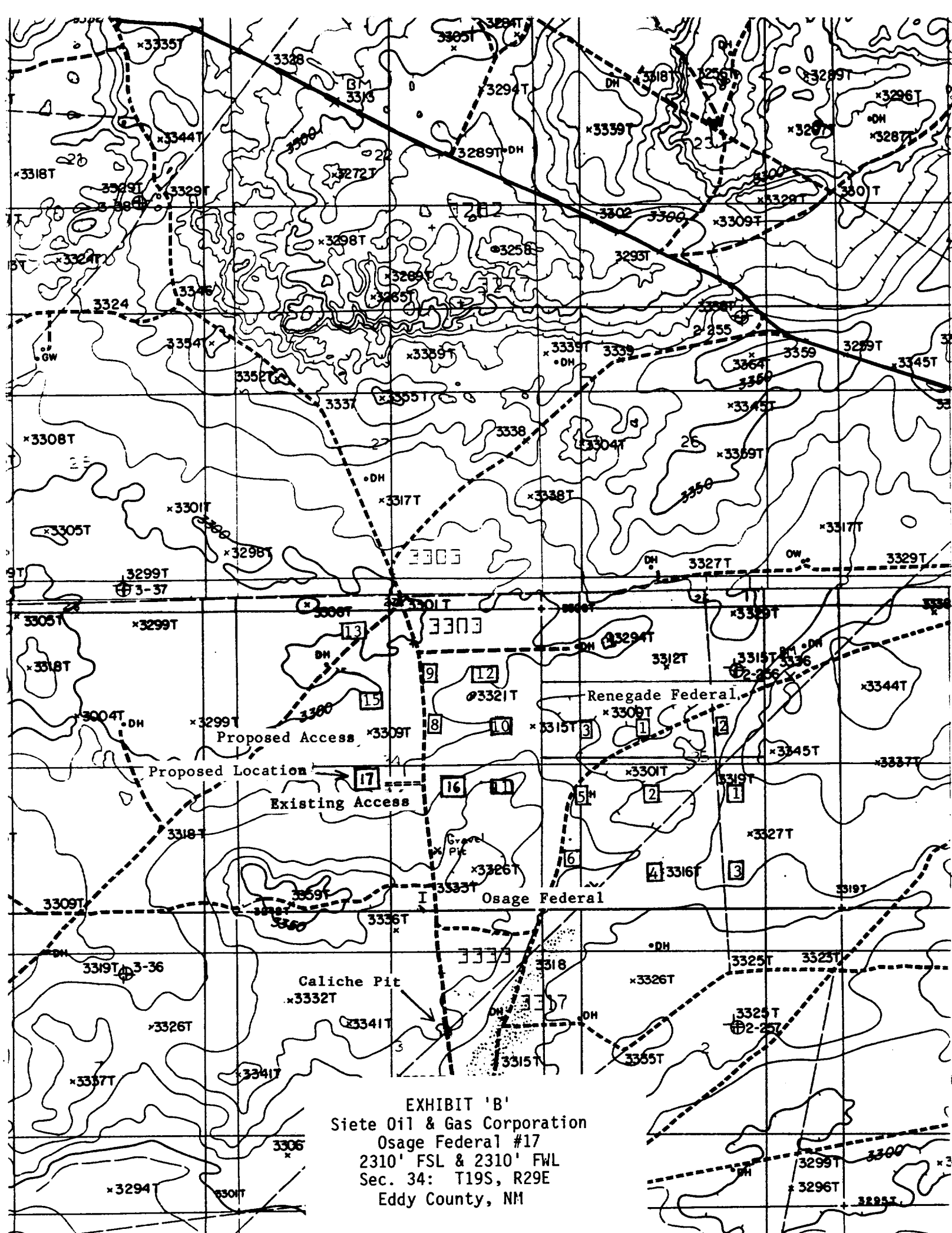


EXHIBIT 'A'
Siete Oil & Gas Corporation
Osage Federal #17
2310' FSL & 2310' FWL
Sec. 34: T19S, R29E
Eddy County, NM



PALMILLO

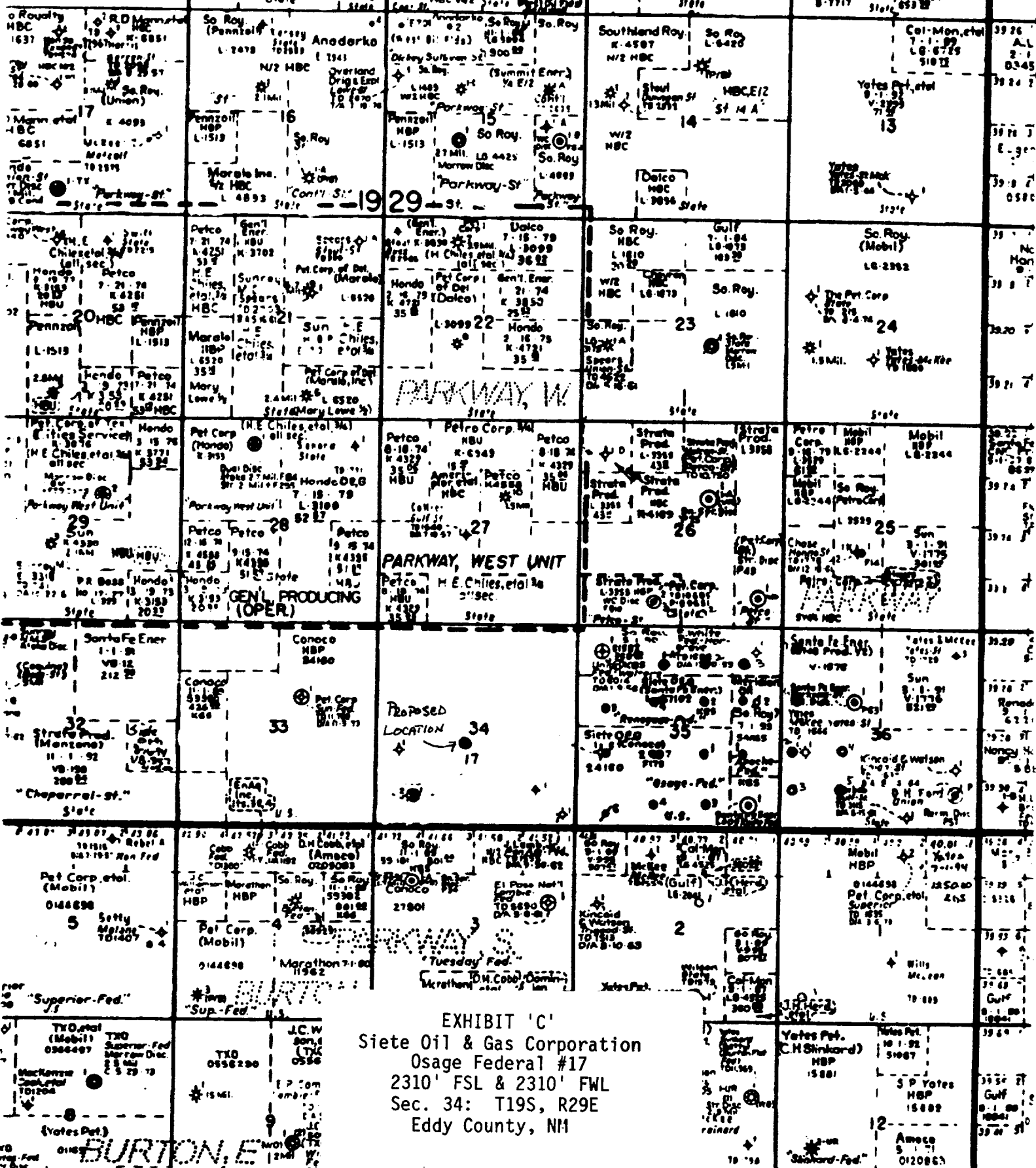


EXHIBIT 'C'
Siete Oil & Gas Corporation
Osage Federal #17
2310' FSL & 2310' FWL
Sec. 34: T19S, R29E
Eddy County, NM

Location & Pit Specs
1-1-89

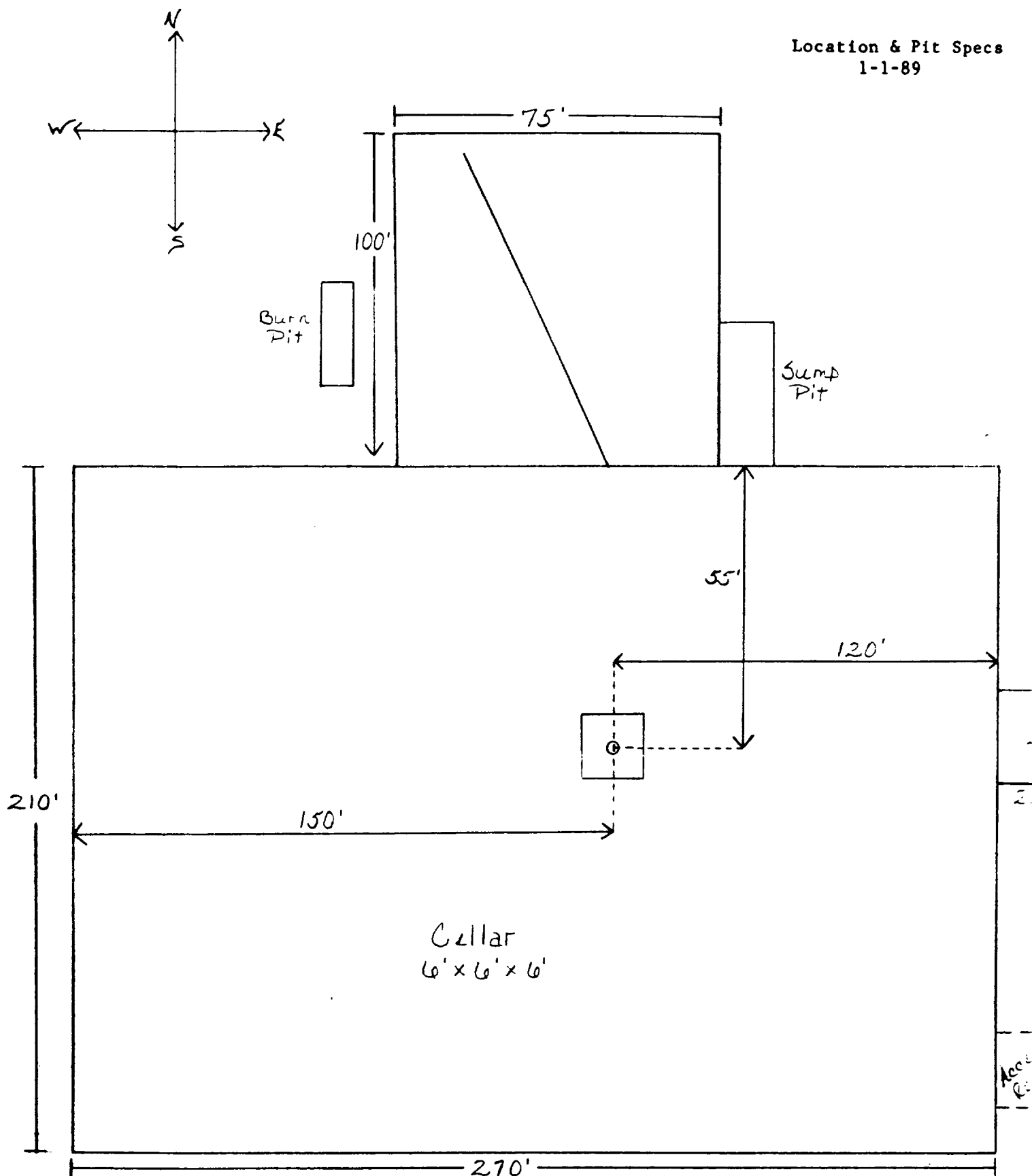


EXHIBIT 'D'
Siete Oil & Gas Corporation
Osage Federal #17
2310' FSL & 2310' FWL
Sec. 34: T19S, R29E
Eddy County, NM