

UNITED STATES N. M. Oil Conservation Division
DEPARTMENT OF THE INTERIOR 811 S. 1ST ST.
BUREAU OF LAND MANAGEMENT ARTESIA, NM 86210-2834

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Santa Fe Energy Resources, Inc.

20305

3. ADDRESS AND TELEPHONE NO.

550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

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

At surface

(J) 1650' FSL & 1980' FEL
At proposed prod. zone

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

10.2 miles SE of Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED*

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

660'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED

TO THIS WELL 320

18. DISTANCE FROM PROPOSED LOCATION*

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

738'

19. PROPOSED DEPTH

12000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3675' GR

22. APPROX. DATE WORK WILL START*

September 30, 1998

23.

PROPOSED CASING AND CEMENT

CAPITAN CONTROLLED WATER BASIN

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	H-40 13 3/8"	48.0	700'	575 sx to circulate
11"	K-55 8 5/8"	32.0	4500'	1275 sx to circulate
7 7/8"	N-80 & S-95 5 1/2"	17.0	12000'	1100 sx for TOC @ 6000'

We propose to drill to a depth sufficient to test the Morrow formation for gas. If productive, 5 1/2" casing will be cemented to TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

Post JD-1
10-23-98
HPT & KOC

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No.: MT 0750 ATTACHED

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 preventer program, if any.

24.

SIGNED

TITLE

Agent for Santa Fe Energy

DATE

9.3.98

(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:

(ORIG. SGD.) ARMANDO A. LOPEZ

Acting

Assistant Field Office Manager.

OCT 15 1998

APPROVED BY

TITLE

Lands and Minerals

DATE

*See Instructions On Reverse Side

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94

Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P. O. Box 2088
Santa Fe, New Mexico 87504-2088

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

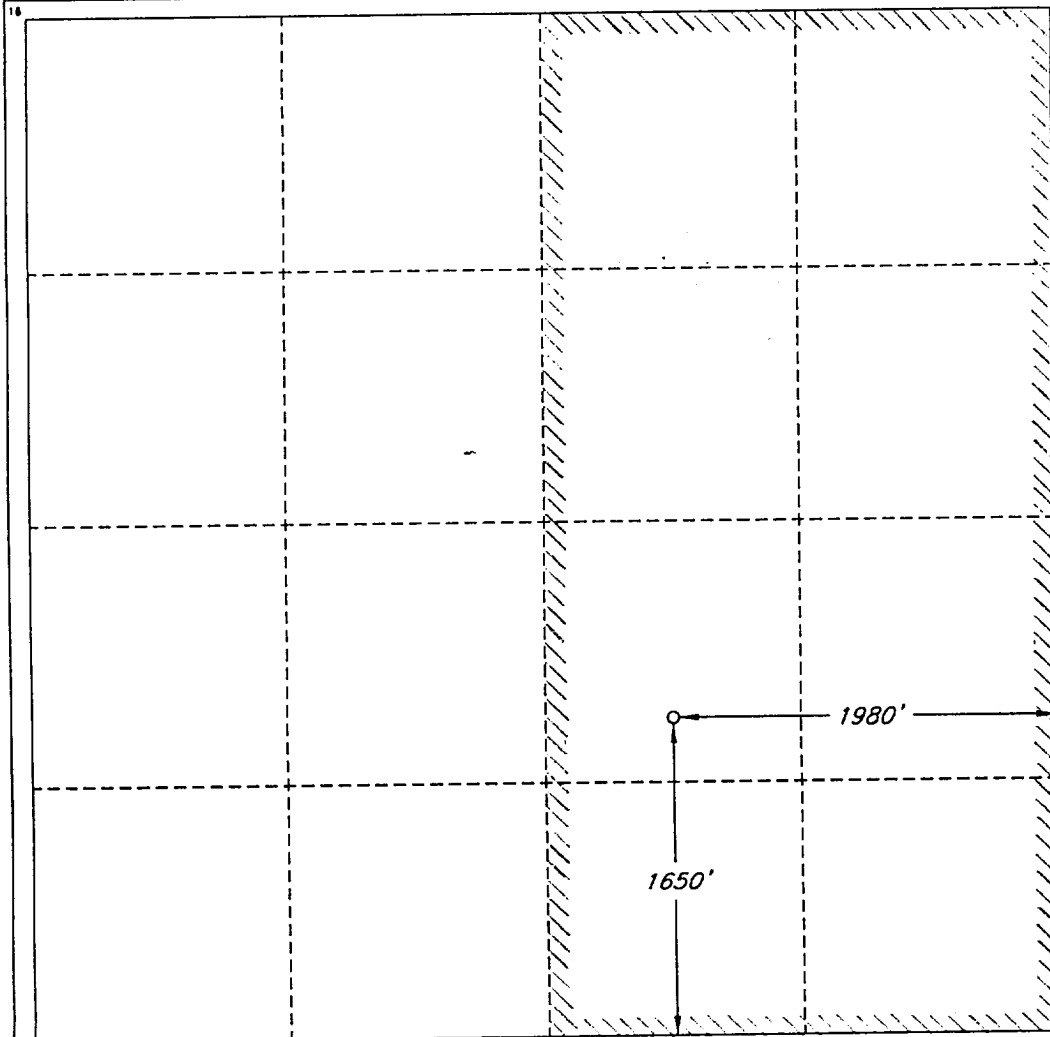
☐ AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name North Shugart (Morrow)					
4 Property Code		5 Property Name SHUGART '23' FEDERAL						6 Well Number 1	
7 OGRID No. 20305		8 Operator Name SANTA FE ENERGY RESOURCES, INC.						9 Elevation 3675'	
10 SURFACE LOCATION									
UL or lot no. J	Section 23	Township 18 SOUTH	Range 31 EAST, N.M.P.M.	Lot Ida	Feet from the 1650'	North/South line SOUTH	Feet from the 1980'	East/West line EAST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 Order No.			
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION									



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
James P. "Phil" Stinson
Printed Name
James P. "Phil" Stinson
Title
Agent for Santa Fe Energy
Date
9-3-98

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

Date of Survey
AUGUST 27, 1998
Signature and Seal of Professional Surveyor
Roger M. Robbins
12128
Certificate No.
ROGER M. ROBBINS P.S. #12128
JOB #60201 / 73 NE / V.H.B.

PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT

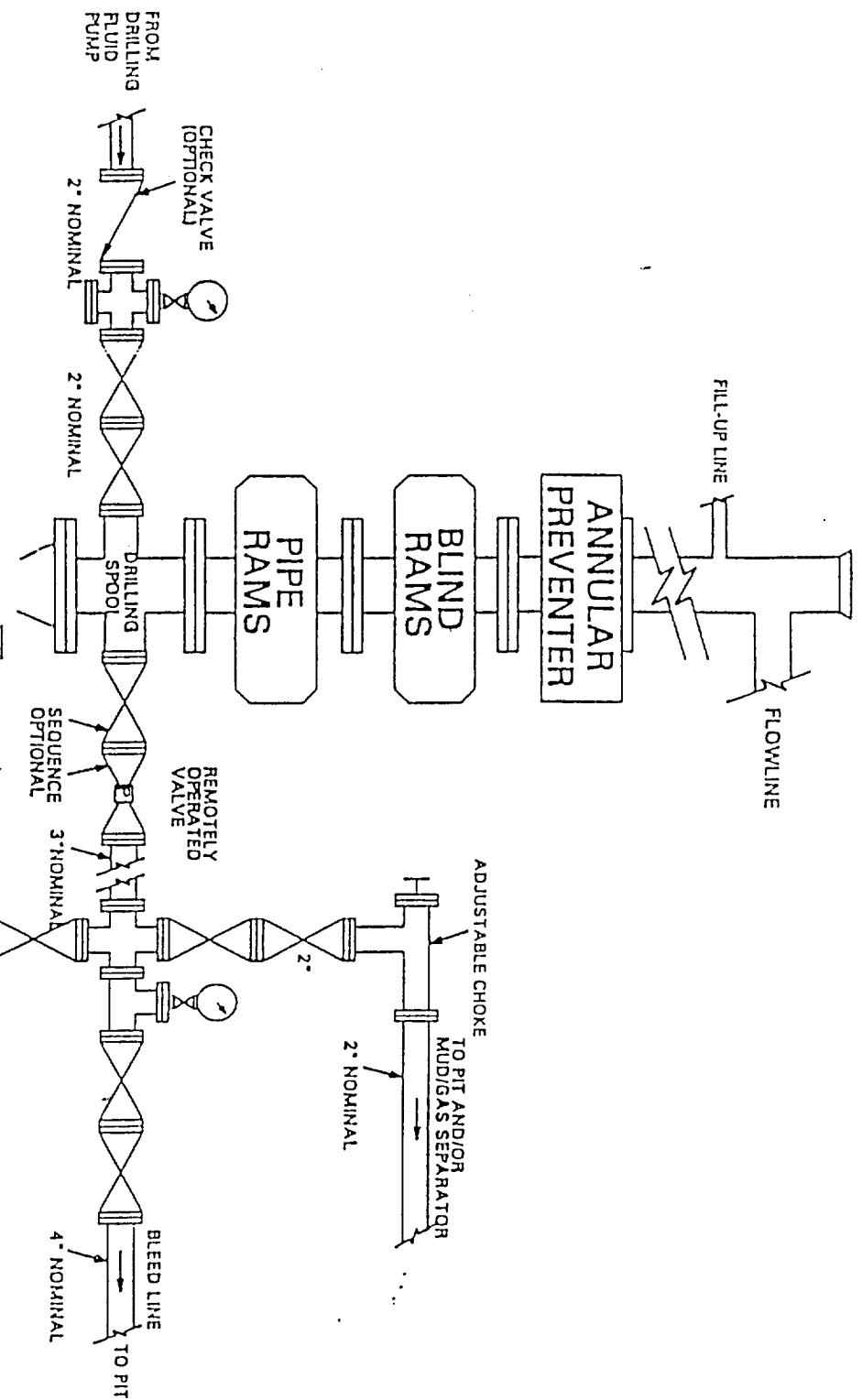


EXHIBIT B

SANTA FE ENERGY RESOURCES, INC.
 Shugart "23" Fed Com No.1
 1650' FSL & 1980 FEL
 Section 23, T-18-S, R-31-E
 Eddy County, New Mexico