Form 3160-3 (July 1992)

Ray Westall

30-015-31613

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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5. LEASE DESIGNATION AND SERIAL NO.: LC NM-058709 A

6. IF INDIAN, ALLOTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: Taylor Unit

8. FARM OR LEASE NAME, WELL NO.: Taylor # 20 (API 11714)

9. API WELL NO.: 30-015-31613

10. FIELD AND POOL, OR WILDCAT: Shugart ; Delaware

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA: Sec.13 T18S, R31E

12. COUNTY OR PARISH: Eddy

13. STATE: New Mexico

1a. TYPE OF WORK: DRILL [x] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [x] GAS WELL [ ] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Ray Westall 18862

3. ADDRESS AND TELEPHONE NO.: P.O. Box 4, Loco Hills, NM 88255 505-677-2370

4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS)
AT SURFACE: 1300' FNL & 2620' FWL
AT PROPOSED PROD. ZONE: Same Unit C

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 10 Miles Southeast of Loco Hills NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1300'	640	40
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
660'	3800'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3732' Gr.

APPROX. DATE WORK WILL START: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WT PER FT	SETTING DEPTH	QUANTITY OF CEMENT
12 14"	8 5/8" J-55	32# St&C 8RD	1000'	350 SXS "C" Circulated WITNESS
7 7/8"	5 1/2" J-55	15#LT&C 8RD	3800'	850 SXS "C" Circulated

ALL CASING WILL BE NEW
CEMENT WILL BE CIRCULATED ON T 8
CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

PROPOSED MUD PROGRAM

1000'	FRESH WATER w/ PAPER. MW 8.4 VIS-31
1000-3800'	BRINE WATER w/PAPER. MW 10.0 VIS 30

MUD PROGRAM SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

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 Randall Harris TITLE Geologist DATE 3/7/67

(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 (ORIG. SGD.) ARMANDO A. LOPEZ TITLE Acting Field Manager, Minerals DATE FEB 2001

APPROVAL FOR 1 YEAR

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS 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

Form 3160-3 (July 1992)

Ray Westall

N. M. Oil Cons. Division
811 S. 1ST ST
ARTESIA, NM 8821

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

3-13-97 pdm

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: LC NM-058709

6. IF INDIAN, ALLOTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [x] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [x] GAS WELL [ ] OTHER — SINGLE ZONE [x] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME: Taylor Unit

8. FARM OR LEASE NAME, WELL NO.: Taylor # 20

2. NAME OF OPERATOR: Ray Westall

9. API WELL NO.: 30-015-29499

3. ADDRESS AND TELEPHONE NO.: P.O. Box 4, Loco Hills, NM 88255 505-677-2370

10. FIELD AND POOL, OR WILDCAT: 56439 Shugart; Yeso-Tubb-Qn-GB

4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS)

AT SURFACE: 1300' FNL & 2620' FWL

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA: Sec.13 T18S, R31E

AT PROPOSED PROD. ZONE: Same Unit C

12 COUNTY OR PARISH: Eddy

13. STATE: New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 10 Miles Southeast of Loco Hills NM

16. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
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660'	3800'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3732' Gr.

APPROX. DATE WORK WILL START: ASAP

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CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

NSL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

PROPOSED MUD PROGRAM

1000'	FRESH WATER w/ PAPER. MW 8.4 VIS-31
1000-3800'	BRINE WATER w/PAPER. MW 10.0 VIS 30

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ORD 3/20/97

24. SIGNED: Randall Harris TITLE: Geologist DATE: 3/7/97

(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 _____ TITLE MINERALS DATE 4/1/97

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS 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

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
		STUGART

[4] Property Code	[5] Property Name	[6] Well Number
	Taylor Unit	20

[7] OGRID No.	[8] Operator Name	[9] Elevation
	Ray Westall, Operator	3732

[10] Surface Location

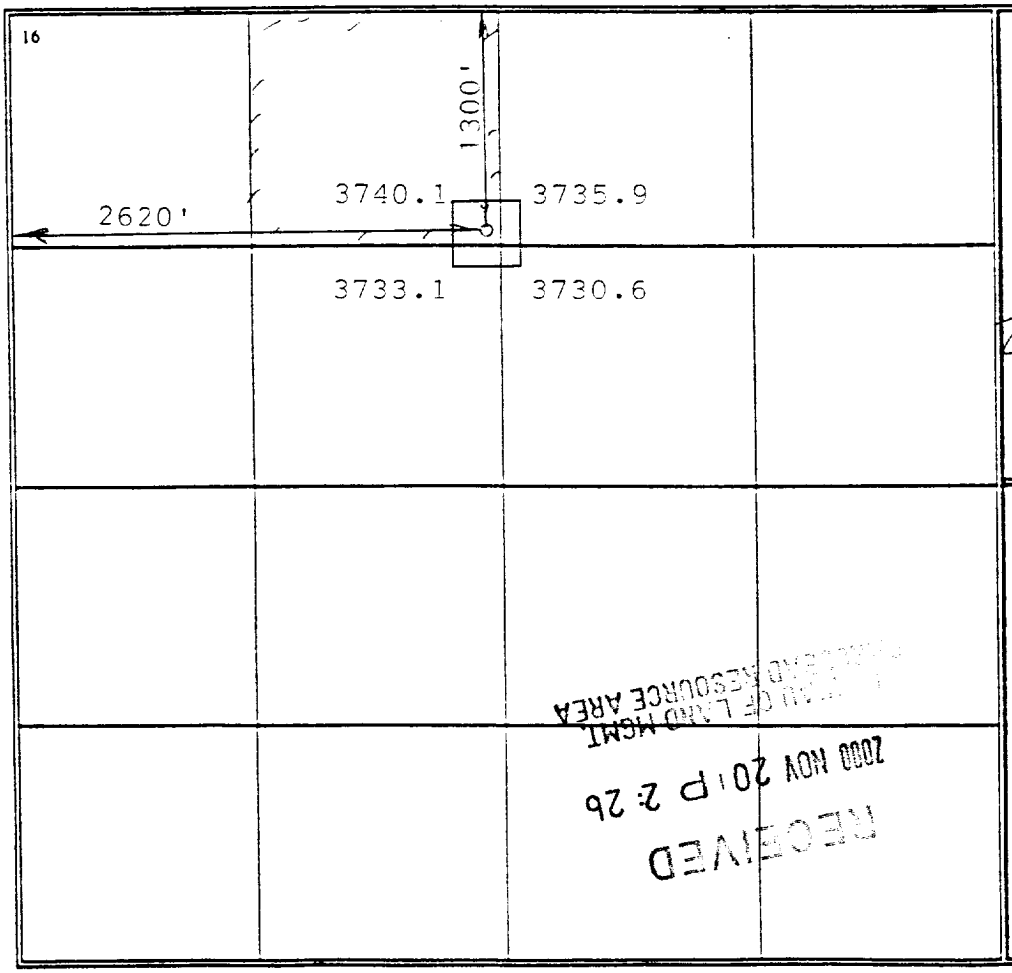
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	13	18s	31e		1300	North	2620	West	Eddy

[11] 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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.

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



[17] OPERATOR CERTIFICATION

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

Signature

Printed Name: Randall Harris

Title: Geologist

Date: 3/27/97

[18] 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.

December 27, 1996

Date of Survey

Signature and Seal of Professional Surveyor: R. PATTON, NEW MEXICO, 8112, REGISTERED PROFESSIONAL LAND SURVEYOR

P.R. Patton 8112

Certificate Number

RECEIVED
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OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

APPLICATION FOR DRILLING

Ray Westall
Taylor # 20
1300' FNL & 2620' FWL
Section 13
Township 18 South, Range 31 East
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Ray Westall submits the following ten items of pertinent information in accordance with BLM requirements:

1. Geological surface formation:

   Quaternary.

2. Estimated tops of geologic markers are as follows:

B/Salt	2110
Yates	2380
Queen	3490

3. The estimated depths at which anticipated water, oil & gas formations are expected to be encountered:

Water	
Quaternary:	0-180'
Oil and Gas	
Queen:	3490-3550'

4. Casing program:
   All casing will be new

Hole Size	Interval	Casing
12 1/4"	0-1000'	8 5/8" 32# J-55 ST&C
7 7/8"	1000-3800'	5 1/2" 15.5# J-55 ST&C

Cement Program:

8 5/8"	Cemented to surface with 350 sxs "C" with 1/4 lb/sk Cellophane Flakes + 2% CaCl.
5 1/2"	Cemented to surface with 850 sxs "C" 2% CaCl, and 5# per sack NACL.

5. Pressure Control Equipment:

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a 3M system double ram type (3000 psi WP) preventor. The BOP will be installed on the 8 5/8" surface casing and utilized continuously until total depth is reached. Prior to drilling out the casing shoe, the BOP will be function tested.

6. Mud Program:

Depth	Type	Weight	Viscosity
0-1000'	Fresh Water	8.4	31-33
1000-3800	Brine Water	10.0	30

7. Auxiliary Equipment:

A kelly cock will be in the drill string at all times.

8. Logging Program:

No drillstem tests are planned.

DLL-Gr., Caliper TD to Surface casing,

CNL/FDC-Gr. and Caliper TD to Surface casing

CNL/GR TD to surface.

9. Abnormal Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. Estimated BHP is 1200#, Estimated BHT is 106.F. No major loss circulation intervals have been encountered in adjacent wells.

10. Anticipated starting date:

As soon as possible.

Duration:

6 days drilling
8 days completion

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

RAY WESTALL
Taylor Unit #20

This plan is submitted with form 3160-3, 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 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 effect associated with the operation.

1. Existing Roads.
   Exhibit A is a portion of a county road map showing the roads in the vicinity of the proposed location.

2. Planned Access Road.
   Approximately 460' of new road will be constructed.

   Directions:
   Proceed west from Loco Hills to state road 222. Turn south 4 miles to Westall Road, turn east one mile, north-east 2 miles the new road will start here and go south.

3. Location of Existing Wells.
   Exhibit B is a topo map showing the existing wells.

4. Location of Existing/or proposed Facilities:
   If productive a 3" SDR-7 flow line will be routed along existing ROW to the Taylor Unit Facility located in the NWSE of section 12. A three phase power line and poles will be routed along existing ROW.

5. Location and Type of Water Supply.
   It is planned to drill the proposed well with fresh and brine water system. The water will be obtained from commercial sources and will be hauled to the location by truck.

6. Source of Construction Materials.
   Caliche will be obtained from construction of the reserve pits. If not enough is obtained from the pit then location and road will be hauled in from an approved caliche pit.

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 pits are dry.
   C. Produced water during operations will be stored in reserve pits until dry.
   D. Oil produced during operations will be stored in tanks until sold.
   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
   F. Trash, waste paper, garbage and junk will be stored in a wire cage preventing blowing or scattering by the wind. After drilling and completion all waste will be removed to an approved site.

8. Ancillary Facilities
   None required.

9. Wellsite Layout.
   Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, a 400' X 400' area has been staked and flagged.

10. Plans For Restoration of The Surface.

   A. After finishing drilling and completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
   B. Unguarded pits, if any containing fluids will be fenced until they have been filled.
   C. If the proposed well is non-productive, all rehabilitation and or vegetation requirements of the BLM and USGS 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 land surface in the vicinity of the wellsite is sandy loam soil.
B. Flora and Fauna: The vegetation cover consists of prairie grass, greasewood and miscellaneous desert growth. No wildlife was observed, but wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.
C. There are no ponds, lakes or rivers in the area.
D. There are no inhabited dwellings in the vicinity of the proposed well.
E. Surface ownership is federal.
F. Evidence of archeological sites has been reported and previously filed by Archaeological Survey Consultants.

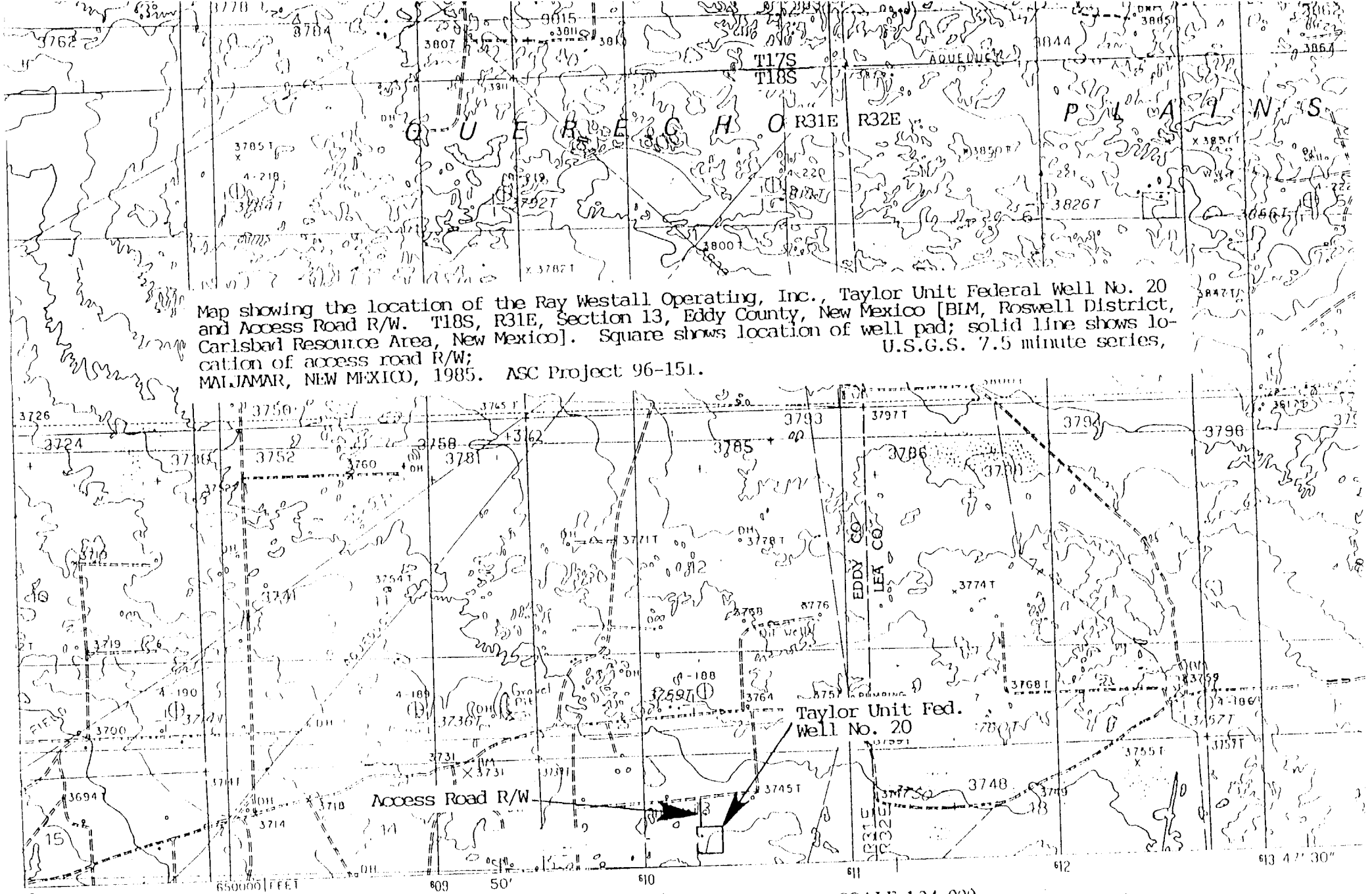
12. Operator's Representative:

Ray Westall
P.O. Box 4,
Loco Hills, NM 88255
(505) 677-2370

13. Certification:

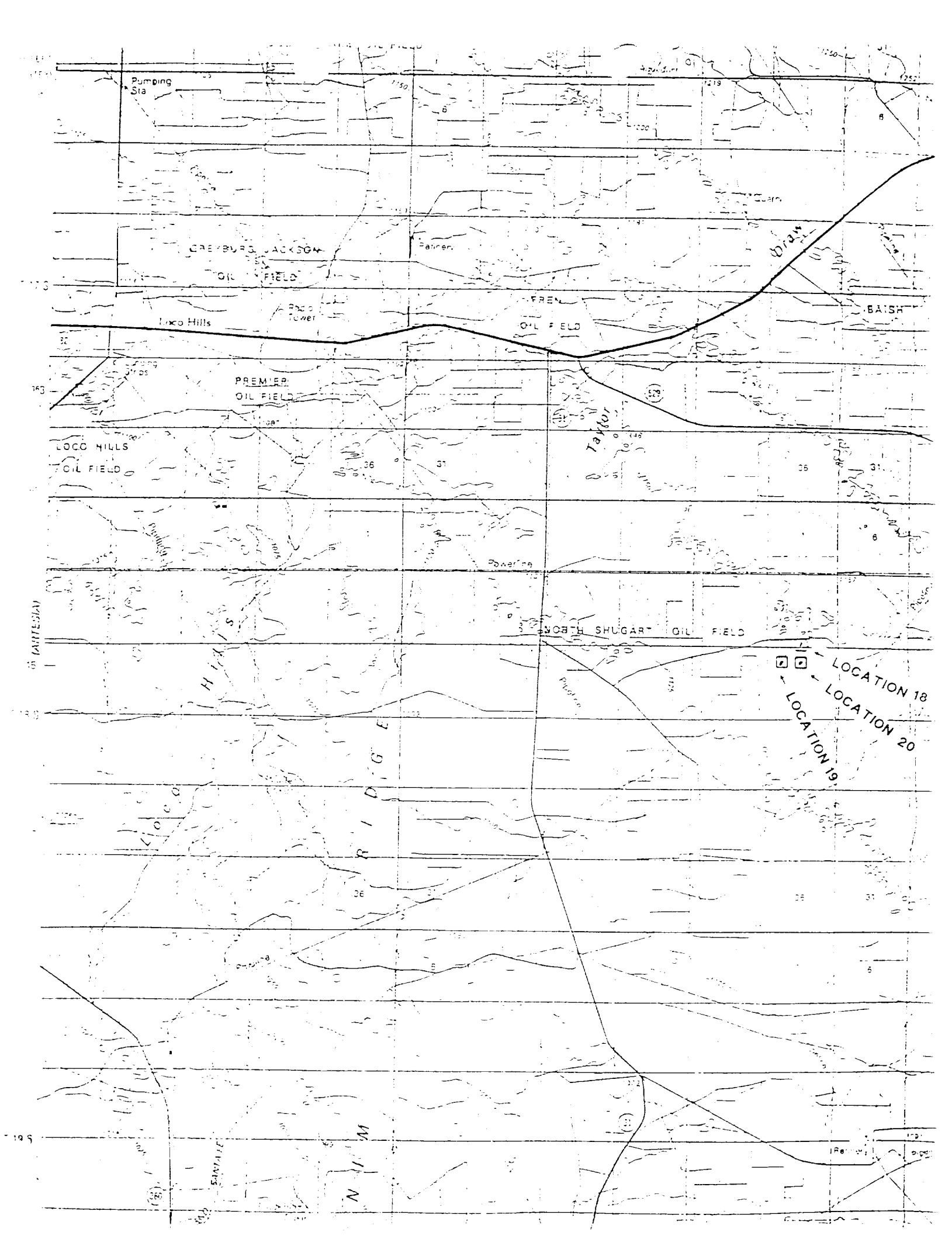
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge true and correct: and that the work associated with the operation proposed herein will be performed by the operator and it's subcontractors in conformity with this plan and the terms and conditions under which is approved.

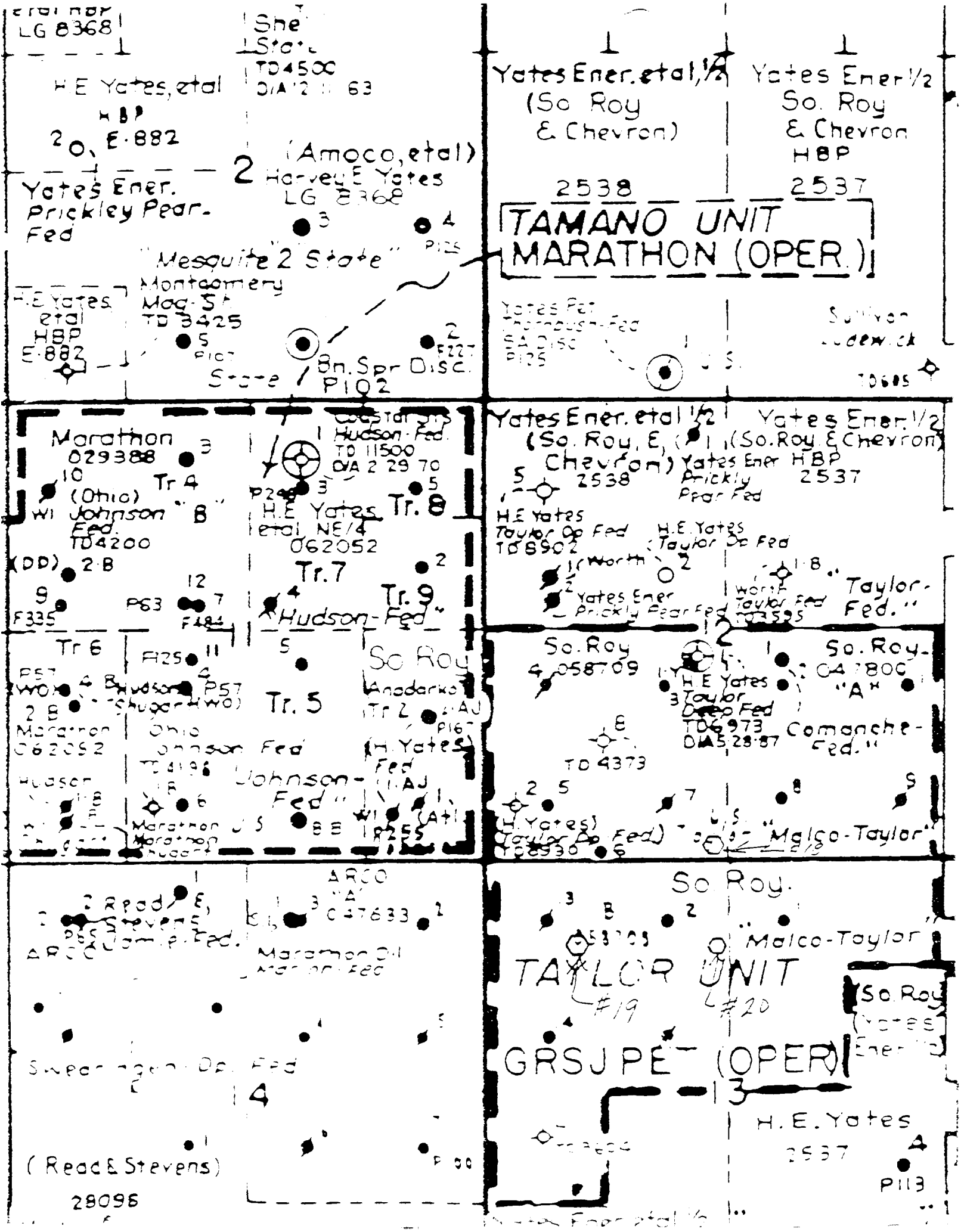
Randall L. Harris



Map showing the location of the Ray Westall Operating, Inc., Taylor Unit Federal Well No. 20 and Access Road R/W. T18S, R31E, Section 13, Eddy County, New Mexico [BLM, Roswell District, Carlsbad Resource Area, New Mexico]. Square shows location of well pad; solid line shows location of access road R/W; U.S.G.S. 7.5 minute series, MALJAMAR, NEW MEXICO, 1985. ASC Project 96-151.

CAL SURVEY
SGS, NOS/NOAA
. 1978
. 1985
RSE MERCATOR
. . . . . ZONE 13
ICO, EAST ZONE
. . . 0°39' EAST
. . . 9°30' EAST
DATUM OF 1929


Pumping Sta
GRAYBURG JACKSON
OIL FIELD
Loco Hills
PREMIER
OIL FIELD
LOCO HILLS
OIL FIELD
NORTH SHUGART OIL FIELD
LOCATION 18
LOCATION 20
LOCATION 19
Taylor
Powerline
Pipeline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H E Yates, etal
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E-882
Yates Ener.
Prickley Pear-
Fed
(Amoco, etal)
Harvey E Yates
LG 8368
"Mesquite 2 State"
Montgomery
Mag-St
TD 3425
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etal
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& Chevron)
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& Chevron
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TAMANO UNIT
MARATHON (OPER.)
Yates Pet
Hornbuckle-Fed
SA Disc
P125
Sullivan
TD 6015
Marathon
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(Ohio)
Johnson
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TD4200
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Chevron)
Yates Ener 1/2
(So.Roy & Chevron)
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Pear Fed
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H.E Yates
Taylor Dp Fed
TD 8902
H.E. Yates
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Yates Ener
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Taylor-
Fed.
So. Roy
058709
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H E Yates
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Deep Fed
TD 6973
DA 5-28-87
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Fed.
TD 4373
(H. Yates)
Taylor Dp Fed)
TD 8930
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ARCO
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C-37633
Marathon Oil
Marathon Fed
Read & Stevens
Jamie Fed.
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(Read & Stevens)
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3
So. Roy
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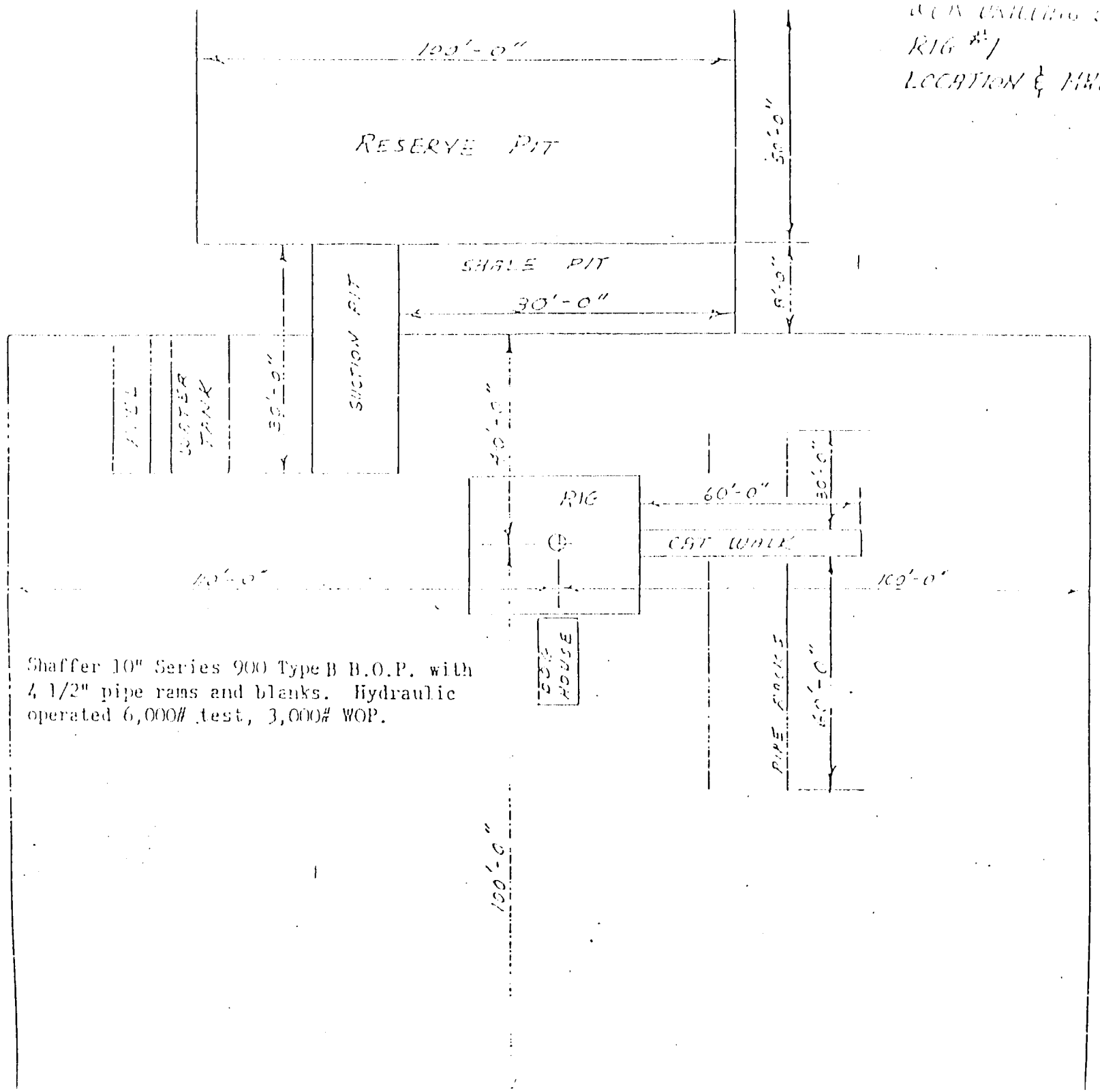
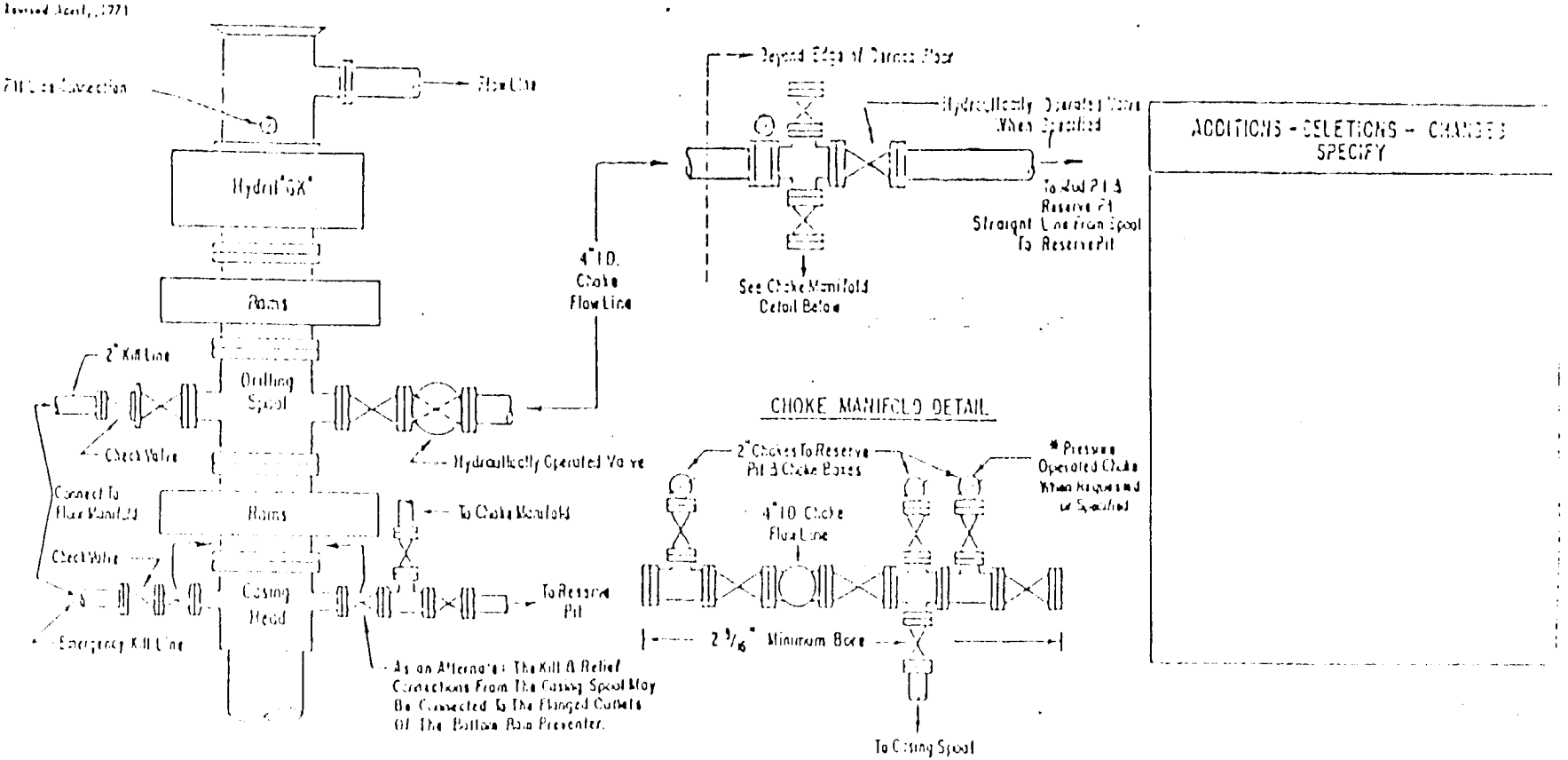
H. E. Yates
2537
P113

RIG #1
LOCATION & MUD PIT SKE



Shaffer 10" Series 900 Type B B.O.P. with 4 1/2" pipe rams and blanks. Hydraulic operated 6,000# test, 3,000# WOP.

EXHIBIT NO. 1
Revised April, 1971



ADDITIONS - DELETIONS - CHANGES
SPECIFY

3000 PSI WORKING PRESSURE BLOWOUT PREVENTER HOOK-UP

The blowout preventer stack shall consist of one blind ram preventer and one pipe ram preventer, both hydraulically operated, a Hydril "GK" preventer, valves, chokes and connections as illustrated. If a tapered drill string is used, a ram preventer must be provided for each size of drill pipe. Casing and tubing rams to fit the preventers are to be available as needed. If correct in size, the flanged outlets of the ram preventer may be used for connecting to the 4-inch I.D. choke flow line and kill line, except when air or gas drilling. The substructure height shall be sufficient to install a rotating blowout preventer.

Minimum operating equipment for the preventers or hydraulically operated valves shall be as follows: (1) Multiple pumps, driven by a continuous source of power, capable of fluid charging the total accumulator volume from the nitrogen precharge pressure to its rated pressure within ____ minutes. Also, the pumps are to be connected to the hydraulic operating system which is to be a closed system. (2) Accumulators with a precharge of nitrogen of not less than 750 PSI and connected so as to receive the aforementioned fluid charge. With the charging pumps shut down, the pressured fluid volume stored in the accumulators must be sufficient to close all the pressure-operated devices simultaneously within ____ seconds, after closure, the remaining accumulator pressure shall be not less than 1000 PSI with the remaining accumulator fluid volume at least ____ percent of the original. (3) When requested, an additional source of power, remote and equivalent, is to be available to operate the above pumps, or there shall be additional pumps operated by separate power and equal in performance capabilities.

The closing manifold and remote closing manifold shall have a separate control for each pressure-operated device. Controls are to be labeled, with control handles indicating open and closed positions. A pressure relief valve and regulator must be provided for operating the Hydril preventer. When requested, a second pressure reducer shall be available to limit operating fluid pressures to non-preventer units. Type 10 or 20 hydraulic oil, or equivalent or better, is to be used as the fluid to operate the hydraulic equipment.

The choke manifold, choke flow line, and choke lines are to be supported by metal stands and adequately anchored. The choke flow line and choke lines shall be constructed as straight as possible and without sharp bends. Easy and safe access is to be maintained to the choke manifold. All valves are to be selected for operation in the presence of oil, gas, and drilling fluids. The choke flow line valves connected to the drilling spool and all ram type preventers must be equipped with stem extensions, universal joints if needed, and hand wheels when are to extend beyond the edge of the derrick substructure. All other valves are to be equipped with handles.