Form 3160-3 (July 1992)

N. M. Oil Cons. Division

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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

6. IF INDIAN, ALLOTEE OR TRIBE NAME:

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

7. UNIT AGREEMENT NAME: TAYLOR UNIT 11714

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

8. FARM OR LEASE NAME, WELL NO.: TAYLOR UNIT #22

2. NAME OF OPERATOR: RAY WESTALL 18562

9. API WELL NO.: 30-015-32078

3. ADDRESS AND TELEPHONE NO.: P.O. BOX 4, LOCO HILLS NM 88255 505.677.2370

10. FIELD AND POOL, OR WILDCAT: SHUGART; YESO-TRS-ON-GB

4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS)
AT SURFACE: 1220 FLS & 2500 FWL Ut. N
AT PROPOSED PROD. ZONE: SAME

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA: SEC. 12 T18S-R31E

12 COUNTY OR PARISH: EDDY — 13. STATE: NEW MEXICO

RECEIVED OCD - ARTESIA

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
1220	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**
600	3800	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3759

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 1/4"	8 5/8" J-55	32# ST&C 8RD	~~955~~ 945'	350 SXS CIRCULATED WITNESS
7 7/8"	5 1/2"J-55	15#LT&C 8RD	3800	850 SXS EST TOP 300'

ALL CASING WILL BE NEW, OR USED MEETING BLM SPECS.
CEMENT WILL BE CIRCULATED ON 8 5/8" CASING.
CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

PROPOSED MUD PROGRAM

0-955	FRESH WATER
955-3800	BRINE WATER

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 _____ TITLE GEOLOGIST DATE 01/13/2001

(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 /s/ LESLIE A. THEISS TITLE FIELD MANAGER DATE OCT 31 2001

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

APPROVAL FOR 1 YEAR

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-10.
Revised February 10, 199.
Instructions on bac!
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

⁴ Property Code	⁵ Property Name	⁶ Well Number
	Taylor Unit Federal	22

⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
	Ray Westall, Operator	3759

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
N	12	18s	31e		1220	South	2500	West	Eddy

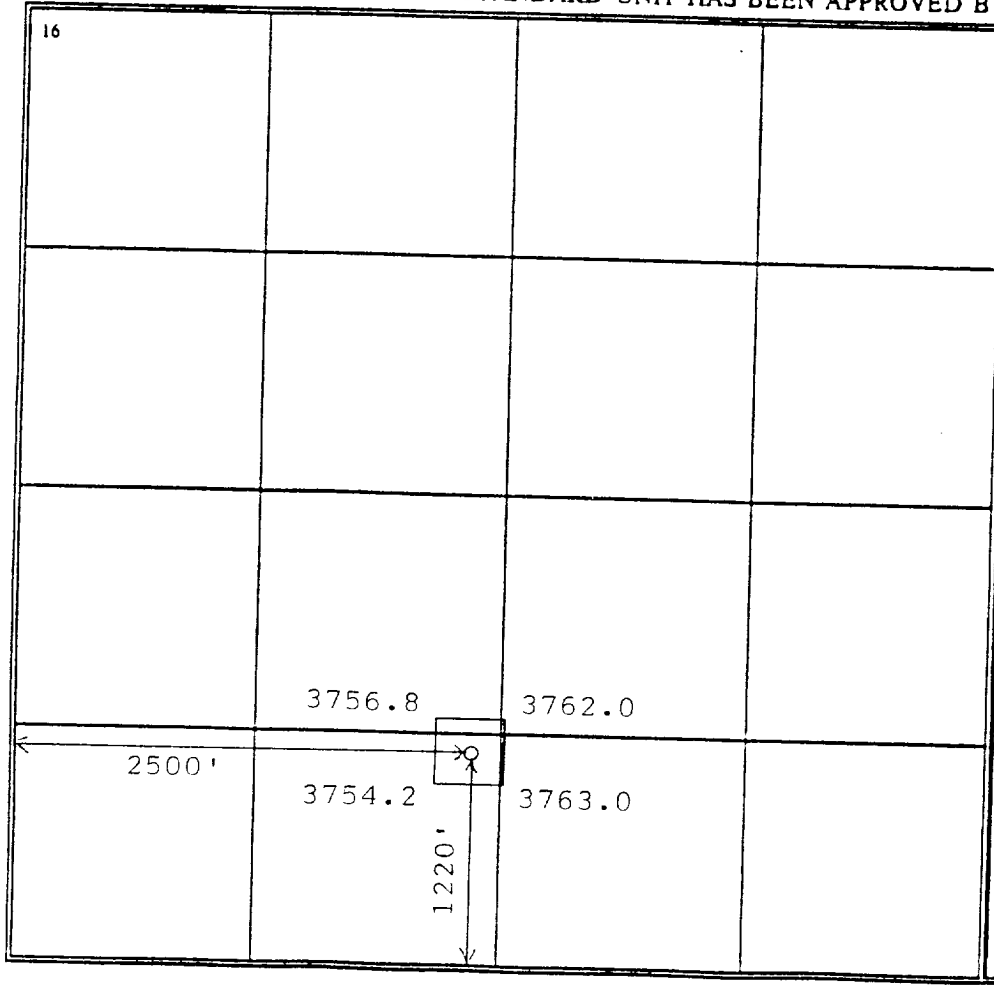
¹¹ Bottom Hole Location If Different From Surface

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.
40			

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

16



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 Ayers

Title
Geologist

Date
2/15/01

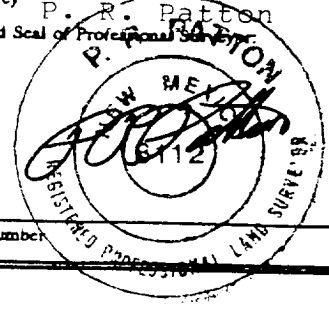
¹⁸ SURVEYOR CERTIFICATION

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.

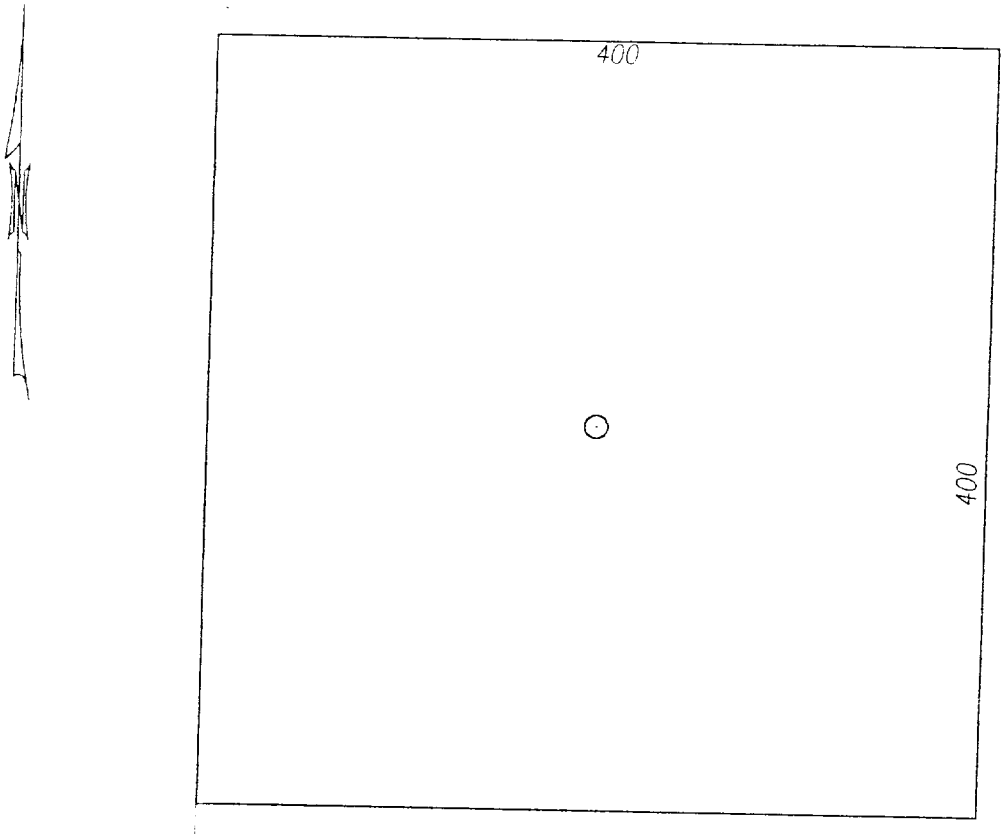
February 1, 2001

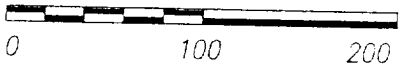
Date of Survey

Signature and Seal of Professional Surveyor
P. R. Patton



8112
Certificate Number





Centerline 412' Long
Well Pad Access Road

SITE PLAN
RAY WESTALL OPERATING
TAYLOR UNIT FEDERAL WELL No. 22
1220 FSL 2500 FWL
SEC. 12, T18S, R31E
EDDY Co., NM

APPLICATION FOR DRILLING

Ray Westall
Taylor Unit #22
1220 FSL & 2500 FWL
Section 12
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. The geological surface formation is Quaternary.

2. The estimated tops of geologic markers are as follows:
   Base Salt 2110'
   Yates 2390'
   Queen 3520'

3. The estimated depths at which anticipated water, oil & gas formations are expected to be encountered:
   Water 0-180'
   Oil & Gas Zones 3520-3600

4. Proposed casing program: See 3160-3

5. Pressure Control Equipment:
   A 900s BOP will be installed on the 8 5/8" casing and tested prior to drill out.

6. Mud Program:
   Fresh water in surface hole.
   Brine in production hole.

7. Auxiliary Equipment: None
8. Logging Program: CNL/FDC/GR, DLL.

9. No abnormal pressures or temperatures are anticipated. Estimated BHP is 2100#, Estimated BHT is 110 F.

10. Anticipated Starting date: 01/01/01
    Duration: 7 Days drilling
    5 Days completion

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

RAY WESTALL
TAYLOR UNIT #22

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 cam be made of the environmental effect associated with the operation.

1. Existing Roads.
   Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location.

2. Planned Access Road.
   Approximately 412' of new road will be constructed from the 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 poly line will be laid along existing ROW located on the Taylor Unit Facility located in the NWSE of section 12. A 3 phase power line and poles will be routed along the existing ROW paralleling the road.

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.
   The location and road will be from pit excavation and or 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 pit, 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 with caliche hills and outcrops.

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.

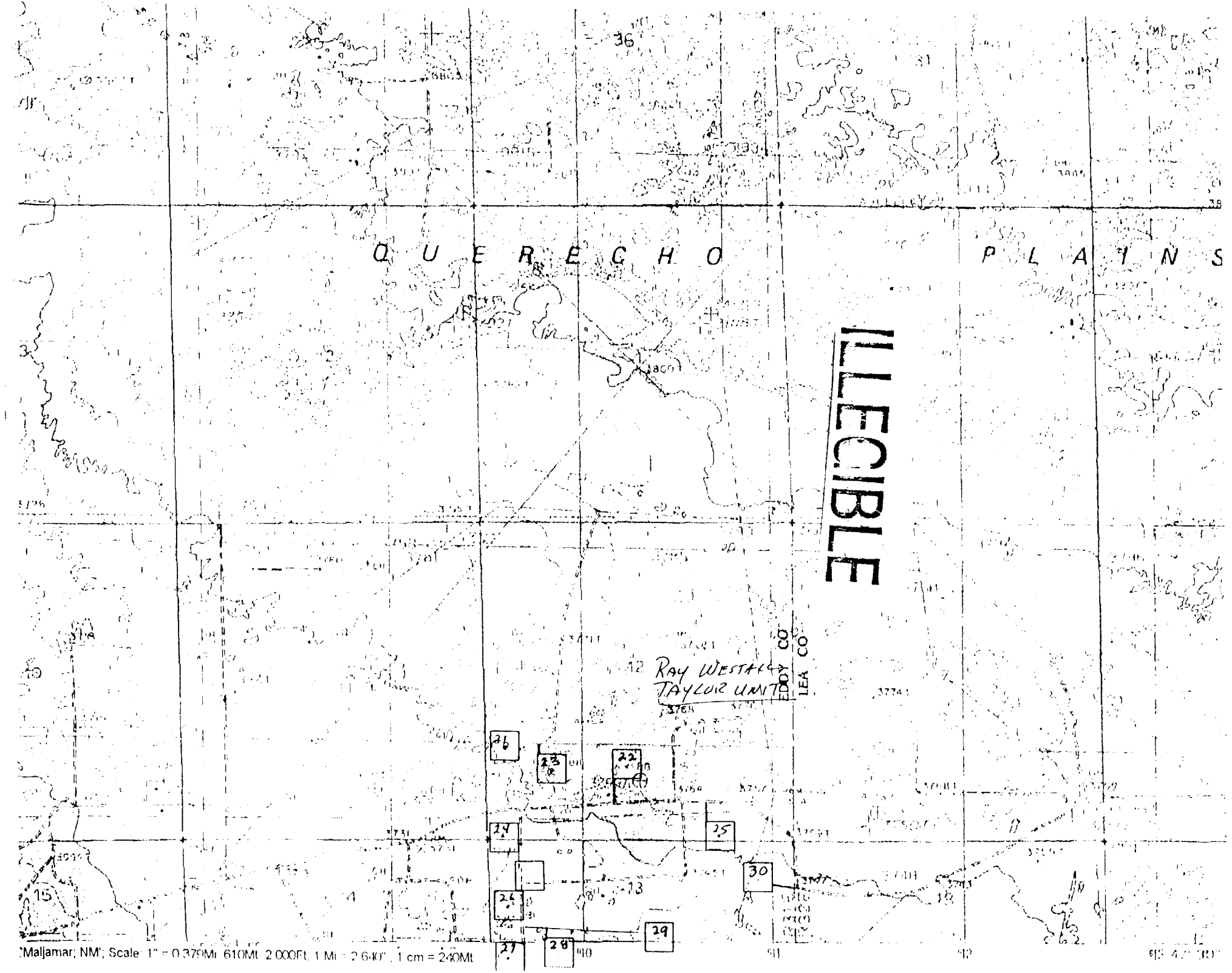
12. Operator's Representative:

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 its' subcontractors in conformity with this plan and the terms and conditions under witch is approved

Randall L. Harris
Geologist


QUEREHO PLAINS
ILLEGIBLE
EDDY CO
LEA CO
RAY WESTALL
TAYLOR UNIT
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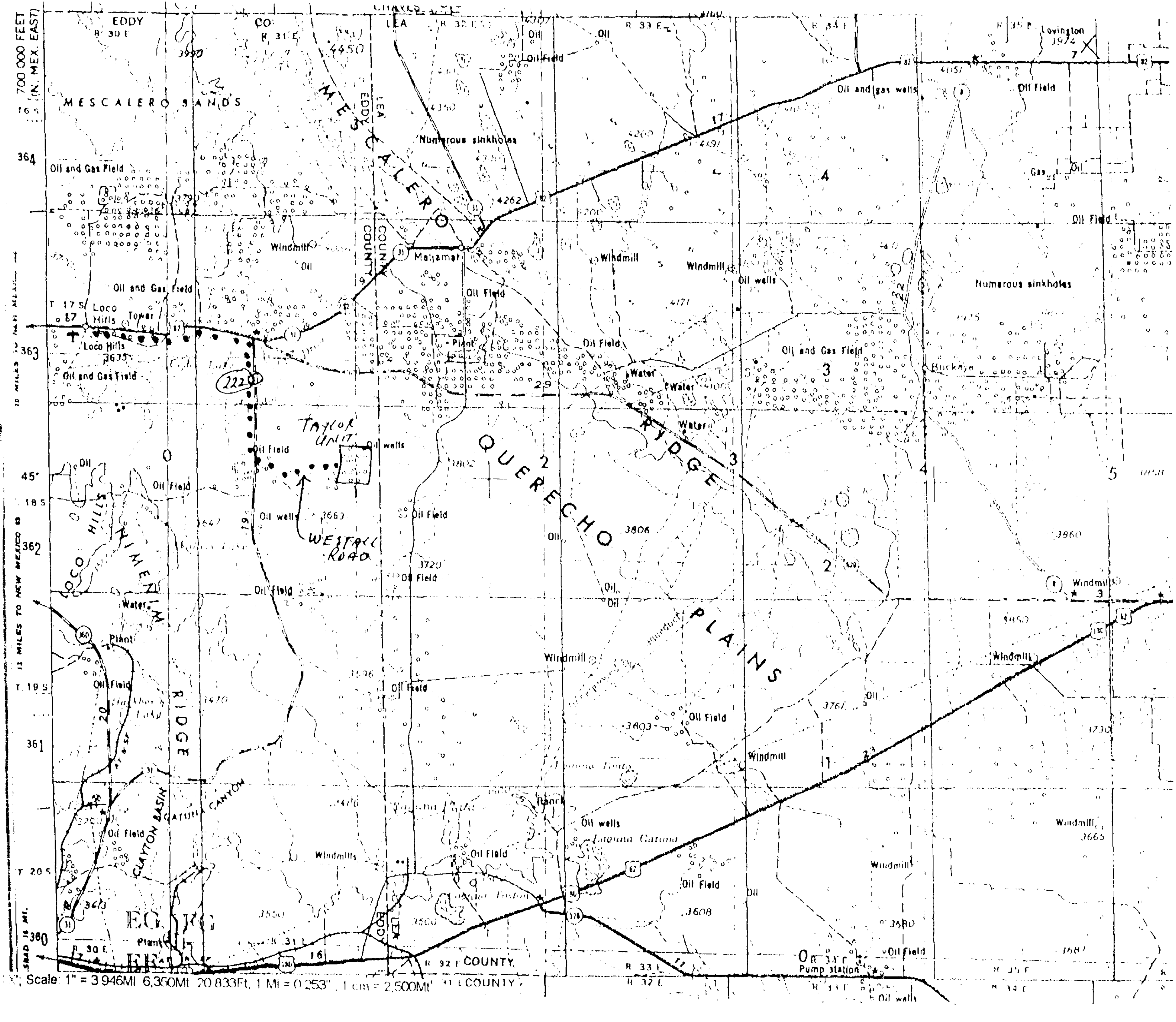
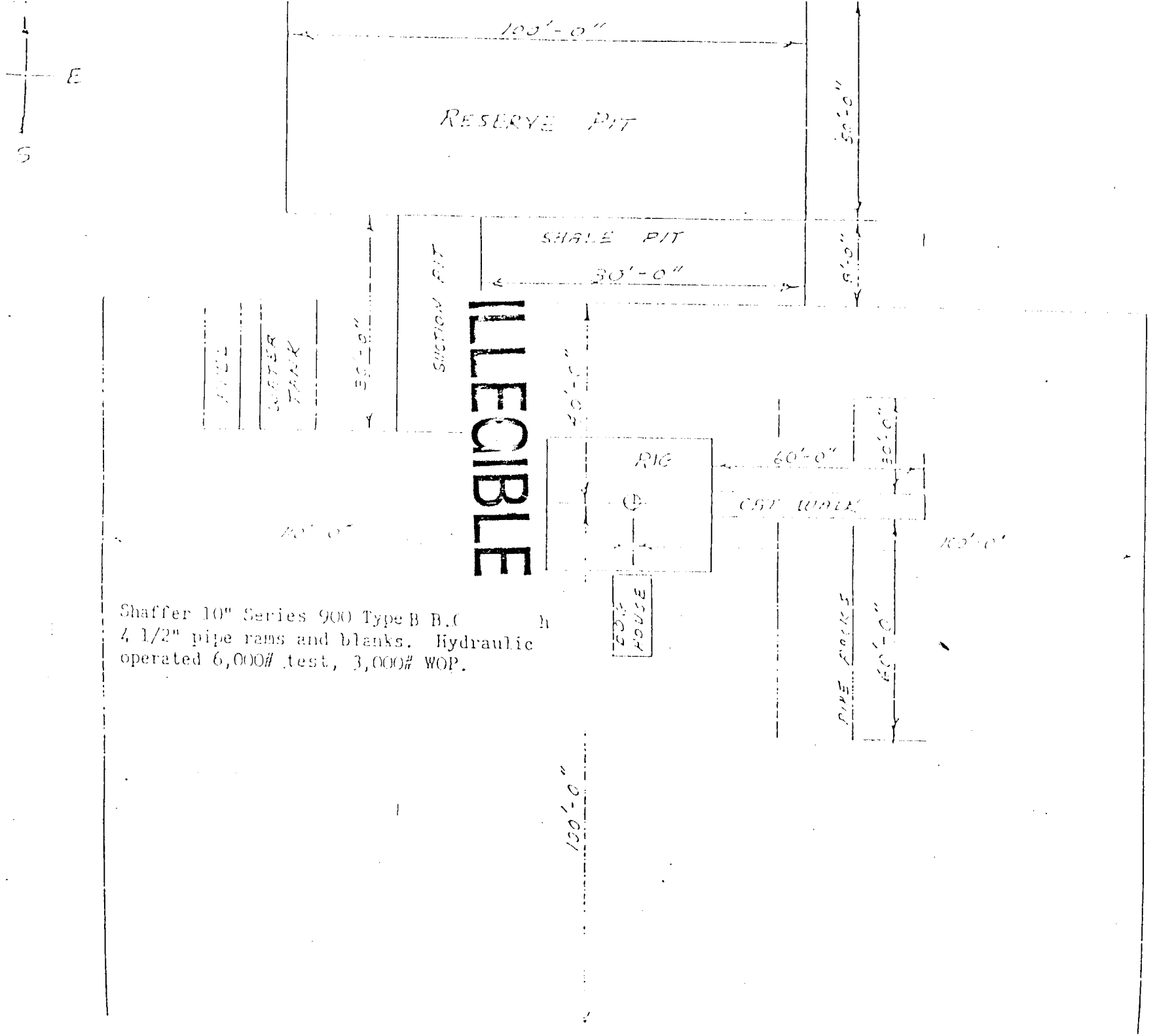
Maljamar; NM; Scale 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640", 1 cm = 240Mt

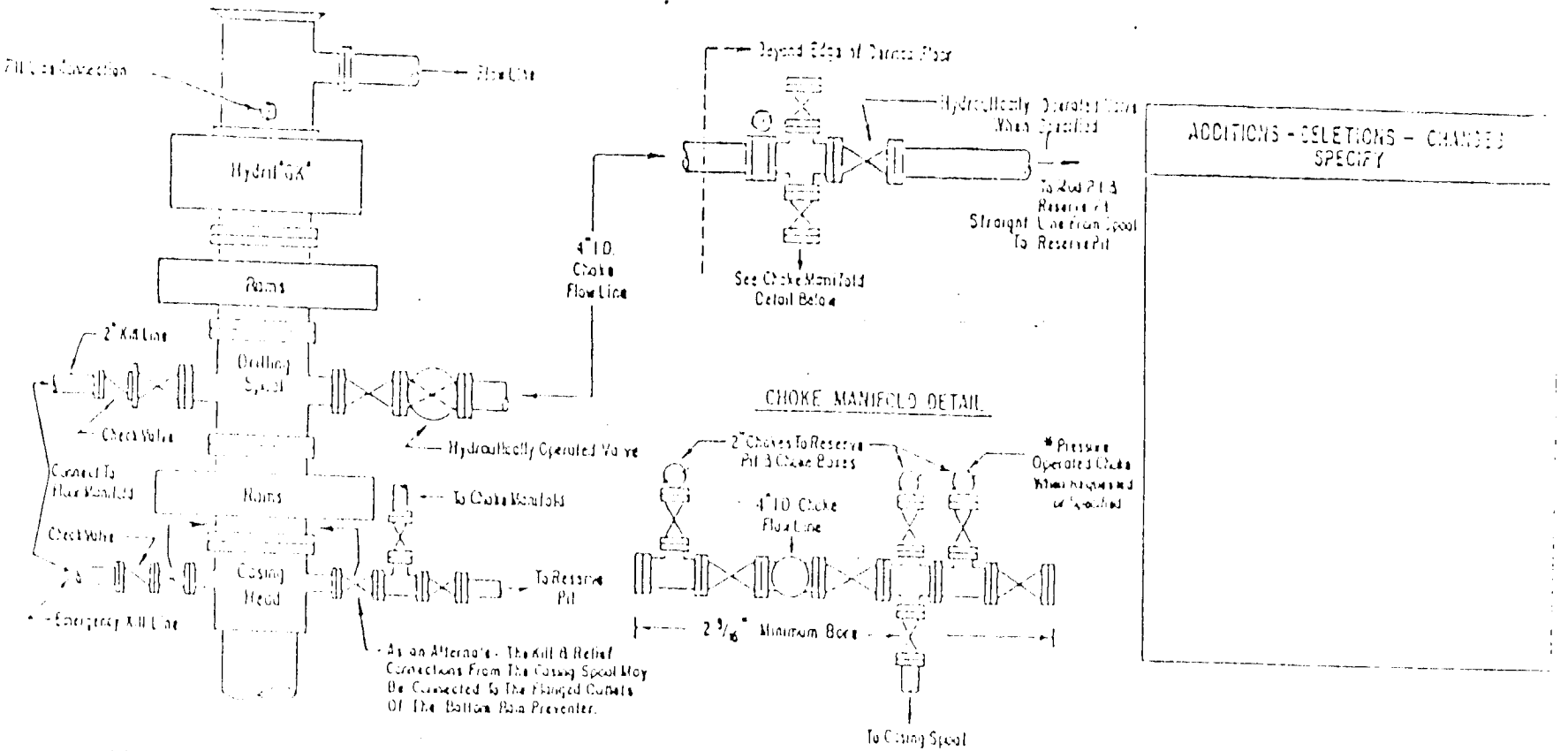

700 000 FEET (N. MEX. EAST)
EDDY
CO
LEA
Lovington
MESCALERO SANDS
MESCALERO
QUERECHO PLAINS
RIDGE
Numerous sinkholes
Oil and Gas Field
Oil and gas wells
Oil Field
Oil wells
Windmill
Maljamar
EDDY COUNTY
LEA COUNTY
Loco Hills
Tower
Buckeye
Water
Plant
TAYLOR UNIT
WESTALL ROAD
222
NIMENIM RIDGE
LOCO HILLS
CLAYTON BASIN
CATUNA CANYON
Laguna Gatuna
Ranch
Windmills
Pump station
Scale: 1" = 3.946MI 6,350MI 20,833Ft, 1 MI = 0.253", 1 cm = 2,500MI



ILLEGIBLE

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

DRAWING NO. 3
Revised April, 1971



ADDITIONS - DELETIONS - CHANGES SPECIFY

3000 PSI WORKING PRESSURE
BLOWOUT PREVENTER HOOK-UP

The blowout preventer assembly 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 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 preventers 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 of 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 pressurized 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 1200 PSI with the remaining accumulator fluid volume at least ____ percent of the original. (3) When requested, an additional source of power, remote and explosion-proof, 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 choke manifold and remote operating manifold shall have a separate control for each pressure-operated device. Controls are to be located with control handles indicating open and closed positions. A pressure relief or reducing regulator must be provided for operating the Hydril preventer. When requested, a second pressure reducer shall be available to limit operating fluid pressures to ram preventers. Soft Lubricant No. 28 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 which are to extend beyond the edge of the derrick substructure. All other valves are to be equipped with handles.

* Recommended derrick floor mounted controls.