

November 9, 1973

e. Schematic diagram of casing program.

f. Summary of mud program.

The Government "U" No. 1 is located approximately 1-3/4 miles southwest of a shallow Yates waterflood operated by Barber Oil Company and is one mile southwest of Cities Service Oil Company's Government "R" No. 1 recently completed in the Morrow formation.

The nearest inhabited residence is 1-3/4 miles northeast of our location. Mr. A. H. Rains lives in this residence.

Our location is on a Federal grazing lease to Mr. J. D. Spears, Box 1017, Carlsbad, New Mexico 88220. He has been notified of our intent to drill and we are currently negotiating a damage settlement with him for our proposed drilling location and access road.

The well is scheduled to test the Morrow with a projected TD of 11,600'. Other shallower zones will be tested as the well is being drilled.

If completed as a producer, producing equipment will be set no closer than 150' from the well with tanks set to collect both oil and water which will be trucked to sale or disposal. The gas purchaser will install necessary gas measuring equipment and gathering pipeline.

The reserve pit will be lined when it is built. If the well is completed as a producer, the pits will be backfilled, levelled, debris removed and surface equipment fenced. If it is a dry hole, the well will be plugged as per United States Geological Survey requirements, the pits backfilled and levelled and all debris removed.

The proposed casing program consists of:

13-3/8" 48# set at 350' with cement circulated to surface.

9-5/8" 36# set at 3000' with cement circulated to surface.

5-1/2" 17 and 20# set at 11600' with sufficient cement fill annular space to 9000'.

In addition to the blow out preventer program shown on the attached plat, the following equipment will be in use before drilling into the Wolfcamp formation:

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