

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

Collins & Ware, Inc.

3. ADDRESS AND TELEPHONE NO.

303 W. Wall, Ste. 2200, Midland, TX 79701

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

At surface

1980' FNL & 1980' FEL

At proposed prod. zone

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

3.9 miles SW of Carlsbad, NM

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

1320'

16. NO. OF ACRES IN LEASE

360

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

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

1300'

19. PROPOSED DEPTH

5050'

20. ROTARY OR CABLE TOOLS

Rotary

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

3294' Gr.

AREA OF MAJOR CONCERN TO THE CITY OF CARLSBAD

22. APPROX. DATE WORK WILL START* upon approval

23. **SEE ATTACHED** PROPOSED CASING AND CEMENTING PROGRAM

Carlsbad Controlled Water Basin

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT

Operator proposes to drill to the Delaware formation to test for possible commercial production of oil and gas. If non-productive, the well will be plugged and abandoned in a matter consistent with Federal and State regulation and according to good engineering practice. Specific programs according to on-shore Oil and Gas Order #1 are outlined in the following attachments:

1. Well Location and Acreage Dedication Plat

2. Drilling Program
Exhibit #1-BOP

3. Surface Use & Operating Plan

Exh. #2- Existing Roads

2A- Planned Access Roads

3- One Mile Radius Map with lease boundary

3A- Well Status

Approval Subject to General Requirements and Special Stipulations Attached

4- D. Rig Layout

5- Prod. Fac. Layout

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 Max Guerry

TITLE Regulatory Manager

DATE 7-16-93

(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.) RICHARD L. MANUS

AREA MANAGER

DATE

*See Instructions On Reverse Side

SEP 10 1993

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

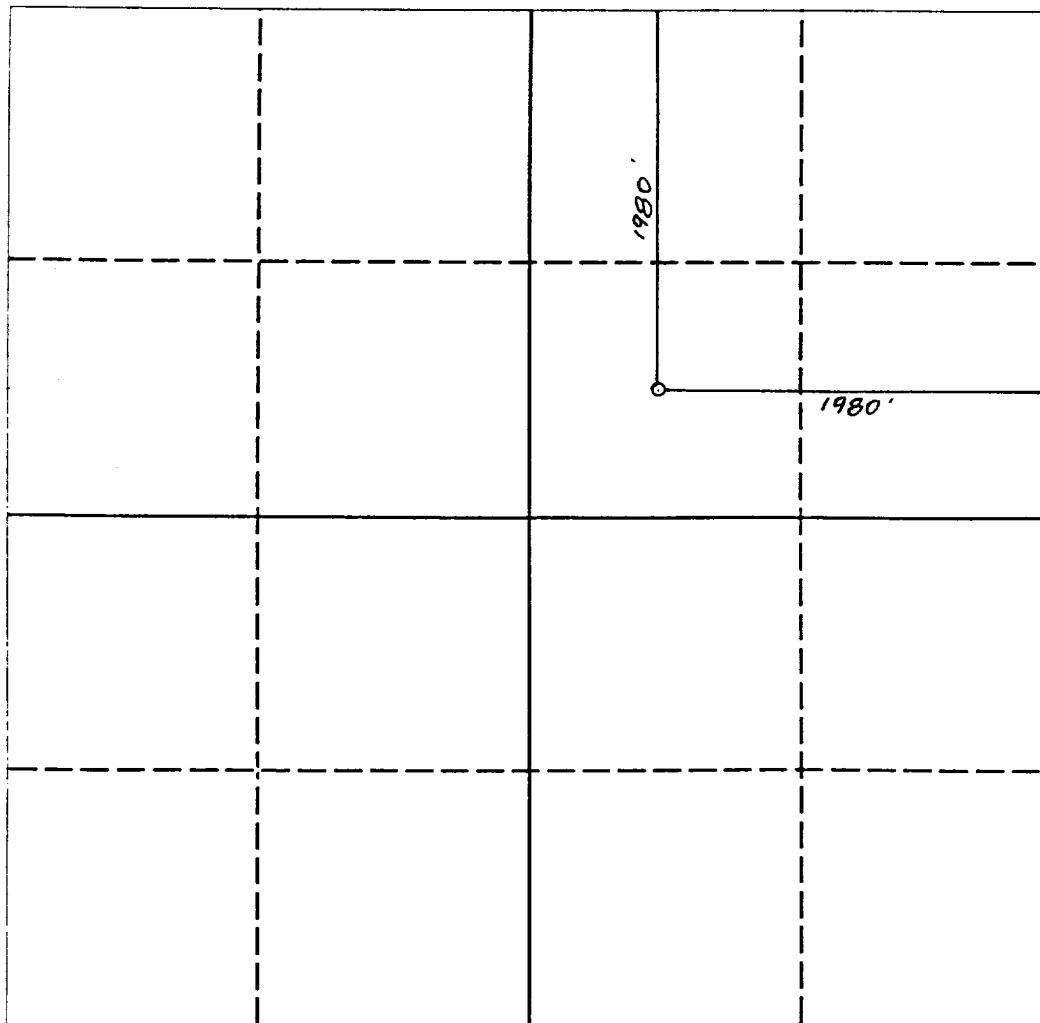
All Distances must be from the outer boundaries of the section

Operator COLLINS & WARE, INC.			Lease SHEEP DRAW FEDERAL		Well No. 8
Unit Letter G	Section 33	Township 22 SOUTH	Range 26 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 1980 feet from the NORTH line and 1980 feet from the EAST line					
Ground level Elev. 3294.	Producing Formation Delaware		Pool Happy Valley	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 interest 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 interest, 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

Printed Name

Max Guerry

Position

Regulatory Mgr.

Company

Collins & Ware, Inc.

Date

7-16-93

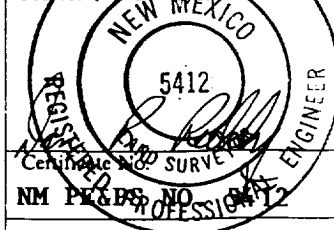
SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed

JULY 2, 1993

Signature & Seal of Professional Surveyor



0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

DRILLING PROGRAM

COLLINS & WARE, INC.
SHEEP DRAW FEDERAL # 8
1980' FNL & 1980' FWL, UNLTR G, Sec. 33, T22S, R26E
EDDY COUNTY, NM

BLM

The following information is filed in accordance with ~~New Mexico~~
~~Oil Conservation~~ Rules and Regulations:

1. SURFACE FORMATION: Quaternary

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Delaware	1680'
Cherry Canyon	2550'
Bone Springs	4950'

3. ESTIMATED DEPTH TO FRESH WATER:

Possible fresh water 100'-300'

ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Delaware (below 1700')

No other formations are anticipated to give up commercial quantities of hydrocarbons.

The fresh water sands will be protected by setting 13 3/8" casing at 350' and circulating cement back to surface. First intermediate 8 5/8" casing will be set at 1650' and cement circulated back to surface. The 5 1/2" production string will be set at 5000' and cement circulated back to surface.

4. PROPOSED CASING AND CEMENTING PROGRAM:

Casing Hole Size	Interval	Casing OD	WT., Grade, Joint, Condition
17.5"	0-350'	13 3/8"	48-61# 54.5#, K-55, ST&C, New
11.0"	0-1650'	8.5/8"	24#, J-55, ST&C, New
7.875"	0- 5000' 5050'	5 1/2"	15.5#, K-55, LT&C, New

Cement:

13 3/8" Surface Csg.: Cemented with 400 sacks of Class "C" with 2% CaCl. Circulate cement.

8 5/8" First Intermediate : Cemented with 425 sacks of 50-50 Pozmix cement tailed in with 225 sacks of Class "C" with 2% CaCl. Cement to circulate.

5 1/2" Prod. Csg.: Cemented with 400 sacks of Lite cement tailed in with 250 sacks of Class "C" with 1% CaCl to circulate to surface.

5. PRESSURE CONTROL EQUIPMENT:

Blowout prevention equipment, while drilling below surface casing will be a 3000 psi working pressure BOP stack. The BOP sketch is shown as Exhibit 1.

6. CIRCULATING MEDIUM:

Surface to 500': Fresh water spud mud: viscosity 30 to 33 as required for hole cleaning, 8.5-8.8#/gal.

500' to 1650': Fresh water with lost circulation material as required, 28-30 viscosity, pH 9-10, weight 8.5-8.8#/gal.

1650' to TD: 10# brine system circulating reserve pit. Weight 9.5-10#, pH 9-10, viscosity 30-36, with mud sweeps as required. Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- A. An upper kelly cock will be used.
- B. The drilling fluids system will be visually monitored at all times.
- C. A mud-logging unit will monitor drilling penetration rate and hydrocarbon shows from somewhere below the intermediate casing. (tentative)

8. TESTING, LOGGING, AND CORING PROGRAMS:

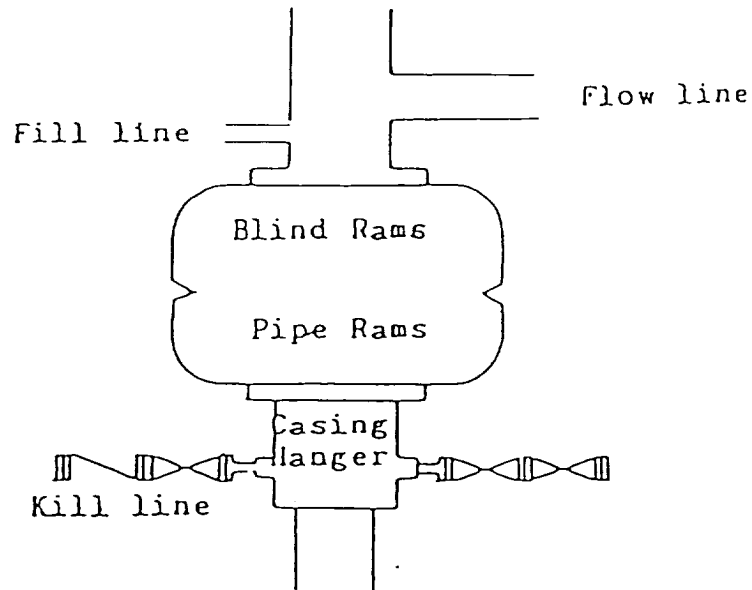
- A. No drill stem tests are planned.
- B. Compensated Neutron/LDT Log - GR and Dual Laterolog w/ MSFL. The Gamma Ray Log will be continued back to surface.
- C. Mud-logging unit will be used below 2700'.
- D. A set of sidewall cores is anticipated.
- E. Other testing procedures may be used after the production casing has been set depending on shows and other testing indicators.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES, & POTENTIAL HAZARDS:

No abnormal pressures or temperatures are anticipated. The estimated bottom-hole temperature (BHT) at TD is 90F and the estimated maximum bottom hole pressure (BHP) is about 1400 psi. No hydrogen sulphide (H₂S) or other hazardous fluids are known to exist at this depth and area. No lost circulation zones are anticipated.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence shortly after approval of this application, with drilling and completion operations lasting about 30 days. A decision as to design and installation of permanent facilities will be made after adequate testing of the well.



Blowout Preventer
3000 psi working pressure

EXHIBIT I
COLLINS & WARE, INC.
SHEEP DRAW FEDERAL NO. 8
1980' FNL & 1980' FEL
Sec. 33, T-22-S, R-26-E
Eddy County, NM

SURFACE USE AND OPERATIONS PLAN
FOR
COLLINS & WARE, INC.
SHEEP DRAW FEDERAL WELL NO. 8
1980' FNL & 1980' FWL, G, Sec. 33, T22S, R26E
EDDY COUNTY NM

LOCATED: 3.9 miles SW of Carlsbad, NM.

FEDERAL LEASE NUMBER: NM-34247

ACRES IN LEASE: 360

TERM: HBP

LESSEE: Collins & Ware, Inc.

SURFACE OWNERSHIP: Federal

GRAZING PERMITEE: Bill Gillock
159 Gillock Rd.
Carlsbad, NM 88220

POOL: Happy Valley (Delaware)

POOL RULES: SWR: 40 acre spacing for oil.

EXHIBITS: 2. Existing roads
2A. Planned access roads
3. One-Mile Radius Map showing lease boundary and wells
3A. Well Status
4. Drilling Rig Layout
5. Production Facilities Layout

1. EXISTING ROADS:

A. Exhibit #2 is a portion of a map showing the location of the proposed well as staked.

B. Exhibit #2A is a topo map showing existing pertinent roads in the vicinity of the proposed well site.

2. PLANNED ACCESS ROAD:

A. Length and Width: The lease road to be constructed will be about 700' +/- long and about 12' wide.

B. Surfacing Material: Caliche, watered, compacted and graded.

C. Maximum Grade: Less than one per cent (1%).

D. Turnouts: None necessary.

E. Drainage Design: Any new road will be crowned with drainage to the side.

F. Culverts: None needed.

G. Gates and Cattleguards: None will be necessary.

H. Cuts and Fills: Very little necessary.

I. Existing access roads to the proposed wellsite will be used in their present state. Off-lease access approval will be executed under the Sheep Draw # 1 location.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one-mile radius are shown on Exhibit #3. There are no disposal, injection, and/or observation wells.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Necessary production facilities for this proposed well will be located on the well pad. A layout of the production facilities is shown in Exhibit #5.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not planned that a water supply well will be drilled. Water necessary for drilling operations will be purchased and trucked from commercial water stations to the well site, or will be moved to the well site by temporary pipeline laid on the ground along-side existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche needed for construction work will be taken from commercial sources located in the area.

7. METHODS OF HANDLING WASTE MATERIAL:

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. After the well is permanently placed on production, produced water will be collected in fiberglass or steel tanks until hauled by transport to an approved disposal system.

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be stored in a covered, above-ground container. All waste material will be contained to prevent scattering by the wind. Location of the trash container is shown on Exhibit #4. No toxic waste or hazardous chemicals will be produced by this operation. The container will be emptied when full and taken to an authorized disposal facility.

F. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations. No adverse materials will be left on location. The unused portion of the well site will be leveled and restored to BLM specifications. Only that part of the pad required for production facilities will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

G. If required, a portable, chemical toilet will be provided on the location for human waste during the drilling and completion operations.

8. ANCILLARY FACILITIES:

A. No airstrip, campsite, or other facilities will be built as a result of the operations of this well.

9. WELL SITE LAYOUT:

A. Exhibit #4 shows the relative location and dimensions of the well pad, mud pits, reserve pit, and the location and orientation of major drilling rig components. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling and completion operations.

B. Clearing and leveling of the well site will be required. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. No major cuts will be required.

C. The pad and pit area are staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed from the well site. The location will also be levelled and cleaned of all trash and junk, to leave the well site in an as aesthetically pleasing condition as possible. Any part of the pad not needed for production facilities will have the top soil replaced and reseeded.

B. Unguarded pits containing fluids, if any, will be fenced.

C. After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned. Any special rehabilitation requirements of the surface management agency will be complied with and accomplished as rapidly as possible.

11. OTHER INFORMATION:

A. Topography - The land surface in the area is fairly level. In the immediate area of the well site, land slope is gentle down to the east.

B. Soil - Top soil at the well site is a loamy sand with some minor dune development.

C. Flora and Fauna - The vegetation cover is medium and includes mesquite, shinnery oak, sand sage, plains yucca, various weeds, and range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and streams - No lakes, ponds, or streams are in the area.

E. Residences and other structures - There are no occupied dwellings or other structures, other than oil field related equipment, within a mile of the proposed well site.

F. Archaeological, historical, and cultural sites - None observed. However, an archaeological reconnaissance will be done and a report furnished.

G. Land use - Oil and gas production, grazing and wildlife habitat.

H. Surface ownership - Federal with a grazing lease.

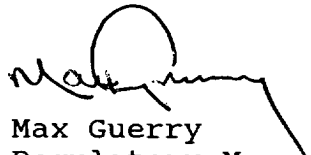
12.OWNER'S REPRESENTATIVE:

Max Guerry
Collins & Ware, Inc.
303 W. Wall, Ste. 2200
Midland, TX 79701
Tel: 915-687-3435

13.CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently 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 operations proposed herein will be performed by Collins & Ware, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.

Date: 7-16-93



Max Guerry
Regulatory Manager

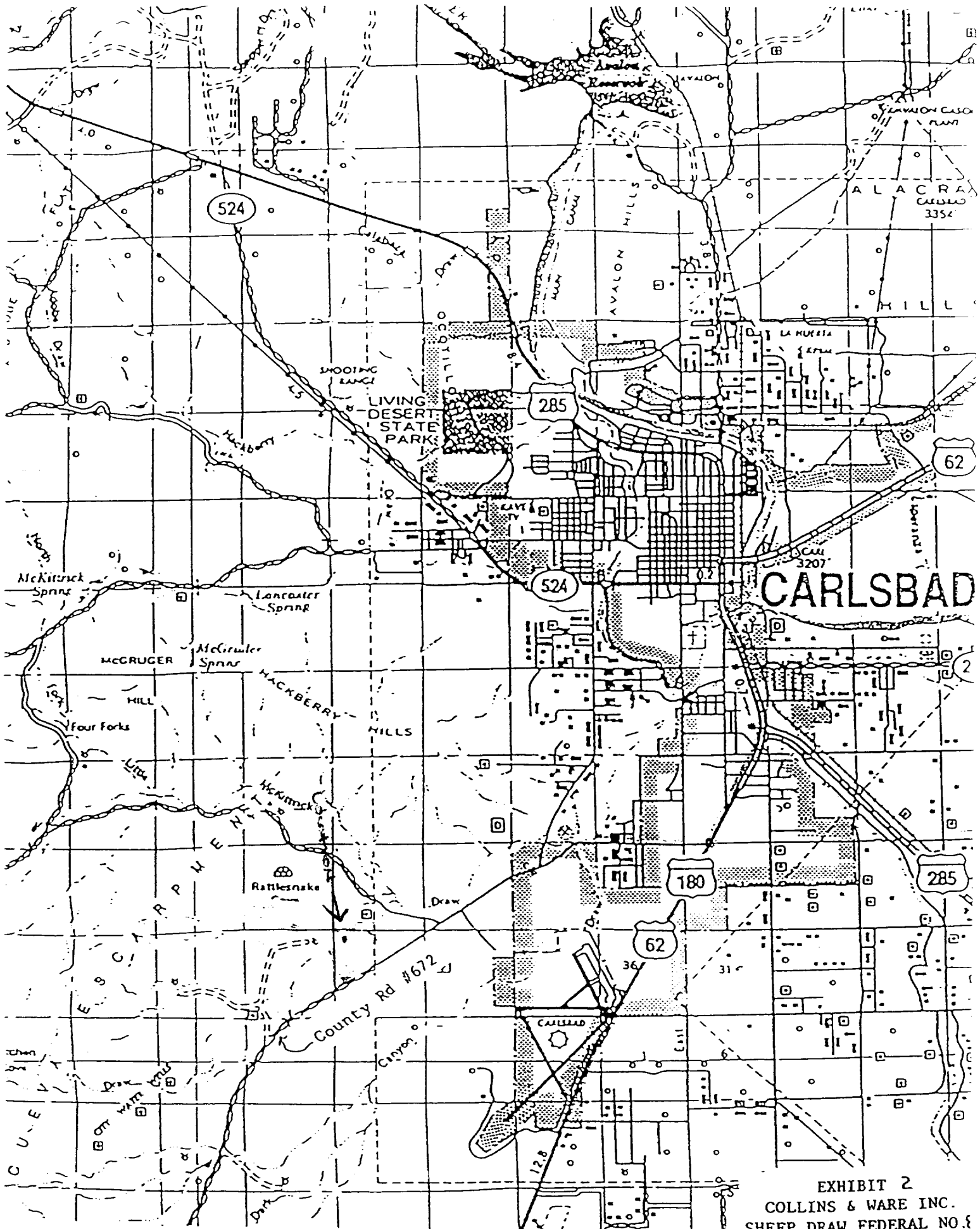


EXHIBIT 2
COLLINS & WARE INC.
SHEEP DRAW FEDERAL NO. 8
1980 FNL & 1980 FFI

(190 y Fuels) HCO-Fed. y Disc.	Floyd Carter Fdn. M.I. R.I. Floyd(S)	Ener 8-2-83	Santa Fe Ener., 1/2 HBP 34247	* 4.6 Mil.	Hackberry Hills Unit	
E DIVER	CN "Fed." U.S.	Carter Fdn. M.I. R I Floyd(S)	R I Floyd(S) U.S.	"Lea"	SHEEP DRAW NE U.S.	
nell r.	Hanagan Pet. 3-1-97 BB114 12 00 U.S.	Yates Pet. etal 6-1-96 06533 12 00	TXO 10-21-90 Yates Pet. etal 2-3-92	Exxon 59378	Exxon 12-1-89 56231 511 00 KGS	R.R.Hinkle 7-19-95 8-23-95 4-2-96 M. Schertz 4-17-96
Knob-Fed at 1 Bnk.	Yates Pet. etal 10-21-90 2-3-92 R.I. Floyd	Exxon 91 64578 395 13 KGS	Br.C.Disc UTI Ener. TO 11720 5-1-94 81614 5.4 Mil.	Exxon 56520	1 Str. Disc. 53 Mil. "Happy Valley" Fed."	T.A. Allen, e
Yates Pet. etal 2-3-92 R.Floyd etal	Yates Pet. etal 10-21-90 11-9-89 Carter Fdn. M.I. R.Floyd(S)	U.S.	CXK Pet. West Air JIA 93	HBC S/2	Amoco 11-1-88 34247 KGS	Gulf HBP K 675 445 State
Yates Pet. etal 2-3-92 R.Floyd etal	Yates Pet. etal 10-21-90 11-9-89 Carter Fdn. M.I. R.Floyd(S)	Yates Pet. etal 2-3-92 S/2 Floyd etal	Yates Pet. etal 2-3-92 R.Floyd etal	Amoco 11-1-88 34247 U.S.	Exxon 5-1-88 V-707 350 00 State	Gulf 8-1-81 13625
Pet. etal. 1-93 288 of	Chevron 5-1-90 LG-8291 708 33	Yates Pet. etal (10-21-90 11-9-89) Exxon 5-1-88 V-708 325 00	Amoco Santa Fe Ener. 1/2 HBP 34247	Mew- bourne Oil 9-1-95 84847 3200 00	Cit Serv HBP 0516006	Texaco 31202
MAP	HBC W/2	Chevron 5-1-90 LG-8291 708 33	Collins E. Ware Sheep Draw Fed."	Amoco Santa Fe Ener. 1/2 IBP 918P 0331640	Merit Ener. 0331649	(Gett Brushy Disc. (P/B) (WC Dis (C-2-2 PR Amoc Fed. T0483 DAB-
Exxon V-708	Exxon V-708	Chevron 5-1-90 LG-8291 708 33	D.E. Gonzales 3-8-91 570 00	Collins E. Ware Ram Ewe Fed	4.5 Mil.	"Fed"
"NM-St."	Chevron 5-1-90 LG-8291 708 33	Exxon 5-1-88 V-708 925 00	U.S.	Midwest-Fed" U.S.		
5-10-18 s Pet. etal 1-96	Yates Pet. etal 9-1-93 76971 200	5 Cit. Serv. Fed Morrow Disc. 1.3 Mil Plg. II 10-82 Millin Prod. Cities Fed	Union Fed TD 3508 DIA 5 B 69	Exxon 2-1-91 64579 334 00 KGS	Kit Serv 13-1-74 0516006	Merit Ener. K-2857
1 Ut. sc. il. 75	U.S.	U.S.	Cities Serv State JIA 163	U.S.	U.S.	State
Santa Fe Ener 2-1-94 V. 2838 45 "	Amoco 3-1-91 39134	Exxon 2-1-91 64581 334 00 KGS	Ox. ex HBP K-3077	Exxon 5-1-93 LH 2456 155 00	Bettis Bros. etal. 1/2 Collins E Ware 12-1-93 V. 2767 50 00	Yates Pet. etal 2-1-93 V-3230 5920
			Bettis Bros. etal. 1/2 Collins & Ware 12-1-93 V. 2767 50 00			(Bettis Bros. eta Vintage Pet to 12,035 K. 4538
		8		9		Hamon St. K-440010

EXHIBIT NO. 3A
STATUS OF WELLS WITHIN ONE-MILE RADIUS
COLLINS & WARE, INC. SHEEP DRAW FEDERAL #8 WELL
SECTION 33, T-22-S, R-26-E, EDDY COUNTY, NEW MEXICO

T-22-S, R-26-E

SECTION 27

Collins & Ware, Inc. Tomaino Fed. #1, 11751' TD, 1980' FSL & 660' FWL, Morrow Prod.

SECTION 28

Collins & Ware, Inc. Happy Valley "B" Fed. #1, 11692' TD, 1471' FSL & 1908' FWL, Morrow Prod.

SECTION 33

Collins & Ware, Inc. Sheep Draw #1, 11735' TD, 660' FNL & 2310' FEL, Strawn Prod.

Collins & Ware, Inc. Sheep Draw #2, 4990' TD, 990' FNL & 2310' FWL, Delaware Prod.

Collins & Ware, Inc. Sheep Draw #3, 5000' TD, 1980' FNL & 1980' FWL, Delaware Prod.

T-23-S R-26-E

SECTION 4

Union Federal #1, 3508' TD, 660' FWL & 660' FNL, Dry Hole

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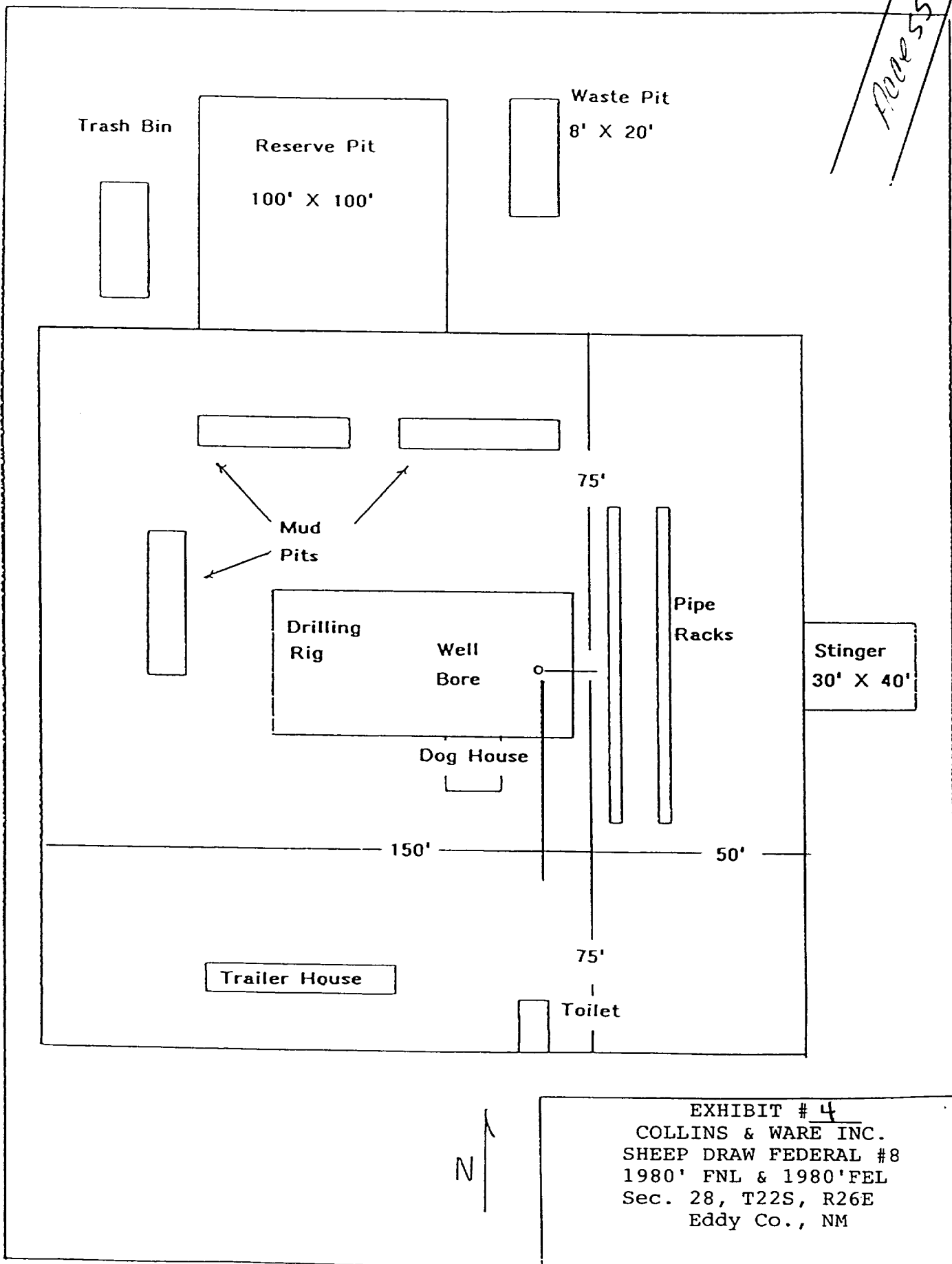


EXHIBIT # 4
COLLINS & WARE INC.
SHEEP DRAW FEDERAL #8
1980' FNL & 1980' FEL
Sec. 28, T22S, R26E
Eddy Co., NM

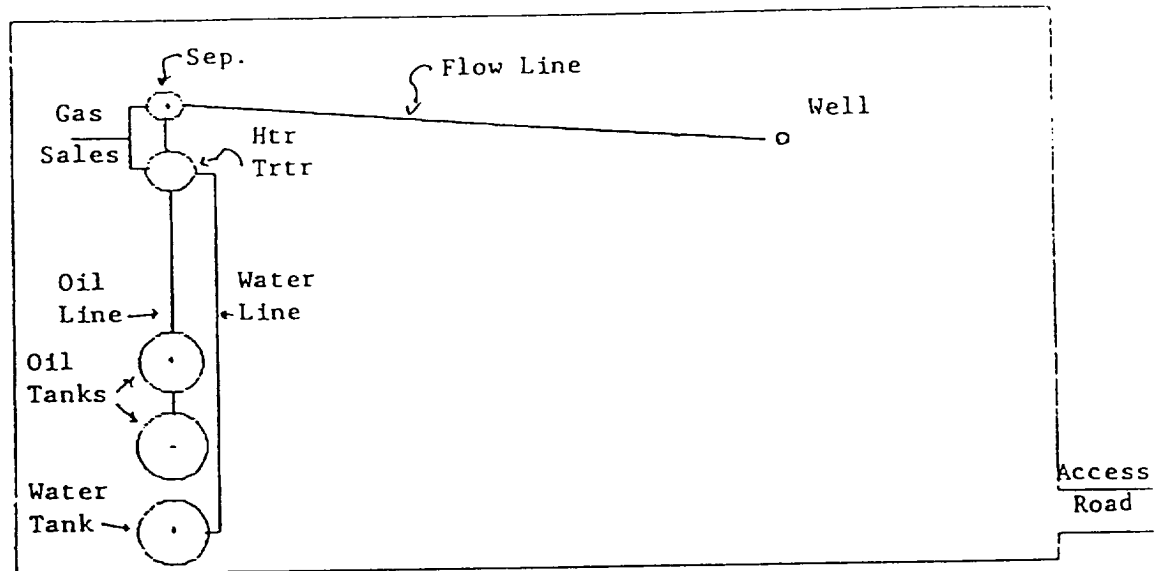


EXHIBIT # 5
PRODUCTION FACILITIES LAYOUT
Sheep Draw Federal No. 8

Scale: None