

The regular location was staked 1980' FSL and 1980' FWL of Section 8-22S-27E. This location fell only 100' south of a concrete irrigation ditch in an irrigated alfalfa field. It would have been impossible to rig up around the concrete irrigation ditch, so an alternate well site was staked 250' north of the regular location, the new footage being 2230' FSL and 1980' FWL, Section 8-22S-27E. A drilling rig will fit nicely in this additional space and your approval of this alternate location is requested.

The No. 1 Paslay "A" is about 1/2 mile east of the city limits of Carlsbad, New Mexico and is 1000' north of Fiesta Street. The projected TD is 11,650'. The primary objective is the Morrow Sand. The secondary objectives are Wolfcamp, Canyon and Strawn.

The nearest inhabited dwelling is the home of J. R. McKelvey at 402 E. Fiesta. It is 735' from the location to his dwelling as shown on the attached plat.

Mr. W. E. Paslay, 912 N. Alameda Street, Carlsbad, New Mexico, telephone no. 885-5370 owns the land in fee involving our access road and location. Mr. Paslay has been notified of our intent to drill and an offer of damage settlement has been made. We are currently awaiting his reply to our offer.

The reserve pit will be lined when it is built. Upon completion of the well, the pits will be backfilled and levelled, and debris removed.

If the well is completed as a producer, production 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 pipeline.

If it is a dry hole, the well will be plugged according to New Mexico Oil Conservation Commission requirements.

The proposed casing program consists of:

16" set at 350' with cement circulated to surface.

10-3/4" set at 1850' with cement circulated to surface.

7-5/8" set at 8850' with 1000 sacks cement.

5-1/2" OD liner set at 11,650' to tie back into the 7-5/8" intermediate and cemented with sufficient volume to circulate cement in annulus.