

Application for Permit to Drill Azotea Mesa Unit "A"  
No. 1, Eddy County, New Mexico

October 11, 1973

Page No. 2

The 320 acre proration unit allocated to the Azotea Mesa Unit "A" No. 1 consists of the south half of the section. A regular location was staked 1980' FWL, 1980' FSL, Section 8-23S-24E. This location fell in an undrillable spot about halfway down the side of a 45° slope. Consequently, an alternate well site was staked 300' east and 200' south of the regular location. This is a fairly level site at the summit of one of the numerous ridges and a drilling rig will fit nicely in the available area. The legal description of the location we want to drill is 2280' FWL, 1780' FSL, Section 8-23S-24E, Eddy County, New Mexico.

As shown on the attached plat, it is planned to rig up with the V-door to the east and reserve pit to the north.

Mr. Jim Davidson, who lives in the nearest inhabited dwelling, at a ranch house three miles southwest has a surface grazing lease on all of Section 8 and the area crossed by our access road. Mr. Davidson has been notified of our intent to drill and prior to doing any road building or dirt work, we will make a damage settlement with him.

The primary objective of the well is the Morrow Sandstone with projected TD of 10,000'.

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

If the well is completed as a producer, production equipment will be set no closer than 100' from the well, with tanks set to collect both oil and water. Oil 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 USGS requirements.

Necessary cattle guards and fences will be installed to protect the rancher's cattle.

The proposed casing and cement is as follows:

13-3/8" conductor pipe set at 10' by rat hole machine and cemented to ground level.

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