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

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102 Revised 1-1-89

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 SANTA	FE ENERGY R	ESOURCES, INC.	Lease	PURE	GOLD C-17	,		Well No. 3	
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2. If more than	one lease is dedica	ited to the well, outline ea	ch and identify	the owne	rship thereof (be	oth as t	to workin	g interest and royalty)	
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DRILLING PROGRAM Pure Gold C-17 No.3 Page 2

9 Abnormal Conditions. Pressures, Temperatures, & Potential Hazards:

DRILLING PROGRAM SANTA FE ENERGY OPERATING PARTNERS, L.P. Pure Gold C-17 No.3

In conjunction with Form 3160-3, Application to Drill the subject well, Santa Fe Energy Operating Partners, L.P., submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 10.

1. Geologic Name of Surface Formation: Alluvium

2. Estimated Tops of Significant Geologic Markers:

Rustler Anhydrite	750'
Base of Salt	3840'
Delaware "Ramsey" Sand	4170'
Cherry Canyon	5070'
Brushy Canyon	7790'
Bone Spring	8060'
Total Depth	8200'

3. The estimated depths at which water, oil, or gas formations are expected:

Water	None expected in area
Oil	Delaware Sand @ 4170'
Oil	Lower Brushy Canyon @ 7790'

- 4. Proposed Casing Program: See Form 3160-3 and Exhibit A.
- 5. Pressure Control Equipment: See Exhibit B.
- 6. Drilling Fluid Program: See Exhibit C.
- 7. Auxiliary Equipment: A mud logging unit will be utilized to monitor penetration rate and hydrocarbon shows while drilling below the intermediate casing at 4100'.

8. Testing, Logging and Coring Program:

Drill Stem Tests: (all DST's to be justified on the basis of a valid show of oil or gas):

Ramsey Sand4170'-4300'Lower Brushy Canyon7790'-7900'

SANTA FE ENERGY OPERATING PARTNERS,L.P. OPERATIONS PLAN Pure Gold C-17 No.3

- 1. Drill a 17 1/2" hole to approximately 600'.
- Run 13 3/8" 48.0 ppf H-40 ST&C casing. Cement with 600 sx Class "C" cement containing 2% CaCl₂. Run centralizers on every other joint above the shoe. Apply thread lock to bottom two joints and guide shoe.
- 3. Wait on cement four hours prior to cutting off.
- 4. Nipple up a annular BOP system and test casing to 600 psi.
- 5. Drill a 12 1/4" hole to approximately 4130'.
- 6. Run 8 5/8" 32.0 ppf K-55 ST&C casing. Cement with 1750 sx Cl "C" Lite containing 12 pps salt and 1/4 pps celloflake followed by 250 sx Class "C" with 2% CaCl₂. Run guide shoe on bottom and float collar two joints of bottom. Centralize every other joint for bottom 400' of casing and place two centralizers in surface casing. Thread lock bottom 2 joints.
- 7. Wait on cement for six hours prior to cutting off.
- 8. Nipple up and install a 3000 psi. Double Ram and Annular BOP system with choke manifold.
- 9. Test BOP system to 3000 psi. Test casing to 1500 psi.
- 10. Drill 7 7/8" hole to 8200'. Run logs.
- 11. Either run and cement 5 1/2" 15.50 ppf K-55 LT&C casing or plug and abandon as per BLM requirements.

Exhibit A Santa Fe Energy Operating Partners,L.P. Pure Gold C-17 No.3 Section 17,T-23S,R-31E Eddy County, New Mexico

DDR:PGC173



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PROPOSED DRILLING FLUID PROGRAM

<u>0 - 600'</u>

Spud mud consisting of fresh water gel flocculated with Lime. Use ground paper for seepage control and to sweep the hole. MW-8.5 ppg and Vis-40.

<u>600-4130'</u>

Drill out with brine water circulating the inner portion of the reserve pit. Utilize ground paper mixed in prehydrated fresh gel to sweep the hole. MW-10.0 ppg and Vis-28.

4130-8200'

Drill out with cut brine (30,000 ppm chlorides minimum) circulating the outer portion of the reserve pit. Maintain pH at 8.5-9.5 with caustic and sweep the hole as necessary with ground paper. If it becomes necessary to mud up due to hole conditions, utilize a cut brine/Drispac system for 15-20 WL and a Vis of 30-32. MW-8.5/8.9 ppg.

Exhibit C Santa Fe Energy Operating Partners, L.P. Pure Gold C-17 No.3 Section 17, T-23S, R-31E Eddy County, New Mexico

DDR:PGC173

AUXILIARY EQUIPMENT

DRAWWORKS BDW 650M 650 HP, with Parmac Hydromatic brake

ENGINES Two Caterpillar D-353 diesels rated at 425 HP each

ROTARY Ideco 23", 300 ton capacity

MAST/SUB Ideal 132',550,000 lb rated static hook load with 10 line Wagner 15' high substructure

TRAVELLINGGardner-Denver,300 ton,5 sheave w/ BJ 250 ton hook.EQUIPMENTBrewster Model 7 SX 300 ton swivel.

PUMPS Continental-EMSCO DC-700 and DB-550, 5 1/2 X 16" Duplex, Compound driven.

PIT SYSTEM 1-Shale Pit 6X7X35',1-Settling Pit 6X7X38', 1-Suction Pit 6X7X34' w/ 5 mud agitators. Two centrifugal mud mixing pumps and a Double Screen Shale Shaker.

LIGHT Two CAT 3306 diesel electric sets 180 KW prime power. PLANT

BOP13 5/8" 5000 psi WP double ram and 13 5/8" 5000 psi WP Shaffer AnnularEQUIPPreventer. Choke manifold rated at 5000 psi. Valvcon 5-station 80 gallon closing unit.

Exhibit D Santa Fe Energy Operating Partners,L.P. Pure Gold C-17 No.3 Section 17, T-23S,R-31E Eddy County, New Mexico

DDR:PGC173



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EXHIBIT F

SANTA FE ENERGY OPERATING PARTNERS, LP North Pure Gold C-17 #3 1980' FSL & 330' FEL Sec. 17, T23S,R31E EDDY COUNTY, NEW MEXICO

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Multi-Point Surface Use and Operations Plan Pure Gold C-17 No.3 Page 2

- 6. SOURCES OF CONSTRUCTION MATERIALS.
 - A. Any caliche required for construction of the drilling pad will be obtained from a pit located of the wellsite.
- 7.... METHODS OF HANDLING WASTE DISPOSAL

MULTI-POINT SURFACE USE AND OPERATIONS PLAN SANTA FE ENERGY OPERATING PARTNERS,L.P. Pure Gold C-17 No.3 1980' FSL & 330' FEL Section 17, T-23S, R-31E Eddy County, New Mexico

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 necessary surface disturbance involved, and the procedures to be followed by rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operation.

- 1. EXISTING ROADS.
 - A. Exhibit E is a 15 minute topographic map which shows location of the proposed wellsite and roads in the vicinity. The proposed location is situated approximately 18 miles northeast of Loving, New Mexico.

DIRECTIONS:

- 1. From the junction of Highway 31 and Highway 128, go east on Highway 128 for 12.8 miles.
- 2. Turn left (North) onto lease road and continue 3/4 mile to the Pure Gold C-17 No.2 location and turn southeast and go 3/8 mile to location.
- 2. PLANNED ACCESS ROAD.

A 14' wide access road will extend from an existing lease road 2000' west of the proposed well.

- 3. LOCATION OF EXISTING WELLS.
 - A. The well Locations in the vicinity of the proposed well are shown Exhibits E & F.
- 4. LOCATION OF EXISTING AND/ OR PROPOSED FACILITIES.
 - A. There are two existing producing gas wells on this lease at this time.
 - B. In the event the well is productive, the necessary production equipment will be installed on the drilling pad. If the well is productive of oil, a gas or diesel self-contained unit will be used to the necessary power.

Multi-Point Surface Use and Operations Plan Pure Gold C-17 No.3 Page 3

- B. Unguarded pits, if any, containing fluid will be fenced until they have been filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and levelled within 300 days after abandonment.

11. TOPOGRAPHY

- A. The wellsite and access route are located in a relatively flat area.
- B. The top soil at the wellsite is sandy.
- C. The vegetation cover at the wellsite is moderately sparse, with prairie grasses, some mesquite bushes, and shinnery oak.
- D. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- E. There are no ponds, lakes, streams, or rivers within one mile of the wellsite.
- F. There is no evidence of any archaeological, historical, or cultural sites in the vicinity of the location.

12. OPERATOR'S REPRESENTATIVES.

A. The field representatives responsible for assuring compliance with the approved surface use plan are:

Michael R. Burton Division Operations Manager Santa Fe Energy Operating	Darrell Roberts Senior Drilling Engineer Santa Fe Energy Operating
Partners, L.P.	Partners, L.P.
550 W. Texas, Suite 1330	550 W. Texas, Suite 1330
Midland, Texas 79701	Midland, Texas 79701
915-687-3551 - office	915-687-3551 - office
915-699-1260 - home	915-684-4130 - home
915-523-1474 - cellular	915-553-1214 - cellular

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 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 operations proposed herein will be performed by Santa Fe Energy Operating Partners, L.P., and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. 31 ET day of August, 1992. Dancel Polito

Darrell Roberts, Senior Drilling Engineer