Form 3160-3
(November 1983)
(formerly 9-331C)

RECEIVED
JUL 25 1991
O. C. D.
ARTESIA, OFFICE

30-015-26800

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM - 38636

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

7. UNIT AGREEMENT NAME:

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME: COYOTE FEDERAL

2. NAME OF OPERATOR: GP II ENERGY, INC.

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: P.O. BOX 50682, MIDLAND, TEXAS 79710

10. FIELD AND POOL, OR WILDCAT: UNDES. BRUSHY DRAW DELAWARE

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1443' FWL AND 935'FSL OF SECTION 27
At proposed prod. zone: 1091' FWL AND 807'FSL OF SECTION 27 W. N

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SEC.27, T26S, R29E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 16 AIR MILES SOUTH-SOUTHEAST OF MALAGA, NEW MEXICO

12. COUNTY OR PARISH: EDDY

13. STATE: NEW MEXICO

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 229'

16. NO. OF ACRES IN LEASE: 1318.02

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.: 1292'

19. PROPOSED DEPTH: 5100' TVD

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 2873.5' GR

22. APPROX. DATE WORK WILL START*: UPON APPROVAL

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	350'	SUFFICIENT TO CIRCULATE
7-7/8"	*4-1/2"	9.5#	5100'	500 SACKS
	*5-1/2"	14#	5100'	400 SACKS

Post ID-1
8-2-91
New Loc + API

*PRODUCTION CASING WILL BE EITHER 4-1/2" OR 5-1/2". THIS WILL BE DECIDED PRIOR TO REACHING TOTAL DEPTH.

SEE ATTACHEMENTS FOR: SUPPLEMENTAL DRILLING DATA
BOP SKETCH
SURFACE USE AND OPERATIONS PLAN

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 [signature] TITLE President DATE 7-3-91

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE AREA MANAGER CARLSBAD RESOURCE AREA DATE 7-22-91

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
G.P. II Energy, Inc.	COYOTE FEDERAL 27	1

Unit Letter	Section	Township	Range	County
N	27	26 SOUTH	29 EAST NMPM	EDDY

Actual Footage Location of Well:
935 feet from the SOUTH line and 1443 feet from the WEST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
2873.5	Delaware	Brushy Draw (433)	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

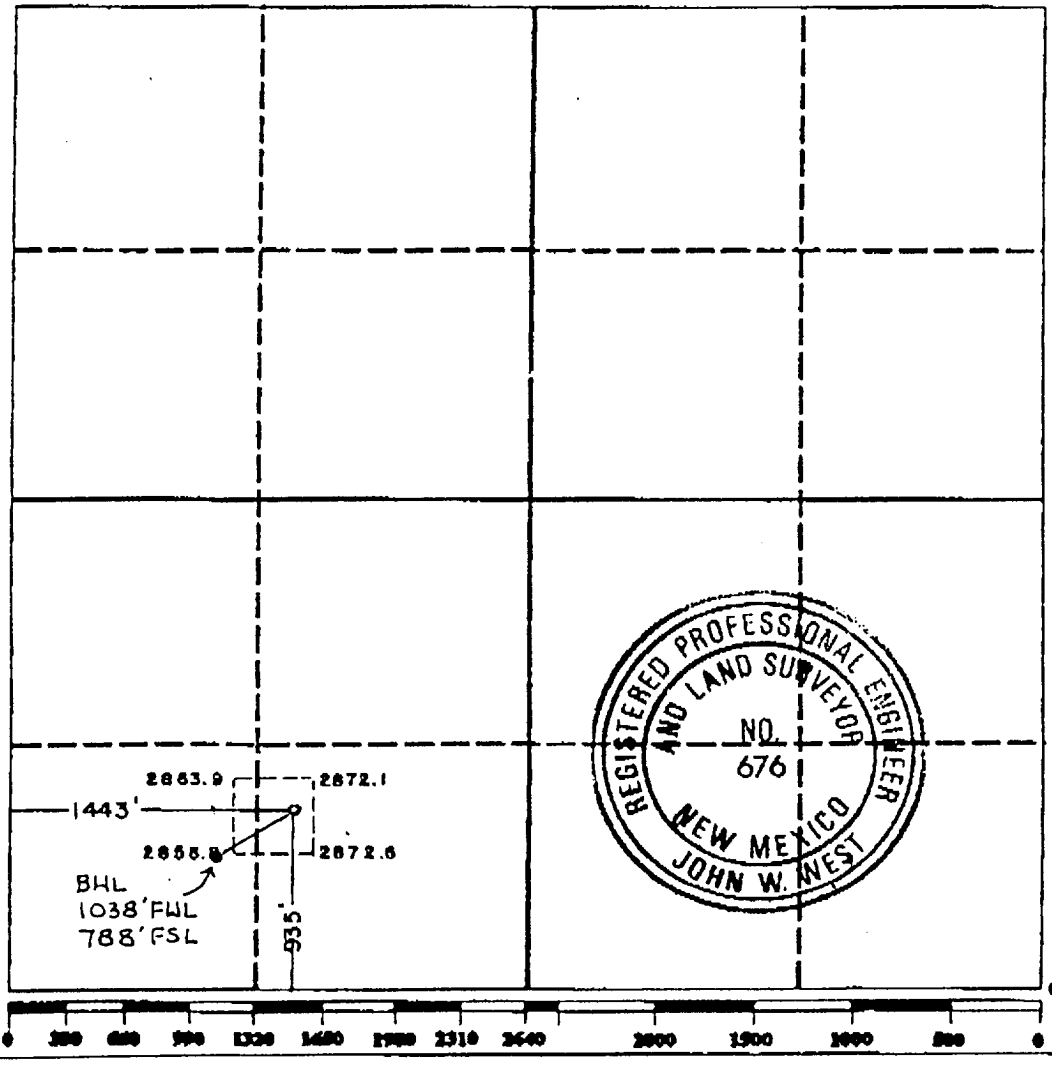
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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: Shannon Shaw FOR:
Printed Name: George P. Mitchell, II
Position: President
Company: G.P. II Energy, Inc.
Date: 7/18/91

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: 6-28-91
Signature & Seal of Professional Surveyor

John W West

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

SUPPLEMENTAL DRILLING DATA

GP II ENERGY, INC.
COYOTE FEDERAL "27" #1
Sec. 27, T26S, R29E
Eddy County, New Mexico

1. SURFACE FORMATION: Quaternary

2. ESTIMATED GEOLOGIC TOPS:

Bell Canyon	2840
Ramsey Sand	2870
Cherry Canyon	3910
Brushy Canyon	4985

3. ANTICIPATED HYDROCARBON BEARING ZONES:

Delaware Sand (oil)
Cherry Canyon (oil)

4. PROPOSED CASING AND CEMENTING PROGRAM:

	CASING SIZE	FROM	TO	WEIGHT	GRADE	JOINT
	8 5/8"	0	350'	24#	K-55	STC
	4 1/2"	0	5200'	9.5#	K-55	STC
OR	5 1/2"	0	5200'	14#	K-55	STC

Production casing will be either 4 1/2" OD or 5 1/2" OD depending on shows encountered while drilling.

8 5/8" casing will be cemented with approximately 150 sacks of Class "C" with 2% CaCl. Cement will be circulated.

5 1/2" casing will be cemented with sufficient Light cement, tailed in with 200 sacks of POZMIX A, to fill back to the base of the salt section at approximately 2640'.

5. PRESSURE CONTROL EQUIPMENT:

A 3000 psi working pressure, double ram blow out preventer will be used while drilling below the surface casing. (see Exhibit "E")

6. CIRCULATING MEDIUM:

Surface to 350 feet:	Fresh water with lime or gel as needed to maintain a viscosity of 28 to 30.
350 feet to 4800 feet:	Brine conditioned to control seepage, Ph, and maintain a viscosity of 28 to 32.
4800 feet to 5200 feet:	Brine conditioned to control seepage, Ph, and maintain a viscosity of 35 to 40.

7. AUXILIARY EQUIPMENT:

Drill string safety valves will be maintained on the rig floor while drilling operations are in progress.

8. DIRECTIONAL DRILLING PROCEDURE:

Due to surface constraints, the well will be deviated to the west. The well will be kicked off at 3000'. A Multishot survey will be run from KOP at 3000' back to casing at 350'. A downhole motor will be run and angle built to at least 12.85 degrees. This angle will produce the wellbore depicted on Exhibit F. At TD another Multishot survey will be run from TD to the KOP. (see Exhibit "F" and "G")

9. TESTING, LOGGING, AND CORING PROGRAMS:

No drillstem tests are planned.

Electric logs will include GR-CNL-FDC, GR-DLL with MSFL.

No coring is planned.

10. ABNORMAL PRESSURES, TEMPERATURE, OR HYDROGEN SULFIDE GAS:

No abnormal pressures or temperatures are anticipated.

11. ANTICIPATED START DATE:

The well is anticipated to commence on or about July 18, 1991 with drilling, completion, and testing operations to last about 30 days.

SURFACE USE AND OPERATIONS PLAN

GP II ENERGY, INC.
Coyote Federal "27" #1
Sec. 27, T26S, R29E
Eddy County, New Mexico

LOCATED: 16 air miles south-southeast of Malaga, New Mexico

FEDERAL LEASE NUMBER: NM-38636

DATE OF ISSUE: Lease issued February 1, 1980, for 10 years. Lease is currently productive.

LESSEE OF RECORD: Amoco

LEASE AREA: 1318.02 Acres

SURFACE OWNERSHIP: Federal

POOL DESIGNATION: Brushy Draw Delaware

POOL RULES: Statewide - 40 Acre spacing for oil

EXHIBITS:

A. Road Map

B. Plat with existing wells and roads

C. Drilling Rig Layout

D. Topographic Plat

E. BOP Arrangement

F. Wellbore Projection

G. Lease Plat with Wellbore Projection

EXISTING ROADS:

A. Exhibit "A" depicts the road map and shows the location of the proposed well as staked. Point "A" on the plat is on US 285 at milepost 3.8, approximately 12 miles south of Malaga, New Mexico, where a paved road goes east. Exit US 285 at this point and east 3.7 miles to the Pecos River low water crossing. Cross the river and continue southerly on Eddy County 725 3.4 miles where the county road turns east. Continue south 0.1 miles to a Caliche road. Turn west and continue 1.4 miles to a pumping well on the east side of the road. Continue south 0.2 miles where the road turns east; the proposed well site is about 100 feet southwest of this point.

B. Exhibit "B" shows existing pertinent roads in the vicinity of the proposed well site. Existing roads are color coded.

PLANNED ACCESS ROAD:

A. Length and width: The new road will be approximately 250' in length from the existing road to the north to the edge of the drilling pad. The new road will be 12 feet in width (driving surface), except at the point of origin at the existing road where additional width will be necessary for heavy trucks and equipment to turn.

B. Surfacing material: The new access road will use in-place material for the road surface. If additional surfacing material is needed, caliche will be used.

C. Maximum Grade: Possibly 2 percent

D. Turnouts: None needed

E. Drainage Design: The access road will be crowned with drainage to the sides.

F. Culverts: None necessary

G. Cuts and Fills: None necessary

H. Gates and Cattle Guards: None necessary

LOCATION OF EXISTING WELLS:

Existing wells in the immediate area are shown on exhibit "B".

LOCATION OF PROPOSED FACILITIES:

If the well is completed as a producer, a tank battery yard will be constructed at mutually agreeable site near the existing road.

SOURCE OF CONSTRUCTION MATERIALS:

Construction material, other than that available on-site will be taken from an existing caliche pit located south of the Texas - New Mexico state line in Texas.

WATER SUPPLY:

A water well will not be drilled. Water required for drilling operations will be purchased and trucked to the well or supplied by a temporary pipeline laid along existing and proposed roads, where possible.

ADDITIONAL PROCEDURES:

A. Dry cuttings and drilling fluid will be removed from the location. No earthen reserve or circulating pit will be constructed. Circulating mud system will be contained by steel pits from spud to total depth.

B. Permanent production equipment will be painted sandstone or haze gray to minimize the visual impact. the choice of colors will be left to the BLM.

C. G.P. II Energy, Inc. will utilize the smallest practical pumping unit.

D. Flow lines from the pumping unit to the tank battery will be buried.

E. The production pad will be reduced to the smallest practical size.

F. Water produced during tests will be contained in steel tanks and disposed of off site.

G. Oil produced during tests will be stored in steel tanks until sold.

H. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "C".

I. All trash and debris will be buried or removed from the well site within thirty days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES:

None required

WELL SITE LAYOUT:

A. Exhibit "C" shows the relative location and dimensions of the well pad, steel pits, and trash pit, and the location of major drilling rig components.

B. The well site is located on a broad flat area with drainages to the east and west.

C. Any cut and fill necessary will be minimal. However, clearing and leveling of the pad will be required. The pad is staked.

SURFACE RESTORATION:

A. Upon completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The trash pit will be filled and the pad area cleaned and restored to as aesthetically pleasing a condition as possible.

ADDITIONAL INFORMATION:

A. The land surface slopes regionally to the east but locally drains to the Pecos River about a quarter mile to the west.

B. The top soil in the area is a gravelly loam that includes loose sands and river gravels.

C. Locally the vegetative cover is moderate and comprises range grasses, yucca, weeds, mesquite, typical of semi-arid Chihuahuan desert. Wildlife in the area includes coyotes, rabbits, rodents, reptiles, and a variety of birds.

D. There are no occupied dwellings within a mile of the proposed drill site.

E. Primary use for the land is oil and gas production, grazing, and wildlife habitat.

F. The wellsite is located on federal surface.

G. There is no evidence of any archaeological, historical, or cultural sites in the vicinity of the location.

OPERATOR'S REPRESENTATIVE:

George P. Mitchell, President
GP II ENERGY, INC.
P.O. Box 50682
Midland, Texas 79710
Phone: (915) 684-4748

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 exists; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operation proposed herein will be performed by GP II Energy, Inc. and its contractors and sub-contractors 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.

BY: _____ DATE: 7-3-91

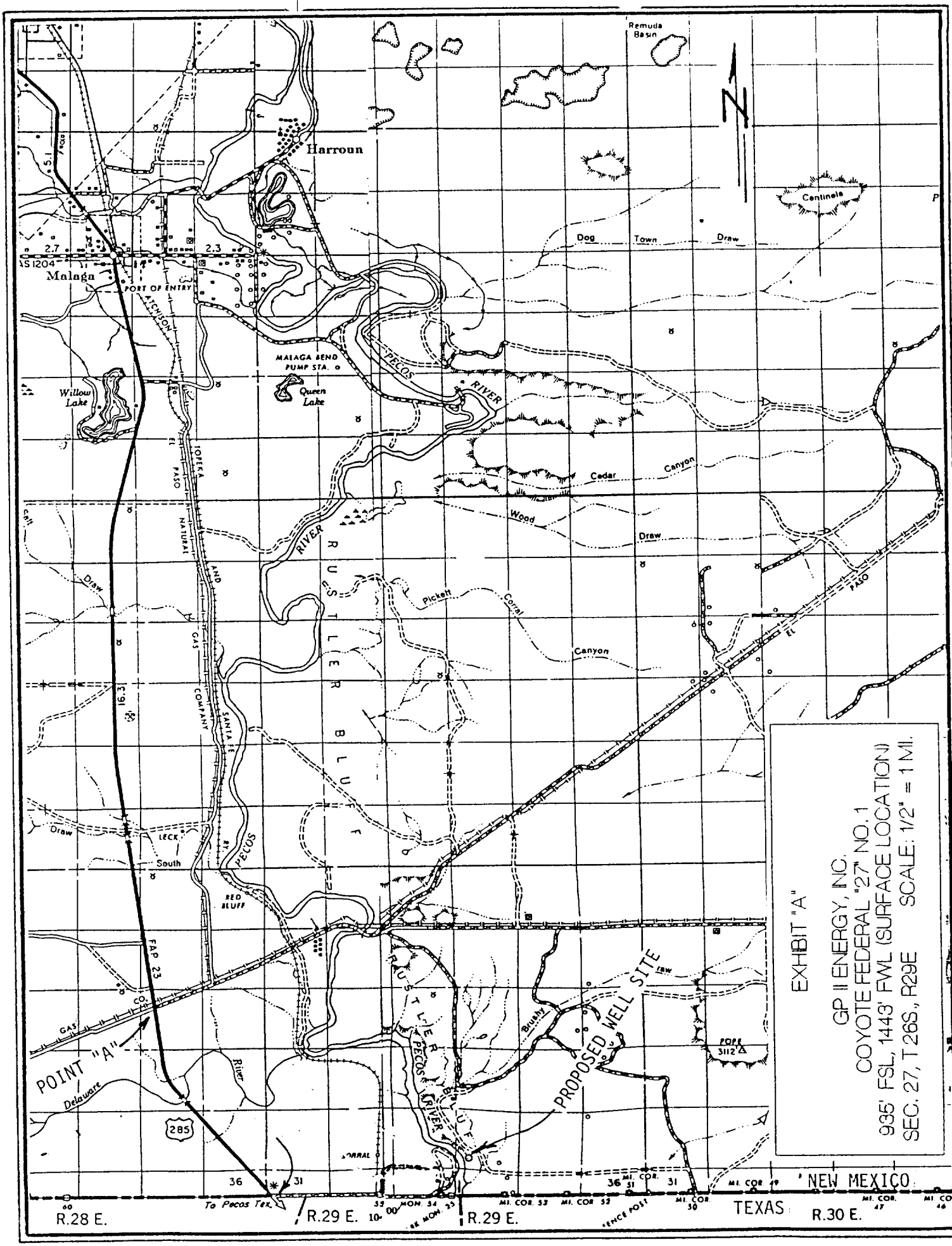
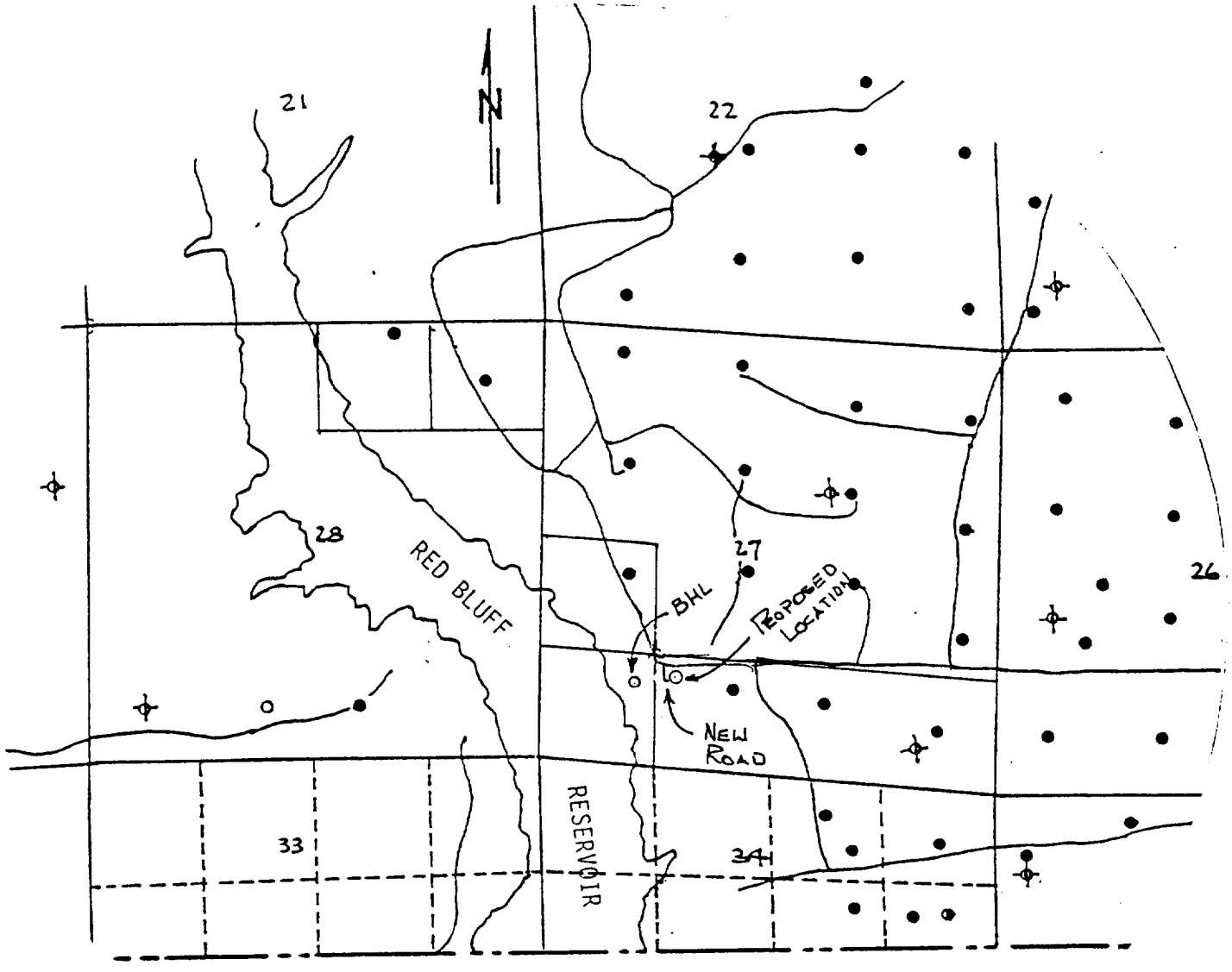


EXHIBIT "A"
GP II ENERGY, INC.
COYOTE FEDERAL "27" NO. 1
935' FSL, 1443' FWL (SURFACE LOCATION)
SEC. 27, T 26S., R29E
SCALE: 1/2" = 1 MI.
PROPOSED WELL SITE
POINT "A"
Harroun
Malaga
PORT OF ENTRY
Remuda Basin
Centinela
Dog Town Draw
MALAGA BEND PUMP STA.
Queen Lake
Willow Lake
PECOS RIVER
Cedar Canyon
Wood Draw
Picket Corral Canyon
RUSTLER BLUFF
Draw
South
RED BLUFF
FAP 23
Delaware River
285
Brushy
POPE 3112'
NEW MEXICO
TEXAS
R.28 E.
R.29 E.
R.29 E.
R.30 E.
To Pecos Tex.



LEGEND:

- Oil Well
- Plugged Well
- Proposed Well
- Existing Road
- Proposed New Road

EXHIBIT "B"

GP II ENERGY, INC.
COYOTE FEDERAL "27" NO. 1
935' FSL, 1443' FWL (SURFACE LOCATION)
SEC. 27, T 26S., R29E SCALE: 1" = 1 MI.

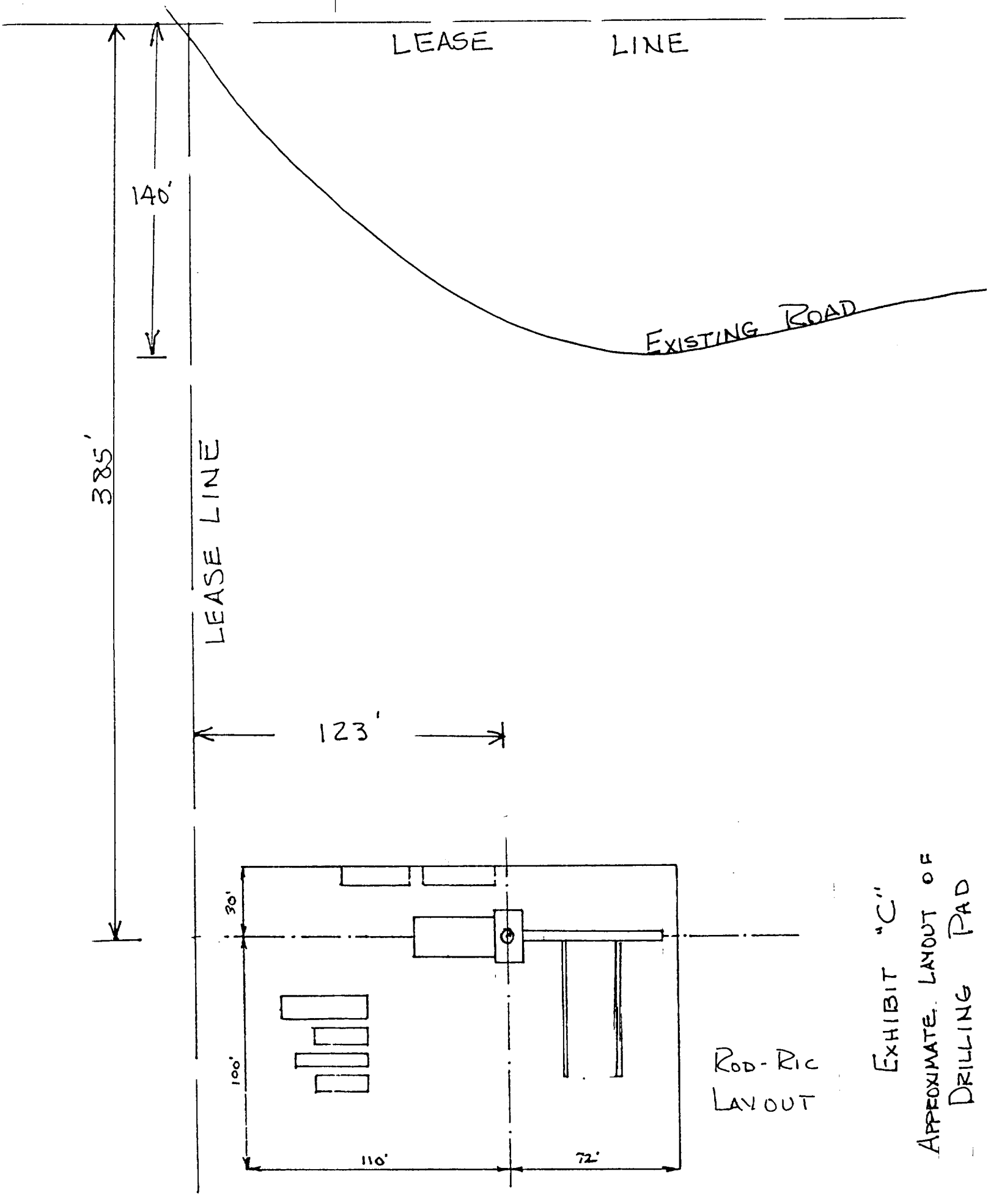


EXHIBIT "C"
APPROXIMATE LAYOUT OF DRILLING PAD

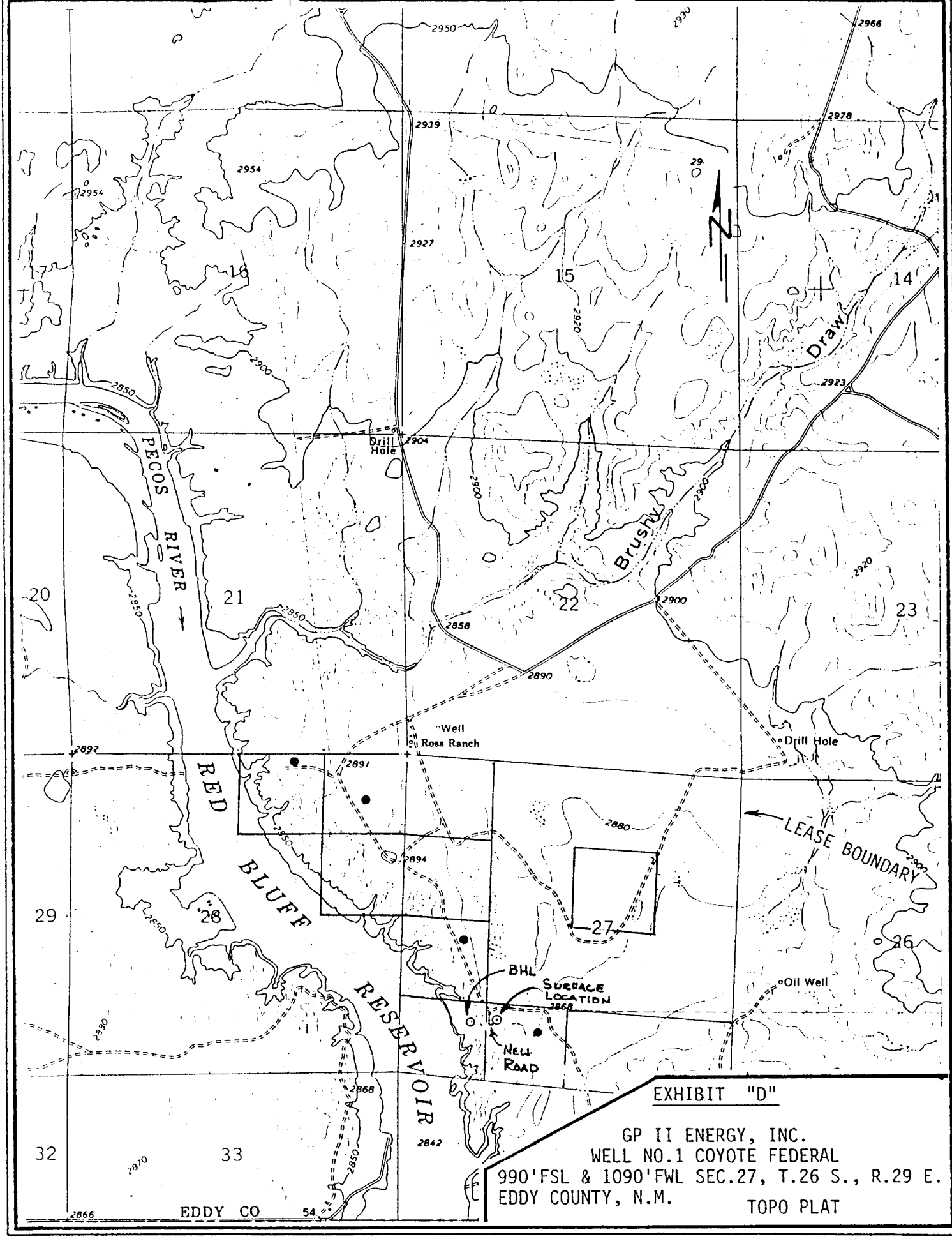
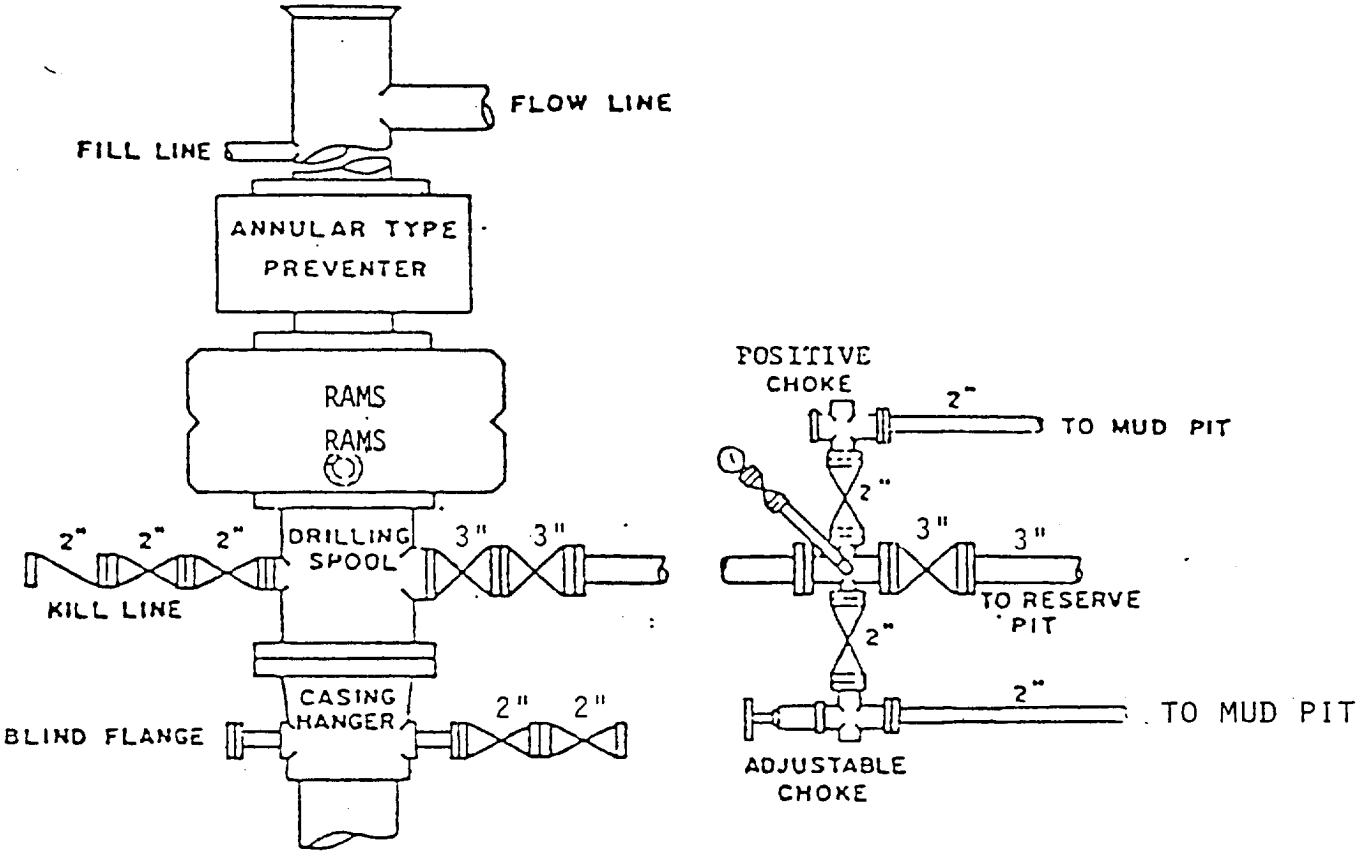


EXHIBIT "D"

GP II ENERGY, INC.
WELL NO.1 COYOTE FEDERAL
990'FSL & 1090'FWL SEC.27, T.26 S., R.29 E.
EDDY COUNTY, N.M.
TOPO PLAT



BOP STACK

3000 PSI WORKING PRESSURE

EXHIBIT "E"

BOP ARRANGEMENT

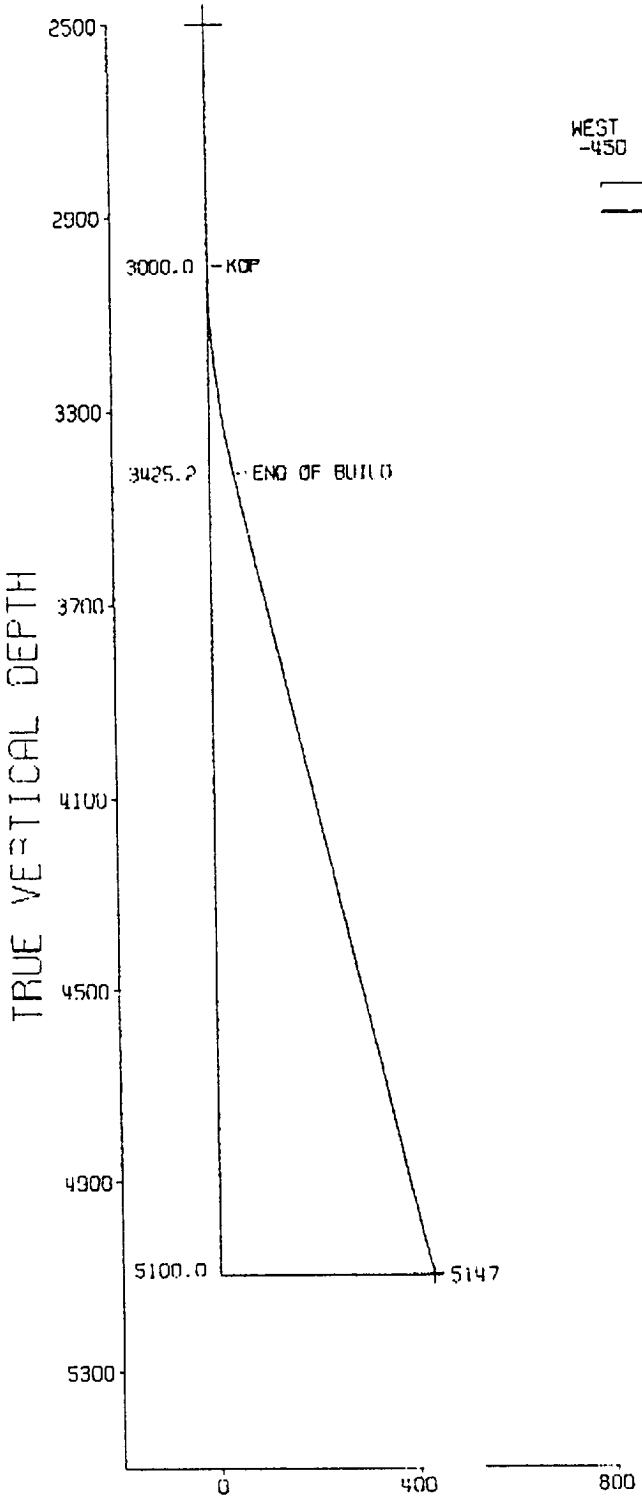
GP II ENERGY, INC.
COYOTE FEDERAL "27" NO. 1
935' FSL, 1443' FWL (SURFACE LOCATION)
SEC. 27, T.26S., R29E

SPERRY-SUN DRILLING SERVICES

VERTICAL/HORIZONTAL PROJECTION

gp II ENERGY INC.
COYOTEFEDERAL 27 #1
7-2-91

START TVD = 2500.00
FINISH TVD = 5100.00
VERT SECT SCALE IS 400 FEET/IN
HORT SECT SCALE IS 150 FEET/IN



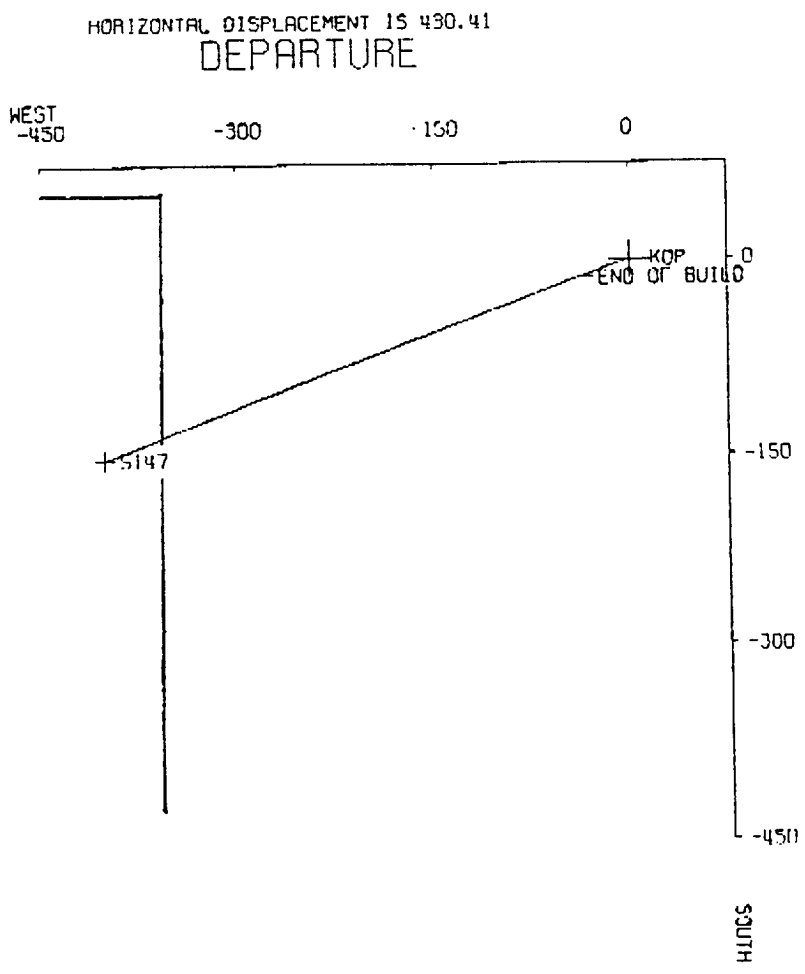
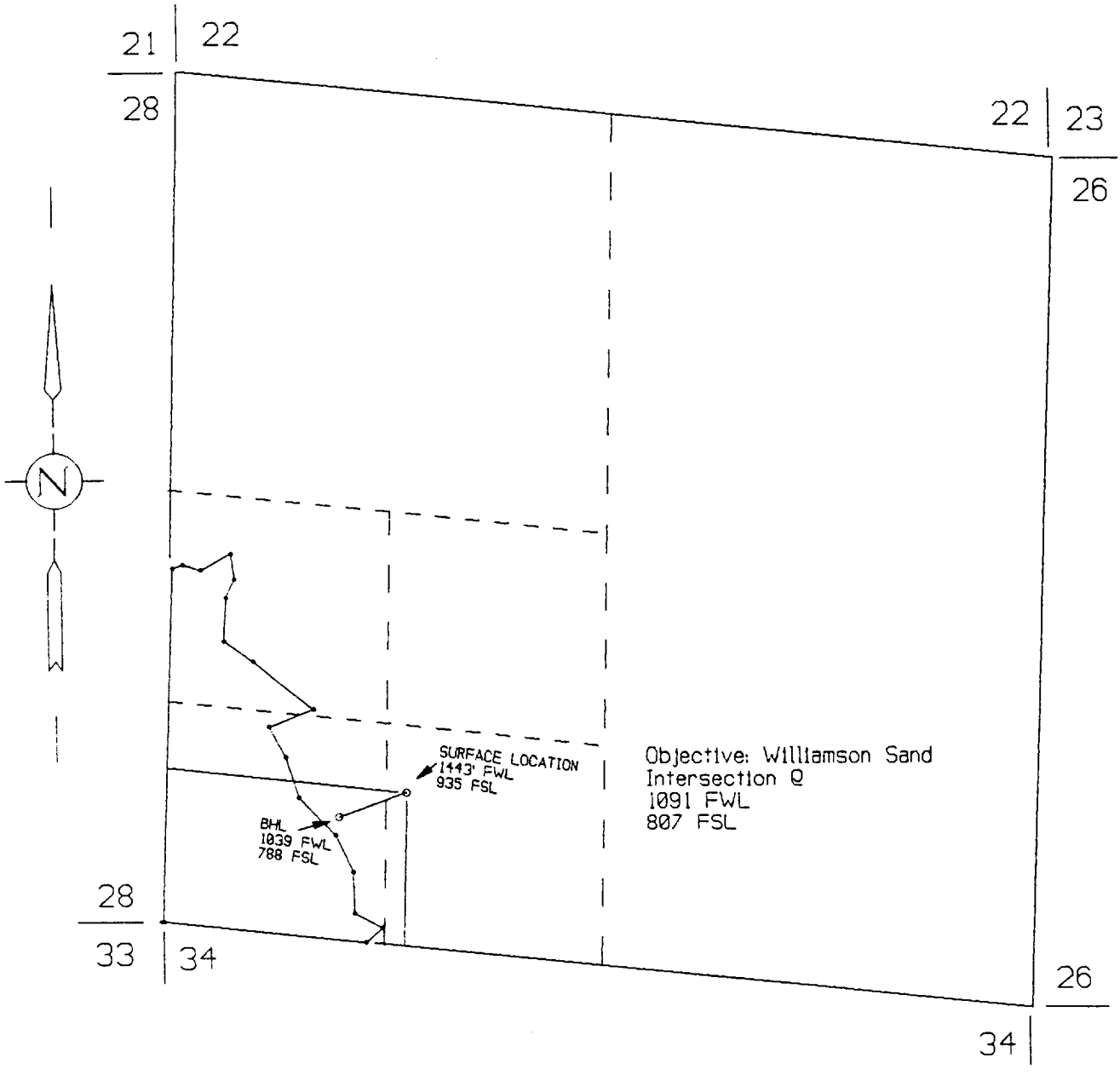


EXHIBIT "F"

PROJECTION OF WELLBORE
GP II ENERGY, INC.
COYOTE FEDERAL "27" NO. 1
935' FSL, 1443' FWL (SURFACE LOCATION)
SEC. 27, T.26S., R29E

5505 3.02

GP2



SECTION 27, TOWNSHIP 26 SOUTH, RANGE 29 EAST

Plat depicts land leased by BLM to Red Bluff Power Water Control District in Sec. 27, T26S, R29E, Eddy County, New Mexico.

EXHIBIT "G"

LEASE PLAT WITH WELLBORE PROJECTION

GP II ENERGY, INC.
COYOTE FEDERAL "27" NO. 1
935' FSL, 1443' FWL (SURFACE LOCATION)
SEC. 27, T.26S., R29E SCALE: 1"=1000'