

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Siete Oil and Gas Corporation

3a. Area Code & Phone No.

(505)622-2202

3. ADDRESS OF OPERATOR

P.O. Box 2523, Roswell, NM 88202-2523

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface 1980' FSL & 1980' FEL, NW $\frac{1}{4}$ SE $\frac{1}{4}$, Unit Letter

At proposed prod. zone same

JAN 14 1993

O. C. D.
ARTS & CRAFTS

5. LEASE DESIGNATION AND SERIAL NO.

NM-89854

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Nez Perce Federal

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Wildcat Delaware

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

Sec. 20: T26S, R29E

12. COUNTY OR PARISH

Eddy

13. STATE

NM

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

14 miles Southeast of Malaga

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any)

1980

16. NO. OF ACRES IN LEASE

440

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.

N/A

19. PROPOSED DEPTH

7000'

20. ROTARY OR CABLE TOOLS

Rotary

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

2896' GR

22. APPROX. DATE WORK WILL START*

ASAP

PROPOSED CASING AND CEMENTING PROGRAM

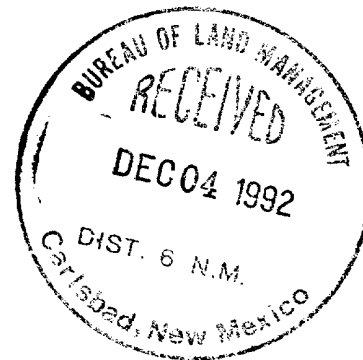
| HOLE SIZE | CASING SIZE | WEIGHT/FOOT | GRADE | THREAD TYPE | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------------|-------------------|-------------|-------|-------------|---------------|--------------------|
| 12 $\frac{1}{2}$ " | 8 5/8" | 24 | J-55 | 8rd | 600 | 470 sxs circ |
| 7 7/8" | 5 $\frac{1}{2}$ " | 15.5 & 17 | K-55 | 8rd | 7000 | 780 sxs |

(tieback at least
200' above top of salt)

Selectively perforate and treat pay zones.

Attachments:

Survey Plat (C-102)
Supplemental Drilling Data
Surface Use Plan



POST 10-1
1-13-93
NEWLOG & ART

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

David D. Jantzen

TITLE Exec. V.P.

DATE 12/2/92

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE 1-12-93

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 with intent to defraud

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

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

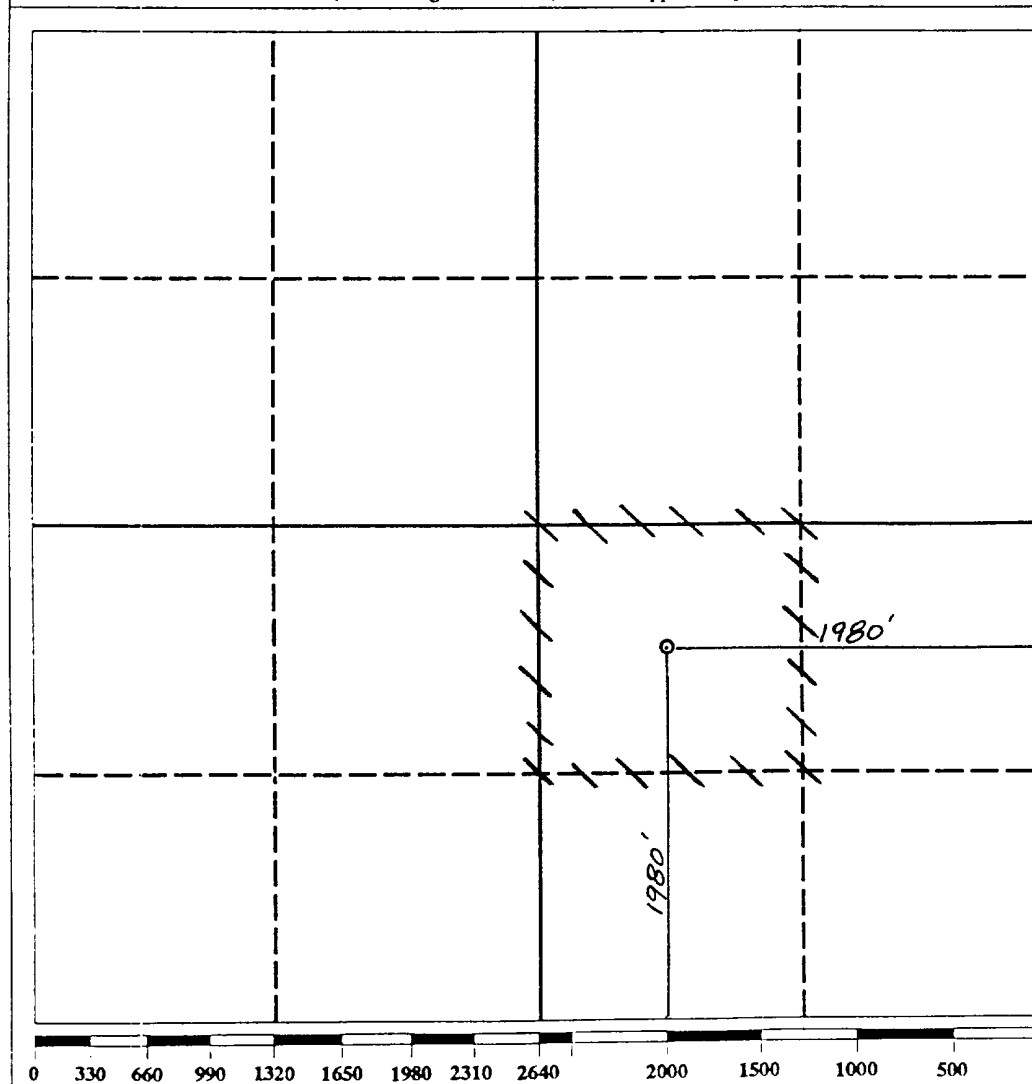
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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 SIETE OIL & GAS CORPORATION | | | Lease NEZ PERCE FEDERAL | | Well No. 1 |
| Unit Letter J | Section 20 | Township 26 SOUTH | Range 29 EAST | County EDDY COUNTY, NM | |
| Actual Footage Location of Well: 1980 feet from the SOUTH line and 1980 feet from the EAST line | | | | | |
| Ground level Elev. 2896. | Producing Formation Delaware | | Pool Wildcat | Dedicated Acreage: 40 Acres | |
| <p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>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).</p> <p>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.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>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.</p> | | | | | |



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature *Harold D. Justice*
Harold D. Justice

Printed Name
Executive Vice President

Position
Siete Oil & Gas Corp.

Company
December 2, 1992

Date

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
NOVEMBER 17, 1992

Signature and Seal of
Professional Surveyor

Professional Engineer
5412
NM PERCE PROFESSIONAL ENGINEER

SUPPLEMENTAL DRILLING DATA
SIETE OIL AND GAS CORPORATION
NEZ PERCE FEDERAL #1
1980' FSL & 1980' FEL
Section 20: T26S, R29E
Eddy County, New Mexico
Lease Number: NM-85894

The following items supplement "Onshore Oil and Gas Order No. 1":

1. The geologic surface is quaternary.
2. The estimated geological marker tops:

| | |
|---------------|-------|
| Del Lime | 2760' |
| Bell Canyon | 2800' |
| Cherry Canyon | 3700' |
| Brushy Canyon | 5200' |
| Bone Spring | 6800' |

3. Estimated depths to water, oil or gas:

Water: Approx. 350'
Oil or Gas: 2899'

4. Proposed casing program:

| <u>Size</u> | <u>Interval</u> | <u>Weight</u> | <u>Grade</u> | <u>Joint</u> | <u>New or Used</u> |
|-------------|-----------------|---------------|--------------|--------------|--------------------|
| 8 5/8" | 0 - 600' | 24# | J-55 | ST&C | New |
| 5 1/2" | 0 - T.D. | 15.5# & 17# | K-55 | ST&C | New |

5. Pressure Control Equipment: The blowout preventer will be a double ram type preventer. A sketch is attached.
6. Mud Program:
0-600': Native mud adding gel & lime for sufficient viscosity to insure clean hole for running casing.
600'-T.D.: Drill out of surface with brine, add starch and salt gel to maintain a viscosity of 32; mud weight 10.0; pH 9-10; FL 0; pump mud sweeps to clean hole and @ T.D.
7. Auxiliary Equipment: A kelly cock will be installed on the rig floor while drilling operations are in progress.
8. Testing, logging & coring programs: Possibly 2 DST's are planned. We anticipate running a CNL/LDT & DLL/MSFL @ T.D.
9. No abnormal pressures or temperature zones are anticipated. According to the information in this area, there has not been H2S encountered while drilling formations from surface to T.D. Therefore, we do not have any contingency plans for this well.
10. Anticipated starting date: Commence drilling operations ASAP.

SURFACE USE PLAN
FOR
DRILLING, COMPLETING AND PRODUCING

SIETE OIL AND GAS CORPORATION
Nez Perce Federal No. 1
1980' FSL & 1980' FEL
Section 20: T26S, R29E
Eddy County, New Mexico
Lease Number: NM-85894

LOCATED: 14 miles Southeast of Malaga, New Mexico

FEDERAL LEASE NUMBER: NM-85894

LEASE ISSUED: December 1, 1990

RECORD LESSEE: Siete Oil and Gas Corporation

BOND COVERAGE: \$25,000 Bond of Siete Oil and Gas Operator

ACRES IN LEASE: 440

SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE: Delaware Ranches
Draper Brantley
(505)885-1077

POOL: Wildcat Delaware

EXHIBITS:

- A. Area Road Map
- B. Topographic Map Showing Access Route
- C. Lease Map Showing Well Tests
- D. Sketch of Well Pad

ROAD LOG TO PROPOSED DRILLSITE

Starting point being 16 miles South of Malaga at the intersection of U.S. Highway 285 and Eddy County Road 726 (State Line):

- 0.00 Turn East on Eddy County Road 726 for 1.7 miles.
- 1.70 Turn North through a cattleguard & proceed North 1.8 miles.
- 3.50 Turn West 0.2 miles.
- 3.70 Location.

THIRTEEN POINT PROGRAM

1. EXISTING ROADS:

- A. Existing access roads, which lead to the proposed drillsite, are shown on Exhibits "A" & "B".

2. PROPOSED NEW ROAD:

- A. The new access road will be approx. 14' wide and approx. 1050' in length with 6" of compacted caliche. It will enter our proposed location from the Southeast corner. The new access road is shown on Exhibit "B".

B. Surfacing Materials: Caliche

C. Maximum Grade: Less than 1%

D. Turnouts: None required

E. Drainage Design: None required

F. Culverts: None required

G. Cuts and Fills: Less than 3'

H. Gates and Cattleguards: None

3. LOCATION OF EXISTING WELLS:

- A. Existing wells are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. If well is productive, we propose to install a tank battery on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. A water supply well is not planned. Water will be purchased and hauled to the well site over existing roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Construction materials will be obtained from the location.

7. METHODS OF HANDLING WASTE DISPOSAL:

- 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.

- D. Oil or condensate produced during tests, will be put into frac tanks.
- E. Trash, waste paper, garbage and junk will be stored in a trash trailer. All waste material will be contained to prevent scattering by the wind. Afterwards, it will be disposed of in an approved landfill.

8. ANCILLARY FACILITIES:

- A. None planned.

9. WELLSITE LAYOUT:

- A. The drill site has been surveyed, staked and flagged.
- B. The dimensions and relative location of the drill pad and mud pits with respect to the wellbore are shown on Exhibit "D".
- C. The wellsite is nearly level and will not require any cut or fill. The drill pad will be surfaced with caliche.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other materials not needed for operations will be removed. Pits will be filled and the location cleansed of all trash and junk to leave the wellsite in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. After abandonment, all equipment, trash and junk will be removed and the location cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and accomplished as expeditiously as possible.

11. OTHER INFORMATION:

- A. Topography: The surface is relatively flat, drainage to the Southeast.
- B. Soil: Kermit Berino fine sands.
- C. Flora and Fauna: Vicinity surrounding the drillsite is semi-arid desert rangeland. Vegetation is thinly scattered with desert shrubs interspersed with a small amount of native grasses. No wildlife was observed, rodents, coyotes, dove or quail.
- D. Ponds and Streams: Pecos River 2 miles East.
- E. Residences and other structures: None in the area.
- F. Archaeological, Historical and Other Cultural Sites: None were observed in this area. The pad area was archaeologized on November 17, 1992.

G. Land Use: Grazing and occasional hunting.

12. OPERATOR'S REPRESENTATIVE:

Representative responsible for assuring compliance with the approved Surface Use Plan:

Harold D. Justice
Petroleum Building, Suite 200
200 West First
Roswell, New Mexico 88202
Office: 622-2202
Home: 625-0072

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 operations proposed herein will be performed by SIETE OIL AND GAS CORPORATION and its 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.

SIETE OIL AND GAS CORPORATION

Date: 12/3/92

BY: Harold D. Justice
Harold D. Justice
Executive Vice President

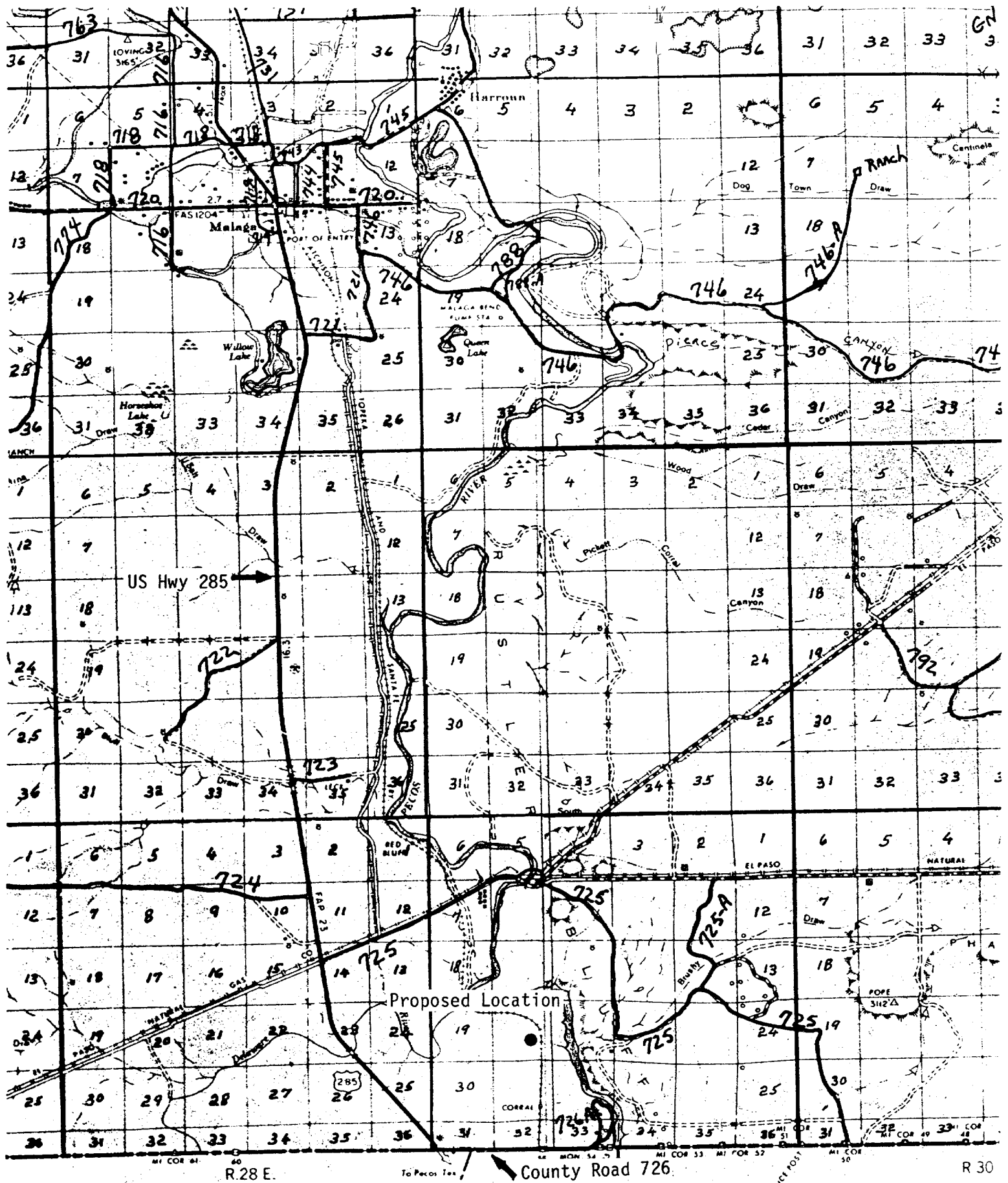
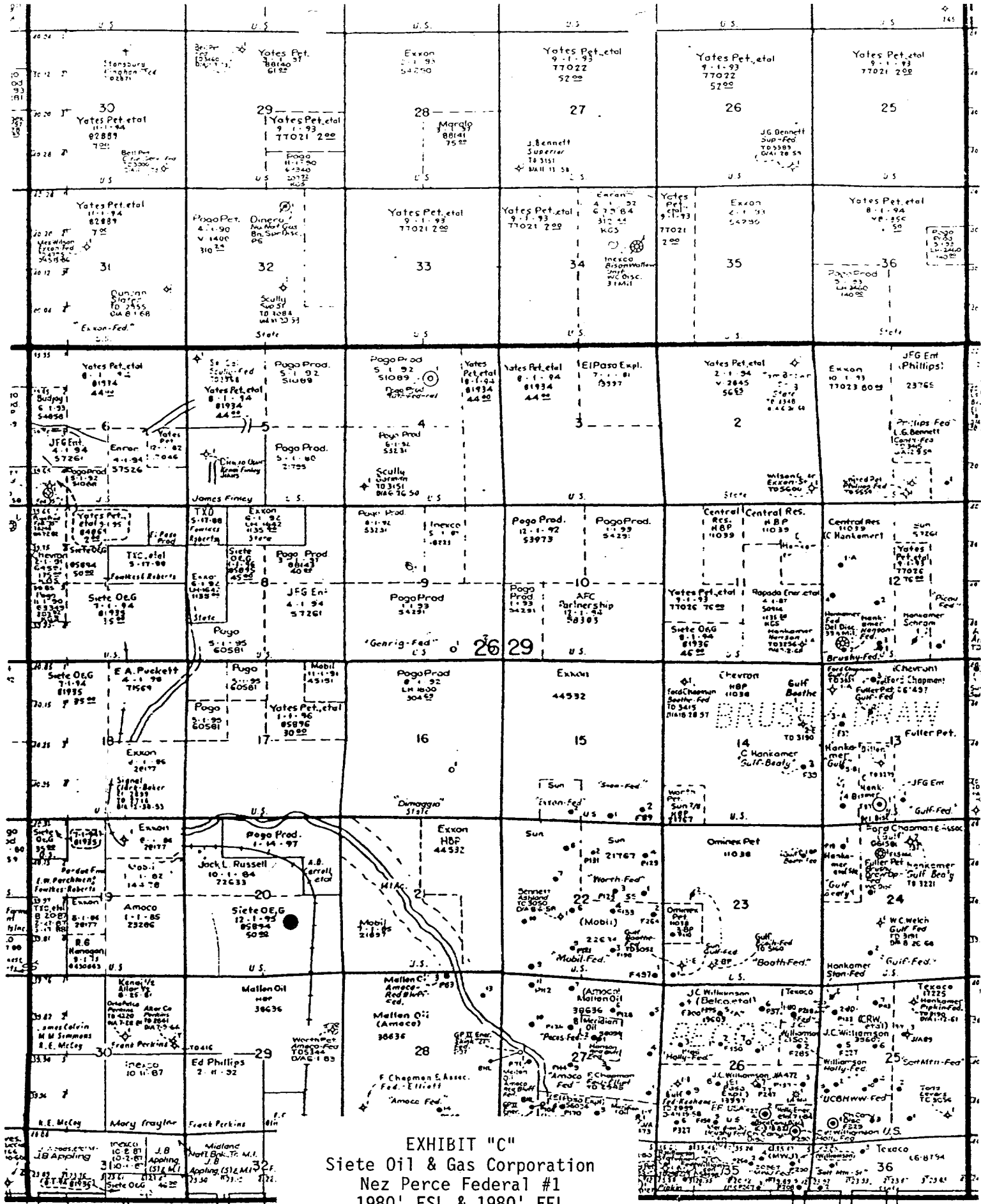


EXHIBIT "A"
 Siete Oil & Gas Corporation
 Nez Perce Federal #1
 1980' FSL & 1980' FEL
 Section 20: T26S, R29E
 Eddy County, New Mexico

Eddy County, New Mexico



REEVE

County

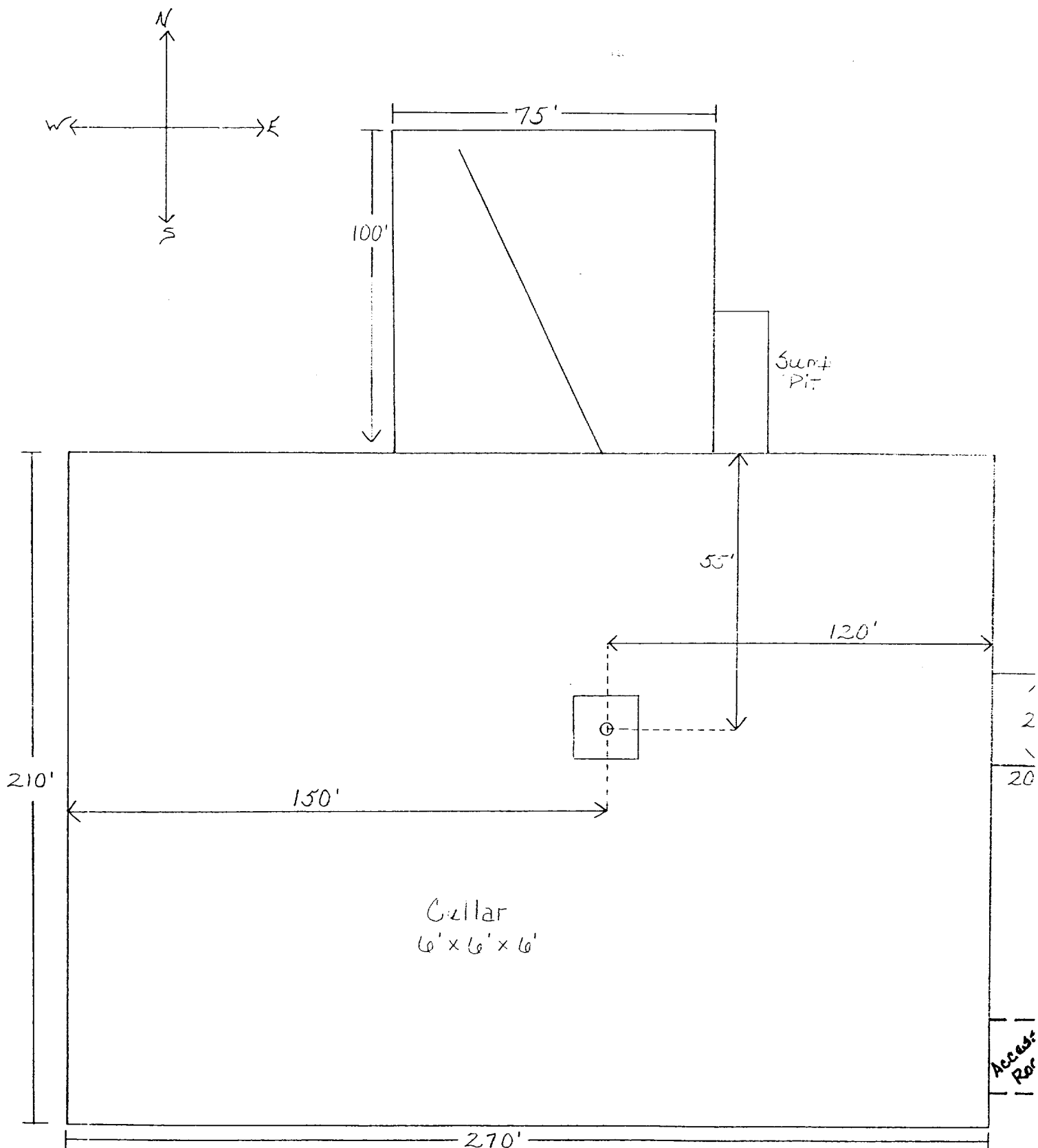


EXHIBIT "D"
 Siete Oil & Gas Corporation
 Nez Perce Federal #1
 1980' FSL & 1980' FEL
 Section 20: T26S, R29E
 Eddy County, New Mexico

BOP DIAGRAM

RATED 3000#

