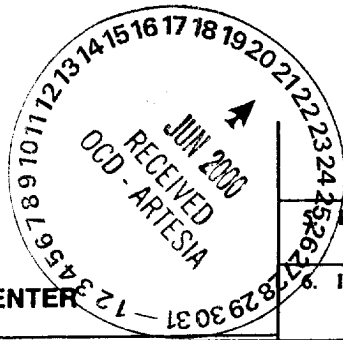


c/181

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N. M. L. 100-1000
ARTESIA, NM 86110-1934



Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. 25218
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. #2 Diverse Federal
2. Name of Operator John R. Dorr		9. API Well No. X 30-015-31197
3a. Address P.O. Box 31 Pecos, TX 79772	3b. Phone No. (include area code) (915) 445-4927	10. Field and Pool, or Exploratory Brushy Draw Delaware
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 460' FNL & 330' FEL At proposed prod. zone Same Unit A		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 23-T26S-R29E
14. Distance in miles and direction from nearest town or post office* 37 miles SE of Carlsbad, NM		12. County or Parish. Eddy
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		13. State NM
16. No. of Acres in lease 1240	17. Spacing Unit dedicated to this well 40	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 624'	19. Proposed Depth 3200'	20. BLM/BIA Bond No. on file NM-2749
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2950' GL	22. Approximate date work will start* 05/15/00	23. Estimated duration 3 weeks
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officers. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 04/27/00
Title Agent for: John R. Dorr		
Approved by (Signature) (ORIG. SGD.) ARMANDO A. LOPEZ	Name (Printed/Typed)	Date JUN 19 2000
Title Acting Assistant Field Manager, Office RFO		

Application approval does not warrant BLM's opinion that applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
SPECIAL STIPULATIONS
ATTACHED

Lease Responsibility Statement: John R. Dorr accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof.

George R. Smith
George R. Smith

BUREAU OF LAND MGMT.
HOSWELL OFFICE

2000 APR 28 P 3:50

RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		1 Pool Code		1 Pool Name	
4 Property Code		1 Property Name			4 Well Number
		DIVERSE FEDERAL			2
7 OGRID No.		1 Operator Name			1 Elevation
		JOHN DORR			2950.

10 Surface Location

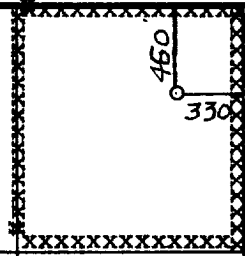
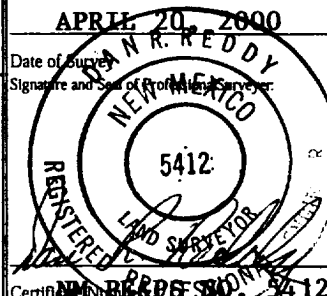
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	23	26-S	29-E		460	NORTH	330	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	NM-11038 Diverse Group		17 OPERATOR CERTIFICATION	
			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
			Signature <u>George R. Smith</u>	
			Printed Name <u>George R. Smith</u>	
			Title <u>agent for John R. Dorr</u>	
			Date <u>April 28, 2000</u>	
			18 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 belief.	
			APRIL 20, 2000	
			Date of Survey	
			Signature and Seal of Professional Surveyor	
				

APPLICATION FOR DRILLING

JOHN R. DORR.

Diverse Federal, Well No. 2
460' FNL & 330' FEL, Sec. 23-T26S-R29E

Eddy County, New Mexico

Lease No.: NM-11038

(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, John H. Dorr, submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Base of Rustler	400'
Top of Salt	2,400'
Base of Salt	2,900'
Delaware	3,110'
T. D. Max.	3,300'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water in the Triassic between 80' - 230'.

Oil: Possible in the Delaware below 3,110'

Gas: None expected.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8 "	24.0#	K-55	ST&C	850'	Circ. 400 sx "C" cement.
7 7/8"	5 1/2"	15.5#	K-55	ST&C	3200'	250 sx of C and additives

Drill out shoe and drill open hole: no casing, 50 - 100' +/- to the top of the Ramsey.

5. Proposed Control Equipment: See Exhibit "E":

BOP Program:.

A 10" 3000 psi wp Cameron Space Saver, double ram BOP, will be installed on the 8 5/8" casing. Casing and BOP will be tested before drilling out with 7 7/8". The BOP will be used as a 2000 psi system and will be tested daily.

6. Mud Program:.

		MUD WEIGHT	VIS.	W/L CONTROL
0' - 2300':	Fresh water mud	9.3 ppg	33	No W/L control
2300' - 3100':	Brine mud:	10.0 ppg	32	No W/L control
3100' - 3200':	No mud: Cable tool or air drill.			No W/L control

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None unless warranted.

Logging: T.D. to 850': Sample logs.

Coring: None planned.

John R. Dorr

Diverse Federal, Well No. 2

Page 2

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated BHP = 1280 psi (evac. hole) with temperature of 92°.
10. H₂S: None expected. None in previously drilled wells.
11. Anticipated starting date: May 15, 1999.
Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

JOHN R. DORR

Diverse Federal, Well No. 2
460' FNL & 330' FEL, Sec. 13-T26S-R29E
Eddy County, New Mexico
Lease No.: NM-11038
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "B" is a portion of a USGS/BLM Topo map showing the location of the proposed well as staked. The well site location is approximately 37 road miles southeast of Carlsbad, New Mexico. Traveling south from Carlsbad there will be approximately 30 miles of paved highway and 6.9 miles of gravel county road.
- B. Directions: Travel south from Carlsbad, NM on U.S. Highway 285 for approximately 27 miles; turn east, south of MM #4, onto County Rd. #725. Continue east for approximately 3.8 miles to a fork in the road. Turn southeast and continue on #725 for 4.9 miles to another fork in the road. Turn southeast on #725 for 1 mile to the start of the proposed access road staked on the north side of the county road and will run north for approximately 500 feet to the northeast corner of the proposed well site.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be constructed to a width of 12 feet and will be approximately 500 feet in length. The proposed access road is color coded red on Exhibit "B".
- B. Construction: The existing access road will be constructed by grading and topping with compacted caliche and will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: None.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: R/W No. NM-103900 will be amended to cover the off lease production line and a separate surface flow line for gas in sections 13 and 24 as shown of Topo Map. A separate Right of Way application is being filed.

3. LOCATION OF EXISTING WELLS:

- A.. Existing wells within a two mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. There are oil production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas production-process equipment will be installed on the drilling pad..A 2 3/8" 1,000 psi steel pipe flow line will be run east 700 feet to an existing production flow line to a tank battery in the NW4NW4 -Sec. 24-T26S-R29E.
- C. A 2 1/2" 160 psi gas poly pipe flow line will be installed parallel to an existing oilfield road from the tank battery in Sec. 24 to a Conoco gas line meter in Sec. 13-T26S-R29E. See Exhibit "B" and Right of Way application.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained on location, if available, or from an approved Federal pit in the NW¼NW¼ of Section 24-T26S-R29E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock and wildlife from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary land fill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area have been staked and flagged 400' X 400'.
- B. Mat Size: 175' X 250', plus 100' X 100' reserve pits. The pits will be on the south.
- C. Cut & Fill: There will be a 3 foot cut on the south with fill to the north.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to work after abandonment.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road is located on a north sloping hill 400 feet north of County Rd. #725. The location and vicinity has a northwesterly slope of 1.5% toward Brushy Draw from an elevation of 2950'.
- B. Soil: The topsoil at the well site is a yellowish-red calcareous loamy fine sand of the Pajarito-Dune land complex. There is a surface scatter of gravel.
- C. Flora and Fauna: The vegetation cover has a poor grass cover of three-awn, sand and spike dropseed, and other miscellaneous native grasses along with plants of mesquite, yucca, creosote, broomweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: The Pecos River and Red Bluff Reservoir are 2.5 - 3 mile to the west and southwest of the location.
- E. Residences and Other Structures: None, but existing oil field facilities.
- F. Land Use: Cattle grazing.

11. OTHER INFORMATION; cont.....

- G.. Surface Ownership: The proposed well site and access road are on Federal surface.
- H. There is no evidence of archaeological, historical or cultural sites on the proposed 400' X 400' location or access road and pipeline R/W. An archaeological survey is being conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

JOHN R. DORR
P. O. Box 31
Pecos, TX 79772
Office Phone: (915) 445-4927

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 John R. Dorr and his contractors and 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.

April 27 2000



George R. Smith
Agent for: JOHN R. DORR



EXHIBIT "A"
JOHN R. DORR

Diverse Federal, Well No. 2

460' FNL & 330' FEL, Sec. 23-T26S-R29E

Existing Access Roads: —

Proposed Access Road: - - -



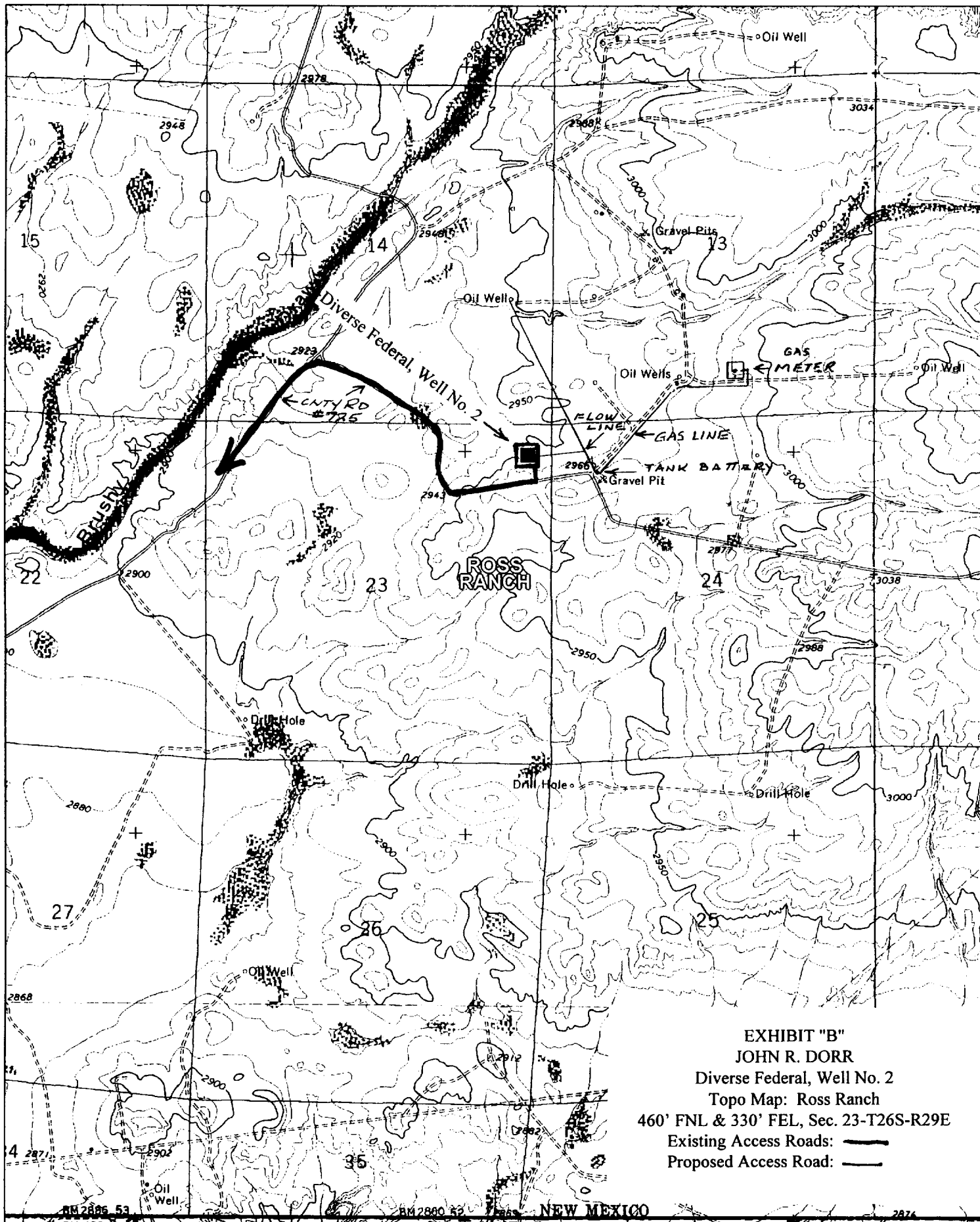
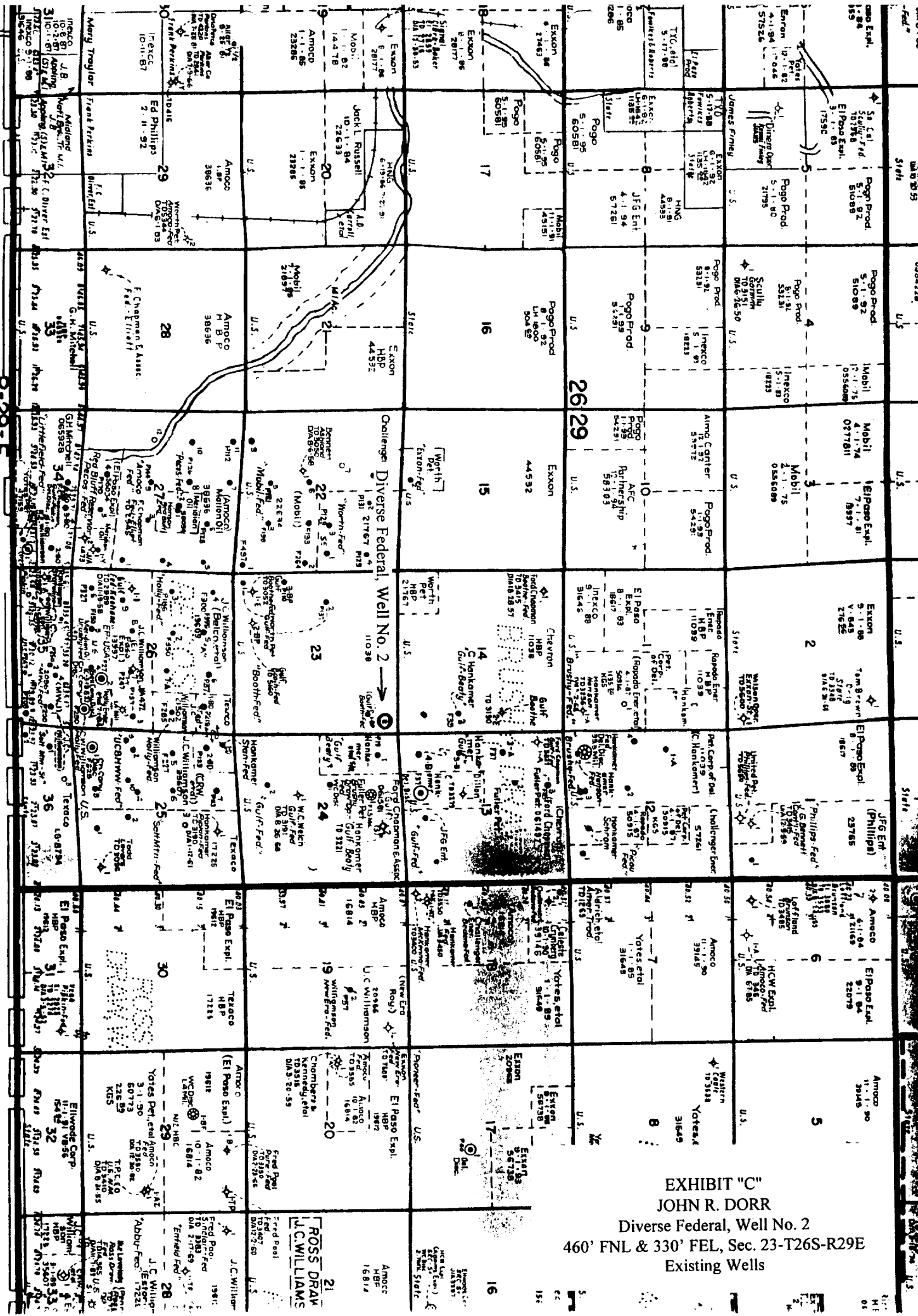


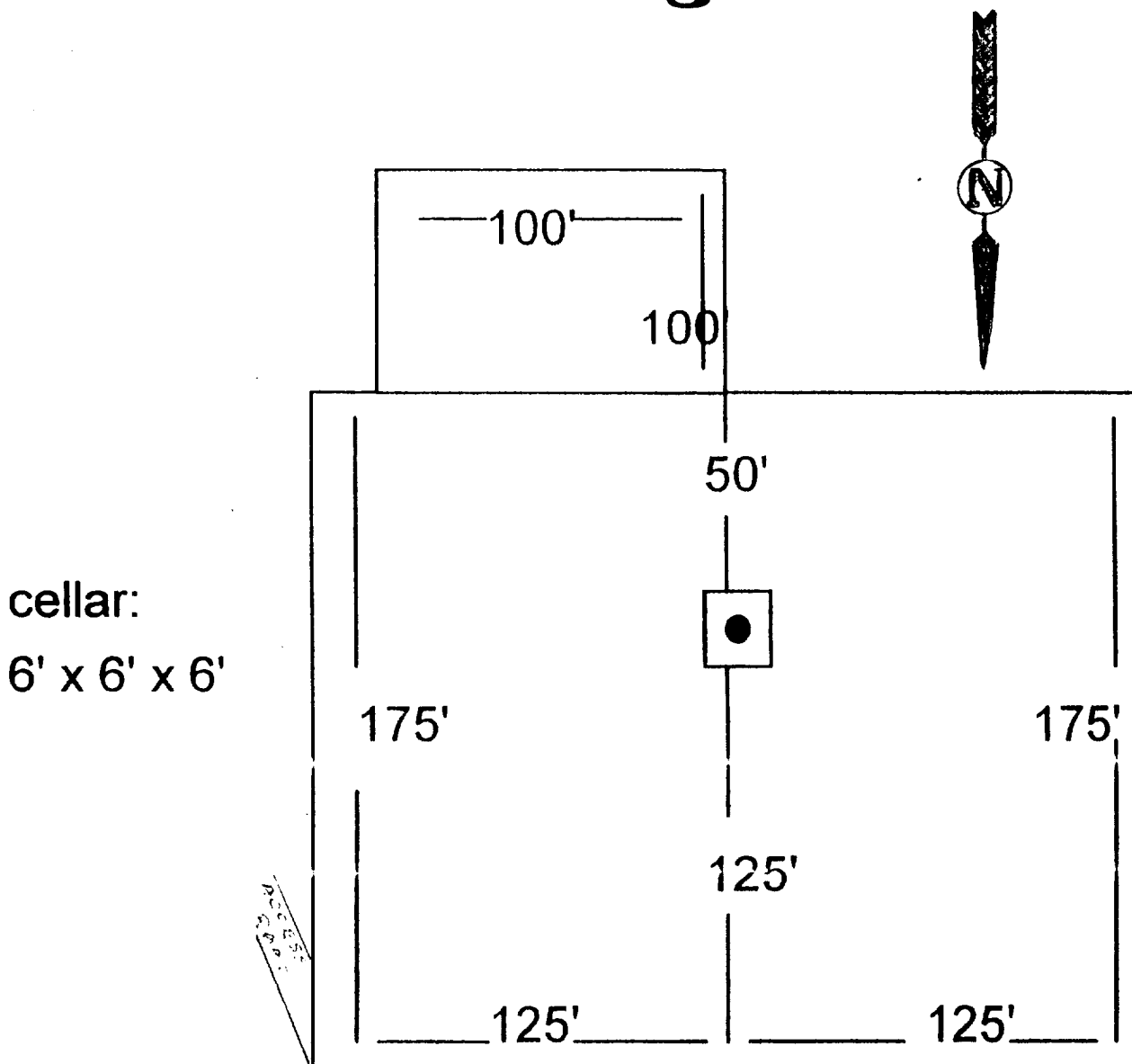
EXHIBIT "C"
 JOHN R. DORR
 Diverse Federal, Well No. 2
 460' FNL & 330' FEL, Sec. 23-T26S-R29E
 Existing Wells



REEVES, North

LOVING County

RIG PLAT
L & M Rig #1
L & M Rig #2
or
L & M Rig #3



B O P & CHOKE MANIFOLD

10"/900 Cameron SS Space Saver
3000# Working Pressure
3000# Working Pressure Choke Manifold

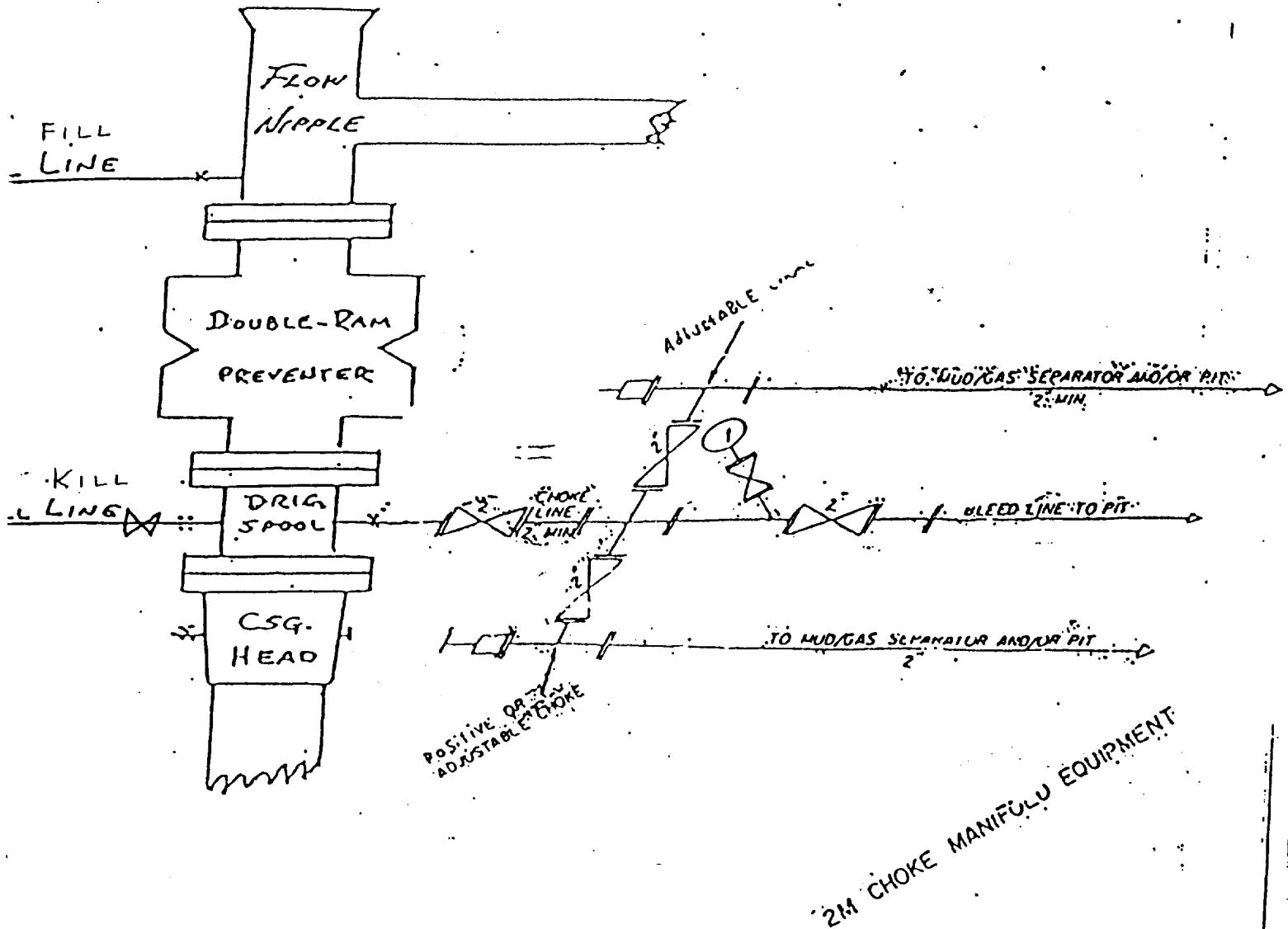


EXHIBIT "E"
JOHN R. DORR
Diverse Federal, Well No. 2
BOP Specifications