Form 3160-3
(December 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bureau of Land Management
Received
MAY 25 2000
Carlsbad Field Office
Carlsbad, N.M.

SUBMIT IN TRIPLICATE

690

FORM APPROVED
Budget Bureau No. 1004-0136
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. Type of Work: DRILL ☒ DEEPEN ☐

1b. Type of Well: OIL WELL ☐ GAS WELL ☒ OTHER 22351 SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. Name of Operator: TEXACO EXPLORATION & PRODUCTION INC.

3. Address and Telephone No.: P.O. Box 3109, Midland Texas 79702 688-4606

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At Surface
Unit Letter O : 250 Feet From The SOUTH Line and 1980 Feet From The EAST Line
At proposed prod. zone
SAME

5. Lease Designation and Serial No.: NM 0563 046525

6. If Indian, Alottee or Tribe Nam:

7. If Unit or CA, Agreement Designation: COTTON DRAW UNIT

8. Well Name and Number: COTTON DRAW UNIT 1092D
89

9. API Well No.: [redacted] 30-015-31381

10. Field and Pool, Explortory Area: UNDES. PADUCA SOUTH, WOLFCAMP

11. SEC., T., R., M., or BLK. and Survey or Area: Sec. 3, Township 25-S, Range 31-E

12. County or Parish: ~~LEA~~ EDDY 13. State: NM

14. Distance In Miles and Direction from Nearest Town or Post Office*: 32 MILES SE OF LOVING, NM

15. Distance From Proposed* Location to Nearest Property or Lease Line, Ft. (also to nearest drlg. unit line, if any): 250'

16. No. of Acres in Lease: 9384.52

17. No. of Acres Assigned To This Well: 320

18. Distance From Proposed Location* to Nearest Well, Drilling, Completed or Applied For, On This Lease, Ft.: 2183'

19. Proposed Depth: 13200'

20. Rotary or Cable Tools: ROTARY

21. Elevations (Show whether DF,RT, GR, etc.): GR-3419'

22. Approx. Date Work Will Start*: 6/5/00

R-11464

23 PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" WC40	48#	700'	790 SACKS-CIRCULATE
12 1/4"	9 5/8" K-55	40#	4350'	1580 SACKS-CIRCULATE
8 1/2"	7" C-95	29#	12800'	1470 SACKS-CIRCULATE
5 7/8"	5" C-95	18#	13200'	90 SACKS-CIRCULATE

CEMENTING PROGRAM:
SURFACE CASING: 400 SACKS CLASS C w/4% GEL, 2% SALT (13.5 PPG, 1.74 CF/S, 9.11 GW/S). F/B 390 SACKS CLASS C w/2% GEL (14.8 PPG, 1.34 CF/S,6.4 GW/S). CIRCULATE CEMENT TO SURFACE.
INTERMEDIATE CASING #1: 1130 SACKS 35/65 POZ CLASS H w/6% GEL, 5% SALT, 1/4# FC (12.8 PPG, 1.94 CF/S, 10.46 GW/S). F/B 450 SACKS CLASS H (15.6 PPG, 1.18 CF/S, 5.31 GW/S). CIRCULATE CEMENT TO SURFACE.
INTERMEDIATE CASING #2: 710 SACKS 50/50 POZ CLASS H w/2% GEL, 5% SALT, 1/4# FC (14.2 PPG, 1.35 CF/S, 6.3 GW/S). F/B 110 SACKS CLASS H w/3% GEL, 5% SALT, 1/4# FC (15.6 PPG, 1.18 CF/S, 5.31 GW/S). F/B 530 SACKS CLASS H w/3% GEL, 5% SALT, 1/4# FC (12.5 PPG, 2.96 CF/S, 10.46 GW/S). F/B 120 SACKS 50/50 POZ CLASS H w/2% GEL, 5% SALT, 1/4# FC (14.2 PPG, 1.35 CF/S, 6.3 GW/S). CIRCULATE CEMENT TO SURFACE.
PRODUCTION CASING: 90 SACKS CLASS H w/GAS BLOCK.

UNORTHODOX LOCATION: EXCEPTION HAS BEEN APPLIED FOR (COPY ATTACHED).

RECEIVED
OCT 2000
OCD - ARTESIA

In Above Space Describe Proposed Program: If proposal is to deepen, 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 true verticle depths. Give blowout preventer program, if any.

24. I hereby certify that the foregoing is true and correct

SIGNATURE A. Phil Ryan TITLE Commission Coordinator DATE 5/23/00 ~~5/17/00~~

TYPE OR PRINT NAME A. Phil Ryan

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ TITLE Assistant Field Manager, Lands And Minerals DATE OCT 05 2000

CONDITIONS OF APPROVAL, IF ANY:

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.

APPROVED FOR 1 YEAR

Pro/Nichols 10-94 ver 2.0

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name	
30-025-	82540	Paduca South, Wolfcamp, Delaware	
[4] Property Code	[5] Property Name		[6] Well Number
10920	Cotton Draw Unit		89
[7] OGRID No.	[8] Operator Name		[9] Elevation
22351	TEXACO EXPLORATION & PRODUCTION, INC.		3419'

[10] Surface Location

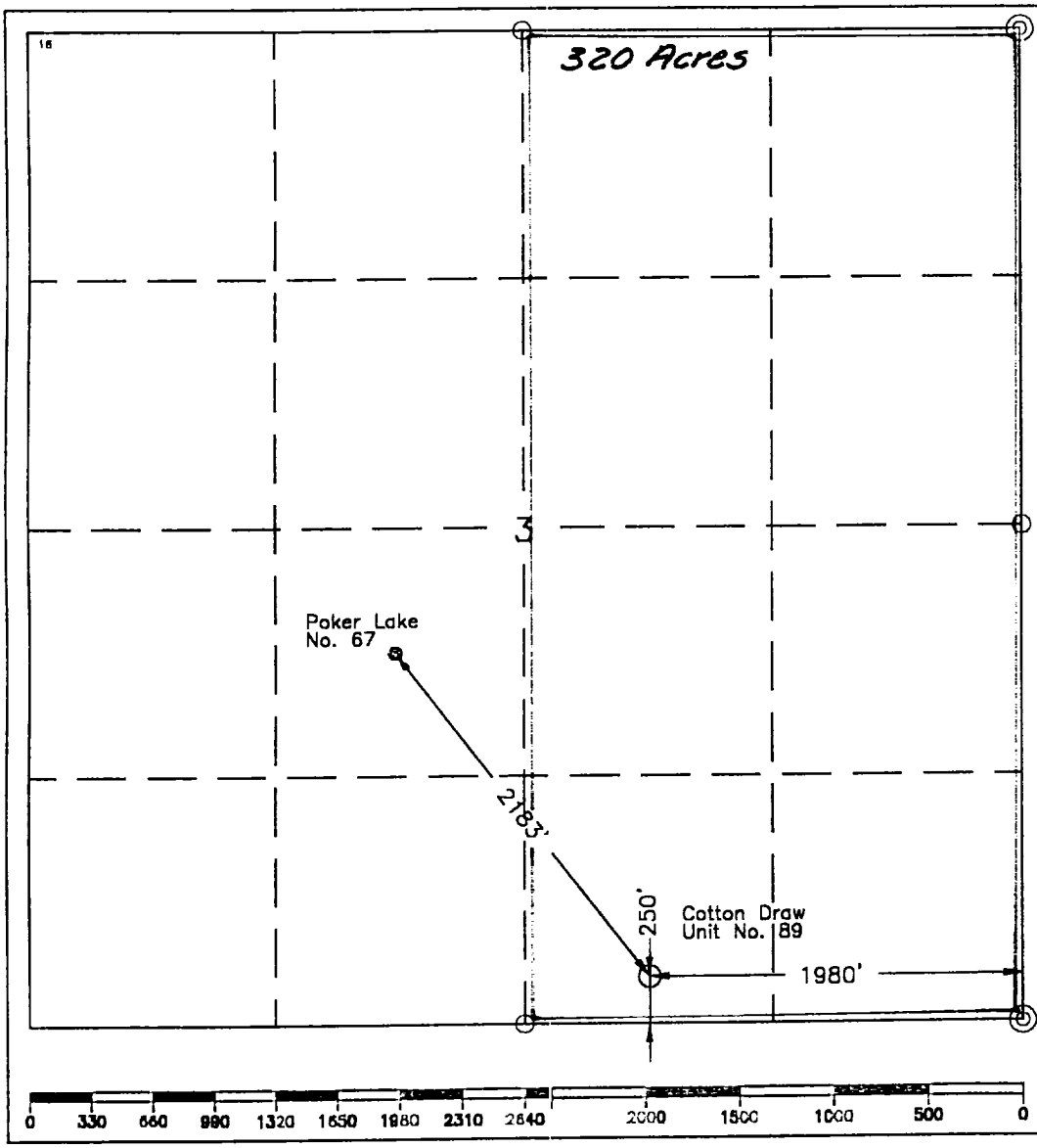
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	3	25-S	31-E		250'	South	1980'	East	Lea

[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.
320			

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.



[17] OPERATOR CERTIFICATION

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

Signature: A. Phil Ryan

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: April 27, 2000

[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 knowledge and belief.

Date Surveyed: April 25, 2000

Signature & Seal of Professional Surveyor

Certificate No. 7254 John S. Piper

Sheet 1 of 1

○ = Staked Location ● = Producing Well ⚡ = Injection Well ⚓ = Water Supply Well ⊕ = Plugged & Abandon Well

DRILLING PROGRAM

COTTON DRAW UNIT WELL NO. 89

SURFACE DESCRIPTION:

See Item 11 (other information) in the attached Surface Use and Operations Plan.

FORMATION TOPS: Estimated KB Elevation: 3425'

Formation	Depth	Lithology	Fluid Content
Rustler	660'	Sand & Shale	----
Salado	1060'	Salt	----
Castille	2860'	Anhydrite	----
Base of last salt	4160'		----
Delaware	4400'	Sand	----
Manzaita Mkr	5560'	Lime	----
Brushy Canyon	7030'	Sand	----
Lower Brushy Canyon	7860'	Sand	----
Lower Brushy Canyon P	8060'	Sand	----
Top Bone Spring	8310'	Lime	----
Bone Spring	8360'	Lime	----
Wolfcamp	12850'	Lime	Gas
Total Depth	13200'		

The base of the salt section is found around 4160'. No abnormal pressures or temperatures are anticipated to be encountered in this well. The Bottom Hole pressure at T.D. is estimated to be 10.0 PPG EMW (8736 PSI).

H2S in the Wolfcamp formation is possible. H2S RADIUS OF EXPOSURE: 100ppm = 1936', 500ppm = 885', based on 7500 ppm H2S and 15000 MCFD (see attached H2S Drilling Operations Plan. H2S equipment to be operational prior to drilling out Surface Casing Shoe.)

Duration of Operation: 120 Days to Drill & 30 Days to Complete

PRESSURE CONTROL EQUIPMENT:

17 ½" Hole

A 3000 psi (or 5000 psi at drilling contractor's option) Dual Ram BOP with rotating head (See Exhibit C) will be installed after surface casing is set. We do not plan to have a annular preventer. We will be able to achieve full closure of the well with double ram preventer. BOP will be tested each time it is installed on a casing string and at

least every 29 days, and operated at least once each 24-hour period during drilling.

A PVT system will not be installed. We will be drilling thru the reserve pit and will circulate the steel pits one hour each tour to check for gains and losses and will be noted on the driller's log, which is Texaco's policy.

We do not plan to run an automatic remote-controlled choke. We will have installed and tested two manual, H2S trimmed, chokes.

12 ¼" Hole

A 5000 psi Dual Ram type preventer, annular preventer with rotating head will be used (See Exhibit F-1). The BOP will be tested at least every 29 days and operated at least once each 24 hour period during drilling.

A PVT system will bot be installed. Drilling fluid will be circulated through the reserve pit and also will be circulated through the steel pits one hour each tour to check for gains and losses wnd will be noted on the driller's log, which is Texaco's policy.

An automatic remote-controlled choke will not be used. Texaco will install and test two manual, H2S trimmed chokes.

8 ½" and 5 7/8" Hole

A 10,000 psi single pipe ram preventer, Dual Ram type preventer, single blind ram preventer, annular preventer with rotating head will be used (See Exhibit G). The BOP will be tested at least every 29 days and operated at least once each 24 hour period during drilling.

A PVT system will be installed. Drilling fluid will be circulated through steel pits on a continuous basis.

An automatic-controlled choke will be used.

CASING AND CEMENT PROGRAM:

The cementing program is detailed on Form 3160-3. All casing will be new.

Casing Program:

Surface Casing - 17 1/2" hole, 13 3/8", 48#, WC-40, STC, set @ 700'.

Intermediate Casing #1: 12 1/4" hole, 3500' of 9 5/8", 40#, K-55, LTC & 850' of 9 5/8", 40#, K-55, LTC set @ 4350.

Intermediate Casing #2: 8 ½" hole, 8300' of 7", 29#, C-95, LTC & 4500' of 7", 32#, C-95, LTC set @ 12800'.

Production Casing: 5 7/8" hole, 13200' of 5 ½", 18#, C-95, LTC set @ 13200'.

Centralizer Program:

Surface Casing - Centralize the bottom 3 joints and every 4th to surface. Run float shoe only.

Intermediate Casing #1 - Centralize the bottom 3 joints. Run float shoe and insert float 1 joint up.

Intermediate Casing #2 - Centralize bottom 3 joints. Float shoe and collar 2 joints up. DV Tool @ 8500' with ECP.

Production Casing - Centralize above and below DV and place 2 baskets below DV.

MUD PROGRAM:

Depth	Type	Weight	Viscosity
0'-700'	Fresh Water	8.4	30
700'-4350'	Brine	10.0	29
4350'-12800'	Fresh Water	8.4	29-40
12800'-13200'	Weighted Brine/Polymer	14.5	40

LOGGING, TESTING:

GR-CAL-CNL-LDT, GR-CAL-DLL-MSFL, GR-CAL-BHC surveys will be run.

A two-man Mud Logging Unit will be used from 4500' to 13200'.

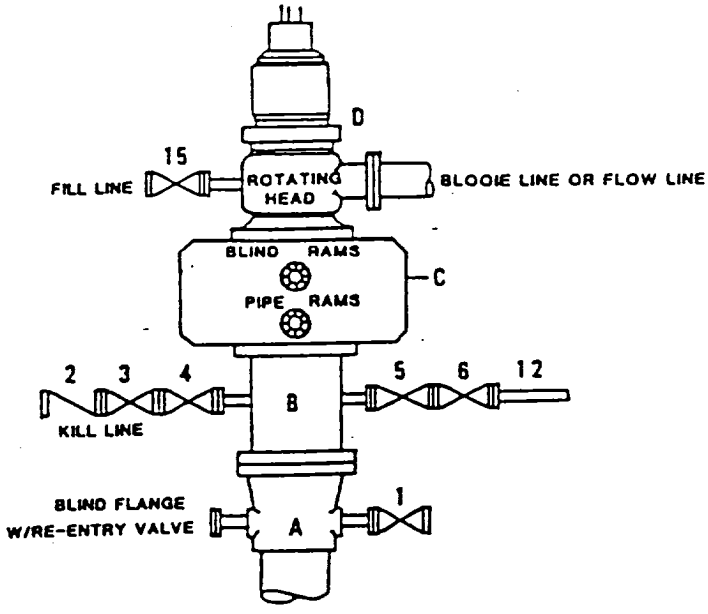
A drill stem test may be conducted in the Wolfcamp, if needed.

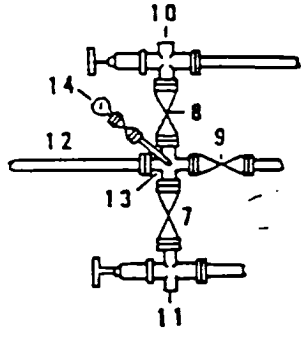
Sidewall cores (100) are planned for the Wolfcamp.

DRILLING CONTROL
CONDITION II-B 3000 WP

FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

H_2S TRIM REQUIRED
YES_____ NO X





DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

A	Texaco Wellhead
B	3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram type preventers may be utilized).
D	Rotating Head with fill up outlet and extended Blooie Line.
1,3,4, 7,8,	2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
2	2" minimum 3000# W.P. back pressure valve.
5,6,9	3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
12	3" minimum schedule 80, Grade "B", seamless line pipe.
13	2" minimum x 3" minimum 3000# W.P. flanged cross.
10,11	2" minimum 3000# W.P. adjustable choke bodies.
14	Cameron Mud Gauge or equivalent (location optional in choke line).
15	2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

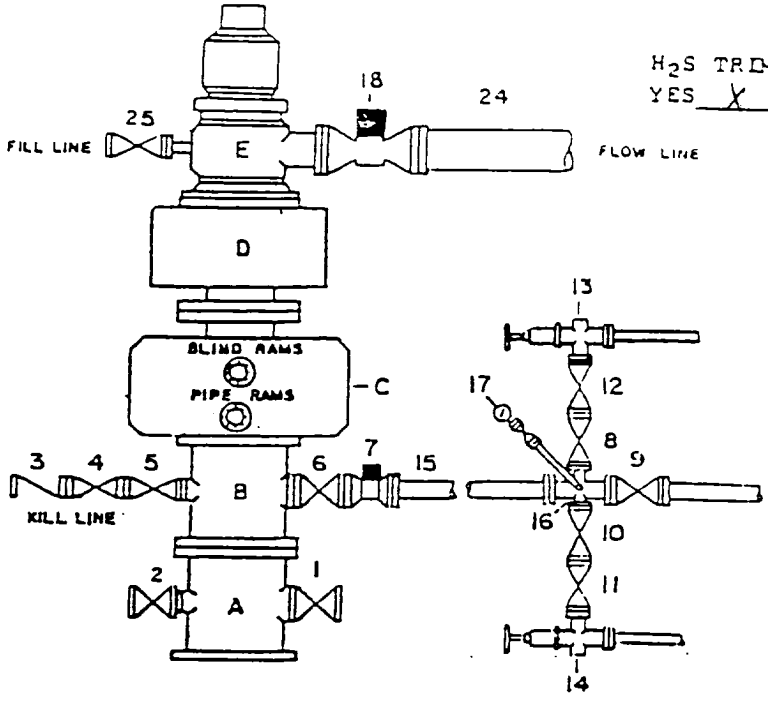
SCALE	DATE	EST. NO.	DRG. NO.
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C

DRILLING CONTROL

CONDITION IV-B-5000 PSI WP

H_2S TRIM REQUIRED
YES X NO



DRILLING CONTROL

MATERIAL LIST - CONDITION IV - B

A	Texaco Wellhead
B	5000# W.P. drilling spool with a minimum 2" flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	5000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines.
D	5000# W.P. Annular preventer, hydraulic operated with 1" steel, 3000# W.P. control lines.
E	Rotating Head with fill up outlet and extended Blooie line.
1,2,4,5, 8,10,11. 12	2" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
3	2" minimum 5000# W.P. back pressure valve.
6,9	3" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
7	3" minimum 5000# W.P. flanged hydraulic valve
15	3" minimum Schedule 160, Grade B, seamless line pipe
16	2" minimum x 3" 5000# W.P. flanged cross
13,14	2" minimum 5000# W.P. adjustable chokes with carbide trim.
17	Cameron Mud Gauge or equivalent (location in choke line optional).
18	6" minimum 1000# hydraulic flanged valve.
24	8" minimum steel flow line.
25	2" minimum 3000# W.P. flanged or threaded fill opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC
MIDLAND DIVISION
MIDLAND, TEXAS

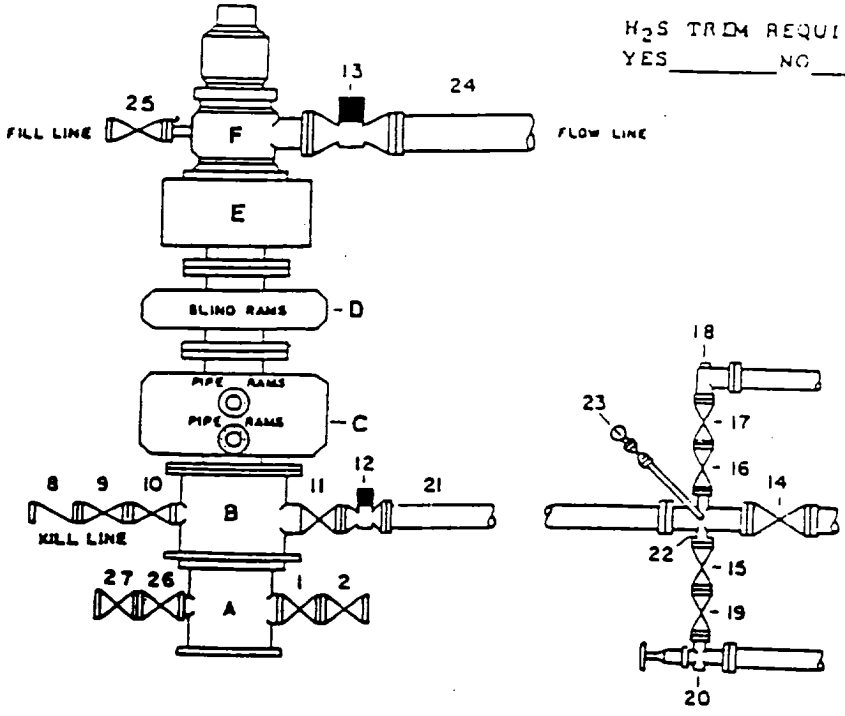
SCALE	DATE	EST NO	ORD NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT F-1

DRILLING CONTROL

CONDITION V-B - 10,000 PSI WP

H_2S TRIM REQUIRED
YES_____ NO_____



DRILLING CONTROL

MATERIAL LIST - CONDITION V-B

A	Texaco Wellhead
B	10,000# W.P. Drilling Spool with a minimum 2" flanged outlet for kill line and 4" minimum flanged outlet for choke line
C	10,000# W.P. Dual Variable Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control line
D	10,000# W.P. Single Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
E	10,000# W.P. Annular preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
F	When required - Rotating Head with fill up outlet and extended Blooie line
1,2,9,10, 15,16,17, 19,26,27	2" minimum 10,000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve
8	2" minimum 10,000# W.P. Back pressure valve
11,14	4" minimum 10,000# W.P. flanged full opening steel gate valve
12	4" minimum 10,000# W.P. flanged full opening hydraulic valve
13	When required - 10" minimum 1000# W.P. flanged full opening hydraulic valve
21	4" minimum 10,000# W.P. 4130 mechanical tubing with flanged ends, or equivalent
22	2" minimum X 4" minimum 10,000# W.P. flanged cross
16	2" minimum 10,000# W.P. automatic choke
20	2" minimum 10,000# W.P. adjustable choke equipped with carbide trim
23	Cameron Mud Gauge or equivalent (location in choke line optional)
24	When required - 10" steel flow line
25	2" minimum 1000# W.P. flanged or threaded full opening steel gate valve or Halliburton Lo Torc plug valve

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

SCALE:	DATE	EST NO	DRG NO
DRAWN BY:			
CHECKED BY:			
APPROVED BY			

EXHIBIT G-1

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

A. Phil Ryan	A. Phil Ryan	Commission Coordinator	5/23/00
Print or Type Name	Signature	Title	Date

Texaco North American Production
[illegible]
[illegible]
[illegible]

May 23, 2000

GOV – STATE AND LOCAL GOVERNMENTS
Unorthodox Location
Cotton Draw Unit Well No. 89
Paduca South, Wolfcamp Field
Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Gentlemen:

An Exception to Rule 104 F. (2) by administrative approval is requested for the captioned well. The well is located 250' FSL & 1980' FEL, Unit Letter "O", of Section 3, T-25-S, R-32-E.

This well must be drilled in this location due to geological conditions. It is believed the environment of deposition for Wolfcampian reservoirs in the Cotton Draw area represents detrital sediments. Lithologically theses are composed of spiculitic limestones with fair to good porosity, but low matrix permeability and productivity. Using attribute analysis on 3D seismic, Texaco believes it can find not only thicker zones of the Wolfcamp detrital, but; also, identify potentially fracture-enhanced reservoirs.

The attached map is a four mile square mile area (sections 2, 3, 10 & 11 from T-25-S, R-31-E) seismic attribute map identifying the Cotton Draw Unit well #89 as being the best opportunity for thicker and better reservoir rock in the Wolfcamp. To venture out of the thickest part of the Wolfcamp identified by seismic could reduce the reservoir quality considerably. Therefore, Texaco's reason for this location is seismically and geologically driven.

Notice sent to the offset operators (See attached postal receipts).

If there are any questions, please feel free to contact me at (915) 688-4606.

Sincerely,

A. Phil Ryan
Commission Coordinator
Attachments
CC: BLM, Roswell, NM

SURFACE USE AND OPERATIONS PLAN

FOR

TEXACO EXPLORATION AND PRODUCTION, INC.

COTTON DRAW UNIT NO. 89

250' FSL & 1980' FEL, SECTION 3,

TWP. 25 SOUTH, RANGE 31 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO

LOCATED: 32 miles Southeasterly of Loving, New Mexico and 35 miles Southwesterly of Jal, New Mexico

FEDERAL LEASE NUMBER: NM 0503

LEASE ISSUED: Lease is in a producing status.

ACRES IN LEASE: 9384.52

RECORD LESSEE: Texaco Exploration and Production, Inc.

SURFACE OWNERSHIP: USA

GRAZING PERMITTEE: Clark Cattle Company
Attn. J. F. Hervella
c/o B & B Cattle Co.
El Paso, Texas

POOL: Paduca South, Wolfcamp; Delaware, undesignated

POOL RULES: Field Rules are for no wells to be located closer than 10' to any quarter-quarter section and to be 660' from the quarter section lines for gas wells with a 320 Acre proration area. This well is being permitted as an unorthodox location.

EXHIBITS: A. Access Road and Facilities Map

B. Drilling Rig Layout Diagram

C. Well Location and Acreage Dedication Plat

1. EXISTING ACCESS ROADS

A. Exhibit "A" is an enlarged portion of a 7.5 minute U.S.G.S. topographic map showing the proposed well site and the existing roads in the area. Point "A" is the intersection of an existing resource road with Lea County Road No. 1. Said intersection is 6 miles South of its intersection with State Highway 128, which is 30 miles West of Jal, New Mexico and 32 miles East of Loving, New Mexico. Point "A" is 9.7 miles North of the Texas-New Mexico State line. From Point "A" go 0.9 miles West, then 0.1 miles North, then 1.15 miles West, then 0.8 miles North, then 1.0 miles West, crossing the Lea-Eddy County line, continuing for a total distance of 2.0 miles, then 1.1 miles North, and 1.30 miles Westerly to Point "B", where the new resource will begin as shown on Exhibit "A".

2. PLANNED RESOURCE ROAD

A. Length and Width: From point "B" as shown on Exhibit "A", a new 14 foot wide resource road will be constructed approximately 900 feet Northerly (Shown in Red on Exhibit "A") with access at the Southeast corner of the proposed well pad as shown on Exhibits "A" and "B".

B. Surfacing Material: Caliche material will be used to surface the proposed road. It will be watered, compacted, and graded.

C. Maximum Grade: An approximate grade of less than one percent will be encountered ascending from Point "B" to the proposed well pad.

D. Turnouts: Turnouts will not be required.

E. Drainage Design: The new road will be crowned at the center ot direct drainage to ditches on both sides of the roadway with turnout ditches to be constructed if required.

F. Culverts: None will be required.

G. Cuts and Fills: A slight amount of leveling will be required as the road crosses several small size sand dunes to the proposed well pad.

H. Gates and Cattle Guards: None required.

3. LOCATION OF EXISTING WELLS

A. Existing wells on the lease and in the immediate area are shown on Exhibit "A".

4. LOCATION OF EXISTING AND PROPOSED FACILITIES

A. The oil, gas, and/or water that this well produces will be transported by a 2 7/8" steel flowline to an existing tank battery located at Cotton Draw Unit No. 87 as shown on Exhibits "A".

B. Electrical service, if required, will be extended from the existing electric line Northeast of the drill as shown on Exhibit "A".

5. LOCATION AND TYPE OF WATER SUPPLY

A. It is not contemplated that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site or will be transported to the well site by a temporary pipeline laid on the ground along side existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS

A. Caliche needed for the road and well pad will be taken from the proposed borrow pit located within the 400 x 400' archaeologically cleared tract at the proposed well site (See Exhibit "B" for location). If sufficient quality or quantity of caliche is not available, it will be transported to the proposed road and well site from the existing pit in the NW/4 of the NW/4 of Section 10, T-25-S, R-31-E, by the existing resource road.

7. METHOD 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 at commercial or company facilities.

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be placed in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of drilling and/or completion of operations. All waste material will be contained to prevent scattering by the wind.

8. ANCILLARY FACILITIES

A. None required.

9. WELL SITE LAYOUT

A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, borrow pit, and the location of the major rig components.

B. Cut and Fill requirements will be minor, but clearing and leveling of the well site will be necessary.

10. PLANS FOR RECLAMATION OF THE SURFACE

A. After completion of drilling and/or completion of operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced until the pits are dry.

C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special reclamation and/or special revegetation requirements of the Surface Management Agency will be complied with and will be accomplished as rapidly as possible.

11. OTHER INFORMATION

A. Topography: The land surface in the area of the well is relatively level with moderate sand dunes. Regionally, the land slopes to the Southwest with average slopes of one percent.

B. Soil: Top soil at the well site is a deep sandy loam.

C. Flora and Fauna: The vegetation cover is moderate. It includes range grasses, weeds, scrub oak bushes, and mesquite bushes. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail and other small birds.

D. Ponds and Streams: There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures: There are no occupied dwellings or other structures within 3/4 mile of the well site.

F. Archaeological, Historical, or other Cultural Sites: None were observed in the area.

G. Land Use: Grazing, oil and gas production, and wildlife habitat.

H. Surface Ownership: Federal

12. OPERATOR'S REPRESENTATIVE

A. Phil Ryan
Commission Coordinator
Texaco Exploration and Production, Inc.
P. O. Box 3109
Midland, Texas 79702
Office Phone: (915) 688-4606

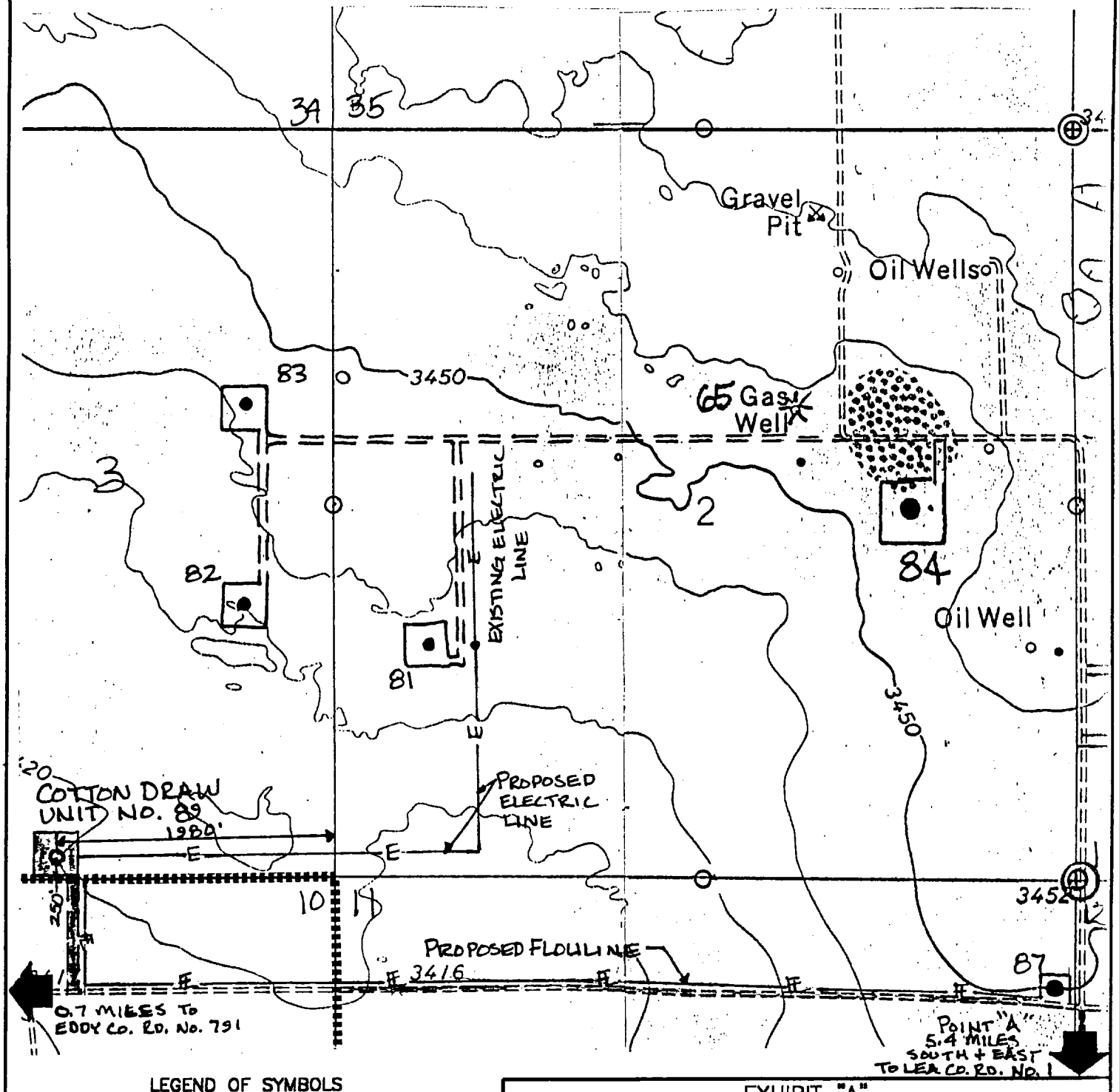
CERTIFICATION

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 the operations proposed herein will be performed by Texaco Exploration and Production, 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.

5/17/00
Date

A. Phil Ryan
Commission Coordinator
Midland, Texas

Enclosures
jsp



LEGEND OF SYMBOLS

- = Access Road (Yellow)
- = Resource Road on Federal Land (Pink)
- = Resource Road on State Land (Blue)
- = Resource Road on Private Land (Purple)
- = Resource Road on Lease (Brown)
- = Proposed Resource Road (Red)
- = Proposed Electric Line (Orange)
- = Proposed Production Flowline (Green)
- = Staked Well Location
- = Producing Well Location
- = Water Injection Well
- = Found 1/2" Iron Pipe with Brass Cap
- = Found 2" or 3" Iron Pipe With Brass Cap
- = Unit or Lease Boundary

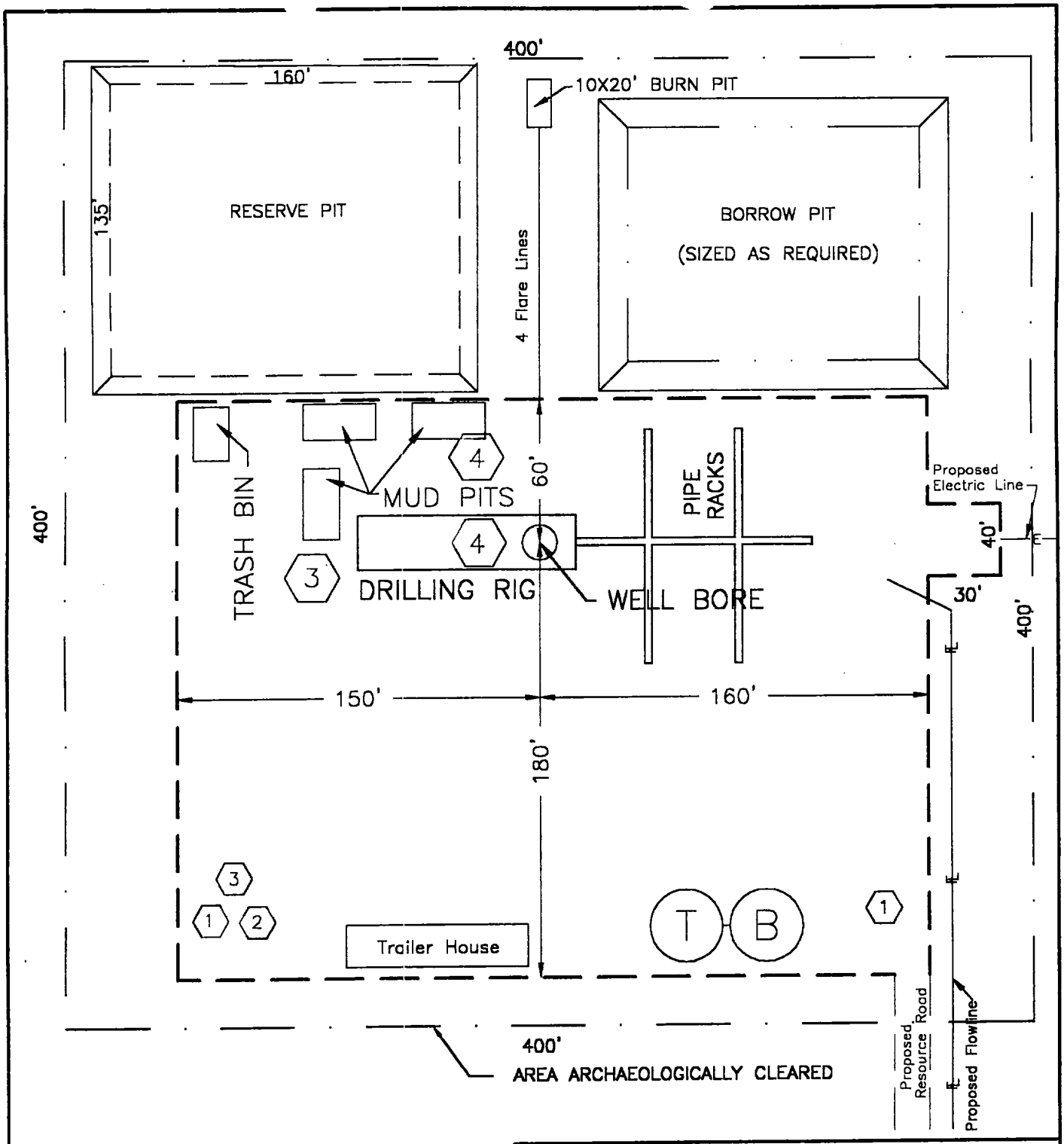
N

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

TEXACO EXPLORATION AND PRODUCTION INC.

COTTON DRAW UNIT No. 89
Located 250 FSL & 1980 FEL, Section 3,
T-25-S, R-31-E, NMPM, Lea County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 1000'
Date: April 26, 2000	A. Phil Ryan
Checked by: J.S. Piper	Sheet 1 of 1



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H_2S DRILLING OPERATION PLAN

1. Briefing Station
2. H_2S Safety Trailer
3. Windsocks
4. H_2S Detectors, Shale Shaker, Rotating Head, Rig Floor

Prevailing Wind from the South

EXHIBIT "B"
DRILLING RIG LAYOUT

TEXACO EXPLORATION AND PRODUCTION INC.

COTTON DRAW UNIT NO. 89
Located 250' FSL & 1980' FEL, Section 3,
T-25-S, R-31-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 60'
Date: April 26, 2000	A. Phil Ryan
Checked by: J. S. Piper	Sheet 1 of 1

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
		Paduca South, Wolfcamp, Delaware

[4] Property Code	[5] Property Name	[6] Well Number
	Cotton Draw Unit	89

[7] OGRID No.	[8] Operator Name	[9] Elevation
22351	TEXACO EXPLORATION & PRODUCTION, INC.	3419'

[10] Surface Location

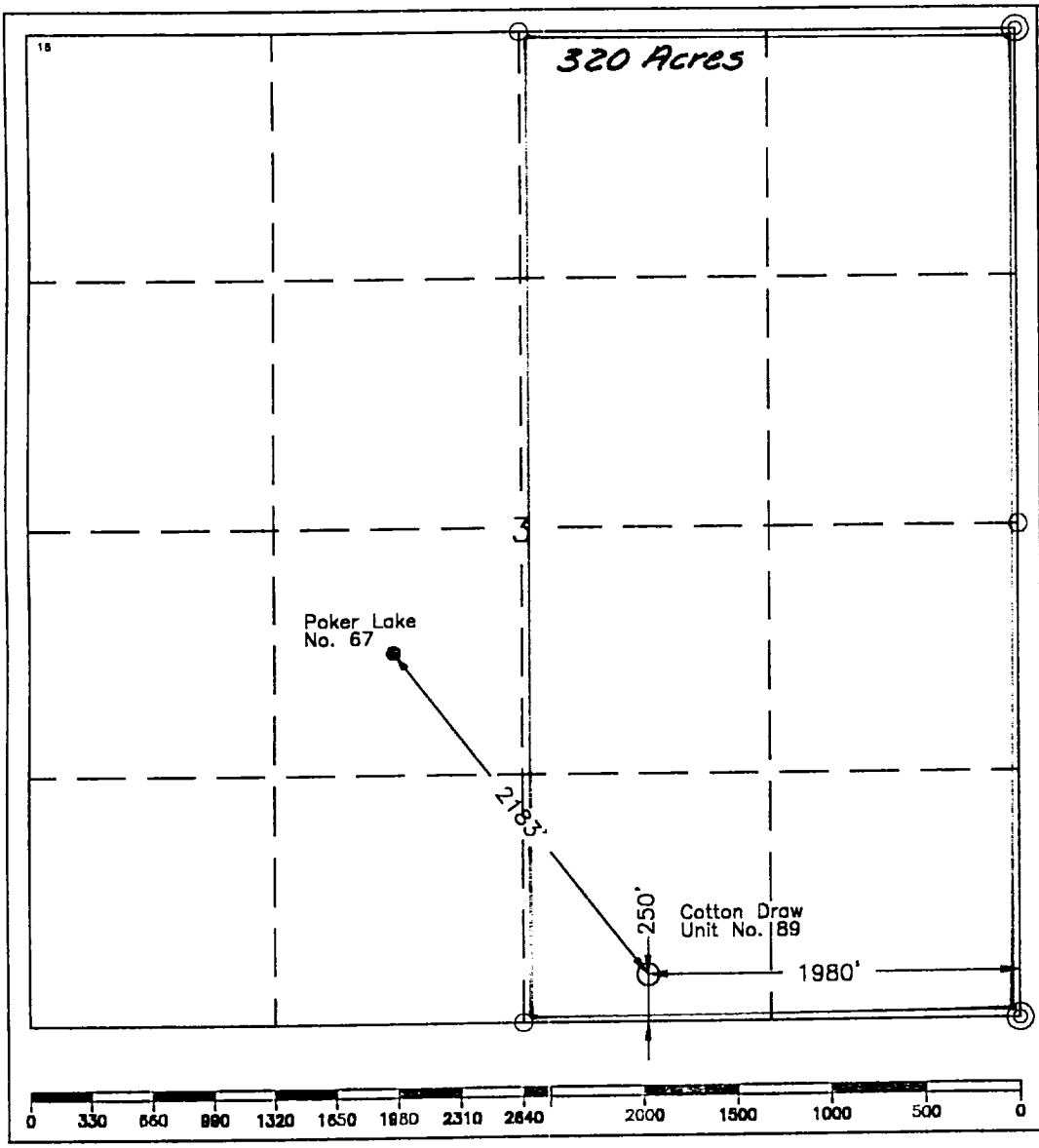
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	[7] County
O	3	25-S	31-E		250'	South	1980'	East	Lea

[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	[7] County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.



[17] OPERATOR CERTIFICATION

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

Signature: A. Phil Ryan

Printed Name: A. Phil Ryan

Position: Commissioner Coordinator

Company: Texaco Expl. & Prod. Inc.

Date: April 27, 2000

[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 knowledge and belief.

Date Surveyed: April 25, 2000

Signature & Seal of Professional Surveyor

Certificate No. 7254 John S. Piper

Sheet 1 of 1

○ = Staked Location ● = Producing Well ● = Injection Well ☆ = Water Supply Well ⊕ = Plugged & Abandon Well

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

COTTON DRAW UNIT WELL NO. 89

RADIUS OF EXPOSURE

100 PPM: 1936 feet

500 PPM: 885 feet Based on 7500 PPM H2S and 15000 MCFD.

TRAINING

Every person involved in the wellsite operation will be informed of the characteristics of hydrogen sulfide, its danger, safe procedures to be used when it is encountered, use of detection equipment, use of protective breathing equipment, and first aid procedures for regular rig personnel.

On site training will be provided by Texaco prior to reaching Order 6 compliance depth. The Texaco Drilling Supervisor is responsible for insuring all persons working on location have been provided training.

EXHIBIT A

Topographic map of location and surrounding area.

EXHIBIT B

The wellsite layout contains the following information:

1. Drill rig orientation
2. Prevailing wind direction
3. Location of all briefing areas
4. Location of access road
5. Location of flare line
6. Location of windsocks
7. Location of H2S Safety Trailer

EXHIBIT C, F-1, G-1

Well Control Equipment

PROTECTIVE EQUIPMENT

4 - 30 minute SCBA's: 2 located at each Briefing Station. An additional SCBA will be located at the Tool Pusher's trailer, if used.

5 - 5 minute escape packs will be located in the Dog House.

Means of communication while using protective equipment will be hand signals.

H2S SENSORS

H2S sensors will be located at (1) Shale Shaker (2) Rotating Head and (3) Rig Floor.

A light will be located on the rig floor. It will be set to go off at 10 PPM. It will be visible from anywhere on the location.

A siren will be located on the rig floor. It will be set to go off at 15 PPM.

Texaco Drilling Supervisor will maintain a portable H2S monitor.

MUD PROGRAM

A Fresh Water/ Brine system will be used. Ph will be maintained at 10 or higher if H2S is encountered. Sufficient quantities of H2S scavenger will be on location for use as required.

Drilling will be through an on site gas separator to separate gas from the drilling fluid with gas vented down a flare line equipped with an igniter.

METALLURGY

All wellheads, trees, BOP's, rotating heads, choke manifolds and piping will be constructed/trimmed with materials suitable for H2S service.

All casing and tubing will be no greater than 80000 psi yield strength and no greater than a Rockwell C-22 hardness.

OTHER REQUIREMENTS OF ORDER 6

The flare line (item 4 of exhibit I) will be equipped with a propane ignition.

The flare gun and flares will be located in the H2S Safety Trailer.

Communications for the location will be by Rig Telephone.

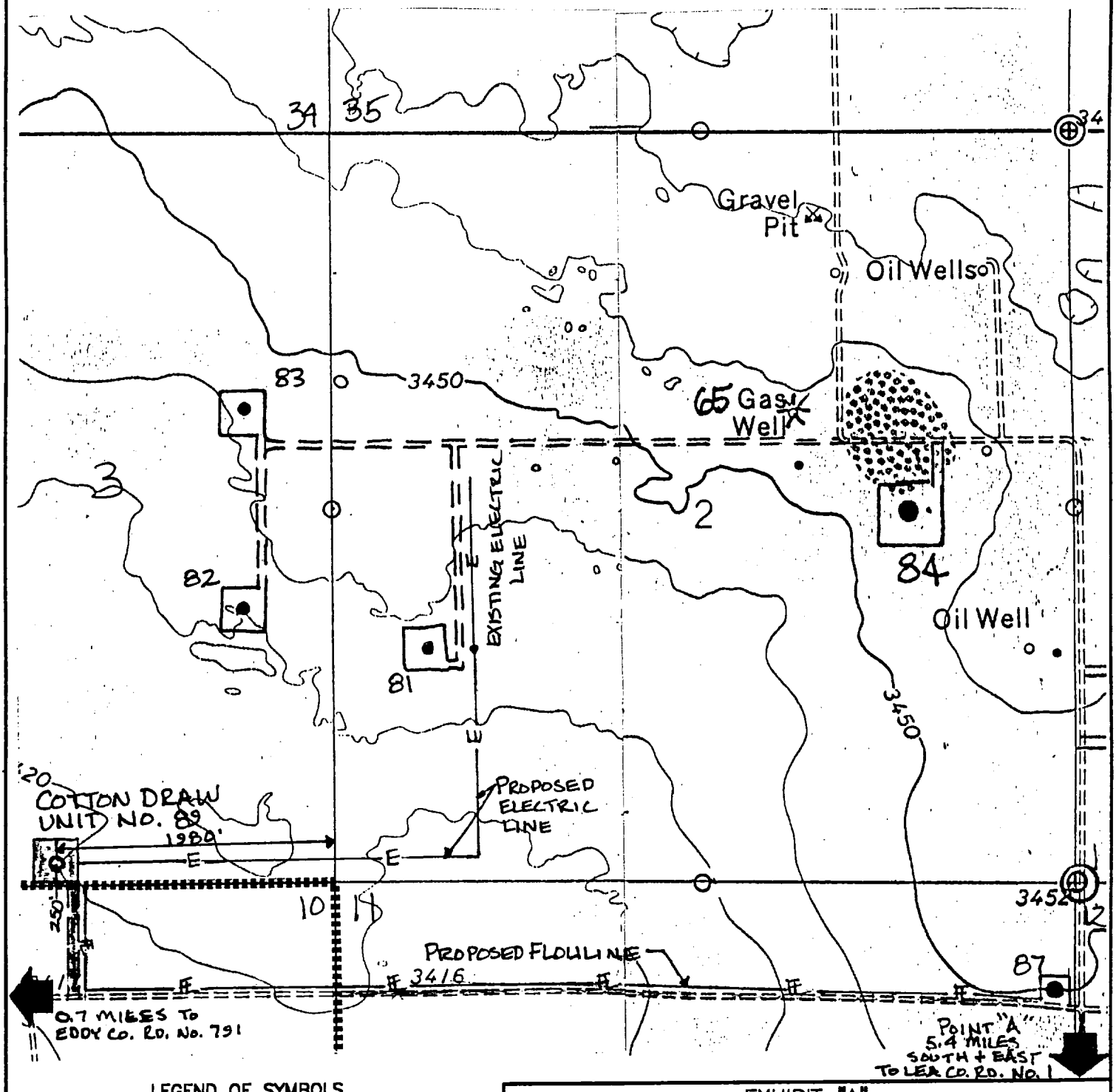
Wind direction indicators will be on the rig floor and at one briefing station with at least one visible from all points on the location.

Caution/danger signs and flags will be maintained at all entrances into the location.

An automatic remote-controlled choke will not be used. We will have installed and tested two manual, H2S trimmed, chokes.

WELL TESTING

DST's may be conducted in the Wolfcamp formation.



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- = Found 1/2" Iron Pipe with Brass Cap
- = Found 2" or 3" Iron Pipe With Brass Cap
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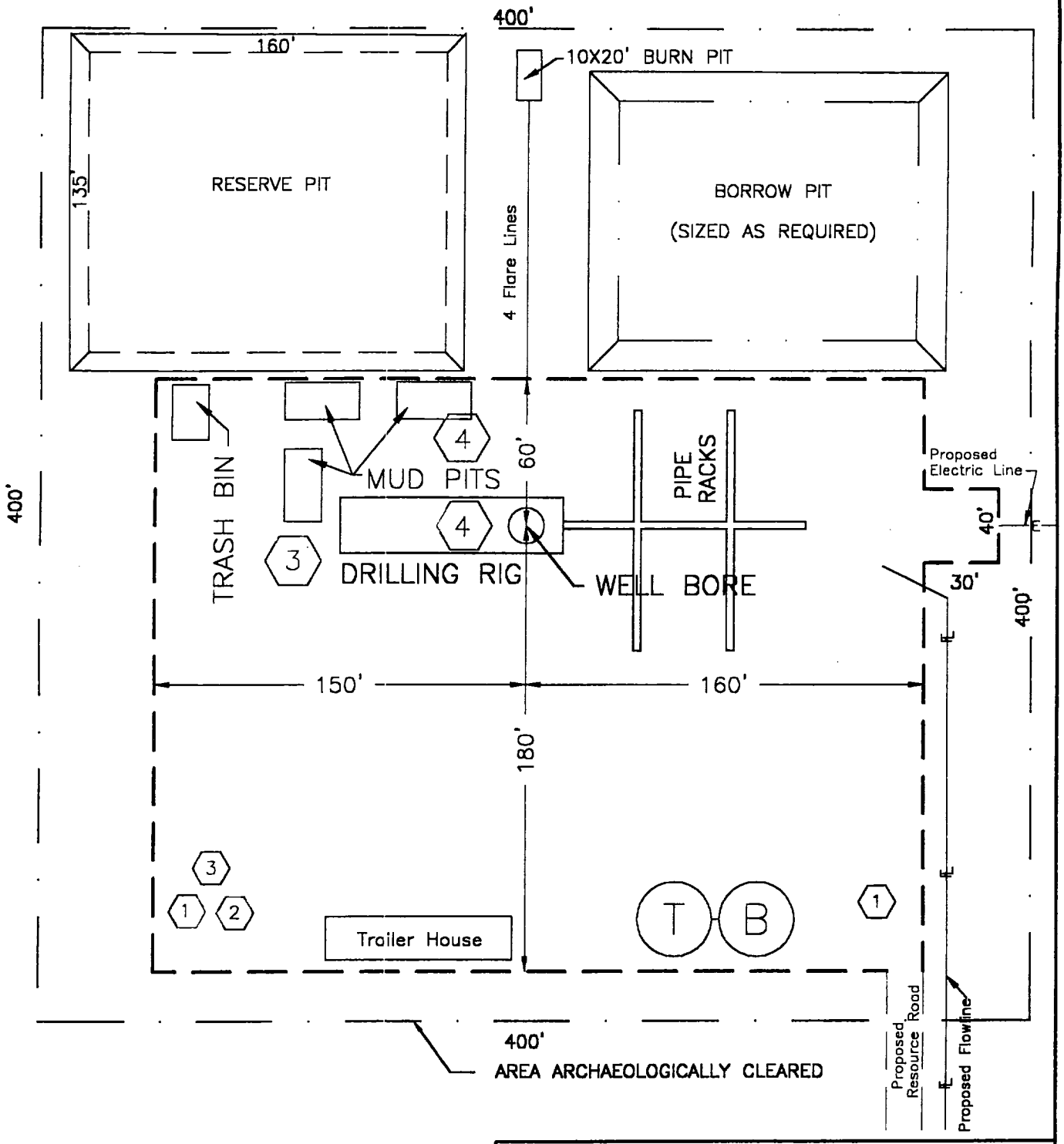
N

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

TEXACO EXPLORATION AND PRODUCTION INC.

COTTON DRAW UNIT No. 89
Located 250 FSL & 1980 FEL, Section 3,
T-25-S, R-31-E, NMPM, Lea County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 1000'
Date: April 26, 2000	A. Phil Ryan
Checked by: J.S. Piper	Sheet 1 of 1



H_2S DRILLING OPERATION PLAN

1. Briefing Station
2. H_2S Safety Trailer
3. Windsocks
4. H_2S Detectors, Shale Shaker, Rotating Head, Rig Floor

Prevailing Wind from the South

N

EXHIBIT "B"
DRILLING RIG LAYOUT

TEXACO EXPLORATION AND PRODUCTION INC.

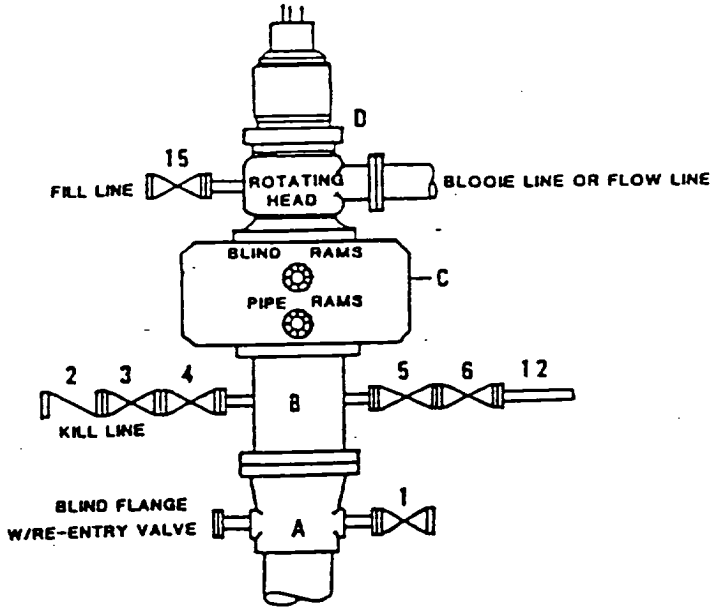
COTTON DRAW UNIT NO. 89
Located 250' FSL & 1980' FEL, Section 3,
T-25-S, R-31-E, NMPM, Eddy County, NM

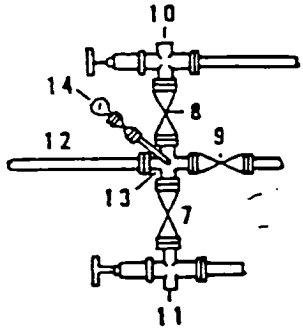
Drawn by: Gene M. Rodriguez	Scale: 1" = 60'
Date: April 26, 2000	A. Phil Ryan
Checked by: J. S. Piper	Sheet 1 of 1

DRILLING CONTROL
CONDITION II-B 3000 WP

FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

H_2S TRIM REQUIRED
YES _____ NO X





DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

A	Texaco Wellhead
B	3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram type preventers may be utilized).
D	Rotating Head with fill up outlet and extended Blooie Line.
1,3,4, 7,8,	2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
2	2" minimum 3000# W.P. back pressure valve.
5,6,9	3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
12	3" minimum schedule 80, Grade "B", seamless line pipe.
13	2" minimum x 3" minimum 3000# W.P. flanged cross.
10,11	2" minimum 3000# W.P. adjustable choke bodies.
14	Cameron Mud Gauge or equivalent (location optional in choke line).
15	2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

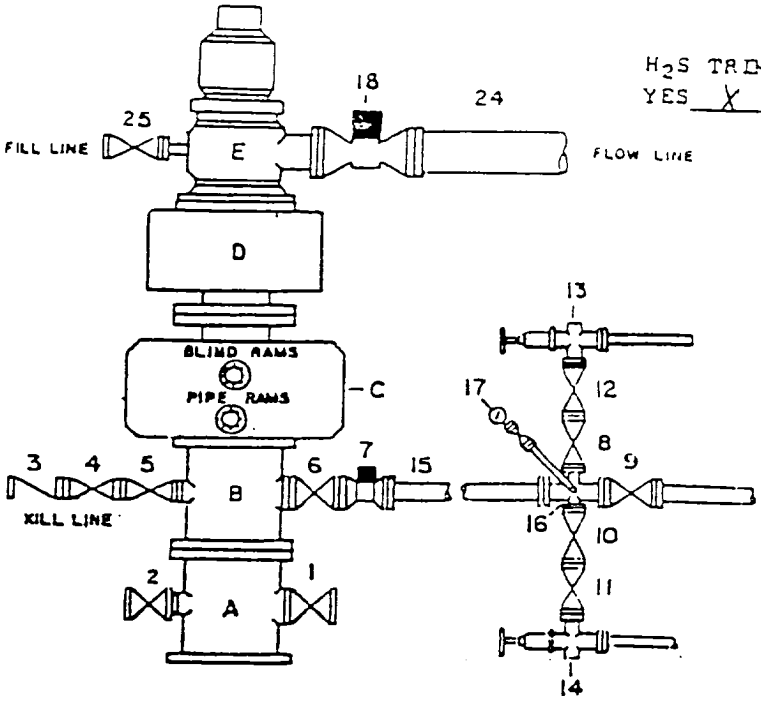
SCALE	DATE	EST NO	DRG. NO.
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C

DRILLING CONTROL

CONDITION IV-B-5000 PSI WP

H_2S TRIM REQUIRED
YES X NO



DRILLING CONTROL

MATERIAL LIST - CONDITION IV - B

A	Texaco Wellhead
B	5000# W.P. drilling spool with a minimum 2" flanged outlet for kill line and 3" minimum flanged outlet for choke line.
C	5000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines.
D	5000# W.P. Annular preventer, hydraulic operated with 1" steel, 3000# W.P. control lines.
E	Rotating Head with fill up outlet and extended Blooie line.
1,2,4,5, 8,10,11, 12	2" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
3	2" minimum 5000# W.P. back pressure valve.
6,9	3" minimum 5000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
7	3" minimum 5000# W.P. flanged hydraulic valve
15	3" minimum Schedule 160, Grade B, seamless line pipe
16	2" minimum x 3" 5000# W.P. flanged cross
13,14	2" minimum 5000# W.P. adjustable chokes with carbide trim.
17	Cameron Mud Gauge or equivalent (location in choke line optional).
18	6" minimum 1000# hydraulic flanged valve.
24	8" minimum steel flow line.
25	2" minimum 3000# W.P. flanged or threaded fill opening steel gate valve, or Halliburton Lo Torc Plug valve.

TEXACO, INC
MIDLAND DIVISION
MIDLAND, TEXAS

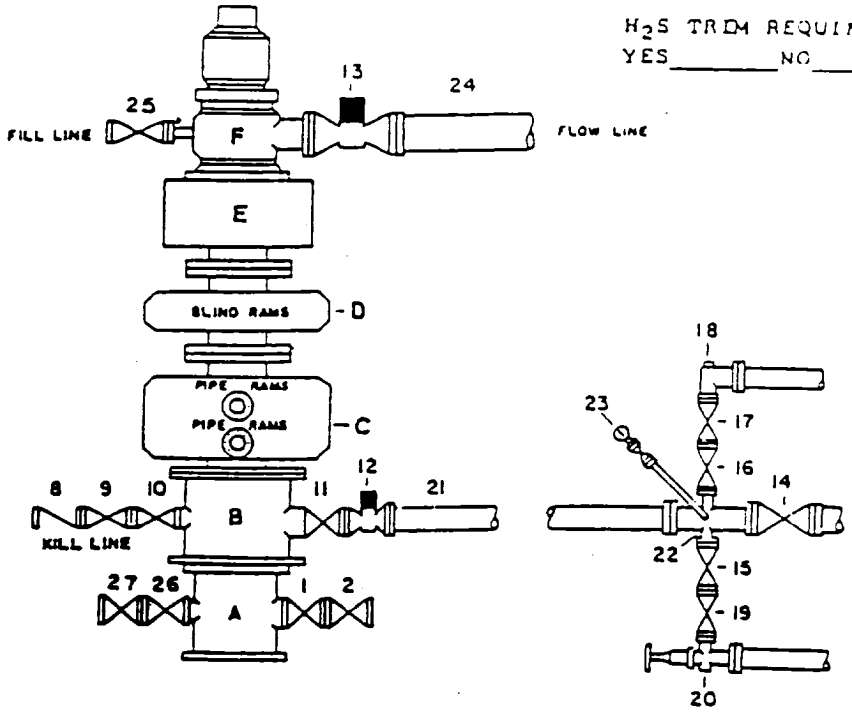
SCALE	DATE	EST NO	ORD NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT F-1

DRILLING CONTROL

CONDITION V-B - 10,000 PSI WP

H_2S TRIM REQUIRED
YES_____ NO_____



DRILLING CONTROL

MATERIAL LIST - CONDITION V-B

A	Texaco Wellhead
B	10,000# W.P. Drilling Spool with a minimum 2" flanged outlet for kill line and 4" minimum flanged outlet for choke line
C	10,000# W.P. Dual Variable Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control line
D	10,000# W.P. Single Ram Type preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
E	10,000# W.P. Annular preventer, hydraulic operated with 1" steel, 5000# W.P. control lines
F	When required - Rotating Head with fill up outlet and extended Blooie line
1,2,9,10, 15,16,17, 19,26,27	2" minimum 10,000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve
8	2" minimum 10,000# W.P. back pressure valve
11,14	4" minimum 10,000# W.P. flanged full opening steel gate valve
12	4" minimum 10,000# W.P. flanged full opening hydraulic valve
13	When required - 10" minimum 1000# W.P. flanged full opening hydraulic valve
21	4" minimum 10,000# W.P. 4130 mechanical tubing with flanged ends, or equivalent
22	2" minimum X 4" minimum 10,000# W.P. flanged cross
18	2" minimum 10,000# W.P. automatic choke
20	2" minimum 10,000# W.P. adjustable choke equipped with carbide trim
23	Cameron Mud Gauge or equivalent (location in choke line optional)
24	When required - 10" steel flow line
25	2" minimum 3000# W.P. flanged or threaded full opening steel gate valve or Halliburton Lo Torc plug valve

TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS

SCALE:	DATE	EST NO	ORD NO
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT G-1