

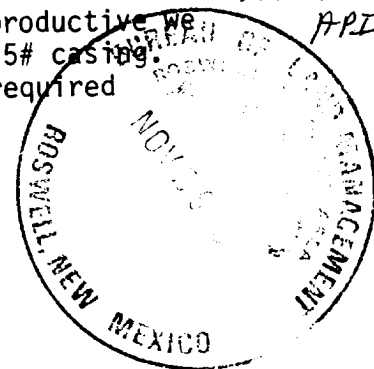
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-12557
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR CIBOLA ENERGY CORPORATION			7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR P. O. Box 1668 Albuquerque, NM 87103			8. FARM OR LEASE NAME Duncan Federal
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 330'FSL & 330'FWL (Lot 4) At proposed prod. zone same			9. WELL NO. # 3
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 24 miles NE of Roswell, New Mexico			10. FIELD AND POOL, OR WILDCAT Wolf Lake San Andres
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 330 feet			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec.7 T-9S, R-28E
16. NO. OF ACRES IN LEASE 1074.24			12. COUNTY OR PARISH Chaves
17. NO. OF ACRES ASSIGNED TO THIS WELL 39.57			13. STATE NM
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 660 feet			19. PROPOSED DEPTH 2350 feet
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START* January 15, 1991
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3882.4 GL			

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	23#	400 ft.	Circulate
7 7/8	4 1/2	10.5#	2350 ft.	200 sx

We propose to drill this well to 2350 feet to test the P1 and P2 zones of the San Andres Formation. If the well is productive we will complete it by running and cementing 4-1/2" 10.5# casing. If it is not productive, we will plug it following required plugging procedures.



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 Harvey E. Yates, Jr. TITLE President DATE Nov. 12, 1990
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY /s/ Sandra L. Porenta TITLE Area Manager DATE 1-15-91
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill, deepen, or plug back an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the lessee elects to initiate drilling operation on an oil and gas lease.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

Form 3160-5
(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-12557
2. NAME OF OPERATOR Cibola Energy Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR P. O. Box 1668 Albuquerque, NM 87103		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 330'FSL & 330'FWL		8. FARM OR LEASE NAME Duncan Federal
14. PERMIT NO.		9. WELL NO. 3
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3882.4 GL		10. FIELD AND POOL, OR WILDCAT Wolf Lake San Andres
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7 T-9S, R-28E
		12. COUNTY OR PARISH Chaves
		13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

We request permission to use 23# pipe rather than 24# pipe for the following reasons:

1. Shallow well
2. Low Pressure area
3. Outside of water basin
4. Used on State leases in area(shallow wells) & acceptable to O.C.D.



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

SIGNED

Tom Kimball
Tom Kimball

TITLE Landman

DATE Dec. 3, 1990

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

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-192
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CIBOLA ENERGY CORP.			Lease Duncan Federal		Well No. 3
Unit Letter M	Section 7	Township 9 South	Range 28 East	County NMNM	Chaves
Actual Footage Location of Well: 330 feet from the South line and 330 feet from the West line					
Ground level Elev. 3882.4	Producing Formation San Andres			Pool	Dedicated Acreage: 39.57 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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

Printed Name

Harvey E. Yates, Jr.

Position

President

Company

Cibola Energy Corp.

Date

November 20, 1990

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

October 24, 1990

Signature & Seal of
Professional Surveyor

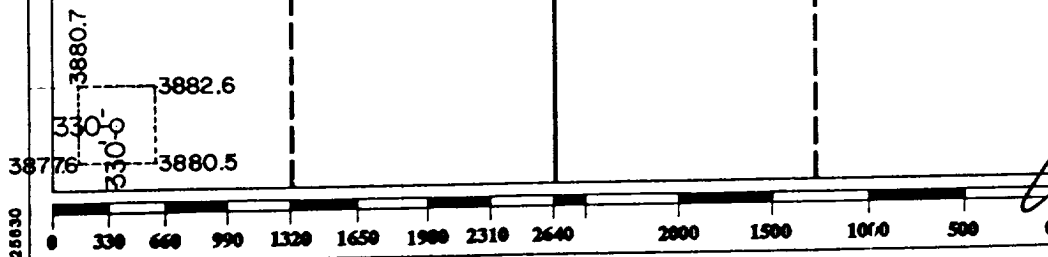
Certificate No.

JOHN W. WEST,

676

RONALD J. EIDSON,

3239



sv fedapp

APPLICATION FOR DRILLING

Cibola Energy Corporation
Duncan Federal #3 Sec. 7 - 9S - 28E
330 FSL & 330 FWL
Chaves County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill Subject Well, Cibola Energy Corporation submits the following ten items of pertinent information in accordance with U.S. Minerals Management Service requirements.

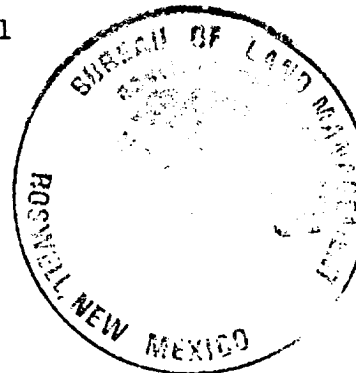
1. The geologic surface is Quaternary fill.
2. Actual tops of Geologic markers:

	<u>Depth</u>
Yates	519
San Andres	1646
Slaughter	2210

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

Water	340'	
Oil & Gas	- Slaughter	2250'

4. Proposed casing program - See form 3160-3
5. Pressure control equipment: Cameron 9" 2000 psi B.O.P. together with rotating head.
6. We will be drilling with Air Rotary. No mud will be used.
7. Auxiliary Equipment - None
8. Testing, and logging program - GR, CNL Densilog, Induction. No DST's will be run.
9. No abnormal pressures or temperatures are expected.
10. Anticipated starting date is January 15, 1991



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

CIBOLA ENERGY CORPORATION
DUNCAN FEDERAL #3
330 FSL & 330 FWL, SEC. 7 -9S - 28E

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

1. EXISTING ROADS

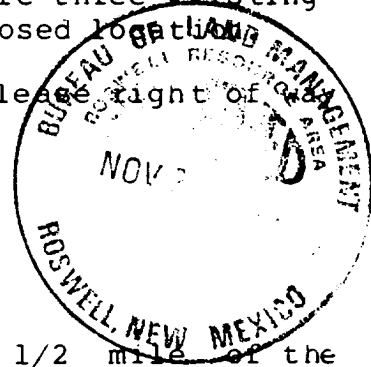
- A. Exhibit "A" is a section of a map showing the location of proposed well. From Roswell go northeast on US 70 approximately 21 miles. Go south through a cattle guard near the microwave tower. Follow the road in a southward direction approximately 5 miles then travel east along the El Paso Natural Gas Pipeline through 2 cattle guards approximately 5 miles. Turn right and travel approximately 1.00 miles. Turn left and travel approximately 1/4th mile to location.
- B. Exhibit "A" also shows existing roads and stock tanks within 1/2 mile of the proposed location.
- C. Minor repairs will be made to the existing roads as necessary to provide rig access. This will include blading and caliche as necessary.

2. PLANNED ACCESS ROAD

- A. Length and Width: No new roads will necessary as the proposed well lies on the existing road to the Duncan Federal #2 well, 330'FSL & 990'FWL.
- B. Surfacing Material: Caliche will be obtained and hauled from a caliche pit in the SE/4 SE/4 of Section 8-9S-28E. (Only as and where necessary.)
- C. Maximum Grade: 1 percent.
- D. Turnouts: None will be built.
- E. Culverts: None
- F. Drainage Design: None



- G. Cuts & Fills: None
- H. Gates and Cattle Guards: There are three existing cattle guards on the way to the proposed location.
- I. Right of Way: No additional off-lease right of way will be necessary.



3. LOCATION OF EXISTING WELLS

There are three existing wells within 1/2 mile of the proposed site; the Duncan Federal #2 and Aceite Negra #4, both operated by Cibola Energy, and the Emmons State #1, operated by Yates Exploration.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. This lease has one other well on it, the Duncan Federal #2, approximately 660 feet due East, which is producing.
- B. If the well is a producer, the tank battery and flow line will be located on the well pad and no additional surface damage will be necessary.

5. LOCATION AND TYPE WATER SUPPLY

Water will be hauled to location over road shown from a private commercial source.

6. LOCATION OF CONSTRUCTION MATERIALS

Caliche will be obtained at pit in SE/4 SE/4 of Sec. 8-9S-28E.

7. METHODS OF HANDLING WATER DISPOSAL

- A. Drill cuttings will be disposed of in the steel pits.
- B. Water produced while drilling will be disposed of in steel pits.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. 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.
- F. All trash and debris will be buried or hauled off the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES

None Required

9. WELLSITE LAYOUT

- A. Exhibit "B" shows relative locations and dimensions of the well pad.
- B. Only minor leveling of the well site will be required.

10. PLANS FOR RESTORATION

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be removed and the location cleaned of all trash and junk. Surface reclamation will be done in accordance with BLM recommendations.

11. OTHER INFORMATION

- A. Topography: The land surface is level except for numerous sand dunes.
- B. Soil: Soil in this case is a sandy, calcareous lime.
- C. Flora and Fauna: Vegetative cover consists of mesquite and oak brush. Wildlife in the general area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, cove and quail.
- D. Ponds & Streams: White tank watering reservoir, see Exhibit A.
- E. Residences and Other Structures: There are no occupied dwellings within a mile of the proposed site.
- F. Archaeological, Historical and Other Cultural Sites: Will be submitted separately.
- G. Land Use: Grazing and hunting in season.
- H. Surface Ownership: BLM



12. OPERATOR'S REPRESENTATIVE

Representative responsible for assuring compliance with the approved surface use plan is:

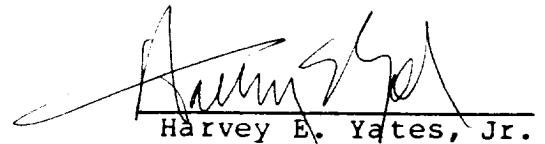
Harvey E. Yates, Jr.
P. O. Box 1668
Albuquerque, New Mexico 87103

Office Phone: (505) 843-6762 Albuquerque
(505) 242-2050 Albuquerque
(505) 625-0342 Roswell

Home Phone: (505) 585-2056 Tularosa

13. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Cibola Energy Corporation 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 No. 18 U.S.C. #1001 for filing of a false statement.


Harvey E. Yates, Jr.

November 20, 1990
Date



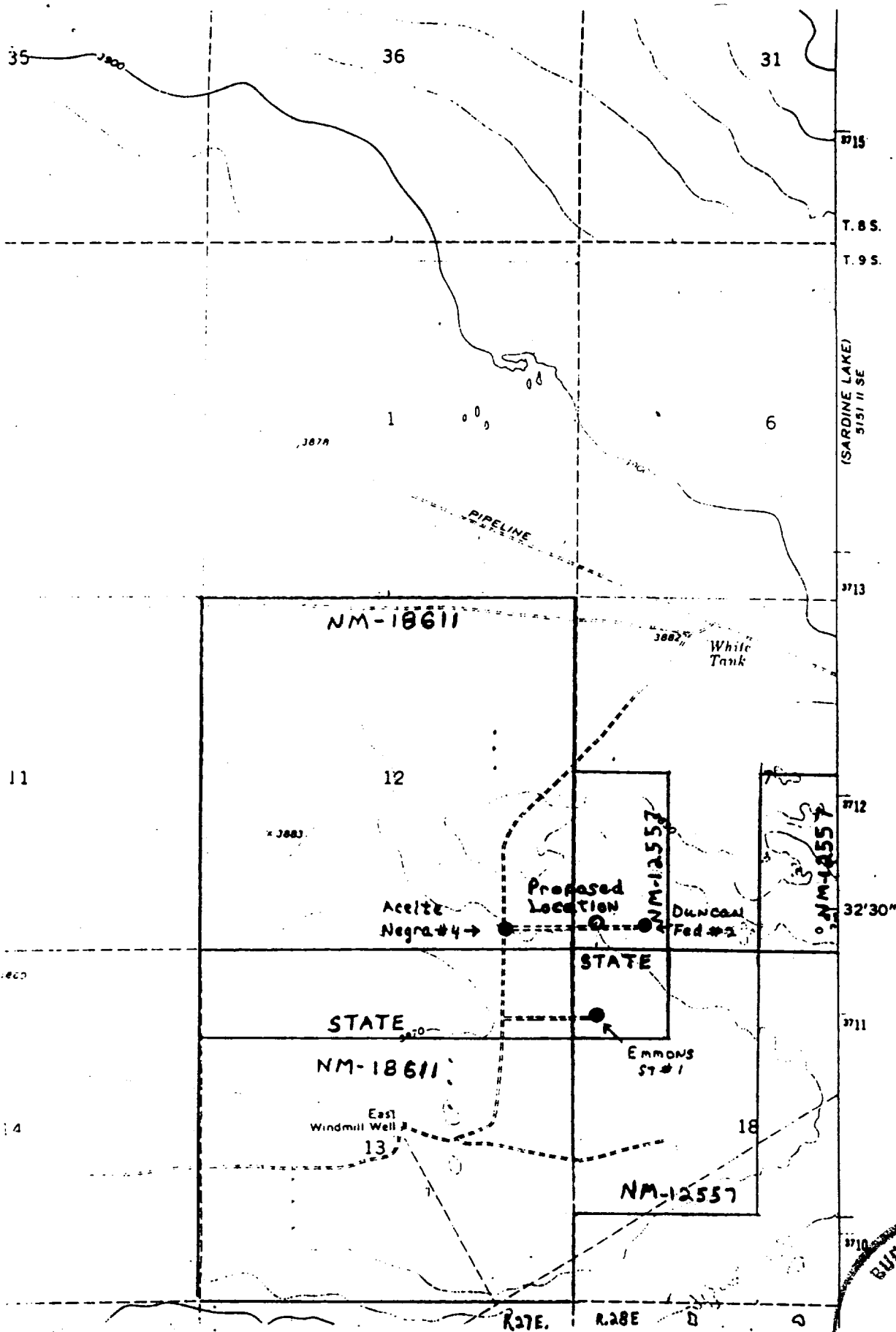
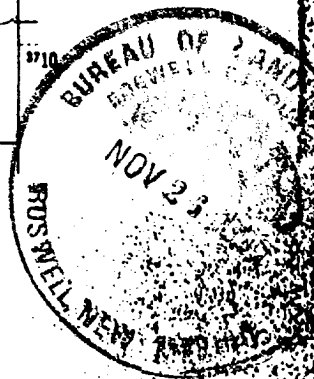


EXHIBIT "A"



NORTH

PREVAILING WIND
DIRECTION

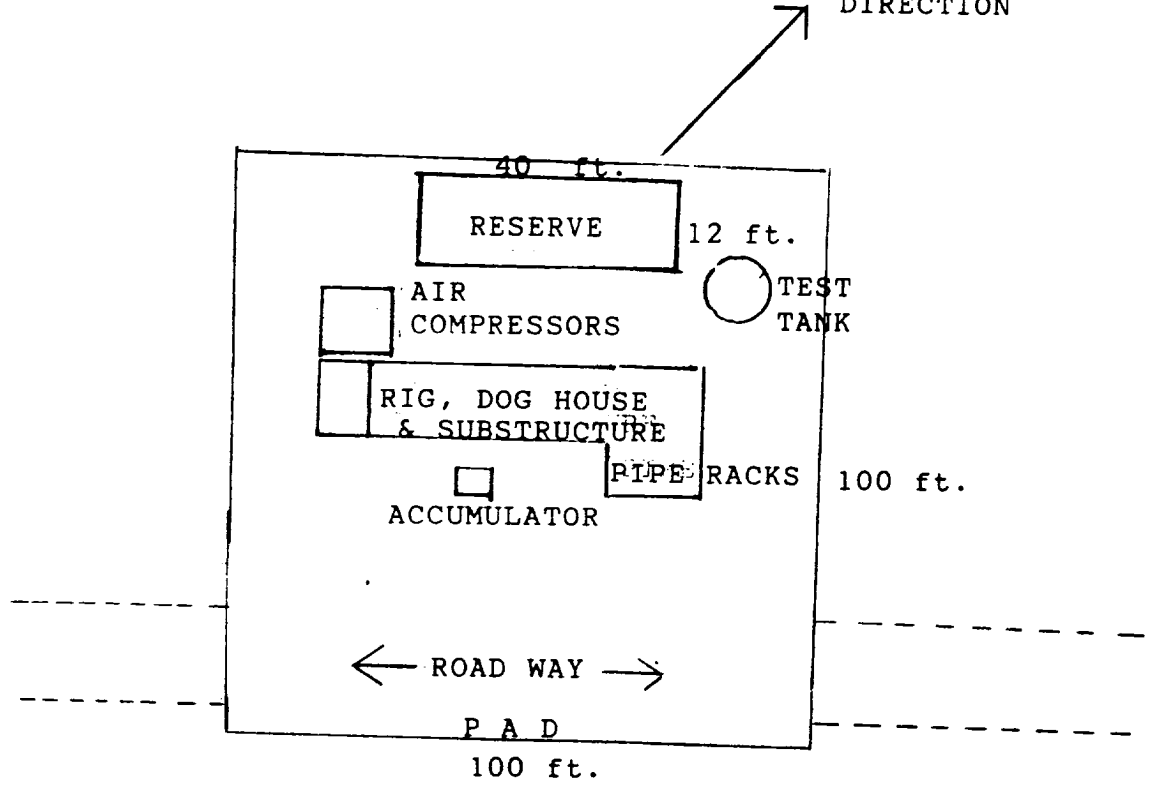
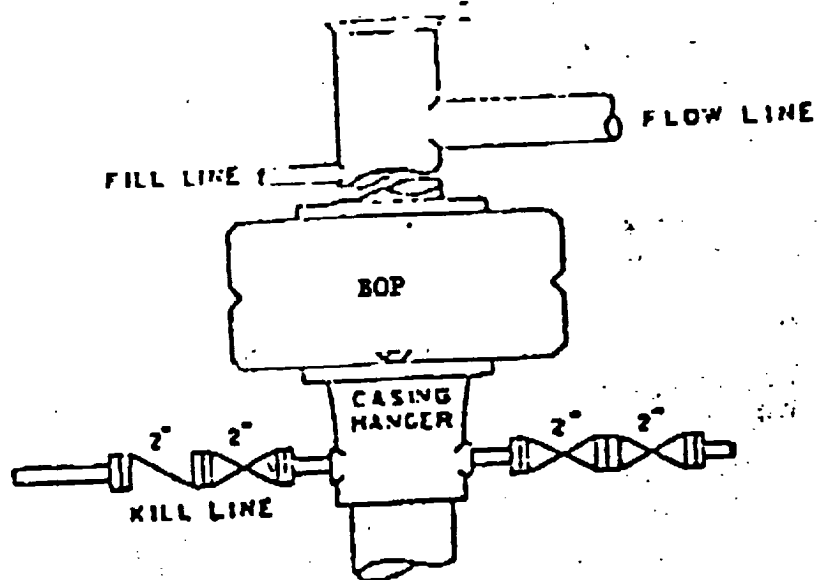


EXHIBIT "B"



BOP STACK



DUNCAN FEDERAL #3

330FSL & 330FWL

Section 7

Township 9 South, Range 28 East, NMPM

Chaves County, New Mexico