

Form 3160-3
(July 1989)
(formerly 9-331C)

NM Oil Cons. Commission
Drawer DD OFFICE R. #100
Artesia, NM 88210
OF COPIES REQUIRED
(Other instructions on
reverse side)

30-005-62935
BLM Roswell District
Modified Form No.
NMD60-3160-2

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 ☐

2. NAME OF OPERATOR
Merit Energy Company

3a. Area Code & Phone No.
(214) 701-8377

3. ADDRESS OF OPERATOR
12221 Merit Dr., Ste. 500 Dallas, TX 75251

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 1650' FNL & 2310' FWL
At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
11 miles NE of Roswell, NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 1650'

16. NO. OF ACRES IN LEASE 1200

17. NO. OF ACRES ASSIGNED TO THIS WELL 160

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1043.6'

19. PROPOSED DEPTH 4800'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3562.9'

22. APPROX. DATE WORK WILL START December 2, 1992

5. LEASE DESIGNATION AND SERIAL NO.
NM-35925

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Dana Federal

9. WELL NO.
6

10. FIELD AND POOL, OR WILDCAT
South Pecos Slope Abo

11. SEC., T., R., M., OR B.L.E.
AND SURVEY OR AREA
Sec. 3-T9S-R25E

12. COUNTY OR PARISH
Chaves

13. STATE
New Mexico

PROPOSED CASING AND CEMENTING PROGRAM						
HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	J-55	LTC	900'	Circ. 500 sx "C"
7 7/8"	4 1/2"	10.5#	J-55	LTC	4800'	300 sx "C"

MUD PROGRAM: 0' - 900': Fresh water spud mud. No. WL control.
900' - 4800': Cut Brine, 8.9-9.5#/gal, Vis. 28-30, WL 20cc or less, oil if required

BOP PROGRAM: A 10" 3000 psi wp Schaffer Type E double hydraulic 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 wp system and will be tested daily.

Gas is not dedicated.

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. Agent for: Merit Energy Company Nov. 18, 1992
SIGNED: [Signature] TITLE: [Signature] DATE: [Signature]
(This space for Federal or State office use)

PERMIT NO. [Signature] APPROVAL DATE: [Signature]
APPROVED BY: [Signature] TITLE: [Signature] DATE: 12/1/92

APPROVAL OF THIS APPLICATION DOES NOT CONSTITUTE OR CERTIFY THAT THE APPLICANT HAS A LEGITIMATE TITLE TO THOSE RIGHTS IN THE SUBJECT LEASE WHICH WOULD ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

See instructions on reverse side. I, the undersigned, hereby certify that I am a duly qualified and authorized representative of the Bureau of Land Management, and I am authorized to make to any department or agency of the

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

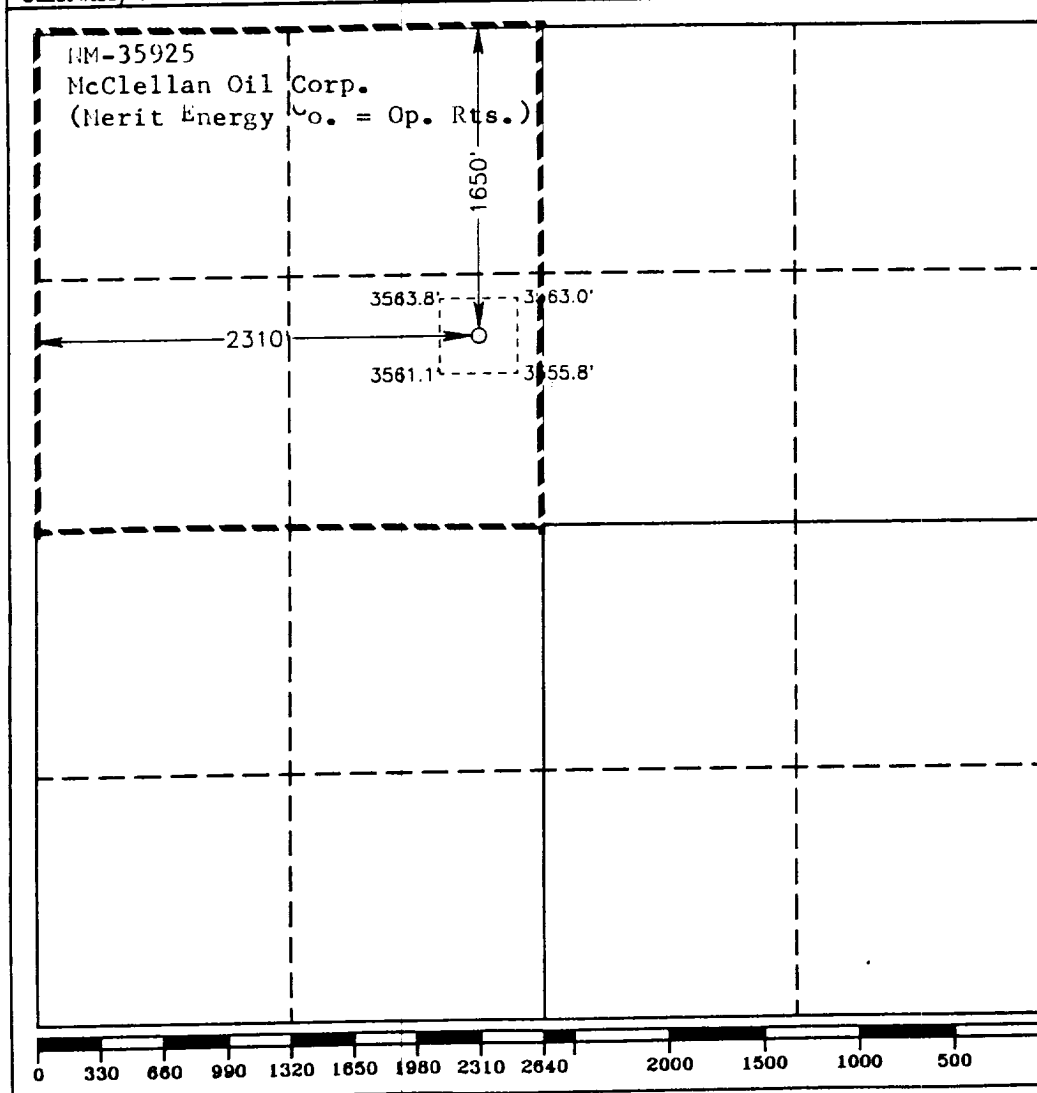
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MERIT ENERGY COMPANY			Lease DANA FEDERAL		Well No. 6
Unit Letter F	Section 3	Township 9 SOUTH	Range 25 EAST	County NMPM CHAVES	
Actual Footage Location of Well: 1650 feet from the NORTH line and 2310 feet from the WEST line					
Ground Level Elev. 3562.9'	Producing Formation ABO	Pool PECOS SLOPE ABO, SOUTH		Dedicated Acreage: 160 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

SHERYL J. CARRUTH

Position

REGULATORY MANAGER

Company

MERIT ENERGY COMPANY

Date

9-18-92

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

AUGUST 31, 1992

Signature & Seal of
Professional Surveyor

Ronald J. Eidson
Certificate No. **JOHN W. WEST, 878**
RONALD J. EIDSON, 3239
GARY L. JONES, 7977
92-11-1256



APPLICATION FOR DRILLING

MERIT ENERGY COMPANY
Dana Federal. Well No. 6
1650' FNL & 2310' FWL. Sec. 3-T9S-R25E
Chaves County, New Mexico
Lease No.: NM-35925
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Merit Energy Company 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:

San Andres	400'
Glorieta	1455'
Yeso	1533'
Abo	3695'
T.D.	4800'
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Random fresh water sands from surface to - 300'+/-.

Oil: None expected.

Gas: Possible in the Abo below 3695'.
4. Proposed Casing Program: See Form 3160-3.
5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".
6. Mud Program: See Form 3160-3.
7. Auxiliary Equipment: Blowout Preventer, Kelly cock.
8. Testing, Logging, and Coring Program:

Drill Stem Tests: None, unless warranted

Logging: T.D. to surface casing: CNL-LDT, and DLL w/selected RXO.
T.D. to surface: GR-CNL.

Coring: None planned.
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 = 1200 psi with 120° temperature.

H₂S: None expected. None in the previously drilled wells in vicinity.
10. Anticipated starting date: December 2, 1992.
Anticipated completion of drilling operations: Approximately 30 days.



MULTI POINT SURFACE USE AND OPERATIONS PLAN

MERIT ENERGY COMPANY
Dana Federal. Well No. 6
1650' FNL & 2310' FWL. Sec. 3-T9S-R25E
Chaves County, New Mexico
Lease No.: NM-35925
(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 "A" is a portion of a BLM Roswell Quadrangle map showing the location of the proposed well as staked, in relation to existing roads and highway. The well site location is approximately 11 road miles northeast of Roswell, New Mexico. Traveling northeast from Roswell, there will be approximately 11 miles of paved U.S. Highway 70 and .5 mile of gravel ranch/oilfield roads.
- B. Directions: Travel northeast from Roswell, NM on U.S. Highway 70 for approximately 10.1 miles past the overpass. Turn north, crossing a cattle guard, for .1 mile to the Dana Fed., #3 well site; then turn west on the access road to the Dana Fed., #4 for .1 mile. The proposed access road is staked on the north side of the road and will run northwest for 700 feet to the southeast corner of the staked location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: There will be approximately 700 feet of new access road 12 feet wide (24' Max.), which is color coded red on Exhibit "B".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche or gravel. The surface will be properly drained. The access road will vary in overall slope from .5 - 2.5%.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattleguards: None required.
- G. Off Lease R/W: None required.
- H. Existing Roads: All existing access roads will be maintained in as good or better condition.

3. LOCATION OF EXISTING WELLS:

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

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if needed, will be installed on the drilling pad. A 2 3/8" gas pipeline will be buried a maximum of 24" and will run parallel with and 25 feet from the edge of the proposed and existing access road to an existing pipeline at the Dana Fed. #3 well site.

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 and proposed access roads. The water will be obtained from a well belonging to Marley and Rogers in NE¼ Sec. 33-T9S-R25E.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from the location if possible or from a private commercial source, the Beavers Sand & Gravel Co., across the highway southeast of the location. The topsoil from the location will be stockpiled near the location for future rehabilitation use. 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/mud pit.
- B. Drilling fluids will be allowed to evaporate in the reserve/mud pit until the pit is dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock 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, waste pits, and major rig components. The pad and pit area has been staked and flagged, 400' X 400'.
- B. Mat Size: Maximum size: 260' X 185' plus 50' X 100' reserve pit, which will be cut 4 feet below the level surface on the north side of the pad.
- C. Cut & Fill: A 1-1.5' cut on the north with fill to the southeast will be required.
- D. The surface will be topped with compacted caliche or gravel with clay and the 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 and screened until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the private surface owner or 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 the pits are dry enough to work.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road are located on the upland undulating terraces west of the Pecos River. The location is on the south side of a southeast to northwest .5 to 2.5% slope from an elevation of 3562.9' G.L.
- B. Soil: The topsoil at the well site is a reddish brown sandy loam mixed with considerable fine gravel. The soil is part of the Dona Ana sandy loam association.
- C. Flora and Fauna: The vegetation cover is a fair grass cover of three-awn, dropseed, grama, and fluff grass along with plants of mesquite, yucca, cacti, broomweed, fourwing saltbush, sage and miscellaneous weeds and wildflowers. The wildlife consists of antelope, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: The Pecos River is less than 1 mile northeast of the location.
- E. Residences and Other Structures: None in immediate vicinity.
- F. Land Use: Cattle grazing.

11. OTHER INFORMATION; cont.....

- G. Surface Ownership: The proposed well site and access road is on fee surface, owned by James Cliett, 709 La Fonda, Roswell, NM 88201. The minerals are Federal.
- H. There is no evidence of any significant archaeological, historical or cultural sites in the area. An archaeological survey was 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:

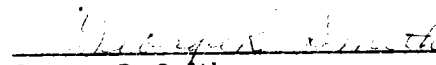
- A. The field representative for assuring compliance with the approved surface use and operations plan is as follows:

Mark Hamilton
Merit Energy Company
P. O. Drawer 8249
Roswell, New Mexico 88202
Home Phone: (505) 622-9062
Mobile Phone: (505) 625-6135

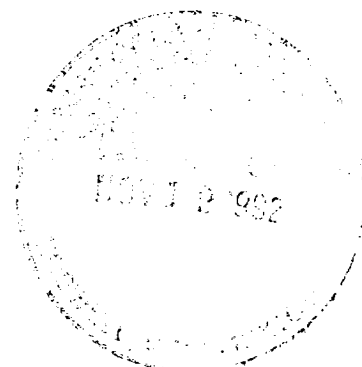
13. CERTIFICATION:

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 Merit Energy Company and its 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.

November 18, 1992



George R. Smith
Agent for: Merit Energy Company



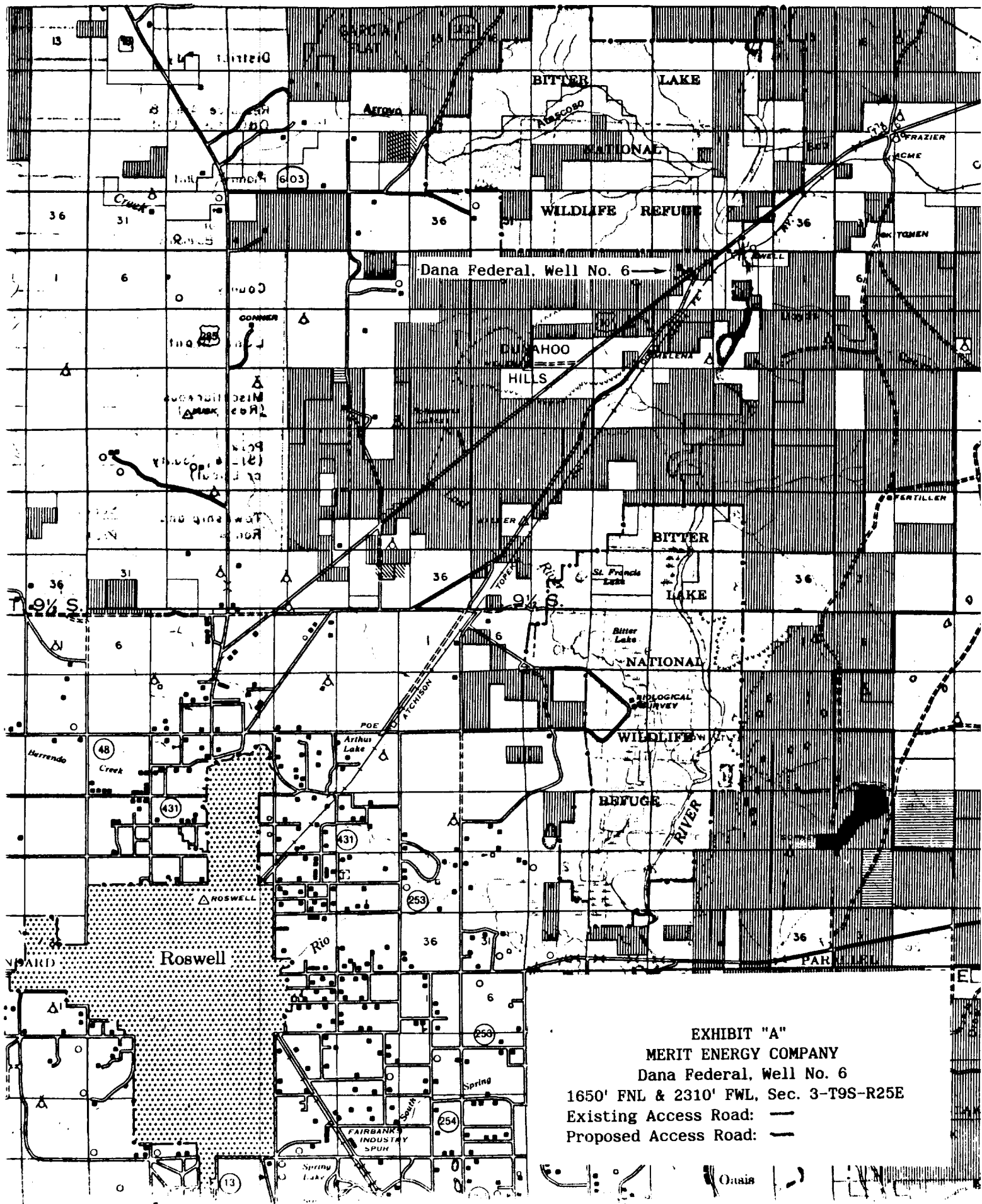


EXHIBIT "A"

MERIT ENERGY COMPANY

Dana Federal, Well No. 6

1650' FNL & 2310' FWL, Sec. 3-T9S-R25E

Existing Access Road: —

Proposed Access Road: —

Onais



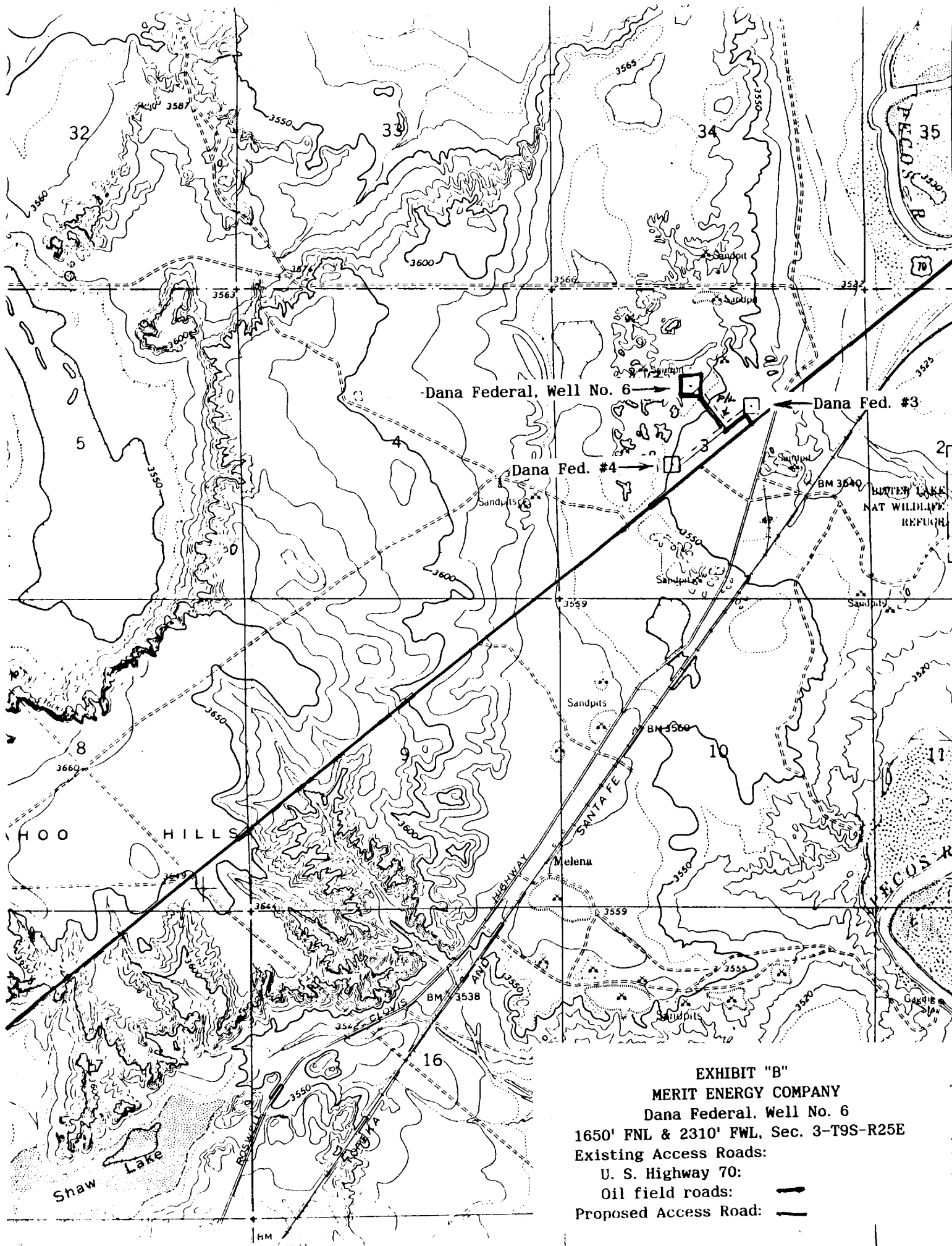
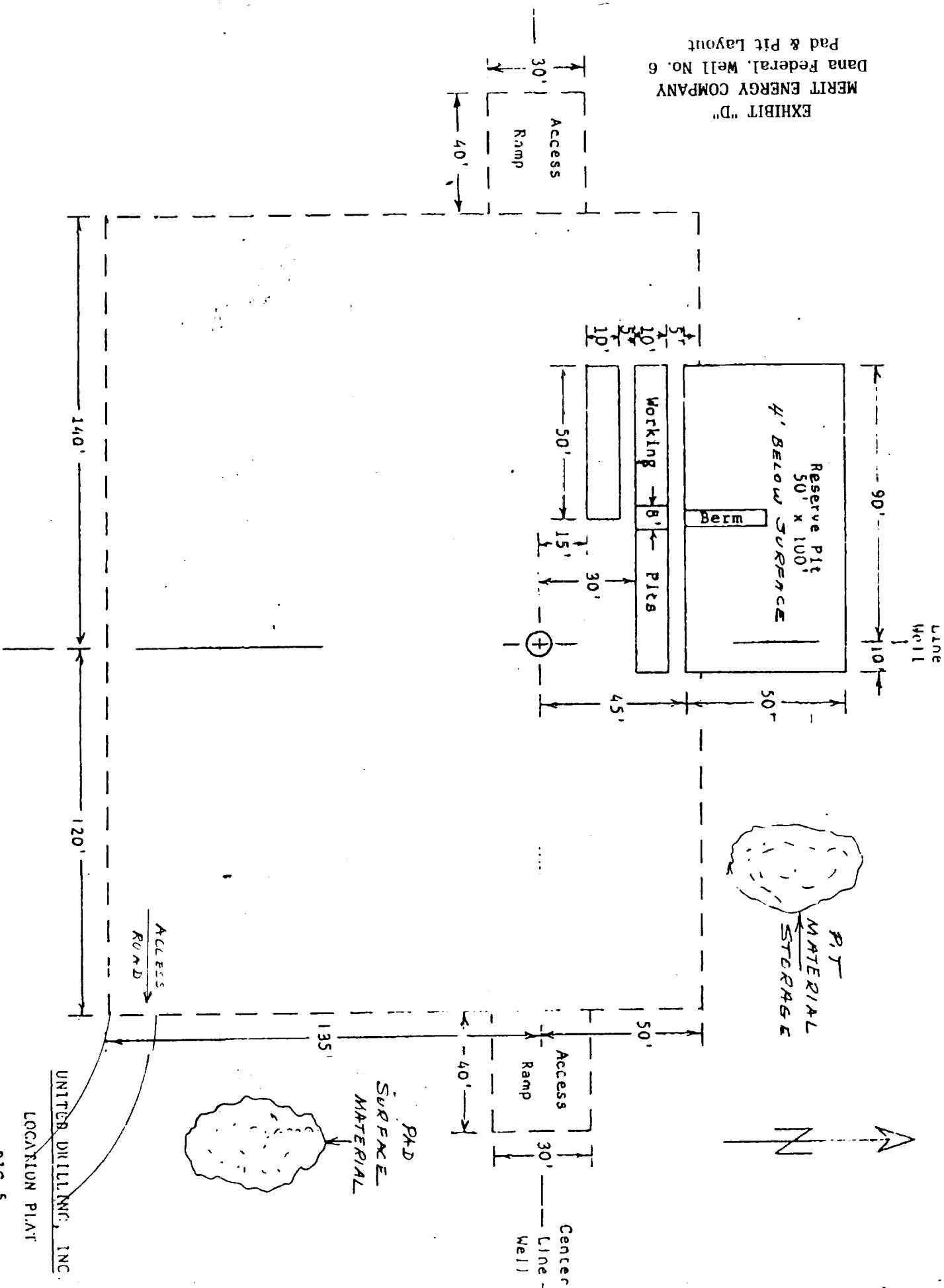


EXHIBIT "D"
MERIT ENERGY COMPANY
Dana Federal, Well No. 6
Pad & Pit Layout



Scale: 1"=40' 1-15-92

RIG 5

LOCATION PLAT

UNITED DRILLING, INC.

P. 02

12149601252

TO

UNITED DRILLING INC

FROM

09:49AM

03-24-1992

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

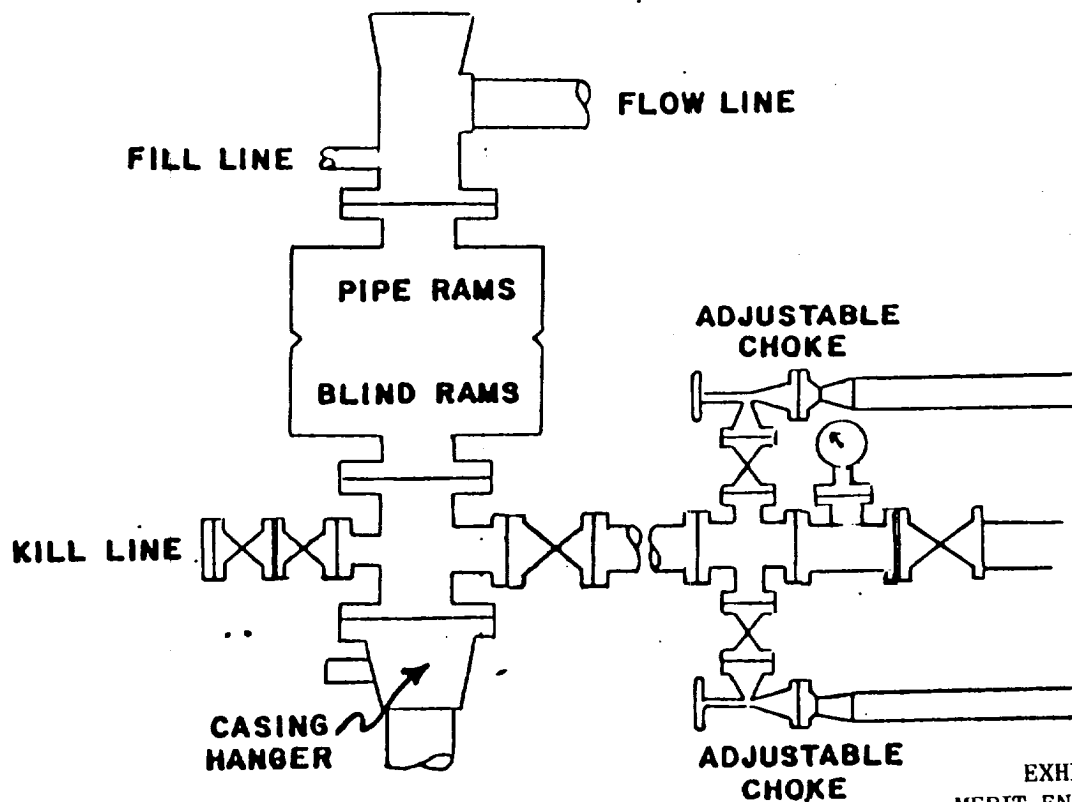


EXHIBIT "E"
MERIT ENERGY COMPANY
Dana Federal, Well No. 6
BOP Specifications