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SUBMIT IN LIGATE*
(Other instructions on
reverse side)Form approved.
Budget Bureau No. 42-R1425.UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-22785

5. LEASE DESIGNATION AND SERIAL NO.

NM-7794 NM-11787

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

Gardner Draw Unit

8. FARM OR LEASE NAME

Gardner Draw Unit

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT

Wildcat

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

Sec. 8, T-19-S, R-21-E

12. COUNTY OR PARISH

Eddy

13. STATE
New Mexico

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

JAN 12 1979

SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Phoenix Resources Company

3. ADDRESS OF OPERATOR

One Marienfeld Place, Suite 290 - Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At surface
660' FSL, 1980' FEL, Section 8, T-19-S, R-21-E

At proposed prod. zone

660' FSL, 1980' FEL, Section 8, T-19-S, R-21-E

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

12 miles Southwest of Hope, New Mexico

15. DISTANCE FROM PROPOSED*

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

660'

16. NO. OF ACRES IN LEASE

18.868 600

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.

3095'

19. PROPOSED DEPTH

7,400'

20. ROTARY OR CABLE TOOLS

Rotary

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

22. APPROX. DATE WORK WILL START*

11-15-78

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	350'	500 Sacks
12 1/4"	8 5/8"	24#	1,800'	1200 Sacks
7 7/8"	4 1/2"	11.6#	7,400'	500 Sacks

Propose to drill a Morrow well using rotary tools to approximately 7,400'. Cement will be circulated on the 13 3/8" and 8 5/8" casing strings. Plan to test significant shows and evaluate with adequate logging program. Completion or abandonment will be performed in accordance with prudent practices and regulatory body requirements. A double ram series 900 BOP and choke manifold will be used for 8 5/8" casing to total depth.

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Gas 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.

SIGNED

Bob Schmuck

TITLE

Agent

DATE 10-16-78

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

1-11-79

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side



United States Department of the Interior **RECEIVED**

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

JAN 12 1979

D. C. C.
ARTESIA, OFFICE

JAN 11 1979

Phoenix Resources Company
One Marienfeld Place
Suite 290
Midland, Texas 79701

PHOENIX RESOURCES COMPANY
Gardner Draw Unit No. 7
660 FSL 1980 FEL Sec. 8, T19S, R21E
Eddy County Lease No. NM-11787

Above Data Required on Well Sign

Gentlemen:

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 7,400 feet to test the Morrow is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.
3. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should be not less than 8" x 5" in size and each page should identify the well.
4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate sandstone brown (Federal Standard Color No. 595A, color 20318 or 30318).
5. Before drilling below the 8-5/8" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
6. A kelly cock will be installed and maintained in operable condition.
7. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.

8. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
- (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.
9. Notify the Survey in sufficient time to witness the cementing of the 8-5/8" casing.
10. Cement behind the 13-3/8" and 8-5/8" casing must be circulated.

Sincerely yours,

(Orig. Sgd.) ALBERT R. STALL
Albert R. Stall
Acting District Engineer

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator Phoenix Resources Company		Lease Gardner Draw Unit		Well No. 7
Unit Letter ①	Section 8	Township 19 South	Range 21 East	County Eddy
Actual Footage Location of Well: 660 feet from the South line and 1980 feet from the East line				
Ground Level Elev. 4430.3	Producing Formation Morrow	Pool Wildcat <i>land</i>	Dedicated Acreage: 320 Acres	

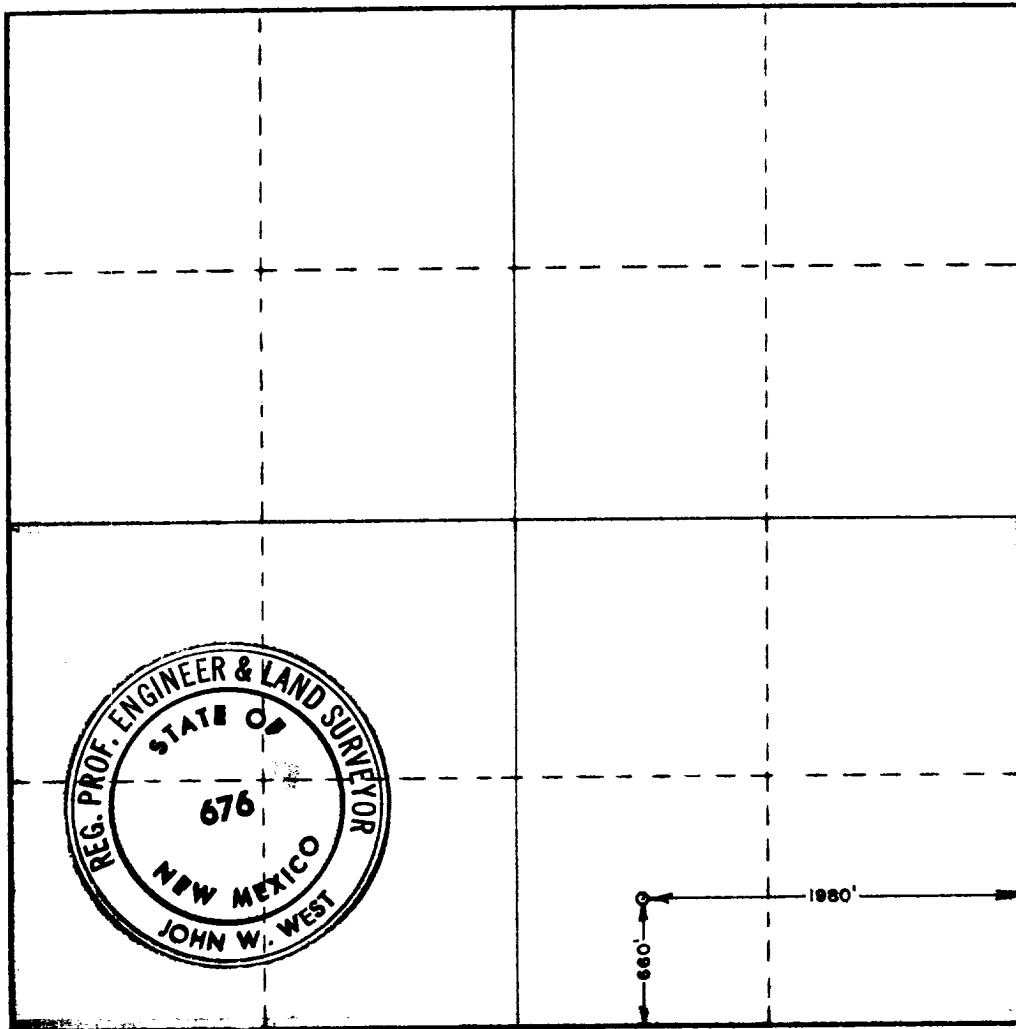
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____ Case #6129

If answer is "no," list the owners and tract descriptions which have actually been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. _____

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 interests, has been approved by the Commission.

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

Bob Schmucker

Name
Bob Schmucker
Position
Agent
Company
Phoenix Resources Company
Date
10-19-78

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 11, 1978

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. John W. West 676
Ronald J. Eldson 3239

Application For Drilling
Phoenix Resources Company
Gardner Draw Unit Well No. 7
Eddy County, New Mexico

In conjunction with permitting the subject well for drilling in Section 8, Township 19 South, Range 21 East, Eddy County, New Mexico, Phoenix Resources Company submits the following points of pertinent information in accordance with U.S.G.S. letter of July 1, 1976.

1. The geologic surface formation is San Andres.
2. The estimated tops of geologic markers are as follows:

Glorieta	1,791'
Clearfork	2,250'
Tubb	2,780'
Wolfcamp	4,410'
Cisco	6,000'
Canyon	6,430'
Strawn	6,725'
Morrow	7,250'

3. The depth at which water, oil or gas is expected to be encountered is:

7,250'

4. Casing program:

13 3/8", 48#, H-40 New Casing run to 350', cemented with 500 sacks.
8 5/8", 24#, K-55 New Casing run to 1,800', cemented with 1,200 sacks.
4 1/2", 11.60#, K-55 New Casing run to 7,400', cemented with 500 sacks.

5. Blowout Preventers:

Ram type Series 900 with double hydraulic rams. This is a Schaeffer blow-out preventer (working pressure 3,000#, test pressure 6,000#). The fill, kill and choke lines are indicated on the BOP specification sheet.

6. Circulating Medium:

Steel and earthen pits will be used to hold mud and cuttings and the drilling fluid as follows:

Air and mist drill as far as possible, probably to 6,500', mud up with KCL brine water, weight 9.8#-10.1# per gallon, Viscosity 34-38, Water Loss 10cc or less.

Application For Drilling

Phoenix Resources Company - Gardner Draw Unit Well No. 7

Page 2.

7. The rig will be equipped with safety devices such as kelly cock, drill pipe float, full opening stabbing valve, inside drill pipe BOP, etc. Operational tests will be run weekly and results noted on tour sheets.
8. One Density Laterolog and one Density Neutron Log will be run at total depth.
9. No abnormal pressures or temperatures or potential hazards are expected to be encountered.
10. Anticipated starting date is November 15, 1978, with completion of operations expected to be on or about December 15, 1978.

10-16-78

FBA JWM

Multipoint Surface Use & Operations Plan

Phoenix Resources Company

Gardner Draw Unit Well No. 7

660' FSL, 1980' FEL, Section 8, T-19-S, R-21-E

Eddy County, New Mexico

New Mexico Lease 7794

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This plan is submitted with the Application for Permit to Drill the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbances 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. Existing roads in the vicinity of planned well are shown on the attached Exhibit "A". The well is located approximately 12 miles Southwest of Hope, New Mexico. To reach the location, go South of Hope 6 miles to a "Y" in the road, take the right fork. Continue on where pavement ends until you reach the next "Y" in the road. Take the right fork to the proposed location. This route is marked with BLUE on Exhibit "A".
- B. An existing road runs within 1600' of the proposed well. Some grading will be required on this road.

2. Planned Access Roads:

- A. Since an existing road is close by, it will be utilized with a new road being built as indicated in RED in Exhibit "A" approximately 1600' long.

No new gates or cattleguards are required.

3. Location of Existing Wells:

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

4. Location of Existing and/or Proposed Facilities:

- A. There is no production equipment on this lease at present. If production is established, a tank battery will be built on the drilling pad and no additional surface disturbance will occur.

5. Location and type of Water Supply:

- A. Water will be purchased and trucked to the wellsite over existing roads shown on Exhibit "A".

6. Source of Construction Materials:

- A. A bulldozer is used to level existing soil. No caliche is used. Area is rocky enough for sturdy foundation for drilling rig.

7. Methods of Handling Waste Disposal:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in the test tanks until sold.
- D. Sewage will be collected in a pit at least 6' deep below an outside latrine. Suitable chemical will be added to aid decomposition of the waste material and then back filled following completion of the well.
- 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. Location of trash pit is shown on Exhibit "C".
- F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. Ancillary Facilities:

- A. None required.

9. Wellsite Layout:

- A. Exhibit "C" shows the relative location and dimension of the well pad, mud pits, reserve pit, trash pit and location of major rig components.
- B. The West side of the location will have to be cut and the dirt moved to the East side in order to level the location site.

9. Wellsite Layout: (Cont'd)

- C. The reserve pit will be plastic lined.
- D. The pad and pit area has been staked and flagged.

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 wellsite in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. After abandonment of the well, surface restoration will be in accordance with the agreement with the surface owner. Pits will be filled and the location will be cleaned. Rehabilitation should be accomplished within 90 days after abandonment.

11. Other Information:

A. Topography:

Land surface is rolling and hilly. From an elevation of 4500' at the wellsite, the land surface slopes toward the East.

B. Soil:

Soil is dirt and very rocky.

C. Flora and Fauna:

The vegetative cover is generally sparse and consist of shinnery oak, yucca and perenial native range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and Streams:

There are no rivers, streams, lakes or ponds in the area.

11. Other Information: (Cont'd)

E. The nearest occupied dwellings are ranch houses occupied by Mr. Frank Runyon 2 miles South and Mr. Tulk 3 miles West of the proposed location.

F. Archeological, Historical & Cultural Sites:

None observed in the area.

G. Land Use:

Grazing and hunting in season.

H. Surface Ownership:

Well is on leased land.

12. Operators Representative:

The field representative responsible for assuring compliance with the approved surface use and operations plan are as follows:

John W. Mulloy
One Marienfeld Place
Suite 290
Midland, Texas 79701
Office Phone: 915/684-7877
Home Phone: 915/682-9642

Bud Yancy
One Marienfeld Place
Suite 290
Midland, Texas 79701
Office Phone: 915/684-7877
Home Phone: 915/523-4843

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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 Phoenix Resources Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Date

10-19-78

Bob Schmucker
Agent

Phoenix Resources Company

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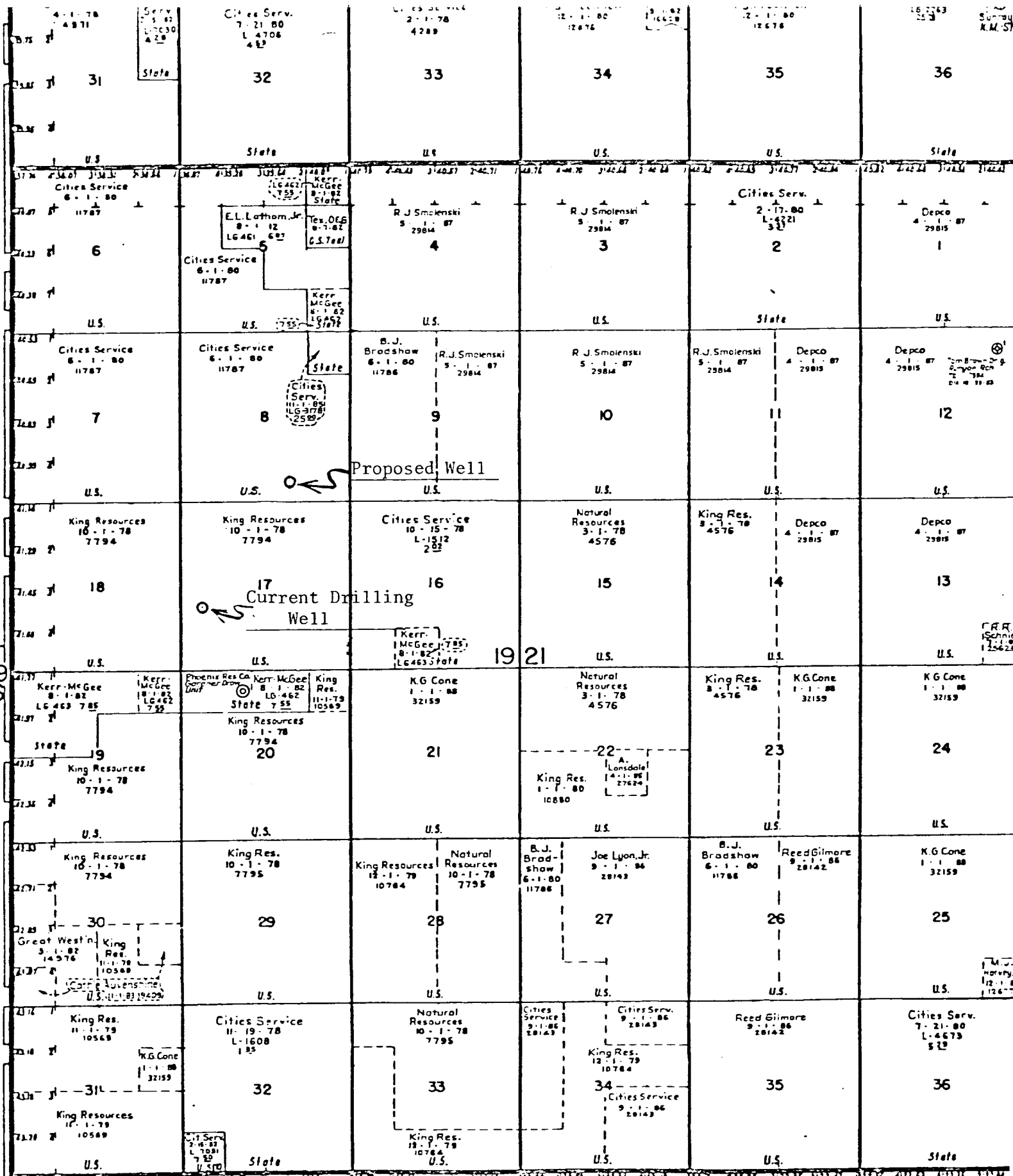


EXHIBIT "B"

Phoenix Resources Co.
Gardner Draw Unit Well #7
660' FSL, 1980' FEL, Section 8
T-19-S, R-21-E
Phoenix, New Mexico

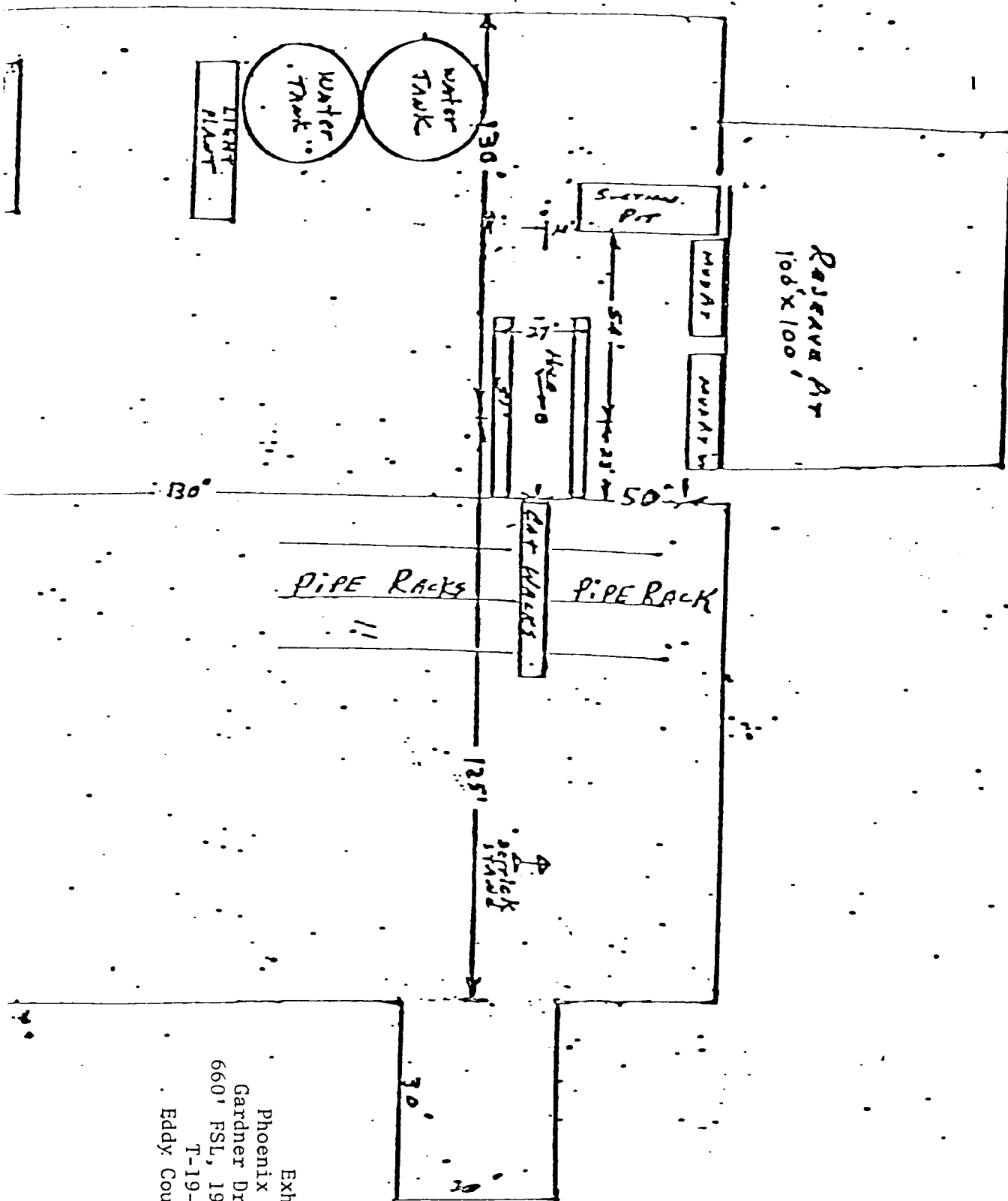
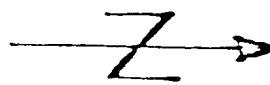


Exhibit "C"
Phoenix Resources Co.
Gardner Draw Unit Well #7
660' FSL, 1980' FEL, Section 8
T-19-S, R-21-E
Eddy County, New Mexico

1 - 7 station Koomey Accumulator

1 - Koomey Remote Stand

5000 WP Manifold

1 - 10⁰ Shaeffer Double BOP 900 Series, 3000 WP

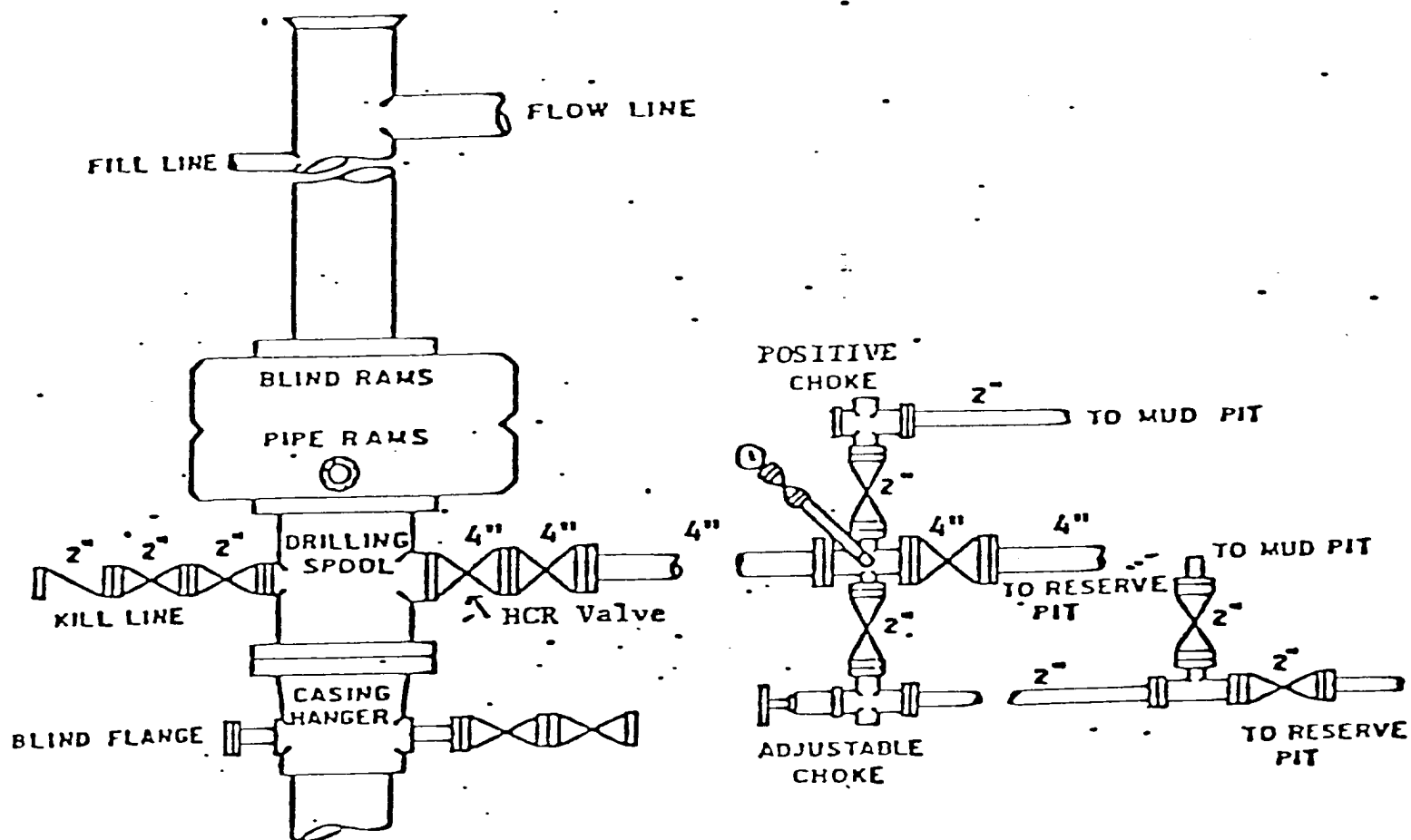


Exhibit "D"
BOP Sketch
Phoenix Resources Company

Well #7 & #8 Gardner Draw Unit