

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-23128

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

Holly Energy Inc.

3. ADDRESS OF OPERATOR

Box 726, Artesia, N. M. 88210

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

At surface

1980' FNL 1980' FEL Sec. 3 T-18S R-30E

At proposed prod. zone same

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

3 miles southeast of Loco Hills, N. M.

15. DISTANCE FROM PROPOSED*

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

1980'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

4200

20. ROTARY OR CABLE TOOL

Rotary

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

3524.9 GR

22. APPROX. DATE WORK WILL START*

as soon as possible after
approval

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	24#	500'	275 sx and circulate to surface cement w/sulfate resistant ceme to cover all potential pay zone
7 7/8"	5 1/2"	15 1/2#	4200'	

We propose to drill this well to approximately 4200' and complete in the Grayburg-San Andres zones.

All zones indicating porosity will be acidized or sand fraced.

Water and native mud will be used at approximately 100' of T.D. to get hole in shape to log.

A 10" 900 series Shaffer Type F Double B.O.P. will be used in drilling this well.

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

Robert Loyd

TITLE Production Superintendent

DATE

11-5-79

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

1-14-80

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

**N MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form No. 1
Supervisors Use
Effective 1-1-79

All distances must be from the outer boundaries of the Section

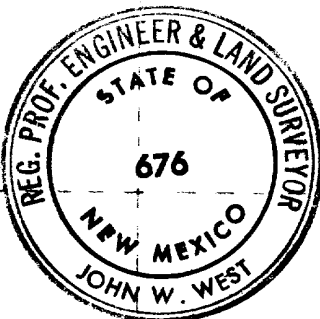
Operator HOLLY ENERGY INC.			Lease NELSON		
Unit Letter G	Section 3	Township 18 South	Range 30 East	County Eddy	
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the East line					
Ground Level Elev. 3524.9	Producing Formation San Andres		Foot	Section A to B 40	

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 owners (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, forced-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 interests, has been approved by the Commission.

Holly Energy Inc.
NM 01159



CERTIFICATION

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

Robert Loyd

Robert Loyd

Production Superintendent

Holly Energy Inc.

11-5-79

I hereby certify that the well location shown on this plat was plotted from tapes of actual surveys made by me under my supervision and that the same is true and correct to the best of my knowledge and belief.

September 26, 1979

John W. West

John W. West

Certificate No. John W. West
Ronald J. E. dco

0 320 640 960 1280 1600 1920 2240 2560 2880 3200 3520 3840 4160 4480 4800 5120 5440 5760 6080 6400



UNMLO CD. COPY

United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

RECEIVED

JAN 16 1980

O. C. D.
ARTESIA, OFFICE

January 14, 1980

Holly Energy, Inc.
P. O. Box 726
Artesia, New Mexico 88210

Gentlemen:

HOLLY ENERGY INC
Nelson No. 6
1980 FNL 1980 FEL Sec. 3 T.18S R.30E
Eddy County Lease No. NM 01159

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 4,200 feet to test the San Andres 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 not be 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 No. 595A, color 20318 or 30318).
5. Cement behind the 8-5/8" casing must be circulated.
6. Notify Survey in sufficient time to witness the cementing of 8-5/8" and 5-1/2" casing.



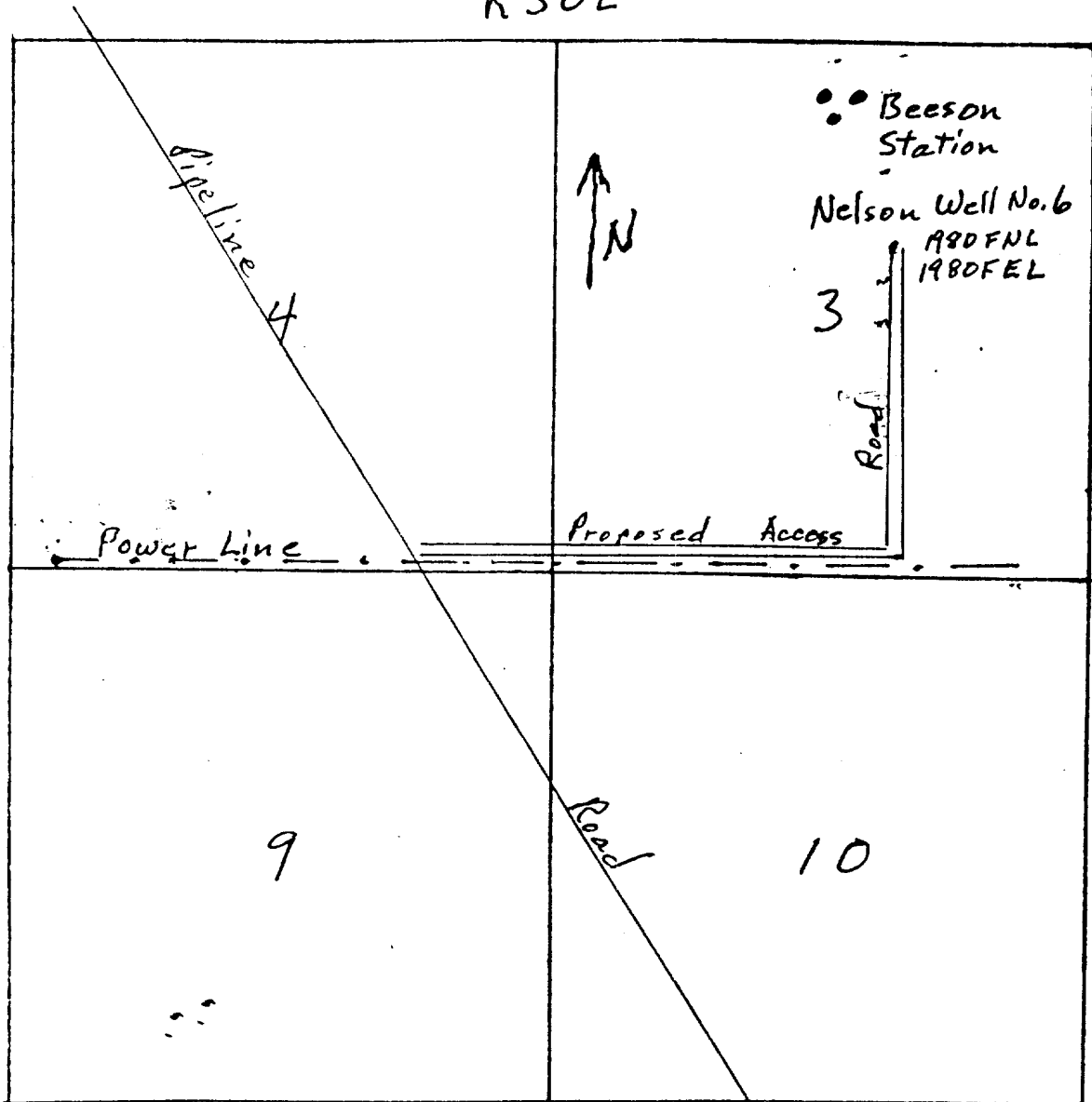
7. Special stipulations: Bring access road down pipeline road in Section 4. Turn east and follow powerline to pipeline running north and south. Turn north on pipeline road in Section 3 to location. (See Attached map) (BLM)
8. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

GEORGE H. STEWART

George H. Stewart
Acting District Engineer

R30E



Holly Engineering
Proposed Access Road

APPLICATION FOR DRILLING

Holly Energy Inc.
Nelson # 6
Section 3 - T-18S - R-30E
Eddy County, New Mexico

In conjunction with form 9-331C, application for permit to drill subject well in Section 3, Township 18 South, Range 30 East, Eddy County, New Mexico. Holly Energy Inc. submits the following 12 items of pertinent information in accordance with U.S.G.S. requirements:

1. The geologic surface formation is quaternary alluvium.
2. The estimated tops of geologic markers are as follows:
 - 1580' Yates
 - 2434' Queen Sand
 - 2880' Loco Hills Sand
 - 3160' San Andres
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered are:
 - Water: Water at approximately 300' base 500'
 - Oil or Gas: 1580'
4. Proposed Casing Program: See form 9-331C.
5. Pressure Control Equipment: See form 9-331C and Exhibit E.
6. Mud Program: See form 9-331C.
7. Auxiliary Equipment: Blowout Preventer.
8. Testing, Logging and Coring Program:
 - Pressure Test: Surface casing to 1000 psig and Production casing to 1500 psig.
 - Drilling Samples: 10' samples 500' to T.D..
 - Electric Logging: Dual Induction Lateral log and Compensated Neutron log - Formation and Density log T.D. to 500'-
CLN - gamma ray T.D. to surface.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated Starting Date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Holly Energy Inc.

Nelson # 6

1980' FNL and 1980' FEL Section 3 T-18S R-30E

Eddy County, New Mexico

This plan is submitted with Form 9-331C, Application for Permit to Drill covering 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 disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS.

A. Exhibit A is a portion of B.L.M. Meliman 400 Quadrangle map no. 107 on a scale of 1/3" to a mile, showing the proposed location and the surrounding area. Exhibit B is a portion of U.S.G.S. topographical map, on a scale of approximately 2" to a mile, showing the wellsite area and existing roads in the immediate vicinity of the proposed location. The proposed location is a driving distance of approximately 31 miles east of Artesia, New Mexico.

(1) Proceed east on highway 82 from the intersection of highways 82 and 285 in Artesia, New Mexico for a distance of approximately 25 miles. At this point turn right at the ARCO Service Station in Loco Hills and proceed south to southwest for 3 miles. At this point turn left at the Newmont Oil Co. and Gas Company of New Mexico signs and proceed south for .3 of a mile. Now turn left again and proceed east for 1.3 miles to cattleguard, crossing the cattleguard and keep traveling east for 1.1 miles passing through a Holly Energy tank battery to Nelson # 3 well. The newly constructed road to the wellsite will begin at this point, heading straight ahead (east) from the existing road.

2. PLANNED ACCESS ROAD.

- A. The newly constructed access road will run in an east to west direction and will be approximately 6930 feet in length. It will join the drilling pad at the southwest corner of the pad. The road will be 12 feet in width and the surface will be crowned in the center, with drainage on both sides. No culvert or cattleguards will be needed.
- B. The center line of the proposed new road has been staked and flagged and is clearly visible.

3. LOCATION OF EXISTING WELLS.

A. Existing wells in the vicinity are shown on Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- A. There are no existing production facilities on the lease.
- B. In the event that the proposed well is productive, the necessary production facilities will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER.

- A. Any water used in the drilling operation will be fresh or brine water. The water will be purchased from commercial sources and will be hauled to the location by truck over the existing and planned roads shown on Exhibits A and B.

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. Caliche for construction of the drilling pad and the new access road, as well as for resurfacing part of the existing access road, will be obtained from Section 4.

7. METHODS OF HANDLING WASTE DISPOSAL.

- A. Drill cuttings will be disposed of in the reserve pit.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pit is dry.
- C. Water produced during operations will be disposed of in the reserve pit. Oil produced during operations will be stored in tanks until sold.
- 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 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 D shows the relative location and demensions of the well pad, reserve pit and major rig components.
- B. Major leveling will be required to construct the location. The ground surface at the wellsite is composed of sand dunes rangeing from 2 - 6 feet in height, with the major slope from east to west. The pad surface will be covered with 6 inches of compacted caliche.
- C. The reserve pits will be plastic lined.
- D. The pad and pit area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the wellsite in as aethetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they have been filled.

- C. If the proposed well is nonproductive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11. OTHER INFORMATION.

- A. Topography: The proposed wellsite is located in a relatively hilly area with undulations of 8 to 10 feet in height.
- B. The topsoil at the wellsite is moderately soft sand.
- C. Flora and Fauna: The vegetation cover at the wellsite is moderately sparse, consisting of mesquite, shinny oak, prairie flowers and weeds. The only wildlife observed were lizards and rabbits, but it is likely that other wildlife typical of semi-arid desert land also inhabit the area. The area is used for cattle grazing.
- D. There are no ponds, lakes, streams or rivers within several miles of the wellsite.
- E. The nearest occupied dwellings are northwest of the proposed location approximately 3 miles. There are no windmills within the immediate area.
- F. The wellsite is on Federal surface, with federal control of minerals.
- G. There is no evidence of any archeological, historical or cultural sites in the area of the wellsite.

12. OPERATOR'S REPRESENTATIVE.

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

Robert Loyd
Production Supervisor
Holly Energy Inc.
P. O. Box 726
Artesia, New Mexico 88210
Telephone: 505-746-6161 (Office)
505-365-2521 (Mobil)

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 condulations 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 Holly Energy Inc. and its contractors and its subcontractors in conformity with this plan and terms and conditions under which it is approved.

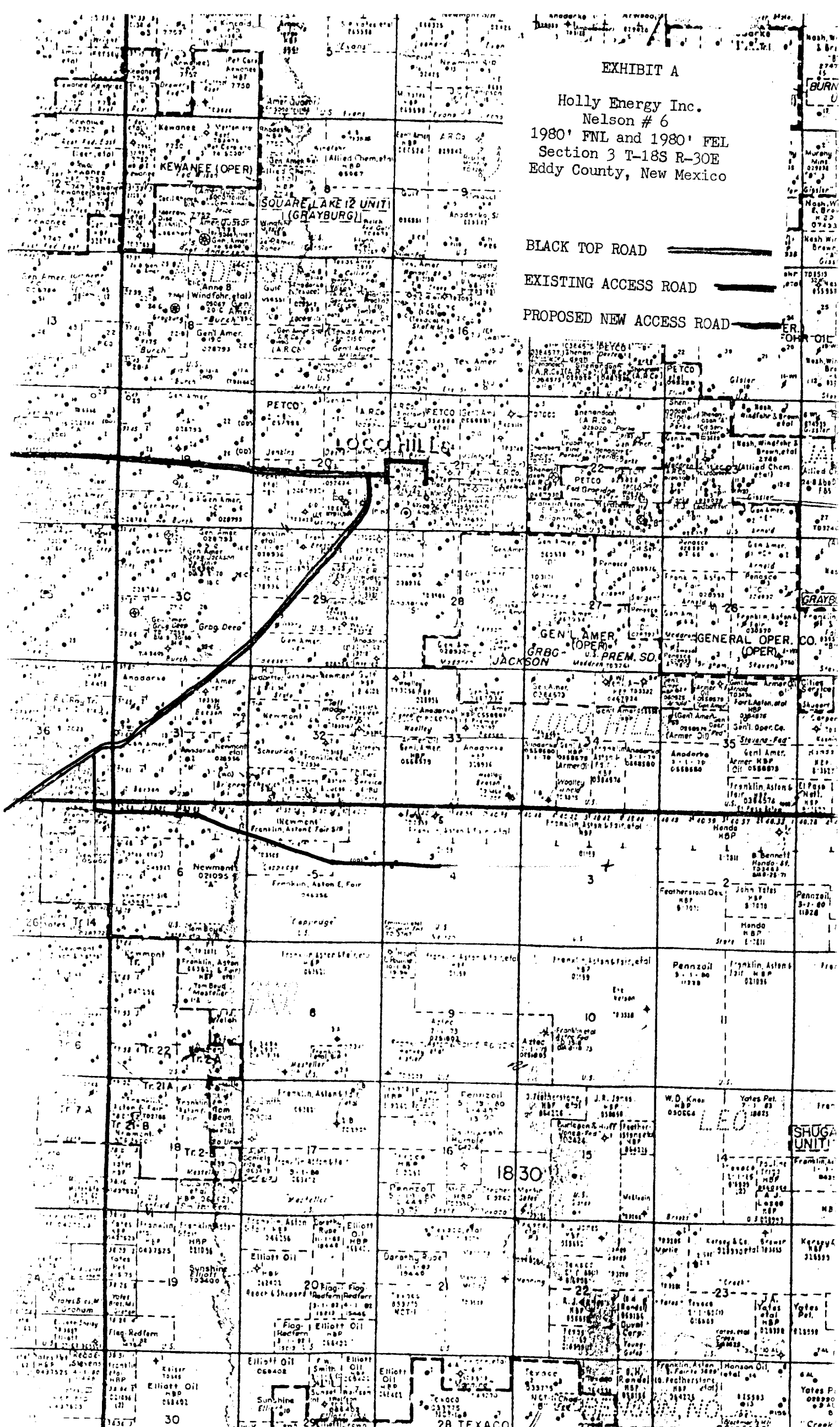
11-5-79
DATE

Robert Loyd SUPERINTENDENT
NAME AND TITLE

Holly Energy Inc.
Nelson # 6
1980' FNL and 1980' FEL
Section 3 T-18S R-30E
Eddy County, New Mexico

EXISTING ACCESS ROAD

PROPOSED NEW ACCESS ROAD.



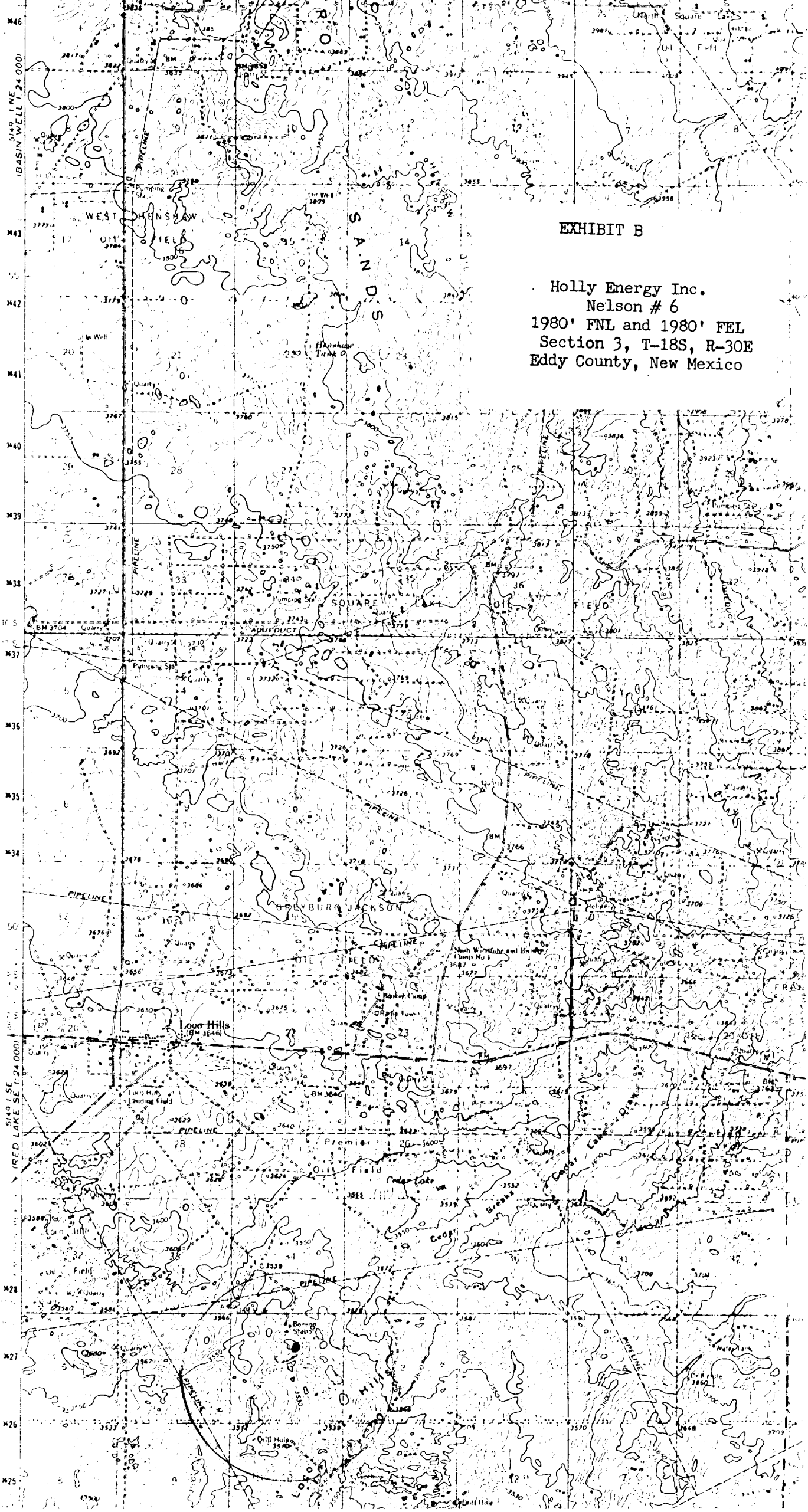


EXHIBIT B

Holly Energy Inc.
Nelson # 6
1980' FNL and 1980' FEL
Section 3, T-18S, R-30E
Eddy County, New Mexico

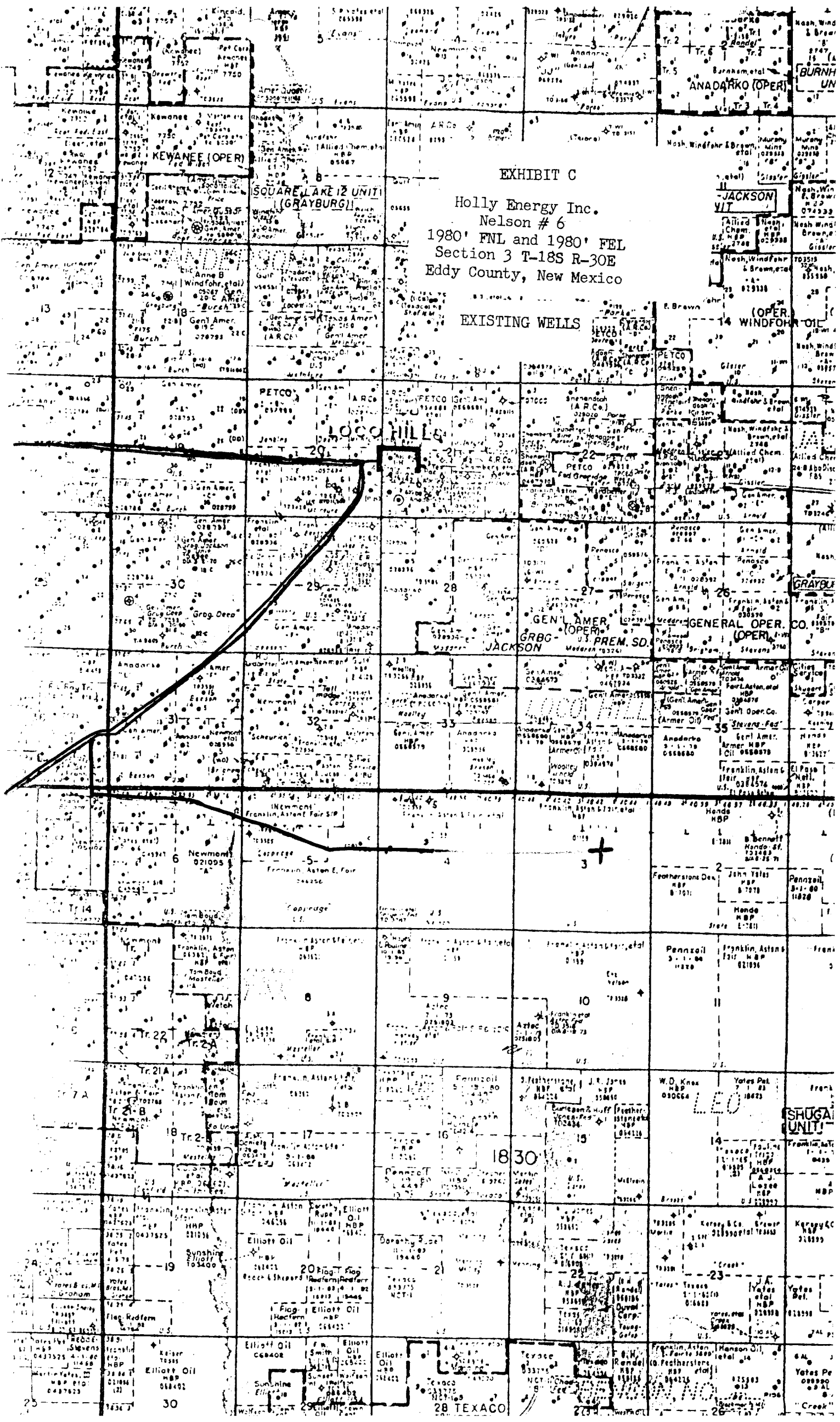


EXHIBIT C
Holly Energy Inc.
Nelson # 6
1980' FNL and 1980' FEL
Section 3 T-18S R-30E
Eddy County, New Mexico

EXISTING WELLS

