

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-23499

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

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Coastal Oil & Gas Corporation

3. ADDRESS OF OPERATOR

Box 1332, Amarillo, Texas 79189

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

At surface

1487' FNL & 978' FWL

At proposed prod. zone
Same

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

18 Miles east-northeast of Artesia, New Mexico

15. DISTANCE FROM PROPOSED*

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

341'

16. NO. OF ACRES IN LEASE

255.13

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.

671'

19. PROPOSED DEPTH

1300'

20. ROTARY OR CABLE TOOLS

Rotary

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

3561' GR

22. APPROX. DATE WORK WILL START*

November 1, 1980

23. 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"	24#	350'	225 sx Class 'H' w/2% CaCl circulate
7 7/8"	5 1/2"	14#	1300'	100 sx Class 'C' w/2% CaCl

Mud Program: See Exhibit E

BOP Program: Rotating head and diverter line to be installed
after surface pipe is set. Diverter line will
have a closing valve in it.

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OCT 16 1980

O. C. D.

ARTESIA, OFFICE

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SEP 18 1980

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

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

Paul D. Roberts

TITLE Petroleum Engineer

DATE 9-5-80

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION AT

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

All distances must be from the outer boundaries of the Section.

Operator Coastal Oil & Gas Corporation			Lease PARKER FEDERAL		Well No. 2
Unit Letter E	Section 1	Township 16 S	Range 28 E	County EDDY	
Actual Footage Location of Well: 1487 feet from the NORTH line and 978 feet from the WEST line					
Ground Level Elev. 3561'	Producing Formation Queen		Pool Wildcat		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 _____

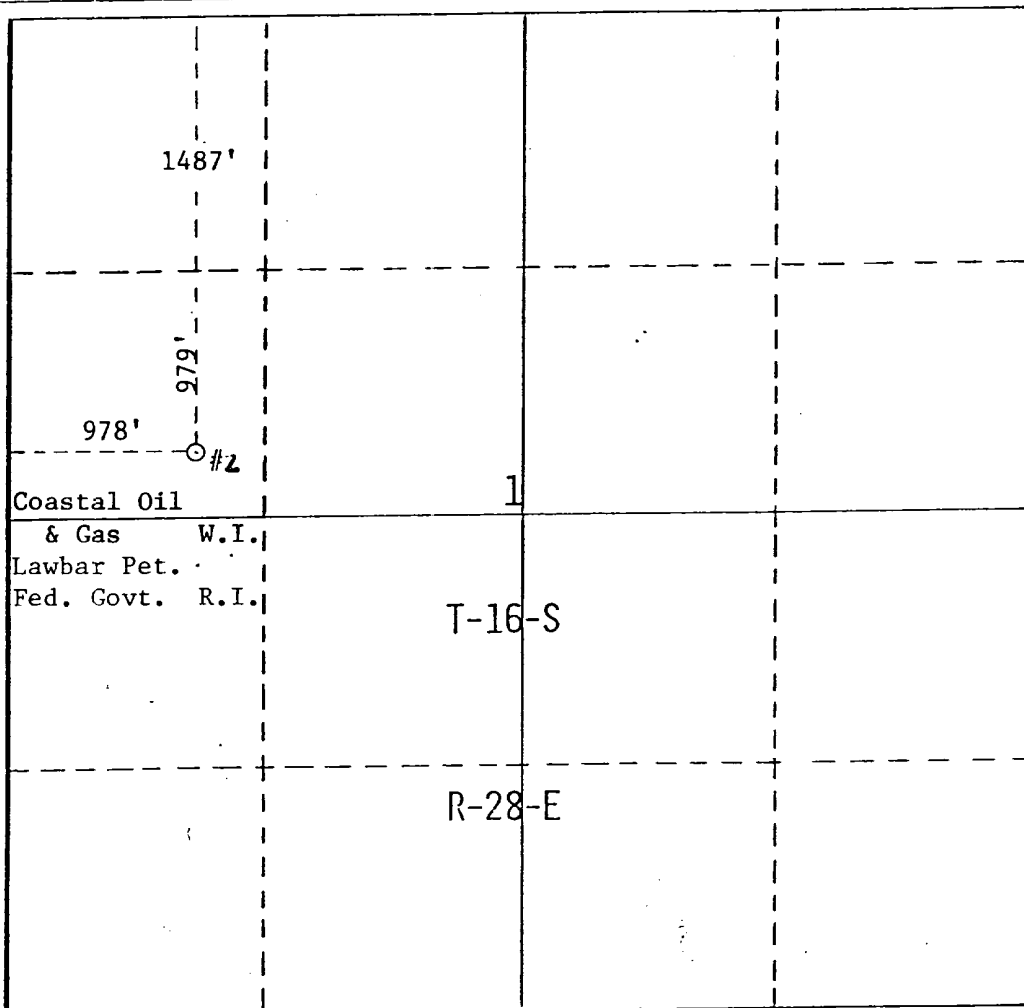
If answer is "no," list the owners and tract descriptions which have actually been consolidated. Use reverse side of this form if necessary.) NA

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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ARTESIA, NEW MEXICO



CERTIFICATION

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

Paul D. Roberts

Name
Paul D. Roberts
Position
Petroleum Engineer
Company
Coastal Oil & Gas Corp.

Date
Sept. 5, 1980

I have surveyed the location shown on this plat and was satisfied that the same is true and correct to the best of my knowledge and belief.

July 17, 1980

Date Surveyed
Registered Professional Engineer and/or Land Surveyor

W. D. Watson, Jr.

Certificate No.
3959





N.M.O.C.D. COPY
United States Department of the Interior
GEOLOGICAL SURVEY
SPECIAL APPROVAL STIPULATIONS

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THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN:

OCT 16 1980

O. C. D.
ARTESIA, OFFICE

CORRAL BLVD Comp PARKER FED No 2	
OPERATOR 1-165-28E	WELL DESIGNATION EDDY
S-T-R NM 29828	COUNTY
LEASE NO.	

THE SPECIAL STIPULATIONS CHECK MARKED BELOW ARE APPLICABLE TO THE ABOVE-DESCRIBED WELL AND APPROVAL OF THIS APPLICATION TO DRILL IS CONDITIONED UPON COMPLIANCE WITH SUCH STIPULATIONS. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE SPECIAL STIPULATIONS PURSUANT TO TITLE 30 CFR 290.

- ☒ A. 8 7/8" surface casing should be set in the Rustler Anhydrite formation and cement circulated to the surface. If surface casing is set at a lesser depth, the _____ casing must be cemented from the casing shoe to the surface or cemented to the surface through a stage tool set at least 50 feet below the top of the Rustler after cementing around the shoe with sufficient cement to fill to the base of the salt section.
- ☒ B. Before drilling below the 8 7/8" casing, the blowout preventer assembly will consist of a minimum of ~~one annular type and~~ two ram type preventers.
- ☐ C. Casing protectors will be run on drill pipe while drilling through the _____ casing. Protectors will be of sufficient number and of sufficient outside diameter to protect the casing.
- ☐ D. Minimum required fill of cement behind the _____ casing is to _____.
- ☒ E. After setting the 8 7/8" casing string and before drilling into the YATES 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.~~
- ☐ F. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the _____ 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.

- ☒ G. All pits containing toxic liquids will be fenced and covered with a fine mesh netting, if necessary for the protection of livestock or wildlife.
- ☒ H. Above ground permanent structures and equipment shall be painted in accordance with the Painting Guidelines. The paint color is to simulate:

☒ Sandstone Brown, Fed. Std. 595-20318 or 30318

☒ OR Sagebrush Gray, Fed. Std. 595-26357 or 36357

☐

- ☒ I. A kelly cock will be installed and maintained in operable condition.
- ☒ J. The ARTESIA Sub-District Office is to be notified in sufficient time for a representative to witness:
- (a) Spudding ✓
- (b) Cementing casing
- _____ inch
- _____ inch
- _____ inch
- (c) ~~BOF~~ tests
- ☐ K. A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the U. S. Geological Survey, P. O. Box 26124, Albuquerque, New Mexico 87125. The effective date of the agreement must be prior to any sales.
- ☐ L. A Gamma Ray-Compensated Neutron log is required from the base of the salt section to the surface with cable speed not to exceed 30 feet per minute.
- ☒ M. At least one working day prior to constructing the well pad, access roads and/or related facilities, the operator or dirt contractor shall notify the authorized officer (Bureau of Land Management, CARLSBAD area). He shall also notify the Authorized Officer within two working days after completion of earth-moving activities.
- ☒ N. All access roads constructed in conjunction with the drilling permit (APD) will be limited to a 12 foot wide driving surface, excluding turn-arounds. Surface disturbance associated with construction and/or use of the road will be limited to 20 feet in width. If well is a producer, all roads will be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts and/or any other measures deemed necessary by the authorized officer of the BLM. The following is a general guide for the spacing of water bars:
- 50 Slope
- | | |
|--------------|---------|
| less than 2% | 200 ft. |
| 2% to 4% | 100 ft. |
| 4% to 5% | 75 ft. |
| more than 5% | 50 ft. |
- ☒ O. Other special stipulations

Any permanent pit containing waste oil must be fenced and covered with mesh wire.

SUPPLEMENTAL DRILLING DATA

COASTAL OIL & GAS CORPORATION
 PARKER FEDERAL LEASE
 SECTION 1-16S-28E
 EDDY COUNTY, NEW MEXICO

1. SURFACE FORMATION: Tansil

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Base Salt	300'
Yates	423'
Seven Rivers	643'
Queen	1130'

3. ANTICIPATED POROSITY ZONES:

Water	50-100'
Oil	1200'

4. CASING DESIGN:

<u>Size</u>	<u>Interval</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>	<u>Condition</u>
8 5/8"	0-350'	24#	H-40	STC	New
5 1/2"	0-TD	14#	K-55	STC	New

5. SURFACE CONTROL EQUIPMENT: Rotating Control Head with a diverter line

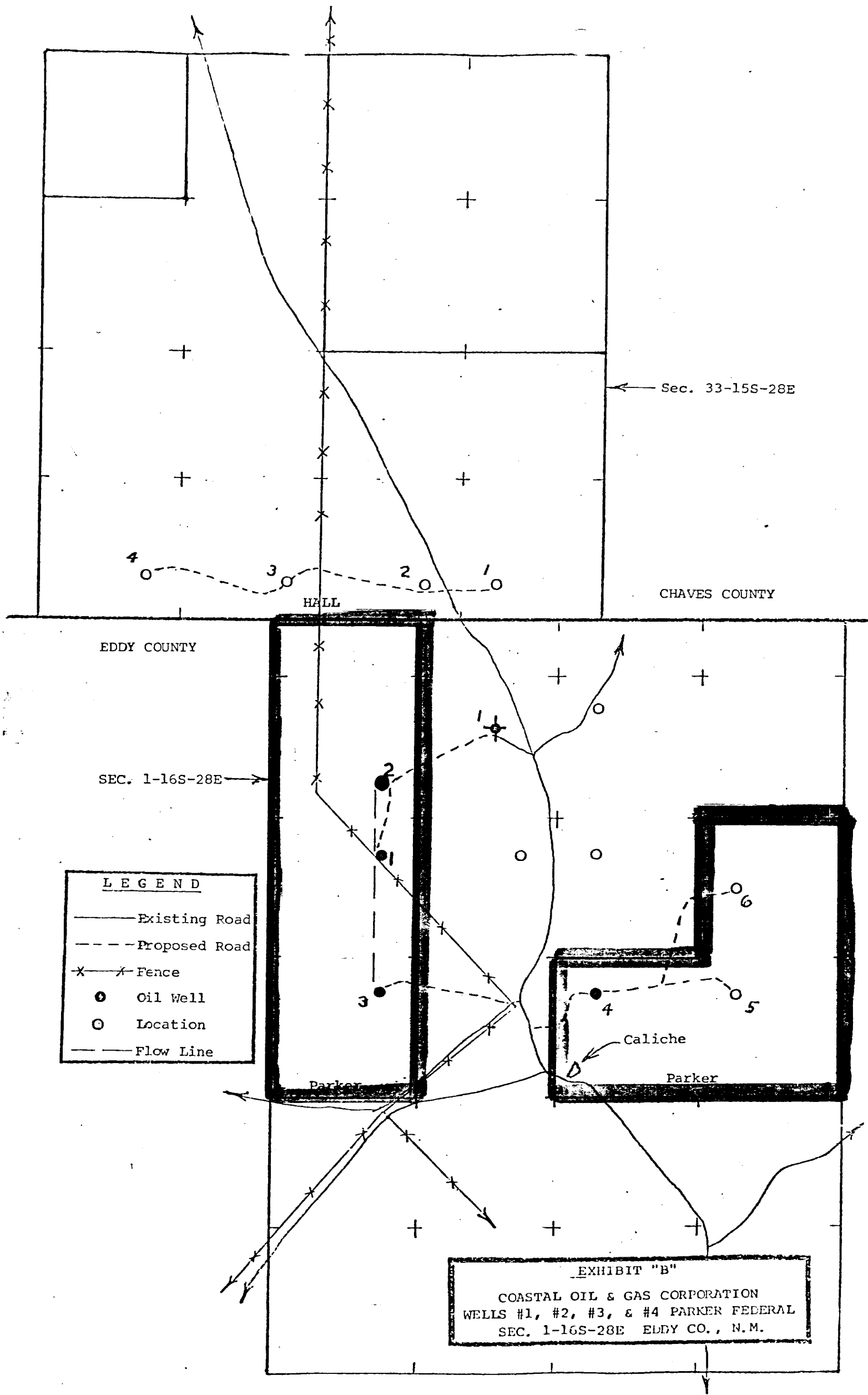
6. CIRCULATING MEDIUM: Drilling Mud

7. AUXILIARY EQUIPMENT: None considered necessary on shallow development well.

8. TESTING, LOGGING AND CORING PROGRAMS: Logs will be run to TD.

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE GAS: None.

10. ANTICIPATED STARTING DATE: It is planned that operations will commence about November 1, 1980. Duration of drilling and completion operations should be 4 to 10 days.



SURFACE USE PLAN
FOR
DRILLING, COMPLETING AND PRODUCING

COASTAL OIL & GAS CORPORATION
WELLS #1, #2, #3, & #4 PARKER FEDERAL
SECTION 1-16S-28E
EDDY COUNTY, NEW MEXICO

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SEP 18 1980
U.S. GEOLOGICAL SURVEY
ARRESTA, NEW MEXICO

LOCATED: 18 air miles east-northeast of Artesia, N. M.

FEDERAL LEASE NUMBER: NM-29828

LEASE ISSUED: 5-1-77 for a primary term of 10 years.

RECORD LESSEE: Howard W. Parker (40%)
Joe M. Parsley (40%)
Wesley T. House (20%)

OPERATOR'S AUTHORITY: Designation of Operator from record lessees.

BOND COVERAGE: \$10,000 Bond of Oil & Gas Lessee

ACRES IN LEASE: 255.13

SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE: Hal Bogle Estate
P. O. Box 358, Dexter, New Mexico 88230

WELL SPACING: 40-acre. Undesignated area.

EXHIBITS:

- A. General Road Map
- B. Plat Showing Proposed Roads & Wells
- C. Topographic Map
- D. Sketch of Well Pad

ROAD LOG TO PROPOSED DRILLSITE

STARTING POINT is east of Artesia on US-82 at Mile Post 127.9 which is 20.35 miles east of US-285:

- 0.00 Turn north and proceed in a northerly direction for 6.73 miles to fork in the road.
- 6.73 Turn left (northwest) and proceed in a northwesterly direction for 2.44 miles to fork in the road. (At 8.98 miles, road drops off caprock.)
- 9.17 Turn right (north) and proceed in a north-northwesterly direction for 1.53 miles to fork in the road. (At 9.96 miles, road passes windmill on left; and at 10.64 miles, road starts down to salt flats.)
- 10.70 Turn right (north) and follow main road for 0.64 miles to fork in road.
- 11.34 Turn left (northwest) and go 0.15 mile to SW corner of Well #1 State.
- 11.49 New Road will Begin At This Point.

THIRTEEN POINT PROGRAM

1. EXISTING ROADS:

- A. Existing roads, which lead to the proposed drillsite, are shown on Exhibits "A", "B" and "C".

2. PROPOSED NEW ROAD:

- A. Dimensions: The proposed new roads which will be 12 feet in width are shown on Exhibit "B". Road to Wells #1 & #2 will be 0.3 mile in length and will originate at Well #1 State in lot 6 of 1-16S-28E and will terminate at Well #2 in lot 12. Road to Well #3 will be 0.2 mile in length and will originate at mileage 10.87 on road log and will terminate at Well #3 in lot 13. Road to Well #4 will be 0.15 mile in length and will originate at mileage 10.82 on road log and will terminate at Well #4 in lot 15. The center lines of the roads have been staked and flagged.

- B. Surfacing Material: Road to Well #4 will be surfaced with caliche. It is not planned to surface the other new roads unless the wells become productive.
 - C. Maximum Grade: Less than one percent.
 - D. Turnouts: None.
 - E. Drainage Design: New road will be crowned with drainage to each side.
 - F. Culverts: None required.
 - G. Cuts and Fills: None required.
 - H. Gates, Cattleguards: If Well #3 is productive, the existing gate at the east end of the new road to Well #3 will be replaced with a cattleguard.
3. LOCATION OF EXISTING WELLS:
- A. Existing wells are shown on Exhibit "B".
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
- A. There are no existing facilities on the lease.
 - B. If the lease becomes productive, a 20' x 100' tank battery pad will be constructed at the south side of the well pad of Well #1. A second tank battery pad will be constructed on the west side of the well pad of Well #4. Flow lines will be laid on top of the ground except on the well pads and road crossings.
5. LOCATION AND TYPE OF WATER SUPPLY:
- A. A water supply well is not planned. Water will be purchased and hauled to the wellsite over existing and proposed roads.
6. SOURCE OF CONSTRUCTION MATERIALS:
- A. Construction material will be obtained from a new pit to be opened on Federal land in the southwest portion of lot 15 in Section 1-16S-28E. An archaeological report was made on this site by Dr. J. L. Haskell on 6-22-80.

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 the pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits.
- D. Oil produced during tests will be produced into temporary test tanks.
- E. Trash, waste paper, garbage, and junk will be buried in a 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 the trash pit is shown on Exhibit "D".
- F. All trash and debris will be buried or removed from each wellsite within 30 days after finishing each drilling and/or completion operation.

8. ANCILLARY FACILITIES:

- A. None anticipated.

9. WELLSITE LAYOUT:

- A. The wellsites have been surveyed, staked and flagged.
- B. The dimensions and relative location of the drill pad, mud pits and trash pits with respect to the well bore are shown on Exhibit "D".
- C. The wellsites are nearly level and will require hardly any cut or fill. The well pad for Well #2 will be rotated 45° clockwise due to an existing fence. The well pad for Well #3 will be rotated 90° counter-clockwise to minimize digging the reserve pit. The pad for Well #4 will be rotated 135° to move the reserve pit away from the salt lake.
- D. If the wells are productive, the well pads will be surfaced with caliche.

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 wellsites in as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. After abandonment, all equipment, trash and junk will be removed and the location cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and accomplished as expeditiously as possible.

11. OTHER INFORMATION:

- A. Topography: The well locations are nearly level.
- B. Soil: Sandy loam with small amount of gravel for Wells #1, #2 & #3, and silty sand for Well #4.
- C. Flora and Fauna: The vicinity surrounding the drillsites is semi-arid desert rangeland. Vegetation is thinly scattered with desert shrubs interspersed with a small amount of native grasses. No wildlife was observed, but wildlife in this habitat consists mostly of lizards, rabbits, rodents, coyotes, dove and quail.
- D. Ponds and Streams: The proposed wells surround the Ishee Salt Lake Flats.
- E. Residences and Other Structures: There are no occupied dwellings within three miles of the lease. Nearest windmill is 3/4 mile south of Well #4.
- F. Archaeological, Historical and Other Cultural Sites: An archaeological reconnaissance of the well pads and road areas was made by the New Mexico Archaeological Services, Inc. on July 24, 1980 and only one isolated archaeological occurrence was observed. It consisted of six primary decortication flakes. It is located in the west-central portion of the 400' x 400' area surrounding Well #2 Parker and lies southwest of the fence that runs diagonally through the 400' x 400' area. The location was moved 34.2' northeast and is now 330' out of the northeast corner of lot 12. The well pad is being rotated 45° and all surface disturbance will be on the northeast side of the fence.
- G. Land Use: Grazing and occasional hunting.

12. OPERATOR'S REPRESENTATIVE:

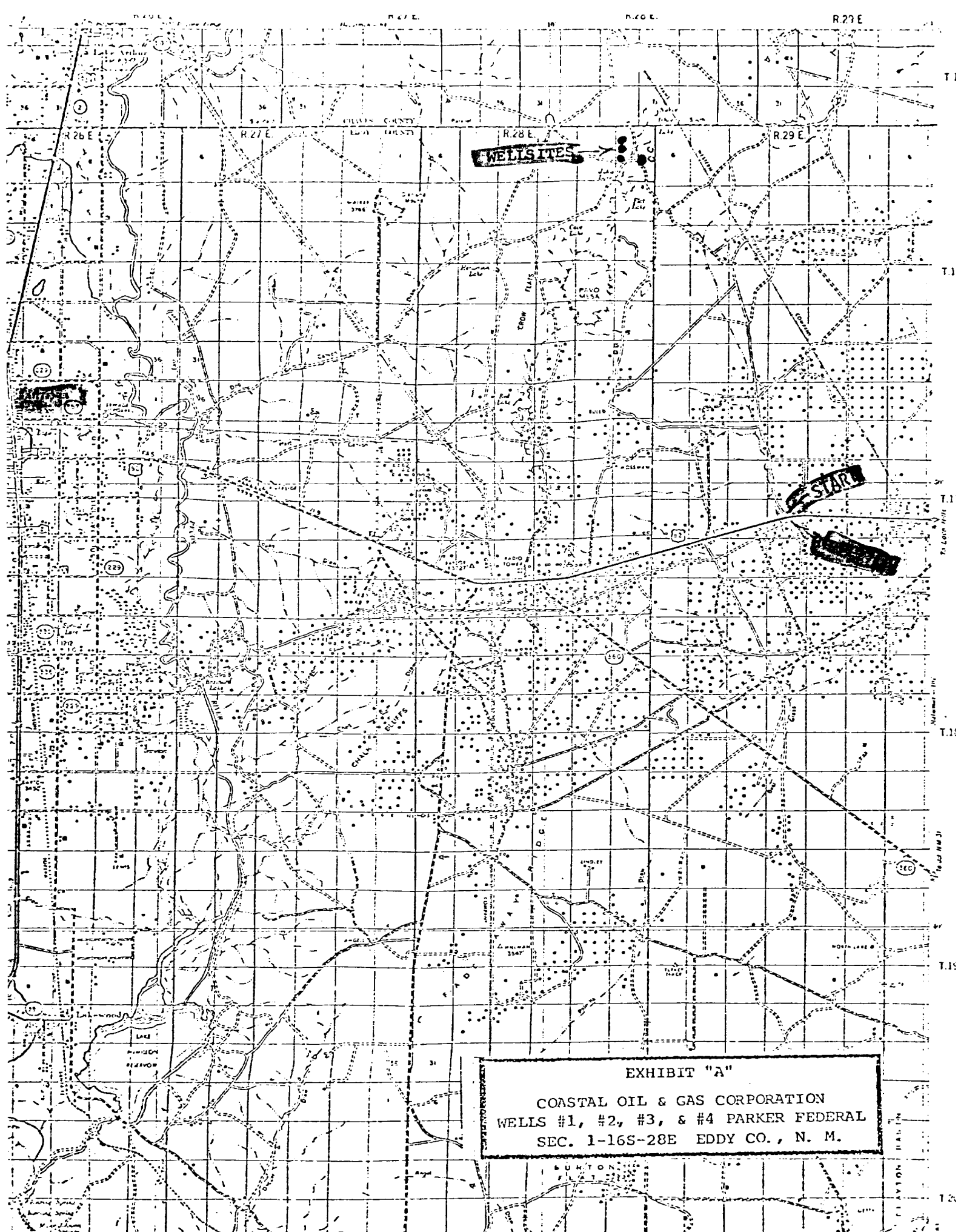
Representative responsible for assuring compliance with the approved Surface Use Plan:

R. E. Sheridan
Coastal Oil & Gas Corporation
415 W. 8th Street
Amarillo, Texas 79101
Office 806-372-8121
Home 806-359-0050

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 COASTAL OIL AND GAS CORPORATION and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

date



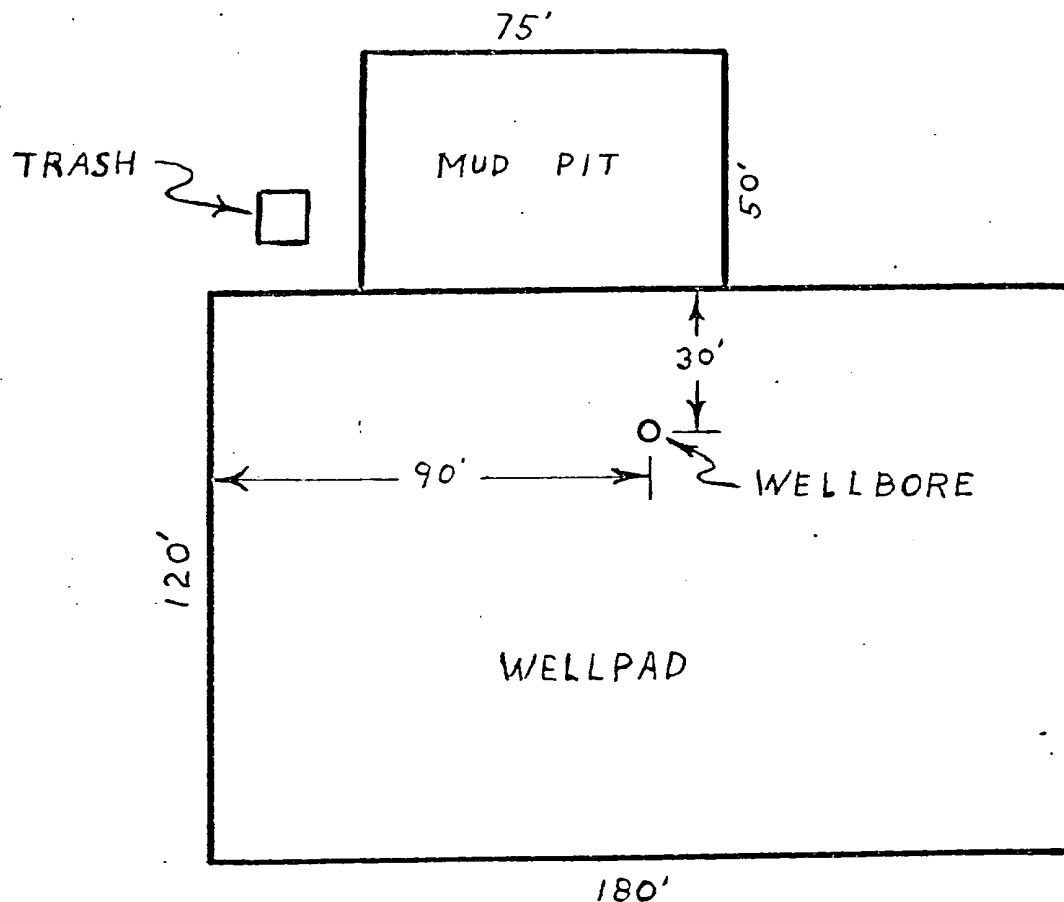


EXHIBIT "D"

COASTAL OIL & GAS CORPORATION
WELLS #1, #2, #3, & #4 PARKER FEDERAL
SEC. 1-16S-28E EDDY CO., N.M.