

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NM OIL CONS COMMISSION
Alameda, NM 88210
Drawer DD
reverse side)

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. Type of Work

DRILL ☒

DEEPEN ☐

b. Type of Well

☒ Oil Well

☐ Gas Well

☐ Other

Single Zone ☐

Multiple Zone ☐

2. Name of Operator

Merit Energy Company

3. Address and Telephone No.

P.O. Drawer NN - Jal, NM 88252

(505)395-2173

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At Surface:

Unit Letter N - Sec 4, T24S R31E

660' FSL and 1980' FWL - Eddy County, NM

At proposed prod. zone:

Same as above

14. Distance in miles and direction from nearest Town or Post Office*

21 miles East of Loving, NM

15. Distance from proposed* location to nearest property or lease line. Ft. (Also to nearest drilg unit line, if any)

660' to the South

16. No. of acres in lease

1682.12

17. No. of acres assigned to this well

40(forty)

18. Distance from proposed location* to nearest well drilling, completed, or applied for, on this lease, ft

1320' to the West

19. Proposed Depth

8200'

20. Rotary or Cable Tools

Rotary

21. Elevations (Show whether DF, RT, GR, ect.

3421.6

22. Approx date work will start*

ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

X-111-P Potash

Size of Hole	Grade, Size of Casing	Weight Per Foot	Setting Depth	Quantity of Cement
17 1/2	13 3/8	54.5	650	550sx (Circ)
11	8 5/8	24 & 32#	4200	921sx (Circ)
7 7/8	5 1/2	15.5 & 17#	8200	783sx(tie back)

Merit Energy Company proposes to drill and test the Delaware & intermediate formations. Approx. 650' surface casing will be set & circulated to surface. Approx. 4200' of intermediate casing will be set & circulated to surface. If well is commercial, production casing will be ran & cemented tying back into 8 5/8 intermediate casing, perforated & stimulated as needed for production.

Mud Program FW to 650', cut Brine to 4200', cut brine to 8200'.

BOPE Program: BOPE will be installed at the offset and tested daily for operational condition.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

Russell Whitel

Title West District, Operations Supt

Date 1-May-95

(This space for Federal or State office use)

Permit No.

Approval Date

Application approval does not warrant or certify that the applicant hold legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any:

Approved by

/s/ Gilbert J. Lucero

Title

Potash State Director

Date

8-9-95

*See Instruction of Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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-102
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., Artesia, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

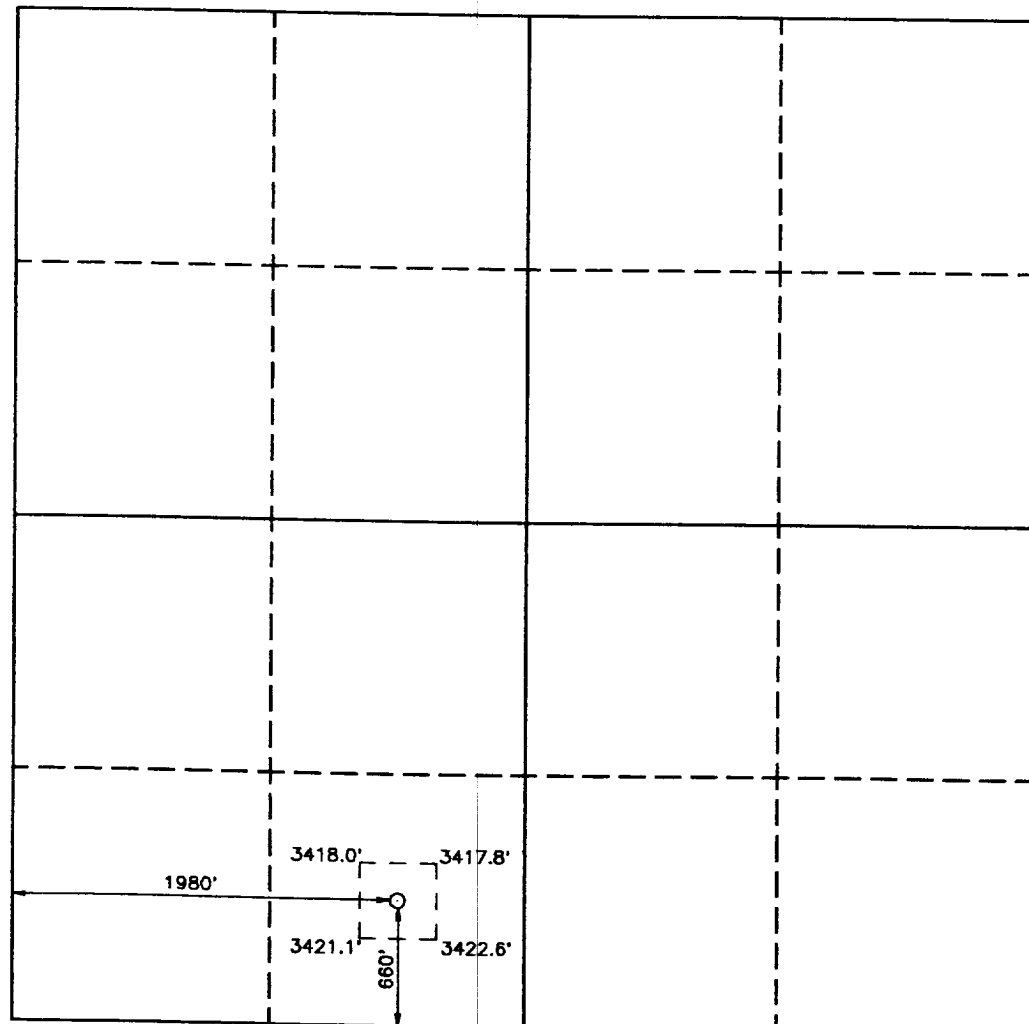
All Distances must be from the outer boundaries of the section

Operator MERIT ENERGY CORPORATION			Lease SUNDANCE FEDERAL		Well No. 19
Unit Letter N	Section 4	Township 24 SOUTH	Range 31 EAST	NMPM	County EDDY
Actual Footage Location of Well: 660 feet from the SOUTH line and 1980 feet from the WEST line					
Ground Level Elev. 3421.6'	Producing Formation		Pool Sand Dunes, Delaware West	Dedicated Acreage: 40 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 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

Russell White

Printed Name

Russell White

Position

Operations Supt

Company

Merit Energy

Date

5-1-95

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 22, 1993

Signature & Seal of
Professional Surveyor

Certified by: JON W. WEST 676
RONALD J. EDSON 3239
BARKLEY JONES 7877
93-1-2084

- ① 3" Series 900 Valve
- ② Series 900 Annular Preventer
- ③ Series 900 Ram-Type Preventers
- ④ 2" Series 900 Valve
- ⑤ 2" Series 900 Adjustable Choke

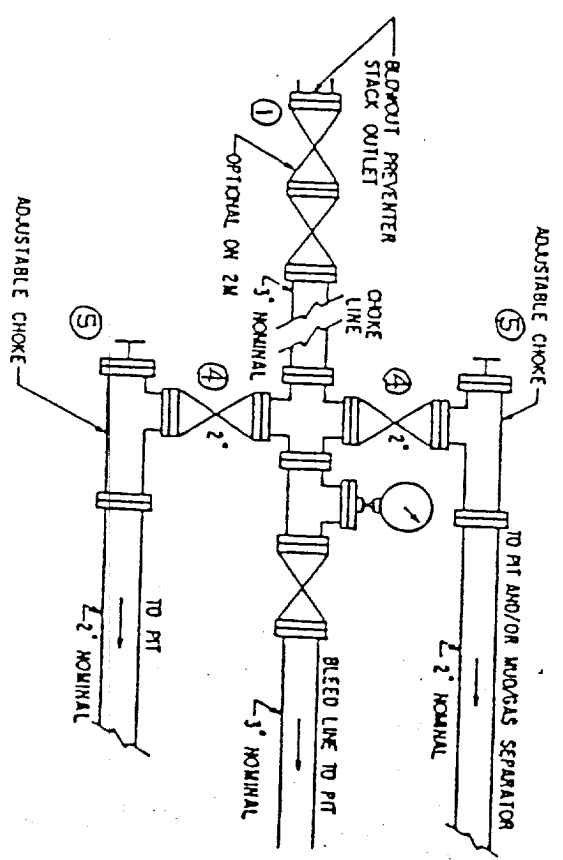
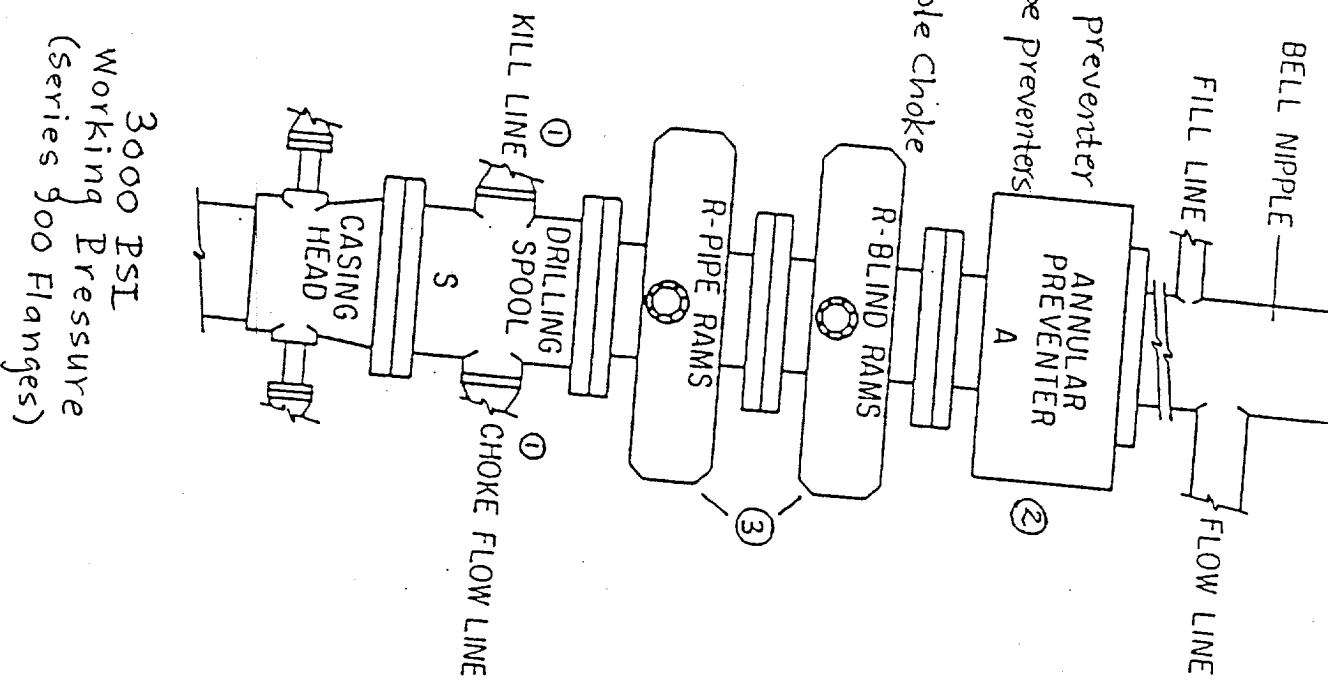


Exhibit B