Form 3160-3 (July 1992)	DEPARTMENT BUREAU OF L	AND MANAG	NTERIOF	(Oth 2	IT IN TRIP her instruct' reverse sid	vLICATE•	FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995 5. LEASE DESIGNATION AND BERIAL NO. NM 96819 6. IF INDIAN, ALLOTTER OR TRIBE NAME
APPLIC	CATION FOR PE	RMIT TO D	RILL OF	R DEE	PEN		· · · · · · · · · · · · · · · · · · ·
1a. TYPE OF WORK DRI	L X	DEEPEN]	3***	A CONTRACTOR OF STREET, STREET		7. UNIT AGREEMENT NAME
b. TYPE OF WELL OIL GA: WELL WE	LL X OTHER		SINGLE Zone	xx	MULTIPLE		8. FARM OR LEASE NAME WELL NO. 20115
2. NAME OF OPERATOR			2	DEC	23 '96		Fairchild 25 Fed Com #1
Nearburg Proc 3. ADDRESS AND TELEPHONE NO.				<u></u>	/739-1	.778	30-015-29315 10. FIELD AND POOL, OR WILDCAT
P.O. Box 8230 4. LOCATION OF WELL (Re At surface	port location clearly and i	in accordance with	h any State r				11. SEC. T. R., M., OR BLE. AND SURVEY OR ABLE.
1 980' FSL ar At proposed prod. zone		Unit L	-				Sec 25, T19S, R25E
14. DISTANCE IN MILES A		EST TOWN OR POST	r office*				Eddy County New Mexico
15 miles SW C 15. DISTANCE FROM PROPO LOCATION TO NEAREST PROPERTY OR LEASE L (Also to nearest drig	SED*	90'	16. NO. OF 4	0	LEASE	TO T	ACRES ASSIGNED HIS WELL 320
13. DISTANCE FROM FROM TO NEAREST WELL, DF OR APPLIED FOR, ON THI	SED LOCATION® ALLING, COMPLETED.	N/A	19. PROPOSE 9,720'				RY OR CABLE TOULS ary 22. Approx. Date work will start*
21. ELEVATIONS (Show whe	ther DF, RT, GR, etc.)						12-10-96
3,435' GR							
23.	1	PROPOSED CASI	NG AND CEN	AENTING	PROGRAM		QUANTITY OF CEMENT
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FO	00T	SETTING			75 sacks
14-3/4"	<u>9-5/8" J-55</u>	36#		1,10			100 sacks
8-3/4"	<u>7" and K-55</u> 5-1/2" N-80	<u>23# & 2</u> 17#			<u>,200'</u> - 9,650		00 sacks

Propose to drill the well to sufficient depth to evaluate the Morrow formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

**Surface			~		h - n - a -	and	arch	done	at	the	time.	
** Surface	was	part	οt	Land	exchange	anu	aren	uono				

IN ABOVE SPACE DESCRIBE PROPOSED PRO deepen directionally, give pertinent data on subsurf	GRAM: If proposal is to deepen, give ace locations and measured and true	e data on present produ vertical depths. Give bl	uctive zone and proposed lowout preventer program,	new productive zone. if any.	If proposal is to drill or
24. SIGNED / Juliy			Superinten		1/15/96
(This space for Federal or State offic	e use)				/
PERMIT NO.		APPROVAL DAT			t to conduct operations thereon.

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereof CONDITIONS OF APPROVAL, IF ANY:

	ADM. MINERALS	DATE 1214-56
APPROVED BY ITTLE *See Instructions On	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.

SURFACE USE AND OPERATIONS PLAN FOR DRILLING, COMPLETION, AND PRODUCING

NEARBURG PRODUCING COMPANY FAIRCHILD 25 FEDERAL COM #1 1,980' FSL AND 990' FWL, SECTION 25, T19S, R25E EDDY COUNTY, NEW MEXICO

LOCATED:

15 miles SW of Artesia

OIL & GAS LEASE:

NM - 96819

RECORD LESSEE:

Doug J. Schutz

BOND COVERAGE:

\$25,000 statewide bond of Nearburg Producing Company.

ACRES IN LEASE:

40 acres

GRAZING LEASE: (Surface Owner)

Carl Ross P.O. Box 1705 Artesia, NM 88210 505-457-2248

POOL:

Boyd - Morrow

EXHIBITS:

- A. Area Road Map
- B. Drilling Rig Layout
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Well Location & Acreage Dedication Plat

This well will be drilled to a depth of approximately 9,720'.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit "C" is a plat showing existing roads in the vicinity of the proposed well site.

2. ACCESS ROADS:

A. Length and Width:

Access road will come from the South approximately 1,980' into the SW corner of the pad off of Rock Daisy Road, as shown on Exhibit B.

B. Surface Material:

Existing.

C. Maximum Grade:

Less than two percent.

D. <u>Turnouts:</u>

None necessary.

E. Drainage Design:

Existing.

F. Culverts:

None necessary.

G. Gates and Cattle Guards:

None necessary.

3. LOCATION OF EXISTING WELLS:

Existing wells in the immediate area are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit "D".

6. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- **B.** Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- **D.** Trash will be contained in a trash trailer and removed from well site.
- **E.** All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES:

None required.

8. WELL SITE LAYOUT:

Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

9. 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. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION:

A. Topography:

The land surface at the well site is rolling native grass with a regional slope being to the east.

B. Soil:

Top soil at the well site is sandy.

C. Flora and Faunal:

The location is in an area sparsely covered with mesquite and range grasses.

10. <u>OTHER INFORMATION:</u> (CONTINUED)

D. Ponds and Streams:

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

E. Residences and Other Structures:

There are no residence within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites:

None observed in this area.

G. Land Use:

Grazing.

H. Surface Ownership:

Carl Ross P. O. Box 1705 Artesia, NM 88210 505-457-2248

11. OPERATOR'S REPRESENTATIVE:

H. R. Willis 419 W. Cain Hobbs, New Mexico 88240 Office: (505) 397-4186 Home: (505) 392-8735

12. 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 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 Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approve.

11/15/96 Date

Drilling Superintendent

SUPPLEMENTAL DRILLING DATA NEARBURG PRODUCING COMPANY FAIRCHILD 25 FEDERAL COM #1

1. SURFACE FORMATION:

Dockum Group of Triassic Age.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS: (Get from Geo. dept.)

Glorieta	2,410'	Morrow	9,200'
3rd BS Sd	6,180'	Barnett	9,570'
Wolfcamp	6,430'	Chester	9,660'
T/Canyon	7,600'	TD	9,720'
Strawn	8,480'		
Atoka	8,940'		

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Glorietta	2,410'
Wolfcamp	6,430'
Canyon Dolomite	7,640'
Morrow	9,200'

4. CASING AND CEMENTING PROGRAM:

	Setting Depth			
Casing Size	From To	Weight	Grade	Joint
9-5/8"	0 - 1,100'	36#	J- 55	STC
7"	0 - 5,000'	23#	K-55	STC & LTC
and	5,000' - 8,200'	26#	K-55	
5-1/2"	8,200' - 9,650'	17#	N-80	LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 14-3/4" hole to equal 1,100'.

9-5/8" casing will be cemented with 775 sx or volume necessary to tie back to surface.

7" and 5-1/2" production casing will be cemented with approximately 1,200 sx of Class "H" 50/50 POZ.

5. PRESSURE CONTROL EQUIPMENT:

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. **CIRCULATING MEDIUM:**

Surface to 9,720':

Spud and drill to 6,500' with fresh water mud, weight 8.3 to 8.4 ppg, viscosity 28 to 30. Below 6,500', add brine to bring chlorides up to at least 40,000 ppm and mud weight 8.6 to 9.1.

7. AUXILIARY EQUIPMENT:

None required.

8. TESTING, LOGGING AND CORING PROGRAM:

Electric logging is planned, drill stem tests, cores and sidewall cores possible.

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE GAS:

None anticipated.

10. ANTICIPATED STARTING DATE:

It is planned that operations will commence on December 10, 1996, with drilling and completion operations lasting about 35 days.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN NEARBURG PRODUCING COMPANY FAIRCHILD 25 FEDERAL COM #1

I. HYDROGEN SULFIDE TRAINING

- **A.** All regularly assigned personnel, contracted or employed by Nearburg Producing Company, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
 - 1. The hazards and characteristics of hydrogen sulfide (H2S).
 - 2. The proper use and maintenance of personal protective equipment and life support systems.
 - 3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 - 4. The proper techniques for first aid and rescue procedures.
- B. In addition, supervisory personnel will be trained in the following areas:
 - 1. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
 - 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
 - 3. The contents and requirements of the H2S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

- A. Well Control Equipment:
 - 1. Flare line with continuous pilot.
 - 2. Choke manifold with a minimum of one remote choke.
 - 3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - 4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare gun with flares as needed.
- B. Protective Equipment for Essential Personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

- C. H2S Detection and Monitoring Equipment:
 - 1. Two portable H2S monitors positioned and location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
 - 2. One portable SO2 monitor positioned near flare line.
- **D.** Visual Warning Systems:
 - 1. Wind direction indicators as shown on well site diagram.
 - 2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.
- E. Mud Program:
 - 1. The Mud Program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weights, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.
 - 2. A mud-gas separator will be utilized as needed.
- F. Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines and valves shall be suitable for H2S service.

G. Communication:

- 1. Cellular telephone communications in company vehicles and mud logging trailer.
- 2. Land line (telephone) communications at area office.

H. Well Testing:

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing is an H2S environment will be conducted during the daylight hours.





DRILLING RIG LAYOUT NEARBURG PRODUCING COMPANY Fairchild 25 Federal Com #1 SCALE 1" = 50'

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District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztee, NM 87410 District IV PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT ¹ Pool Code API Number Cemetary ¹ Pool Name Morrow 4640 6As 30 -015- 29315 * Property Code Weil Number Property Name FAIRCHILD "25" FEDERAL COM ł Ecvation OGRID No. ¹ Operator Name 15742 NEARBURG PRODUCING COMPANY 3435. ¹⁰ Surface Location Feet from the North/South line UL or lot no. Township Range Lot Ida Section Feet from the East/West line County 1980 SOUTH 990 WEST EDDY 25 19-S 25-E L ¹¹ Bottom Hole Location If Different From Surface UL or lot no. Section Township Range Lot Ida Feet from the North/South line Feet from the East/West line County 12 Dedicated Acres 13 Joint or Infill ¹⁴ Consolidation Code 15 Order No. 320 NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Willis R. н. Printed Name Dri andent Title Date ¹⁸SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was ploaed from field notes of actual surveys made by 990 me or under my supervision, and that the same is true and correct to the best of my belief. NOVEMBE Date of Su MEY *blig* Sign 5412 980 Čertificate N

FAIRCHILD 25 FEDERAL COM #1 BOPE SCHEMATIC NEARBURG PRODUCING COMPANY





Nearburg Producing Company

Exploration and Production 419 W. Cain Hobbs, New Mexico 88240 505-397-4186 FAX 505-397-3998

December 4, 1996

Bureau of Land Management Attn: Tony L. Ferguson 2909 West Second Street Roswell, NM 88202

RE: Fairchild 25 Federal Com #1 1,980' FSL and 990' FWL, Section 25, T19S, R25E Eddy County, New Mexico

Dear Mr. Ferguson:

Please be advised that all matters concerning surface use in connection with the captioned well have been agreed upon between Nearburg Producing Company and the surface owner, Mr. Carl Ross.

Attached hereto please find six (6) additional copies of this letter as requested.

If I can be of any further assistance, please feel free to call me at 915/686-8235.

Sincerely,

Ladgers g.

Van Rodgers Production Landman

VR:sj

STATEMENT ACC TING RESPONSIBILITY FOR OF 'ATIONS

Nearburg Producing Company P.O. Box 823085 Dallas, Texas 75382-3085

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NM - 96819

Legal Description of Land: 1,980' FSL and 990' FWL, Section 25, T19S, R25E

Formation(s) (if applicable): Morrow

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No: NM1307

mha E Scott Kimbrough