

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

Santa Fe Energy Resources, Inc.

20305

3. ADDRESS AND TELEPHONE NO.

550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

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

(L) 2080' FSL & 990' FWL
At proposed prod. zone

Lot 4

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

26 miles NE of Carlsbad, New Mexico

15. DISTANCE FROM PROPOSED*

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

990'

16. NO. OF ACRES IN LEASE

160

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.

NA

19. PROPOSED DEPTH

12350'

20. ROTARY OR CABLE TOOLS

Rotary

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

3438' GR

CAPITAN CONTROLLED WATER BASIN

22. APPROX. DATE WORK WILL START*

June 20, 1998

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|-----------------------|-----------------|---------------|-------------------------|
| 17 1/2" | H-40 13 3/8" | 48.0 | 450' | 450 sx to circulate |
| 11" * | K-55 8 5/8" | 24.0 & 32.0 | 3000' | 850 sx to circulate |
| 7 7/8" * | N-80 & S-95 5 1/2" | 17.0 | 12350' | 1100 sx for TOC @ 6000' |

**WITNESS
WITNESS**

* SEE EXHIBIT A

We propose to drill to a depth sufficient to test the Morrow formation for gas. If productive, 5 1/2" casing will be cemented to TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

SECRETARY'S POTASH

R-111-P POTASH

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No.: MT 0750 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

James B. Phil Stinson

TITLE

Agent for Santa Fe Energy

DATE

5-21-98

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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 thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

James B. Phil Stinson

TITLE

Agent for Santa Fe Energy

DATE

5-13-98

*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.

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RECEIVED
MAY 22 9 21
POSTAL OFFICE

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

State of New Mexico
Ene. Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94

Instructions on back

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | |
|---|--|---|--|--|--|---------------------------------|--|
| ¹ API Number 20-015-30354 | | ² Pool Code | | ³ Pool Name No. Hackberry (Morrow) | | | |
| ⁴ Property Code 23542 | | ⁵ Property Name HACKBERRY 7 FED COM | | | | ⁶ Well Number #1 | |
| ⁷ OGRID No. 20305 | | ⁸ Operator Name SANTA FE ENERGY RESOURCES, INC. | | | | ⁹ Elevation 3438' | |

¹⁰ SURFACE LOCATION

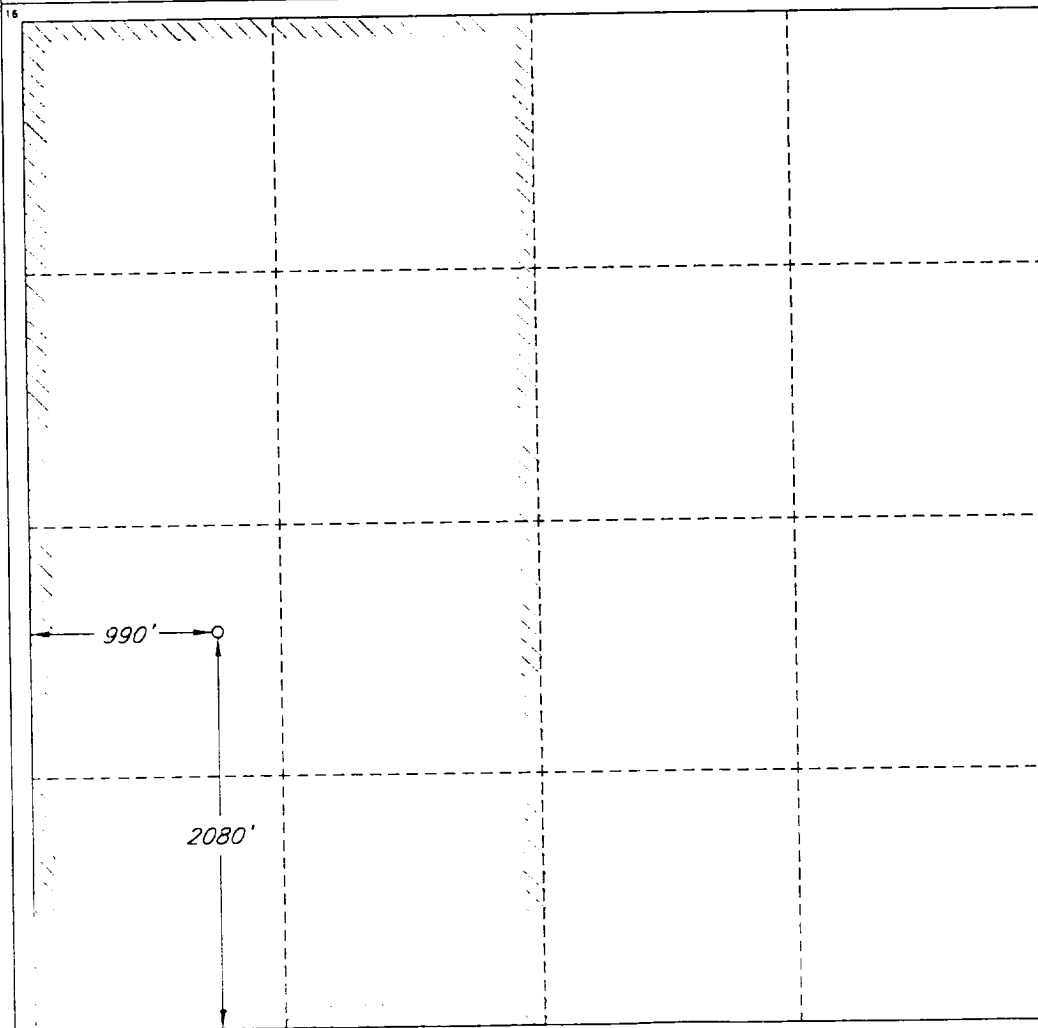
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| 3 | 7 | 19 SOUTH | 31 EAST, N.M.P.M. | | 2080' | SOUTH | 990' | WEST | EDDY |

"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 320 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

NO ALLOWABLE WELL 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: *James P. Stinson*
Printed Name: James P. "Phil" Stinson
Title: Agent for Santa Fe Energy
Date: 5-21-98

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 belief.

Date of Survey: MAY 12, 1998
Signature and Seal of Professional Surveyor: *Roger M. Robbins*
Certificate No. 12123
REGISTERED PROFESSIONAL SURVEYOR
ROGER M. ROBBINS P.S. #12128
JOB # 58430 / 73 NW / JSJ

PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT

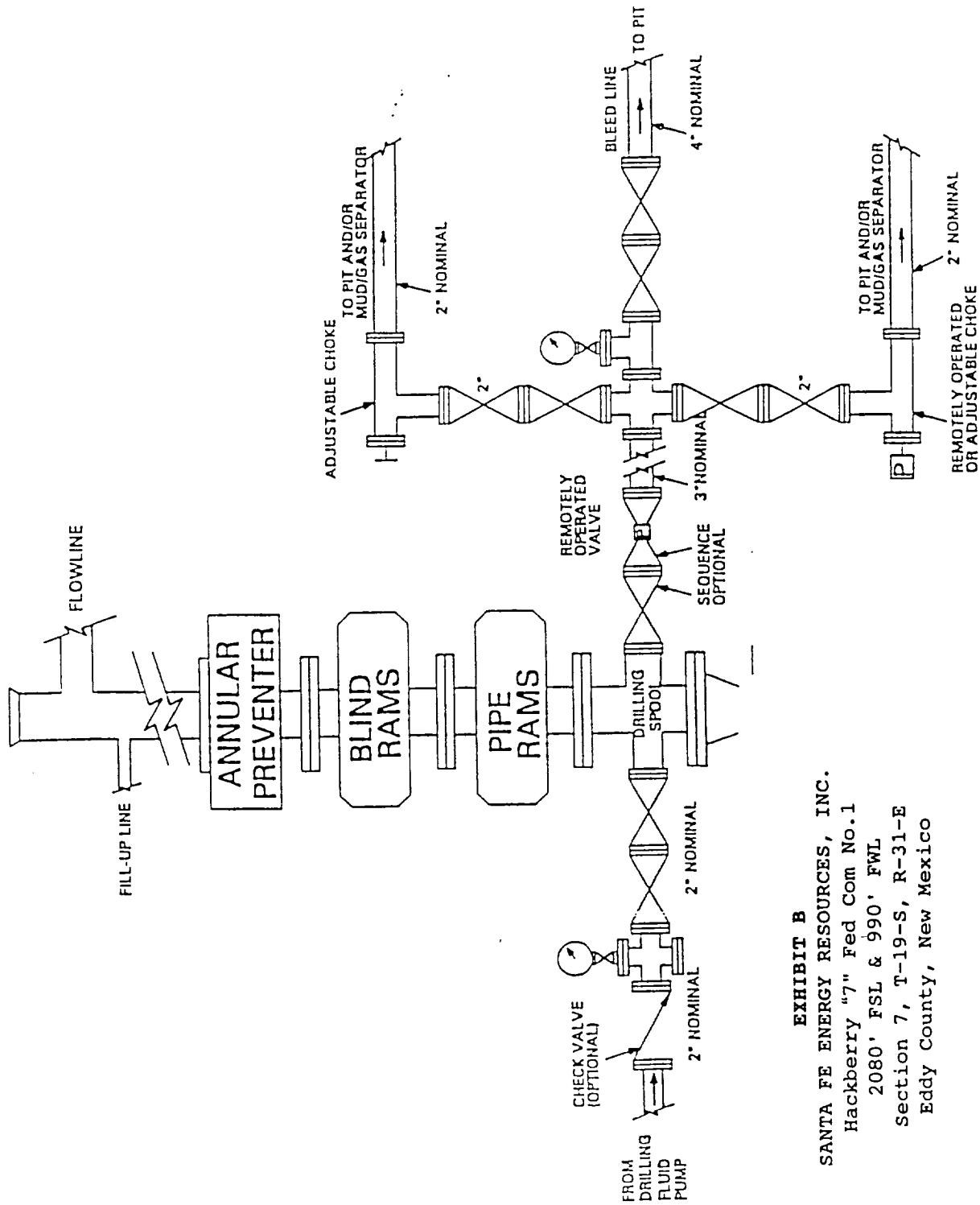


EXHIBIT B
 SANTA FE ENERGY RESOURCES, INC.
 Hackberry "7" Fed Com No.1
 2080' FSL & 990' FWL
 Section 7, T-19-S, R-31-E
 Eddy County, New Mexico