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Form 3160-3 (July 1992)		TED STATES T OF THE INTE	SUBMIT IN (Other lists severae RIOR	LICATE Succions on side)	FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995 5. LEASE DESIGNATION AND SERIAL NO.
	BUREAU OF	LAND MANAGEME	INT		BLM/NM048342/St.Lse/E919
APPL	ICATION FOR P	PERMIT TO DRIL	L OR DEEPEN		6. IF INDIAN, ALLOTTES OR TRIBE NAME
1a. TTPE OF WORK					7. UNIT AGREEMENT NAME
	RILL 🔽	DEEPEN 🗌			N/A 26/1/7
	WELL OTHER		SINGLE X MCLT		8. FARM OR LEASE NAME WELL NOL
2. NAME OF OPERATOR	VELL 2 OTHER	· · ·			Colt 33 Federal Com #1
BELLWETHER	EXPLORATION COMP	PANY 14838	[
3. ADORESS AND TELEPHONE NO.			10.0000	+	10. FIELD AND FOOL OF WILDCAT
1331 Lamar,	Suite 1455, Hou Report location clearly and	iston, Texas //U	State requirements.*)		Crow Flat ;Morrow/Wildcat
At surface			•	F	11. BBC., T., B., M., OB BLE. Atoka
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•••		Inii K			Section 33 T16S-R28E
	AND DIRECTION FROM NEAD				12. COUNTY OR PARISE 13. STATE
approximat	tely 14.0 miles e		NM		Eddy New Mexico
LOCATION TO NEARES PROPERTY OR LEASE	IINE, FT. 16		munitized		13 WELL 320
(Also to nearest drl	g. unit line, if any) POSED LOCATION*		ROPOSED DEPTH	20. BOTAR	T OR CABLE TOULS
TO NEAREST WELL, D OR APPLIED FOR, ON TH	DRILLING, COMPLETED.	200' 10,	,500'	Ro	tary
21. ELEVATIONS (Show wh	nether DF. RT. GR. etc.) 356	58'			22. APPROX. DATE WORK WILL START" 6/15/00
3. 2		PROPOSED CASING AN	D CEMENTING PROGRA	м	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	_	QUANTITY OF CEMENT
20"	20"		40'	Drive	
<u>17-1/2"</u> 11"	<u>13-3/8''</u> <u>8-5/8''</u>	<u>48#</u> 59			. ,
7-7/8"	5-1/2"	17#	2500'		uft (720 sx) uft (720 sx)
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<u>District I</u> 1625 N. French Dr., <u>District II</u>	, Hobbs,)	NM 88240		Energ	State of N y, Minerals &	ew Mexico 2 Natural Resource	303, 723 s	5	Revised	Form C-1 March 17, 19 te District Offi Lease - 4 Copi Lease - 3 Copi
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LEASE INFORMATION COLT 33 FEDERAL COM #1 T16S-R28E, Section 33 320 Acres Dedicated Standup W/2

State of New Mexico Lease No. E-9197 - 160 acres (12.5% RI) N/2 NW/4; SE/4 NW/4 and SE/4 SW/4

Yates Petroleum Corp, et al	100.00000%
Total	100.00000%

<u>BLM Federal Lease NM-048342 – 160 acres (12.5% RI)</u> W/2 SW/4; NE/4 SW/4 and SW/4 NW/4

EOG Resources	50.00000%
Bellwether Exploration Company	50.00000%
Total	100.00000%

APPLICATION FOR PERMIT TO DRILL WORKSHEET

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(Based on the requirements contained in Onshore Oil and Gas Order Nos. 1 & 2)

All forms and information must be filed in triplicate

BELLWETHER EXPLORATION COMPANY

COLT 33 FEDERAL COM NO. 1

1650' FSL & 1650' FWL OF SECTION 33

EDDY COUNTY, NEW MEXICO

A. <u>FILE APPLICATION FOR PERMIT TO DRILL (FORM 3160-3)</u>

B. LOCATION

Attach plat showing well location in feet from nearest section line or for areas not surveyed according to the rectangular system, by such means as is normal for the area, prepared and sealed or certified by a registered surveyor.

ATTACHED – FORM C-102

C. DRILLING PROGRAM

1. ESTIMATED GEOLOGICAL TOPS

Give estimated tops of important geological marker horizons, including geologic name of the surface formation:

FORMATION	<u>DEPTH</u>
Yates	540'
San Andres	1390'
Glorietta	3100'
Wolfcamp	6860`
Strawn	8665'
Atoka	9200'
Morrow	9680'
Mississippian	10,065'
TD	10,500'

Page Two

2. DEPTH OF ANTICIPATED WATER, OIL, GAS, ETC.

Give estimated depths at which the top and the bottom of anticipated water (particularly usable water), oil, gas, or other mineral-bearing formations are expected to be encountered and discuss your plans for protecting such resources.

The primary objective is the Morrow formation(s) estimated to be at 9,680' MD. Secondary objective is the Atoka formation estimated to be at 9,200' MD.

All fresh water and prospectively valuable minerals (as described by Bureau of Land Management) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be evaluated to determine commercial potential.

3. PRESSURE CONTROL PROGRAM

A double gate hydraulic BOP, 13-5/8", 10000 psi WP with pipe rams and blind rams will be installed on the 13-3/8" casinghead. The BOP stack will be tested to 2000 psi prior to drilling below surface casing; and operational checks will be made daily or on trips.

ATTACHED AS EXHIBIT A.

The BOP system will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventor controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The following is a list of Auxiliary Equipment:

- 1. Upper Kelly Valve
- 2. Lower Kelly Valve
- 3. Drill Pipe Inside BOP

Page Three

3. <u>PRESSURE CONTROL PROGRAM (Continued)</u>

CASING STRING	REQUIREMENTS	TEST PRESSURE
SURFACE	1 ANNULAR 1 BLIND RAM 2 PIPE RAMS	250/1000 250/2000 250/2000
INTERMEDIATE	1 ANNULAR 1 BLIND RAM 2 PIPE RAMS	250/2500 250/3000 250/3000
PRODUCTION	1 ANNULAR 1 BLIND RAM 2 PIPE RAMS	250/3500 250/4000 250/4000

** BELLWETHER EXPLORATION COMPANY IS REQUESTING APPROVAL FOR THE RAM PREVENTORS TO BE TESTED TO ABOVE PRESSURES BASED ON THE MAXIMUM ANTICIPATED SURFACE PRESSURES CALCULATED.

BOP TESTING WILL BE DONE EVERY 14 DAYS.

4. CASING PROGRAM

Conductor: - 20" will be set approximately 40' below ground level (BGL).

Surface Casing: - 13-3/8" casing will be set at approximately 500'.

Intermediate Casing: - 8-5/8" casing will be set at approximately 2500'.

Production Casing: 5-1/2" casing will be set if the well is productive by log measurements.

<u>DEPTH</u>	SIZE	<u>GRADE</u>	<u>WEIGHT</u>	THREAD	<u>CONDITION</u>
500'	13-3/8"	H-40	48#	ST&C	New
2500'	8-5/8"	K-55	32#	ST&C	New
10, 500'	5-1/2"	N-80	17#	LT&C	New

Page Four

5. <u>CEMENT PROGRAM</u>

SURFACE CASING: 13-3/8" @ 500'

LEAD:	550 CU FT / 280 SXS
TAIL:	140 CU FT / 105 SXS
TOTAL:	690 CU FT / 385 SXS

- LEAD: 35/65 POZ CLASS "C" + 2% CaCl + 6% BENTONITE GEL + .25% #/SX CELLOFLAKES MIXED WITH 10.75 GPS FRESH WATER @ 12.5 PPG AND YIELD 1.97 CU FT/SX.
- TAIL:CLASS "C" + 2% CaCl MIXED WITH 6.36 GPS FRESH WATER @14.8 PPG AND YIELD 1.34 CU FT/SX.

CALCULATED TOP OF CEMENT: SURFACE CALCULATED CEMENT FILL: 500'

INTERMEDIATE CASING: 8-5/8" @ 2,500'

LEAD:	1020 CU FT / 520 SXS
TAIL:	260 CU FT / 200 SXS
TOTAL:	1280 CU FT / 720 SXS

- LEAD: 35/65 POZ CLASS "C" + 1% CaCl + 6% BENTONITE GEL + 4 #/SX GILSONITE MIXED WITH 9.65 GPS FRESH WATER @ 12.7 PPG AND YIELD 1.87 CU FT/SX.
- TAIL:CLASS "C" + 1% CaCI MIXED WITH 6.34 GPS FRESH WATER @14.8 PPG AND YIELD 1.34 CU FT/SX

CALCULATED TOP OF CEMENT: SURFACE CALCULATED CEMENT FILL: 2500'

Page Five

CEMENT PROGRAM (CONTINUED)

PRODUCTION CASING: 5-1/2" @ 10,500'

LEAD:	800 CU FT / 510 SXS
TAIL:	280 CU FT / 210 SXS
TOTAL:	1080 CU FT / 720 SXS

- LEAD: 15/61/11 POZ CLASS "C" CSE + 8 #/SK GILSONITE + .5% FL25 + .5% FL52 MIXED WITH 7.14 GPS FRESH WATER @ 13.2 PPG AND YIELD 1.57 CU FT.SX
- TAIL:CLASS "C" + .7% FL25 MIXED WITH 6.29 GPS FRESH WATER @14.8 PPG AND YIELD 1.33 CU FT/SX

CALCULATED TOP OF CEMENT: 6,050' CALCULATED CEMENT FILL: 4,000'

Additional additives will be used to either/or retard cement, accelerate the cement, control loss circulation and control fluid loss. All cementing will be done in accordance with API cementing practices.

Anticipated cement tops will be reported as to depth, not the expected number of sacks of cement to be used. Torch Operating Company will notify the District Office, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

6. CIRCULATING MEDIA PROGRAM

A. Torch proposes to utilize the following mud system which will be visually monitored.

DEPTH	MW(PPG)	<u>VISC.</u>	<u>PV</u>	YP	<u>PH</u> <u>FLUII</u>	<u>D LOSS</u>
0' - 500'	8.6 - 9.2	32-35	5-10	15-25	NC	NC
500' - 2500'	9.9 - 10.1	28-29	5-10	15-25	9.0 - 10.0	NC
2500' - 7000'	8.3 - 9.2	28-29	4-8	5-10	9 - 10.0	NC
7000' - 9200'	9.2 - 9.5	28-29	4-8	5-10	9.0 - 10.0	NC
9200' - 10500'	9.5 - 10.2	31-36	6-12	4-8	9.0 - 10.0	5-10

Page Six

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- B. Air Drilling Include the following information:
- 1. Length and location of blooie line, including automatic igniter or continuous pilot light.
- 2. Location of compressor equipment, including safety devices, and the distance from the wellbore.
- 3. Schematics showing deduster equipment and rotating head.
- 4. Amounts, types and characteristics of stand-by mud and circulating equipment.

BELLWETHER EXPLORATION COMPANY DOES NOT PROPOSE TO DRILL THE COLT 33 FEDERAL COM NO. 1 BY THE AIR METHOD.

7. CORING, LOGGING AND TESTING PROGRAM

A. Logging Program:

DIL/Sonic/GR; Azimuth Laterolog Litho-Density-Neutron/Microlog/GR CBL, if production casing is run. Dipmeter - Stand-By Drill Sidewall Cores - Stand-By

Page Seven

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8. POTENTIAL HAZARDS (IF NONE, SO STATE)

A. Expected bottom-hole pressures and any anticipated abnormal pressure zones.

NONE

- B. Expected temperature or bottom-hole temperature and any abnormal temperature zones.
 NONE
- C. Expected potential hazards (i.e., H2S, lost circulation zones). NONE
- D. Discuss plans for mitigation of any of the potential hazards defined above.

9. ADDITIONAL INFORMATION

Any other facets of the proposed operation you wish to include for Bureau of Land Managements's consideration of the application.

None

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

BELLWETHER EXPLORATION COMPANY

COLT 33 Federal Com #1 of Sec. 33, T-19S, R-29E Eddy County, New Mexico USA OGLse.#NM 048342

This plan is submitted with the application for permit to Drill the above described well. The purpose of the 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 operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

A. <u>Exhibit "B"</u> is a portion of a road map showing the location of the proposed well as staked. The well is approximately 14.0 miles East of Artesia, N.M.

B. <u>Directions</u>: As reflected on map Exhibit "B", follow State Highway 82 East from Artesia, New Mexico for approximately 13 miles, turn North on County Road 208, at the radio tower, for 5.5 miles to the Aztec State #1 Well, thence west for approximately ½ mile to location.

2. PLANNED ACCESS ROAD:

The planned access road is indicated on Exhibit "B" and Exhibit "C" with a yellow coloration. The new access road is show in detail on Exhibit "D" survey plat prepared by Smith Engineering Company.

A. Length and Width: Approximately 3,158.4 feet (length) x 20 feet (width) of new access will be needed.

B. <u>Surfacing Materials</u>: The new road will have a 20 foot traveling surface crowned with 6" of compacted caliche with a 35 foot entrance width along the Southeast edge of the drill pad. The road will be flat bladed and crowned with caliche.

C. <u>Turnouts</u>: One located approximately half-way between the beginning of the new access road and the drill pad.

D. Maximum Grade: No more than 4% at any given point in route to location.

E. <u>Drainage Design</u>: Road will have drainage ditches on both sides and a crowned top, with culverts and/or low water crossings as necessary. The new access road does not presently appear to need any low water crossings.

- F. <u>Culverts</u>: None necessary.
- G. Cut and Fill: A maximum of 3 feet will be necessary.
- H. Gates, Cattleguards: None
- I. <u>Top Soil</u>: Will be stockpiled at location shown on Rig Plat Exhibit "F".

3. LOCATION OF EXISTING WELLS WITHIN ONE MILE RADIUS:

A. A map indicating the location of adjacent wells within a one mile radius is attached as Exhibit "E"

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. <u>See Exhibit "E"</u> for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.
- B. Cuts and Fills: Less than 2 feet of cut and fill will be required for the pad size.
- C. <u>Top Soil</u>: Any top soil which can sustain plant vegetation will be bladed and piled for future rehabilitation at location shown on Exhibit "F".

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be purchased from a local supplier and transported to the well site to drill this well.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Road surfacing and pad construction material will be obtained from native material hauled in by the dirt contractor engaged to construct the location.

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 test will be disposed of in the drilling pits. Oil produced during tests will be stored in test 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 contained within a trash or burn cage. After completion of the Well will be removed and disposed of in a approved sanitary landfill.
- F. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.
- G. The following is a list of Hazardous Materials that may be used during operations -Gasoline, New and Used Oil, Desiel, Hydrochloric acid, A-2(corrosion inhibitor), liquid citric(iron sequestrant), NE-17(non-emulsifier), CL-33(clay stabilizer), CL-55C (liquid KCL), Breaker E (water gel breaker), Class C Cement, Flocele, Calcium Chloride, Gilsonite(Gel), Bentonite(Gel), Poz Mix "A", Salt, Halad-322. All of the above materials will be contained in a manner that is considered by the BLM as environmentally safe. Upon completion of the well all of these materials will be taken from the location and disposed of in accordance with applicable local, state & federal Laws. (This includes used oil)

8. ANCILLARY FACILITIES:

A. Exhibit "F" indicates the proposed pad dimensions and elevations. Camp trailers housing personal and monitoring equipment will be present during drilling.

9. WELL SITE LAYOUT:

A. <u>Exhibit "F"</u> indicates the relation location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.

B. The location slopes slightly to the East.

C. The reserve pit will be lined with plastic to prevent loss of water.

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 well site in an aesthetically pleasing condition as possible.

- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the well is non-productive or abandoned, the disturbed area will be rehabilitated using the preserved soil mentioned in 2. I. and 4. C.

11. OTHER INFORMATION:

- A. <u>Topography</u>: The topography is a gradual slope to the East in the vicinity of the access road and East in the vicinity of the drill pad.
- B. Soil: Sandy loam with occasional limestone outcropping.
- C. <u>Flora and Fauna</u>: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer and antelope.
- D. <u>Ponds or Streams</u>: None in vicinity. Red Lake, which is ancient dry reservoir is located approximately ½ mile to the Southeast.
- E. Residences and other Structures: None within 3 miles.
- F. <u>Archaeological, Historical and Other Cultural Sites</u>: An Archaeological Survey was conducted by Archaeological Survey Consultants of Roswell, New Mexico. No significant Archaeological resources were found in the survey area of the planned access road or of the proposed well site. A report of this survey is being submitted to the BLM by the archeologist to be included with this application.
- G. Land Use: Grazing
- H. Surface Ownership: Well site Bureau of Land Management

12. OPERATOR'S REPRESENTATIVE:

- Name: Rusty Ritz
- Address: Torch Operating Company 1221 Lamar, Suite 1600 Houston, Texas 77010-3039
- Phone Nos.: (713) 756-1624 (office phone) (281) 728-9292 (cell phone) (713) 613-7975 (pager number)

ALTERNATE REPRESENTATIVE

Name:	Mike Albertson
Address:	Torch Operating Company 1221 Lamar, Suite 1600 Houston, Texas 77010-3039
Phone Nos.:	(713) 756-1755 (office phone) (713) 201-3784 (cell phone) (877) 391-7044 (pager number)

13. <u>CERTIFICATION</u>:

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 exists; that the statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by Bellwether Exploration Company and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.

Signature Murphy DeLaune

District Manager

Title:

05/09/00

Date

STATEMENT ACCEPTING RESPONSIBILITIES FOR OPERATIONS

OPERATOR: ADDRESS:

BELLWETHER EXPLORATION COMPANY 1331 Lamar, Suite 1455 Houston, Texas 77010-3039

Please be advised that Bellwether Exploration Company is considered to be the operator of the Colt 33 Federal Com No. 1, located in NE/4 SW/4 of Section 33, Township 16 South and Range 28 East, Eddy County, New Mexico, and is responsible under the terms and conditions of the lease (NM-048342) for the operations conducted upon the leased land. Bond coverage is provided by Reliance Insurance B2656947 (BLM# CA0296).

Signature

Murphy DeLaune

District Manager

Title:

05/09/00

Date











