

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

N. M. Oil and Gas Division
800 2 101 971
ARTESIA, NM 88210-2834

RECEIVED
OCD - ARTESIA

FORM APPROVED
OMB No. 1004-9136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. 26582
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. PHILLIPS-19-FEDERAL #8
2. Name of Operator CLAYTON WILLIAMS ENERGY, INC. 25700		9. API Well No. 30-015-31553
3a. Address SIX DESTA DR., #3000, MIDLAND TX 79705	3b. Phone No. (include area code) (915) 682-6324	10. Field and Pool, or Exploratory EMPIRE, (YESO)
4. Location of Well (Report location clearly and in accordance with any State law) At surface 1395' FNL & 2092' FEL; UL G At proposed prod. zone		11. Sec., T., R., M., or Blk. and Survey or Area SECT. 19; T-17S; R-29E
14. Distance in miles and direction from nearest town or post office* 7 miles west from Loco Hills		12. County or Parish EDDY
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1395'		13. State NM
16. No. of Acres in lease 294.64		17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 872' from Phillips-19-Federal #5		20. BLM/BIA Bond No. on file NM2787
19. Proposed Depth 5000'		21. Estimated duration ± 10 days
22. Approximate date work will start* upon approval		23. Estimated duration ± 10 days
24. Attachments		

**SUBJECT TO
LIKE APPROVAL
BY STATE**

PHILLIPS-19-FEDERAL CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Betsy Luna	Name (Printed/Typed) BETSY LUNA	Date 11/21/00
Title ENGINEERING TECHNICIAN		
Approved by (Signature) [Signature]	Name (Printed/Typed) /S/ LARRY L. [Signature]	Date 11/21/00
Title [Signature]	Office FCSWELL	

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

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
SPECIAL STIPULATIONS
ATTACHED**

NSL -

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

NOTICE

The Privacy Act of 1974 and regulation in 43 CFR 2.43(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer, (WO-630) MS 401 LS, 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Interior Desk Officer (1004-0136), Washington, D.C. 20503.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease.

174

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., Artesia, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to 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

API Number 30-015-	Pool Code 96610	Pool Name Empire, East (Yeso)
Property Code 26582	Property Name PHILLIPS "19" FEDERAL	Well Number 8
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 3689

Surface Location

UL or lot No. G	Section 19	Township 17 S	Range 29 E	Lot Idn	Feet from the 1395	North/South line NORTH	Feet from the 2092	East/West line EAST	County EDDY
--------------------	---------------	------------------	---------------	---------	-----------------------	---------------------------	-----------------------	------------------------	----------------

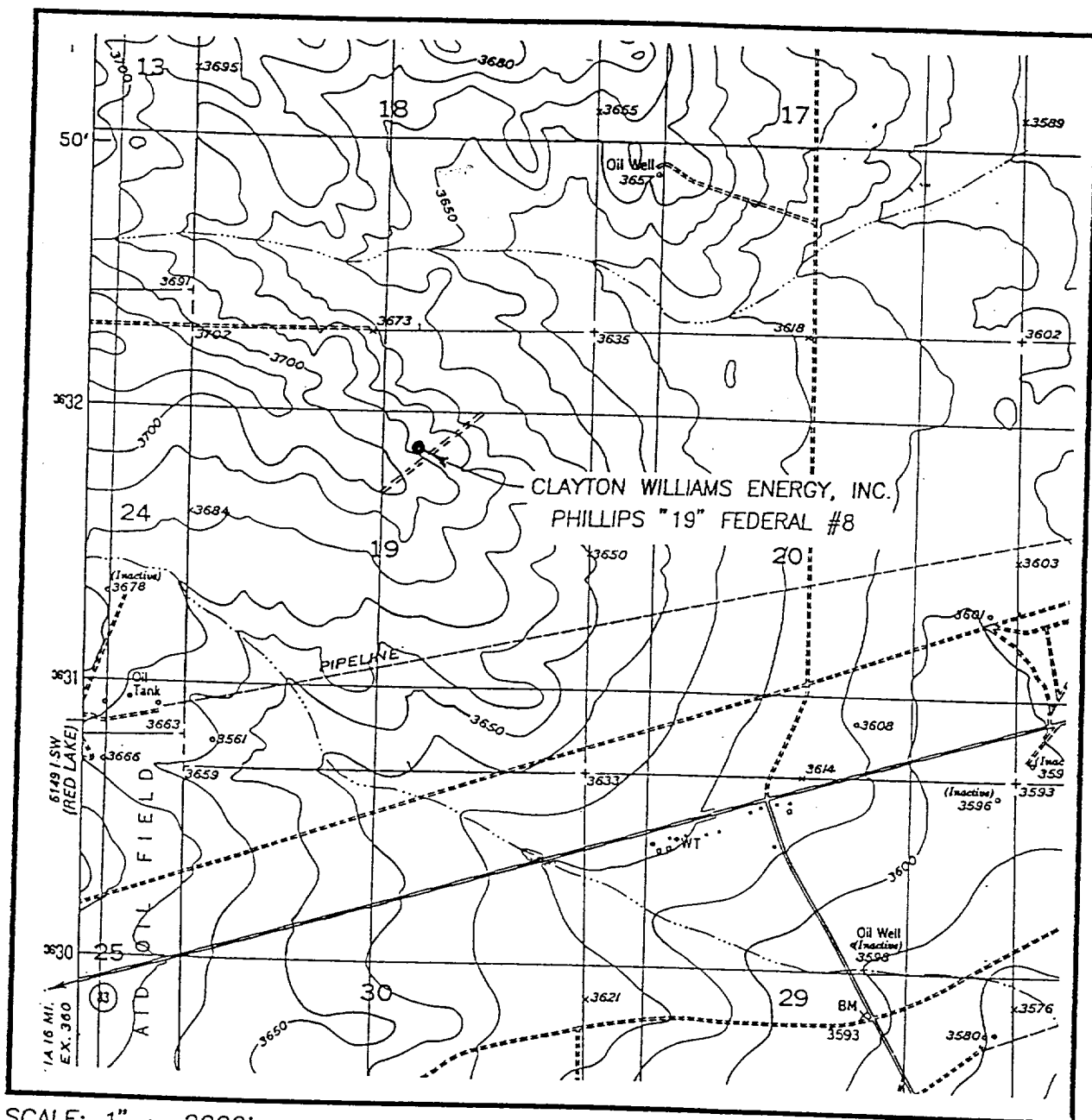
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Betsy Luna Printed Name Engineering Technician Title 11/21/00 Date
	SURVEYOR CERTIFICATION <i>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.</i> OCTOBER 23, 2000 Date Surveyed Signature & Seal of Professional Surveyor W.O. Num. 00-11-1069 Certificate No. RONALD J. EIDSON, 3239 GARY G. EIDSON, 12641

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 19 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1395' FNL & 2092' FEL

ELEVATION 3689

OPERATOR CLAYTON WILLIAMS ENERGY, INC.

LEASE PHILLIPS #19 FEDERAL

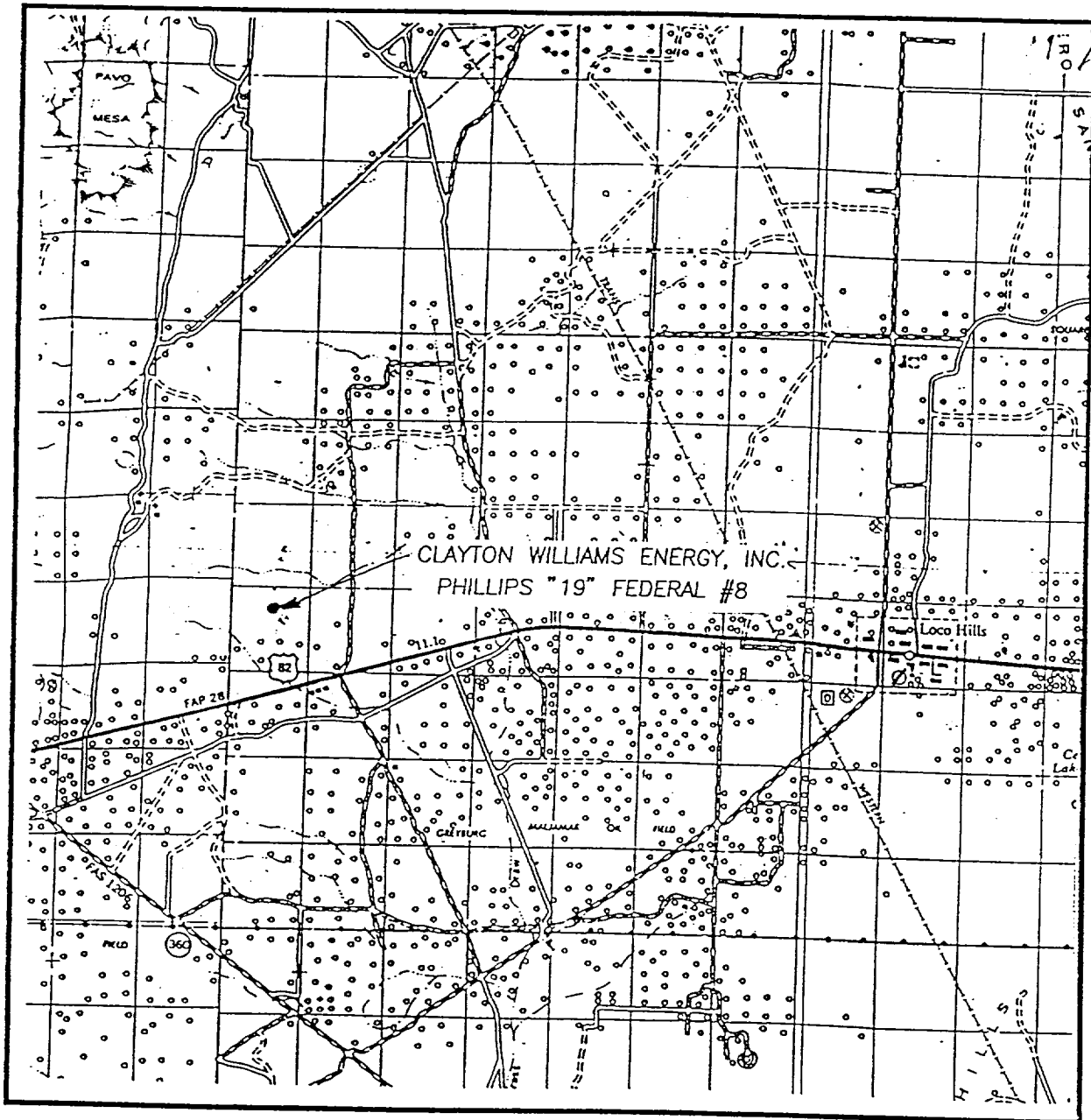
U.S.G.S. TOPOGRAPHIC MAP

RED LAKE SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO

(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 19 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1395' FNL & 2092' FEL

ELEVATION 3689

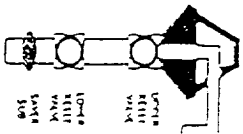
OPERATOR CLAYTON WILLIAMS ENERGY, INC.

LEASE PHILLIPS "19" FEDERAL

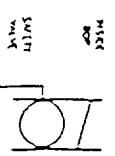
JOHN WEST SURVEYING
HOBBS, NEW MEXICO

(505) 393-3117

DRILLSTRING CONTROL DEVICES

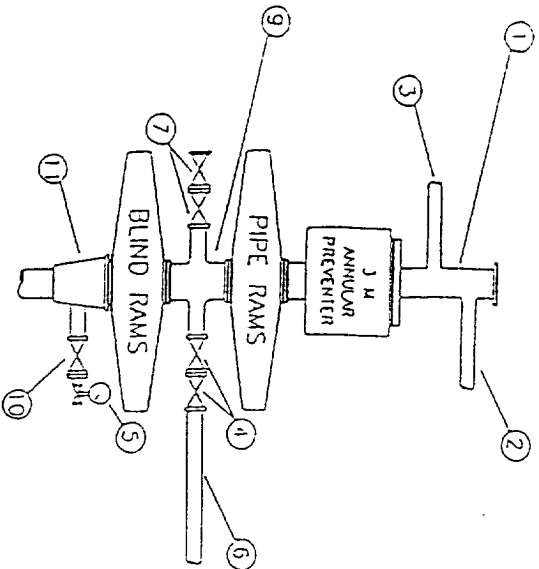


ON DRILL FLOOR



switch
full opening

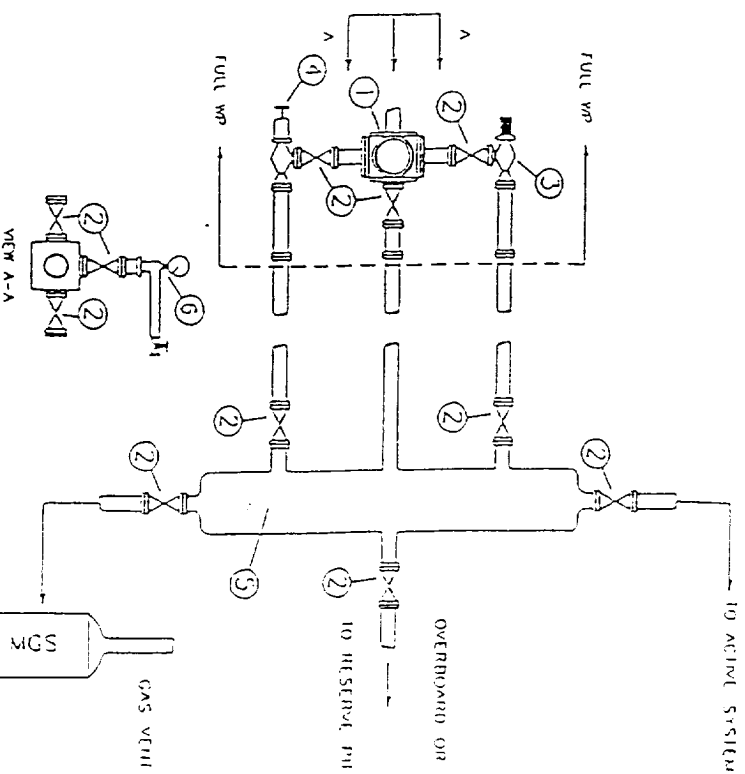
BOP STACK



- 1 BELL NECKLE
- 2 FLOW LINE
- 3 FILL-UP LINE
- 4 3" FE PRESSURE-OPERATED CHOKE LINE VALVE
- 5 PRESSURE GAUGE
- 6 3" CHOKE LINE TO CHOKE MANIFOLD
- 7 3" FE GATE OR PLUG VALVES
- 8 KILL LINE
- 9 DRILLING SPOOL
- 10 7" SE OR FE GATE VALVE WITH HECOLE VALVE
- 11 CASING HEAD HOUSING

CHOKE MANIFOLD

DISCHARGE MANIFOLD OPTIONAL FOR LAND RIGS



- 1 CROSS
- 2 GATE OR PLUG VALVE
- 3 CHOKE (ADJUSTABLE ONLY)
- 4 MANUAL ADJUSTABLE CHOKE
- 5 BUFFER CRAWLER/DISCHARGE MANIFOLD
- 6 HECOLE VALVE AND PRESSURE GAUGE

CLAYTON WILLIAMS ENERGY, INC.
DRILLING PROGRAM

Attached to BLM form 3160-3

Lease Name: Phillips -19-Federal

Well No.: 8

Location: 1395' FNL & 2092' FEL, UL G

Sec. 19, T-17-S, R-29-E

Eddy Co., NM

1. Geological name of surface location: Triassic
2. Estimated tops of important geological markers:

<u>Name</u>	<u>Depth</u>
Yates	825'
Seven Rivers	1090'
Queen	1666'
Grayburg	2045'
San Andres	2353'
Glorieta	3794'

3. Estimated name of anticipated fresh water, oil, and gas:

<u>Formation</u>	<u>Depth</u>	<u>Fresh Water/Oil/Gas</u>
Seven Rivers	1090'	Oil
Queen	1666'	Oil
Grayburg	2045'	Oil
San Andres	2353'	Oil
Glorieta	3794'	Oil

4. CASING PROGRAM

<u>Hole Size</u>	<u>Interval</u>	<u>OD Csg</u>	<u>Weight, Grade, Type.</u>
11"	300' 385'	8-5/8	24#, J-55, ST&C
7-7/8"	5000'	5-1/2"	17#, J-55, LT&C

CEMENT PROGRAM

Conductor Casing: N/A

8-5/8" Surface Casing:

300 SX CI "C" + 2% CaCl₂ + 1/4#/sx Flocele

WITNESS

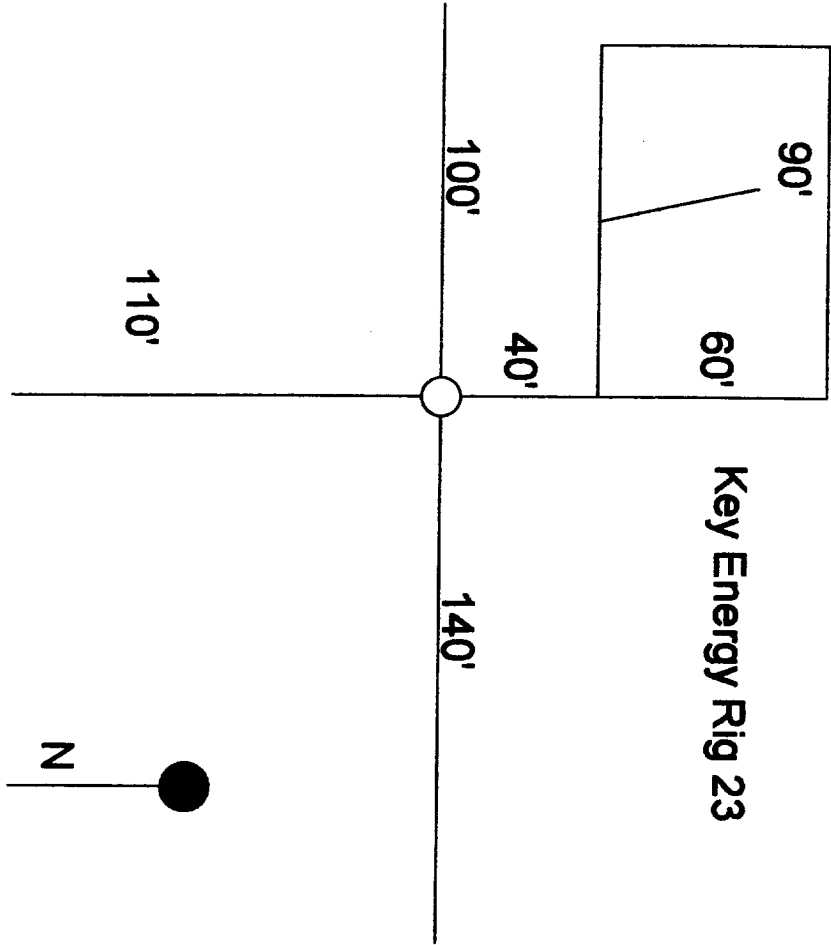
5-1/2" Production Casing:

Stage tool @ +/- 2600'

1st Stage: 400 sx. 35:65 Poz:C + 6% gel + 2% CaCl₂ + 1/4 pps Cello-flake
150 sx. Class "C" Neat

2nd Stage: Lead: 800 sx 61:15:11 Lite + 1 pps salt + 4 pps Kolite + 0.2% D-65 + 0.3# D-167 + 0.2% D-46
+ 0.25% D-13

Clayton Williams Energy, Inc.
Phillips 19 Fed No. 8
Sec. 19 - T17S - R29E
Eddy County, NM



5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) schematic attached will consist of a double ram-type (3000 psi WP) preventer and/or a bag-type (hydril) preventer (3000 psi WP). BOP will be hydraulically operated and the ram-type preventer will be equipped with blind rams and appropriate pipe rams. The BOP will be nipped up on the surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of surface casing. Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 3000 psi and the hydril to 50% of rated working pressure (1500 psi). Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 3" choke line will be attached to a drilling spool or BOP side outlets. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

6. Type & Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of Fresh Water Gel/Brine System.

The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>	<u>Water Loss (cc)</u>
900'-385'	FW Gel	8.6-9.0	34-45	N/C
5000'	Brine	9.8-10.1	28-30	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- A. A Kelly cock will be kept in the drill string at all times.
- B. A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- C. The drilling fluids system will be visually monitored at all times.
- D. A mudlogging unit will be continuously monitoring drilling penetration rate and hydrocarbon shows from surface casing to TD.
- E. A fixed electronic H₂S monitoring system, including alarms with monitors at the shaker and the bell nipple, will be in operation from surface to TD.

8. Logging, Testing, & Coring Program:

- A. Drill stem tests: None anticipated
- B. Electronic logging program: DSN, MSFL, DLL, FMI (optional)
- C. Coring: None

9. Abnormal Conditions, Pressures, Temperatures & Potentials Hazards:

Possible sulfur water in flow in the Queen/Grayburg intervals

10. Anticipated Starting Date & Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is upon approval of APD. Once commenced, the drilling operations should be finished within approximately 10 days. If the well is productive, an additional 10 days will be required for completion and testing.

CLAYTON WILLIAMS ENERGY, INC.
HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on 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.

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 and the Public Protection Plan.

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, and the Public Protection 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.

1. Well Control Equipment:
 - A. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - B. Auxiliary equipment to include: annular preventer
2. Protective Equipment for Essential Personnel:

Five – 30 minute self – contained breathing apparatuses (Scott).
3. H₂S Detection and Monitoring Equipment:
 - A. Fixed electronic monitoring system and alarms with two monitors:
one at shaker and one at bell nipple.

4. Visual Warning Systems:

- A. Two windsocks with frames and extension poles.
- B. One entrance sign with flags (with "CAUTION" and present well condition).
- C. Two briefing area signs.

5. Mud Program:

- A. The mud program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weight, safe drilling practice, and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.

6. Metallurgy:

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

7. Communication:

- A. Cellular telephones in Company vehicles and at rig.

8. Well Testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which is necessary to safely and adequately conduct the test. All drill stem testing operations conducted in an H₂S environment will use the closed chamber method of testing.

**CLAYTON WILLIAMS ENERGY, INC.
SURFACE USE PLAN**

Attached to form 3160-3

Lease Name: Phillips -19-Federal

Well No.: 8

Location: 1395' FNL & 2092' FEL, UL G
Sec. 19, T-17-S, R-29-E
Eddy Co., NM

1. Existing Roads:

- A.** The well site and elevation for the proposed well are shown on the attached plat.
- B.** Existing roads are indicated on attached map. Existing roads are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling well will be done when necessary as determined during the onsite inspection.
- C.** Direction to location:
Phillips-19-Federal wells: On Hwy. 82 approximately 6 miles West of Loco Hills, NM, turn North 1.5 mile on Old Loco Hills Rd. Turn left 1/2 mile to enter lease.
Phillips-17-Federal Wells: On Hwy. 82 approximately 6 miles West of Loco Hills, NM, turn North 1/2 mile on Old Loco Hills Rd.
- D.** Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed access Roads:

Attached map indicates the proposed new access road to be constructed. The road will be constructed as follows:

- A.** The maximum width of the running surface will be 20'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspection.
- B.** The average grade will be less than 1%
- C.** No turnouts are planned
- D.** Culverts, cattle guards, low-water crossing, fence cuts:
- E.** Surface material will consist of native caliche. Caliche will be obtained from nearest BLM approved pit. Any additional materials required will be purchased from the dirt contractor.
- F.** The proposed access road will be centerlined flagged.

3. Location of Existing Wells :

Phillips-17-Federal, well #1: Sec. 17, T-17-S, R-29-E, UL P, 990' FSL & 990' FEL
Phillips-17-Federal, well #2: Sec. 17, T-17-S, R-29-E, UL O, 990' FSL & 2310' FEL
Phillips-19-Federal, well #1: Sec. 19, T-17-S, R-29-E, UL A, 990' FNL & 330' FEL
Phillips-19-Federal, well #2: Sec. 19, T-17-S, R-29-E, UL H, 2310' FNL & 330' FEL
Phillips-19-Federal, well #5: Sec. 19, T-17-S, R-29-E, UL B, 990' FNL & 1650' FEL
Phillips-19-Federal, well #6: Sec. 19, T-17-S, R-29-E, UL G, 2310' FNL & 1650' FEL

4. **Location of Existing Wells and/or Proposed Facilities:**

A. **Tank Battery:**

Sec. 19 wells: Sec. 19, T-17-S, R-29-E, UL G, 1980' FNL & 2310' FEL (Green B Federal #9 location)

Sec. 17 wells: Sec. 17, T-17-S, R-29-E, UL P, 990' FSL & 990' FEL

B. **Flowlines:** See attached Property Line & Road Diagram.

5. **Location and type of Water Supply:** To be hauled by contract company.

6. **Source of Construction Materials:**

All caliche required for construction of the drill pad and the proposed new access road will be obtained from a BLM approved caliche pit.

7. **Methods of Handling Waste Disposal:**

A. Drill cuttings not retained for evaluation purposes will be disposed of into the reserve pit.

B. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess drilling fluids or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 60' X 90' X 10' deep and fences on three sides prior to drilling. It will be fenced on the fourth side immediately following rig removal. The reserve will be plastic-lined to minimize loss of drilling fluids and saturations of the ground with brine water.

C. Water produced from the well during completion may be disposed into the reserve pit or steel tank. After the well is permanently placed on production, produced water will be collected in tanks until hauled by transport to an approved disposal system or separate disposal application will be submitted for appropriate approval. Produced oil will be collected in steel tanks until sold.

D. A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.

E. Garbage and trash produced during drilling and completion will be put in trash trailer. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. All waste material will be contained to prevent scattering by the wind. No toxic waste or hazardous chemicals will be produced by this operation.

F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has dried. When the reserve pit is dry enough to break out and fill and, as weather permits, the unused portion of the well site will be leveled and re-seeded as per BLM specifications. Only the part of the pad required for production will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

8. **Ancillary Facilities:**

No airstrip, campsite, or other facilities will be built as a result of the operations of this well.

9.

Well Site Layout:

- A. **Drill pad:** Per attached plat.
- B. Attached plat shows planned orientation for the rig and associated drilling equipment, reserve pit, pipe racks, turnaround and parking areas, and access road. No permanent living facilities are planned, but a temporary foreman/tool pusher's trailer will be on location during the drilling operations.
- C. The reserve pit will be lined with high-quality plastic sheeting.

10.

Plans for Restoration of the Surface:

- A. Upon completion of the proposed operations, if the well is to be abandoned, the caliche will be removed from the location and road and returned to the pit from which it was taken. The pit area, after allowing to dry, will be broken out and leveled. The original topsoil will be returned to the entire location, which will be leveled and contoured to as nearly to the original topography as possible.

All trash, garbage, and pit lining will be buried or hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

- B. The disturbed area will be re-vegetated by re-seeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.
- C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time the rig is removed, the reserve pit will be fenced on the rig (fourth) side to prevent livestock or wildlife from being entrapped.

The fencing will remain in place until the pit area is cleaned up and leveled. No oil will be left on the surface of the fluid in the pit. The entire reserve pit will be netted until the fluid has completely evaporated.

- D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. Topsoil removed from the drill site will be used to re-contour the pit area; any uncased portions of the drill pad to the original natural level and re-seeded as per BLM specifications.

11.

Surface Ownership:

The wellsite and lease is located entirely on Federal surface.

Other Information:

- A. **Terrain:** See Archaeological Report
- B. **Soil:** See Archaeological Report
- C. **Vegetation:** See Archaeological Report
- D. **Surface Use:** See Archaeological Report
- E. **Ponds and Streams:** None
- F. **Water Wells:** None
- G. **Residences and Buildings:** None
- H. **Arroyos, Canyons, Etc.:** None
- I. **Well Sign:** To be installed at the wellsite
- J. **Archaeological Resources:** None reported. References archaeological report.

12. **Lessee's and Operator's Representative:**

The Clayton Williams Energy, Inc. representatives responsible for assuring compliance with the Surface Use Plan are:

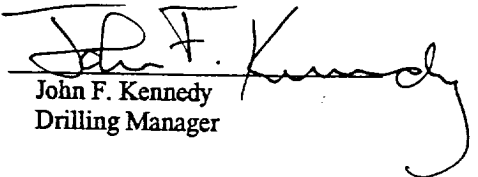
John Kennedy
Clayton Williams Energy, Inc.
Six Desta Drive, Ste. 3000
Midland, TX 79705
(915) 682-6324

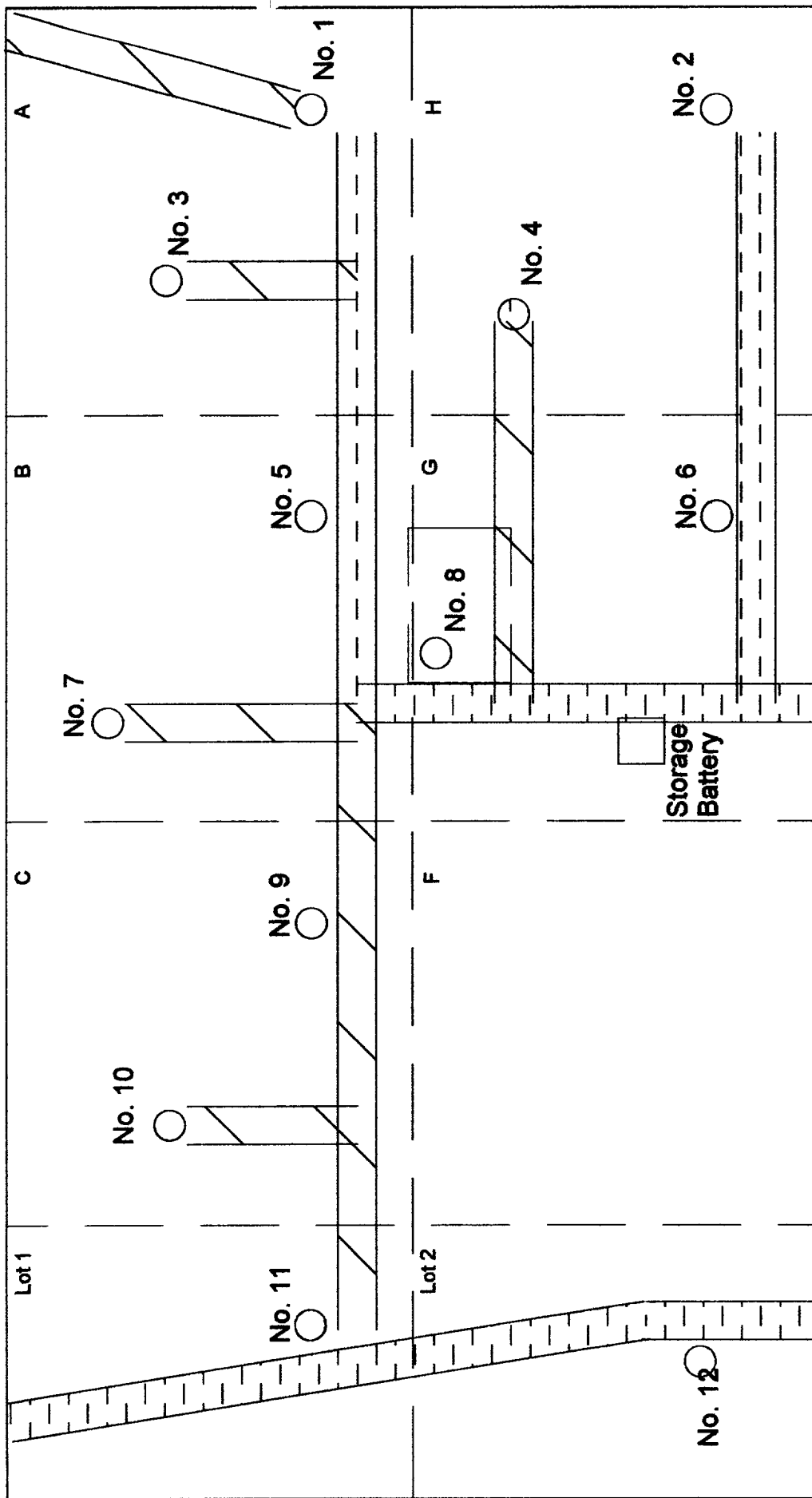
or

Matt Swierc
Clayton Williams Energy, Inc.
Six Desta Drive, Ste. 3000
Midland, TX 79705
(915) 682-6324

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the 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 Clayton Williams Energy, Inc. and its contractors in conformity with this plan and the terms and conditions under which it is approved.


John F. Kennedy
Drilling Manager



Clayton Williams Energy, Inc.
 Phillips 19 Federal
 Sec. 19 - T17S - R29E
 Eddy County, NM

Phillips 19 Fed No. 8 Detail

Proposed Road Symbol

Existing Road Symbol

Flowlines to be laid on surface and follow lease roads to battery

November 2000

BLM/CFO**BLM/CFO**

For the Phillips "19" Fed. No. 12 well: T17S, R29E, Section 19 (irregular section: used SW corner) SW¼ SW¼ NW¼

Well Pad Footages: For the Phillips "19" Fed. No. 4: 1,700 ft from the north line and 990 ft from the east line

For the Phillips "19" Fed. No. 8: 1,395 ft from the north line and 2,092 ft from the east line

For the Phillips "19" Fed. No. 11: 985 ft from the north line and 565 ft from the west line

For the Phillips "19" Fed. No. 12: 2,252 ft from the north line and 445 ft from the west line

f. 7.5' Map Name(s) and Code Number(s): Red Lake SE, NM, 1955 (32104-G1)

g. Area:

Block:

For the Phillips "19" Fed. No. 4: Impact: 400 ft x 400 ft
Surveyed: 400 ft x 400 ft

For the Phillips "19" Fed. No. 8: Impact: 400 ft x 400 ft
Surveyed: 400 ft x 400 ft

For the Phillips "19" Fed. No. 11: Impact: 400 ft x 400 ft
Surveyed: 400 ft x 400 ft

For the Phillips "19" Fed. No. 12: Impact: 400 ft x 400 ft
Surveyed: 400 ft x 400 ft

Linear:

For the Phillips "19" Fed. No. 4 access road: Impact: 1,038 ft x 20 ft
Surveyed: 1,038 ft x 100 ft

For the Phillips "19" Fed. No. 11 access road: Impact: 1,017 ft x 20 ft
Surveyed: 1,017 ft x 100 ft

14. a. Records Search:

Location: Carlsbad Field Office and ARMS (via modem)

Date: November 2, 2000 by Jennifer Bowden

List by LA # All sites within .25 miles of the project: (Those sites within 500' are to be shown on the project map): No sites are located within 0.25 miles of the project area.

b. Description of Undertaking: A Class III archaeological survey was conducted for the proposed well pads Phillips "19" Federal Nos. 4, 8, 11, and 12. These well pads are all located in the northern portion of T17S, R29E, Section 19. Associated access roads were surveyed for wells No. 4 and 11; Wells No. 8 and 12 are located on existing caliche capped roads.

c. Environmental Setting (NRCS soil designation; vegetative community; etc): The project area is located northwest of Loco Hills on a gently rolling plain. Vegetation is consistent with Chihuahuan Desert Scrub, including honey mesquite, buckthorn, prickly pear, and grasses. Average surface visibility is 40 to 70 percent. The elevations of the project area range from 3,670 ft to 3,710 ft. Soils in the project area are light brown silty sands of the Simona-Pajarito and Kimbrough-Stegell associations. Some caliche nodules and gravels of chert and quartzite are present on the surface of deflated areas.

d. Field Methods:

Transect Intervals: 15 m

Crew Size: 2

Time in Field: 8.0 hours

Collections: None

15. Cultural Resource Findings:

a. Identification and description: (Location shown on Project map): Three isolated manifestations (IMs) were encountered and recorded.

IM 1 consists of a core-reduction flake made out of purple quartzite and a deflated scatter of 12 pieces of burned caliche. (Zone 13, E 583180/ N 3631747)

IM 2 consists of four core-reduction flakes, two biface-thinning flakes, and one core. Material types include quartzite, limestone, jasper, and chert. (Zone 13, E 583425/ N 3631772)

IM 3 consists of one core and one core-reduction flake. Both are made of chert. (Zone 13, E 582552/ N 3631944)

16. Management Summary (Recommendations): The very nature of IMs makes them ineligible for the National Register of Historic Places. No further action needs to be taken regarding these cultural resources. Because no significant cultural resources were encountered archaeological clearance is recommended for each of the four well pads and the two access roads. However, if cultural resources are encountered, work at that location should stop and archaeologists at the BLM—Carlsbad Field Office and HPD should be notified.

I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist: Signature

[Signature] Date *Nov 20, 2000*

THE ABOVE COMPLETES A NEGATIVE REPORT. IF ELIGIBLE OR POTENTIALLY ELIGIBLE PROPERTIES ARE INVOLVED, THEN THE ABOVE WILL BE THE TITLE PAGE AND ABSTRACT FOR A COMPLETE REPORT.

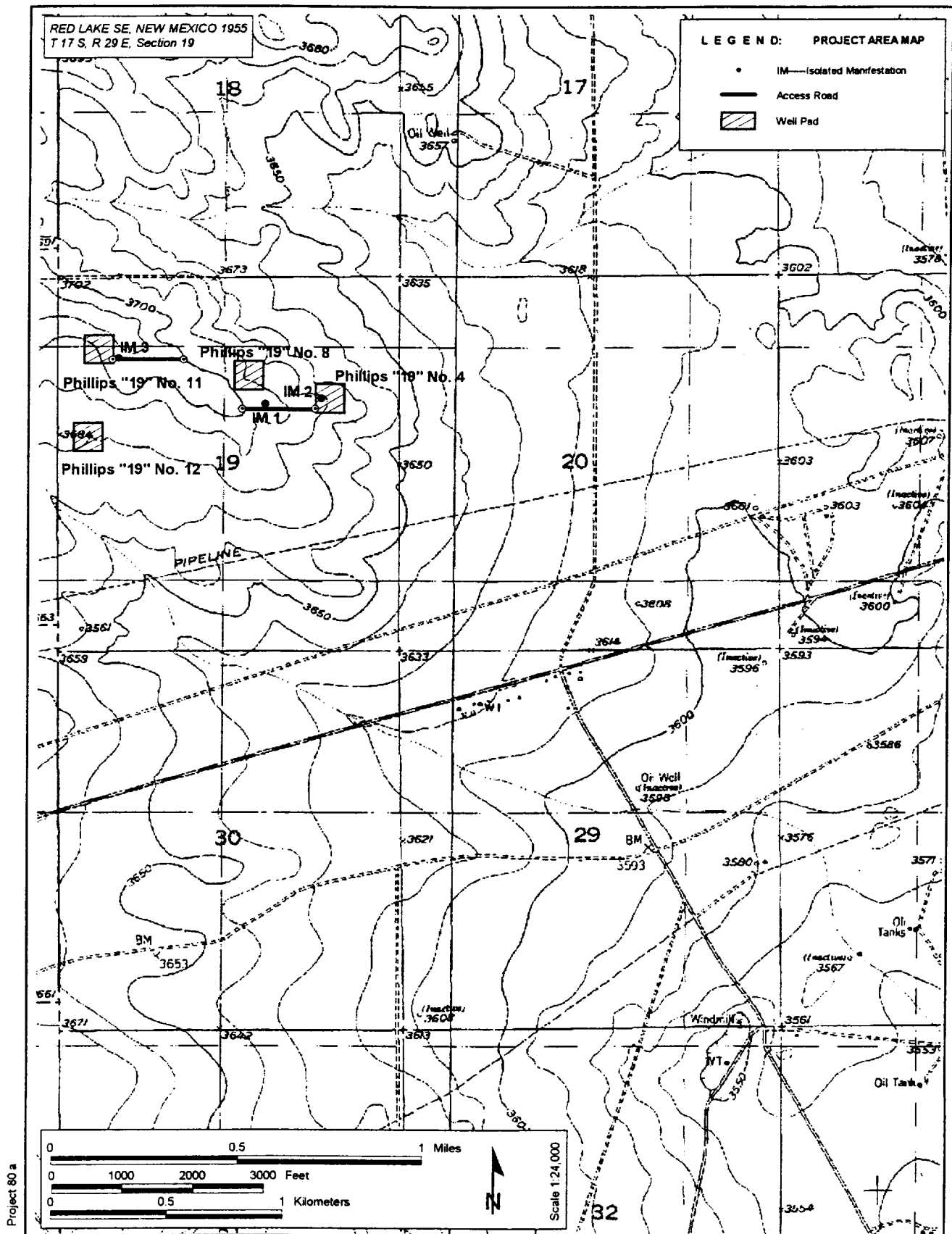


Figure 1. Project Area Map.

Mesa Field Services

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: **Clayton Williams Energy, Inc.**
Street or Box: **Six Desta Drive, Suite 3000**
City, State: **Midland, Texas**
Zip Code: **79705**

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

Lease No.: **NM-14847**

Legal Description of Land: **Well No. 8 – Phillips –19-Federal
UL G, Sec. 19, T-17-S, R-29-E
1395' FNL & 2092' FEL
Eddy Co., New Mexico**

Formation(s) if applicable: **Empire, East (Yeso)**

Bond Coverage: **\$25,000.00 SW (copy attached)**

BLM Bond File No.: **NM2787 (Surety Bond No. RLB0002027)**

Authorized Signature: *Matt Swierc*

Name: **Matt Swierc**

Title: **Production Superintendent**

Phone No.: **(915) 682-6324**

Fax No.: **(915) 688-3225**

Date: **October 30, 2000**