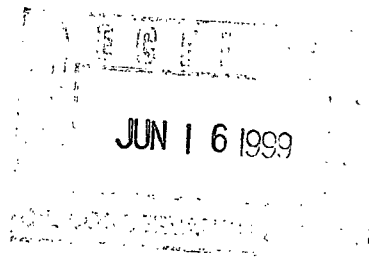


NSL 7/6/99

CAPROCK PIPE AND SUPPLY
P.O. Box 1535
Lovington, New Mexico 88260

June 15, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: Caprock Pipe and Supply, L-Bar No. 1
2095'FNL,200'FEL Section 2, T-13-N, R-4-W, Sandoval County

Dear Mr. Stogner:

Caprock Pipe and Supply is applying for administrative approval of an unorthodox wildcat well location. This application for the referenced location is for geological and topographic reasons as outlined in the attached geologic explanation and map.

This location is designed to offset oil and gas shows reported from the Continental Oil Co. No. 1 L-Bar Ranch well drilled in this section in 1935. Production, if established, will be from the Mesozoic or Paleozoic section. There are no other offset owners or operators within several miles of this proposed location.

The following attachments are for your review:

- *C-101 Application to drill.
- *C-102 Well location and acreage dedication plat.
- *7.5 minute topographic map with geologic faults and outcrops in the vicinity of the proposed well.
- *Geologic explanation.

We appreciate your earliest consideration and approval of this request. Thank you for your help.

Sincerely,

Lionel Burns
Owner/operator
Caprock Pipe and Supply

WAIVER

_____ hereby waives objection to Caprock pipe and Supply's application for a non-standard location for the L-Bar No. 1 wildcat as proposed above.

By: _____ Date: _____

Proposed Caprock Pipe and Supply

L-Bar Ranch No. 1

Section 2, T-13-N, R-4-W

Sandoval County, New Mexico

Wildcat well location

Estimated TD 4000'

The location of the proposed test was selected to offset the shows of oil and gas reported in the Continental Oil Co. L-Bar Ranch No. 1 well drilled 100' west of the eastern line of the same projected section in 1935. To stay in the same horst'ed fault block as the old Continental well and avoid both topographic restrictions (steep hills) and faulting in the vicinity we require this non-standard location close to the old well site. Without going down dip, across a mappable normal fault, and away from the known site of the old oil and gas shows we can not go to a standard 330' from the section line. This test, if successful, will open up a new oil and/or gas field on one of the largest structures in the San Juan Basin and could prove up significant oil and/or gas reserves. It is not possible to exploit this lead in the same geologic environment and fault block from a standard location.

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☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. CAPROCK PIPE AND SUPPLY PO BOX 1535 LOVINGTON, NEW MEXICO 88260		² OGRID Number
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name L-BAR RANCH	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	2	13N	4W	H	2095	NORTH	200	EAST	SANDOVAL

⁸ Proposed 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
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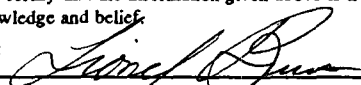
¹¹ Work Type Code N	¹² Well Type Code O or G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 6564
¹⁶ Multiple NO	¹⁷ Proposed Depth 4100	¹⁸ Formation ABO	¹⁹ Contractor KEY (Four Cor.)	²⁰ Spud Date 20 JUNE 1999

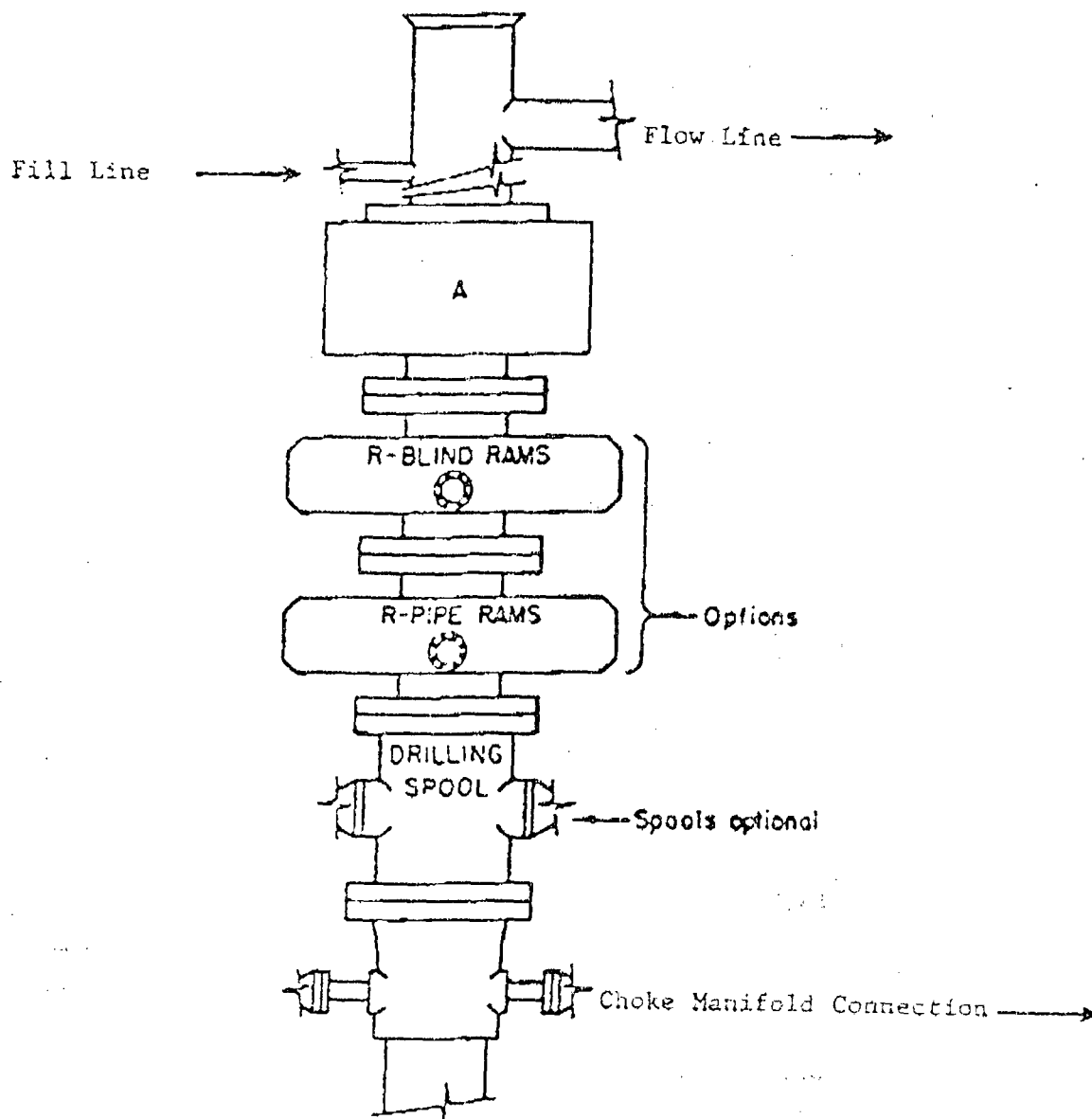
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Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
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8-3/4"	7"	J-55	4,000'	500	SURFACE

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

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²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 		OIL CONSERVATION DIVISION	
Printed name: Lionel Burns			
Title: President		Approved by:	
Date: June 6, 1999		Approval Date:	
Phone: 505 3965881		Expiration Date:	
		Conditions of Approval : Attached <input type="checkbox"/>	



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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
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7 OGRID No.		8 Operator Name CAPROCK PIPE AND SUPPLY			9 Elevation 6564

10 Surface Location

UL or lot no. H	Section 2	Township 13N	Range 4W	Lot Idn H	Feet from the 2095	North/South line NORTH	Feet from the 200	East/West line EAST	County Sandoval
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11 Bottom Hole Location If Different From Surface

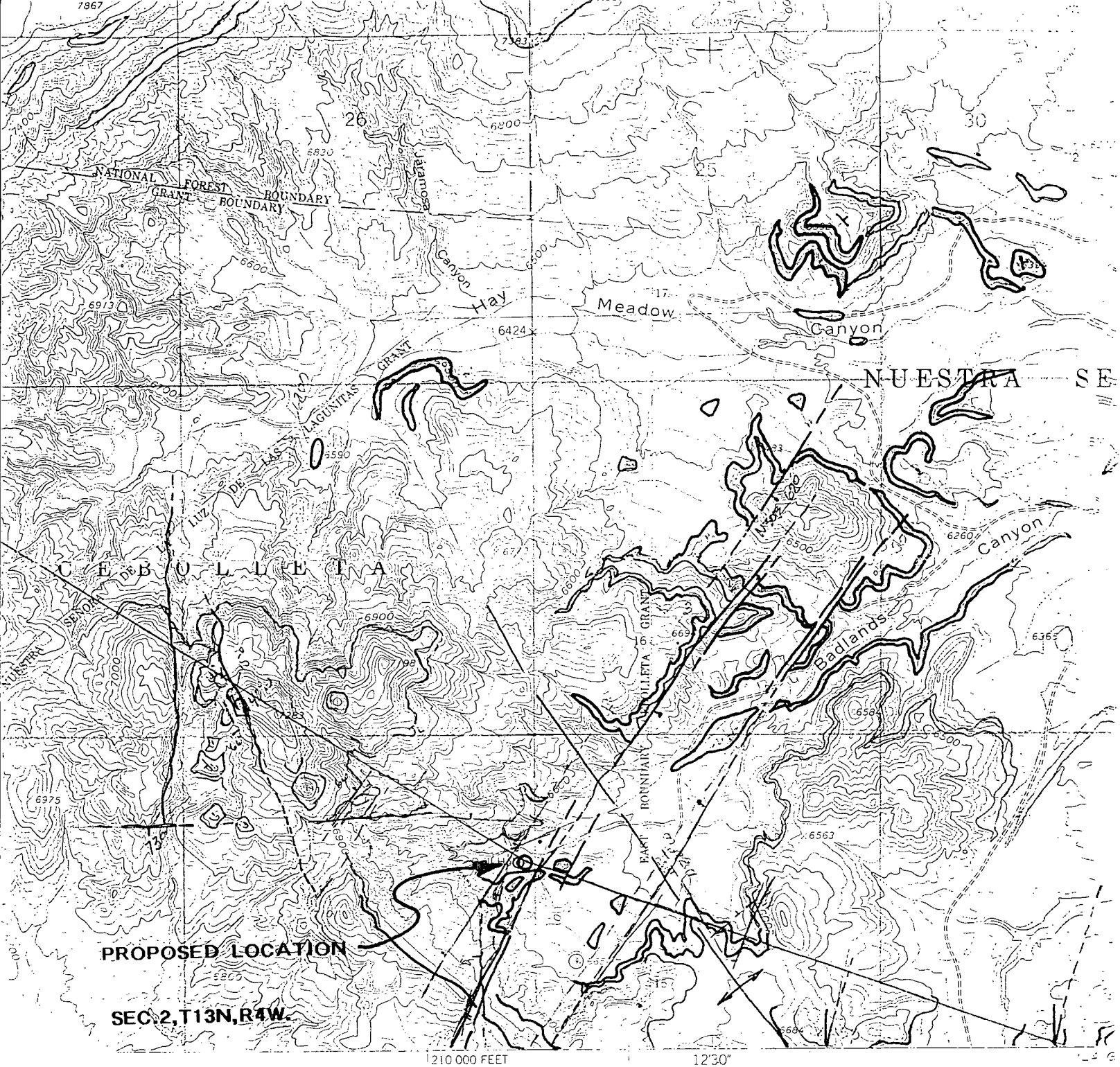
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12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature: <i>Lionel Burns</i> Printed Name: Lionel Burns Title: President Date: June 6, 1999	
					18 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: 6-1-99 Signature and Seal of Professional Surveyor: <i>Ronald E. Tyner</i> Certificate Number: 3516	

GPS Coordinates 1927 West Zone
 N 1,595,225.10'
 E 683,367.49'



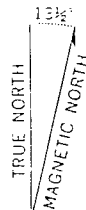
U.S. Geological Survey

SCALE

Contour interval, central zone
contours.

Contours and field lines where
this information is unchecked

APPROXIMATE MEAN
DECLINATION, 1961



CONT. 100
DATE 10/1/61

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⁴ Property Code	⁵ Property Name L-BAR RANCH	⁶ Well No. 1

⁷ Surface Location

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⁸ Proposed Bottom Hole Location If Different From Surface

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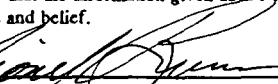
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¹⁶ Multiple NO	¹⁷ Proposed Depth 4100	¹⁸ Formation ABO	¹⁹ Contractor KEY (Four Cor.)	²⁰ Spud Date 20 JUNE 1999

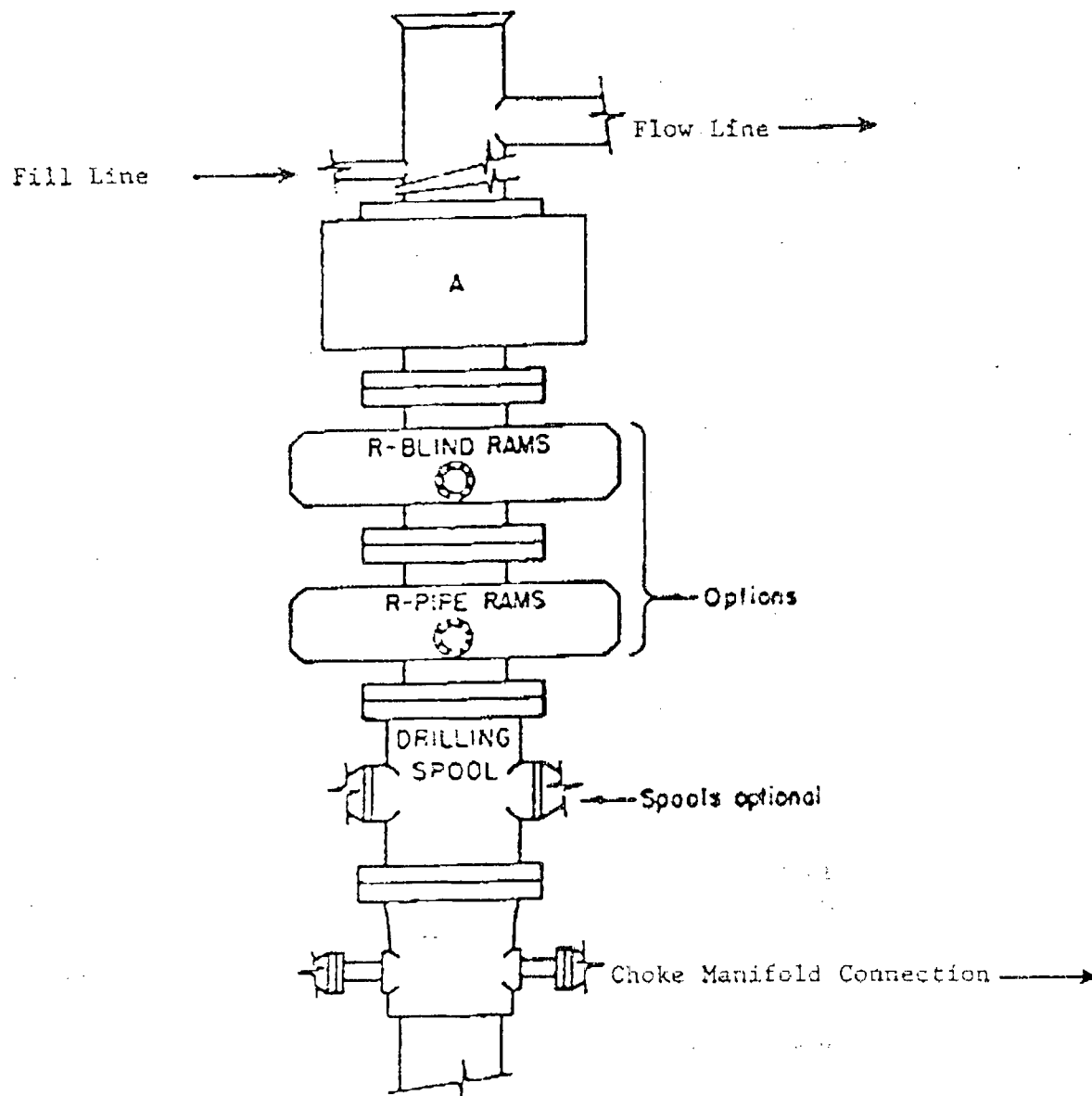
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name L-BAR RANCH	⁶ Well Number 1
⁷ OGRID No.	⁸ Operator Name CAPROCK PIPE AND SUPPLY	⁹ Elevation 6564

¹⁰ Surface Location

UL or lot no. H	Section 2	Township 13N	Range 4W	Lot Idn H	Feet from the 2095	North/South line NORTH	Feet from the 200	East/West line EAST	County Sandoval
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¹¹ Bottom Hole Location If Different From Surface

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¹⁶									

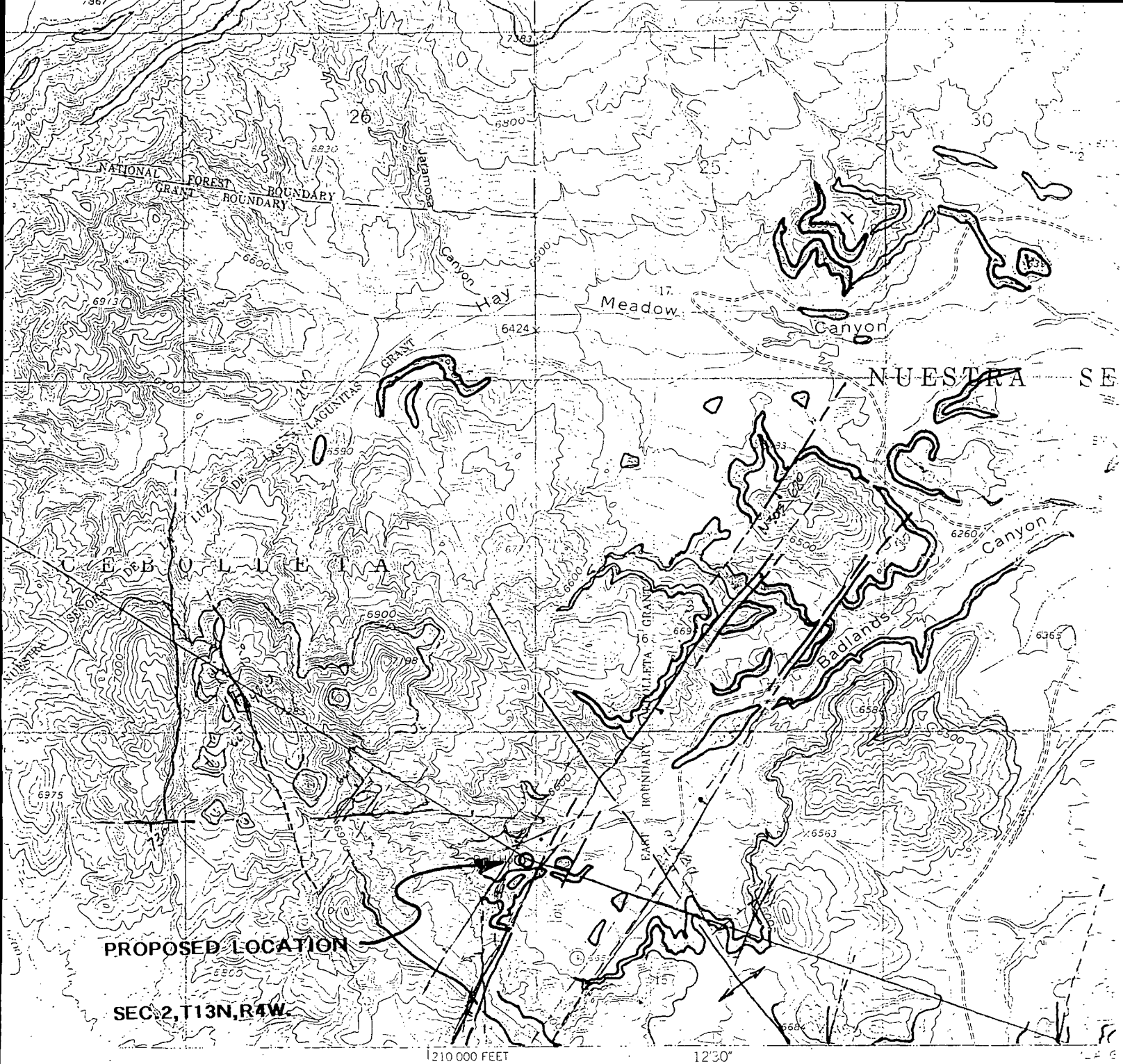
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I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature *Lionel Burns*
Printed Name Lionel Burns
Title President
Date June 6, 1999

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Date of Survey 6-1-99
Signature and Seal of Professional Surveyor *Ronald E. Tyree*
Certificate Number 753516

GPS Coordinates 1927 West Zone
N 1,595,225.10'
E 683,367.49'

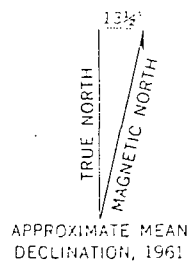


The Geological Survey

SCALE

System, central zone
ticks.

and field lines where
information is unchecked



CONT. F. 1
DATE 1961

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Signature:

Printed name: Lionel Burns

Title: President

Date: June 6, 1999

Phone: 505 3965881

OIL CONSERVATION DIVISION

Approved by:

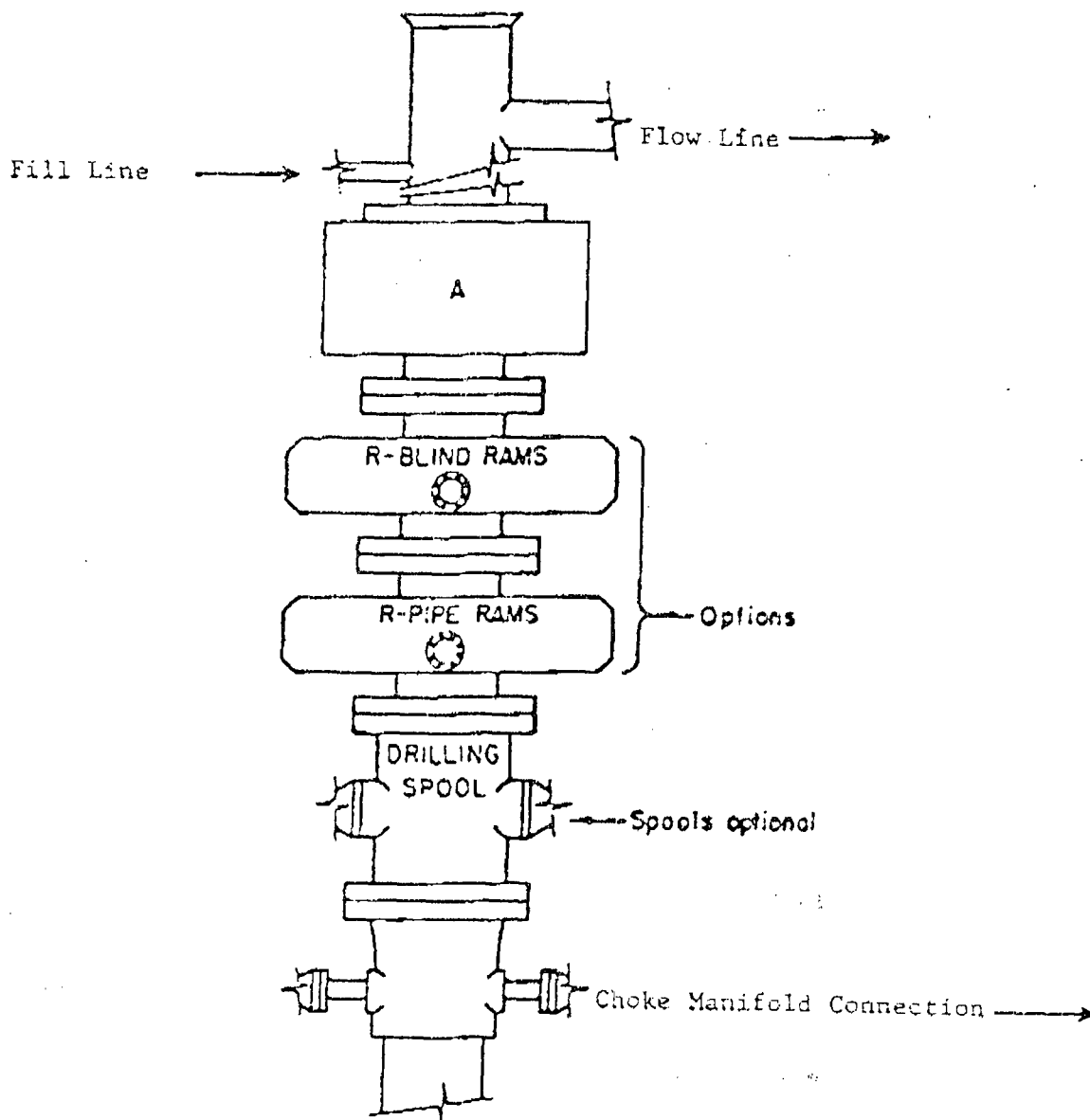
Title:

Approval Date:

Expiration Date:

Conditions of Approval :

Attached ☐



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		L-BAR RANCH			1
7 OGRID No.		8 Operator Name			9 Elevation
		CAPROCK PIPE AND SUPPLY			6564

10 Surface Location

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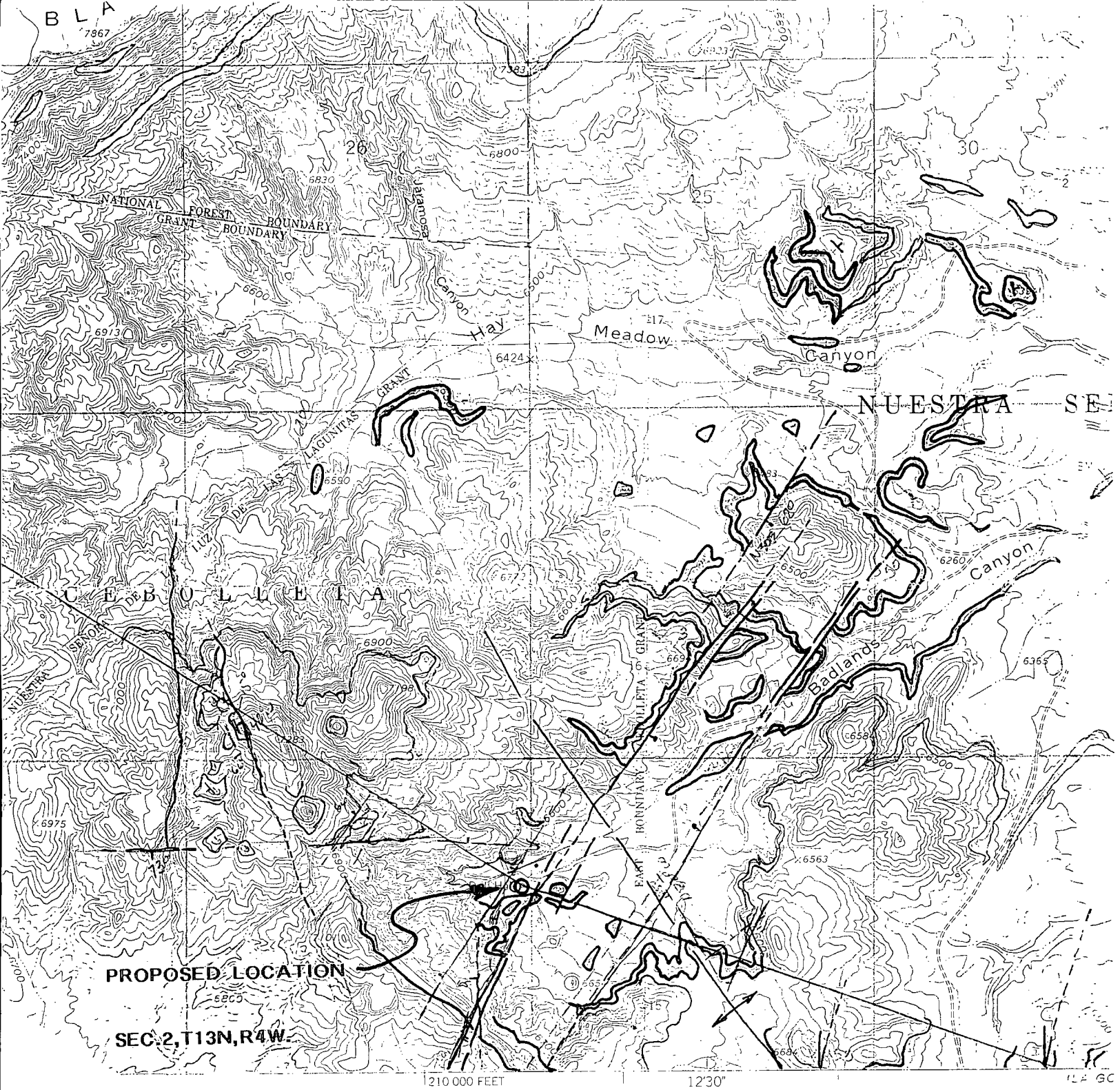
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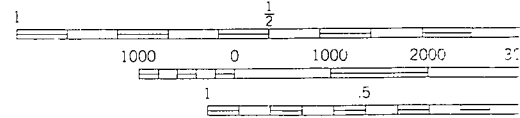
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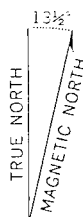
SCALE



CONTOL E NIT:
DATUM TIME-

2 system, central zone
ticks,

2 and field lines where
this information is unchecked



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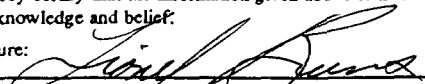
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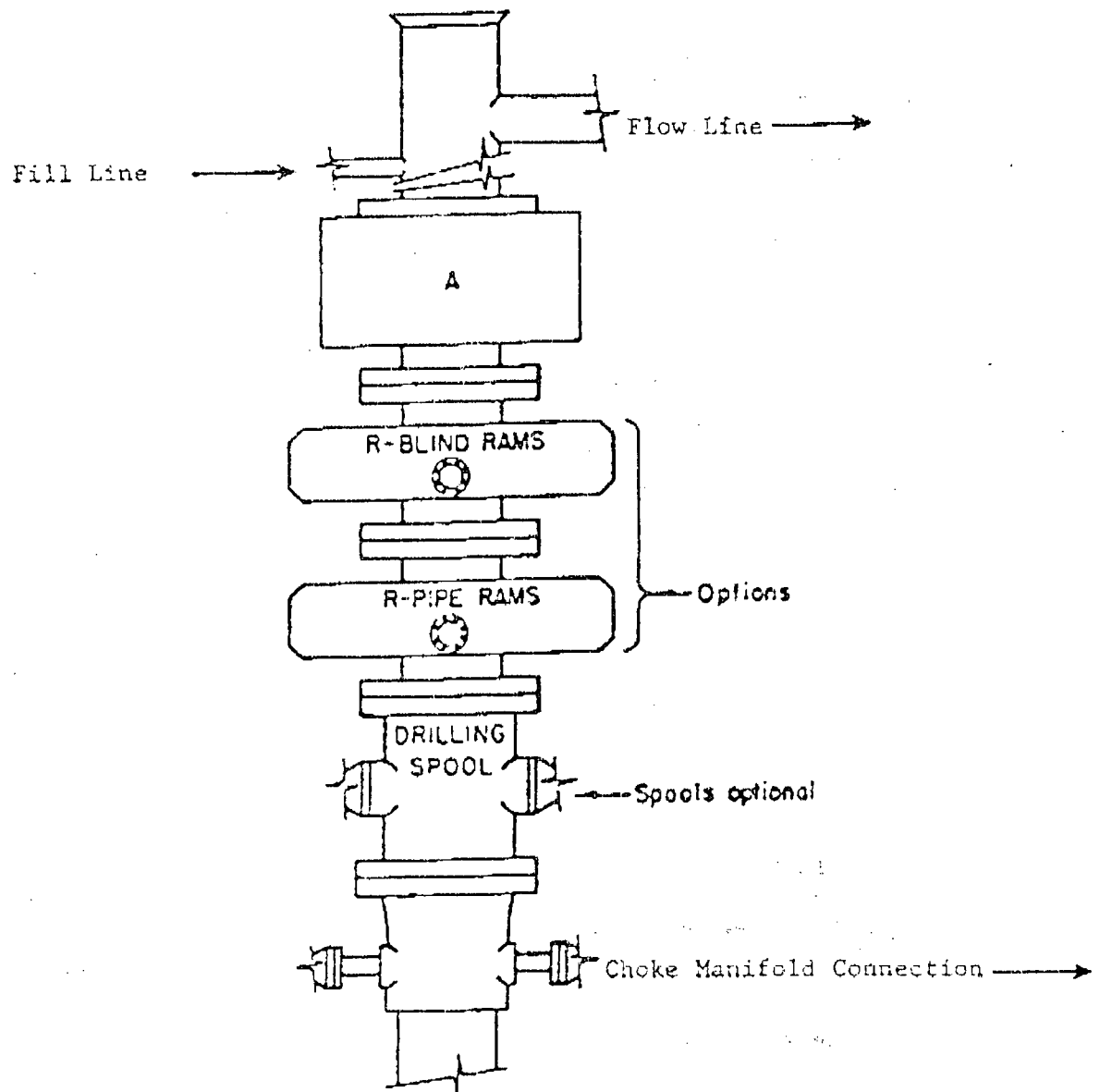
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7 OGRID No.		8 Operator Name CAPROCK PIPE AND SUPPLY			9 Elevation 6564

10 Surface Location

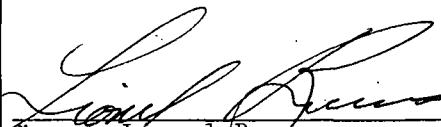

UL or lot no. H	Section 2	Township 13N	Range 4W	Lot Idn H	Feet from the 2095	North/South line NORTH	Feet from the 200	East/West line EAST	County Sandoval
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11 Bottom Hole Location If Different From Surface

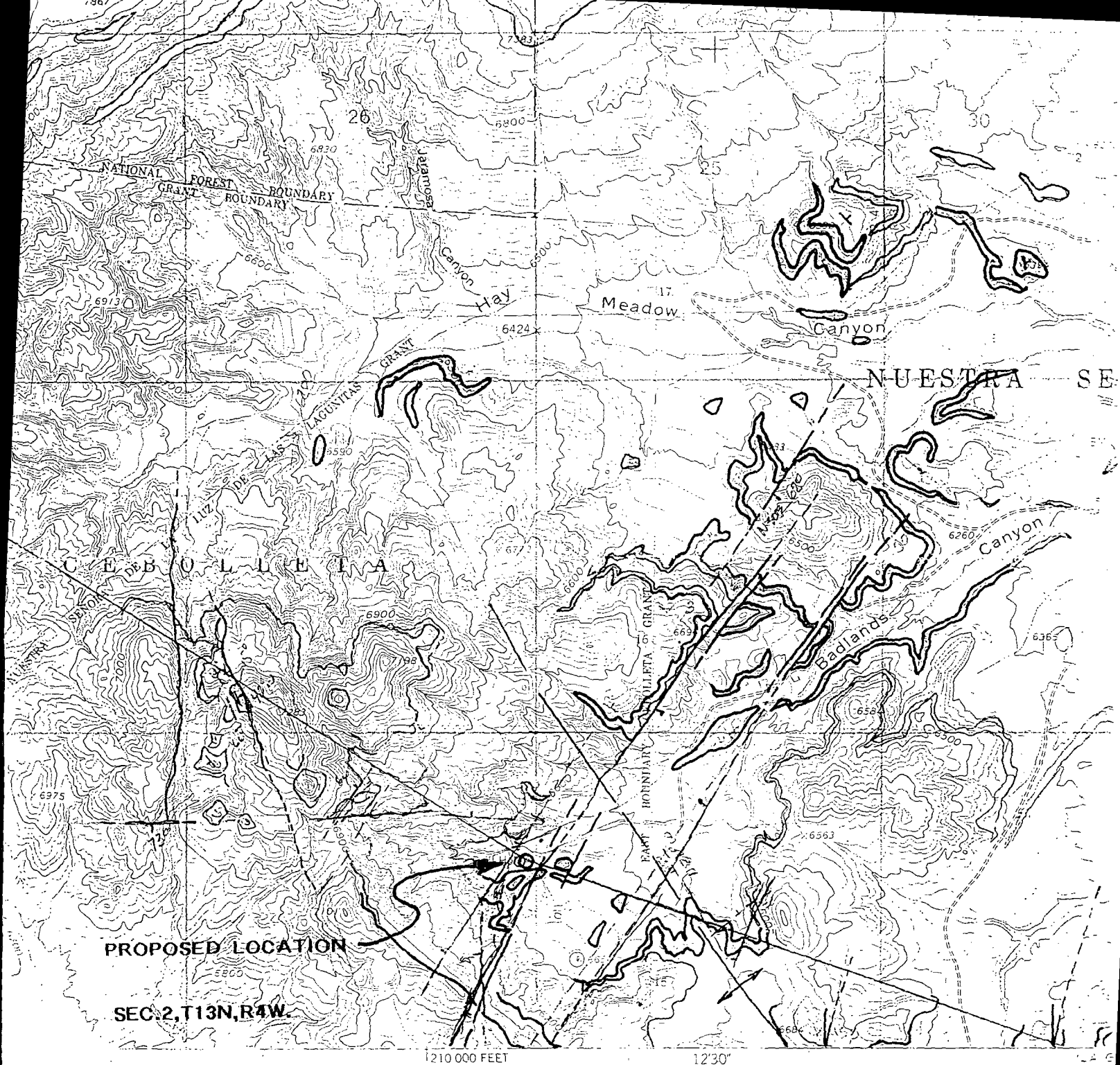
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Lionel Burns Caprock Pipe and Supply Printed Name President Title June 6, 1999 Date
					18 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. 6-1-99 Date of Survey Signature and Seal of Professional Surveyor  Certificate Number 753516

GPS Coordinates 1927 West Zone
N 1,595,225.10'
E 683,367.49'

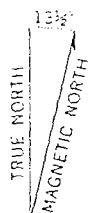


The Geological Survey

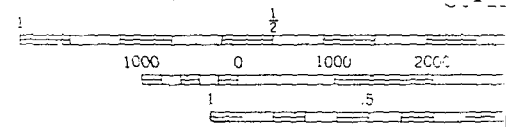
SCALE

system, central zone
dips,

and field lines where
information is unchecked



APPROXIMATE MEAN
DECLINATION, 1961



CONTOUR
DATA

THIS MAP COMPLIES WITH
FOR SALE BY U.S. GEOLOGICAL SURVEY, 1961
A FOLDER DESCRIBING TOPOGRAPHY

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. CAPROCK PIPE AND SUPPLY PO BOX 1535 LOVINGTON, NEW MEXICO 88260		² OGRID Number
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name L-BAR RANCH	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	2	13N	4W	H	2095	NORTH	200	EAST	SANDOVAL

⁸ Proposed 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
⁹ Proposed Pool 1					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code O or G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 6564
¹⁶ Multiple NO	¹⁷ Proposed Depth 4100	¹⁸ Formation ABO	¹⁹ Contractor KEY (Four Cor.)	²⁰ Spud Date 20 JUNE 1999

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	J-55	350'	250	SURFACE
8-3/4"	7"	J-55	4,000'	500	SURFACE

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

We propose to drill a 12-1/4" hole and run 350' of 9-5/8" surface casing. We will then drill a 8-3/4" hole to approximately 4,000' to evaluate the upper Permian section. If warranted we will run approximately 4,000" of 7" for production testing. We intend to use a Hydrill double ram blowout preventer with choke manifold flanged connection and 6 station accumulator closing unit with remote control. (See Diagram attached)

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: Lionel Burns

Title: President

Date: June 6, 1999

Phone: 505 3965881

OIL CONSERVATION DIVISION

Approved by:

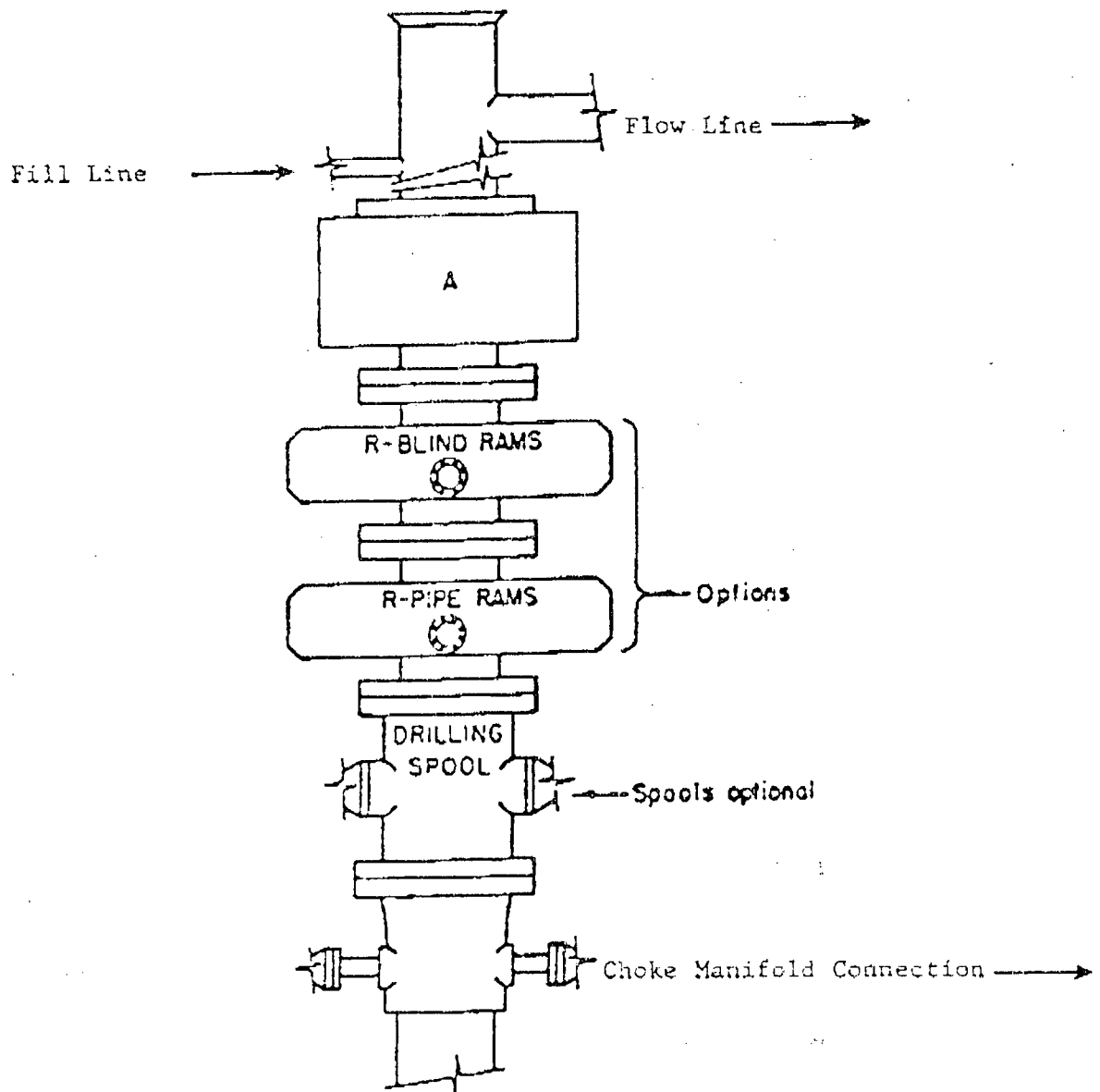
Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

District I
180 Box 1980, Hobbs, NM 88241-1980
District II
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1000 Rio Brazos Rd., Aztec, NM 87410
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Energy, Minerals & Natural Resources Department

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Santa Fe, NM 87505

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name L-BAR RANCH			6 Well Number 1
7 OGRID No.		8 Operator Name CAPROCK PIPE AND SUPPLY			9 Elevation 6564

10 Surface Location

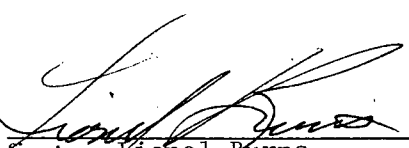
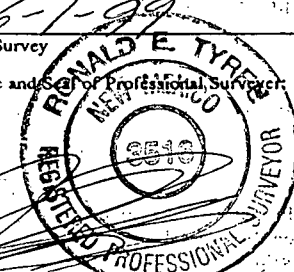
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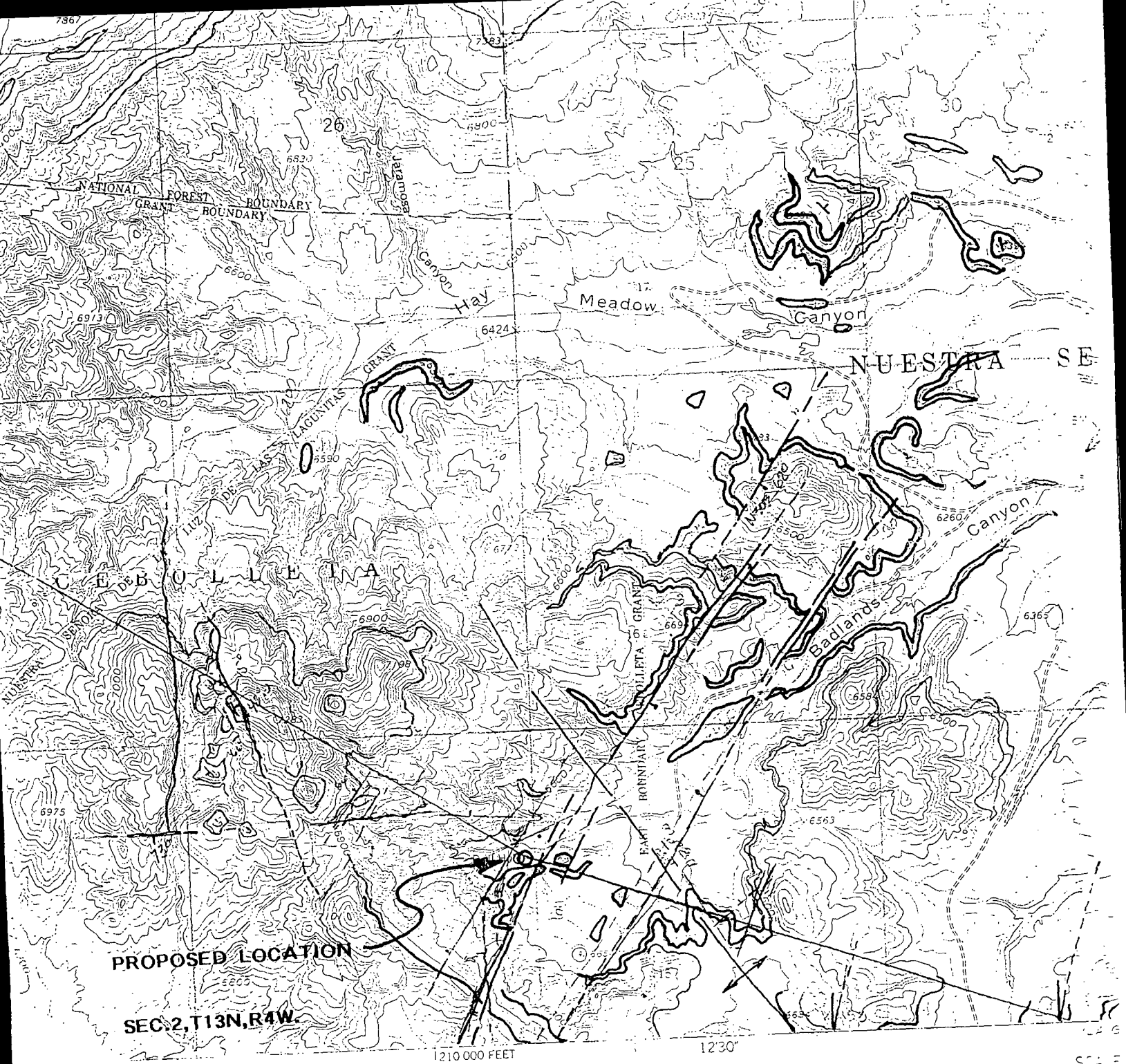
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12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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GPS Coordinates 1927 West Zone
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Geological Survey

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and field lines where
this information is unchecked

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Printed name: Lionel Burns

Title: President

Date: June 6, 1999

Phone: 505 3965881

OIL CONSERVATION DIVISION

Approved by:

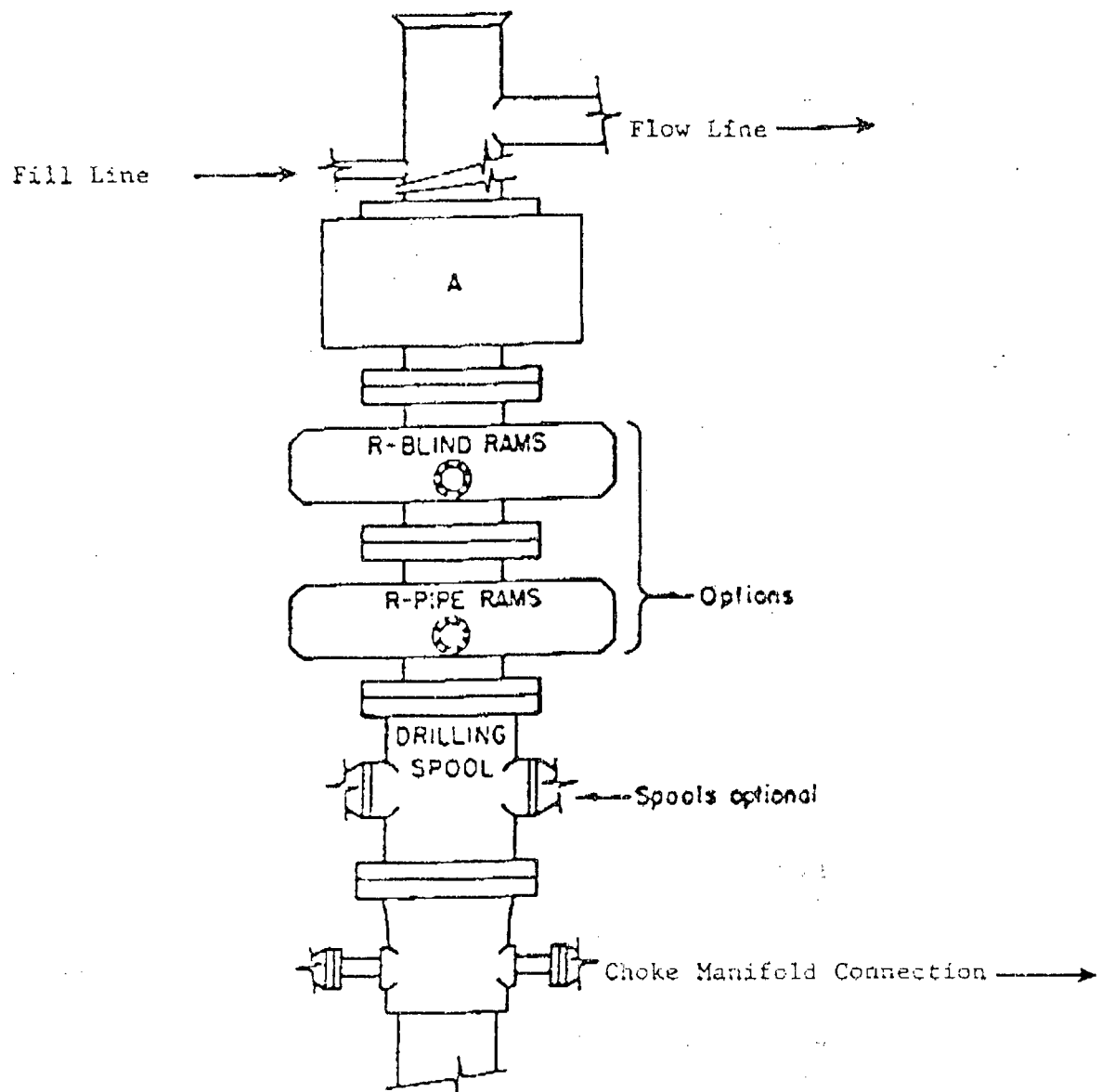
Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐



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5000 PSI WP

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State of New Mexico
Energy, Minerals & Natural Resources Department

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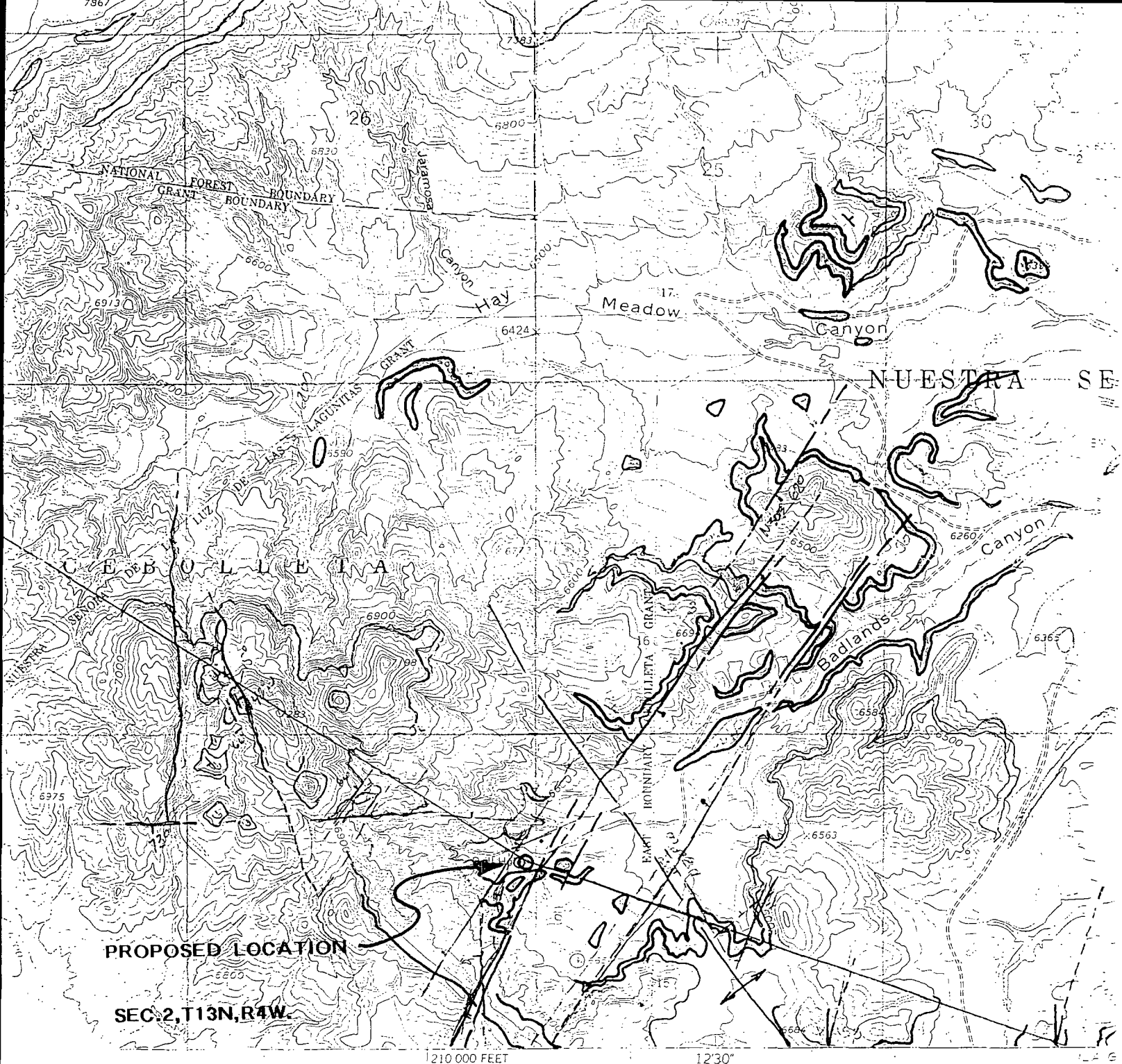
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Lionel Burns
Signature Lionel Burns
Caprock Pipe and Supply
Printed Name
President
Title
June 6, 1999
Date

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6-1-99
Date of Survey
Signature and Seal of Professional Surveyor
RONALD E. TYRRE
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
3516
Certificate Number 153516

GPS Coordinates 1927 West Zone
N 1,595,225.10'
E 683,367.49'

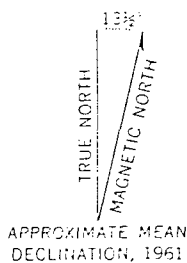


Geological Survey

SCALE

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ticks.

and field lines where
information is unchecked



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DATE

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A FOLDER DESCRIBING TOPOGRAPHIC