

OCD-ARTESIA

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER ARTESIA, NM

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. <b>36425</b> <b>Corral Fly Federal 3-H</b>
2. Name of Operator <b>Southwestern Energy Production Company</b> <b>148111</b>		9. API Well No. <b>30-015-35717</b>
3a. Address <b>2350 N. Sam Houston Parkway East, Suite 125</b> <b>Houston, Texas 77032</b>	3b. Phone No. (include area code) <b>(281) 618-4887</b>	10. Field and Pool, or Exploratory <b>Corral Canyon, Delaware, NW</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>2520' FNL &amp; 1880' FWL of Sect. 10, T25S R29E Eddy County New Mexico</b> At proposed prod. zone <b>200' FNL &amp; 1880' FWL of Sect. 10, T25S R29E Eddy County New Mexico</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>Sec 10, T25S - R29E</b>
14. Distance in miles and direction from nearest town or post office*		12. County or Parish <b>Eddy</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		13. State <b>NM</b>
16. No. of acres in lease <b>160</b>	17. Spacing Unit dedicated to this well <b>80</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth <b>7,324' MD / 5,209' TVD</b>	20. BLM/BIA Bond No. on file <b>ES-0051</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3,024' GL</b>	22. Approximate date work will start* <b>06/30/2007</b>	23. Estimated duration <b>24 days</b>

## CARLSBAD CONTROLLED WATER BASIN

## 24. Attachments

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

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature <b>Martha C. Howard</b>	Name (Printed/Typed) <b>Martha Howard</b>	Date <b>05/10/2007</b>
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Title  
**Staff Regulatory Analyst**

Approved by (Signature) <b>S. Carley</b>	Name (Printed/Typed)	Date
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<b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	Date <b>MAY 29 2007</b>
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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, are attached.

APPROVAL FOR TWO YEARS

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 page 2)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED  
SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

DECLARED WATER BASIN  
CEMENT BEHIND THE **95/8"**  
CASING MUST BE **Circulated**  
UNORTHODOX  
LOCATION

If earthen pits are used in  
association with the drilling of this  
well, an OCD pit permit must be  
obtained prior to pit construction.



"Martha Howard"  
<Martha\_Howard@SWN.CO  
M>

05/23/2007 09:20 AM

To <kurt\_simmons@nm.blm.gov>

cc

bcc

Subject FW: BLM Questions

Kurt,

Below is the e-mail from Alan our drilling engineer. This is the data we went over this morning. Thanks for all your help. Please give me a call if you have additional questions.

Martha C. Howard  
Staff Regulatory Analyst  
281-618-4887 direct  
281-618-4758 fax  
Martha\_Howard@SWN.com

**From:** Alan Grimsley  
**Sent:** Tuesday, May 22, 2007 8:56 PM  
**To:** Martha Howard  
**Subject:** BLM Questions

**Anticipated Penetration Point:**

Not really sure what they want but will try to answer it this way. This was already included in the initial submission.

See if you can find out what he really wants

The top of the Delaware will be penetrated at 3,074' MD/TVD and will be 2520' FNL and 1880' FWL  
The proposed production zone, the Cherry Canyon 4 Sand, will be penetrated at 5,482' MD / 5,209' TVD at 2,043' FNL and 1,880' FWL

**Safety Factors:**

Surface Casing: 9-5/8" 36 ppf J-55  
Connection: STC  
Condition: New  
Burst Safety Factor: 9.22  
Collapse Safety Factor: 6.17  
Tension Safety Factor: 14.59

Production Casing: 5-1/2" 17 ppf L-80  
Connection: LTC  
Condition: New  
Burst Safety Factor: 1.42  
Collapse Safety Factor: 3.87  
Tension Safety Factor: 2.86

Regards and have a Happy Vacation

**UNITED STATE DEPARTMENT OF THE INTERIOR**  
**Bureau of Land Management**  
**Carlsbad Field Office**  
**620 E. Greene Street**  
**Carlsbad, New Mexico 88221-1778**

**Statement Accepting Responsibility of Operations**

**Operator Name:** Southwestern Energy Production Company  
**Street or Box:** 2350 N Sam Houston Parkway East  
**City, State:** Houston, Texas  
**Zip Code:** 77032

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-15303

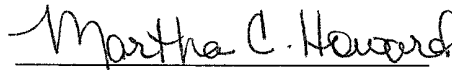
**Legal Description of Land:** SE $\frac{1}{4}$ NW $\frac{1}{4}$  Section 10 T25S R29E  
Eddy County, New Mexico

**Formation(s):** Delaware

**Bond Coverage:** Nationwide

**BLM Bond File No.:** ES0051

**Authorized Signature:**

  
Martha Howard

**Title:** Staff Regulatory Analyst

**Date:** 05/10/07

## DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code 96464	Pool Name Corral Canyon, Delaware, NW
Property Code	Property Name CORRAL FLY FEDERAL		Well Number 3-H
OGRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY		Elevation 3024'

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	10	25-S	29-E		2520	NORTH	1880	WEST	EDDY

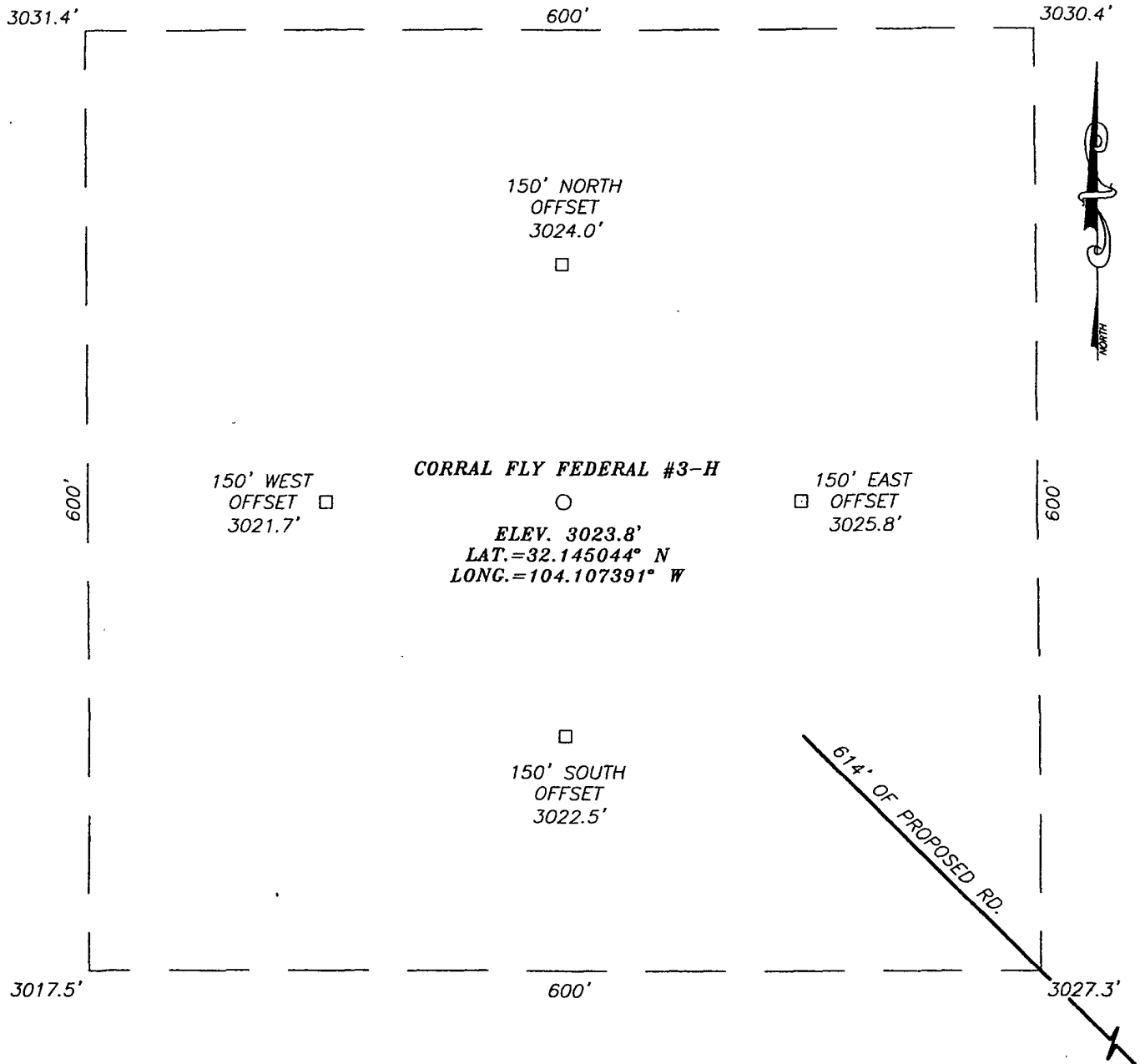
## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	10	25-S	29-E		200	NORTH	1880	WEST	EDDY
Dedicated Acres 80	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

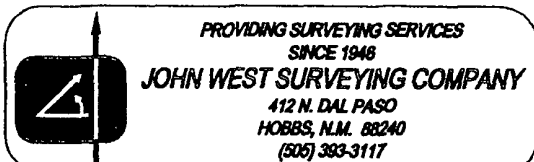
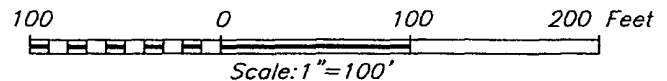
<p>GRID AZ.=359°58'57" HORZ. DIST.=2320.0'</p> <p>B.H.</p> <p>200'</p> <p>2520'</p> <p>S.L.</p> <p>SEE DETAIL</p> <p>1880'</p> <p>1880'</p> <p>DETAIL</p> <p>3031.4' 3030.5'</p> <p>600' 600'</p> <p>3017.5' 3027.3'</p> <p>BOTTOM HOLE LOCATION LAT.=418939.3 N LONG.=611113.7 W</p> <p>Project Area Producing Area</p> <p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=416619.8 N X=611114.2 E LAT.=32.145044° N LONG.=104.107391° W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>James Alan Grimsley</i> 4/6/07 Signature Date JAMES ALAN GRIMSLEY Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>GARY G. EIDSON MARCH 27, 2007 Date Surveyed Signature &amp; Seal of Professional Surveyor LA 07:11:0386 Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>
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**SECTION 10, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,**  
EDDY COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #285 AND CO. RD. #725 (LONGHORN RD.), GO EAST ON CO. RD. #725 APPROX. 3.9 MILES. TURN LEFT AND GO NORTHEAST AT ROAD APPROX. 1.8 MILES TO A "Y" INTERSECTION. TURN LEFT AND GO NORTH APPROX. 4.6 MILES. TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY NORTHWEST APPROX. 825 FEET TO THIS LOCATION.



**SOUTHWESTERN ENERGY PRODUCTION COMPANY**

CORRAL FLY FEDERAL #3-H WELL  
LOCATED 2520 FEET FROM THE NORTH LINE  
AND 1880 FEET FROM THE WEST LINE OF SECTION 10,  
TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

Survey Date: 03/27/07		Sheet 1 of 1 Sheets	
W.O. Number: 07.11.0386		Dr By: AR	Rev 1:N/A
Date: 03/29/07	Disk:	07110386	Scale: 1"=100'

**Southwestern Energy Production Company**  
**Drilling and Operations Program**

**Corral Fly Federal #3H**  
**2,520' FNL & 1880' FWL, Unit F**  
**Section 10, T25S, R29E**  
**Eddy County New Mexico**

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Southwestern Energy Production Company submits the following ten (10) items of pertinent information in accordance with BLM requirements. The surface location was moved 230' to the East as requested during the predrill site inspection. The attached plat reflects that change.

1. **The geological surface formation is Permian.**
  
2. **The estimated tops of geological markers are as follows**

<b>Formation</b>	<b>Depth (ft)</b>
Rustler	575'
Top Salt	1,505'
Bottom Salt	2,824'
Top of Delaware	3,074'

3. **The estimated depth at which water, oil or gas formations are expected to be encountered:**

Delaware                      3,074'                      Oil

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 9-5/8" casing at 750' MD and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them by inserting a float shoe joint into the 5-½" production casing which will be run at TD to sufficiently cover all known oil and gas horizons 200' above.

**Corral Fly Federal #3H  
Drilling Plan**

**4. Proposed Well and Casing Program:**

The well plan consists of drilling a vertical hole to the KOP (kick off point) at 4,732' MD/TVD. The hole will be directional drilled utilizing a build rate of 12°/100' to penetrate the Cherry Canyon 4 Sand at 5,482' MD / 5,209' TVD at 90° of angle with a 359.99° Azimuth. The Cherry Canyon 4 will be intersected at 2,043' FNL and 1,880' FWL of Section 10 T25S R29E. The well will continue laterally (90°) for ±2,320' of vertical displacement. The proposed BHL will be 200' FNL & 1,880' FWL of section 10. The top of the Delaware will be intersected at 3,074' MD/TVD at 2,520' FNL and 1,880' FWL of Section 10. A drilling prognosis, directional plot, and proposed survey report are attached as Exhibit #1 & #2.

<u>Hole Size</u>	<u>Interval</u>	<u>Casing OD</u>	<u>Wt.</u>	<u>Grade</u>
12-1/4"	0-750'	9-5/8"	36#	J-55
8-3/4"	0- 7,324'	5-1/2"	17#	N-80

**Proposed Cementing Program:**

**9-5/8" Surface Casing:**

Based on 100% excess and circulating to surface

Lead: 150 sxs of 35:65 Poz:Class "C" @ 12.7 ppg (Yield 1.88 ft<sup>3</sup>/sx)

Tail: 150 sxs of Class "C" @ 14.8 ppg (Yield 1.34 ft<sup>3</sup>/sx)

**5-1/2" Production Casing:**

Stage 1: 360 sxs of TXI Lightweight + 100% D151 + 0.2% D174 + 0.2% D46 + 0.5% D65 + 2% S1 mixed at 13.0 ppg (Yield = 2.76ft<sup>3</sup>/sx)  
Top of cement for Stage 1 to be at 4,800' MD and based on 50% excess

DV Tool at 4700' MD

**Stage 2:**

Lead: 850 sxs of 35:65 Poz:Class C + 6%D20 + 0.2% D167 + 0.2% D65 + 0.2% D46 mixed at 12.5 ppg (Yield = 2.0 ft<sup>3</sup>/sx)

Tail: 100 sxs Class "C" Neat @ 14.8 ppg (Yield = 1.32 ft<sup>3</sup>/sx)  
Top of cement for Stage 2 to be at surface and based on 50% excess in open hole

**Corral Fly Federal #3H  
Drilling Plan**

**5. Pressure Control Equipment**

The blowout preventor equipment (BOP) shown in Exhibit #3 will consist of a 2000 psig WP double ram type preventor and annular preventer. Both units will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and 4-½" pipe rams on bottom. Both BOP's will be installed on the 9-5/8" surface casing and utilized continuously until total depth is reached. All BOP's and associated equipment will be tested to 1000 psig with the rig pump prior to drilling out the 9-5/8" casing shoe.

5cc  
COA  
Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These function tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and manifold having a 5000 psig WP rating.

Actual BOP and manifold drawing will be submitted after rig selection.

**6. Mud Program:**

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

Depth	Type	MW (ppg)	Viscosity (sec)	Fluid Loss (cc)
0-750'	Fresh Water	8.5	28-30	Not Controlled
750' – 7,324'	Brine	9.8 - 10.2	38-45	10-12 cc in Lateral

**7. Auxiliary Equipment:**

- A Kelly Cock will be in the drill string at all times
- A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times

**8. Testing, Logging, and Core Program:**

- No drillstem tests are anticipated
- The electric logging program will consist of:
  - i. Total Depth of Horizontal Drainhole to Kick off Point:  
Gamma Ray Depth Control log



**Corral Fly Federal #3H  
Drilling Plan**

**9. Potential Hazards**

No abnormal pressures or temperatures are expected.

The estimated BHP of the Cherry Canyon 4 Sand is 1500 psig with an BHT of 130°F.

There is no known presence of H<sub>2</sub>S in this area.

**10. Anticipated Starting Date and Duration of Operations**

Road and location construction will begin after the BLM has approved the APD.

The anticipated spud date is June 30, 2007..

Move in operations and drilling is expected to take 24 days. If production casing is run, an additional 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.



DRILLING PROGNOSIS  
Southwestern Energy Production Company

Exhibit #1

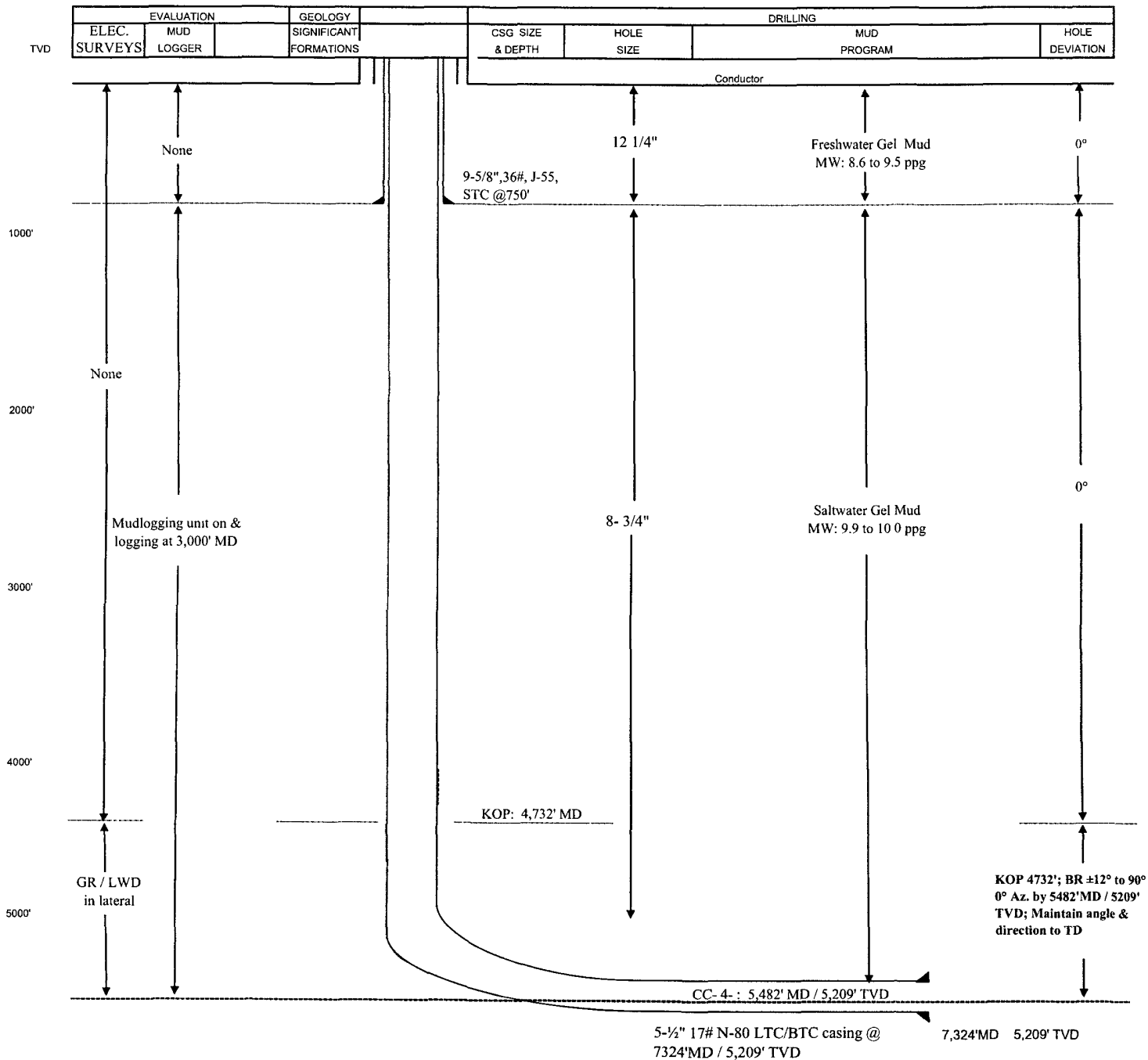
WELL NAME: Corral Fly Federal #3-H

AFE NO.

LOCATION: Sec. 10, T25S, R29E  
Eddy County NM  
SL: 2520' FNL 1880' FWL  
BHL: 200' FNL 1880' FWL  
TGT ENTRY PT: 2,043' FNL 1880' FWL  
OBJECTIVE: Cherry Canyon Sd, CC-4

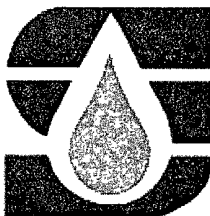
PROSPECT: Corral Fly

EST. ELEVATION: GL 3024'; RKB  $\pm$ 16"



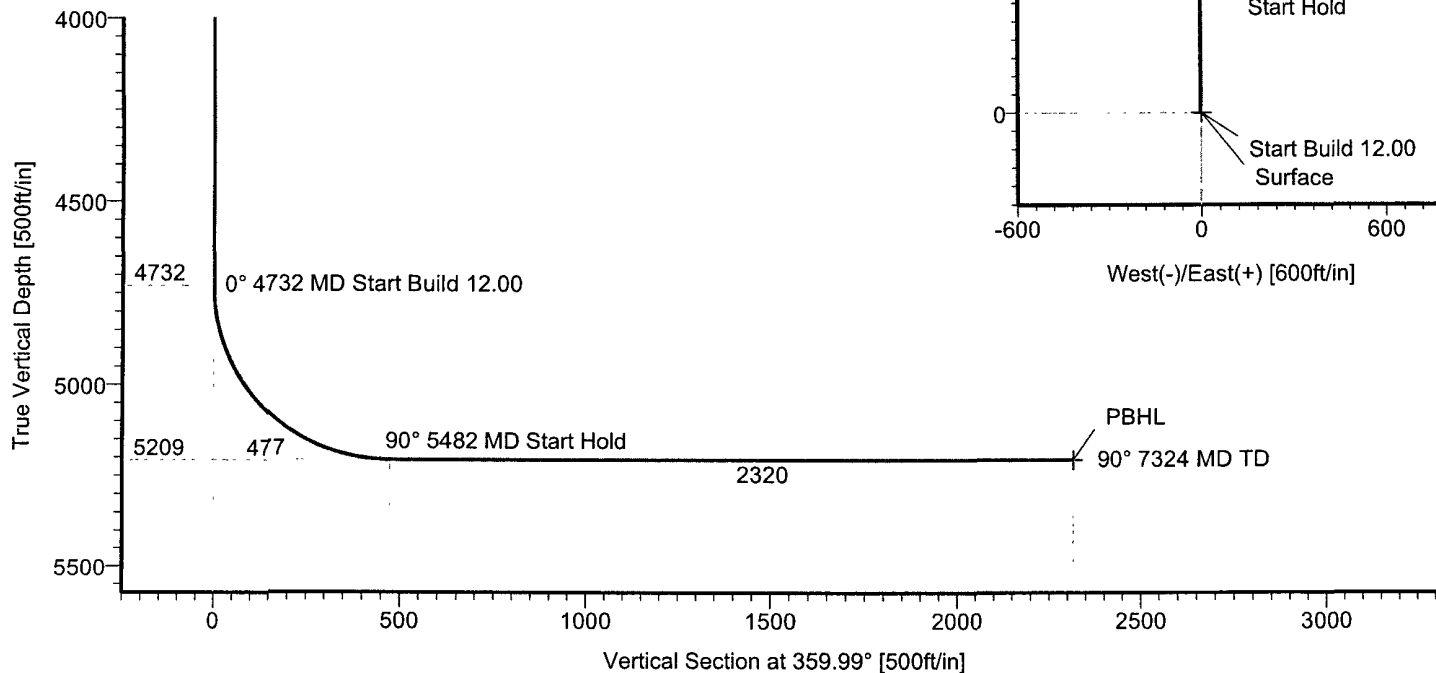
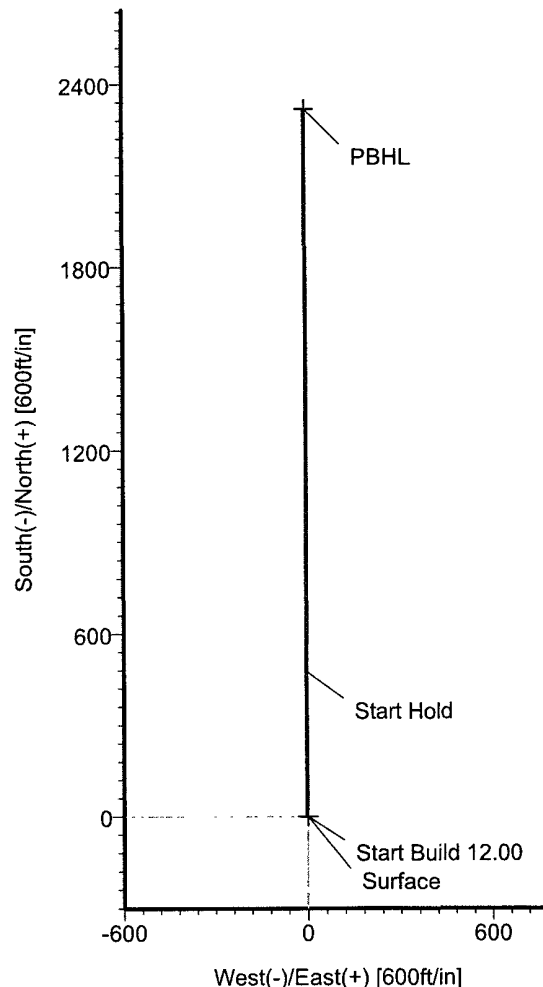
# SOUTHWESTERN ENERGY COMPANY

Field: Eddy County, NM  
 Site: Corral Fly Federal #3H  
 Well: #3H  
 Wellpath: Original Hole  
 Plan: Plan #1



Azimuths to Grid North  
 True North: -0.19°  
 Magnetic North: 8.05°

Magnetic Field  
 Strength: 48982nT  
 Dip Angle: 60.15°  
 Date: 4/23/2007  
 Model: igrf2005



## TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
Surface	0.00	0.00	0.00	416619.80	611114.20	Point
PBHL	5209.00	2319.50	-0.50	418939.30	611113.70	Point

## SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	359.99	0.00	0.00	0.00	0.00	0.00	0.00	
2	4731.54	0.00	359.99	4731.54	0.00	0.00	0.00	0.00	0.00	
3	5481.54	90.00	359.99	5209.00	477.46	-0.10	12.00	359.99	477.46	
4	7323.57	90.00	359.99	5209.00	2319.50	-0.50	0.00	0.00	2319.50	PBHL

**STRATA**  
 DIRECTIONAL TECHNOLOGY, INC.

STRATA DIRECTIONAL TECHNOLOGY, INC.  
 1034 Regional Park Drive Houston, Texas 77060  
 Phone: 713-934-9600 Fax: 713-934-9067

Plan: Plan #1 (#3H/Original Hole)  
 Created By: Ashley Wischnesky Date: 4/23/2007  
 Checked: \_\_\_\_\_ Date: \_\_\_\_\_

# Strata Directional Technologies, Inc.

## Planning Report

<b>Company:</b> SOUTHWESTERN ENERGY COMPANY <b>Field:</b> Eddy County, NM <b>Site:</b> Corral Fly Federal #3H <b>Well:</b> #3H <b>Wellpath:</b> Original Hole	<b>Date:</b> 4/23/2007 <b>Co-ordinate(NE) Reference:</b> Well: #3H, Grid North <b>Vertical (TVD) Reference:</b> SITE 3040.0 <b>Section (VS) Reference:</b> Well (0.00N,0.00E,359.99Azi) <b>Plan:</b> Plan #1																																																																																																																																																																																																						
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<b>Map System:</b> US State Plane Coordinate System 1927 <b>Geo Datum:</b> NAD27 (Clarke 1866) <b>Sys Datum:</b> Mean Sea Level																																																																																																																																																																																																							
<b>Map Zone:</b> New Mexico, Eastern Zone <b>Coordinate System:</b> Well Centre <b>Geomagnetic Model:</b> igrf2005																																																																																																																																																																																																							
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# Strata Directional Technologies, Inc.

## Planning Report

**Company:** SOUTHWESTERN ENERGY COMPANY  
**Field:** Eddy County, NM  
**Site:** Corral Fly Federal #3H  
**Well:** #3H  
**Wellpath:** Original Hole

**Date:** 4/23/2007  
**Co-ordinate(NE) Reference:** Well: #3H, Grid North  
**Vertical (TVD) Reference:** SITE 3040.0  
**Section (VS) Reference:** Well (0.00N,0.00E,359.99Azi)  
**Plan:** Plan #1

**Page:** 2

### Survey

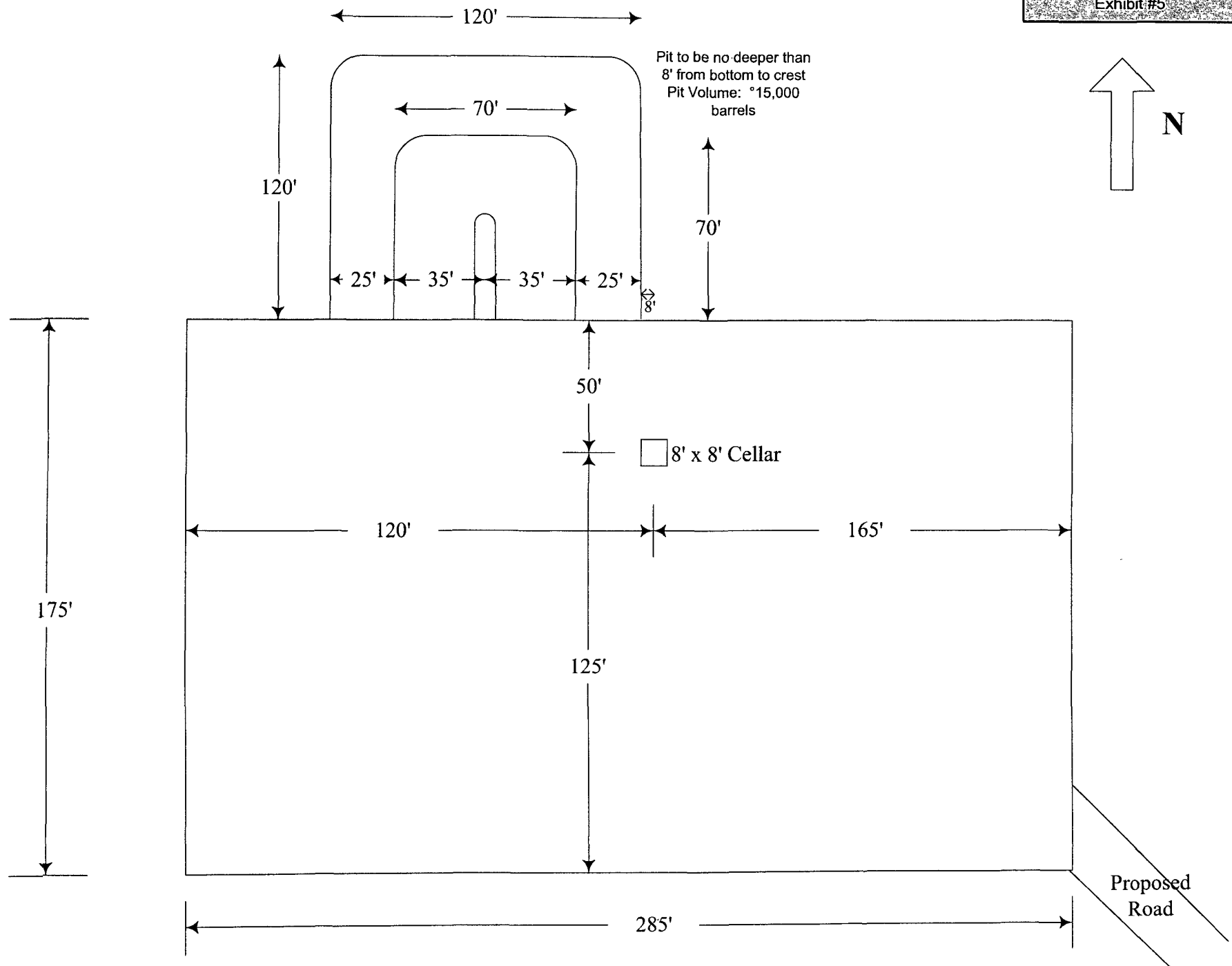
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
5150.00	50.22	359.99	5098.45	171.94	-0.04	171.94	12.00	12.00	0.00	
5175.00	53.22	359.99	5113.93	191.56	-0.04	191.56	12.00	12.00	0.00	
5200.00	56.22	359.99	5128.37	211.96	-0.05	211.96	12.00	12.00	0.00	
5225.00	59.22	359.99	5141.73	233.10	-0.05	233.10	12.00	12.00	0.00	
5250.00	62.22	359.99	5153.95	254.90	-0.05	254.90	12.00	12.00	0.00	
5275.00	65.22	359.99	5165.02	277.31	-0.06	277.31	12.00	12.00	0.00	
5300.00	68.22	359.99	5174.90	300.27	-0.06	300.27	12.00	12.00	0.00	
5325.00	71.22	359.99	5183.57	323.72	-0.07	323.72	12.00	12.00	0.00	
5350.00	74.22	359.99	5191.00	347.59	-0.07	347.59	12.00	12.00	0.00	
5375.00	77.22	359.99	5197.16	371.81	-0.08	371.81	12.00	12.00	0.00	
5400.00	80.22	359.99	5202.06	396.33	-0.09	396.33	12.00	12.00	0.00	
5425.00	83.22	359.99	5205.66	421.06	-0.09	421.06	12.00	12.00	0.00	
5450.00	86.22	359.99	5207.96	445.95	-0.10	445.95	12.00	12.00	0.00	
5475.00	89.22	359.99	5208.96	470.93	-0.10	470.93	12.00	12.00	0.00	
5481.54	90.00	359.99	5209.00	477.46	-0.10	477.46	12.00	12.00	0.00	
5500.00	90.00	359.99	5209.00	495.93	-0.11	495.93	0.00	0.00	0.00	
5600.00	90.00	359.99	5209.00	595.93	-0.13	595.93	0.00	0.00	0.00	
5700.00	90.00	359.99	5209.00	695.93	-0.15	695.93	0.00	0.00	0.00	
5800.00	90.00	359.99	5209.00	795.93	-0.17	795.93	0.00	0.00	0.00	
5900.00	90.00	359.99	5209.00	895.93	-0.19	895.93	0.00	0.00	0.00	
6000.00	90.00	359.99	5209.00	995.93	-0.21	995.93	0.00	0.00	0.00	
6100.00	90.00	359.99	5209.00	1095.93	-0.24	1095.93	0.00	0.00	0.00	
6200.00	90.00	359.99	5209.00	1195.93	-0.26	1195.93	0.00	0.00	0.00	
6300.00	90.00	359.99	5209.00	1295.93	-0.28	1295.93	0.00	0.00	0.00	
6400.00	90.00	359.99	5209.00	1395.93	-0.30	1395.93	0.00	0.00	0.00	
6500.00	90.00	359.99	5209.00	1495.93	-0.32	1495.93	0.00	0.00	0.00	
6600.00	90.00	359.99	5209.00	1595.93	-0.34	1595.93	0.00	0.00	0.00	
6700.00	90.00	359.99	5209.00	1695.93	-0.37	1695.93	0.00	0.00	0.00	
6800.00	90.00	359.99	5209.00	1795.93	-0.39	1795.93	0.00	0.00	0.00	
6900.00	90.00	359.99	5209.00	1895.93	-0.41	1895.93	0.00	0.00	0.00	
7000.00	90.00	359.99	5209.00	1995.93	-0.43	1995.93	0.00	0.00	0.00	
7100.00	90.00	359.99	5209.00	2095.93	-0.45	2095.93	0.00	0.00	0.00	
7200.00	90.00	359.99	5209.00	2195.93	-0.47	2195.93	0.00	0.00	0.00	
7300.00	90.00	359.99	5209.00	2295.93	-0.49	2295.93	0.00	0.00	0.00	
7323.57	90.00	359.99	5209.00	2319.50	-0.50	2319.50	0.00	0.00	0.00	PBHL

### Targets

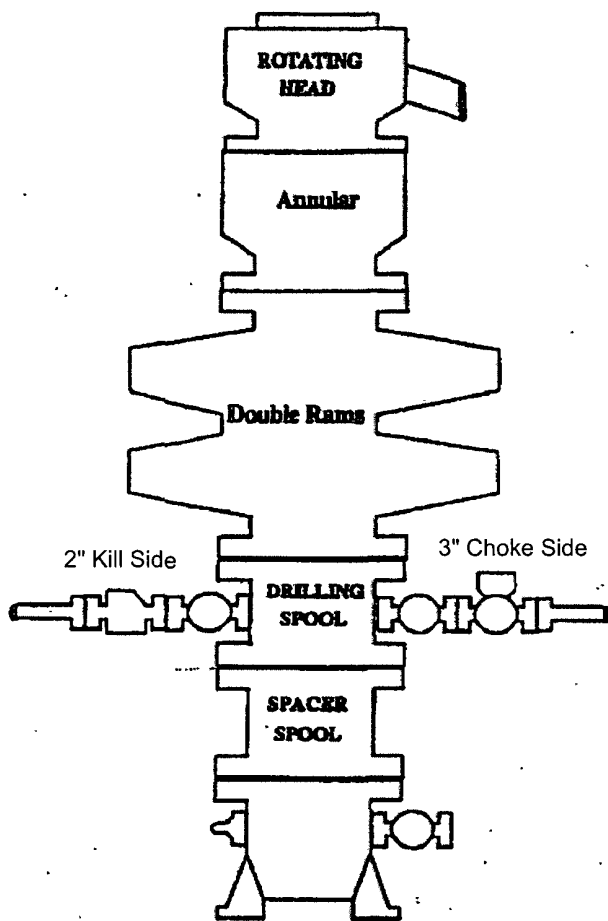
Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<--- Latitude ---> Deg Min Sec			<--- Longitude ---> Deg Min Sec		
Surface			0.00	0.00	0.00	416619.80	611114.20	32	8	41.623 N	103	58	27.587 W
PBHL			5209.00	2319.50	-0.50	418939.30	611113.70	32	9	4.578 N	103	58	27.502 W

# Corral Fly Federal #3-H Generic Location and Pit Diagram

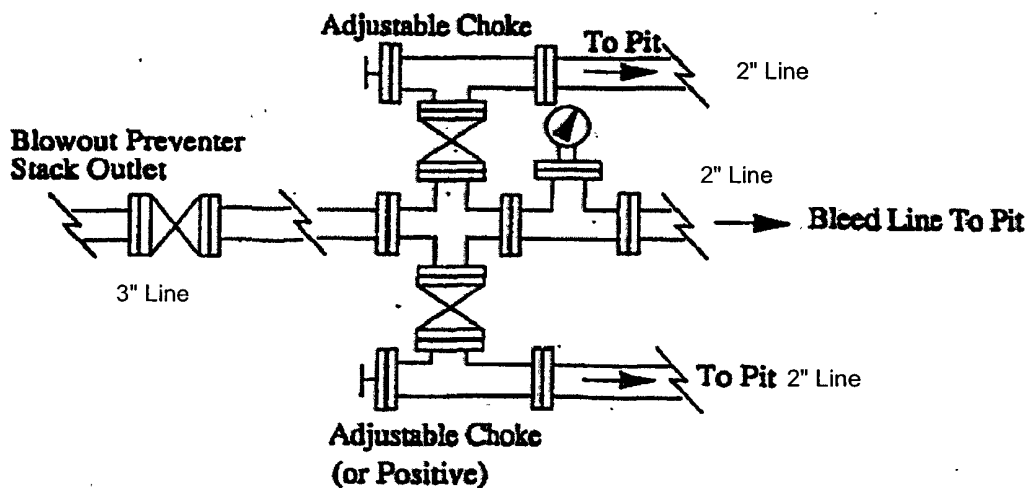
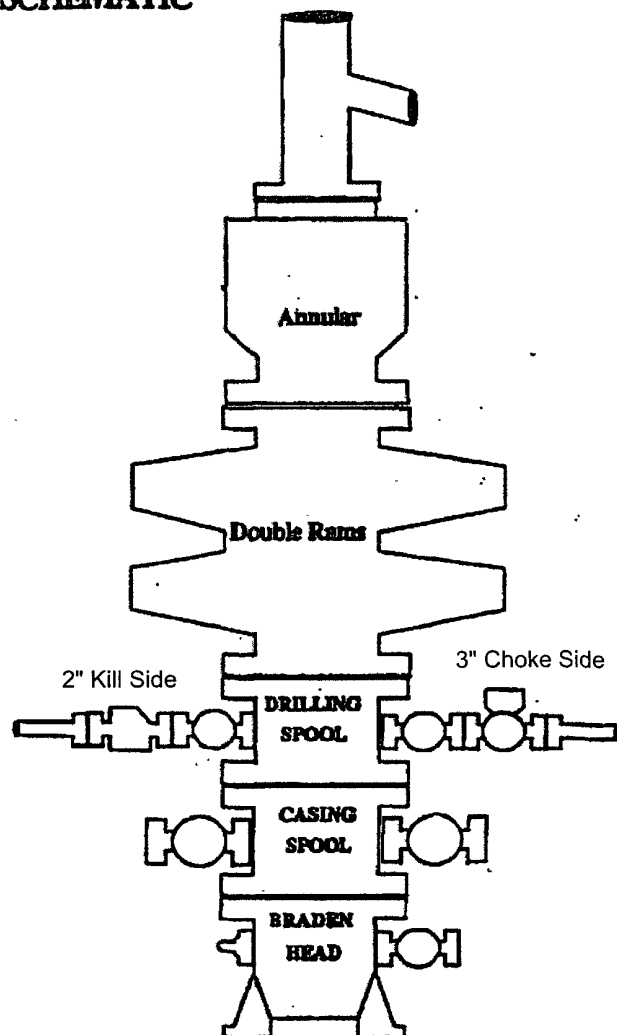
Exhibit #5



# BOPE SCHEMATIC



**Choke Manifold**





**Southwestern Energy  
Company**

**Southwestern Energy Production Company  
2350 N. Sam Houston Parkway East  
Suite 125  
Houston, Texas 77032**

# **Hydrogen Sulfide (H<sub>2</sub>S) Contingency Plan**

**For**

**Corral Fly Federal #3-H**

**And**

**Corral Fly Federal #4-H**



These wells are open drilling sites. H<sub>2</sub>S monitoring equipment and emergency response equipment will be used within 500' of the zones known to contain H<sub>2</sub>S, including warning signs, wind indicators and H<sub>2</sub>S monitor.

Assumed 100 ppm ROE = 3000' (Radius of Exposure)  
100 ppm H<sub>2</sub>S concentration shall trigger activation of this plan.

### **Emergency Procedures**

In the case of a release of gas containing H<sub>2</sub>S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H<sub>2</sub>S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H<sub>2</sub>S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

### **Ignition of Gas Source**

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

### **Characteristics of H<sub>2</sub>S and SO<sub>2</sub>**

<b>Common Name</b>	<b>Chemical Formula</b>	<b>Specific Gravity</b>	<b>Threshold Limit</b>	<b>Hazardous Limit</b>	<b>Lethal Concentration</b>
<b>Hydrogen Sulfide</b>	H <sub>2</sub> S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
<b>Sulfur Dioxide</b>	SO <sub>2</sub>	2.21 Air = 1	2 ppm	N/A	1000 ppm

## **Contacting Authorities**

Southwestern Energy Production Company personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the NMOCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Southwestern Energy Production Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

### **Southwestern Energy Production Call List      Office      Cellular**

Bruce Drummond – Production Foreman .....	505-393-1850 .....	505-631-8083
Jeff Kallmeyer – Production Engineer.....	281-618-7442 .....	832-260-1890
Alan Grimsley – Drilling Engineer.. .....	281-618-4068 .....	713-492-1657
Reese Mitchell – Drilling Manager.. .....	281-618-4071 .....	281-702-6703
David Pickard – HSE Manager..... .....	281-618-4054 .....	713-516-6296

## **Agency Call List**

### **Eddy County (505)**

#### **Artesia**

State Police.....	746-2703
City Police.....	746-2703
Sheriff's Office .....	746-9888
Ambulance .....	911
Fire Department .....	746-2701
LEPC (Local Emergency Planning Committee) .....	746-2122
NMOCD.....	748-1283

#### **Carlsbad**

State Police.....	885-3137
City Police.....	885-2111
Sheriff's Office .....	887-7551
Ambulance .....	911
Fire Department .....	885-2111
LEPC (Local Emergency Planning Committee).....	887-3798
US Bureau of Land Management .....	887-6544

New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR .....	(505) 827-9126
National Emergency Response Center (Washington, DC)	... (800) 424-8802

## **Other**

Wild Well Control	(281) 353-5481
Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control	(915) 699-0139 or (915) 563-3356
Halliburton .....	(432) 682-4305
B. J. Services.....	(505) 392-5556
B.J. Services	(505)746-3140
Schlumberger	(505) 748-1391
Flight For Life -4000 24th St, Lubbock, TX .....	(806) 743-9911
Aerocare -Rr 3 Box 49f , Lubbock, TX .....	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM .....	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM ....	(505) 842-4949

**Southwestern Energy Production Company**  
**Surface Use and Operating Plan**

**Corral Fly Federal #3H**  
**2,520' FNL & 1,880' FWL, Unit F**  
**Section 10, T25S, R29E**  
**Eddy County New Mexico**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

**1. Existing Roads**

- a. The well site and elevation plat for the proposed well are reflected in the attached survey. This well was surveyed by John West Surveying Company in Hobbs, New Mexico.
- b. All roads into the location are depicted in Exhibit #4.
- c. All existing roads will be maintained in the same or better condition.
- d. Directions to location:  
From Malaga, New Mexico go north on Hwy 285 to SR 31 and turn right (East). Follow SR 31 to SR 128. Turn right onto SR 128 and continue on SR 128 (East of mile marker 19), turn South on Buck Jackson Road (CR 786) for 9.2 miles. Turn West (right) on CR 787 for 0.1 miles. Turn Southwest (left) on El Paso Pipeline ROW for 4.6 miles. Turn West (right) @ Devon Energy (Southwestern Energy) Sign. Go Northwest 0.5 miles to a "Y" in the road. Take right at "Y" and follow main road approximately 6.2 miles

**2. Access Road**

- a. Exhibit #4 shows the existing lease road. Approximately 614' of new access road will be required. It will be constructed as follows:
  - i. The maximum width of the road will be 15'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
  - ii. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest to the location.
  - iii. No cattle guards, grates, or fence cuts will be required. No turnouts are planned.

**3. Location of Existing Wells**

- a. Exhibit # 4 is a plat that shows all wells within a 1-mile radius of the proposed surface location.

## **Corral Fly Federal #3H**

### **Surface Use and Operating Plan**

#### **4. Proposed Facilities**

- a. In the event the well is found productive, a tank battery would be constructed.
- b. The tank battery, all connections and all lines will adhere to API standards.
- c. If the well is productive, rehabilitation plans are as follows:
  - i. The reserve pit will be closed pursuant to OCD rules and guidelines.
  - ii. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

#### **5. Methods of Handling Water Disposal**

- a. Drill cuttings will be disposed into the reserve pit.
- b. All trash, junk, and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- c. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pits are dry enough to be closed. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approved disposal site. The reserve pit will be closed pursuant to NM OCD rules and guidelines.
- d. Water produced during completion will be put into the reserve pit. Oil and condensate produced will be put in a storage tank and sold.

#### **6. Well Site Layout**

- a. Exhibit #5 shows the proposed well site layout dimensions of the well pad and reserve pit.
- b. Mud pits in the active circulating system will be steel pits & the reserve pit will be lined with a 12 mil synthetic liner.
- c. The reserve pit will be fenced on three sides during drilling and completion operations. After the rig is removed, the reserve pit will be fenced on the fourth side to preclude endangering wildlife. The fencing shall remain in place until the pit is reclaimed. If the well is a producer, the reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

#### **7. Other Information**

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, sagebrush, yucca, and miscellaneous weeds.
- b. The surface and minerals are owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is of limited use except for the grazing of livestock and the production of oil and gas.
- c. An archaeological survey has been performed and was forwarded to the Bureau of Land Management.
- d. There are no dwellings within 2 miles of location.

**Corral Fly Federal #3H  
Surface Use and Operating Plan**

**Operators Representative:**

**Through APD Approval:**

Martha Howard  
Regulatory Analyst  
Southwestern Energy Production Company  
2350 N. Sam Houston Parkway East  
Houston, Texas 77032  
Phone: (281) 618- 4887

**Through Drilling Operations:**

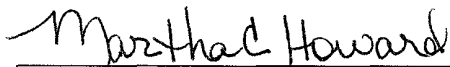
Alan Grimsley  
Drilling Engineer  
Southwestern Energy Production Company  
2350 N. Sam Houston Parkway East  
Houston, Texas 77032  
Phone: (281) 618- 4068  
Cell: (713) 492-1657

**Through Completion and Production Operations:**

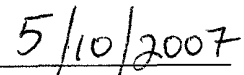
Bruce Drummond  
Production Superintendent  
Southwestern Energy Production Company  
816 E. Green Acres  
Hobbs, New Mexico, 88240  
Phone: (505) 393- 1850  
Cell: (505) 631-8083

**Certification:**

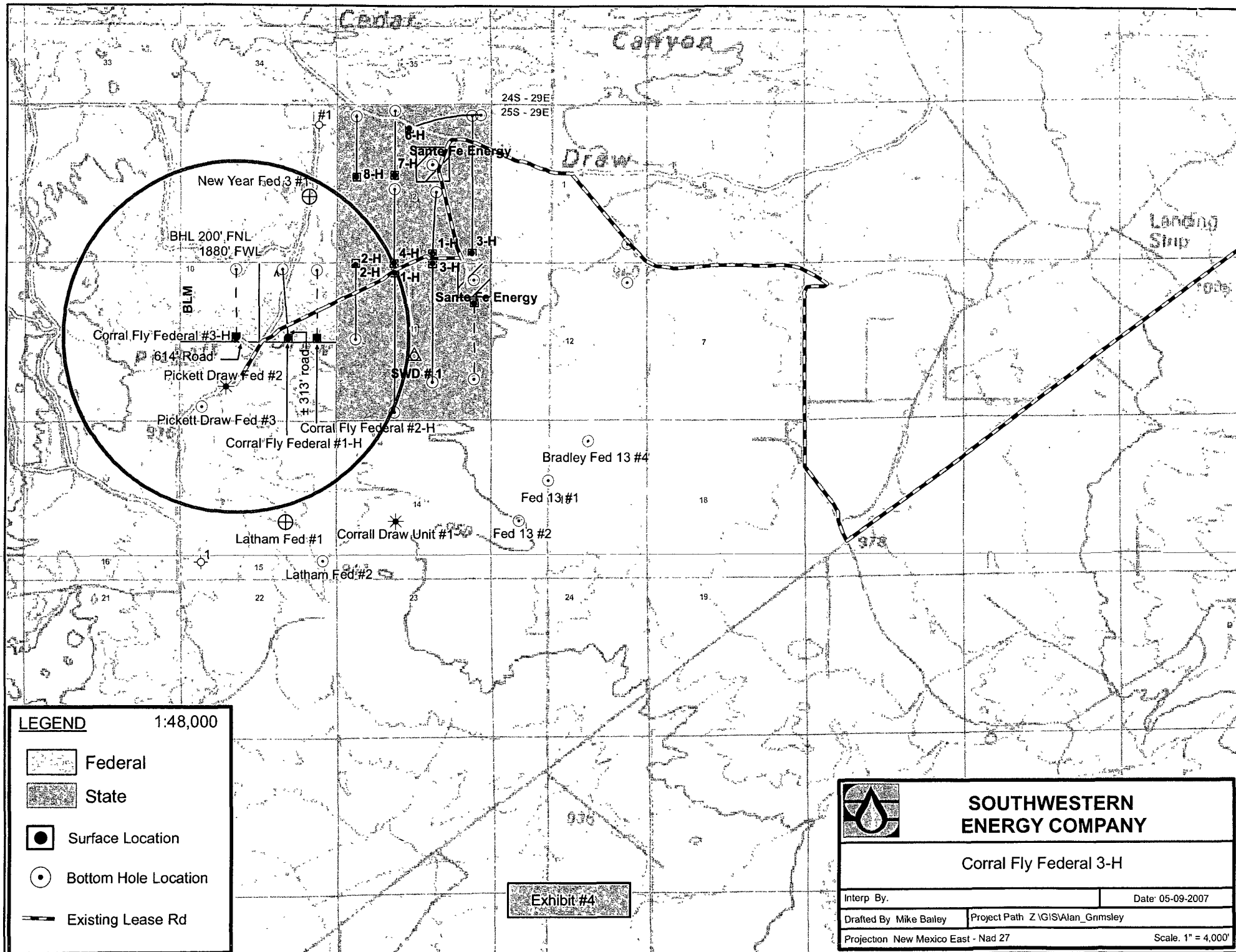
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed therein will be performed by Southwestern energy Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.








Martha Howard  
Staff Regulatory Analyst



Date



**LEGEND** 1:48,000

-  Federal
-  State
-  Surface Location
-  Bottom Hole Location
-  Existing Lease Rd



**SOUTHWESTERN  
ENERGY COMPANY**

**Corral Fly Federal 3-H**

Interp. By.		Date: 05-09-2007
Drafted By: Mike Bailey	Project Path: Z:\GIS\Alan_Grimsley	
Projection: New Mexico East - Nad 27		Scale: 1" = 4,000'

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Southwestern Energy Production Company  
Well Name & No. 3H-Corral Fly Federal  
Location: SH: 2520' FNL, & 1880' FWL  
BH: 200' FNL & 1880' FWL Sec. 10, T25S, R29E  
Lease: NM 15303

---

### I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
  2. Setting and/or Cementing of all casing strings: 9-5/8 inch and 5-1/2 inch
  3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- B. Although no Hydrogen Sulfide (H<sub>2</sub>S) has been reported in the area, it is always a potential hazard.
- C. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

### II. CASING:

- A. The 9-5/8 inch surface casing shall be set a minimum of 25 feet into the Rustler Anhydrite at approximately 750 feet and cemented to the surface.
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
  2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
  3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
  4. If cement falls back, remedial action will be done prior to drilling out that string.
- B. The minimum required fill of cement behind the 5-1/2 inch production casing is Sufficient to circulate to the surface.
- C. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool I joints of the drill pipe will be installed prior to continuing drilling operations.



### **III. PRESSURE CONTROL:**

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53.
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 inch surface casing shoe shall be **2000 (2M)** PSI.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - 1. The tests shall be done by an independent service company.
  - 2. The results of the test shall be reported to the appropriate BLM office.
  - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

**Engineer on call phone: 505-706-2779**

**DG 052207**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

July 10, 2007

Southwestern Energy Company  
2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Texas 77032

Attention: Mr. J. Alan Grimsley

Re: **Corral Fly Federal Well No. 3-H**  
**API No. N/A**  
**Surface Location: 2520' FNL & 1880' FWL, Unit F**  
**Bottomhole Location: 200' FNL & 1880' FWL, Unit C**  
**Section 10, T-25 South, R-29 East, NMPM,**  
**Eddy County, New Mexico**

*Administrative Order NSL-5649*

Dear Mr. Grimsley:

Reference is made to the following:

- (a) Southwestern Energy Company's ("Southwestern") application for a non-standard well location (*administrative application reference No. pCLP0716231170*) for the Corral Fly Federal Well No. 3-H that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 8, 2007; and
- (b) the Division's records pertinent to your request.

Southwestern requests approval of an unorthodox well location for its proposed Corral Fly Federal Well No. 3-H in the **Undesignated West Corral Canyon-Delaware Pool** (Oil – 13365), which is to be drilled as a horizontal producing well from an unorthodox surface location 2520 feet from the North line and 1880 feet from the West line (Unit F), to an unorthodox bottomhole location 200 feet from the North line and 1880 feet from the West line (Unit C) of Section 10, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico. The well is to be dedicated to an 80-acre "Project Area" comprising the E/2 NW/4 of Section 10.

It is our understanding that the Corral Fly Federal Well No. 3-H will penetrate the pay zone within the Delaware formation at a location approximately 2043 feet from the North line and 1880 feet from the West line of Section 10, and that the well will then be drilled horizontally a distance of approximately 1843 feet to an unorthodox bottomhole location.

The West Corral Canyon-Delaware Pool is currently governed by Division Rule 19.15.3.104(B).

Division records show that the Corral Fly Federal Well No. 3-H will be the first well producing from the West Corral Canyon-Delaware Pool within the proposed project area.

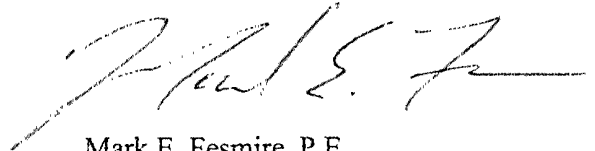
The proposed unorthodox surface and bottomhole locations are necessary in order to maximize the horizontal extent of the wellbore.

Southwestern stated in its application that no perforations within the well will be placed closer than 330 feet to the outer boundary of the project area.

Pursuant to Division Rule 19.15.3.104(F), the applicant has provided notice of this application to all affected offset operators and/or interest owners. No objection has been received by the Division within the 20-day waiting period prescribed by Division Rule 19.15.3.104(F)(4).

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox surface and bottomhole well location in the Undesignated West Corral Canyon-Delaware Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.  
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Artesia  
Bureau of Land Management-Carlsbad