

AMENDED APPLICATION UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE

Form approved. Budget Bureau No. 42-R1423.

30-015-21854

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL [X] DEEPEN [] PLUG BACK []

b. TYPE OF WELL OIL WELL [X] GAS WELL [] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []

2. NAME OF OPERATOR Black River Corporation

3. ADDRESS OF OPERATOR 620 Commercial Bank Tower, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660' FWL & 560' FSL, Section 17 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 10 miles South of Whites City

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3808.5' GL

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Row 1: 12 1/4", 9 5/8, 36, 1,450', Circulate

We propose to drill a 12 1/4" hole to 1450' which is approximately 200' into Delaware sandstone, which is very well consolidated. We will then set 1450' of 9 5/8" 36# casing, circulate cement and WOC a minimum of 24 hours. From this point we will drill an 8 3/4" hole. If lost circulation is encountered in either the Delaware or Bone Springs formations, 7" casing will be set into the third Bone Springs and cemented with 500 sx. A 6 1/2" hole would then be drilled to total depth. If commercial production is indicated, a 4 1/2" liner will be run and hung in the 7" casing with sufficient cement to cement the entire liner. If lost circulation is not encountered in the Delaware or Bone Springs formations and prior to drilling into the Wolfcamp formation, the mud weight will be raised to a weight which is sufficient to safely control bottom hole pressures in the Wolfcamp and Pennsylvanian formations. If the increased weight does not result in lost circulation, the 8 3/4" hole will be drilled to total depth and a 4 1/2" production string will be run from the surface to T.D. If the increased weight does result in lost circulation, 7" casing will be set and cemented as set out above. Native mud will be used to 9 5/8" casing point. Fresh water will be used in the interval from 9 5/8" casing point to the top of the Strawn formation. Below which a fresh water gel chemical mud with adequate weight and viscosity will be utilized.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to drill or deepen directionally, give data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Ronnie Souder TITLE Vice President DATE 6-21-76

PERMIT NO. JUN 22 1976 APPROVED BY DATE SEP 23 1976 SUBJECT TO ATTACHED DEEP WELL CONTROL REQUIREMENTS DATED JUN 22 1973

5. LEASE DESIGNATION AND SERIAL NO. NM 0556850 6. IF INDIAN, ALLOTTEE OR TRIBE NAME 7. UNIT AGREEMENT NAME 8. FARM OR LEASE NAME Hudson Federal 9. WELL NO. 1 10. FIELD AND POOL, OR WILDCAT Wildcat 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 17, T-26-S, R-25-E 12. COUNTY OR PARISH Eddy 13. STATE New Mexico

RECEIVED JUN 25 1976 O.C.C. ARTESIA, OFFICE

RECEIVED JUN 22 1976 U.S. GEOLOGICAL SURVEY ARTESIA, N.M.

AMENDED APPLICATION

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 7-65
Supersedes L-128
Effective 10-65

All distances must be from the outer boundaries of the Section.

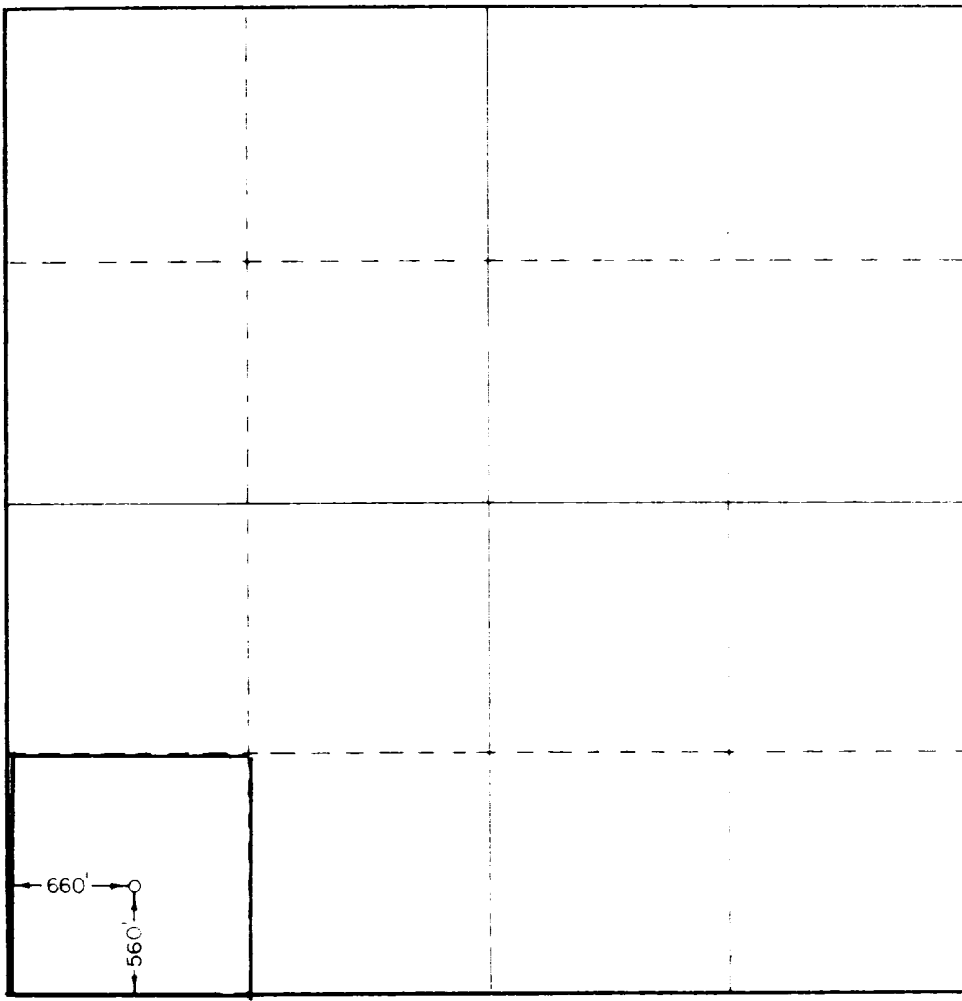
Operator BLACK RIVER CORPORATION			Lease HUDSON FEDERAL		Section 1
Tract Letter M	Section 17	Township 26 SOUTH	Range 25 EAST	County EDDY	
Actual Point of Location of Well:					
560	feet from the	SOUTH	line and	660	feet from the
					WEST
Ground Level Elev. 3808.5	Producing Formation Wildcat		Depth 40		

1. Outline the acreage dedicated to the subject well by colored pencil or suitable marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, forced-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (use reverse side of this form if necessary) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

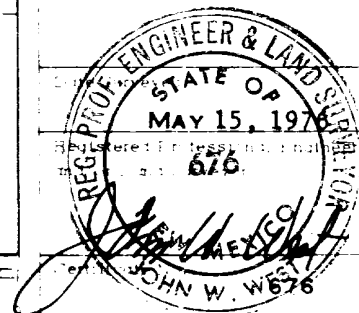
Ronnie Jewellers

Vice President

Black River Corporation

June 21, 1976

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 knowledge and belief.



0 330 660 990 1320 1650 1980 2310 2640 2970 3300

SURFACE USE PLAN

AMENDED APPLICATION

BLACK RIVER CORPORATION, HUDSON FEDERAL #1
660' FWL & 560' FSL of Sec. 17, T26S, R25E
Lease NM 0556850, Eddy County, N.M.

This plan is to accompany "Application for Permit to Drill" the subject well which is located approximately 10 miles south of Whites City, New Mexico. The following is a discussion of pertinent information concerning possible effect which the proposed drilling of the well may have on the environment of the well and road sites and surrounding acreage. A copy will be posted on the derrick floor so that all contractors and sub-contractors will be aware of all items of this plan.

1. AREAL ROAD MAP - Exhibit "A" is a portion of a New Mexico State Highway Department topographic map, Eddy County, New Mexico, showing existing black top roads. A lease road runs within approximately 6340 feet southwest of the proposed location. From this point the planned road will be constructed in a north easterly direction to the location. See Exhibit "A".
2. LOCATION OF EXISTING WELLS - Several shallow wells have been drilled within a two-mile radius and are shown on Exhibit "B" with the proposed location and access road.
3. PROPOSED WELL MAT AND IMMEDIATE ACCESS - Refer to Exhibit "C" for direction orientation and road access.
 - a. MAT SIZE - 200' X 225'.
 - b. SURFACED - Will be bladed, watered and compacted.
 - c. RESERVE PIT - 80' X 80' pit lined with plastic, joining mat to the north.
 - d. CUT & FILL - Location is nearly level, only general leveling will be required.
 - e. DRILL SITE LAYOUT - Exhibit "C" shows position of mat, reserve pits, burn pits, trash pits, and mud pits in relation to the well bore. Rig will be erected with the V-Door to the east.
 - f. SETTING AND ENVIRONMENT -
 - (1) TERRAIN - Low rolling hills, See Exhibit "A", topographic map of area.
 - (2) SOIL - Gypsum base soil.
 - (3) VEGETATION - Sparse vegetation, being mostly grease wood, shinnery and other semi-desert plants with sparse grass and small weeds.
 - (4) SURFACE USE - Grazing.
 - (5) OTHER - Drill site, which is in nearly flat semi-arid desert country, is in a low environmental risk area. The total effect of drilling and producing this and other wells in this area would be minimal.

g. DISTANCES TO:

- (1) PONDS AND STREAMS - There are no surface waters within 1/2 mile.
- (2) WATER WELLS - No water well or windmill could be seen within 1/2 mile.
- (3) RESIDENCES AND BUILDINGS - There are no houses or buildings within 1/2 mile.
- (4) ARROYOS, CANYONS, ETC. - Outside of low rolling hills, there are no surface features within 1/2 mile. See Exhibit "A".

h. WELL SIGN - Sign identifying and locating well will be maintained at drill site with the spudding of the well.

i. OPEN PITS - All pits containing mud or other liquids will be fenced or guarded.

4. ROADS

a. EXISTING ROADS - All existing roads within three miles of well site are shown on Exhibit "A".

b. PLANNED ROADS - Plan to construct 6340' of new 10 foot wide road to be bladed and compacted if necessary. New road is colored in red on Exhibit "B" and is an extension of a lease road.

c. FENCES, GATES AND CATTLEGUARDS - None.

5. TANK BATTERY - If production is encountered, battery will be located on a northwest extension of the well mat as shown on Exhibit "C".

6. LEASE PIPELINES

a. EXISTING - None.

b. PLANNED - If production is encountered, all lease lines are to be constructed on well mat.

7. WASTE DISPOSAL - Well cuttings will be disposed in reserve pit. Barrel trash containers to be in accessible locations within drill site area during drilling and completion procedures. All detrimental waste will be hauled away, burned or buried with a minimum cover of 24" of dirt. See Exhibit "C" for location of pits. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. Any produced water will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted to the Survey for appropriate approval.

8. WATER SUPPLY - Supply water will be hauled.

9. ARCHAEOLOGICAL RESOURCES - None observed.

10. RESTORATION OF SURFACE - If well is productive, pits will be backfilled and leveled as soon as practical to original condition.

11. OPERATOR'S REPRESENTATIVE - Field personnel who can be contacted concerning compliance of this Surface Use Plan are as follows:

Production & Drilling

Forrest Miller
1006 N. Shore Drive
Carlsbad, New Mexico 88220

Office Phone: 505-885-9059
Home Phone: 505-887-1742

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions as they actually exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the proposed work performed by Black River Corporation and its contractors and sub-contractors will conform to this plan.

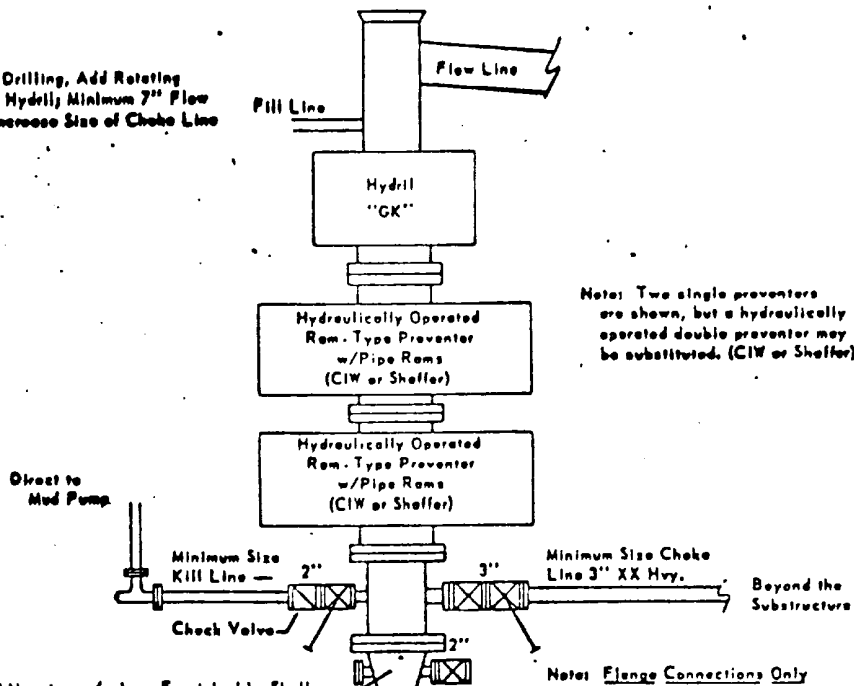
June 21, 1976
Date

Ronald D Sowders
Ronald D. Sowders, Vice President

MINIMUM BLOWOUT PREVENTER EQUIPMENT FOR HAZARDOUS INTERMEDIATE PRESSURE SERVICE

Class II (3000 psi WP - Series 900)

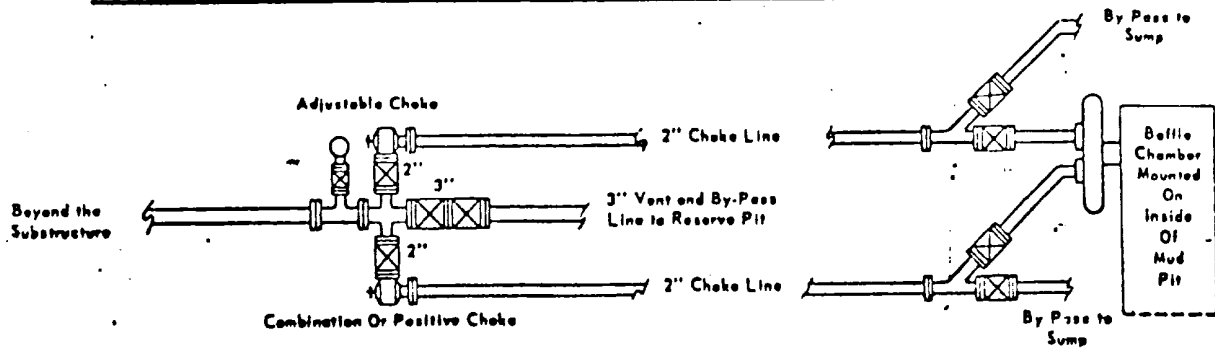
Notes: For Air Drilling, Add Rotating Head above Hydril Minimum 7" Flow Line, and increase Size of Choke Line to 4".



Note: Two single preventers are shown, but a hydraulically operated double preventer may be substituted. (CIW or Shaffer).

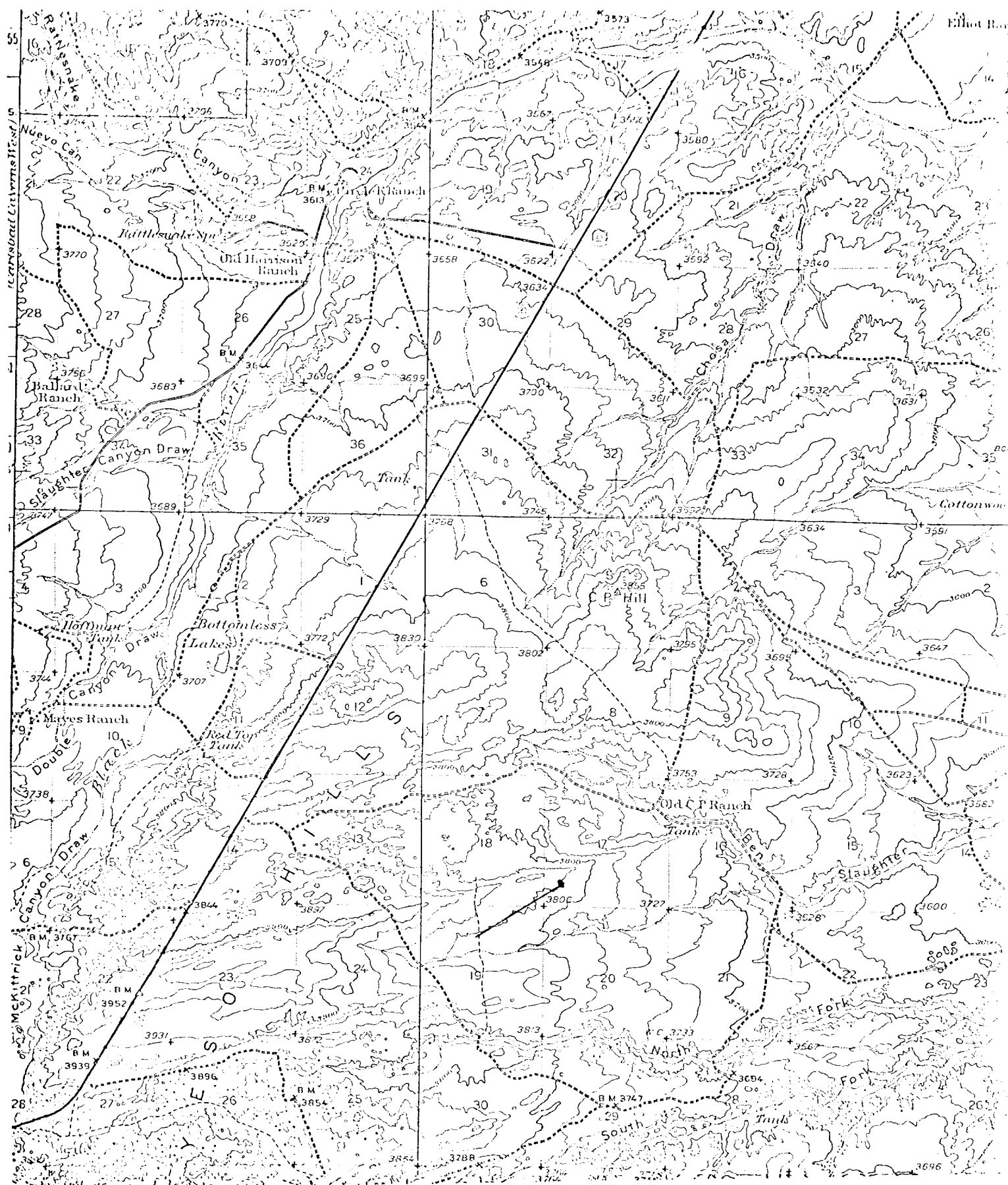
Casing Head Housing w/valves Furnished by Shell

Note: Flange Connections Only



MINIMUM REQUIREMENTS

1. All BOP's, valves, fittings and lines shall have 3000 psi WP (Series 900) ratings.
2. All equipment from the top preventer to the outermost valve or choke shall be pressure tested to 3000 psi.
3. All valves employed must be gate type suitable for high pressure mud service.
4. Outside valves on spool that are 4" or larger shall be hydraulically operated.
5. The Cameron steel ring and a rubber "O" ring shall be required on all BOP Flange connections.
6. Replacement parts for chokes shall be available at rig.
7. All lines shall be securely anchored.
8. Casing wear ring shall be required when the BOP is larger than the nominal casing size.
9. An 80 gallon hydraulic accumulator with an operating pressure of 1500 psi shall be required.
10. Two control points (a master control manifold and a remote control manifold including Hydril regulator valves,) shall be properly equipped and connected to BOP's with steel lines.
11. Inside BOP and holly cock shall be provided.
12. BOP's shall have extensions for locking rams.
13. Outside valve on choke line and inside valve on kill line shall have extensions for operating valves.
14. Valve on casing head housing shall be used only in an extreme emergency.
15. Choke and vent line shall be streamlined with no abrupt turns or bends.



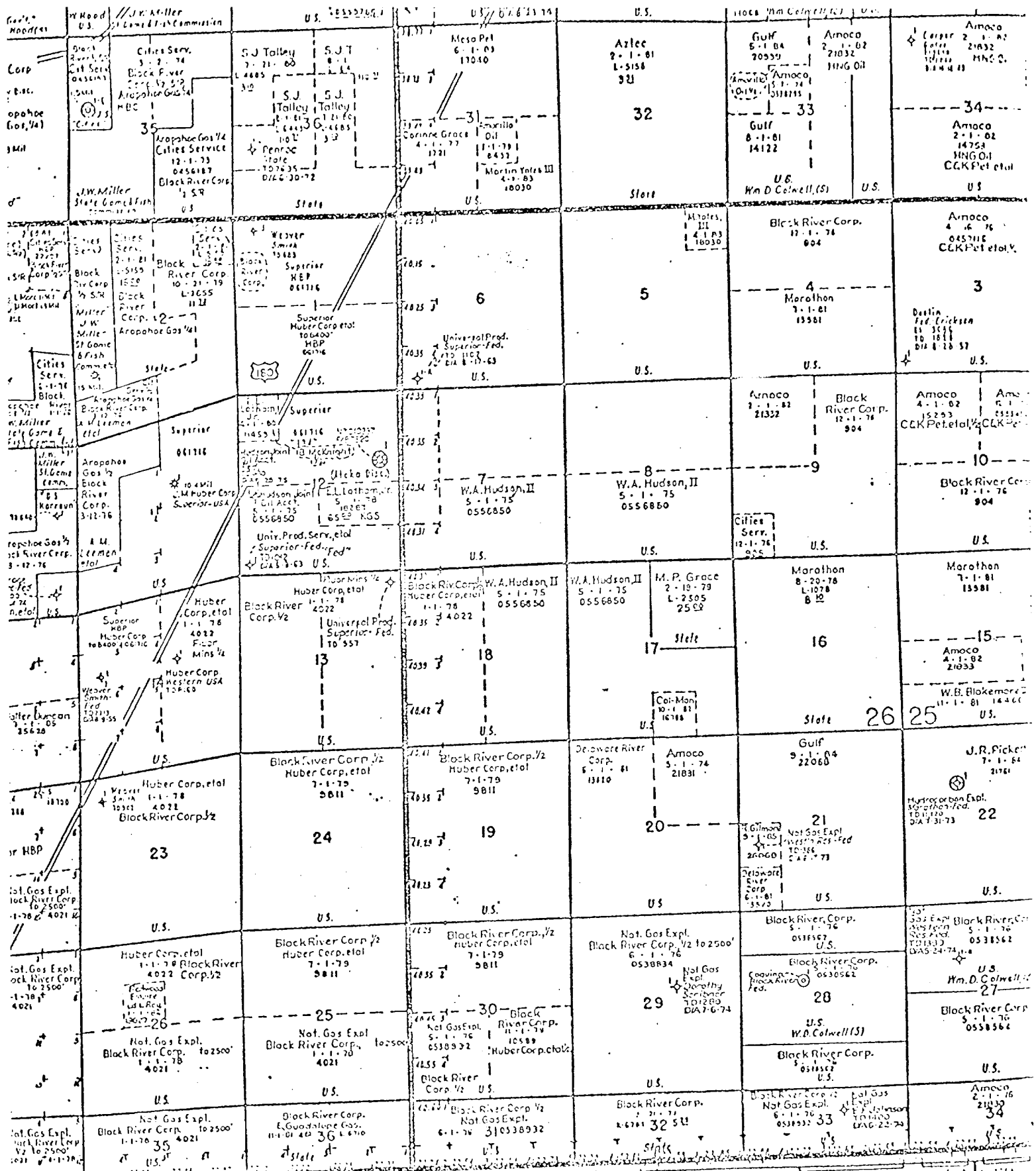
AMENDED APPLICATION

BLACK RIVER CORPORATION
 Surface Use Development Plan
 Well - Hudson Federal #1
 Date - May 25, 1976

From the existing road at approximately 6340', we propose to build an access road in a north easterly direction to the proposed location (see above). We will enter the location from the West. Length 6340', width 10'. Road will be cleared to allow passage and compacted if necessary.

660' FWL 560' FSL, Section 17:
 T-26-S, R-25-E
 Eddy County, New Mexico

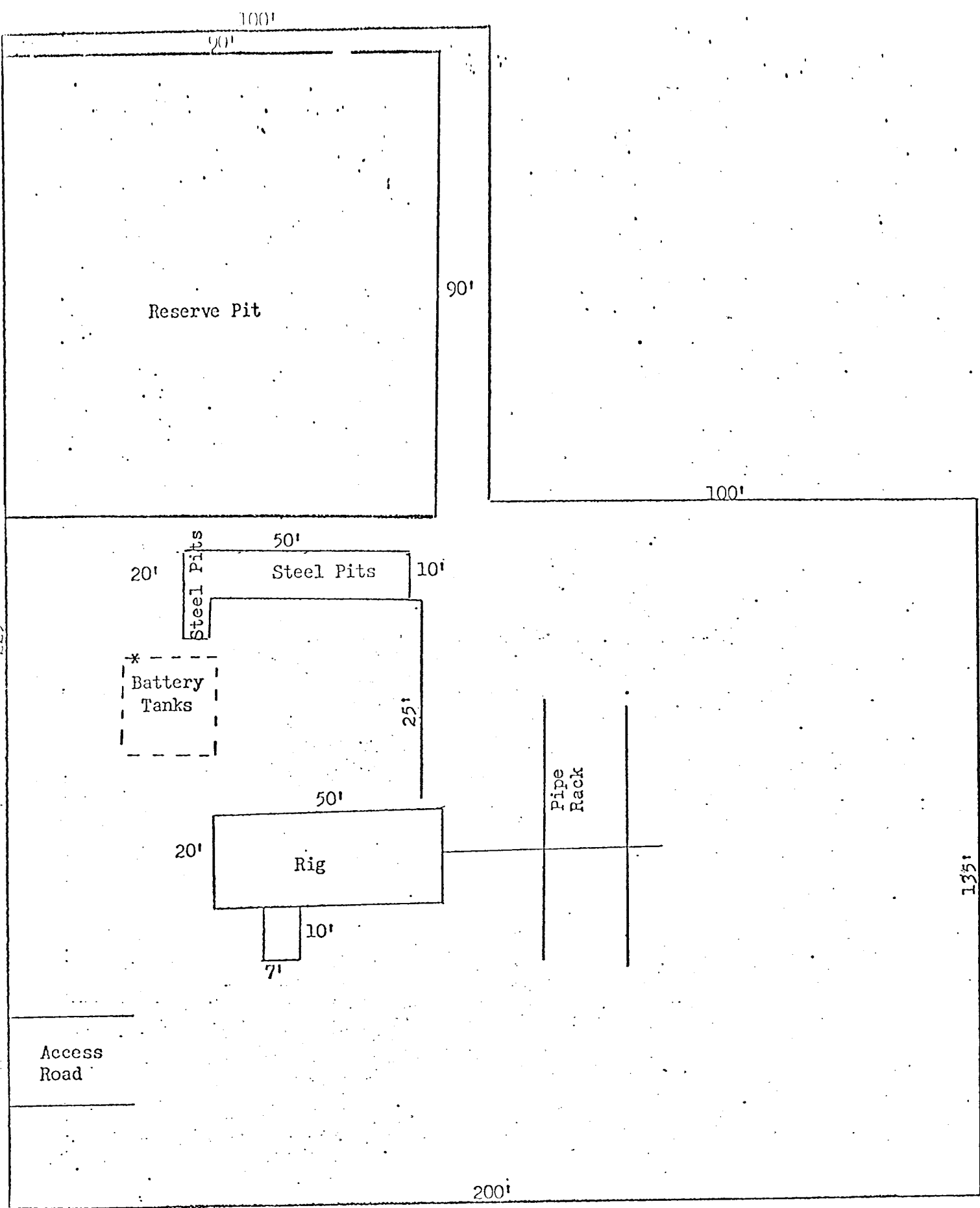
- If productive, tank battery and flow line will be located on drilling pad.
- Drilling water will be hauled to location. No camps or airstrips.
- After completion, location and pits will be leveled and filled. Topsoil where available will be restored to the surface.
- The Cuttings Trench will be utilized for trash disposal.
- See attached sheet for Rig Layout.



AMENDED APPLICATION

SURFACE USE PLAN - Exhibit "B"
 Black River Corporation -
 660'W 560'S Sec 17 26S 25E
 Eddy County, New Mexico

705Ac. Knox, Minn. TXL
 GSC Ac. (State)
 H.L. Morrison, Exec. Mrs. H.T. Farrell, Est.
 2116
 710Ac. Texaco, Minn. TXL
 651Ac. Delaware Riv Corp
 A 1755
 Lone Star 10-20-77
 4
 11 1054
 11 11
 12 1811
 13 24 51



AMENDED APPLICATION

BLACK RIVER CORPORATION
 Surface Use Development Plan
 Well - Hudson Federal #1
 Date - May 25, 1976

660' FWL 560' FSL, Section 17:
 T-26-S, R-25-E
 Eddy County, New Mexico

*Tank battery will be located at least 100 feet from the well bore.