

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other in reve
tions on de)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> Re-enter DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM 103858 & NM 58804		
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR Primero Operating Inc			7. UNIT AGREEMENT NAME		
3. ADDRESS OF OPERATOR PO Box 1433, Roswell, NM 88202-1433			8. FARM OR LEASE NAME #1 Arroyo Largo Fed Com		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660' FSL & 1980' FELL Sec. 10, T14S-R27E At proposed prod. zone same Unit 0			9. WELL NO. API 300005-62830		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 6 miles East of Hagerman, NM			10. FIELD AND POOL, OR WILDCAT Unites Spring Basin, Atoka Morrow		
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 660			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Unit 0 Sec 10 T14S-R27E		
16. NO. OF ACRES IN LEASE 160			12. COUNTY OR PARISH Chaves		
17. NO. OF ACRES ASSIGNED TO THIS WELL 320			13. STATE NM		
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A			19. PROPOSED DEPTH 7800		
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START April 1, 2000		
22. ELEVATIONS (Show whether DF, RT, GR, etc.) 3431' GR			23. PROPOSED CASING AND CEMENTING PROGRAM		

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
* 17 1/2	13 3/8	54.5	303	300 sx
* 12 1/2	8 5/8	24.0	1450	1000 sx
7 7/8	4 1/2	13.5 & 15.5	TD	350 sx

* 13 3/8" and 8 5/8" casing strings are already in place. cement was circulated by Yates Petroleum

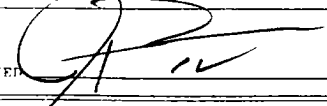
We propose to re-enter the dry hole drilled by Yates Petroleum in 1991 named the Arroyo Largo "AIR" Federal Com. #1. We will drill out the plugs at surface, 1294', 2216', 4591', 6238' and 7426'. We will then clean the hole out to 7800' and run 4 1/2" casing. The casing will be cemented with enough cement to bring the top of the cement to at least 1,000' above the top anticipated perforation. *

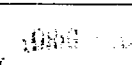
* To cover all oil, gas, water bearing formations. OCB
We then propose to perforate and test the Mississippian, Atoka and Strawn formations.

If the well is dry, we will plug and abandon following BLM and NMOCD rules and regulations.

Attachments: NMOCD Form C-102; BOP diagram; Surface use plan and drilling Program.

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

24. SIGNED  TITLE President DATE 2-14-00
(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE
APPROVED BY  TITLE Acting Assistant Field Manager, Lands And Minerals DATE MAR 2 1999
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

4. To cover off of, but, water passing for water.

BUREAU OF LAND MGMT
ROSWELL OFFICE

2000 FEB 15 A 11:49

RECEIVED

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT. Number		1 Pool Code		1 Pool Name Springer Basin, Atoka	
4 Property Code		5 Property Name Arroyo Largo Fed Com			6 Well Number 1
7 OGRID No. 018100		8 Operator Name Primero Operating Inc			9 Elevation 3431 GR

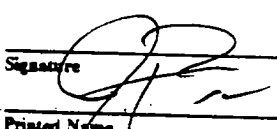
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
0	10	14S	27E		660	South	1980	East	Chaves

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code U		15 Order No.			

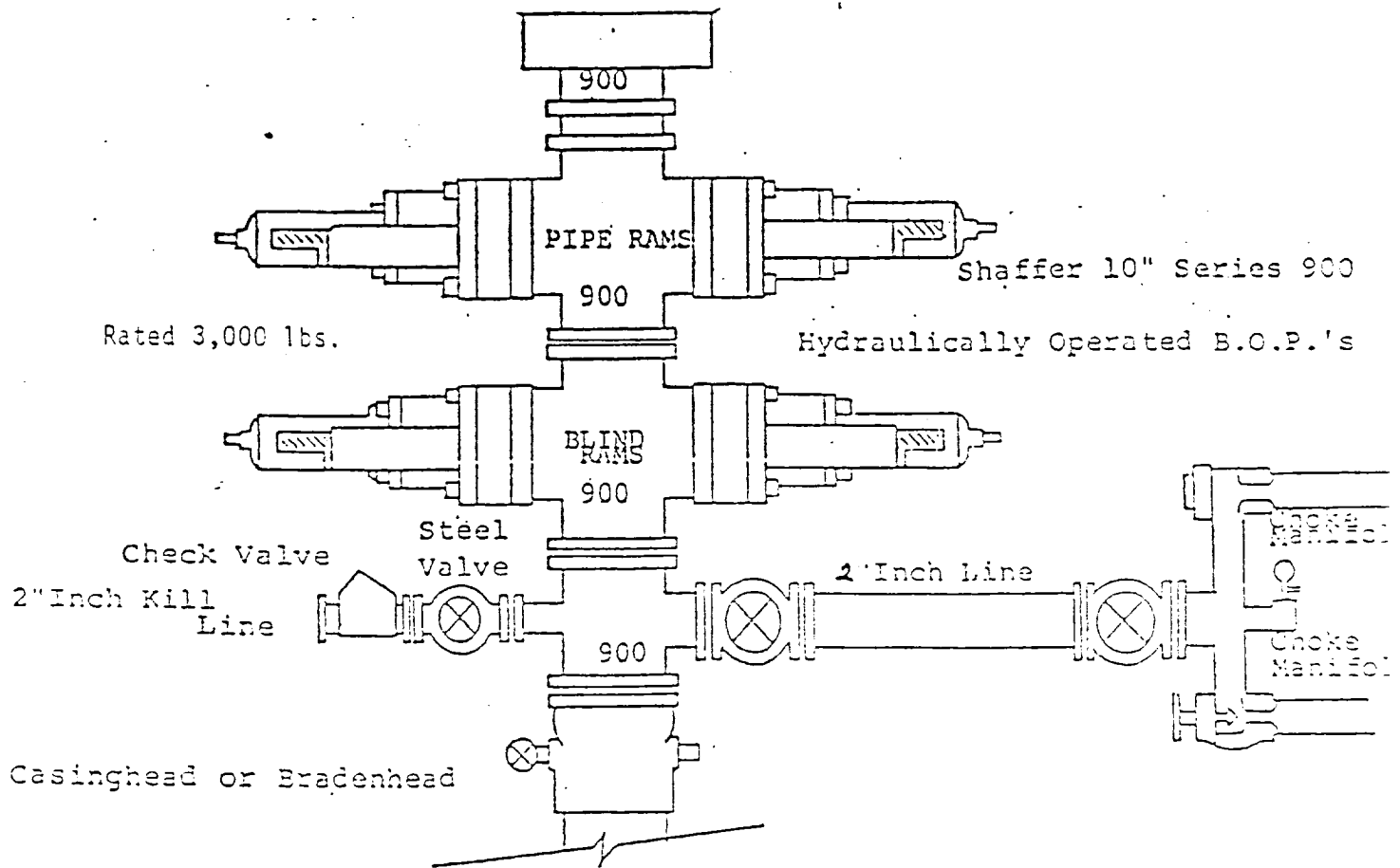
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		NM-58804 Santa Fe Snyder Corp 66.66%	NM-103858 Primero Operating Inc 100%
		Fasken Oil & Ranch 33.34%	
<div style="text-align: center;">O ————— 1980 ————— 660</div>			
17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature:  Printed Name: Phelps White Title: President Date: 2-14-00			
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: _____ Signature and Seal of Professional Surveyor: _____ Originally surveyed by Yates Petroleum Corp Certificate Number: _____			

ARROYO LARGO FED. COM. #1

660' FSL & 1980' FEL
Section 10 T14S, R27E
Chaves County, NM

BOP Diagram



SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3
Primero Operating, Inc.
Arroyo Largo Fed. Com. #1
660' FSL and 1980' FEL
Section 10, T14S, R27E
Chaves 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. Exhibit "A" is a portion of a BLM Topographic Roswell Quadrangle map showing the location of the proposed well re-entry project. The well site is located approximately 6 miles east of Hagerman, New Mexico. There are approximately 1 ½ miles of ranch/oilfield caliche road, all of which are in place.
- B. Directions to location: From Hagerman Travel East on Highway 31 approximately 7 miles. Turn left (North) onto caliche road and travel approximately 1/2 mile, turn left to go up the hill and travel another ½ mile to a gas well (Yates Pet. Long Arroyo Fed. #1). Turn left on location and travel ½ mile west to location.
- C. 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 Road:

Exhibit "A" shows the new access road to be used.

- A. Length and Width: We plan to use existing roads to the location, the existing roads are no wider than 12'. Approximately 1 ½ miles of un-paved road will be used.
- B. Construction: No new road or location will be constructed, however existing road and locations will be repaired where necessary in order for proper drainage. The average grade will be less than 1%
- C. No turnouts are necessary.
- D. No culverts, cattle guards, gates low water crossings, or fence cuts are necessary.
- E. No new Surfacing materials will be necessary.
- F. Off Lease Right of Way: None required.

3. Location of Existing Wells:

Existing wells within a one mile radius are shown on Exhibit "B".

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

- A. If the well is productive, a tank battery will be installed on the location and will probably consist of one 300 bbl storage tanks situated on the Southeast corner of the location. A two phase separator will be situated on the Northeast corner of the location.
- B. If commercial gas is encountered in this well, we will start negotiations with the nearest gas gathering system (probably Agave) and at that time will plan a proposed pipeline right of way running due east from location along the planned access road.

5. **Location of And type of Water Supply:**

Water will be trucked to location.

6. **Source of Construction Materials:**

None required.

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

- A. Drill cuttings will be disposed of in the reserve pit.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until they are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulation pertaining to the disposal fo human waste willl be complied with.

8. **Ancillary Facilities:**

None required.

9. **Well Site Layout:**

- A. The drill pad layout is shown in Exhibit "C". Dimensions of the pad and pits are shown.
- B. The reserve pit will be lined with a high quality plastic sheeting.

10. **Plans for Restoration of the Surface:**

- A. After completion of drilling and or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and

the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.

- B. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time that the rig is removed, the reserve pit will be fenced on the rig (fourth) side. 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.
- C. 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.

11. **Surface Ownership:**

The wellsite and lease is located on private surface. The surface owner is:

Holloway Trust
C.O. and Katy P. Holloway, trustees
P.O. Box 1571
Roswell, NM 88202-1571
505-622-6060

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

The Primero Operating, Inc. representative responsible for assuring compliance with the surface use plan is as follows:


Phelps White
Primero Operating, Inc.
P.O. box 1433
Roswell, NM 88202-1433
Phone: Office (505) 622-1001
Mobile (505) 626-7660
Home (505) 625-2376

13. **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 which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Primero Operating, Inc. and it's contractors and subcontractors in conformity with this plan and the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 2-15-2000

Signed:

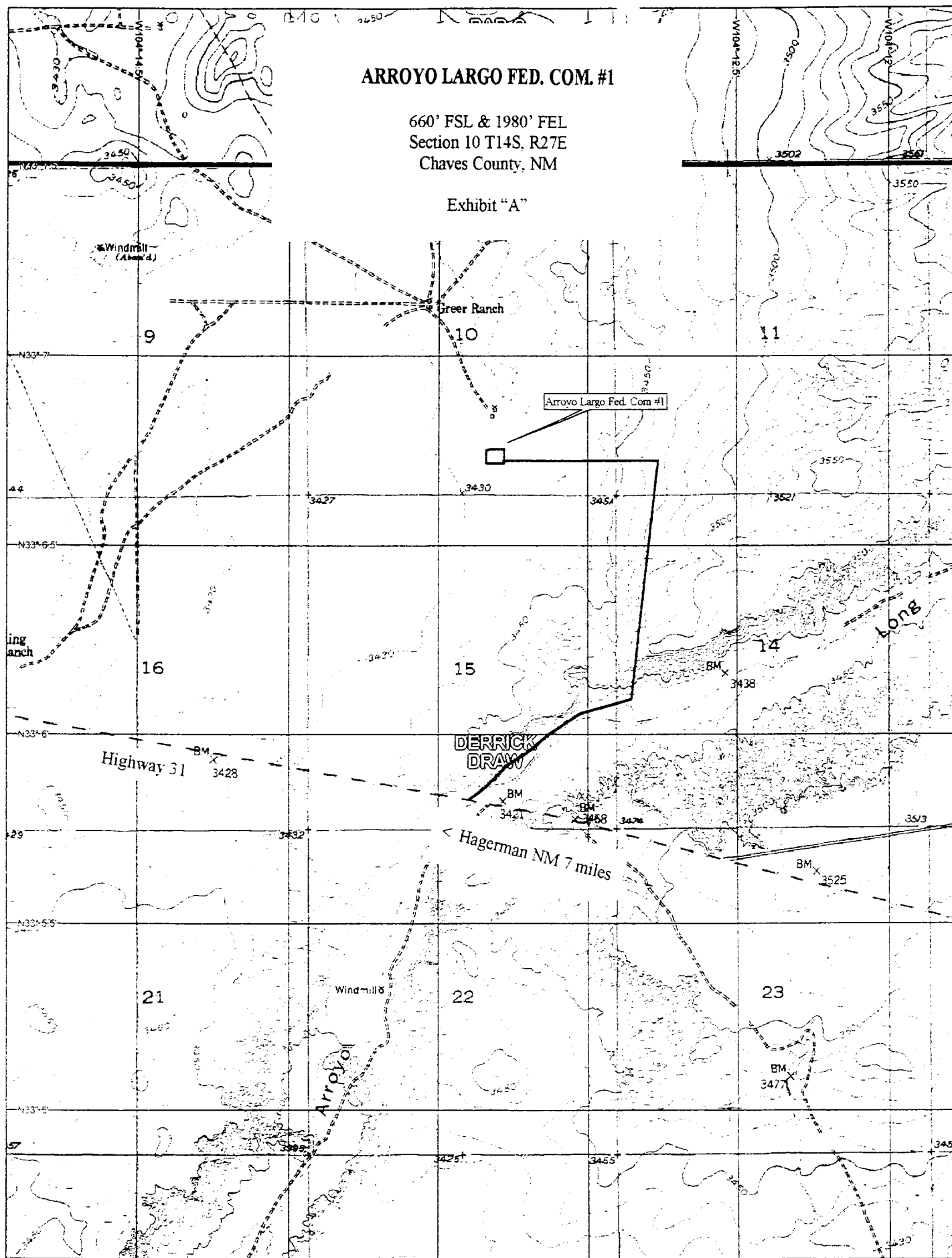


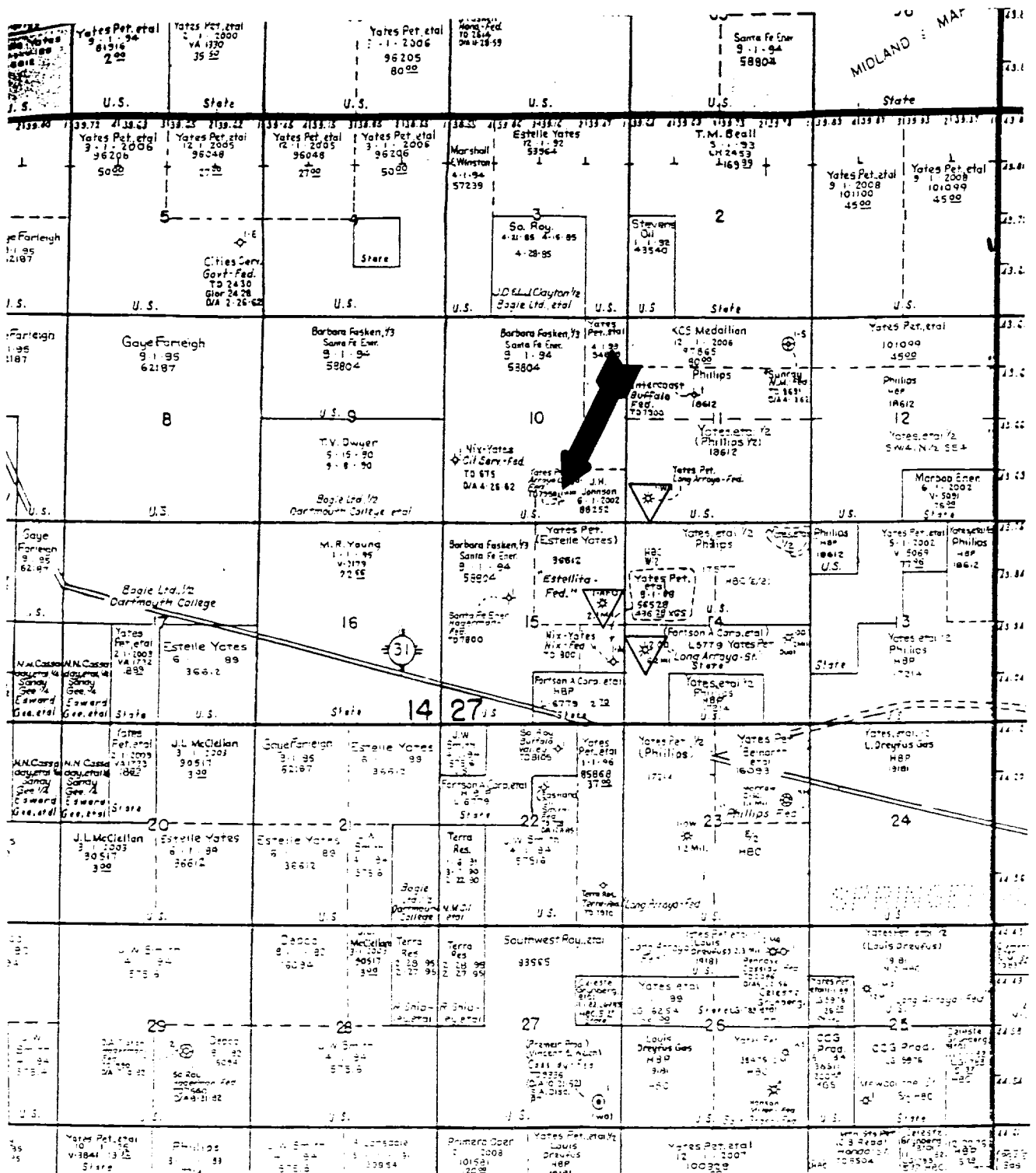
Phelps White
President

ARROYO LARGO FED. COM. #1

660' FSL & 1980' FEL
Section 10 T14S, R27E
Chaves County, NM

Exhibit "A"





ARROYO LARGO FED. COM. #1

660' FSL & 1980' FEL
Section 10 T14S. R27E
Chaves County, NM

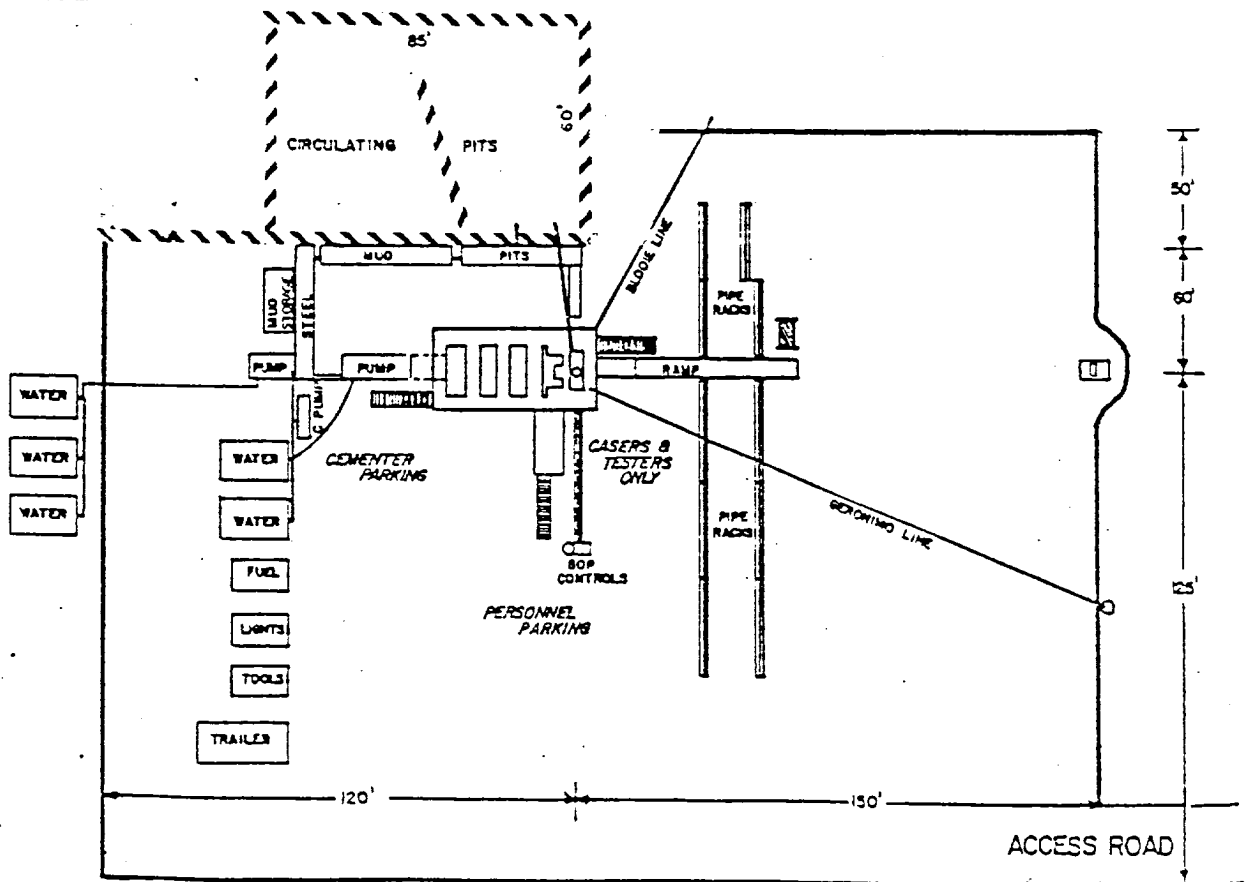
Exhibit "B"
Existing Wells within a one mile radius of location

ARROYO LARGO FED. COM. #1

660' FSL & 1980' FEL
Section 10 T14S, R27E
Chaves County, NM

Exhibit "C"

Well Pad Layout



DRILLING RIG LAYOUT

Scale: 1 inch = 50 feet

DRILLING PROGRAM

Attached to Form 3160-3

Primero Operating, Inc.
Arroyo Largo Fed. Com. #1
660' FSL and 1980' FEL
Section 10, T14S, R27E
Chaves County, New Mexico

1. Geologic Name of Surface Formation:

Recent Permian with Quaternary alluvium and other surface deposits

2. Estimated Tops of Important Geologic Markers:

	<u>Top</u>
San Andres	1247'
Gloreitta	2430'
Abo	4805'
Wolfcamp	6000'
Cisco	6352'
Canyon LM	6768'
Strawn	6957'
Morrow	7484'
Mississippian	7700'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Fresh water expected 110' to 350'
Oil none
gas below 7250.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD csg</u>	<u>Weight</u>	<u>Grade</u>	
17"	0 to 303'	13 3/8"	54.5#	J-55	Already in place
12 1/4"	0 to 1450'	8 5/8"	24.0#	J-55	Already in place
4 1/2"	0 to TD	4 1/2"	13.5 & 15.5#	N-80	

Cement Program:

Both the 13 3/8" surface casing and the 8 5/8" intermediate casing strings have been cemented with adequate volumes of cement to be circulated to surface.

4 1/2" casing will be cemented with enough cement to cover from Td to at least 1000' above the top interval to be tested (6,500'). It is estimated that the cement job will require approximately 350 sacks of Class C cement. Float equipment will consist of a cement guide shoe, float collar and approximately 8 centralizers.

5. Minimum Specifications for Pressure Control:

See form 3160-3. Exhibit ____

6. Types and Characteristics the Proposed Mud System:

0 to 4500' Cut brine

4500' to TD Cut brine and gel, Vis 40, wl less than 15 cc

7. Auxiliary Well control and Monitoring Equipment:

BOP and Kelly Cock

8. Logging, Testing and Coring Program:

This is a re-entry of a well drilled in 1991, no open hole testing or logging will be required.

9. Abnormal Conditions, Pressures, Temperatures, and Potential Hazards:

No abnormal pressures or temperatures are anticipated. Should abnormal pressures be encountered the mud weight will be modified to maintain control of the well.

10. Anticipated Starting Date and Duration of Operations:

Anticipated starting date: April 1, 2000, the operations are expected to last approximately 5 weeks.