

N.M. Oil & Gas Div. Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

b. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Pecos River Operating, Inc.

3. ADDRESS AND TELEPHONE NO.

550 W. Texas Ave., Suite 720, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

2192' FSL & 1651' FEL, Sec 4, T-7S, R-26E

At proposed prod. zone

Same

SUBJECT TO
LIKE APPROVAL
BY NMOCD

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

27 miles NE of Roswell

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

1651

16. NO. OF ACRES IN LEASE

1160

17. NO. OF ACRES ASSIGNED

TO THIS WELL
160/320

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1567

19. PROPOSED DEPTH

5500'

20. ROTARY OR CABLE TOOLS

Rotary

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

3655' GL

22. APPROX. DATE WORK WILL START*

September 1, 2002

23.

PROPOSED CASING AND CEMENT

ROSWELL CONTROLLED WATER ZONE

| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|-----------------------|-----------------|---------------|--------------------------------------|
| 12 1/4 | 8 5/8" J-55 | 24 | 850' | Sufficient to 1100 (±800) |
| 7 7/8 | 4 1/2" J-55 | 10.5 | 5500' | 450 sx or 500' above pay |

Well will be drilled to a total depth of approximately 5500' and all potential zones will be evaluated.

Attached are:

- 1) Well location & Dedication Plat
- 2) Supplemental Drilling Data
- 3) Surface Use Plan
- 4) Surface Agreement
- 5) Maps

This is a renewal of APD approved 10-20-98 and extended 10-20-99 and 10-20-2000. TD was changed to test deeper horizons.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

Carl Mueh

TITLE VP Engr & Prod.

DATE 6-14-02

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

/S/LARRY D. BRAY

Assistant Field Manager,
Lands And Minerals

SEP 19 2002

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

APPROVED FOR 1/1/02

Title 18 U.S.C. Section 1001, makes 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.

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2002 JUN 17 AM 9:09

100-100000-100000
FBI - NEW YORK
FBI - NEW YORK

DISTRICT I
P.O. Box 1900, Hobbs, NM 88241-1900

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87604-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---|---|
| API Number 30-005-63180 | Pool Code 82730 | Pool Name PECOS SLOPE ABO (Gas) |
| Property Code 008749 | Property Name HELEN COLLINS FEDERAL | Well Number 7 |
| OGRID No. 017081 | Operator Name PECOS RIVER OPERATING, INC. | Elevation 3655' |

Surface Location

| | | | | | | | | | |
|---------------------------|---------------------|------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------|
| UL or lot No. J | Section 4 | Township 7 S | Range 26 E | Lot Idn | Feet from the 2192 | North/South line SOUTH | Feet from the 1651 | East/West line EAST | County CHAVES |
|---------------------------|---------------------|------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------|

Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|----------------------------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| | | | | | | | | | |
| Dedicated Acres 160 | Joint or Infill Infill | Consolidation Code | Order No. | | | | | | |

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

| | |
|--|--|
| | OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature PATRICIA T. GREENWADE Printed Name AGENT Title 08/27/98 Date |
| | 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 Surveyed Signature and Seal of Professional Surveyor RONALD J. EIDSON Certificate No. 3239 |
| | WILLIAM R. HARRIS Vice Pres. 6-14-02 Date |
| | WILLIAM R. HARRIS 1-1132 |

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2002 JUN 17 AM 9:09

THE VICE PRESIDENT
GENERAL OFFICE

SUPPLEMENTAL DRILLING DATA

PECOS RIVER OPERATING, INC.
HELEN COLLINS FEDERAL NO. 7
2192' FSL & 1651' FEL, SEC 4, T-7S, R-26E,
CHAVES CO, NEW MEXICO

1. SURFACE INFORMATION: Permian (Artesia Group)
2. ESTIMATED TOPS:

| | |
|--------------|-------|
| San Andres | 620' |
| Glorietta | 1700' |
| Abo | 3850' |
| Wolfcamp | 4650' |
| Pre-Cambrian | 5300' |
3. ANTICIPATED POROSITY ZONES:

| | |
|-------|--------------|
| Water | 150 – 200' |
| Water | 1000 – 1700' |
| Gas | 3850 – 4500' |
| Gas | 4750 – 5000' |
4. CASING DESIGN:

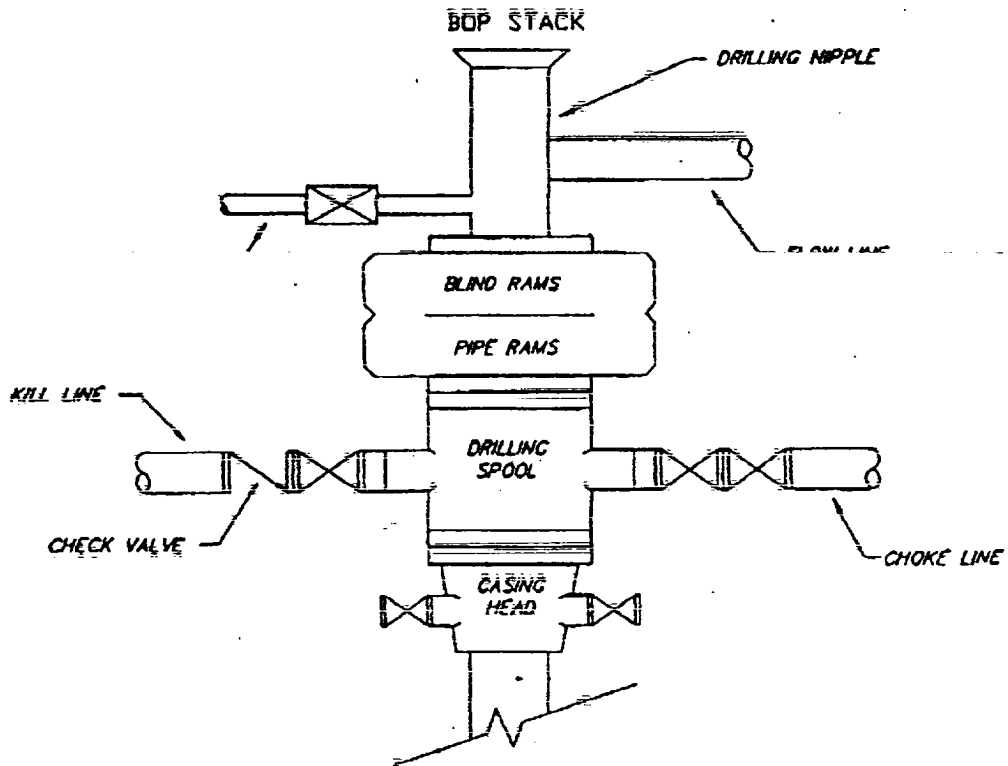
| | |
|-----------|---|
| 0 – 850' | 8-5/8", 24#, J-55, STC, new. Cement Circulated |
| 0 – 5400' | 4-1/2", 10.5#, J-55, STC, new. Cement to 3300'. |
5. SURFACE CONTROL EQUIPMENT:

A double-ram type preventer, 3000 psi WP, (Sketch attached).
6. MUD PROGRAM:

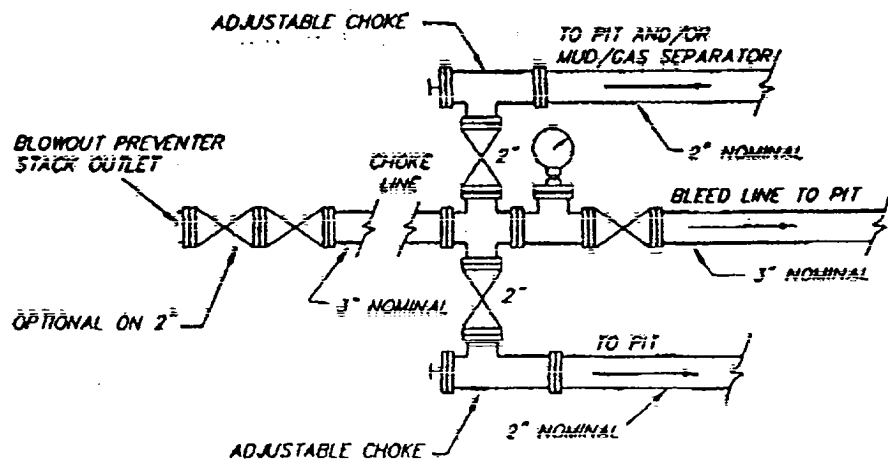
| | |
|-----------|---|
| 0 – 850' | Fresh Water, spud mud, w/ gel and native viscosity. |
| 850' – TD | Salt water mud, conditioned as necessary to control viscosity and water loss. |
7. AUXILIARY EQUIPMENT: Drill String Safety Valve on floor at all times.
8. TESTING, LOGGING, AND CORING: No Cores or Tests.

Logging: Gamma Ray, Compensated Neutron, Density log, with Gamma ray, Dual Laterolog, MSFL.
9. ABNORMAL PRESSURES: None Anticipated.
10. ANTICIPATED DATES: Plan to spud around September 1st, Duration – 60 days.

**TYPICAL 3,000 p.s.i.
BLOWOUT PREVENTER SCHEMATIC**



**TYPICAL 3,000 p.s.i.
CHOKE MANIFOLD SCHEMATIC**



SURFACE USE PLAN

FOR

DRILLING, COMPLETING AND PRODUCING

PECOS RIVER OPERATING, INC.
WELL #7 HELEN COLLINS FEDERAL
2192' FSL & 1651' FEL, SEC. 4, T7S, R26E
CHAVES COUNTY, NEW MEXICO

LOCATED: 27.0 air miles northeast of Roswell, New Mexico

FEDERAL LEASE NUMBER: NM 38342

LEASE ISSUED: October 1, 1980

RECORD LESSEE: Helen V. Collins

OPERATOR'S AUTHORITY: Operating Rights

BOND COVERAGE: Pecos River Operating, Inc. Statewide Bond.

ACRES IN LEASE: 1160

SURFACE OWNERSHIP: U.S.A.

SURFACE GRAZING LEASE: Mashed O Cattle Co
Tom Cooper
555 South Telshor, Suite 205
Las Cruces, NM 88011

WELL SPACING: Infill. (160-acre spacing for Abo gas)

EXHIBITS: A: Vicinity Map
B: Location Verification Map
C: Oil and Gas Map
D: Sketch of Well Pad
E. Surface Agreement

Road Log to the Helen Collins Federal #7

Starting Point is 16 miles Northeast of Roswell, New Mexico on US-70 at Mile Post 352.5. This point is at the old Acme School House Ruin which is 14.12 road miles east of US 285.

- 0.0 Turn left (North) through cattleguard and proceed on county road in a Northerly direction for a distance of 10.5 miles to a ranch road.
- 10.5 Turn left (West) and proceed for a distance of .5 miles.
- 11.0 Turn North across cattle guard for a distance of .3 miles to Southeast edge of drill pad.
- 11.3 Proposed Wellsite (Helen Collins Federal #7)

THIRTEEN POINT PROGRAM

- 1. Existing Roads: Existing roads which lead to the proposed drillsite are shown on Exhibits "A" and "B".
- 2. Proposed New Road: Proposed new access road will be approximately .3 miles in length and connect the Southeast edge of 400' x 400' area to an existing ranch road shown on Exhibit "B".
 - A. Width: 15 feet with 20-foot R-O-W
 - B. Surfacing Material: The new road will be surfaced with caliche or other available material, if required.
 - C. Maximum Grade: Less than one percent
 - D. Turnouts: None required.
 - E. Drainage Design: New road will be crowned with drainage to the side.
 - F. Culverts: None planned.
 - G. Gates, Cattleguards: One cattleguard required.
- 3. Location of Existing Facilities: Existing wells in the vicinity of the proposed drillsite are shown on Exhibit "C".
- 4. Location of Proposed Facilities:
 - A. If this well is productive, production and storage facilities will be located on the wellpad.
Flowline will follow access road to existing gathering system.
- 5. Location and Type of Water Supply:
 - A. It is not planned to drill a water supply well. Water for leasehold operations will be purchased from the nearest commercial source.
- 6. Source of Construction Materials: Where possible, material-in-place will be used for upgrading the road and construction of the well pad. If additional material is

required, it will be obtained from the nearest commercial source.

7. Method of Handling Waste Disposal:

- A. Pits will be dug a minimum of 4' below ground level and lined.
- B. Drill cuttings will be disposed of in the pits.
- C. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- D. Water produced during test will be disposed of in the drilling pits.
- E. Plastic lining of the pits will be removed before reclaiming the pit area.
- F. Trash, waste paper garbage and junk will be stored in an above ground container, emptied when full and taken to an authorized landfill or other suitable disposal facility. At the conclusion of well completion operations, or plugging operation in the case of a dry hole, the trash and debris containers shall be removed from the location.

8. Ancillary Facilities: None anticipated.

9. Wellsite Layout:

- A. The dimensions and relative location of the drill pad, mud pit and trash container with respect to the well bore are shown on Exhibit "D".
- B. Four inches of top soil will be removed from the surface and stockpiled on southwest corner of location. Four inches of cliche will be used for surfacing of location.

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 as aesthetically pleasing condition as possible.

11. Other Information:

- A. Topography: The wellsite elevation is 3655' GR +/-.
- B. Soil: Top soil is sandy loam.

- C. Land Type & Use: The vicinity surrounding the drillsite is semi-arid rangeland and its primary use is for grazing.
 - D. Flora & Fauna: The vicinity surrounding the drillsite is semiarid desert ranchland. Flora consists primarily of mesquite and range grasses interspersed with other desert plants. Fauna for this type of habitat includes rabbits, lizards, snakes, rodents, skunks, coyotes, dove, quail, and other small birds.
 - E. Ponds and Streams: Wellsite is located .25 miles South of Cottonwood Draw.
 - F. Water Wells: None.
 - G. Residences and Other Structures: Nearest occupied dwelling is .7 miles to the West.
 - H. Archaeological reconnaissance of the well pad will be forwarded directly to the BLM office.
 - I. Land Use: Grazing and occasional hunting.
 - J. Surface Owner: U. S. A.
12. Operator's Representative: Representative responsible for assuring compliance with the approved Surface Use Plan:

William R. Huck, Vice President
Pecos River Operating, Inc.
550 W. Texas
Suite 720
Midland, Texas 79701
915-620-8480

13. Certification

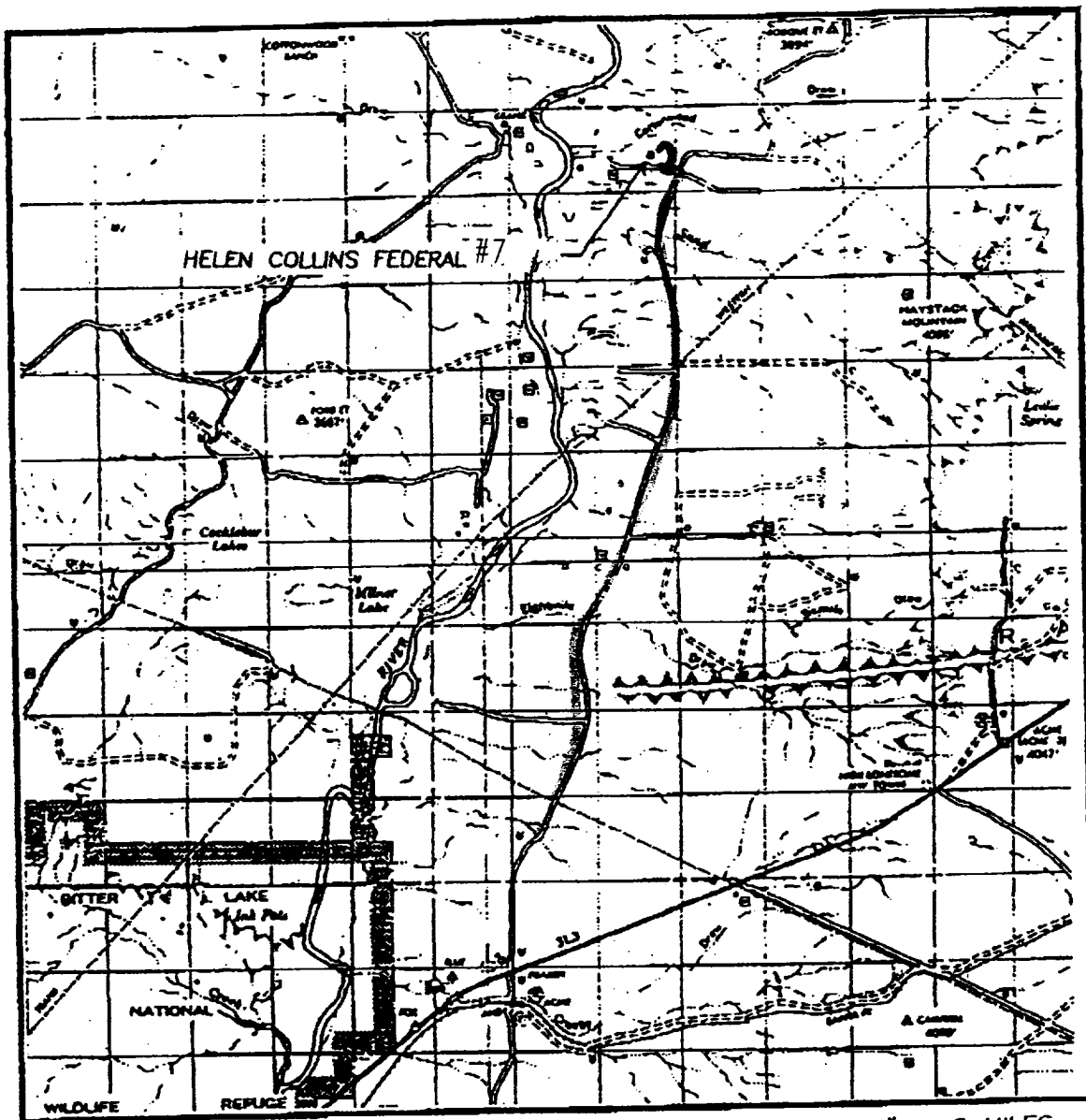
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in the plan, to the best of my knowledge, are true and correct; that the work associated with the operation proposed herein will be performed by PECOS RIVER OPERATING, INC. and its subcontractors in conformity with this plan and the terms and conditions under which it has been approved.

6-14-02
Date

William R. Huck
William R. Huck
PECOS RIVER OPERATING, INC.

County Road 
 Ranch Road 
 Proposed Road 


VICINITY MAP



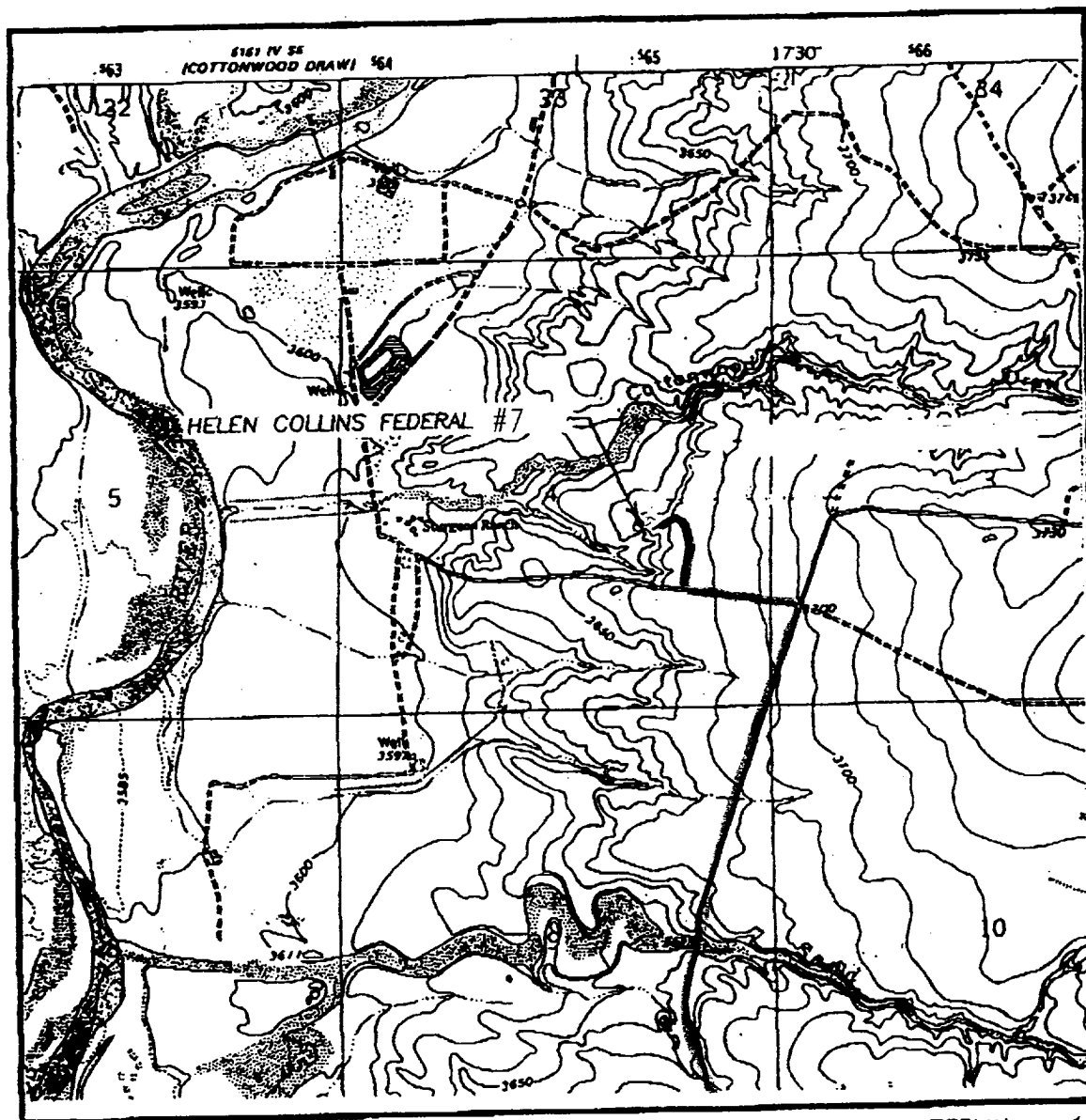
SCALE: 1" = 2 MILES

SEC. 4 TWP. 7-S RGE. 26-E
 SURVEY N.M.P.M.
 COUNTY CHAVES
 DESCRIPTION 2192' FSL & 1651' FEL
 ELEVATION 3655'
 OPERATOR PECOS RIVER OPERATING,
 LEASE HELEN COLLINS FEDERAL

SUPPLEMENTAL EXHIBIT "A"
 VICINITY MAP
 PECOS RIVER OPERATING, INC.
 WELL #7 HELEN COLLINS FEDERAL
 2192'FSL & 1651'FEL, SEC. 4, T-7-S, R-26-E
 CHAVES COUNTY, NEW MEXICO

County Road 
 Ranch Road 
 Proposed Road 

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'
 (DOTTED LINES - 5')

SEC. 4 TWP. 7-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 2192' FSL & 1651' FEL

ELEVATION 3655'

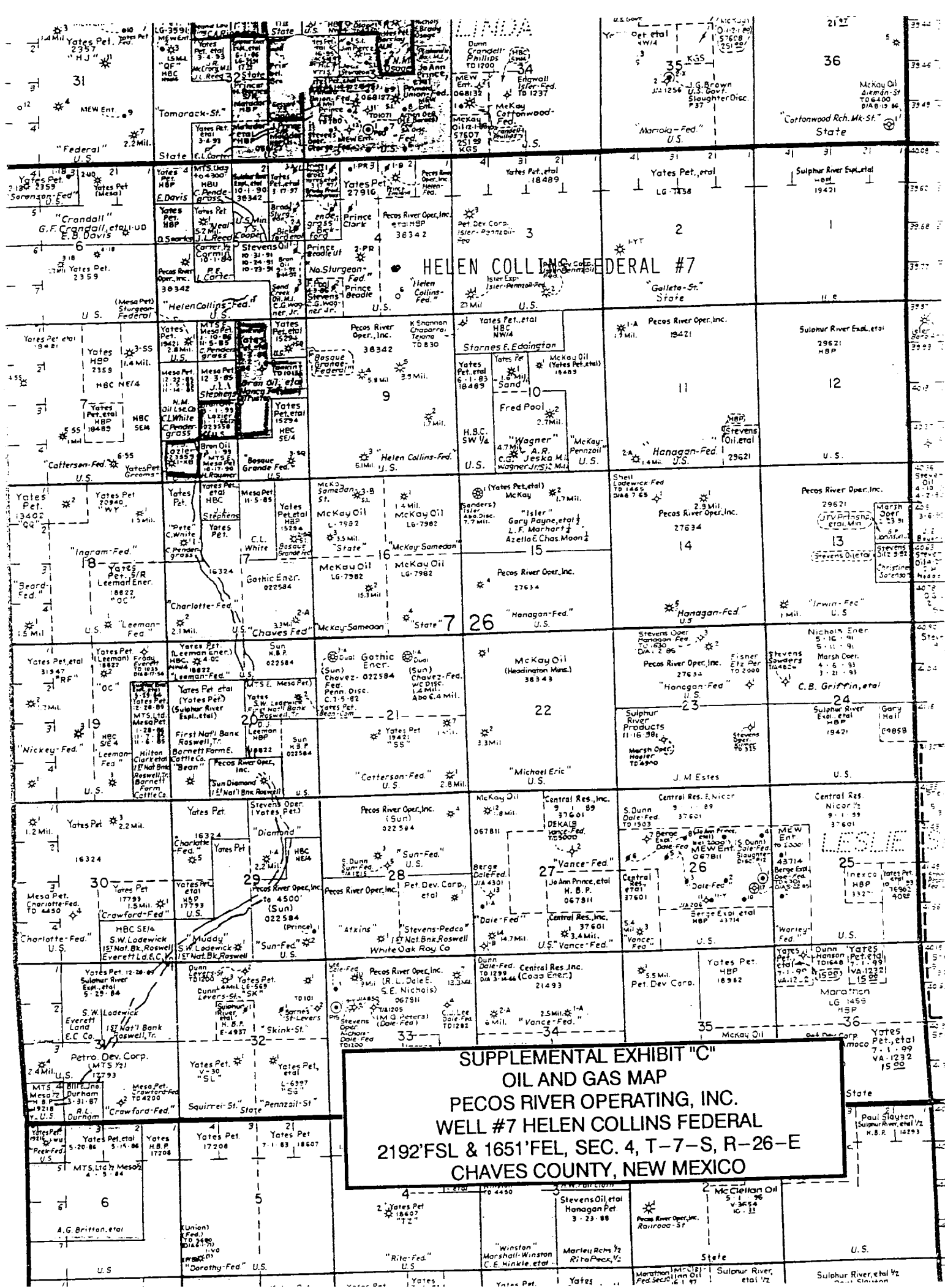
OPERATOR PECOS RIVER OPERATING, INC.

LEASE HELEN COLLINS FEDERAL

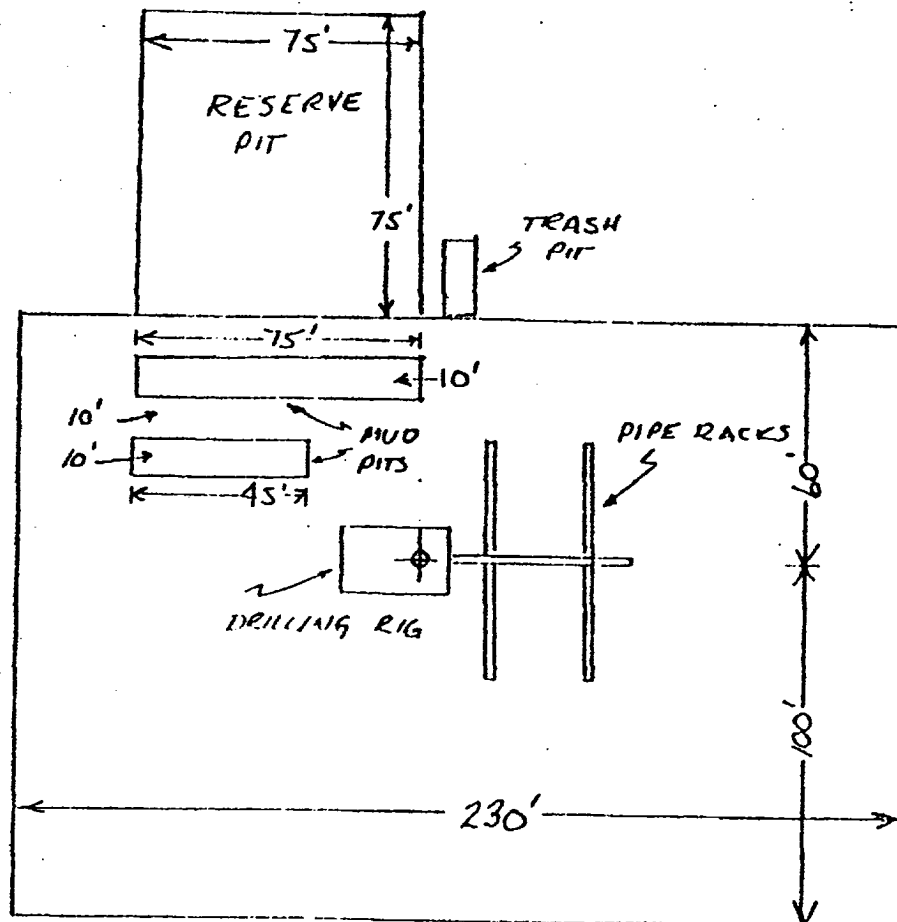
U.S.G.S. TOPOGRAPHIC MAP

EIGHTMILE DRAW, N.M.

SUPPLEMENTAL EXHIBIT "B"
 LOCATION VERIFICATION MAP
 PECOS RIVER OPERATING, INC.
 WELL #7 HELEN COLLINS FEDERAL
 2192'FSL & 1651'FEL, SEC. 4, T-7-S, R-26-E
 CHAVES COUNTY, NEW MEXICO



EAST



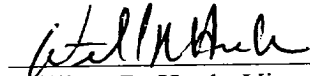
SUPPLEMENTAL EXHIBIT "D"
SKETCH OF WELL PAD
PECOS RIVER OPERATING, INC.
WELL #7 HELEN COLLINS FEDERAL
2192'FSL & 1651'FEL, SEC. 4, T-7-S, R-26-E
CHAVES COUNTY, NEW MEXICO

SUPPLEMENTAL EXHIBIT "E"

SURFACE AGREEMENT FOR
PECOS RIVER OPERATING, INC.
HELEN COLLINS FEDERAL NO. 7
2192' FSL & 1651' FEL, SEC 4, T-7S, R-26E,
CHAVES CO., NEW MEXICO

Records show that the above described location is owned as follows:

| | |
|--------------------------|------------------|
| Surface: | USA |
| Minerals: | U. S Government |
| Oil & Gas Lease: | Helen V. Collins |
| Designation of Operator: | From Lessee |



William R. Huck, Vice President
PECOS RIVER OPERATING, INC.