NM OIL CONS. COMMISSION
Drawer DD
Artesia, NM 88210

30-017-20002

Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-34139

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

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

7. UNIT AGREEMENT NAME: Salty's Unit

8. FARM OR LEASE NAME:

2. NAME OF OPERATOR: Marshall R. Young Oil Company

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: P.O. Box 145, Midland, Texas 79702

10. FIELD AND POOL, OR WILDCAT: Wildcat-Granite Wash

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FNL & 660' FEL NE/4 NE/4 Unit letter A

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

At proposed prod. zone: Same

Sec. 33, T25S, R15W

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 18 miles southeast of Lordsburg, New Mexico

12. COUNTY OR PARISH: Grant

13. STATE: N.M.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	2438.21	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
N/A	10,000'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4375' GR

22. APPROX. DATE WORK WILL START*: September 1, 1985

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"	54.50#	1250' ±	1000 sx(Sufficient to Circulate)
12 1/4"	9 5/8"	36 & 40#	5250' ±	1600 sx(Sufficient to Circulate)
8 3/4"	5 1/2"	17.0#	10000' ±	1300 sx(Sufficient to isolate all oil, gas, and water zones)

Proposed plans are to drill to Granite and test for possible commercial production of oil and gas to the Granite Wash and intermediate formations.

B.O.P. sketch is attached.

AUG 2 1985

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 Terry W. Franklin TITLE Agent DATE 7/28/85

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 8-22-85

CONDITIONS OF APPROVAL, IF ANY:

***See Instructions On Reverse Side**

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.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

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

Operator	Lease	Well No.
Marshall R. Young Oil Company	Salty' Unit	1

Unit Letter	Section	Township	Range	County
A	33	25 SOUTH	15 WEST	GRANT COUNTY

Actual Footage Location of Well:
660 feet from the NORTH line and 660 feet from the EAST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
4375		Wildcat	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

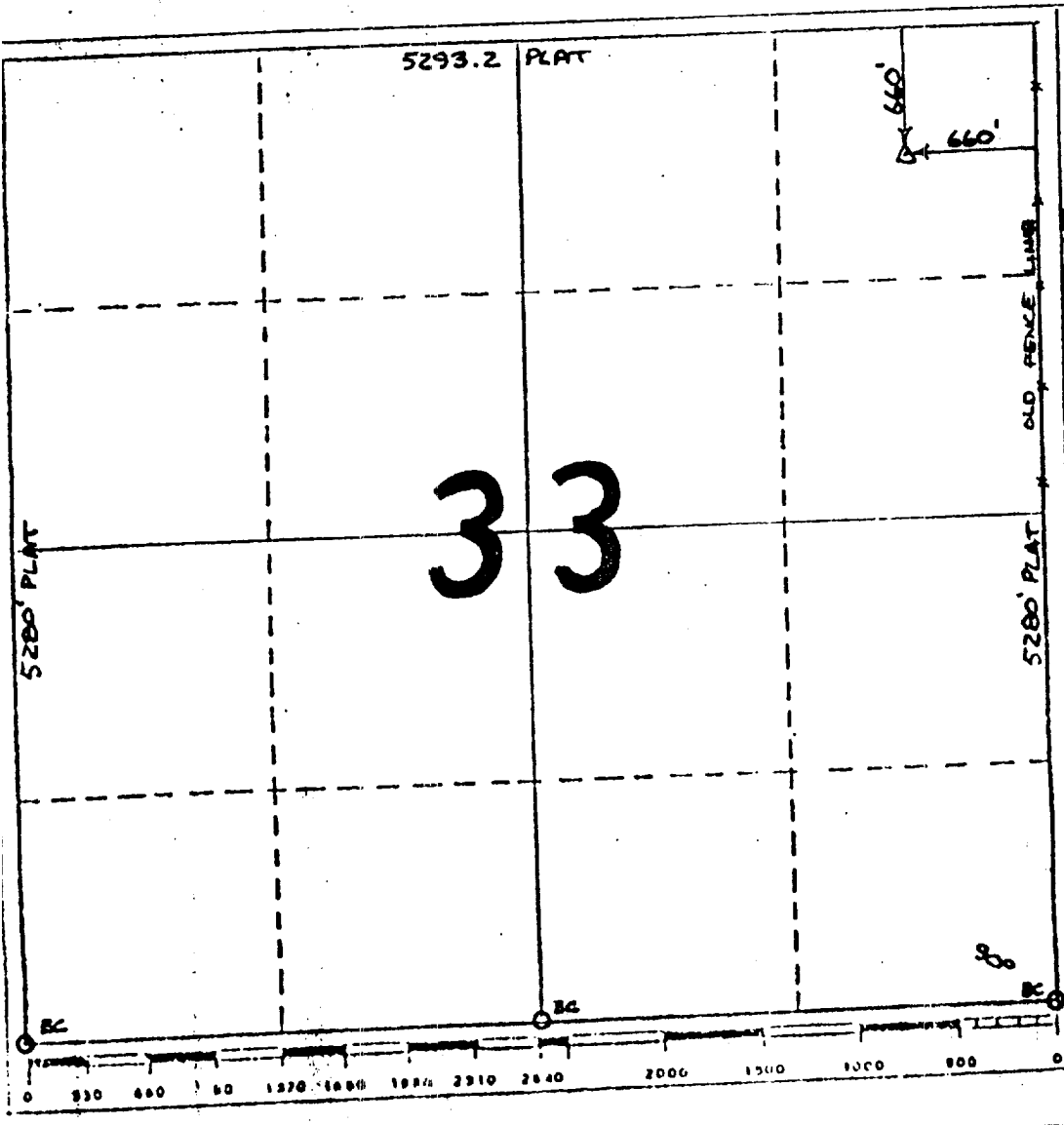
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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, force-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 Division.



CERTIFICATION

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

Terry W. Franklin

Name: Terry W. Franklin

Position: Agent

Company: Marshall R. Young Oil Co.

Date: 8/02/85

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.

JULY 17, 1985

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

New Mexico 7250

Certificate No.

APPLICATION TO DRILL

Marshall R. Young Oil Company
Salty's Unit No. 1
660' FNL & 660' FEL
Sec. 33, T25S, R15W
Grant County, New Mexico
NM - 34139

The following items supplement "Onshore Oil and Gas Order No. 1":

1. Surface Formation: Quaternary Gravels.

2. Estimated Geological Marker Tops:

Tertiary (Oligocene) Rhyolite Tuffs	100'
Cretaceous:	
Mojada Sandstone	1250'
U-Bar Line	4250'
Hell to Finish	4750'
Upper Paleozoics	5250'
Lower Paleozoics	7750'
Granite	9350'
Total Depth	10000'

3. Estimated Depths to Oil, Gas and Water:

Water Sand	615'
Oil & Gas	Possible oil and/or gas from 4250' to 7750'.

3. Proposed Casing & Cement:

Surface Casing - Set approximately 1250', 13 3/8", 54.5#, K-55, ST&C casing. Cement with 1000 sx cement or sufficient to circulate cement to surface.

Intermediate Casing - Set approximately 5250', 9 5/8", 36.0# & 40#, K-55 & S-80, LT&C casing. Cement with 1600 sx cement or sufficient to circulate cement to surface.

Production Casing - Set to total depth, 5½", 17.0#, K-55 & N-80, LT&C casing. Cement with 1300 sx cement or sufficient to isolate all oil, gas and water zones.

5. Pressure Control Equipment: B.O.P. sketch is attached. B.O.P. will be installed after 13 3/8" casing is set and cemented.

6. Testing, Logging and Coring Programs:

   Testing: Possibly 4 DST's.

   Coring: Possible cores.

   Logging: Dual Induction.
   Compensated Neutron-Litho Density - Gamma Ray.
   B.H.C. Sonic Log
   Dipmeter
   N.G.T. and a Velocity Survey.

7. Auxiliary Equipment: A kelly cock will be installed on the rig floor while drilling operations are in progress.

8. Proposed Mud Program:

0 - 1250'	Fresh water mud. Mud weight 8.6 - 8.8#/gal. Viscosity 34-38.
1250 - 5250'	Fresh water mud. Mud weight 8.8#/gal. Viscosity 36-38. Water loss 10-30 cc.
5250 - T.D.	Fresh water mud. Mud weight 8.7#/gal. Viscosity 36. Water loss 10-15 cc.

9. Potential Hazards: No abnormal pressures or temperature zones are anticipated.

10. Anticipated Starting Date: Drilling will commence September 1, 1985. Drilling should take approximately 45 days. Completion to follow if 5½" casing is set and cemented.

SURFACE USE AND OPERATION PLAN

Marshall R. Young Oil Company
Salty's Unit No. 1
660' FNL & 660' FEL
Sec. 33, T25S, R15W
Grant County, New Mexico

1. LOCATION OF PROPOSED WELL:

   A. Exhibit 'A' is a portion of a map displaying the proposed well as staked. Proposed well is approximately 18 air miles southeast of Lordsburg, New Mexico.

2. PLANNED ACCESS ROADS:

   A. Planned access roads are shown on Exhibit 'B'.

   B. Plans are to improve the existing road from a point at the Warren Ranch (SW/4, SW/4, Sec. 28) traveling east 9/10 mile to a point where new access road begins. Existing road will be upgraded and watered (possibly caliche where needed).

   C. The new access road will measure 15' wide by 2400' in length. New access road will be caliched, watered and compacted.

   D. Turn-outs will be constructed every ¼ mile on existing road and new access road.

   E. A cattleguard will be placed in the fenceline north of the Warren Ranch House. Exhibit 'B' displays location of the cattle guard.

   F. Well location slopes from east to west. Minor cut in east side of location.

3. LOCATION OF EXISTING WELLS:

   A. No existing wells present.

4. LOCATION OF PROPOSED PRODUCTION FACILITIES:

   A. If the test well proves commercial, productior facilities will be constructed on the drill pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

   A. No windmills present in the immediate area.

   B. Two water wells will be drilled on the drill pad area to supply water for drilling operaticns. Exhibit 'C' displays the location of the water wells.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Surfacing materials for the new access road (and possibly part of existing road) and drill pad will be caliche. Drill pad area will possibly caliche itself when leveling is performed. Reserve pit area (east of center stake) will contain enough caliche to surface the remainder of drill pad area and also the new access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the drill pits.

B. Drilling fluids will be allowed to evaporate in the pits until pits are dry.

C. Water produced during testing operations will be disposed of in the drill pits.

D. All waste will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt.

8. ANCILLARY FACILITIES:

A. None anticipated.

9. WELL SITE LAYOUT:

A. Exhibit 'C' displays the rig layout.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. Well site and new access road are located on private surface (Federal minerals). Surface is owned by:

Mr. Bobby Hughes
Route 9, Box 172
Silver City, New Mexico 88061
Telephone: 538-2116.

Negotiations have been made with Mr. Hughes regarding surface damages and restoration of the surface for the drill pad. If the test well results in a dry hole, drill pad and pits will be leveled to natural contour and reseeded with native grasses. The new access road will be left intact for Mr. Hughes' access to one of two water wells on the pad area that will be left in Mr. Hughes' ownership after operations are completed.

11. OTHER INFORMATION:

A. Topography: proposed drill site is situated on the west base of a gravel hill. Drainage flows in a westerly direction.

B. Soil: Thin soil mantle. Caliche is located 2 feet below surface.

C. Vegetation: Yucca, tabosa grasses.

D. The surface is private. Surface owned by:

Mr. Bobby Hughes
Route 9, Box 172
Silver City, New Mexico 88061
Telephone: 538-2116.

E. Land is being used for grazing cattle.

12. OPERATOR'S REPRESENTATIVE:

Walker Montgomery
Marshall R. Young Oil Company
Box 145
Midland, Texas 79702
Cffice: 915/683-5228.

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 which pesently exist; that the statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by MARSHALL R. YOUNG OIL CO. and its sub-contractors in conformity with this plan and the terms and conditions which it is approved.

7/29/85
Date

Terry W. Franklin
Terry W. Franklin - Agent

Marshall R. Young Oil Company

DIRECTIONS TO LOCATION
Salty's Unit No. 1
Sec. 33, T25S, R15W
Grant County, New Mexico

From Holiday Inn, Deming, New Mexico;

Proceed west on Interstate 10, 43.3 miles to Separ, New Mexico;

From Separ(Continental Divide Store), travel east down service road 1/2 mile to 'Bingo Fuel & Food Sign';

From 'Bingo Fuel & Food Sign', turn south at corrals to 1st cattleguard(1st cattleguard starts County Road)

From 1st cattleguard(County Road), travel south down County Road 7.1 miles to Warren Ranch House;

Just north of corrals at Warren Ranch House, turn east through fenceline(cattleguard in fence line);

Travel east down existing road 9/10 mile;

At this point, turn south and proceed south 2400' to location.

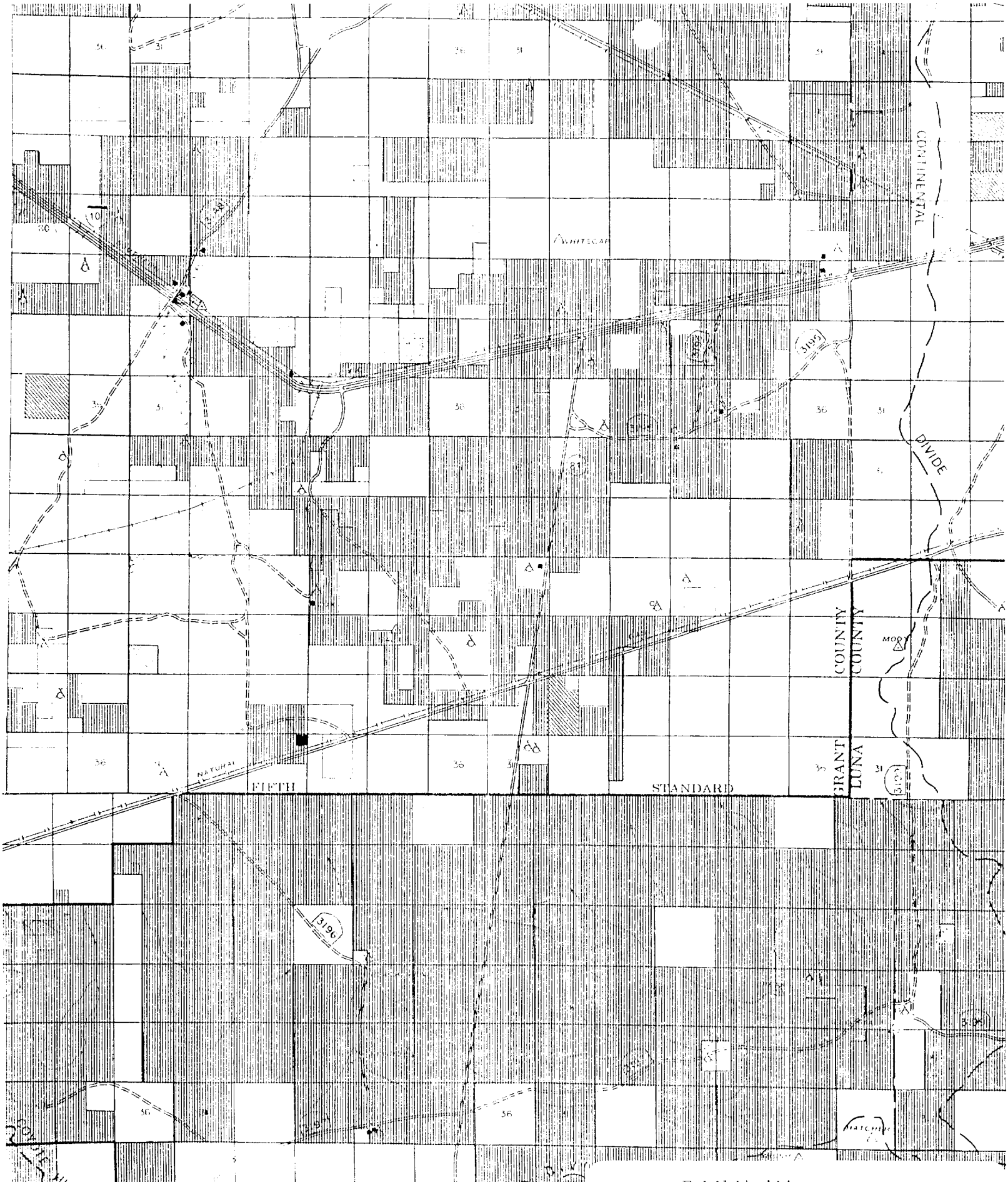


Exhibit 'A'
Marshall R. Young Oil Co.
Salty's Unit No. 1
660' FNL & 660' FEL
Sec. 33, T25S, R15W
Grant County, N.M.

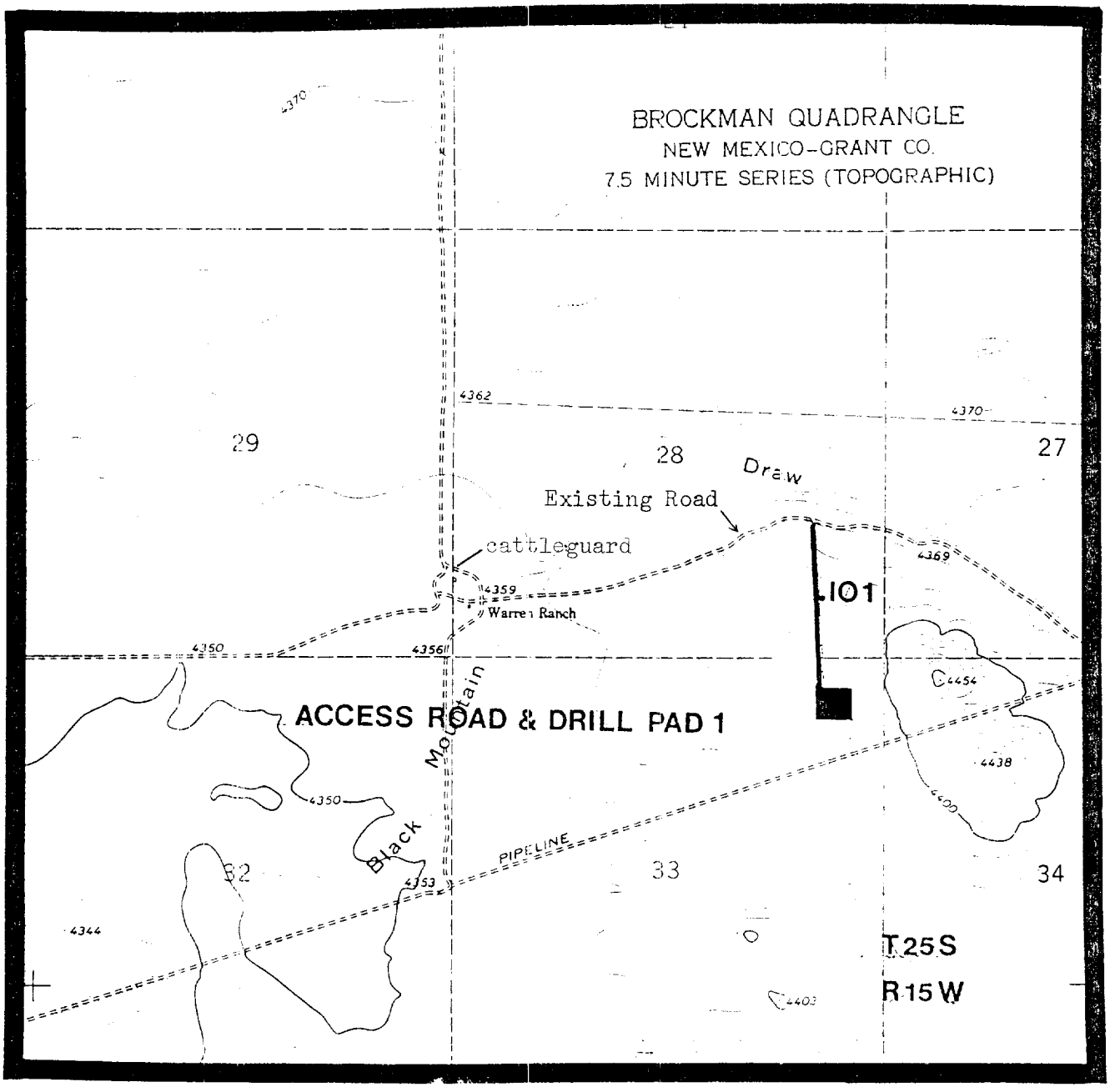


Exhibit 'B'
Marshall R. Young Oil Co.
Salty's Unit No. 1
660' FNL & 660' FEL
Sec. 33, T25S, R15W
Grant County, N.M.

Figure 2. Location of Drill Pad and Access Road No. 1

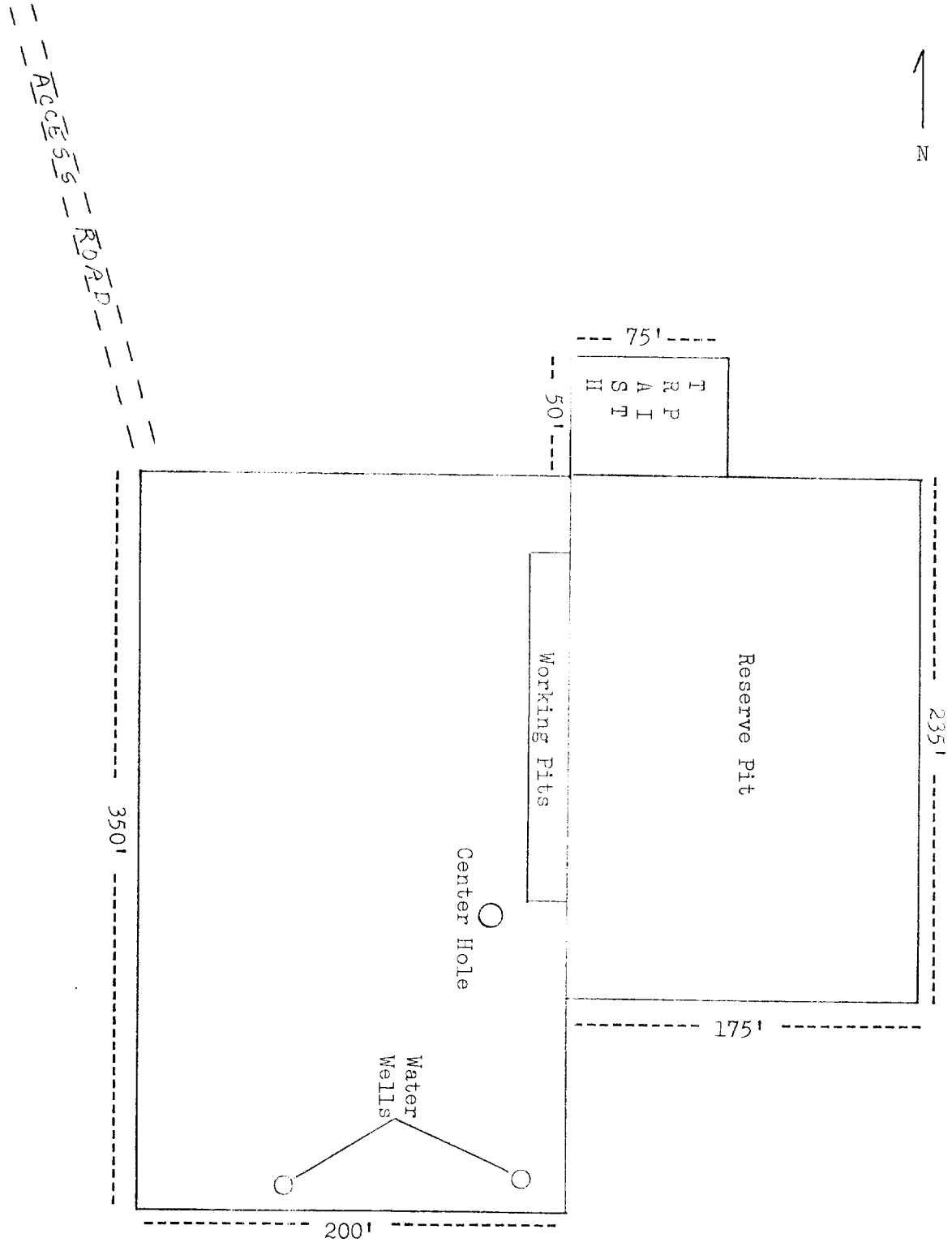
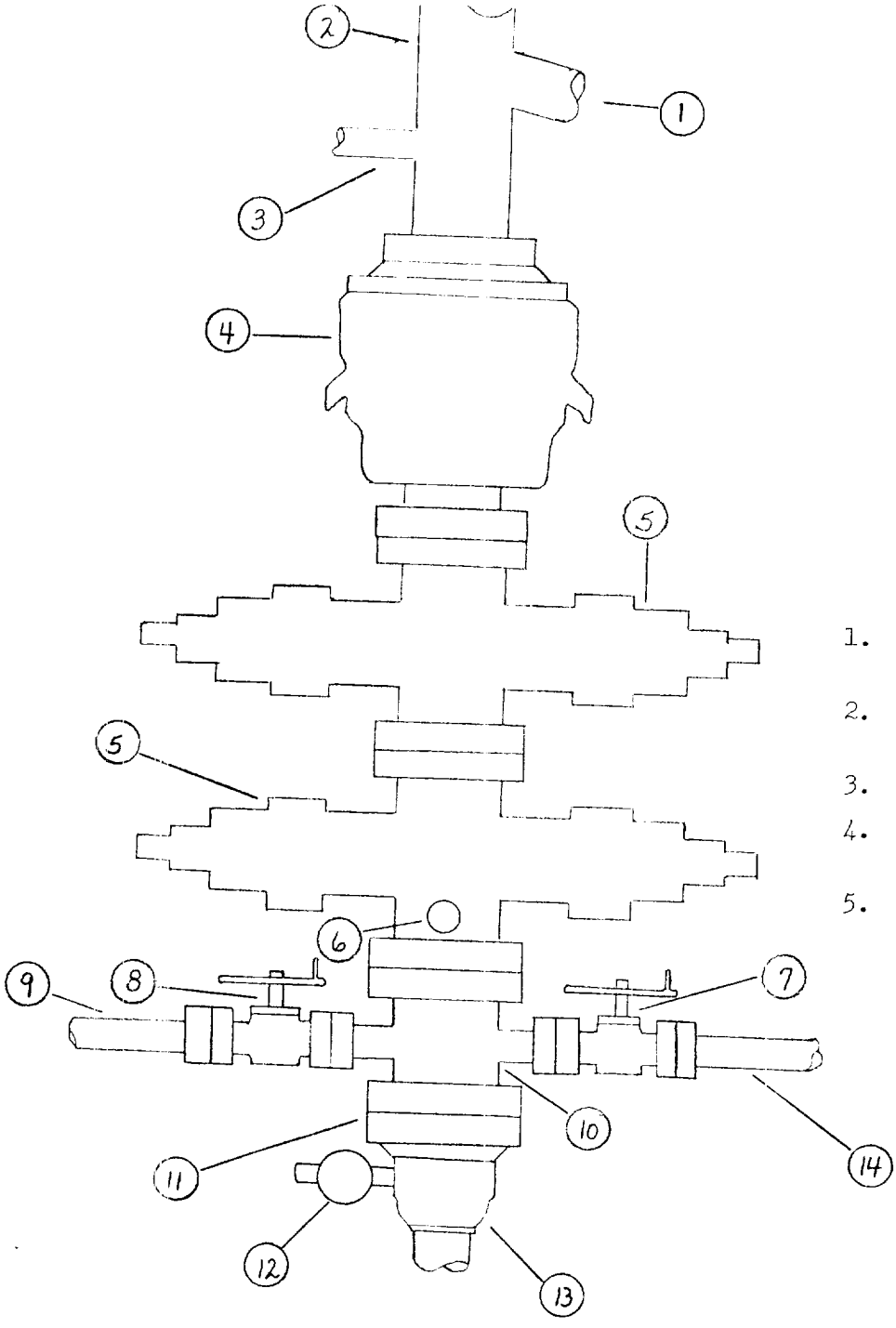


Exhibit 'C'
Marshall R. Young Oil Company
Salty's Unit No. 1
660' FNL & 660' FEL
Sec. 33, T25S, R15W
Grant County, New Mexico



1. 13 5/8"- 5000# Schaeffer Annular
2. U-Double Cameron Type 10,000# W.P.
3. H_2S Trimmed
4. Choke & Manifold 10,000# W.P.
5. Weiss Accumulator 160 gallon-3000# W.P.

1. Flowline
2. Bell Nipple
3. Fill Up Line
4. Bag Preventer
5. Hydraulic Ram Preventers
6. Side Outlets
7. Gate Valve
8. Gate Valve
9. Kill Line
10. Drilling Spool
11. Flange
12. Gate Valve
13. Casing Head
14. Line to Choke Manifold

BOP DIAGRAM