

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. Office Division
811 S. 1st Street
Artesia, NM 88210-2834

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Primero Operating, Ing 18100

3. ADDRESS OF OPERATOR
 PO Box 1433, Roswell, NM 88202-1433

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface 2310' FNL & 1980' FEL
 At proposed prod. zone Unit G

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 21 miles north of Carrizozo, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1980

16. NO. OF ACRES IN LEASE 2560

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

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

19. PROPOSED DEPTH 5000

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5829.2 GR

22. APPROX. DATE WORK WILL START* September 10, 1999

5. LEASE DESIGNATION AND SERIAL NO. NM 91544

6. IF INDIAN, ALLOTTEE OR TRIBE NAME 24892

7. UNIT AGREEMENT NAME 30-021-20041

8. FARM OR LEASE NAME Jackson Ranch Fed.

9. WELL NO. 1

10. FIELD AND POOL, OR WILDCAT Wildcat PENN

11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA Sec. 26-T4S-R10E

12. COUNTY OR PARISH Lincoln 13. STATE NM

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	1350	1000 SF, circulate
7 7/8	5 1/2	15.5	5000	280 sp

- Attached are:
1. Location & acreage dedication plat
 2. Surface use plan
 3. Supplemental Drilling Data



Post ID-1
9-24-99
API & hoc

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 [Signature] TITLE President DATE 8-30-99

PERMIT NO. _____ APPROVAL DATE _____
 (ORIG. SGD.) ARMANDO A. LOPEZ Acting Assistant Field Office Manager.
 APPROVED BY _____ TITLE Lands and Minerals DATE 9-21-99
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED FOR 1 YEAR

*See Instructions On Reverse Side

1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Nazario Rd., Aztec, NM 87410
 District IV
 2010 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Minerals & Natural Resources Department

Form C-102
 Revised March 17, 1990

CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

APL Number		Pool Code		Pool Name			
Property Code		Property Name Wildcat				Well Number	
OCRID No.		Operator Name Jackson Federal Primero Operating, Inc.				Elevation 5829 G. L.	

10 Surface Location

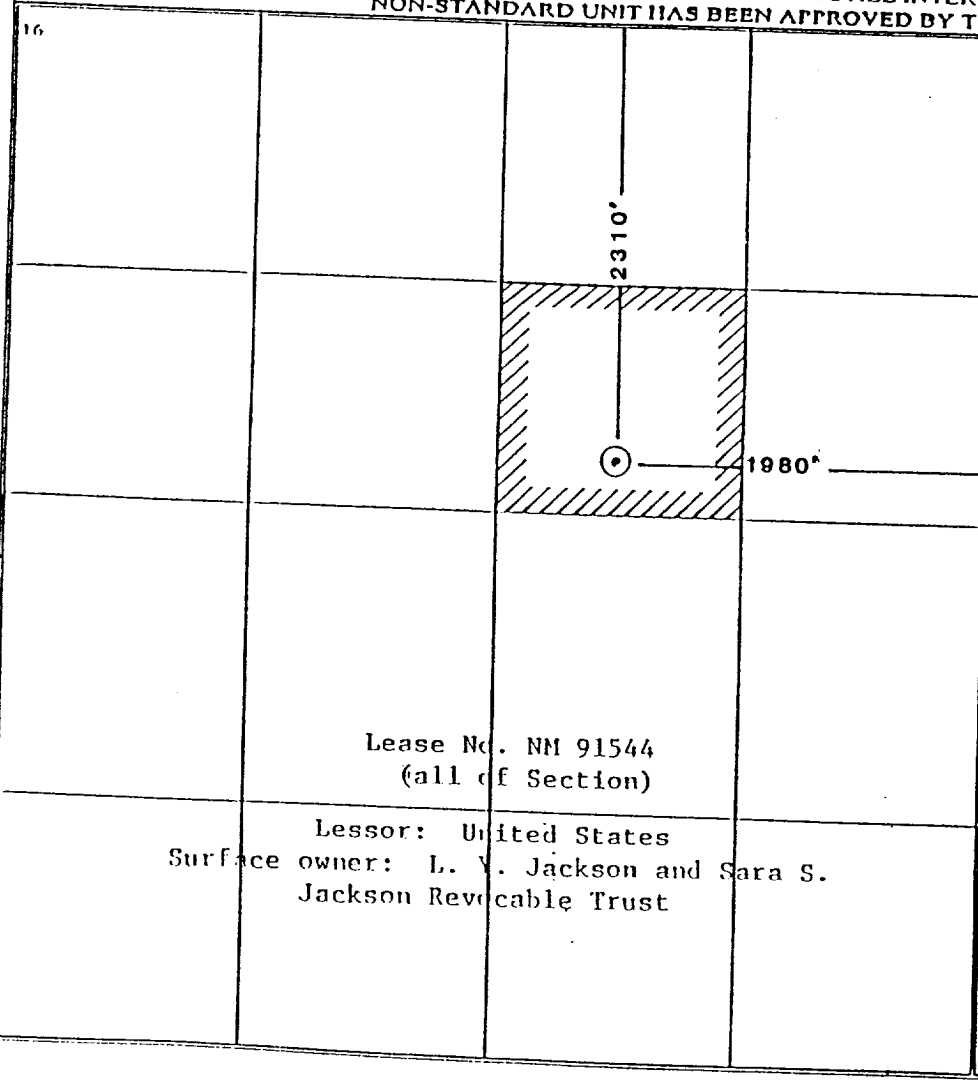
11. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	26	4 S.	10 E.		2310	North	1980	East	Lincoln

11 Bottom Hole Location If Different From Surface

11. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres: 40
 13 Joint or Infill
 14 Consolidation Code
 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



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

Primero Operating, Inc.
 By: *[Signature]*
 Signature: *[Signature]*
 Title: 9-2-95
 Date

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 James H. Goodman or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey August 24, 1999
 Signature and Seal of Professional Surveyor:
James H. Goodman

Certificate Number NMPS 11392

SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3
Primero Operating, Inc.
Jackson Ranch Federal #1
2310' FNL and 1980' FEL
Section 26, T4S, R10E
Lincoln County, New Mexico

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown on form C-102. It was staked by Mr. James H. Goodman from San Antonio, New Mexico.
- B. All roads to the location are shown in Exhibit #1s. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection. Cattle guards will be installed where needed.
- C. Directions to location: From Carizozo Travel North on Highway 54 approximately 19.5 miles. Turn left (West) on Highway 55 and travel approximately 3.5 miles. Turn right (north) through double gates (combination 7660) and follow main road approximately .7 miles to location.
- D. 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 # 1s shows the new access road to be constructed and is illustrated in yellow. The road will be constructed as follows.

- A. The maximum width of the running surface will be 10'. The road will be crowned and ditched. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspection.
- B. The average grade will be less than 1%
- C. No turnouts are planned.
- D. No culverts, cattleguards, gates low water crossings, or fence cuts are necessary.
- E. Surfacing materials will only be used as necessary.
- F. The proposed access road as shown in Exhibit #3 has been centerline flagged by Jim Goodman.

3. Location of Existing Wells:

This is a rank wildcat well and there are no existing wells within several miles of this location.

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 Northwest 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 and at that time will plan a proposed pipeline right of way.

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

Water will be trucked to location.

6. **Source of Construction Materials:**

Construction materials if needed will be trucked from one of the gravel pits shown on exhibit 1s located in the SE/4 of section 35 or the NW/4 of section 36, T4S, R10E.

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

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B. Drilling fluids will be contained in the lined reserve pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit approximately 125' X 150' X 6' deep. The reserve pit will be plastic lined to minimize loss of drilling fluids and saturation of the ground with water.
- C. Water produced from the well during completion may be disposed into the reserve pit. Produced water volumes will not be known until after the well is completed. Produced water will be stored on lease using on 300 bbl fiberglass tank.
- D. Garbage and trash produced during drilling or completion operations will be hauled off. All waste material will be contained to prevent scattering by the wind. All water and fluids will be dispose of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.
- E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced until it has dried. When the reserve pit is dry enough the breakout and fill, the reserve pit will be leveled and re-seeded as per BLM specification, and a dry hole marker will remain.

8. **Ancillary Facilities:**

No airstrip, campsite or other facilities will be built as a result of the operations on this well.

9. **Well Site Layout:**

- A. The drill pad layout is shown in Exhibit # 2s. Dimensions of the pad and pits are shown. Top soil, if available will be stockpiled per BLM specifications near the NW corner of the pad.
- B. The reserve pit will be lined with a high quality plastic sheeting.
- C. The drill pad will be approximately 260' X 185'.

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

- A. Upon finishing drilling and/or completion operations, all equipment and other material not needed for operations will be removed. All trash and garbage and exposed pit lining will be hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 10 months after abandonment.
- 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. Topsoil removed from the drill site will be used to re-contour the pit area to the original natural level and re-seeded as per BLM specification.

11. **Surface Ownership:**

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

L.Y. Jackson & Sara S. Jackson Revocable Trust
Ancho SR 1-49
Carrizozo, NM 88301
505-648-2456

- B. The area around the well site is grassland. A detailed description of the soil, vegetation and wildlife is included in the Archeology survey.
- C. There is no permanent or live water in the immediate area.
- D. A cultural Resources Examination has been performed and will be forwarded to your office in the near future.

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

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

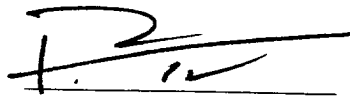
Phelps White
Primero Operating, Inc.
P.O. box 1433
Roswell, NM 88202-1433
Phone: Office (505) 622-1001
Mobile (505) 626-7660
Home (505) 625-2376

13. **Certification:**

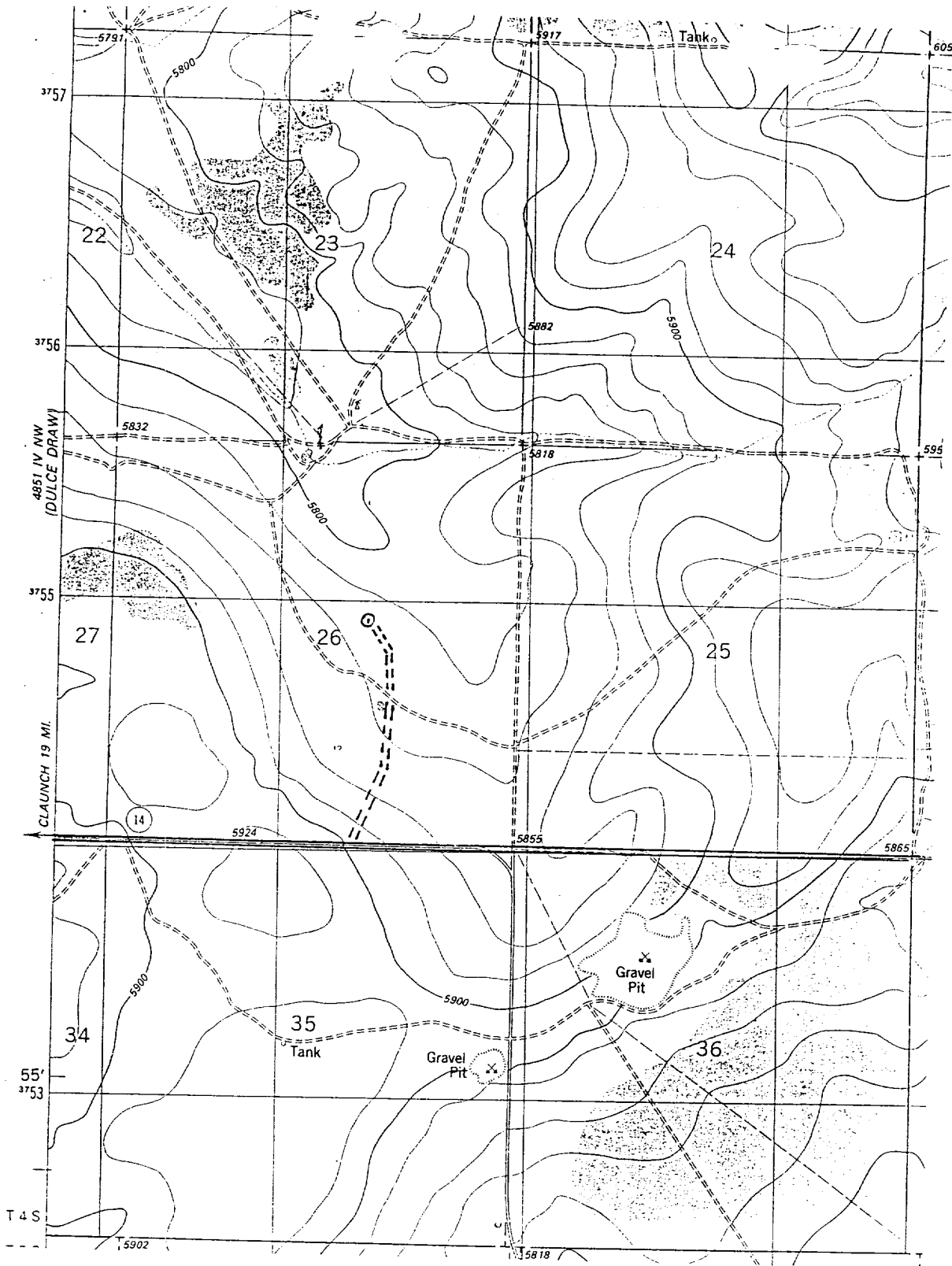
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Primero Operating, Inc. and its contractors and subcontractors in conformity with this plan and the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signed:

Date: 8-30-99



Phelps White
President



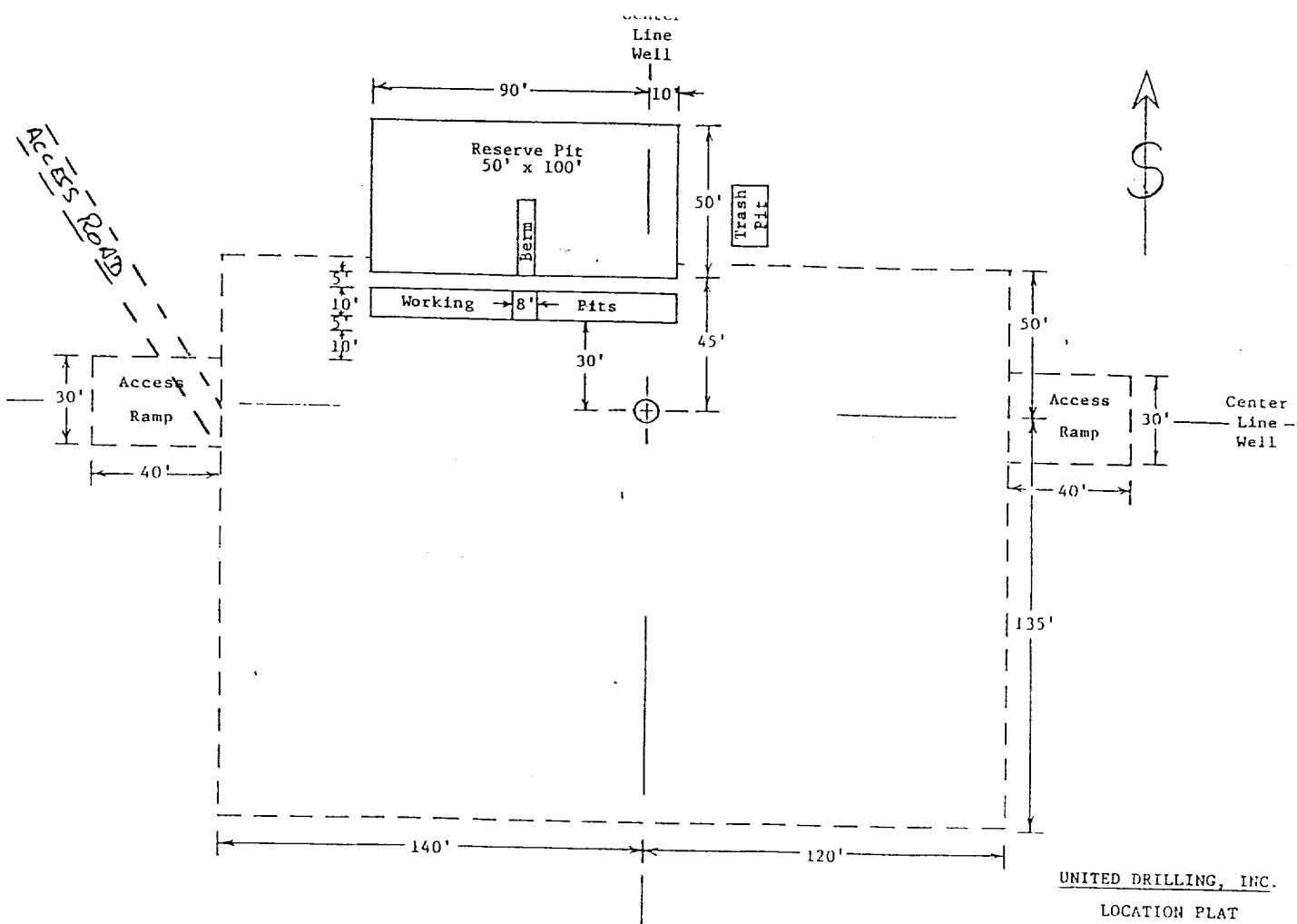
Existing Roads
 Proposed Access

EXHIBIT 1s

Attached to Form 3160-3
 Primero Operating, Inc.
 Jackson Ranch Federal #1
 2310' FNL and 1980' FEL
 Section 26. T4S, R10E
 Lincoln County, New Mexico

Exhibit 2s

Attached to Form 3160-3
Primero Operating, Inc.
Jackson Ranch Federal #1
2310' FNL and 1980' FEL
Section 26, T4S, R10E
Lincoln County, New Mexico



UNITED DRILLING, INC.
LOCATION PLAT
RIG #19

DRILLING PROGRAM

Attached to Form 3160-3

Primero Operating, Inc.
Jackson Ranch Federal #1
2310' FNL and 1980' FEL
Section 26, T4S, R10E
Lincoln County, New Mexico

1. **Geologic Name of Surface Formation:**

Santa Rosa Sand (Triassic)

2. **Estimated Tops of Important Geologic Markers:**

	<u>Top</u>	<u>Thickness</u>
Bernal shale and siltstone	150'	300'
San Andres limestone, dolomite and gypsum	450'	600'
Glorieta sandstone and dolomite	1050'	300'
Yeso dolomite, anhydrite and siltstone	1350'	900'
Yeso salt, anhydrite and siltstone	2250'	700'
Yeso sandstone, siltstone and anhydrite	2950'	300'
Abo granite wash and mudstone	3250'	1650'
Pennsylvanian limestone, sandstone and shale	4900'	1600'

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

Fresh water expected 100' to 1100'
Oil and gas possible from 3250 to TD.

No other formations are expected to contain oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" at 1350' and circulating cement back to surface.

4. **Casing Program:**

<u>Hole Size</u>	<u>Interval</u>	<u>OD csg</u>	<u>Weight</u>	<u>Grade</u>
17"	0 to 1350'	13 3/8"	54.0#	J-55
12 1/4"	1350' to TD	5 1/2"	15.5#	J-55

Cement Program:

13 3/8" surface casing will be cemented with enough cement to circulate to surface. It is estimated that this will require approximately 800 sacks of Class C cement tailed in with 200 sacks of Class "C" cement with 2% CaCl. The float equipment will consist of a cement guide shoe, float collar and approximately 10 centralizers.

5 1/2" casing will be cemented with enough cement to cover from Td to at least 1000' above the top interval to be tested. A column of cement from TD to 3000' from surface would require

approximately 280 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:**

The blowout preventer equipment (BOP) shown in Exhibit # 1 will consist of a double ram-type (3000 psi wp) preventer. This unit will be hydraulically operated and the ram-type preventer will be equipped with blind rams on top and pipe rams on bottom. This BOP will be nipped up on the casing and used continuously until TD is reached. A rotating head will be installed on top of the BOP so that air will be diverted out a bluey line to the pit. All BOP's and accessory equipment will be tested to psi before drilling out of surface casing.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and a 3" choke line will be included in the drilling spool located below the ram type BOP.

6. **Types and Characteristics the Proposed Mud System:**

The well will be drilled to TD with Air/mist

If at some point during drilling operations it becomes necessary to convert to mud, we will use a fresh water system containing fresh water gel and starch.

7. **Auxiliary Well control and Monitoring Equipment:**

(A) A Kelly cock will be kept in the drill string at all times.

(B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

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

(A) Samples will be caught at 10' intervals from 500' to TD. A 2 man mudlogging unit will be utilized from 6500' to TD.

(B) The electric logging program will consist of Density/ Accelerated Porosity/ Gamma Ray/ Temperature Tool/ Array Induction Tool

(C) Further testing procedures will be determined after the production casing has been cemented at TD based on drill shows and log evaluation.

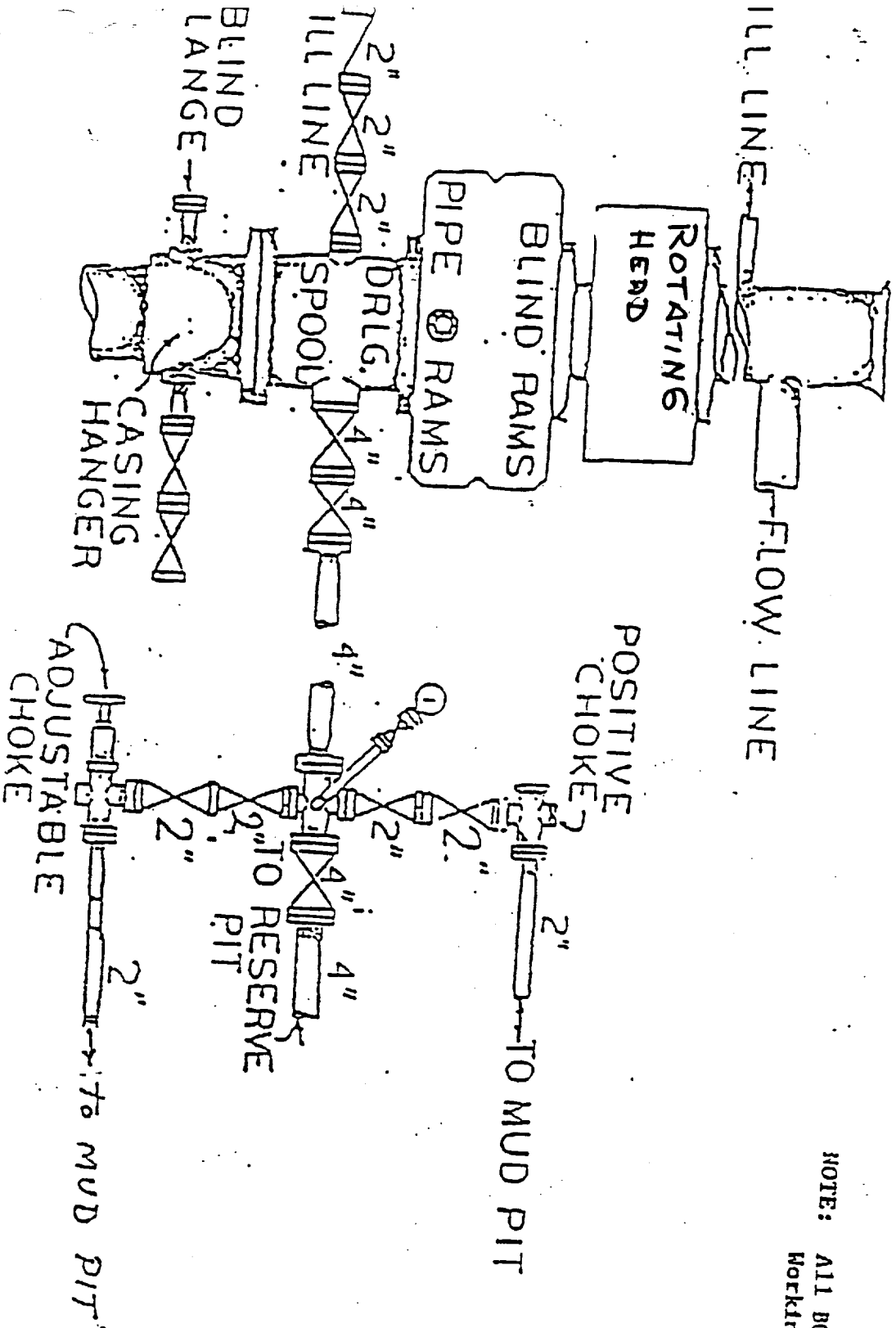
9. **Abnormal Conditions, Pressures, Temperatures, and Potential Hazards:**

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature at Td is expected to be 130 degrees F. Estimated BHP is expected to be approximately 1250 psi. Hydrogen Sulfide has not been encountered on any of the previously drilled wells in the area and is not expected here.

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

Location and road work will not begin until approval has been received from the BLM. The anticipated spud date is after September 1, 1999. Once commenced, the drilling operation should

be finished in approximately 20 days. If the well is productive, an additional 20 days may be required for completion and testing before a decision is made to install permanent facilities.



NOTE: ALL BOP Equipment Is 3000# Working Pressure

Exhibit #1

Attached to
DRILLING PROGRAM

Attached to Form 3160-3
Prinero Operating, Inc.
Jackson Ranch Federal #1
2310' FNL and 1980' FEL
Section 26, T4S, R10E
Lincoln County, New Mexico

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

STATE OFFICE: New Mexico
SERIAL NO.: NM 91544

and hereby designates

NAME: Primero Operating, Inc.
ADDRESS: PO Box 1433, Roswell, NM 88202-1433

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160) with respect to (describe acreage to which this designation is applicable):

Township 4 South, Range 10 East, NMPM
Section 24: A11
Section 25: A11
Section 26: A11
Section 35: A11

Bond coverage under 43 CFR 3104 for lease activities conducted by the above named designated operator is under Bond Number NM2677

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, stipulations, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

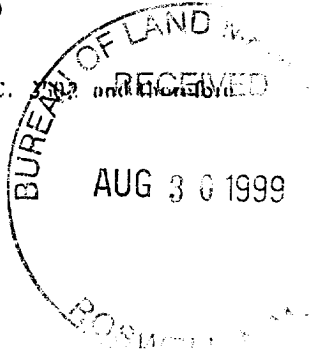
FRIZZELL EXPLORATION COMPANY II

By: Jack O. Frizzell
(Signature of Lessee)
Jack O. Frizzell, General Partner
241 Pine, Suite 6-A
Abilene, Texas 79601

August 27, 1999
(Date)

(Address)

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.



UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88202-1287

Statement Accepting Responsibility for Operations

Operator Name: Primero Operating, Inc.
Street or Box: P.O. Box 1433
City, State: Roswell, New Mexico
Zip Code: 88202-1433

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 91544

Legal Description of Land: T4S, R10E
Section 24: All
Section 25: All
Section 26: All
Section 35: All
Lincoln County, NM

Formation (s) (if applicable):

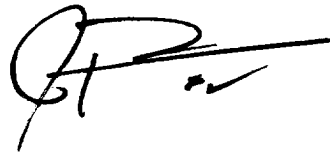
Not applicable

Bond Coverage (State if individually bonded or another's bond):

Statewide Bond

BLM Bond File No.: NM2677

Authorized Signature:



Title: President

Date: 8/28/99

