

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN 1 PLICATE*
(Other instructions on reverse side)

30-015-26519
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 DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
 SOUTHWEST ROYALTIES, INC.

3. ADDRESS OF OPERATOR
 P. O. BOX 11390, MIDLAND, TEXAS 79702-8390

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface: 1980' FSL AND 1980' FEL OF SECTION 17, T.23 S., R.30 E.
 At proposed prod. zone: *W. J.*

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 11 AIR MILES EAST OF LOVING, NEW MEXICO

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

16. NO. OF ACRES IN LEASE
 640

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.
 -

19. PROPOSED DEPTH
 6950'

20. ROTARY OR CABLE TOOLS
 ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3220.6' GL

22. APPROX. DATE WORK WILL START*
 UPON APPROVAL

5. LEASE DESIGNATION AND SERIAL NO.
 NM-63358

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 EXXON FEDERAL

9. WELL NO.
 1

10. FIELD AND POOL, OR WILDCAT
 WILDCAT *Delaware*

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 SEC. 17, T. 23 S., R. 30 E.

12. COUNTY OR PARISH | 13. STATE
 EDDY | NEW MEXICO

23. PROPOSED CASING AND CEMENTING PROGRAM *8-111-P Potash*

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48#	400'	SUFFICIENT TO CIRCULATE
12-1/4"	8-5/8"	24# & 32#	3300'	SUFFICIENT TO CIRCULATE
7-7/8"	5-1/2"	14# & 15.5#	6950'	700 SACKS - TO TIE BACK TO 8-5/8" CASING

AFTER SETTING PRODUCTION CASING, PAY ZONE WILL BE PERFORATED AND STIMULATED AS NECESSARY.

SEE ATTACHED FOR: SUPPLEMENTAL DRILLING DATA
 BOP SKETCH
 SURFACE USE AND OPERATIONS PLAN

RECEIVED

OCT 16 12 03 PM '90
 GAS ART

*Post ID-1
 11-2-90
 New Doc + APZ*

APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS
 ATTACHED

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 *Arthur R. Brown* TITLE Agent DATE 10-8-90
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY _____ TITLE _____ DATE 10 24 90
 CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS <small>(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)</small>		5. LEASE DESIGNATION AND SERIAL NO. NM-63358
1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR SOUTHWEST ROYALTIES, INC.		7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR P. O. BOX 11390, MIDLAND, TEXAS 79702-8390		8. FARM OR LEASE NAME EXXON FEDERAL
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1980' FSL & 1980' FEL OF SECTION 17		9. WELL NO. 1
14. PERMIT NO.	15. ELEVATIONS (Show whether DP, RT, GR, etc.) 3220.6' GL	10. FIELD AND POOL, OR WILDCAT WILDCAT
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 17, T. 23 S., R. 30 E.
		12. COUNTY OR PARISH EDDY
		13. STATE NEW MEXICO

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input checked="" type="checkbox"/>	(Other) _____	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

PLANS NOW ARE TO USE CABLE TOOLS TO SPUD AND COMMENCE DRILLING OPERATIONS.

18. I hereby certify that the foregoing is true and correct

SIGNED Arthur R. Brown TITLE Agent DATE 10-17-90

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE 10/24/90

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

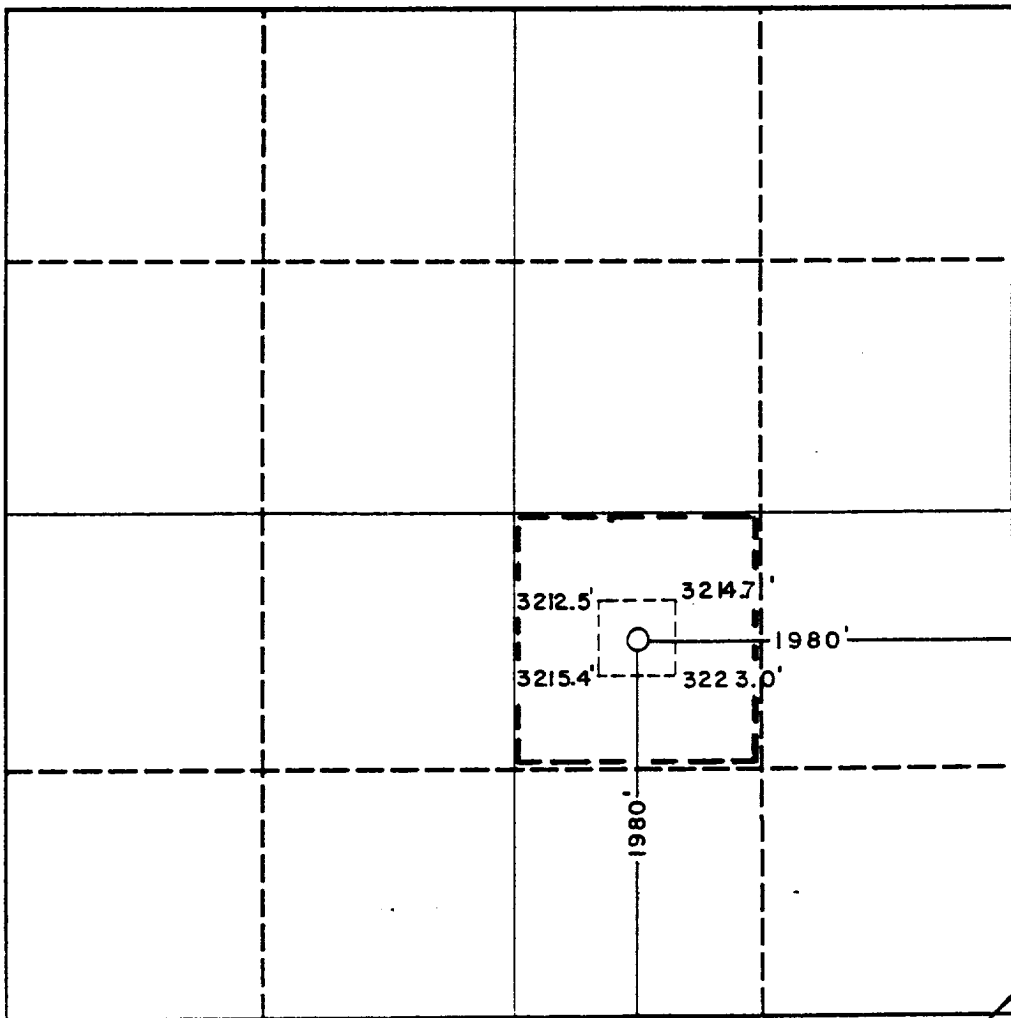
Operator SOUTHWEST ROYALTIES, INC.		Lease EXXON FEDERAL		Well No. 1
Unit Letter J	Section 17	Township 23 SOUTH	Range 30 EAST	County EDDY
Actual Footage Location of Well: 1980 feet from the SOUTH line and 1980 feet from the EAST line				
Ground level Elev. 3220.6	Producing Formation DELAWARE	Pool WILDCAT	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Arthur R. Brown

Printed Name
Arthur R. Brown

Position
Agent

Company
SOUTHWEST ROYALTIES, INC.

Date
October 9, 1990

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 knowledge and belief.

Date Surveyed
10-9-90

Signature & Seal of Professional Surveyor
John W. West

Certification No. **1675**

PROFESSIONAL ENGINEER AND LAND SURVEYOR

NO. **1675**

JOHN W. WEST

676
3239

SUPPLEMENTAL DRILLING DATA

SOUTHWEST ROYALTIES, INC.
WELL NO.1 EXXON FEDERAL

1. SURFACE FORMATION: Triassic.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Rustler	700'	Delaware	3500'
Top Salt	1750'	Cherry Canyon	4400'
Base Salt	3200'	Brushy Canyon	5500'

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Brushy Canyon Oil

4. PROPOSED CASING AND CEMENTING PROGRAM:

13-3/8" 48# H-40 STC casing is to be set at approximately 400 feet in 17-1/2" hole. Casing will be cemented with approximately 350 sacks of Class "C" with 2% CaCl. Cement to circulate.

8-5/8" 24# and 32# J-55 STC casing will be set at 3300 feet in 12-1/4" hole. Casing will be cemented with approximately 800 sacks of Light cement with 1/4# Flocele and 15# salt per sack tailed in with 100 sacks of Class "C" with 2% CaCl. Cement to circulate.

5-1/2" 14# and 15.5# J-55 STC casing is to be set at approximately 6950 feet in 7-7/8" hole. Casing will be cemented with sufficient Light cement, tailed in with 100 sacks of Class "H", to tie back to the 8-5/8" casing.

5. PRESSURE CONTROL EQUIPMENT:

The BOP stack will consist of 3000 psi working pressure annular type and double ram type preventers while drilling below the surface casing seat.

A BOP sketch is attached.

6. CIRCULATING MEDIUM:

Surface to 400 feet: Fresh water spud mud. Viscosity as required for good hole cleaning.

Viscosity: 30 - 36 sec./1000 cc

400 feet to 3300 feet: Brine conditioned as necessary for control of pH, viscosity and seepage.

Viscosity: 28 - 32 sec.

3300 feet to total depth: Water base drilling fluid conditioned as necessary for control of viscosity, pH, seepage and water-loss. Weighted as necessary for well control.

Viscosity: 34 - 40 sec.

7. AUXILIARY EQUIPMENT:

Geolograph from surface to total depth.

Mud logging trailer to be in use from 3300 feet to total depth.

8. TESTING LOGGING AND CORING PROGRAMS:

No drill stem tests are planned.

Electric logs planned include GR-Sonic, and DLL.

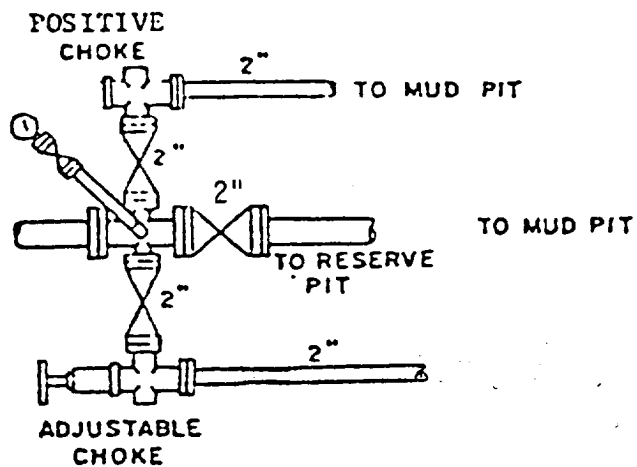
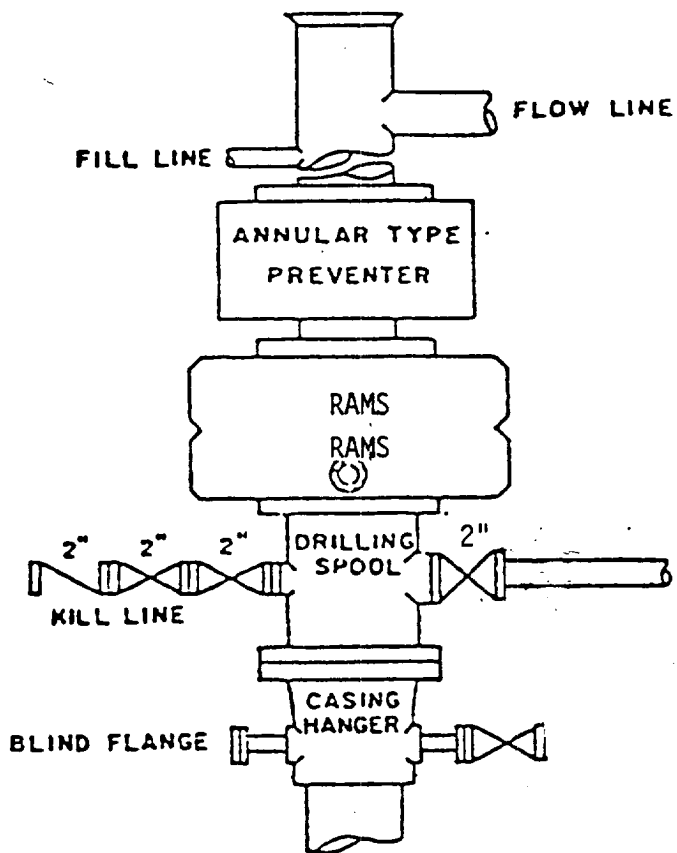
No coring is planned.

9. ABNORMAL PRESSURES OR TEMPERATURES:

None anticipated.

10. ANTICIPATED STARTING DATE:

It is planned that work will commence upon approval of the application.



BOP STACK

3000 PSI WORKING PRESSURE

BOP ARRANGEMENT

SURFACE USE AND OPERATIONS PLAN

FOR

SOUTHWEST ROYALTIES, INC.
WELL NO.1 EXXON FEDERAL
1980'FSL & 1980'FEL SEC.17, T.23 S., R.30 E.
EDDY COUNTY, NEW MEXICO

LOCATED: 11 air miles east of Loving, New Mexico.

FEDERAL LEASE NUMBER: NM-63358.

LEASE ISSUED: November 1, 1985, for five years. Lease expires October 31, 1990, absent production or diligent drilling operations in progress on such date.

ACRES IN LEASE: 640.

RECORD LESSEE: Exxon.

SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE: W. L. Mobley Jr. (505-887-1422)
3515 Standpipe Road
Carlsbad, New Mexico 88220

POOL: Wildcat.

POOL RULES: Statewide Rules. 40 acre spacing for oil.

EXHIBITS: A. Road Map
B. Plat Showing Existing Wells and Existing Roads
C. Drilling Rig Layout
D. Topo Plat

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. Point "A" on the plat is on State Highway 128 at Mile Marker 4.3, approximately 10 miles northeast of Loving, New Mexico, where Eddy County road 793 goes south. IMC Shaft No. 5 site is also near this point. Also see Exhibits "B" and "D". To go to the proposed well site from this point, exit 128 to the south and go 3 miles to a point where a caliche road goes east. Turn east and go 0.3 mile to arrive at a corral. Continue past the corral on the two-track road 1.6 miles east and northeast, passing an abandoned well marker at 1.5 miles, and the proposed well site is about 900 feet northwest of this point.

B. Exhibit "B" shows existing pertinent roads in the vicinity of the proposed well site. Existing roads are color coded.

2. PLANNED ACCESS ROAD:

A. Length and Width: The access route from Eddy County road 793 to the proposed well site is shown on Exhibits "B" and "D". New road to be constructed will be 15 feet wide and about 800 feet long and is shown labeled and color coded red on Exhibit "B". That part of the existing two-track road needed for access will be upgraded as necessary. The center line of the proposed new road is staked and flagged.

B. Surfacing Material: Onsite material will be utilized where suitable. Caliche will be used where onsite material is not suitable.

C. Maximum Grade: Two percent or less.

D. Turnouts: Possibly four.

E. Drainage Design: The new road will be crowned with drainage to the side.

G. Cuts and Fills: None necessary.

H. Gates and Cattle Guards: Cattle guards will be placed in existing fences.

3. LOCATION OF EXISTING WELLS:

A. Existing wells in the immediate area are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not contemplated that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site, or will be moved to the well site by temporary pipeline laid on the ground alongside existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Onsite material will be utilized where possible. Caliche needed for construction work will be taken from an existing pit on State land in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 18, T.23 S., R.30 E., Eddy County, New Mexico, and will be trucked to the well site over existing and proposed roads.

7. METHODS OF HANDLING WASTE MATERIAL:

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

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

C. Water produced during tests will be disposed of in the drilling pits

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "C".

F. All trash and debris will be buried or removed from the well site within thirty days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

9. WELL SITE LAYOUT:

A. Exhibit "C" shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major drilling rig components.

B. Clearing and levelling of the well site will be required. A dike is to be constructed on the down-slope side of the reserve pit as a safety measure in the event of a possible pit spill.

C. The pad and pit area has been staked and flagged.

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

B. Any unguarded pits containing fluids will be fenced until the pits are dry.

C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and will be accomplished as rapidly as possible.

11. OTHER INFORMATION:

A. Topography: The land surface in this area is gently undulating. In the immediate area of the proposed well site, the ground surface slopes gently to the northwest. Regionally, drainage is to the west and southwest to the Pecos River.

B. Soil: Top soil in the area of the proposed well site is a gravelly loam.

C. Flora and Fauna: The vegetative cover is moderate and includes creosote bush, white thorn acacia, range ratany, prickley pear, and range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and Streams: There are salt lakes in the general area but no fresh water lakes, streams, or ponds.

E. Residences and Other Structures: There is a ranch house approximately 3/4 mile northeast of the proposed well site.

F. Archaeological, Historical, and Other Cultural Sites: None observed in the area, However, an archaeological reconnaissance will be accomplished and a report furnished.

G. Land Use: Grazing and wildlife habitat.

H. Surface Ownership: Federal.

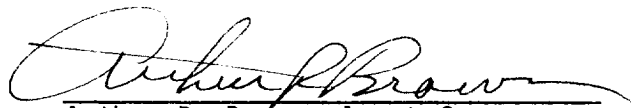
12. OPERATOR'S REPRESENTATIVE:

John Tate, Land Manager
Southwest Royalties, Inc.
P. O. Box 11390
Midland, Texas 79702-8390
Phone: 915-686-9927

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, that the work associated with the operations proposed herein will be performed by Southwest Royalties, Inc. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

October 5, 1990
Date:


Arthur R. Brown, Agent for
SOUTHWEST ROYALTIES, INC

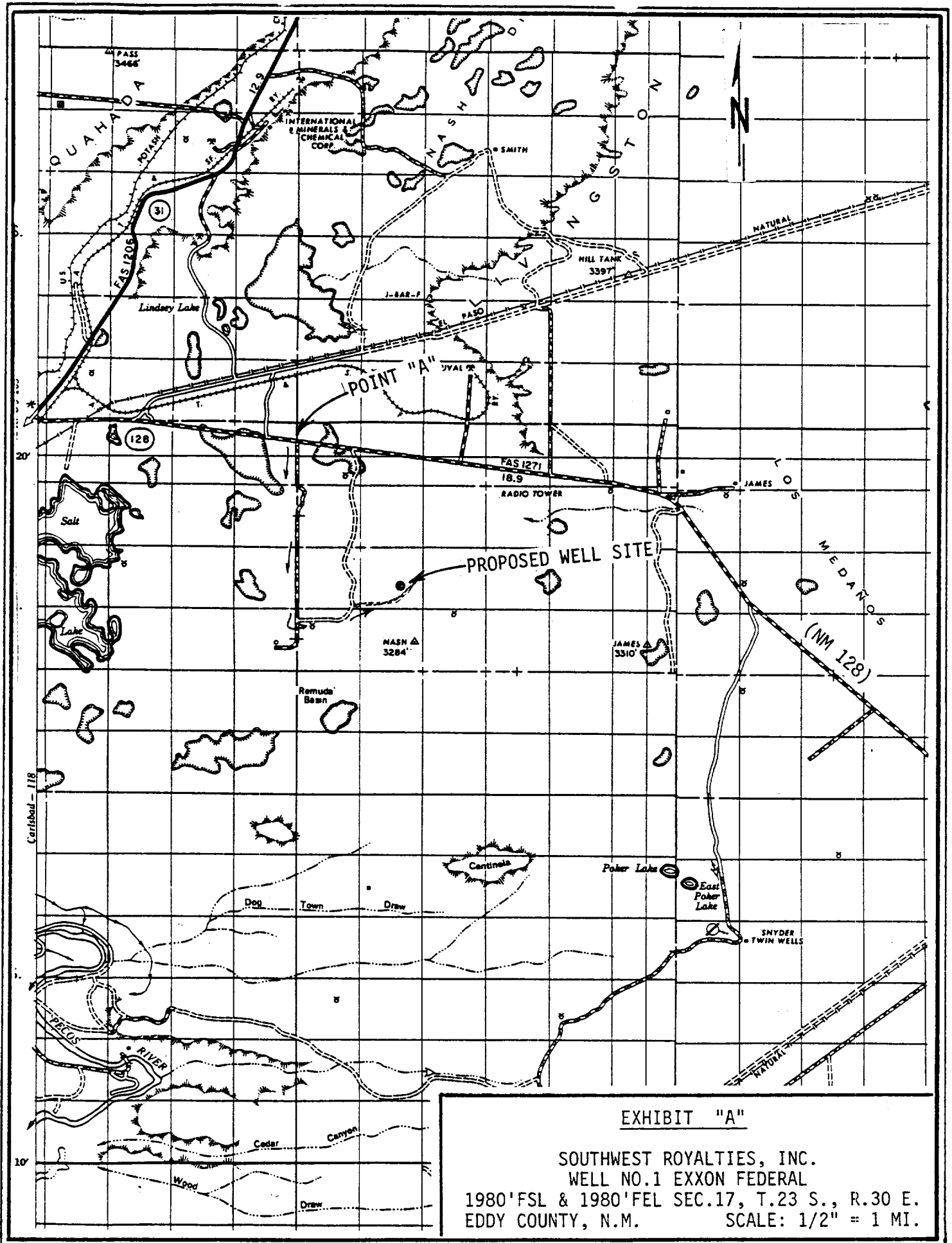
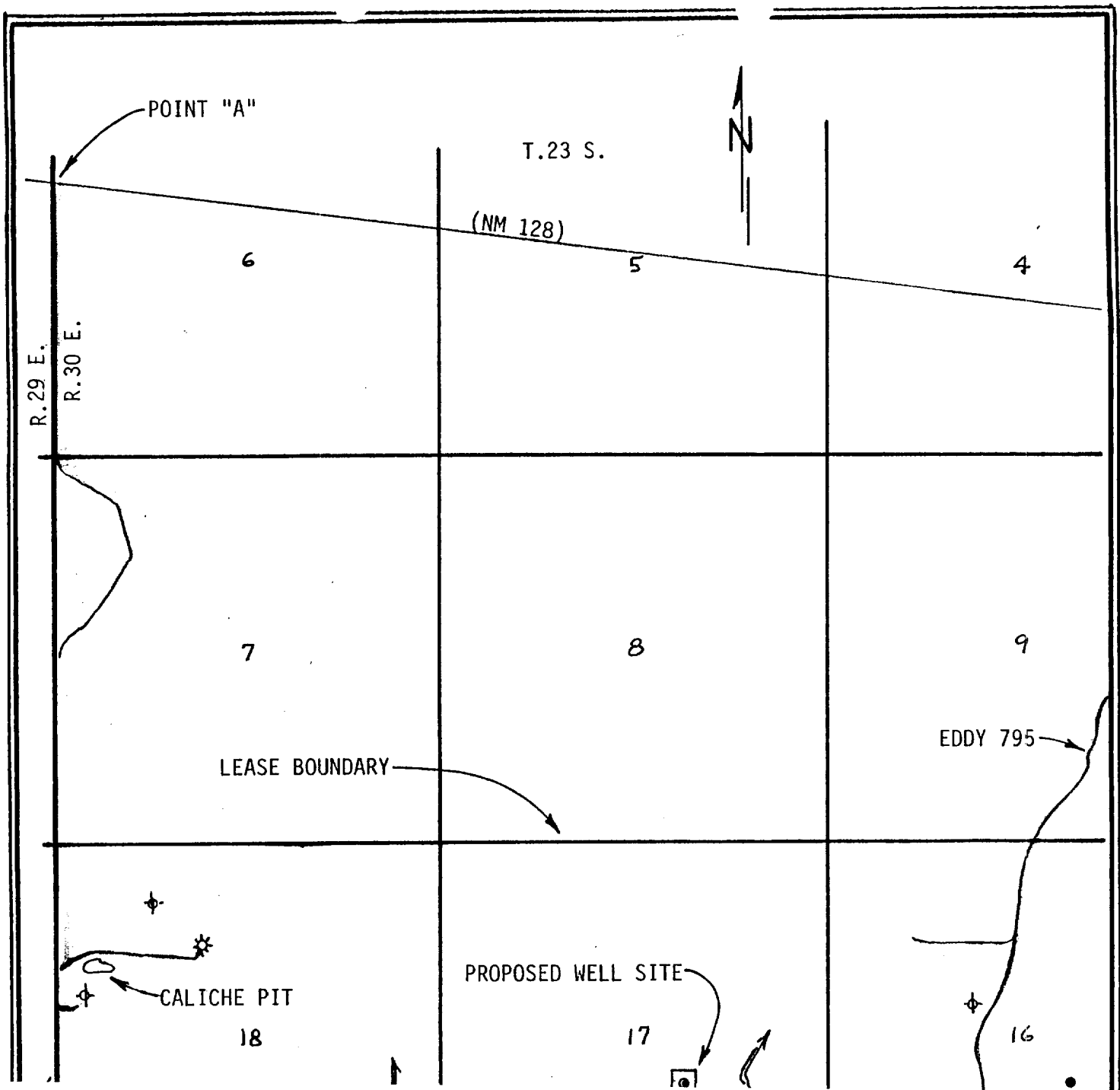
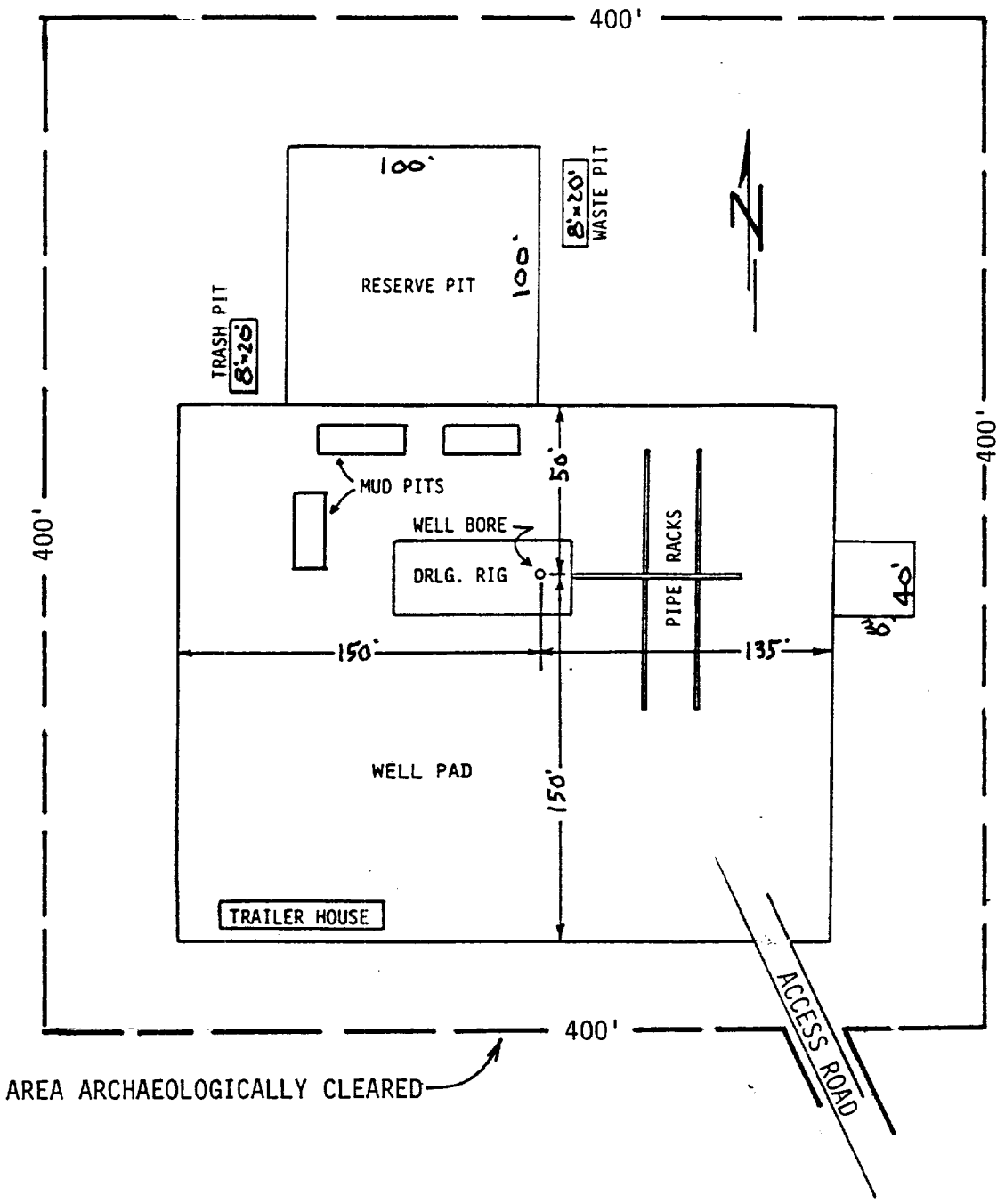


EXHIBIT "A"

SOUTHWEST ROYALTIES, INC.
 WELL NO.1 EXXON FEDERAL
 1980'FSL & 1980'FEL SEC.17, T.23 S., R.30 E.
 EDDY COUNTY, N.M. SCALE: 1/2" = 1 MI.





AREA ARCHAEOLOGICALLY CLEARED

EXHIBIT "C"
 SOUTHWEST ROYALTIES, INC.
 WELL NO.1 EXXON FEDERAL
 DRILLING RIG LAYOUT
 SCALE: None

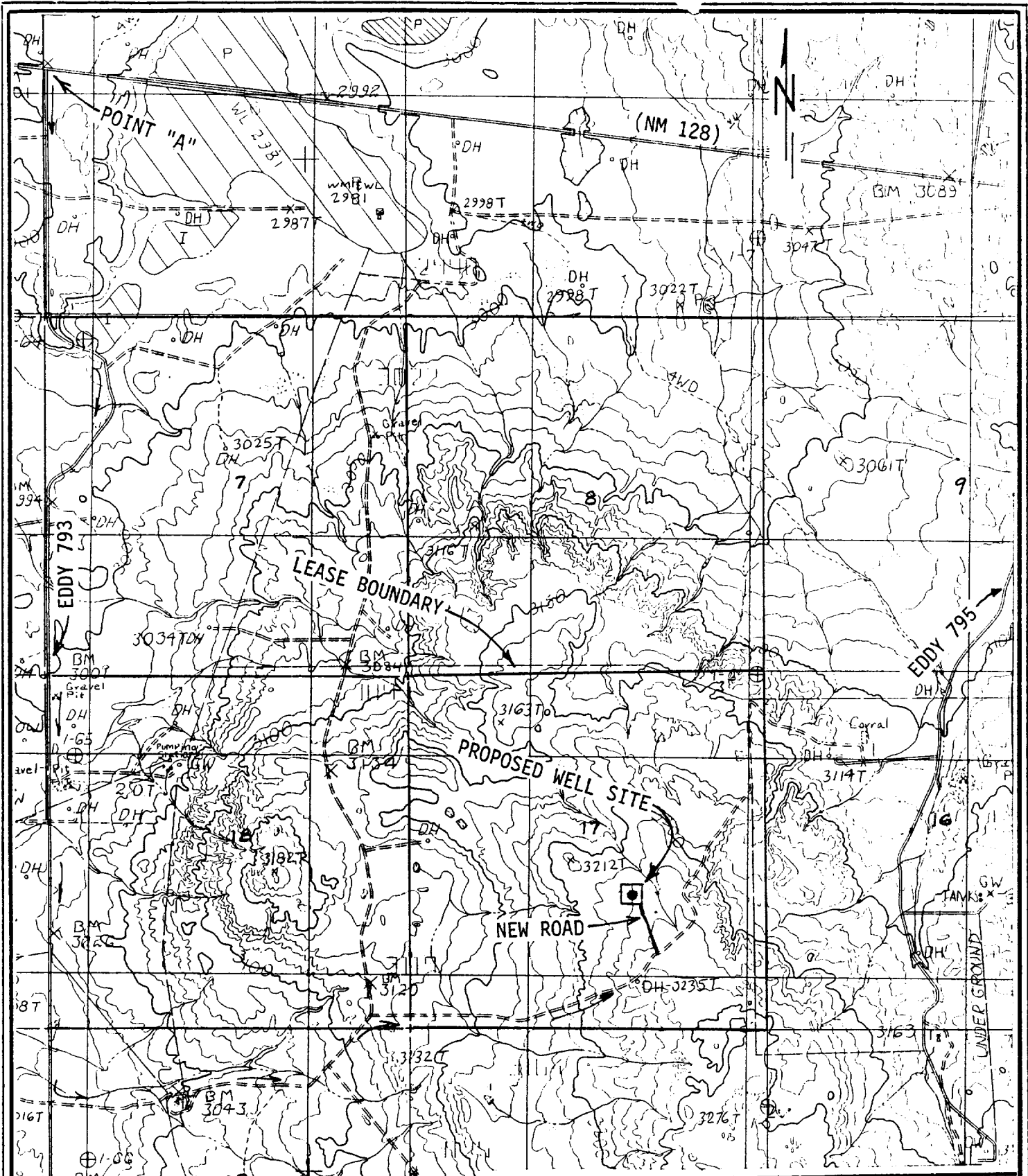


EXHIBIT "D"

SOUTHWEST ROYALTIES, INC.
 WELL NO.1 EXXON FEDERAL
 1980'FSL & 1980'FEL SEC.17, T.23 S., R.30 E.
 EDDY COUNTY, N.M. TOPO PLAT