



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 6, 2001

Smith & Marrs Inc
P O Box 863
Kermit TX 79745

RE: Willis Federal #18-A, 34-26s-37e, API #30-025-34218

Gentlemen:

On May 19, 1999 notification was sent that this well was out of compliance, and more paper work was required. Discuss with the Bureau of Land Management today have learned that they have the same paper work in their files.

To bring this well into current status, the Oil Conservation Division, District I ask that you Shut-in the well of question until the following paper work is approved:

1. Subsequent reports on spuding and drilling done.
Surface casing and waiting on Cement time
Intermediate casing and waiting on cement time
2. C-104 Authorization to transport
3. Completion report is missing the Lithology report
4. Deviation Survey
5. Full set of logs

This information needs to be in the Hobbs OCD office by September 14 or further action will be taken.

Yours very truly,

OIL CONSERVATION DIVISION

Chris Williams
District I, Supervisor

CW:dm

CC: / OCD Santa Fe
BLM
OCD Hobbs

D. K. BOYD LAND & CATTLE CO.

P.O. Box 11351
Midland, Texas 79702
915 685-1022

*Pickey,
This was fixed
to BLM @ 8:50 AM.
It will be mailed
today.*

October 29, 1997

Department of Interior
Bureau of Land Management
Carlsbad Resource Area Headquarters
620 East Greene Street
Carlsbad, New Mexico 88220-6292

RE: Smith & Marrs, Inc., Section 34, T-26-S, R-37-E, Wills Federal Lease, Well #18
(330' FNL & 990' FEL of Section 34), Lea County, New Mexico.

TO WHOM IT MAY CONCERN:

As surface owner of the above referenced property, Section 34, T-26-S, R-37-E, Smith & Marrs, Inc. has my permission to conduct drilling and completion operations on the referenced land.

Very truly yours,
D. K. BOYD Land & Cattle Co.



D. K. Boyd
Operations Manager

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BUREAU OF LAND MGMT
ROSWEIL OFFICE

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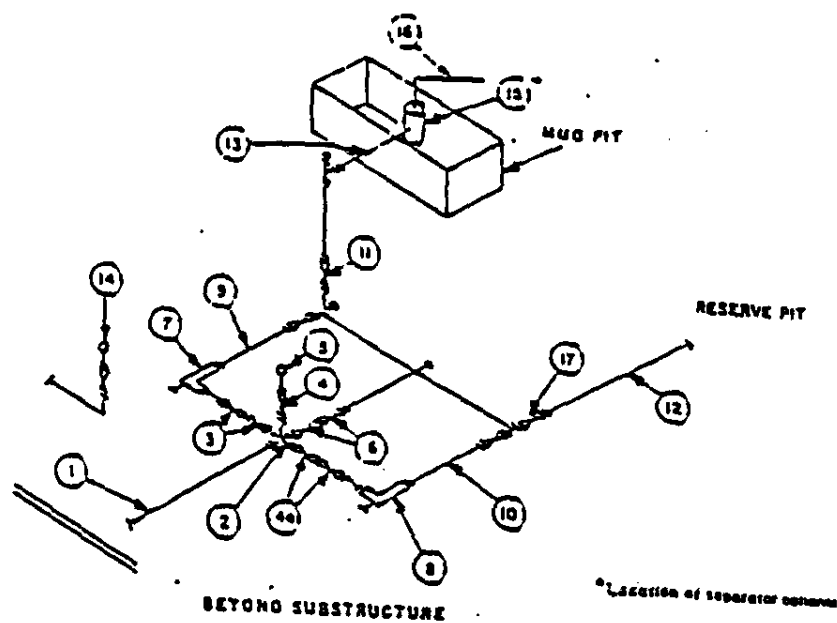
Timber Mountain Ranch ♦

D. K. BOYD OIL AND GAS CO., INC. ♦

Frying Pan Ranch

3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



No.		MINIMUM REQUIREMENTS					
		3,000 MWP			5,000 MWP		
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from casing head		3"	3,000		3"	5,000
2	Cross 3"x3"x3"x3"			3,000			5,000
3	Valves (1) Gate C Plug (2)	3-1/8"		3,000	3-1/8"		5,000
4	Valve Gate C Plug (2)	1-13/16"		3,000	1-13/16"		5,000
4a	Valves (1)	2-1/16"		3,000	2-1/16"		5,000
5	Pressure Gauge			3,000			5,000
6	Valves Gate C Plug (2)	3-1/8"		3,000	3-1/8"		5,000
7	Adjustable Choke (1)	2"		3,000	2"		5,000
8	Adjustable Choke	1"		3,000	1"		5,000
9	Line		3"	3,000		3"	5,000
10	Line		2"	3,000		2"	5,000
11	Valves Gate C Plug (2)	3-1/8"		3,000	3-1/8"		5,000
12	Line		3"	1,000		3"	1,000
13	Line		3"	1,000		3"	1,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000
15	Gas Separator		2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000
17	Valves Gate C Plug (2)	3-1/8"		3,000	3-1/8"		5,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operator's hydraulic choke required on 5,000 psi and 10,000 psi for casing.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from casing head to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using full plugged tees.

Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

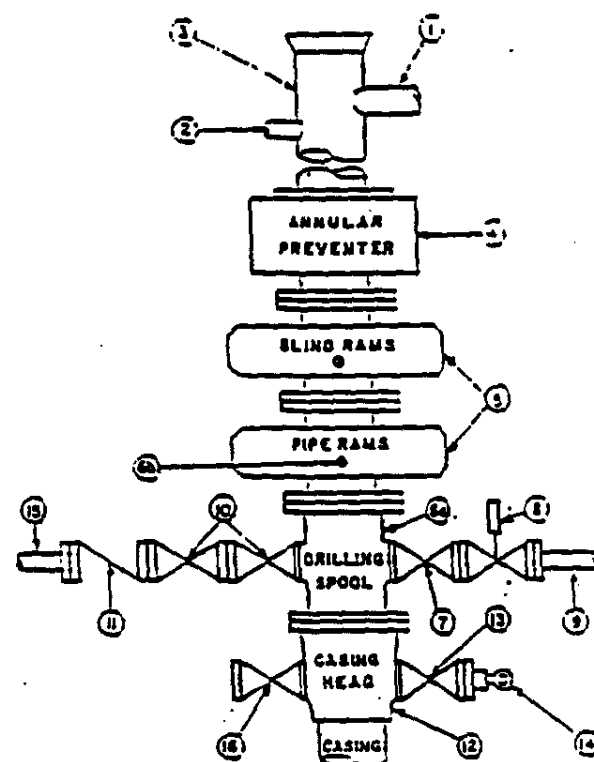
STACK REQUIREMENTS

No	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve <input type="checkbox"/> Gate <input type="checkbox"/> Plug <input type="checkbox"/>	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves <input type="checkbox"/> Gate <input type="checkbox"/> Plug <input type="checkbox"/>	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve <input type="checkbox"/> Gate <input type="checkbox"/> Plug <input type="checkbox"/>	1-13/16"	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged valve	1-13/16"	
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CONFIGURATION 1



Attached to Form 3160-3

Smith & Marrs, Inc.

Wills Federal No. 18
990 FEL & 330' FNL
Sec. 34, T265R37E

Located: 6.5 mls S.E. of Jal, New Mexico

Federal Lease Number: LC-050107B

Lease Issued: N/A

Acres in Lease: 280 acres

Record Lessee: Smith & Marrs, Inc.

Surface Ownership: D.K. Boyd Land & Cattle Company

Grazing Permittee: D.K. Boyd Land & Cattle Company

Pool: Rhodes (Yates, Seven Rivers)

Pool Rules: The 40 acre oil well spacing rules apply to this location, being 330' to the nearest side boundary or 1/4-1/4 section line, nor closer than 330' to the nearest well capable of producing from the same formation.

Exhibits:

- A. Road Map
- B. Existing Wells Map
- C. Well Location and Acreage Dedication Plat
- C1. Topo Map
- D. Drilling Rig Layout Diagram
- E. BOP Equipment

1. Existing Roads:

- a) The well site and elevation plat for the proposed well is shown on Exhibit C.
- b) All roads to the location are shown on Exhibit B. The existing roads are illustrated in black 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.
- c) Directions to Location: Go south of Jal, N.M. on Highway 18 approximately 7 miles. Turn right off Highway onto lease road and go northeast 1600'. Turn right and go 870' to Wills Federal No 18.
- d) Routine grading and maintenance of existing roads conducted as necessary to maintain their condition long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit B show the new access road to be constructed and is illustrated in green. The proposed access road as shown in Exhibit C1 has been centerline flagged. The road will be constructed as follows:

- a) Length and Width: 660' of new access road will be constructed. The maximum width of the running surface will be 15'. See Exhibit B.
 - b) Surfacing Material: Caliche material will be used to surface the proposed road. It will be watered, compacted, and graded. Caliche will be obtained from either the reserve pit or a borrow pit on the proposed location as described in Item 6 of the Surface Use and Operating Plan.
 - c) Maximum Grade: An approximate grade of less than two percent will be encountered from the existing road to the proposed well pad.
 - d) Turnouts: No turnouts are planned.
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- e) Drainage Design: The new road will be crowned at the center to direct drainage to ditches on both sides of the roadway with turnout ditches to be constructed as required. 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 inspections.
- f) Culverts: None required.
- g) Cuts and Fills: A slight amount of leveling will be required as the road crosses several small size sand dunes to the proposed well pad.
- h) Gates and Cattle Guards: Neither gates nor cattle guards will be necessary for this location.

3. Location of Existing Wells:

Exhibit No. B shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

- a) Smith & Marrs, Inc. operates a production facility on the Wills Federal lease.
- b) If the well is productive, contemplated facilities will be as follows: existing battery.
- c) An electric power line will be constructed as shown on Exhibit B.

5. Location and Type of Water Supply:

The well will be drilled with a combination of brine and fresh water mud system as outlined in the drilling program.

The water necessary for drilling operations will be purchased and trucked to the wellsite, or will be moved to the wellsite by way of a temporary pipeline laid on the ground alongside existing and proposed roads.

6. Source of Construction Materials:

Caliche needed for the road and well pad will be taken from the proposed reserve pit. An alternate plan will be to obtain caliche from a borrow pit located within the 400'x 400' archaeologically cleared tract at the proposed well site. If sufficient quality or quantity of caliche is not available, it will be transported to the proposed road and well site from an existing BLM approved caliche pit. The BLM will be notified and consulted if caliche must be obtained off location.

7. Method of Handling Waste Disposal:

- a) Drill cuttings will be disposed into the reserve pit.
 - b) Drilling fluids will be contained in the reserve pit. The reserve pit will be an earthen pit, approximately 150' x 150' x 6' deep and fenced on three sides prior to drilling. The fourth side will be fenced immediately following rig removal. The reserve pit will be lined with plastic (5-7 mil thickness) to minimize loss of drilling fluids.
 - c) Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending upon rates).
 - d) Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - e) Oil produced during testing will be stored in steel test tanks until sold.
 - f) Trash, waste paper, garbage, and junk will be placed in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of drilling and/or completion of operations. All waste material will be contained to prevent scattering by the wind.
 - g) A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.
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8. Ancillary Facilities:

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

9. Well Site Layout:

- a) Exhibit D shows the relative location and dimensions of the well pad, mud pits, reserve pit, location of the major components, and location of parking areas.
- b) Cut and fill requirements will be minor, but clearing and leveling of the well site will be necessary. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection.
- c) The reserve pit will be lined with a high quality plastic sheeting (5-7mil thickness).
- d) The pad and pit area are staked and flagged.

10. Plans for Reclamation of the Surface:

- a) After completion of drilling and/or completion of operations, all equipment and other material not needed for operations will be removed. The pit area will be allowed to dry before reclamation. If the borrow pit is constructed, the cuttings in the reserve pit will be broken out, filled, and leveled. The location will be cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as possible.
 - b) Three sides of the reserve pit will be fenced prior to and during drilling operations. The borrow pit will be fenced on all four sides after the location is built. At the time the rig is removed, the reserve pit will be fenced on the fourth side to prevent livestock or wildlife from being entrapped in the pits. The fencing will remain in place until the pits are cleaned up and leveled.
 - c) After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned.
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- d) Topsoil removed from the drill site will be used to recontour the pit area to the original natural level. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

11. Other Information:

- a) Topography: The land surface in the area is undulating with small sand dunes. In the immediate area of the well site, the land slope is to the southwest.
- b) Soil: Top soil at the well site is loamy sand.
- c) Flora and Fauna: The vegetation cover is moderate. It includes range grasses, weeds, scrub oak bushes, and mesquite bushes. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail, and other small birds.
- d) Ponds and Streams: There are no rivers or streams within a mile of this proposed location.
- e) Residences and Other Structures: There are no occupied dwellings within a mile of this location.
- f) Archaeological, Historical, or other Cultural Sites: None are known of in the area. An Archaeological survey has been conducted.
- g) Land Use: Grazing, oil and gas production, and wildlife habitat.
- h) Surface Ownership: D.K. Boyd Land & Cattle Company

12. Operator's Representative:

Rickey Smith
Operations Supervisor
Smith & Marrs, Inc.
P.O. Box 863
Kermit, TX. 79745
(915) 586-3076

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; 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 Smith & Marrs, 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 false statement.

Date

Rickey Smith
President

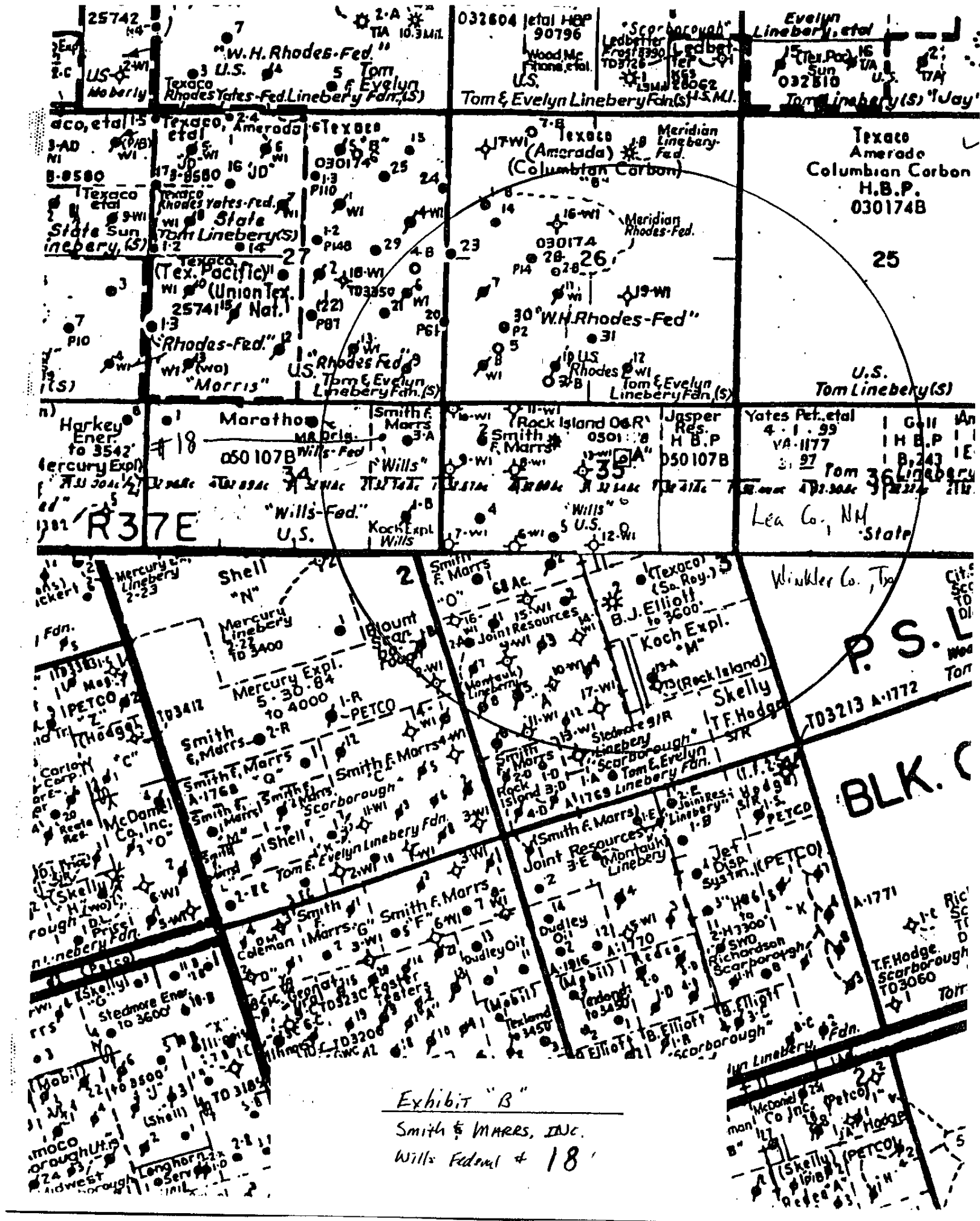


Exhibit "B"

Smith & MARRS, INC.

Wills Federal # 18