

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|---|---|
| ¹ Operator Name and Address Rice Operating Company 122 West Taylor Hobbs, NM 88240 | | ² OGRID Number 019174 |
| ³ Property Code 34654 | ⁵ Property Name Blinebry-Drinkard SWD | ⁴ API Number 30 - 025-37168 |
| ⁹ Proposed Pool 1 SWD Arrowhead Grayburg San Andres | | ¹⁰ Proposed Pool 2 |

| | | | | | | | | | |
|-------------------------------|---------------|-----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|---------------|
| ⁷ Surface Location | | | | | | | | | |
| UL or lot no. D | Section 20 | Township 22S | Range 37E | Lot Idn | Feet from the 330 | North/South line North | Feet from the 660 | East/West line West | County Lea |

| | | | | | | | | | |
|--|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| ⁸ Proposed 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 |

| | | | | | | | | | | | | |
|--|--|--|--|--|---------------------------------------|--|---------------------------------|---|------------------------------------|-----------------------------------|---|--|
| ¹¹ Work Type Code N | | | | | ¹² Well Type Code S | | ¹³ Cable/Rotary R | | ¹⁴ Lease Type Code S | | ¹⁵ Ground Level Elevation 3397' | |
| ¹⁶ Multiple N | | ¹⁷ Proposed Depth 5,000' | | | ¹⁸ Formation San Andres | | | ¹⁹ Contractor To be submitted later | | ²⁰ Spud Date 5-1-05 | | |
| Depth to Groundwater 190' | | | | Distance from nearest fresh water well +/- 5280' | | | | Distance from nearest surface water- 3.5 miles | | | | |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 5000_bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | | | | | | | | | |

| | | | | | |
|--|-------------|--------------------|---------------|-----------------|---------------|
| ²¹ Proposed Casing and Cement Program | | | | | |
| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
| 17 1/2 " | 13 3/8" | 48# | 400' | 440 | Surface |
| 12 1/4" | 9 5/8" | 36# | 2500' | 705 | Surface |
| 8 3/4" | 7" | 23# | 3900' | 400 | Surface |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill and equip a well for the purpose of disposing produced water in the San Andres formation.
See attached blowout prevention plan.

Permit Expires 1 Year From Approval
Date Expires: 05-14-2006

SWD-965

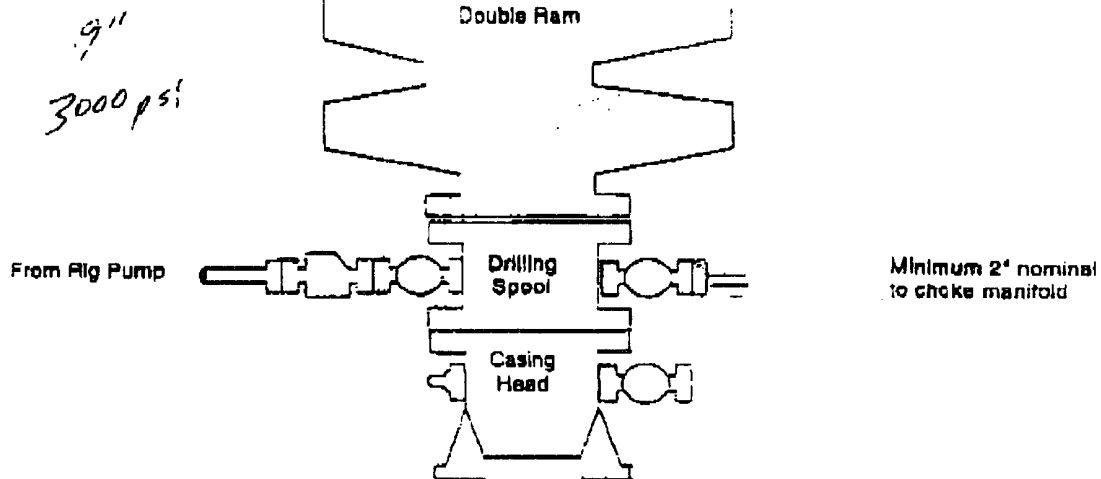
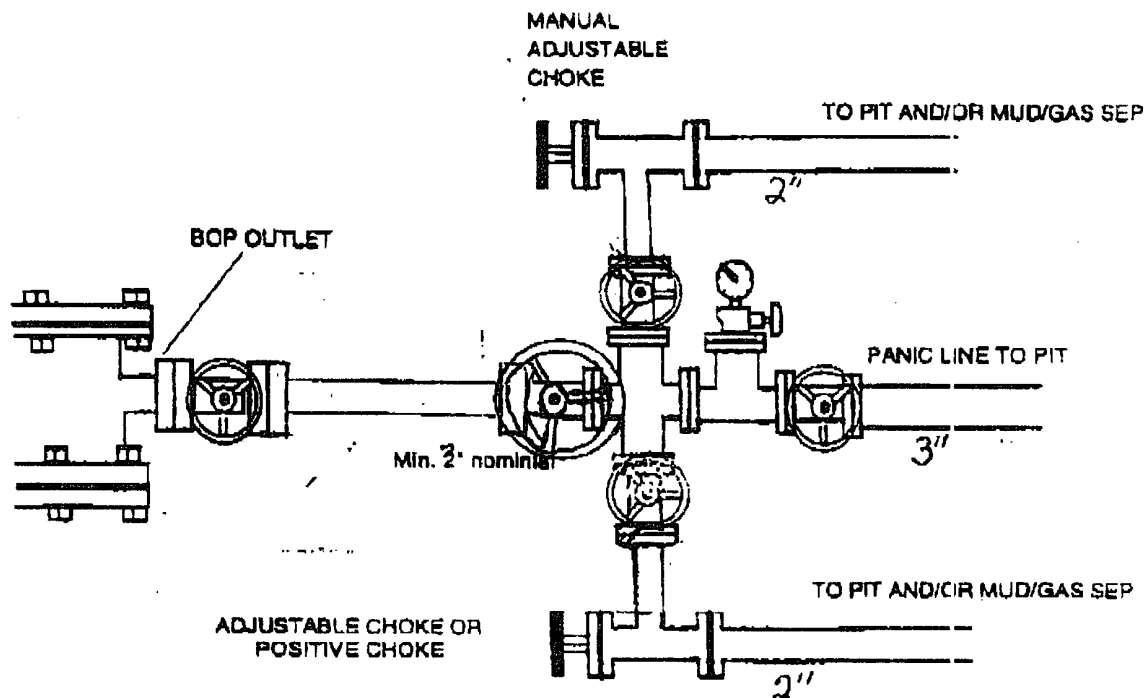
CCC
Hobbs
4-14-05
RECEIVED

| | | | |
|---|---------------------|--|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Printed name: Scott Curtis | | Approved by: | |
| Title: Operations Manager | | Title: PETROLEUM ENGINEER | |
| E-mail Address: jscricswd@leaco.net | | Approval Date: APR 19 2005 Expiration Date: | |
| Date: March 14, 2005 | Phone: 505-393-9174 | Conditions of Approval Attached <input type="checkbox"/> | |

BOP Schematic

*Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.

3000 psi WP Double Ram
Blow-out Preventor. Must be tested
to 1000 psi prior to drilling out
8-5/8" surface casing.

**Choke Manifold Schematic**

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DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|--|--------------------------------------|
| API Number 30-025-37168 | Pool Code 96108 96121 | Pool Name SWD Grayburg San Andres |
| Property Code 34654 | Property Name BDSWD Blinebry Drinkard SWD | Well Number 20 |
| OGRID No. 019174 | Operator Name RICE OPERATING | Elevation 3397' |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot No. D | Section 20 | Township 22 S | Range 37 E | Lot Idn | Feet from the 330' | North/South line NORTH | Feet from the 660' | East/West line WEST | County LEA |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

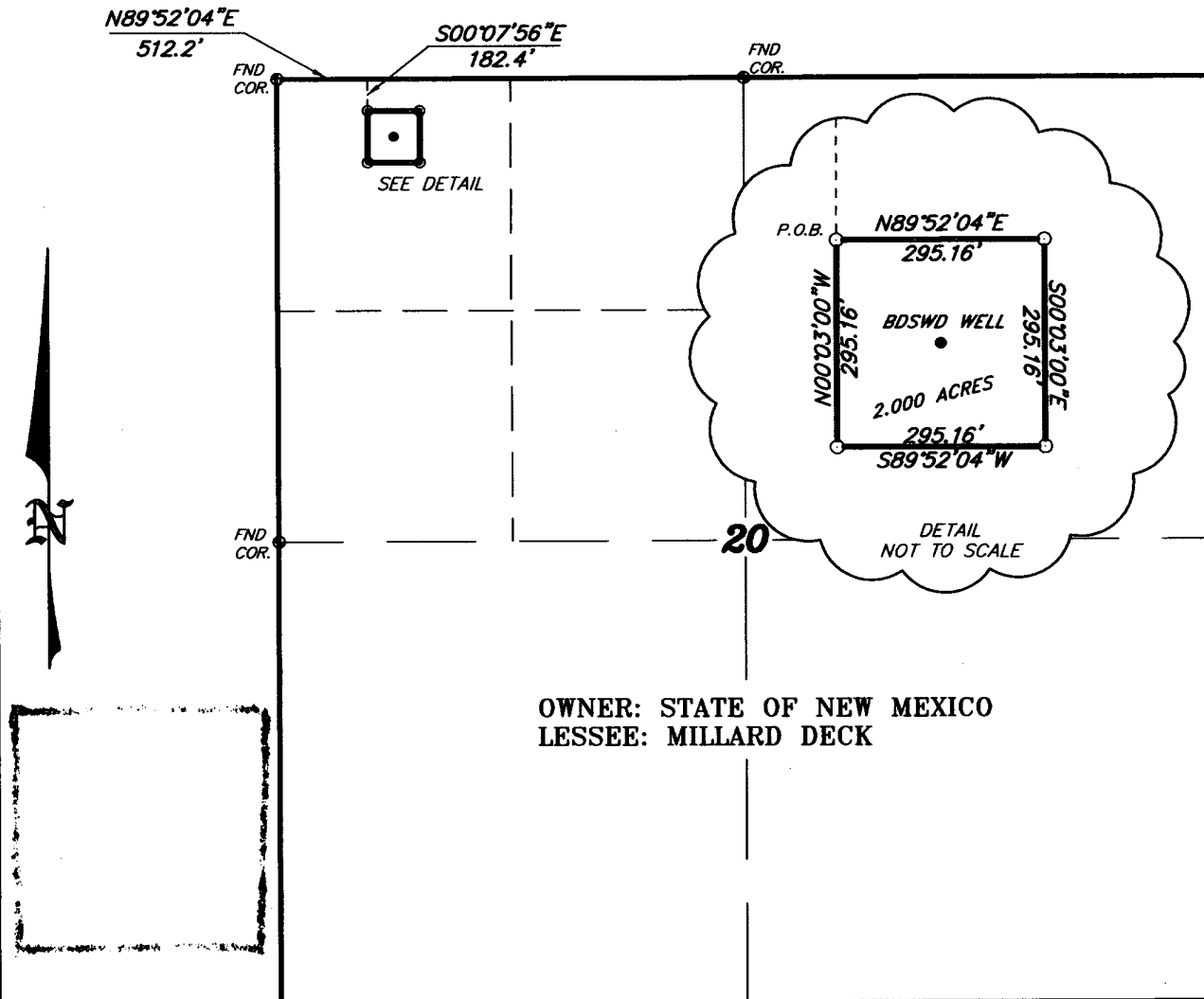
Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-----------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| Dedicated Acres 40 | Joint or 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

| | | | | | |
|--|--|--|--|--|--|
| | | | | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p></p> <p>Signature</p> <p>Scott Curtis</p> <p>Printed Name</p> <p>Operations Manager</p> <p>Title</p> <p>2-2-05</p> <p>Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JANUARY 28, 2005</p> <p>Date Surveyed</p> <p>ARY L. JONES</p> <p>Signature & Seal of Professional Surveyor</p> <p>W. G. NO. 5064</p> <p>Certificate No. 7977</p> <p>GWS BASIN SURVEYS</p> | |
| | | | | | |
| | | | | | |

SECTION 20, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



OWNER: STATE OF NEW MEXICO
LESSEE: MILLARD DECK

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A POINT WHICH LIES N.89°52'04"E., 512.2 FEET AND S.00°07'56"E., 182.4 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 20; THENCE N.89°52'04"E., 295.16 FEET; THENCE S.00°03'00"E., 295.16 FEET; THENCE S.89°52'04"W., 295.16 FEET; THENCE N.00°03'00"W., 295.16 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.0000 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S. 7977
TEXAS PROFESSIONAL SURVEYOR No. 5074

1000 0 1000 2000 FEET

RICE OPERATING COMPANY

REF: TRACT OF LAND FOR THE BDSWD WELL

A TRACT OF LAND LOCATED IN
SECTION 20, TOWNSHIP 22 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 5064 Drawn By: K. GOAD

Date: 01-28-2005 Disk: KJG CD#4 - RC5064B.DWG

Survey Date: 01-27-2005

Sheet 1 of 1 Sheets