

HOBBS OCD

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# SURFACE USE PLAN OF OPERATIONS

SPINDLETOP OIL & GAS CO.

Fowler Federal #1, Well No. 1 (Re-entry)  
1,650' FEL and 330' FNL, Sec. 18-T24S-R38E  
Lea County, New Mexico  
Lease No.: NMNM90558

## 1. EXISTING ACCESS ROAD:

- A. Exhibit "A" is a portion of a USGS TOPOQUAD map showing the existing well location for the proposed re-entry of the Fowler Federal, Well No. 1. The well site location is approximately 9 miles northeast of Jal, New Mexico.
- B. Directions: Travel east of Jal, New Mexico on U.S. Hwy 128 for 3 miles. Turn left on County Road 13 (Willis Road) and continue for 4 miles. Turn right onto County Road 14 (Dollarhide Road) and continue east for 2.5 miles. Turn left at the T-intersection and head north onto the existing access road. The existing access road runs approximately 10,956 ft. north from the turn in at County Road 14 to the south line of section 18, then turns right heading east for approximately 2,693 ft. and then turns left (north) running approximately 4,669 ft. along the west line of section 17, turning left heading to the west for approximately 1,581 ft. past the Greenback Federal, Well No. 1, and entering onto the existing well pad of the Fowler Federal, Well No. 1 on the southeast corner. The entire approximately 3.9 mile length of the existing access road dead ends at the Fowler Federal, Well No. 1 pad and is graded and topped with packed caliche rock.
- C. No turnouts will be required.
- D. No culverts will be required.
- E. No cuts and fills will be required.
- F. No new gates or cattle guards will be required.
- G. No off lease rights-of-way will be required.

## 2. PLANNED ACCESS ROAD:

- A. No new access roads will be required.

## 3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a one-mile radius are shown on Exhibit "B1" & "B2".

DEC 10 2015

#### **4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. Spindletop Oil & Gas Co. has production facilities for the Greenback Federal #1 on the lease at this time.
- B. If the Fowler Federal, Well No. 1 re-entry proves to be commercial the anticipated production facilities equipment will be installed on the existing drilling pad. Any anticipated electrical lines and gathering lines will follow the existing access road, schedule 40 flow lines will be used for the production phase and the well will be tied-in to the existing gas gathering line on the lease (*Exhibit "C"*), but it may be determined to use a gas powered motor to power the pump. This depends on the Fowler Federal, well no. 1 well's capability of volume production.

#### **5. LOCATION AND TYPE OF WATER SUPPLY:**

- A. It is planned to drill the proposed well with fresh water that will be obtained through a private contractor (Victory Services out of Eunice, New Mexico) and will be transported to the re-entry location over the existing access road.

#### **6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. Caliche for any needed remediation of the existing access road and well site pad will be obtained from a private contractor (Dan Fisher) and transported to the location over the existing access road. No federal surface will be disturbed.

#### **7. METHODS OF HANDLING WASTE DISPOSAL**

- A. Drilling cuttings and liquids will be stored in the steel tanks of the closed loop mud system during the drilling operations and delivered to Sundance Services Permit No.: NM 001-0003 as needed and at closure.
- B. There will be no mud pits needing to be fenced.
- C. Water produced, during operations will be collected in tanks until hauled to an approval disposal facility.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage, and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

## 8. ANCILLARY FACILITIES.

- A. None required.

## 9. WELL SITE LAYOUT:

- A. Exhibit "D1" shows the location and dimensions of the existing well pad, closed loop system, and major rig components. The pad location is on the existing well site for the Fowler Federal, Well No. 1. Exhibit "D2" shows the production phase plat map.
- B. 600' x 600' & 800' x 100' 14.42 acres Archeology Survey, and a 300' x 300' existing drilling pad is shown in Exhibit "E".
- C. No cuts and fills will be required. The site is flat.
- D. The existing pad surface is topped with compacted caliche.
- E. There are no ponds or streams in the vicinity.
- F. There are no residents or dwellings within a 1-mile radius.
- G. There are no livestock grazing or farming land use at this time.
- H. There will be no unguarded pits containing fluids.

## 10. PLANS FOR RESTORATION:

- A. After completion of drilling and/or completion of operations, all equipment and other material not required for operations will be removed. If the well is a commercial well, *Interim Reclamation* will begin within six months after drilling and completion or at the time of the construction of the production facilities. The surface land to be reclaimed will be those areas of the pad which will not be needed for pumping and producing operations. There will be sufficient area remaining for workover rigging. The existing pad size will be used for access.

If the well is found to be non-commercial, reclamation will begin within 6 months after abandonment. The caliche will be removed and transported to the original source or used for other drilling locations. Topsoil will be returned to the original placement and contoured as close as possible to the original state. The Location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing condition as possible. All rehabilitation and / or vegetation requirements of the Bureau of Land Management and William Jarvis Grobe, Fee surface owner, will be complied with and will be accomplished as expeditiously as possible.

## 11. OTHER INFORMATION:

- A. The Fowler Federal, Well No. 1 is a re-entry of an existing well bore on an existing pad and the Surface Use Plan of Operations will have a minimal impact on flora, fauna and no land surface disturbance.
- B. The soil surrounding the existing well site is a reddish-brown, sandy loam (loamy fine sands of the Sinoma-Tonuco association).
- C. Flora and fauna: the location has fair to poor grass cover along with plants and some yucca and mesquite, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, antelope, deer, rattlesnakes, lizards, dove, quail and other wildlife typical of semi-arid desert land.
- D. Ponds and streams are not present because the sandy soil absorbs most rainfall before it has a chance to run-off.
- E. No residences or other structures are in the immediate vicinity except other operated producing wells within 2,000 feet of the location.
- F. There is no cattle, livestock grazing, and no farming on this land at this time.
- G. The existing well site and access road is on Fee surface, owned by William Jarvis Grobe, P. O. Box G, Jal, New Mexico 88252. The minerals are owned by the United States and managed by the BLM-CFO.
- H. There is no evidence of archaeological, historical or cultural sites in the 600' X 600" drill site area and no previously recorded sites in the vicinity (1/4 and 1/2 mile radius). The Archaeological survey has been conducted by Boone Archeological Services, 2030 North Canal Street, Carlsbad, New Mexico 88220, and their report is already on file and has been submitted to the appropriate government agencies.

## 12. OPERATING REPRESENTATIVE:

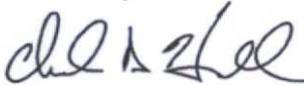
- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

Chuck D. Howell,  
Spindletop Oil & Gas Co.,  
12850 Spurling Road, Suite 200,  
Dallas, Texas 75230  
Office Phone: (972) 644-2581

**13. CERTIFICATION:**

I hereby certify that I have inspected the proposed drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have knowledge of State and Federal laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions which it is approved . I also certify that I, or the company I represent am/is responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

March 25, 2015



Chuck D. Howell  
SPINDLETOP OIL & GAS CO.

# Notice of Staking

(Not to be used in place of Application for Permit to Drill Form 3160-3)

1. Oil Well <input checked="" type="checkbox"/> Gas Well _____ Other (Specify) <u><b>X - Re-entry</b></u>	
2. Name, Address, and Telephone of Operator <b>Spindletop Oil &amp; Gas Co.</b> (BLM Bond No.:NMB000951) <b>12850 Spurling Road, #200</b> <b>Dallas, TX 75230</b> tel. (972) 644-2581	
3. Name and Telephone of Specific Contact Person <b>Chuck D. Howell</b> <b>(972) 644-2581</b>	
4. Surface Location of Well <b>330 ft. FNL &amp; 1,650 ft. FEL</b> Attach: (a) Sketch showing road entry onto pad, pad dimensions, and reserve pit <input checked="" type="checkbox"/> <b>see attached</b> (b) Topographical or other acceptable map showing location, access road, and lease boundaries <input checked="" type="checkbox"/> <b>see attached</b>	
4a. A map (e.g., a USGS 7-1/2" Quadrangle) of the area including the proposed well location and access road <input checked="" type="checkbox"/> <b>see attached</b>	
5. Lease Number <b>NMNM90558</b>	11. Section, Township, Range, Meridian; or Block and Survey; or Area <b>T24S; R38E; sec. 18</b>
6. If Indian, Allottee or Tribe Name <b>not applicable</b>	12. County, Parish, or Borough <b>Lea County</b>
7. Unit Agreement Name <b>not applicable</b>	13. State <b>New Mexico</b>
8. Well Name and Number <b>Fowler Federal, Well no. 1 - Side Track</b>	14. Name and Depth of Formation Objective(s) <b>Ellenburger; 11,500 ft.</b>
9. American Petroleum Institute Well Number (if available) <b>30-025-38408</b>	15. Estimated Well Depth <b>12,000 ft.</b>
10. Field Name or Wildcat <b>Fowler (Ellenburger, East)</b>	16. For directional or horizontal wells, anticipated bottom hole location, if known <b>330 ft. FNL &amp; 1,280 ft. FEL</b>
17. Additional Information (as appropriate; include surface owner's name, address and, if known, telephone). <b>William Jarvis Grobe</b> <b>P. O. Box G</b> <b>Jal, New Mexico 88252</b>	

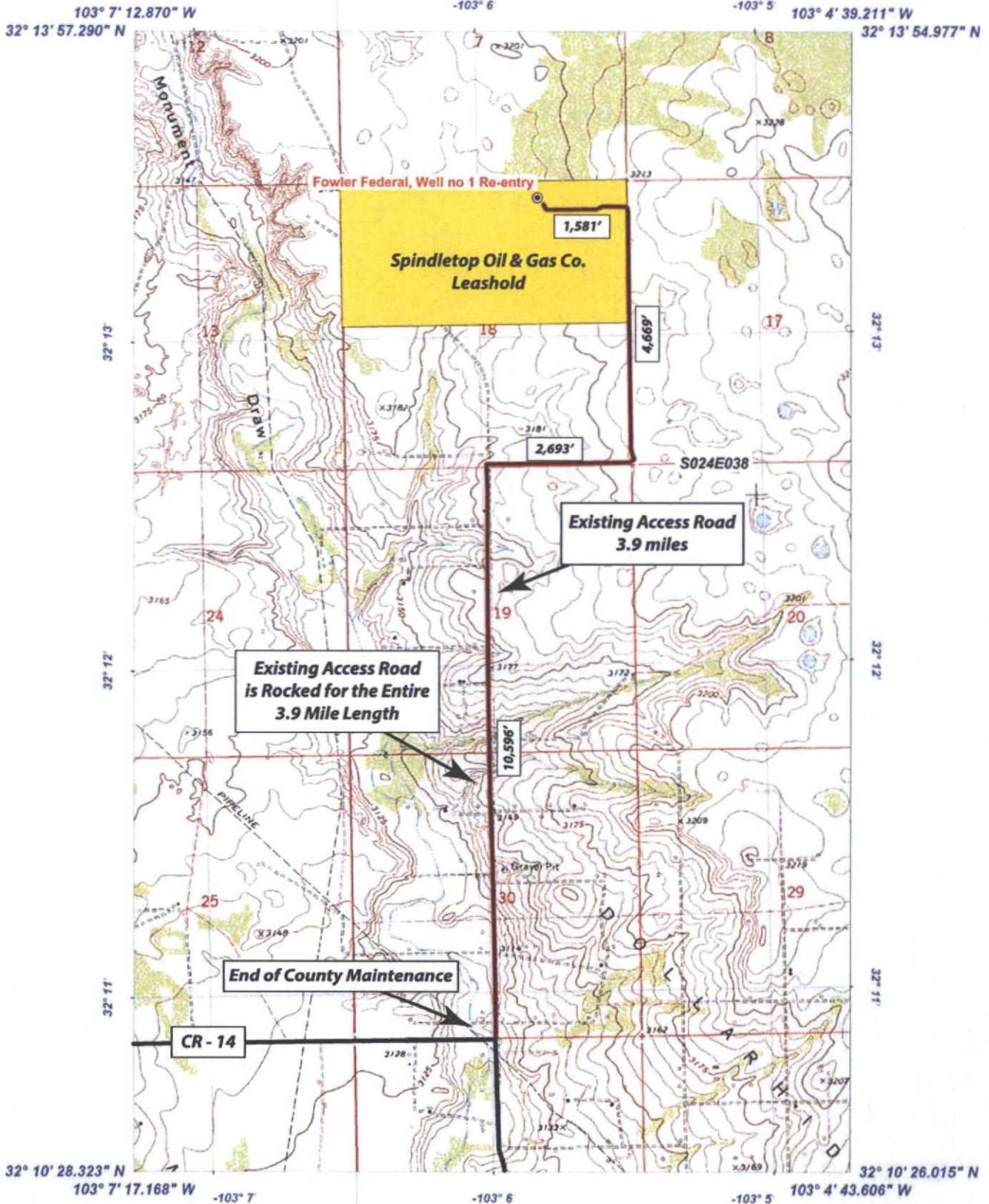
18. Signed  Title **Senior Geologist** Date **16-Jun-2014**

**Note:** When the Bureau of Land Management or Forest Service, as appropriate, receives this Notice, the agency will schedule the date of the onsite inspection. You must stake the location and flag the access road before the onsite inspection. Operators should consider the following before the onsite inspection and incorporate these considerations into the Notice of Staking Option, as appropriate:

- (a) H<sub>2</sub>S Potential
- (b) Cultural Resources (Archeology)
- (c) Federal Right-of-Way or Special Use Permit

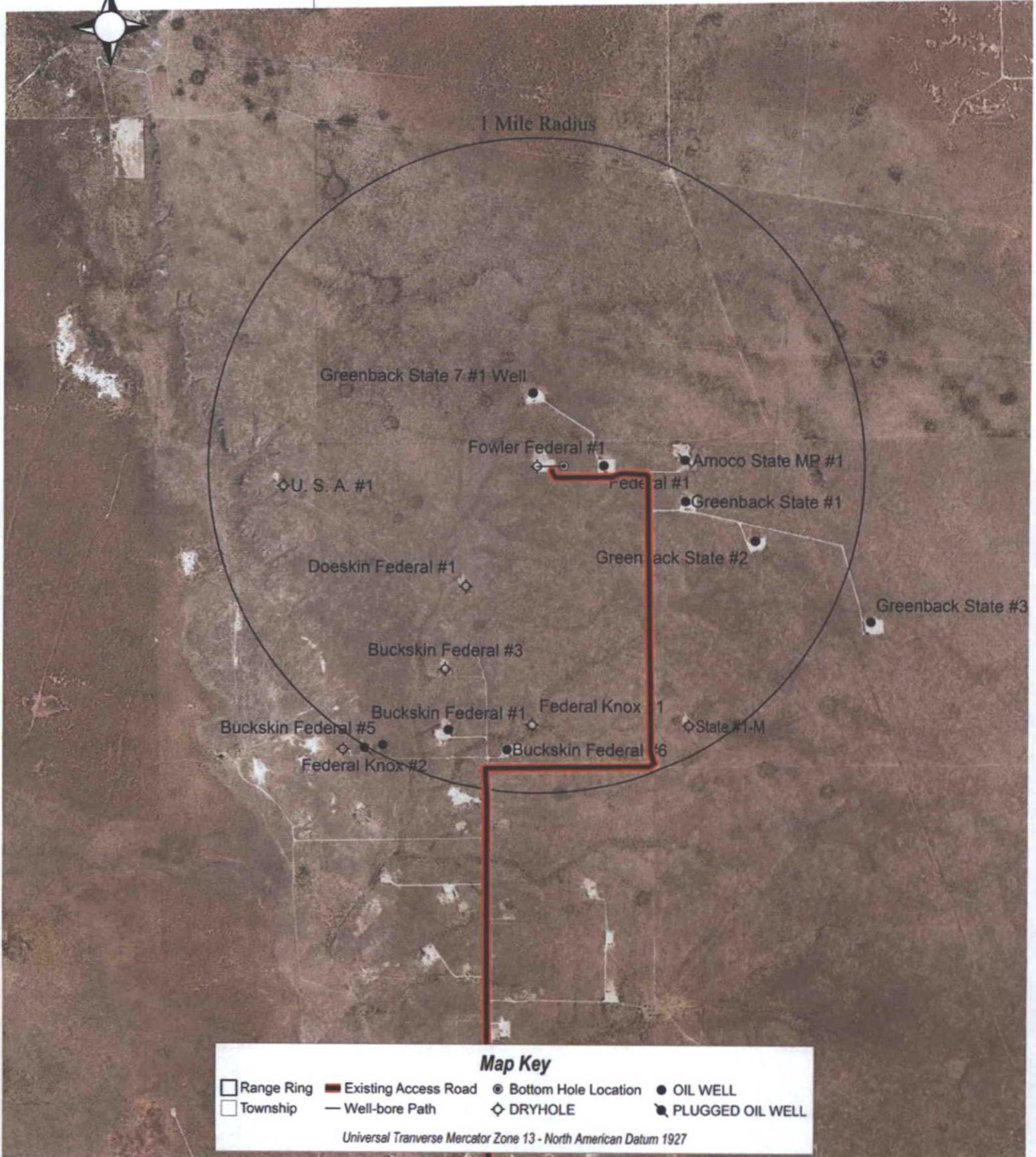
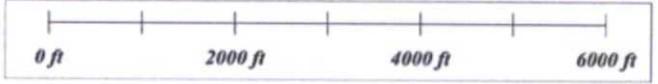
Fowler Federal #1 Re-entry Existing Access Road

EXHIBIT "A"



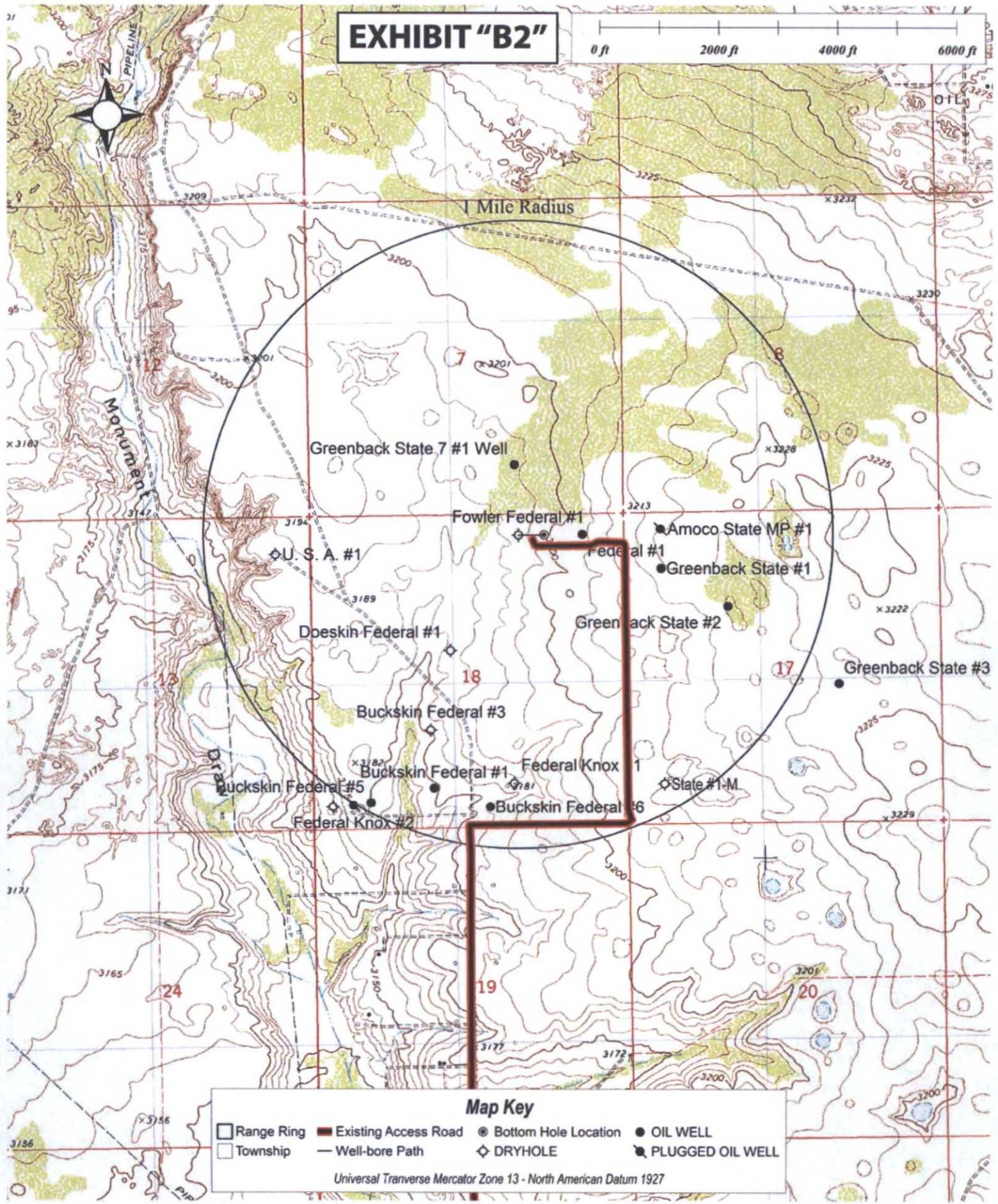
# Fowler Federal #1 Re-entry 1 Mile Radius

## EXHIBIT "B1"



# Fowler Federal #1 Re-entry 1 Mile Radius

**EXHIBIT "B2"**



**Map Key**

Range Ring	Existing Access Road	Bottom Hole Location	OIL WELL
Township	Well-bore Path	DRYHOLE	PLUGGED OIL WELL

Universal Transverse Mercator Zone 13 - North American Datum 1927

EXHIBIT "C"

# Fowler Federal, Well no. 1 Re-entry Aerial Image



Fowler Federal, Well no. 1 Proposed Re-entry Location

N1/2 NE1/4 NE1/4 of 320 ac. leasehold

Offset Operator: Spindletop

Offset Operator: Spindletop



Existing Access Road

Existing Well Pad Location

New Electric Pole

ca. 2007

Tie-In To Gas Line

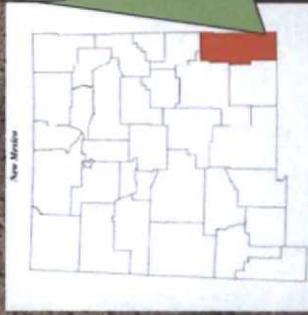
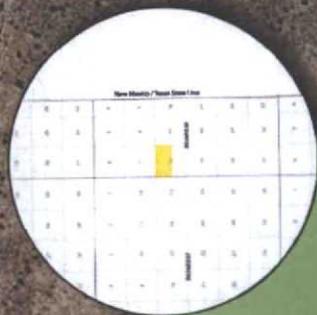
Existing Access Road

**Map Key**

- = Proposed Re-entry
- = Leasehold Boundary

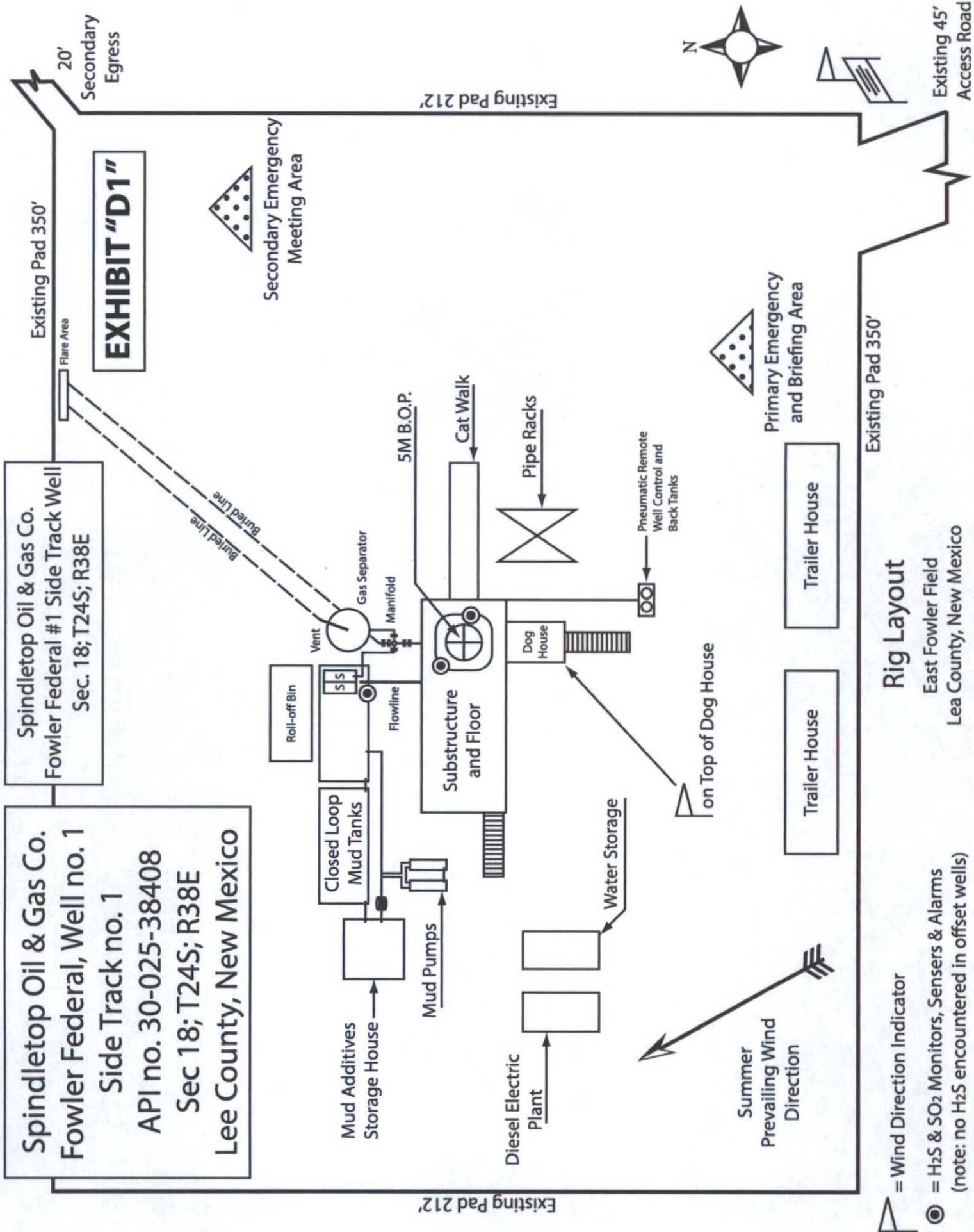
Distance Scale

463 ft



Spindletop Oil & Gas Co.  
 Fowler Federal, Well no. 1  
 API no. 30-025-38408  
 Sec 18; T24S; R38E  
 Lee County, New Mexico

Spindletop Oil & Gas Co. - Simple Cylindrical WGS 84 - Chuck D. Howell 13-Jun-2014



▲ = Wind Direction Indicator

● = H<sub>2</sub>S & SO<sub>2</sub> Monitors, Sensors & Alarms  
 (note: no H<sub>2</sub>S encountered in offset wells)

### Rig Layout

East Fowler Field  
 Lea County, New Mexico

Spindletop Oil & Gas Co.  
 Fowler Federal, Well no. 1  
 Re-entry Side Track no. 1  
 API no. 30-025-38408  
 Sec 18; T24S; R38E  
 Lee County, New Mexico

Spindletop Oil & Gas Co.  
 Fowler Federal #1 Side Track Well  
 Sec. 18; T24S; R38E

**EXHIBIT "D2"**

Well Head

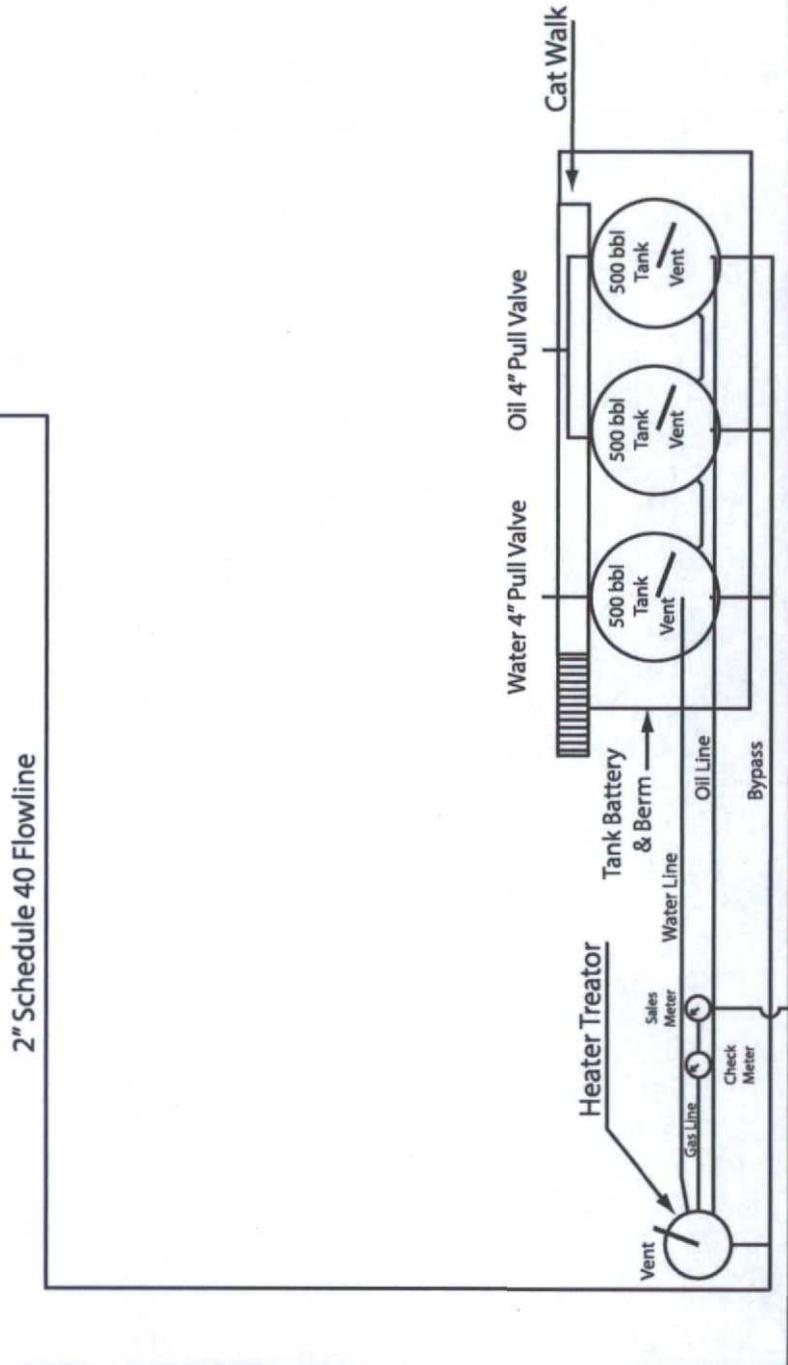


2" Schedule 40 Flowline

Buried Electric Line

Existing Pad 212'

Existing Pad 212'



Existing Pad 350'

**Production Facility Layout**

East Fowler Field  
 Lea County, New Mexico

Existing 45'  
 Access Road

**Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1 Side Track no. 1  
API no. 30-025-38408  
Sec 18; T24S; R38E  
Lee County, New Mexico**

**EXHIBIT "E"**

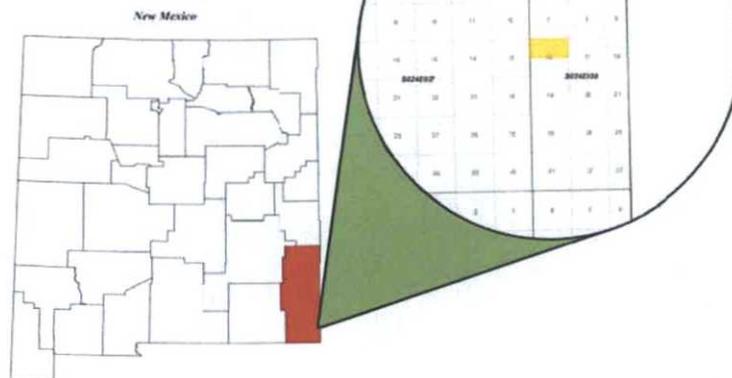
Cover Sheet

2007 Archeological Survey  
Fowler Federal, Well no. 1

Survey Coverage:  
600' X 600' Pad Area: 10.10 acres  
and 800' X 100' Access Road: 4.32 acres

Spindletop Oil & Gas Co.'s Planned  
Use of Existing Surface Facilities

Spindletop Oil & Gas Co.  
N1/2 Sec.18; T24S; R38E  
Lea County, NM



I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 9<sup>th</sup> day of February, 2015.

Name Chuck D. Howell  
Position Senior Geologist  
Address 12850 Spurling Rd., Suite 200, Dallas, Texas 75230  
Telephone (972) 644-2581  
Field representative (if not above signatory) N/A  
Address (if different from above) N/A  
Telephone (if different from above) N/A  
E-mail (optional) chowell@spindletopoil.com



Chuck D. Howell



June 17, 2014

VIA: Federal Express

Notice of Staking and Permitting Department  
Bureau of Land Management  
620 East Greene Street  
Carlsbad, New Mexico 88220

REFERENCE: **Notice of Staking** – Re-entry and Side Track of Fowler Federal, Well no. 1  
API #30-025-38408  
Sec. 18; T24S; R38E  
Lea County, New Mexico

Dear Department Team Members:

Spindletop Oil & Gas Co. is preparing to re-enter the Fowler Federal, well no. 1 and side track the well and target proven oil deposits found contained in the Ellenburger Formation. Our plans to re-enter the well are designed to minimize surface impacts, mitigate any faunal disturbance through the use of existing surface well pad and lease road for the Fowler Federal, well no. 1. In addition, The Fowler Federal, well no. 1 has 11 3/4" 42# surface installed to 1,425' and cement was circulated to surface. 8 5/8" intermediate casing was set to a depth of 5,999' and cement was circulated to surface.

Enclosed are the following:

- A) Notice of Staking
- B) 1":1,000' topo quad map showing the well's location and leasehold
- C) State of New Mexico reference map showing the leasehold location
- D) Reference map showing sec. 18; T24S; R38E and leasehold
- E) A May, 2014 LPC Timing Area map showing the leasehold acreage  
Location outside of LPC habitat areas
- F) Detailed aerial image showing well location and existing pad and lease access road

- G) Well-bore and planned side track schematic
- H) A drilling phase plat map showing planned closed loop system and steel pits
- I) A production phase map showing planned surface facilities on the existing pad
- J) Proposed side track well-bore path surface, north / south & east west projections
- K) A copy of the 2007 archeological survey conducted for the Fowler Federal , well no 1

Spindletop Oil and Gas Co. plans for the proposed Fowler Federal, well no 1 re-entry and side track will commence once an approved APD is received and contractors are scheduled.

If you have any question, require further information, or need to reach me, please feel free to call (972) 644-2581, or e-mail [chowell@spindletopoil.com](mailto:chowell@spindletopoil.com), or you are welcome to write at any time.

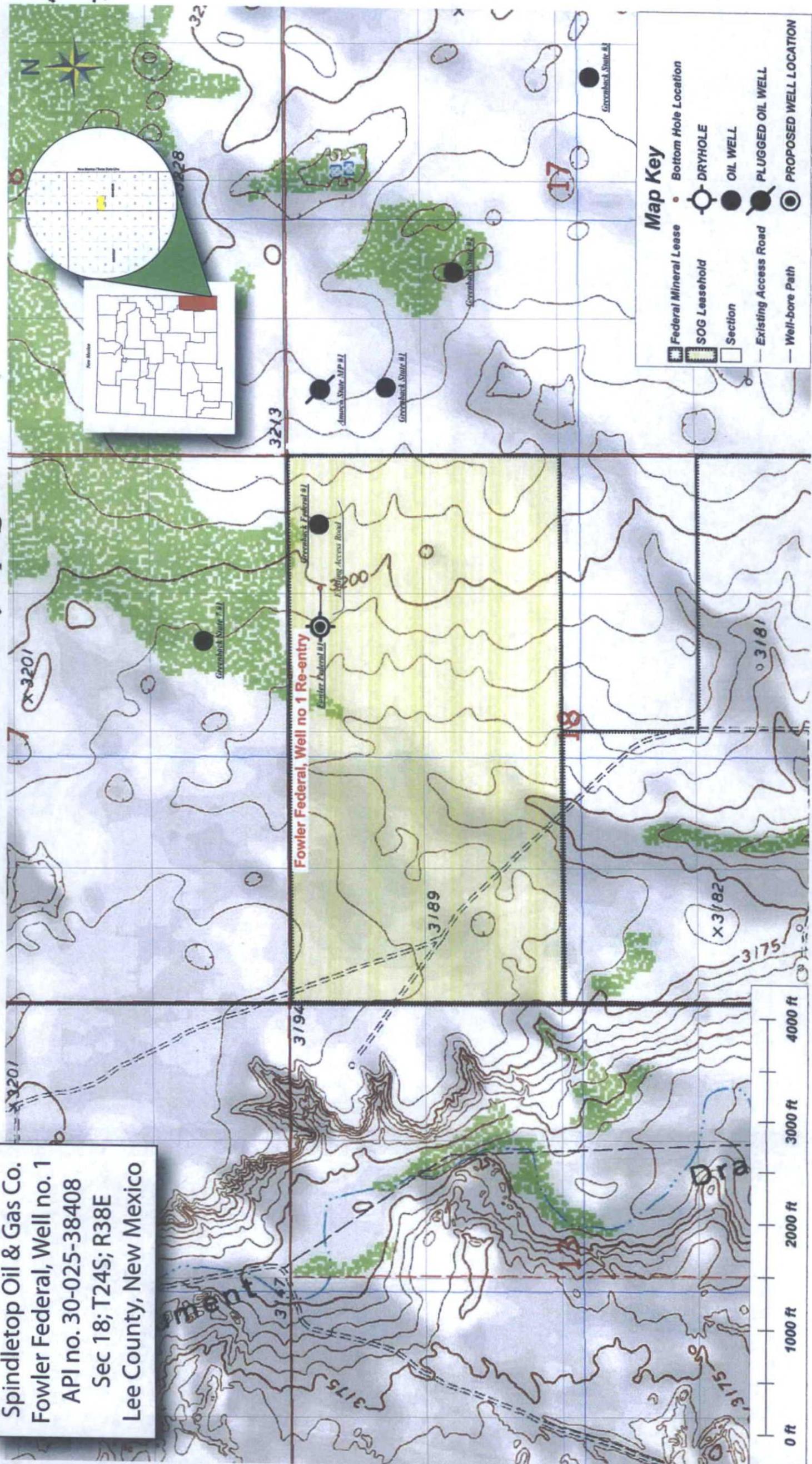
I thank you in advance for your favorable consideration.

Very truly yours,

Chuck D. Howell  
Senior Geologist, Spindletop Oil & gas Co.

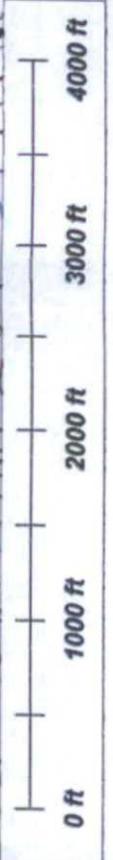
# Fowler Federal, Well no. 1 Re-entry Topo Quad

Spindletop Oil & Gas Co.  
 Fowler Federal, Well no. 1  
 API no. 30-025-38408  
 Sec 18; T24S; R38E  
 Lee County, New Mexico



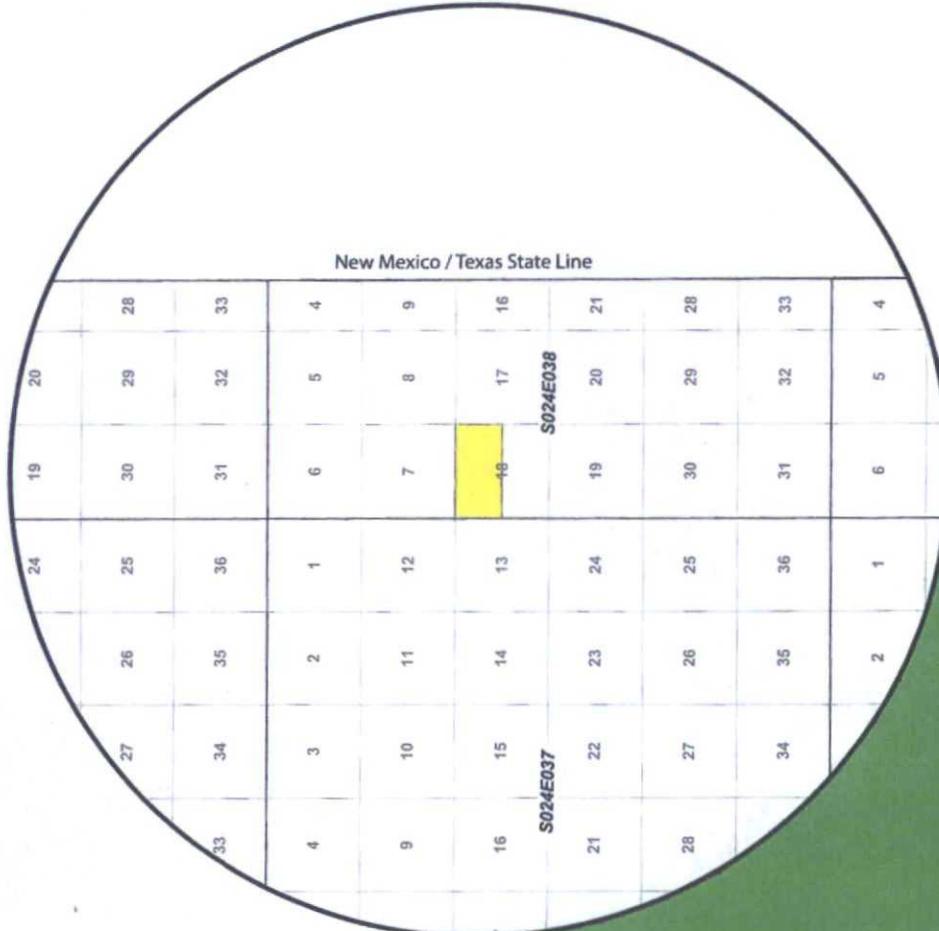
### Map Key

- Federal Mineral Lease
- SOG Leasehold
- Section
- Existing Access Road
- Well-bore Path
- Bottom Hole Location
- DRYHOLE
- OIL WELL
- PLUGGED OIL WELL
- PROPOSED WELL LOCATION



# Spindletop Oil & Gas Co. 320 ac. Leasehold N1/2 Sec.18; T24S; R38E Lea County, NM

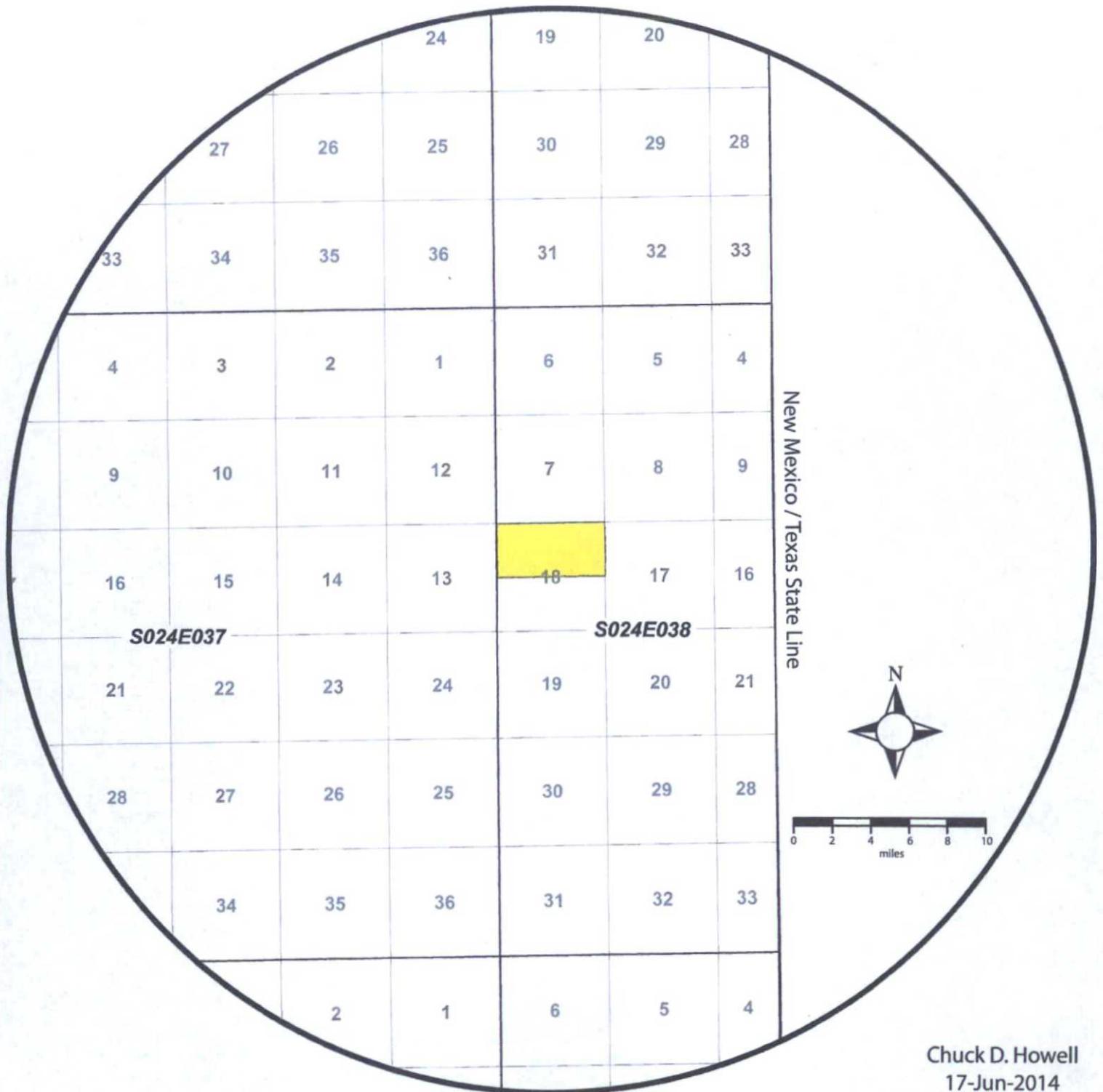
New Mexico



Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1  
API no. 30-025-38408  
Sec 18; T24S; R38E  
Lee County, New Mexico

Spindletop Oil & Gas Co.  
320 ac. Leasehold  
N1/2 Sec.18; T24S; R38E  
Lea County, NM

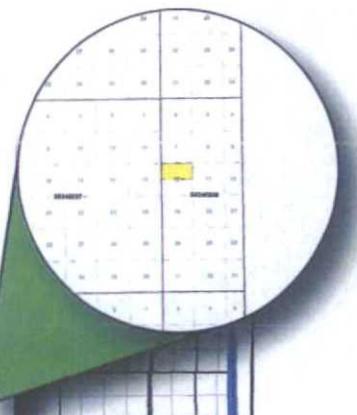
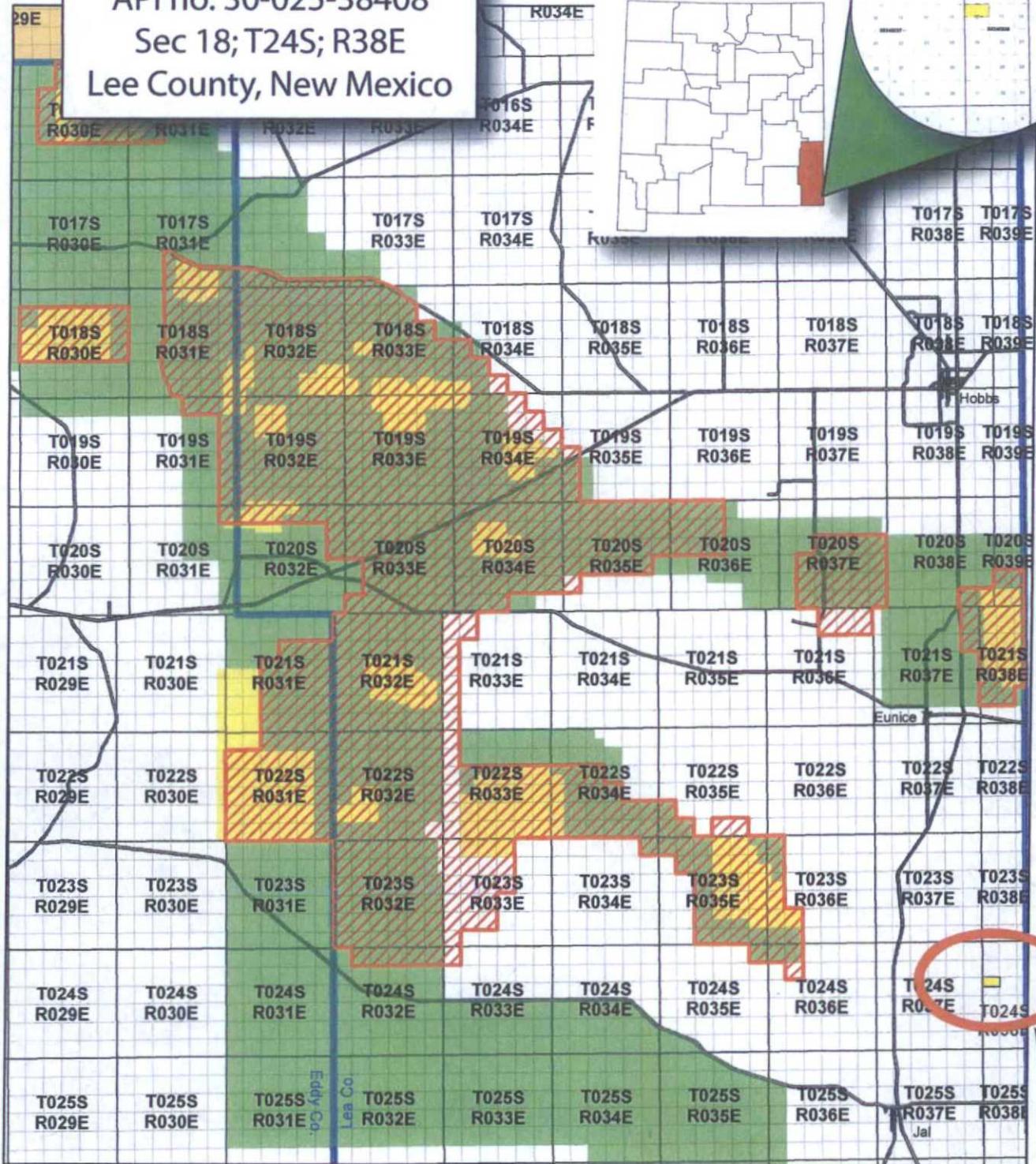
Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1  
API no. 30-025-38408  
Sec 18; T24S; R38E  
Lee County, New Mexico



Chuck D. Howell  
17-Jun-2014

Spindletop Oil & Gas Co.  
 Fowler Federal, Well no. 1  
 API no. 30-025-38408  
 Sec 18; T24S; R38E  
 Lee County, New Mexico

Spindletop Oil & Gas Co.  
 N1/2 Sec.18; T24S; R38E  
 Lea County, NM



New Mexico / Texas State Line

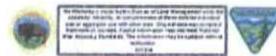
**LPC Timing Area 2014**

Southern Map



- |  |              |                   |                                    |
|--|--------------|-------------------|------------------------------------|
|  | LPC Timing   | <b>RMPA ZONES</b> |                                    |
|  | NM Counties  |                   | Core Management Area               |
|  | NM Townships |                   | Primary Population Area            |
|  | NM Sections  |                   | Habitat Evaluation Areas           |
|  | NM Roads     |                   | Sparse & Scattered Population Area |
|  |              |                   | Isolated Population Area           |

This Timing Restriction Map only applies to Carlsbad FO



**Leasehold lies outside of LPC Timing and Habitat Areas**

# Fowler Federal, Well no. 1 Re-entry Aerial Image



**Fowler Federal, Well no. 1 Proposed Re-entry Location**

Offset Operator: Spindletop

N1/2 NE1/4 NE1/4 of 320 ac. leasehold

Offset Operator: Spindletop

330'

330'

1,280'

1,650'

BHIL

Proposed Wellbore

ca. 2007

ca. 2007

Existing Access Road

Existing Access Road

Existing Well Pad Location

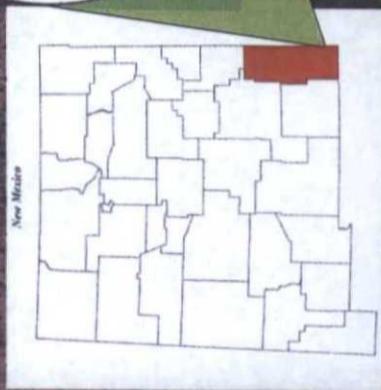
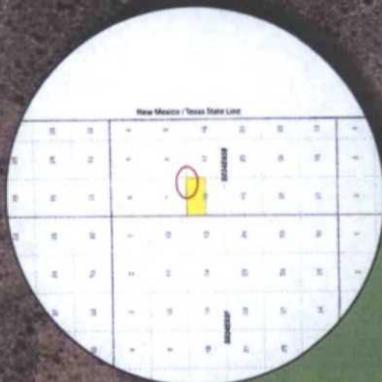
## Map Key

 = Proposed Re-entry

 = Leasehold Boundary

Distance Scale

463 ft

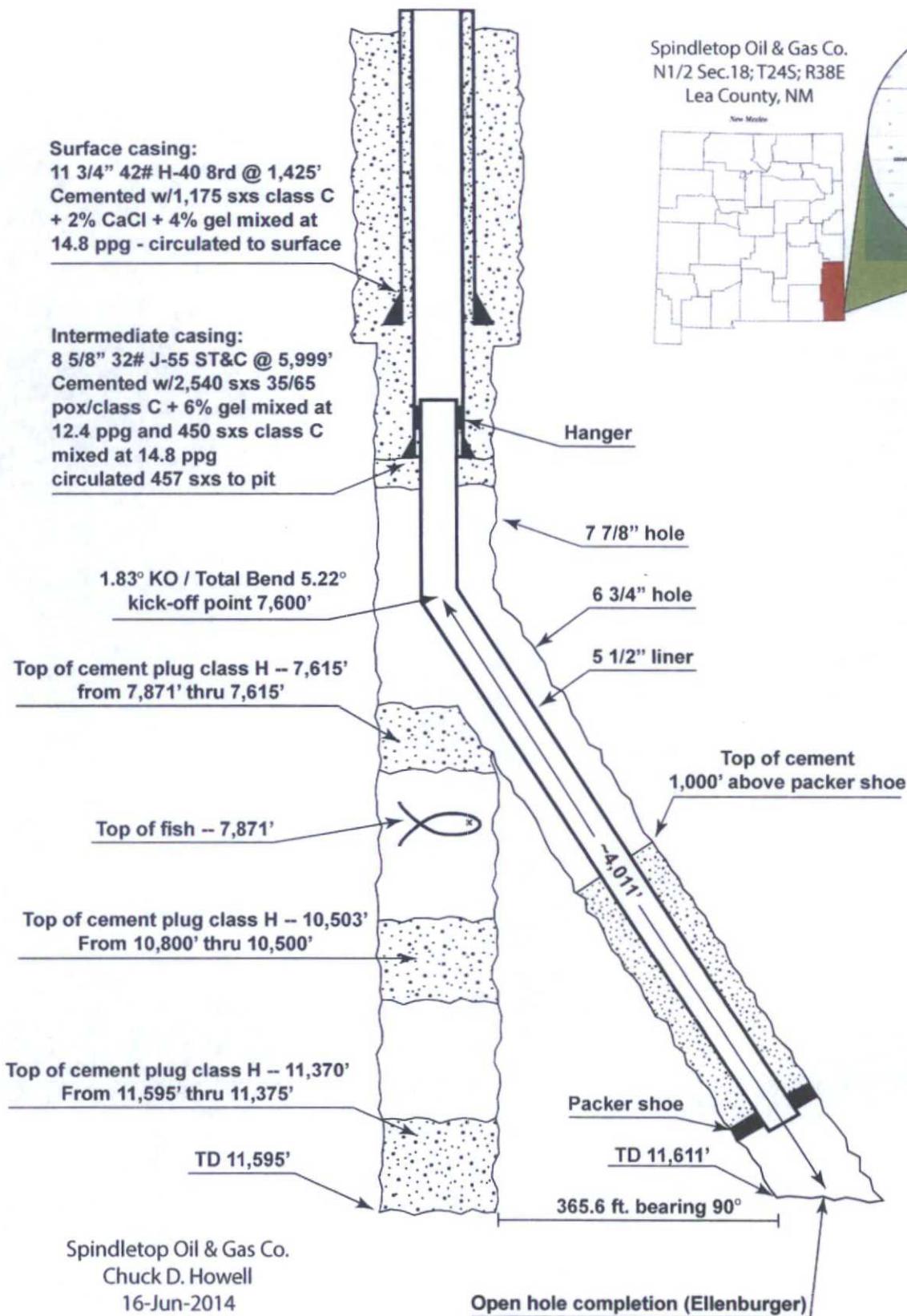


Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1  
API no. 30-025-38408  
Sec 18; T24S; R38E  
Lee County, New Mexico

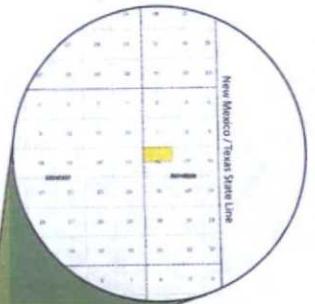
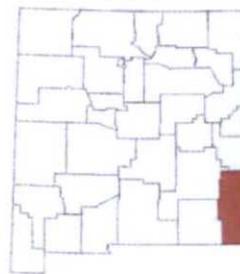
Spindletop Oil & Gas Co. - Simple Cylindrical WGS 84 - Chuck D. Howell 13-Jun-2014

Spindletop Oil & Gas Co.  
 Fowler Federal, Well no. 1  
 API no. 30-025-38408  
 Sec 18; T24S; R38E  
 Lee County, New Mexico

**Fowler Federal, Well no. 1  
 Proposed Side-track Well-bore Diagram**



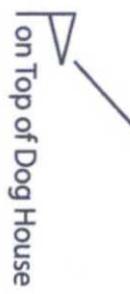
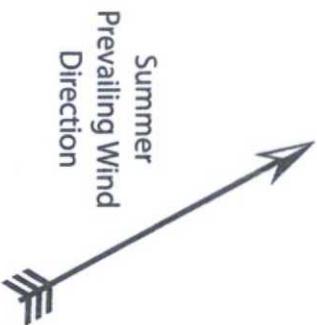
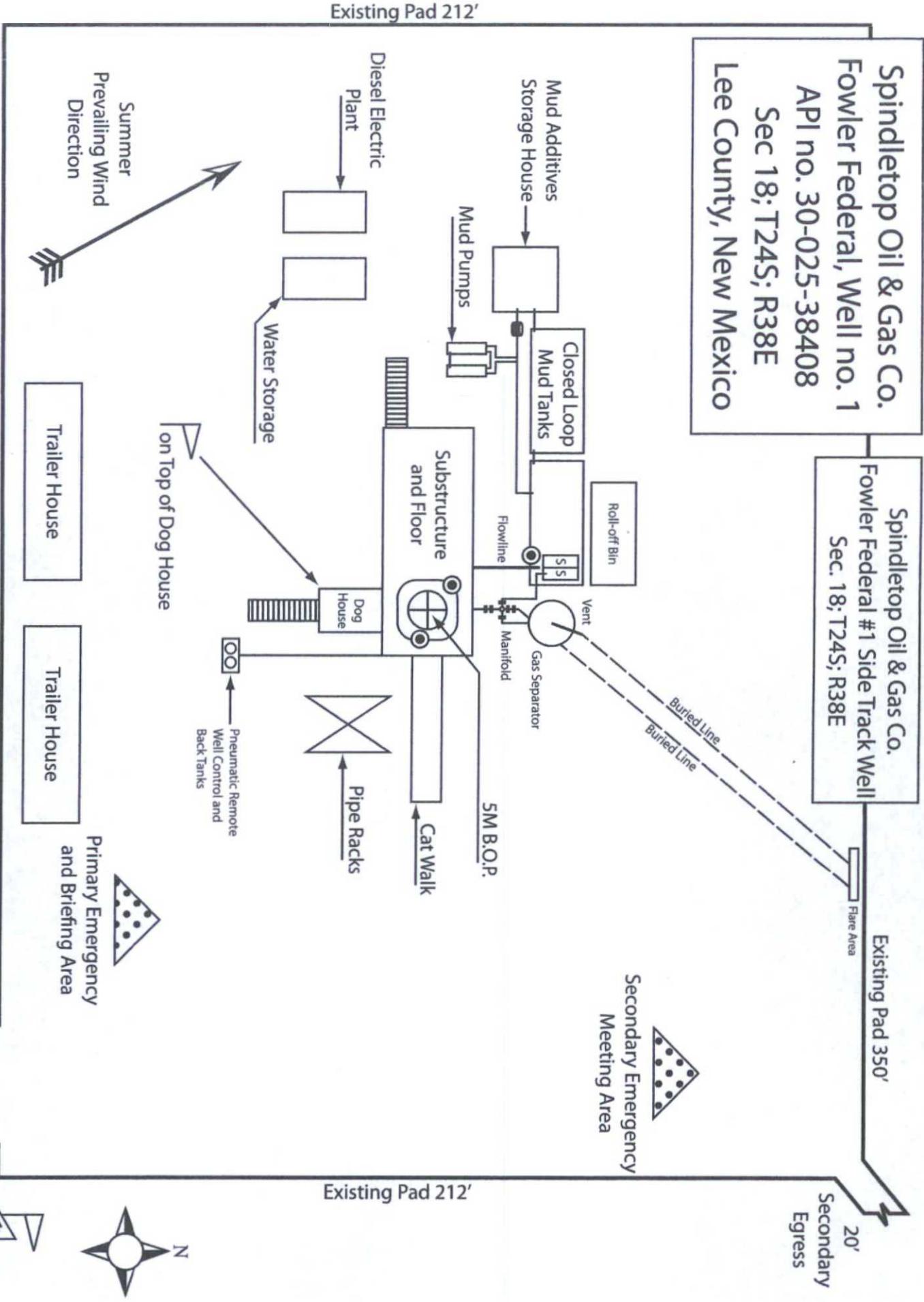
Spindletop Oil & Gas Co.  
 N1/2 Sec.18; T24S; R38E  
 Lea County, NM



Spindletop Oil & Gas Co.  
 Chuck D. Howell  
 16-Jun-2014  
 Not to scale

Spindletop Oil & Gas Co.  
 Fowler Federal, Well no. 1  
 API no. 30-025-38408  
 Sec 18; T24S; R38E  
 Lee County, New Mexico

Spindletop Oil & Gas Co.  
 Fowler Federal #1 Side Track Well  
 Sec. 18; T24S; R38E



Wind Direction Indicator

H<sub>2</sub>S & SO<sub>2</sub> Monitors, Sensors & Alarms  
 (note: no H<sub>2</sub>S encountered in offset wells)

### Rig Layout

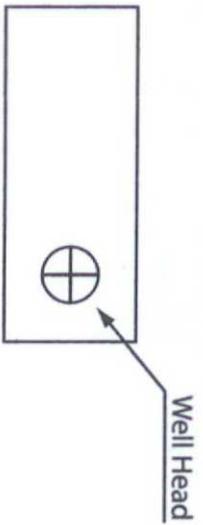
East Fowler Field  
 Lea County, New Mexico



Existing 45' Access Road

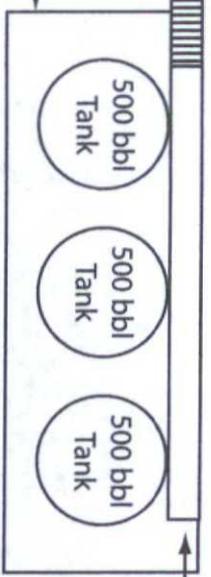
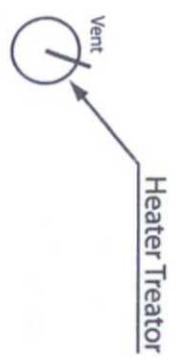
Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1  
API no. 30-025-38408  
Sec 18; T24S; R38E  
Lee County, New Mexico

Spindletop Oil & Gas Co.  
Fowler Federal #1 Side Track Well  
Sec. 18; T24S; R38E



Existing Pad 212'

Existing Pad 212'



### Production Facility Layout

Existing Pad 350'

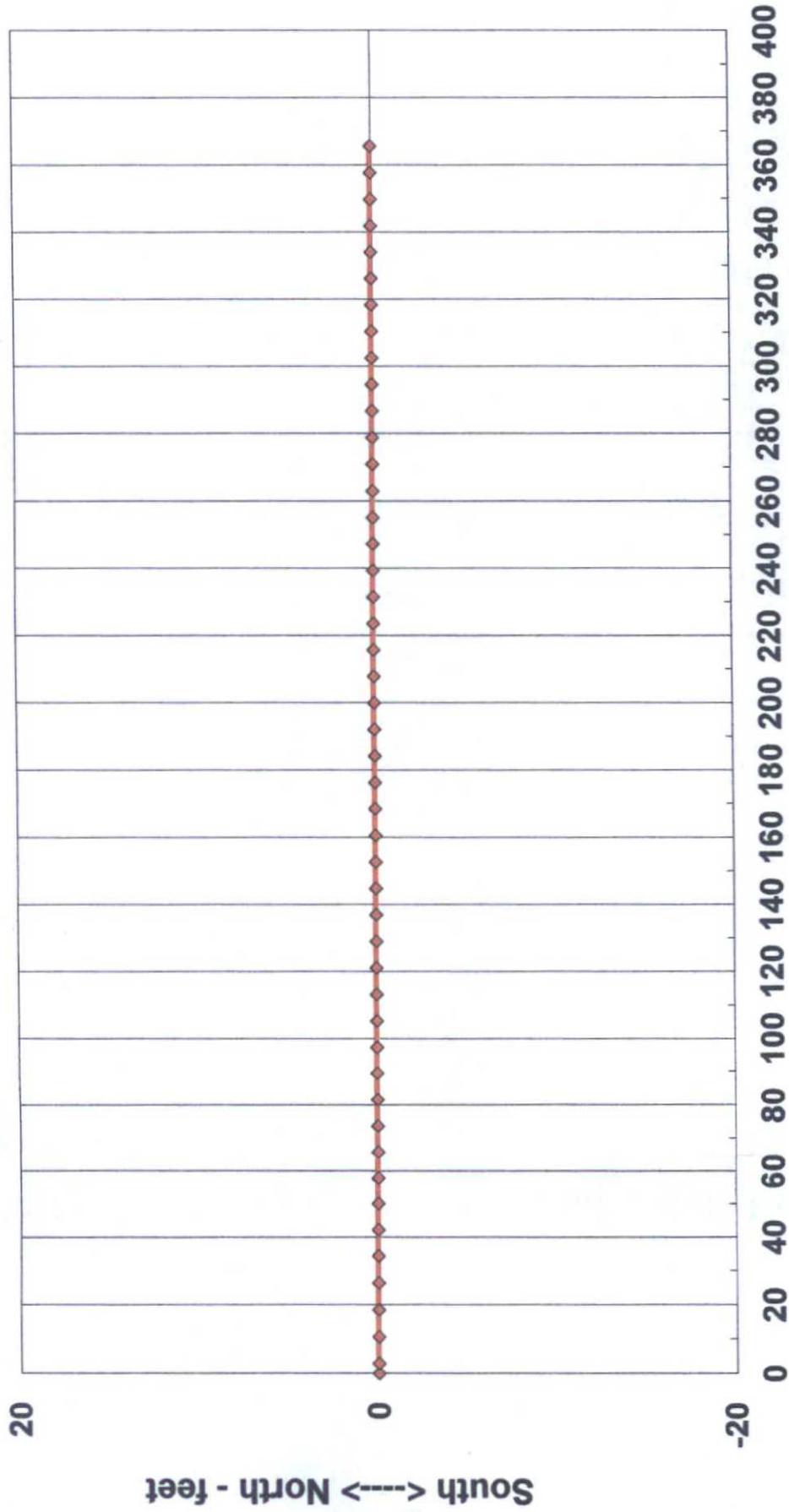
East Fowler Field  
Lee County, New Mexico

Existing 45'  
Access Road

Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1  
API no. 30-025-38408  
Sec 18; T24S; R38E  
Lee County, New Mexico



### Fowler Federal, Well no. 1 Proposed Sidetrack

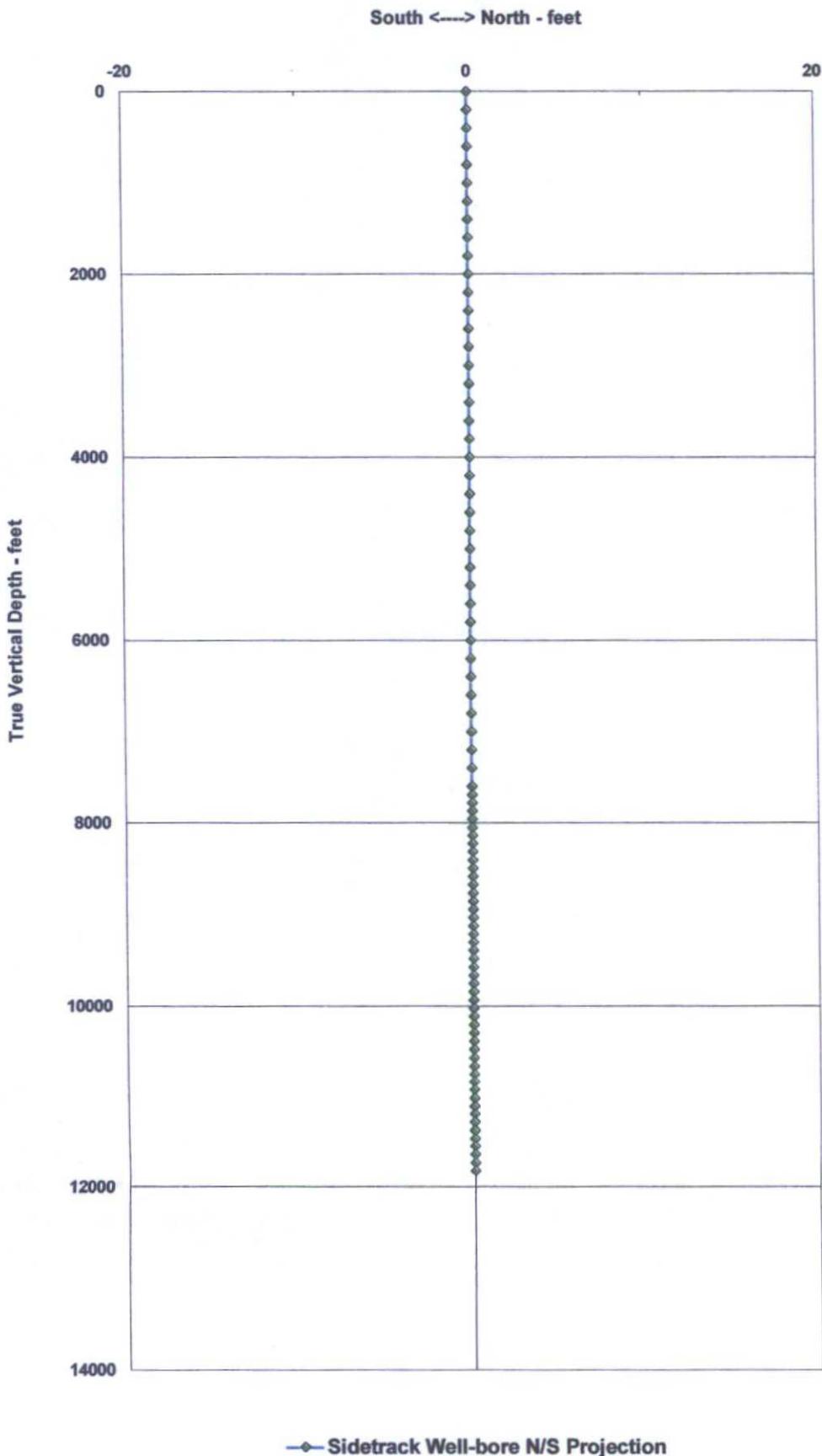


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West <----> East - feet  
Sidetrack Well-bore Surface Projection

Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1  
API no. 30-025-38408  
Sec 18; T24S; R38E  
Lee County, New Mexico

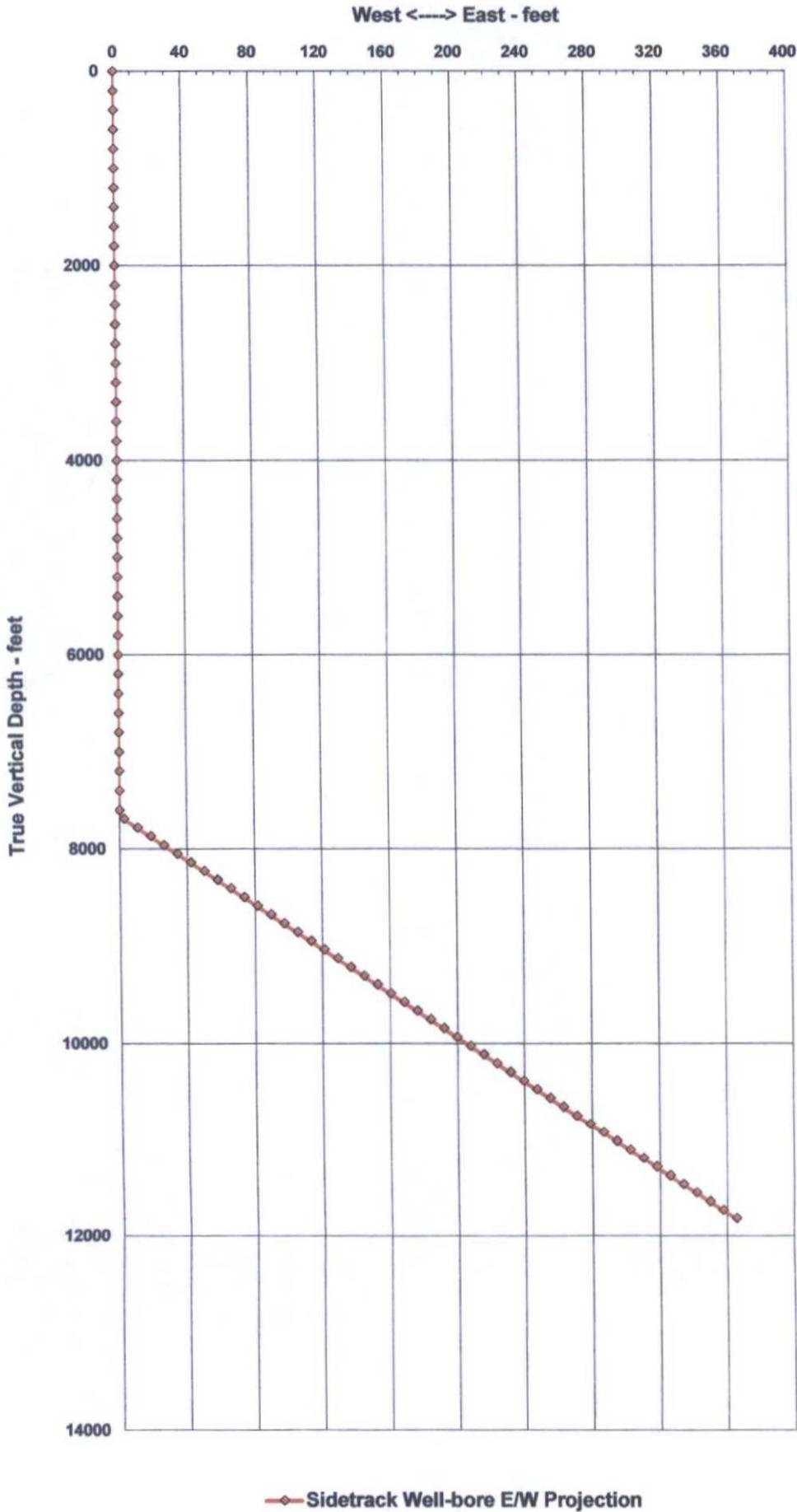
### Fowler Federal, Well no. 1 Proposed Sidetrack



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Spindletop Oil & Gas Co.  
Fowler Federal, Well no. 1  
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### Fowler Federal, Well no. 1 Proposed Sidetrack



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