

New Mexico Oil Conservation Division, District 7  
1625 N. French Drive  
Hobbs, NM 88240

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires January 31, 2004


APPLICATION FOR PERMIT TO DRILL OR REENTER

Amend

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 54449	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator H.L. Brown Operating L.L.C. # 213179		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. Box 2237, Midland, Texas 79702		8. Lease Name and Well No. <b>&lt;35094&gt;</b> Federal '27' #4	
3b. Phone No. (include area code) 432-688-3726		9. API Well No. 30 - 041 - 20917	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2540' FSL & 1640' FWL, Unit K (revised location) At proposed prod. zone		10. Field and Pool, or Exploratory Bluitt N (Siluro-Devonian)	
11. Sec., T., R., M., or Blk. and Survey or Area Sec 27, T- 7 -S, R- 37 -E		12. County or Parish Roosevelt	
13. State NM		14. Distance in miles and direction from nearest town or post office* 10 miles east of Milnesand, NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1640'		16. No. of Acres in lease 240	
17. Spacing Unit dedicated to this well 80		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1311'	
19. Proposed Depth 9200'		20. BLM/BIA Bond No. on file 0679788	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4052' GL		22. Approximate date work will start* 08-15-06	
23. Estimated duration 28 days		24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Robert McNaughton	Date 6-09-07
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Title Operations Manager/ Petroleum Engineer	Name (Printed/Typed) (ORIG SGD.) JOHN S. SIMITZ	Date JUN 15 2006
Approved by (Signature) (ORIG SGD.) JOHN S. SIMITZ	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR
Title Assistant Field Manager, Lands And Minerals		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

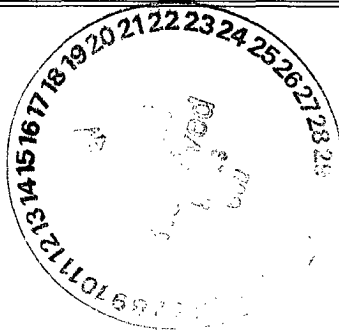
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

NSL - 5245 - A

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED



DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
811 South First, Artesia, NM 88210

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

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- 041 -20917	Pool Code 6910	Pool Name Bluitt N (Siluro-Devonian)
Property Code <del>029854</del> 35091	Property Name FEDERAL "27"	Well Number 4
OGRID No. 213179	Operator Name H.L. BROWN OPERATING L.L.C.	Elevation 4052'

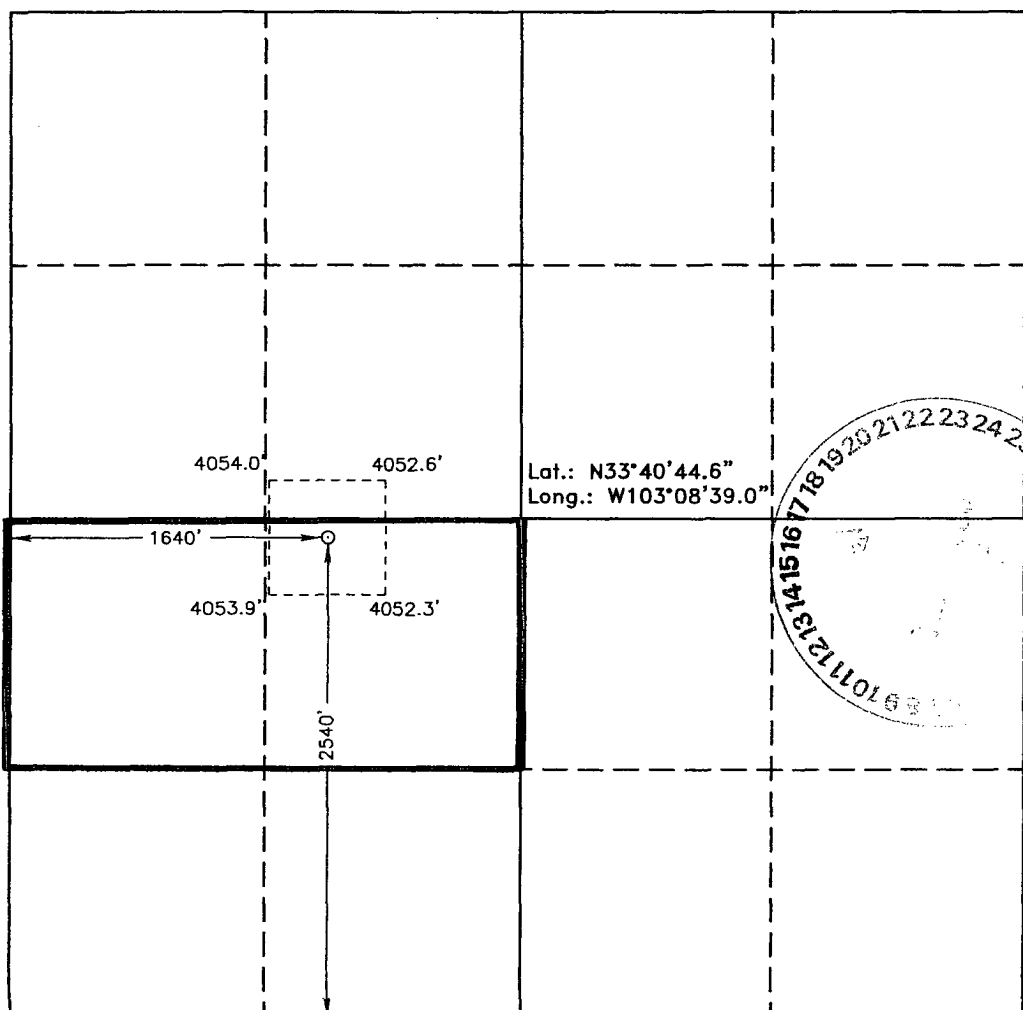

Surface Location

UL or lot No. K	Section 27	Township 7 S	Range 37 E	Lot Idn	Feet from the 2540	North/South line SOUTH	Feet from the 1640	East/West line WEST	County ROOSEVELT
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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 80	Joint or Infill	Consolidation Code	Order No. NSL-5245-A						

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>Lat.: N33°40'44.6" Long.: W103°08'39.0"</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature Robert McNaughton Printed Name Ops Manager/ Engineer Title 6-09-06 Date</p> <p><b>SURVEYOR CERTIFICATION</b></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 18, 2006 Date Surveyed Signature of Seal of Professional Surveyor W.O. No. 6154 Certificate No. Gary Jones 7977 BASIN SURVEYS</p>
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Submit 3 Copies To Appropriate District  
Office  
District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
March 4, 2004

WELL API NO.

30 - 041 - 20917

5. Indicate Type of Lease

STATE ☐ FED ☒ FEE ☐

6. Federal Oil & Gas Lease No. 252627  
NM - 54449

7. Lease Name or Unit Agreement Name

Federal 27

8. Well Number

9. OGRID Number  
213179

10. Pool name or Wildcat  
Bluitt North (Devonian)

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH  
PROPOSALS.)

1. Type of Well:

Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

H.L. Brown Operating L.L.C

3. Address of Operator

300 West Louisiana, Midland, Texas 79702

4. Well Location

Unit Letter: K : 2540' feet from the South line and 1640' feet from the West line

Section 27 Township T-7 Range R-37-E NMPM Roosevelt County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

4052' GL

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL K Sect 27 Township 7-S Range 37-E Pit type drilling

Depth to Groundwater 176' Distance from nearest fresh water well 2 miles South Distance from nearest surface water 2 miles South

Below-grade Tank Location UL      Sect      Twp      Rng      ;      feet from the      line and      feet from the      line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE  
COMPLETION ☐

OTHER: Construct reserve pit for drilling rig ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND  
ABANDONMENT ☐

CASING TEST AND  
CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103.  
For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

According to the State Land Office files, the closest water depth measurement is two miles southwest in Section 5, T-8-S, R-37-E, at  
176'. Three miles to the northeast, the water level is at 159' in Section 13, T-7 S, R-37-E.

Will use a single layer - 12 mil liner as per BLM and NMOCD requirements.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-  
grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Robert McNaughton TITLE Operations Manager/ Petroleum Engineer DATE 6-09-06

Type or print name Robert McNaughton E-mail address: robertm@hlboperating.com Telephone No. 432-688-3726

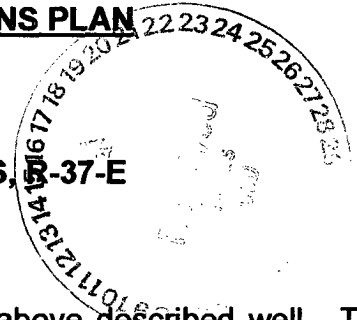
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APPROVED BY Robert McNaughton TITLE Operations Manager/ Petroleum Engineer DATE JUN 20 2006  
Conditions of approval, if any:     

PETROLEUM ENGINEER

## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

H. L. BROWN OPERATING, L.L.C.  
Federal 27 No. 4  
2450' FSL & 1460' FWL, Sec. 27, Unit K, T-07-S, **27-37-E**  
Roosevelt County, New Mexico  
New Mexico Lease NM - 54449



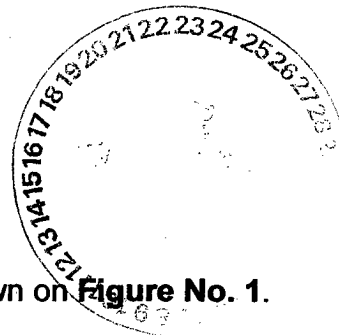
This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbances involved, and the procedures to be followed in rehabilitating the surface after completion of the operations so that a complete appraisal can be made of the environmental effects associated with the operation.

### 1. EXISTING ROADS:

- A. **Figure No.1** is a portion of a USGS contour map showing the location of the proposed well. The well is approximately 9 miles East of Milnesand, NM on State Highway 262. Go straight east one mile on lease road where highway makes a 90 corner south to Bluit. Go north 1/3 mile just past the compressor station to a tee, go north and then and two miles to the northeast (**Figure 2**). The 27 #4 access road turns east at the 27 #2 battery and is 860' east of the main road **Figure No. 3**.
- B. **Figure No.1** also shows all existing roads within one-mile radius of the well site. The proposed location is at the southern side of the Bluit Devonian field.
- C. The existing roads will be maintained as needed for both drilling and production by offset lease operators.

### 2. PLANNED ACCESS ROADS:

- A. Length and width: a new access road will be built 12' wide and about 860' long and is shown on **Figures No. 1 & 3**.
- B. Surfacing material: Six inches of caliche; watered, compacted and graded.
- C. Maximum grade: 1 percent.
- D. Turnouts and Culverts: None required.
- E. Drainage design: Each side of the new road will have a drop of six inches from the centerline.
- F. Cuts and Fills: This is relatively flat surface broken by occasional small sand dunes. A slight amount of leveling will be required.
- G. Gates and Cattle Guards: None will be needed.



3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a one-mile (plus) radius are shown on **Figure No. 1.**

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Any produced oil and water will be stored in a tank battery to be built on location. This well will have separate oil tanks for metering and sales. Produced water will be sent to the 27 #2 battery for collection and off lease disposal. Gas will be metered and sent down the existing sales line.
- B. We expect this well flow naturally through the existing low pressure gathering system. In the future, rod pumping may be necessary

5. TYPE OF WATER SUPPLY:

- A. Water will be purchased and trucked to location by low bidder.

6. SOURCE OF CONSTRUCTION MATERIALS:

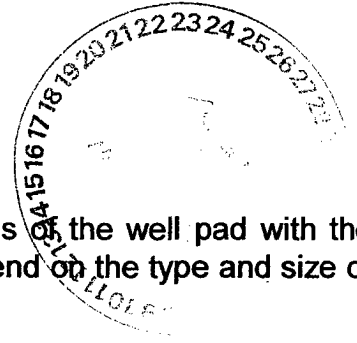
- A. Caliche for surfacing the well pad and access road will be dug from the reserve pit. Additional caliche will be transported from a privately owned pit located in the SW/4 of Section 6, T-8-S, R-37-E.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- C. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- D. Trash, waste paper, garbage, and junk will be discarded in a trash trailer and hauled to a state approved garbage disposal facility. All waste material will be contained within trailer to prevent scattering by the wind.
- E. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.



9. WELLSITE LAYOUT:

- A. **Figure No. 4** shows the general layout and dimensions of the well pad with the pits to the north. However, the actual rig layout will depend on the type and size of rig used to drill the well.
- B. Only minor leveling of the wellsite will be required. No significant cuts and fills will be necessary.
- C. The reserve pit will be plastic lined as per current BLM and NMOCD regulations.
- D. The pad and pit area have 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 operation will be removed. Pits will be filled as soon as they dry. The location will be cleaned of all trash and junk to leave the wellsite as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. After abandonment of the well, surface restoration will be in accordance with the agreement with the surface lessee and the BLM. The pit area, well pad, and all unneeded access road will be ripped to promote re-vegetation. Rehabilitation should be accomplished within 90 days after abandonment.

11. OTHER INFORMATION:

- A. Topography: Land surface is relatively level with small to moderate sand dunes. From an elevation of 4052' at the wellsite, the regional surface slopes gently toward the east at 10' to 20' per mile.
- B. Soil: Soil is predominantly sand and sandy loam underlain by caliche.
- C. Flora and Fauna: The vegetative cover moderate and includes range grasses, weeds, scrub oak and mesquite bushes. Local Wildlife is typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove, quail and hawks.
- D. Ponds and Streams: There are no rivers, lakes, or ponds in the area.
- E. Residences and Other Structures: There are no occupied dwellings or other structures within or near the proposed area of the well site. The pumper's residence is located next to the compressor station about 2½ miles away. There are a few ranch houses several miles to the north.

- F. Archeological, Historical and Cultural Sites: None observed in the area.
- G. Land Use: Grazing, oil and gas production and wildlife habitat.
- H. Surface Ownership: The surface that the well site and road are on is owned by Mack Kizer, P.O. Box 27, Pep, New Mexico 88126.

12. OPERATORS' REPRESENTATIVES:

The field representatives responsible for assuring compliance with the approved surface use and operations plan is:

Robert McNaughton (432) 688-3726 (office)  
Operations Manager/ Petroleum Engineer (432) 694-2553 (residence)  
(432) 559-9307 (cell)

Greg McWilliams (806) 790-1332 (mob)  
Operations Foreman


H. L. Brown Operating, L.L.C.'s office is located at 300 W. Louisiana, Midland, Texas, 79702.

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 H. L. Brown Operating, L.L.C. and it's contractors and subcontractors in conformity with this plan and terms and conditions under which is approved. This statement is subject to provisions of 18 U.P.S. 1001 for the filing of false statement.

6-09-06

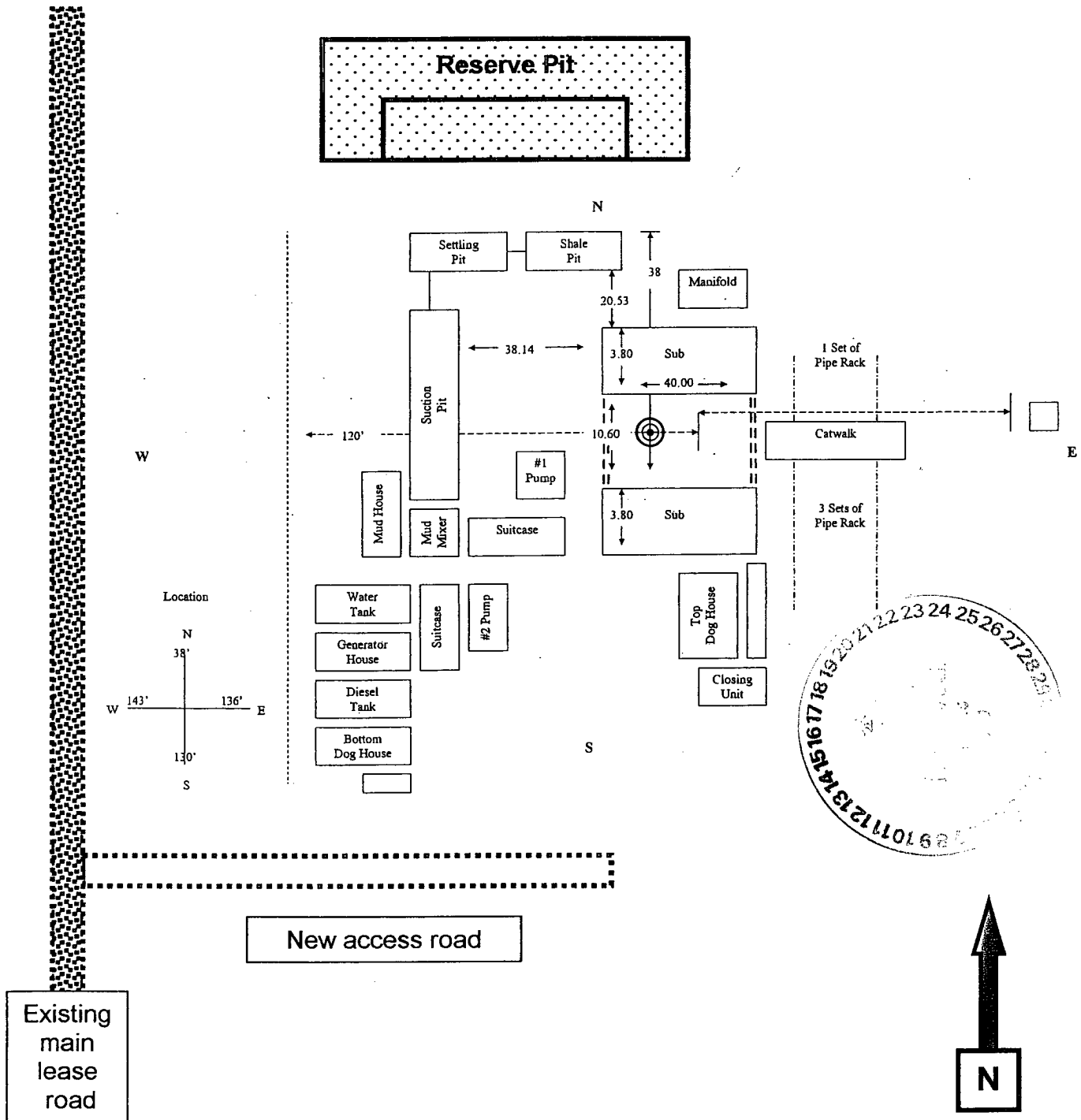
Date

  
Robert McNaughton  
Operations Manager/ Petroleum Engineer  
H. L. Brown Operating, L.L.C.

Enclosures



<b>DRILLING RIG &amp; RESERVE PIT LAYOUT</b> <b>Worksheet supplement for "Application for Permit to Drill or Deepen a Well"</b>	Applicant <b>H.L. Brown Operating L.L.C</b> <b>P.O. Box 2237, Midland Texas 79702</b>
Location: 2540' FSL & 1640' FWL Unit K, Section 27, T-7-S, R-37-E Roosevelt Co, NM	Well name and number  <b>Federal 27 No. 4</b>



**Figure No. 4**



## Supplemental Drilling Data

H. L. BROWN OPERATING, L.L.C.

### **Federal 27 No. 4**

2540' FSL & 1640' FWL, Sec. 27, Unit K, T-07-S, R-37-E  
Roosevelt County, New Mexico  
New Mexico Lease NM - 54449

The following items supplement Form 3160-3 in accordance with instructions contained in onshore Oil and Gas Order No.1:

#### Overview of Well:

The proposed well will be drilled to about 9200' to test the Devonian formation. 13-3/8" surface pipe will be set at about 515', 8-5/8" intermediate pipe will be set at 3750' and 5-1/2" production casing will be set at 9200' or less. The Devonian will be perforated and acid stimulated.

#### 1.) Surface Formation: Ogallala

#### 2.) Estimated Top of Geologic Markers:

Yates	2530'
San Andres	3685'
Abo	6990'
Wolfcamp	7940'
Devonian	8650'

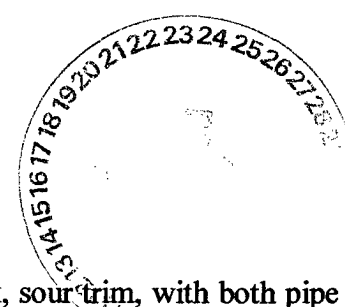
#### 3.) Estimated Depths Water, Oil, Gas or Other Mineral Bearing Formations:

Water	None Anticipated
Oil/ Gas	Wolfcamp carbonates at 7950', Devonian carbonates at 8670'
Other Minerals	None Anticipated

#### 4.) Proposed Casing and Cementing Program:

Hole Size, in.	Casing Data				Depth, ft	Cement	Expected Top of Cement
	Size	Wt.,#/ft	Grade	Thread			
17-1/2"	13-3/8"	48	H-40	ST&C	510'	500 sx "C" w/ 2% CaCl <sub>2</sub> , + 1/4# sx celloflake	Surface Must circulate
12-1/4"	8-5/8"	32	J-55	LT&C	3750'	Lead: 1200 sx "C" Poz + 6% gel + celloflake Tail: 300 sx "C" w/ CaCl <sub>2</sub>	Surface Must circulate
7-7/8"	5-1/2"	17.0	J-55	LT&C	0' – 80'	Lead: 1200 sx "H" Poz + 10% gel + 5% salt Tail: 400 sx "H" w/ FLA	3400' ** tie into 8-5/8" casing
		15.5	J-55	LT&C	80' – 6900'		
		17.0	J-55	LT&C	6900' – 9200'		

The surface casing string will be tested to 1000 psi. The 5 1/2" casing will be tested to 2000 psi. All casing will be new or used, inspected yellow-band or better.



**5.) Pressure Control Equipment:**

Pressure control equipment will include a 3000 psi WP blowout preventer stack, sour trim, with both pipe rams and blind rams. Above BOP stack will be an annular BOP, 3000 psi WP with sour trim. Below the double BOP stack will be an adapter spool, 3000 psi WP. On one side of the adapter spool will be a kill line with a check valve and a ball valve. The other side will be a choke manifold with a bleed off line. Hydraulic BOP controls will be operated daily (**Figures No.5 and No.6**).

**6.) Circulating Medium:**

Depth	Mud Type	Wt. lb/gal	Viscosity sec/1000cc	Filtrate cc/30min	Remarks
0' - 510'	FW-Gel	8.6-9.0	32-34	NC	
510' - 2100'	FW- native	8.6-9.0	29-32	NC	
2100' - 3750'	Cut Brine	9.2-10.3	32-34	NC	Add 2% - 3% oil
3750' - 6800'	FW	8.4-9.2	29-30	NC	
6800' - 7800'	SW-Gel	9.2-10.3	38-40	NC	Add 5% - 6% oil
7800' - 9200'	SW-Gel	9.2-10.3	38-40	10	Mud up for logs

No abnormal pressures are anticipated. Mud is used for borehole stability and filtrate control and will not be needed for formation pressure control.

**7.) Auxiliary Equipment:**

- a.) Kelly cock: in mud line above swivel.
- b.) Floats at bit: none planned.
- c.) Mud system monitoring equipment: No automatic equipment planned; will use visual testing and inspection by rig and mud company personnel.

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

- a.) Samples: Drilling samples will be caught at 10' intervals below 3750'.
- b.) DST and Cores: none planned
- c.) Logging: GR/CNL will be run from surface to TD and the GR/CNL/SDL and DLL/MLL will be run from TD to ~3700' (minimum +).

**9.) Abnormal Pressures, Temperature or Hydrogen Sulfide:**

None Anticipated.

**10.) Completion Equipment:**

The completed well will be a flowing gas well (**Figure No. 7**) with a stack pack for flow control.

**11.) Anticipated Starting Date:**

Drilling operations are expected to commence by August 15, 2006 and are expected to last 21 days. Completion operations are expected to last 8 days.

<p><b>WELLHEAD BLOWOUT CONTROL SYSTEM</b></p> <p>Worksheet supplement for "Application for Permit to Drill or Deepen a Well"</p>	<p>Applicant  <b>H.L. Brown Operating L.L.C</b>  <b>P.O. Box 2237, Midland Texas 79702</b></p>
<p>Location: <b>2540' FSL &amp; 1640' FWL</b>  <b>Unit K, Section 27, T- 7-S, R- 37-E</b>  <b>Roosevelt Co, NM</b></p>	<p>Well name and number  <b>Federal 27 No. 4</b></p>

Max. anticipated surface pressure \_\_\_\_\_

Annular B.O.P. 11 ", 3000 psi W. P.

- B.O.P.
- ☐ Manual
  - ☒ Hydraulic
  - ☒ Sour Trim

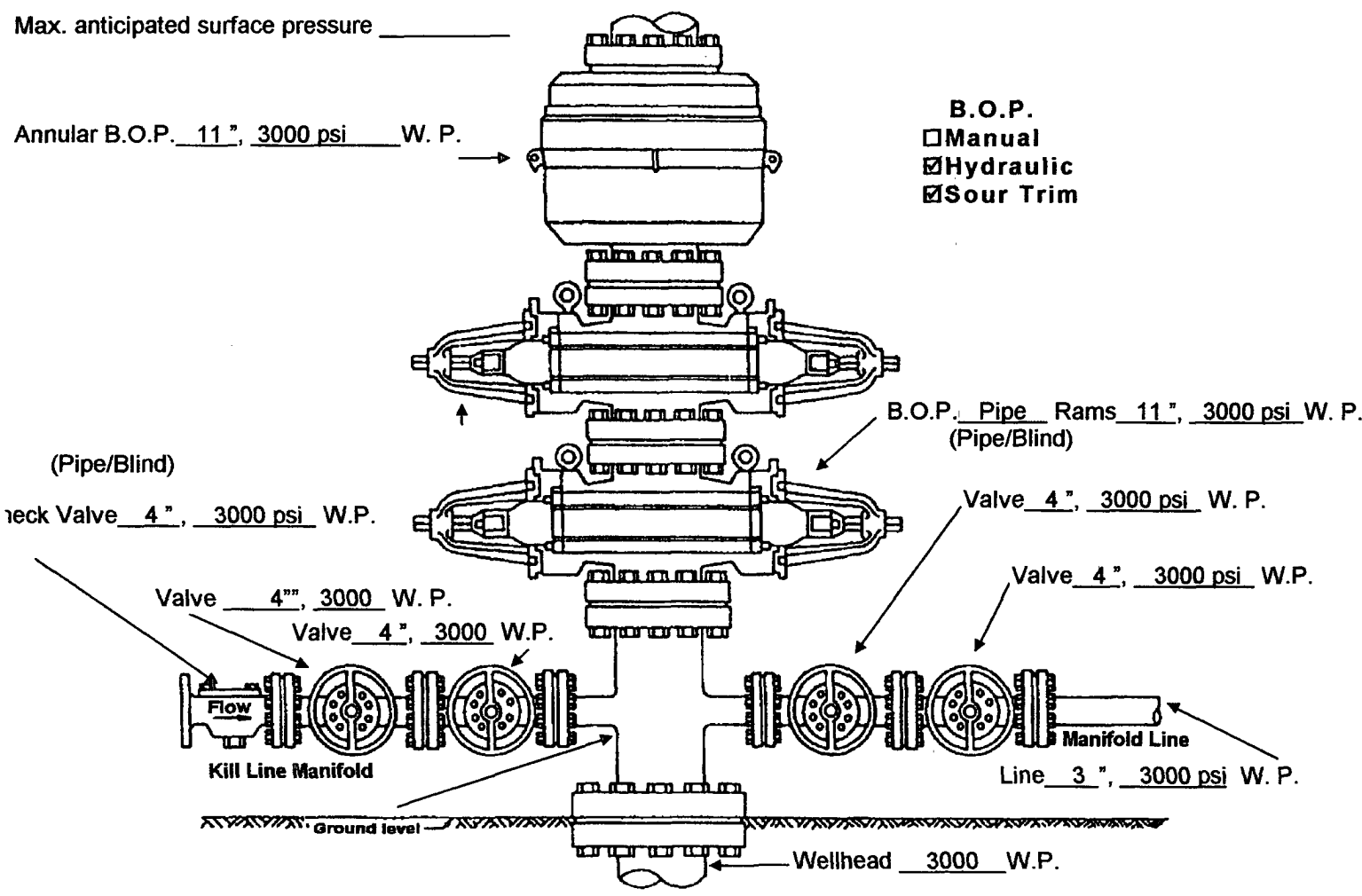
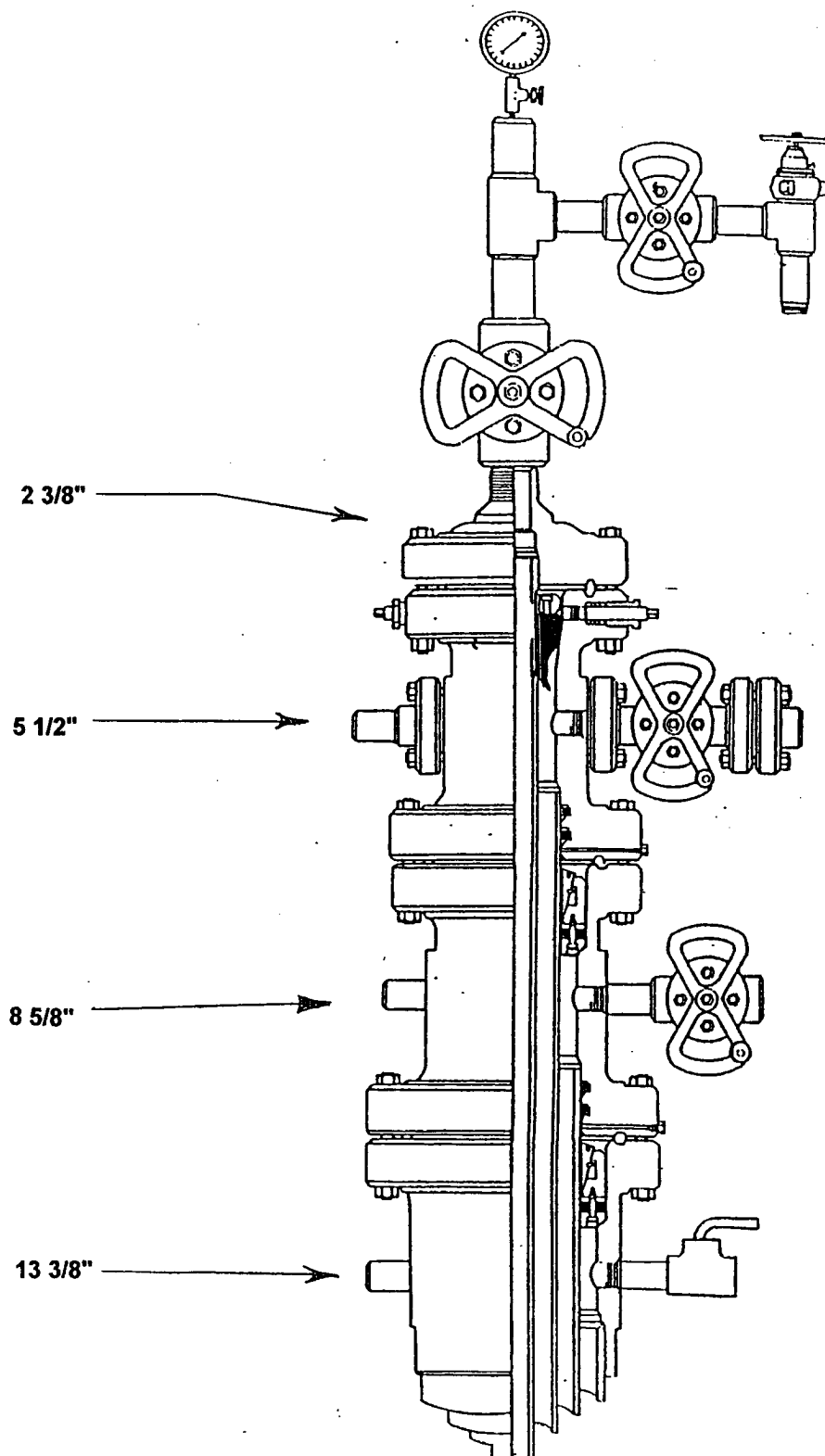


Figure No. 5



<p><b>WELLHEAD BLOWOUT CONTROL SYSTEM</b></p> <p>Worksheet supplement for "Application for Permit to Drill or Deepen a Well"</p>	<p>Applicant  <b>H.L. Brown Operating L.L.C</b>  <b>P.O. Box 2237, Midland Texas 79702</b></p>
<p>Location: <b>2540' FSL &amp; 1640' FWL</b>  <b>Unit K, Section 27, T- 7-S, R- 37-E</b>  <b>Roosevelt Co, NM</b></p>	<p>Well name and number  <b>Federal 27 #4</b></p>

13 3/8" X 8 5/8" X 5 1/2" X 2 3/8" 3000psi WP



**Figure No. 7**

H. L. Brown L. L. C.  
Federal 27 #4  
Drilling Permit – Surface Agreement

**UNITED STATES DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-1287**

**Surface Agreement**

Operator Name: H.L. Brown Operating L.L.C.  
Address: 300 West Louisiana  
City, State: Midland, Texas  
Zip Code: 79702

Lease Name: **Federal "27" #4**

Lease Number: **NM – 12852**

Legal Description of Land: **all Section 27, T-8-S, R-37-E, NMPM, Roosevelt County, New Mexico.**

The surface that the well site and road are on is owned by Mack Kizer, P.O. Box 27, Pep, New Mexico 88126. We have reached a surface damage agreement with Mr. Kizer as of May 20, 2006.

Authorized Signature:



Name: Robert McNaughton

Title: Operations Manager

Date: June 9, 2006



## WELL DRILLING REQUIREMENTS

3 of 6 pages

### III. WELL SUBSURFACE REQUIREMENTS:

#### A. GENERAL DRILLING REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt County, in sufficient time for a representative to witness:

A. Spudding                      B. Cementing casing: 13 3/8 inch; 8 5/8 inch; 5 1/2 inch.                      C. BOP Tests

2. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan is not required for this wellbore.

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

#### B. CASING:

1. The 13 3/8 inch shall be set at 510 Feet with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 8 5/8 inch Intermediate casing is to circulate to surface.

3. The minimum required fill of cement behind the 5 1/2 inch Production casing is to Tie Back to the 8 5/8 inch shoe by at least 200 ft.


#### C. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3 M psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

- The test shall be done by an independent service company
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
- Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.

 The sender of this message has requested a read receipt. [Click here to send a receipt.](#)

**Mull, Donna, EMNRD**

**From:** Phillips, Dorothy, EMNRD  
**To:** Mull, Donna, EMNRD  
**Cc:**  
**Subject:** RE: Financial Assurance Requirement  
**Attachments:**

**Sent:** Tue 6/20/2006 10:04 AM

None appear on Jane's list and all have blankets.

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**From:** Mull, Donna, EMNRD  
**Sent:** Tuesday, June 20, 2006 7:45 AM  
**To:** Phillips, Dorothy, EMNRD  
**Cc:** Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD  
**Subject:** Financial Assurance Requirement

Dorothy,

Is the Financial Assurance Requirements for these Operators OK?

H L Brown Operating LLC (213179)  
Mewbourne Oil Co (14744)  
Melrose Operating Co (184860)  
COG Operating LLC (229137)  
Latigo Petroleum Inc (227001)  
Marbob Energy Corp (14049)  
Devon Energy Production Co LP ( 6137)  
McElvain Oil & Gas Properties Inc (22044)

I have checked each Operator in the Inactive well list.

Please let me know. Thanks and have a nice day. Donna