

OCD-HOBBS

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

UNIT PETROLEUM COMPANY

(MATT DOFFER 432-685-9020)

3. ADDRESS AND TELEPHONE NO.

407 NORTH BIG SPRING SUITE 101 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1310' FSL & 1310' FWL SECTION 9 T20S-R36E LEQ CO. NM

At proposed prod. zone SAME

LEA COUNTY CONTROLLED WATER BASIN

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 20 miles Southwest of Hobbs New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

1310'

16. NO. OF ACRES IN LEASE

440

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

NA

19. PROPOSED DEPTH

11,600'

20. ROTARY OR CABLE TOOLS

ROTARY

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

3608' GR.

22. APPROX. DATE WORK WILL START*
WHEN APPROVED

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Conductor 20"	NA	40'	Redi-mix to surface
17 1/2"	H-40 13 3/8"	48#	400'	440 Sx. circulate cement
12 1/4"	HCK-55, J-55 9 5/8"	40#	5500'	1200 Sx. " "
7 7/8"	HCP-110 5 1/2"	17#	11,600'	1055 Sx. TOC 7000' ± Est.

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 440 Sx. of Class "C" cement + 2% CaCl₂ + 1/2# Flocele/Sx., circulate cement to surface.
3. Drill 12 1/4" hole to 5500'. Run and set 5500' of 9 5/8" 40# HCK-55 & J-55 LT&C casing. Cement with 1000 Sx. of Class "C" POZ cement + additives, tail in with 200 Sx. of Class "C" neat, circulate cement to surface.
4. Drill 8 3/4" hole to 11,600'. Run and set 11,600' of 5 1/2" 17# HCP-110 LT&C casing. Cement with 615 Sx. of CemCrete Blend cement and tail in with 440 Sx. of TXI Lightweight cement + additives. Estimate top of cement 7000' from surface

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

Joel T. Janica

TITLE Agent

DATE 09/03/06

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

/s/ James Sievall

ACTING
FIELD MANAGER

APPROVED BY

TITLE

DATE

DEC 01 2006

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

13141817
FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

3456789101112131415161718192021222324252627282930313233343536373839404142434445464748495051525354555657585960616263646566676869707172737475767778798081828384858687888990919293949596979899100

RECEIVED
HOBBS
FEDERAL BUREAU OF LAND MANAGEMENT
UNIT AGREEMENT NAME

5. LEASE DESIGNATION AND SERIAL NO.
N-8987

6. IF INDIAN, CLAN NAME OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME WELL NO. 436179

9. API WELL NO.

10. FIELD AND POOL OR WILDCAT
30-025-38258
83420

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
WILDCAT-MORROW North

12. COUNTY OR PARISH
LEA CO

13. STATE
NEW MEXICO

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

See R-12671



"Fred Schantz"
<Fred.Schantz@unitcorp.com>
>

10/02/2006 10:24 AM

To <duncan_whitlock@nm.blm.gov>

cc "Matthew Doffer" <matthew.doffer@unitcorp.com>, "George Ulmo" <George.Ulmo@unitcorp.com>

bcc

Subject Monument Federal "9" #1 well - Section 9, T20S-R36E, Lea County, New Mexico

Duncan,

I talked to Ms. Klein this morning and she told me that she has agreed to our terms for surface damages for the captioned well. She seems reasonably satisfied at this point in time.

So, if you could go ahead and process the permit, we would appreciate it. Thanks!

Fred Schantz

Phone # (432) 685-9020

Disclaimer - This e-mail communication is for informational purposes only. It is not intended to nor does it constitute a commitment or agreement binding on Unit Corporation or any of its affiliated companies (collectively "Unit") regarding the subject matter of this communication unless (i) it expressly states that it is intended as a binding commitment or agreement and (ii) is sent and signed by a person authorized by Unit to enter into such a commitment or agreement.

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME: UNIT PETROLEUM COMPANY

ADDRESS; 407 NORTH BIG SPRING
SUITE 101

CITY, STATE, & ZIP: MIDLAND, TEXAS 79701

The above operator accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No: NM-89873

Well name: MONUMENT "9" FEDERAL

Legal Description of land: S/2 of section 9 T20S-R36E LEA CO. NM

Bond coverage: NATION WIDE

B.L.M. Bond File No.: K0-6957146- MTB 000027 (6A)

Authorized Signature

Joe T. Janica

Title: Agent for
UNIT PETROLEUM COMPANY

Date: 08/07/06

DISTRICT I
1625 N. FRENCH DR., HOBBES, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, 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 Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-38258	Pool Code 82160	Pool Name Pseudo WILDCAT-MORROW, North
Property Code 36179	Property Name MONUMENT "9" FEDERAL	Well Number 1
OGRID No. 115970	Operator Name UNIT PETROLEUM COMPANY	Elevation 3608'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	9	20-S	36-E		1310	SOUTH	1310	WEST	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	Joint or Infill	Consolidation Code	Order No.
320			R-12671

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>GEODETIC COORDINATES NAD 27 NME Y=577519.2 N X=798827.2 E LAT.=32°58'39.61" N LONG.=103°36'31.79" W LAT.=32°35'02.26" N LONG.=103°21'47.44" W 3611.3' 3602.0' 600' 1310' 600' 3612.0' 3607.2' 1310'</p> <p>NM-89873</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Joe T. Janica</i> Signature Date Joe T. Janica 09/03/06 Printed Name Agent</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>AUGUST 10, 2006</p> <p>Date Surveyed JR Signature & Seal of Professional Surveyor <i>Ronald P. Edson</i> 8/17/06 06.11.1266 Certificate No. GARY EDSON 12641 RONALD P. EDSON 3239</p>
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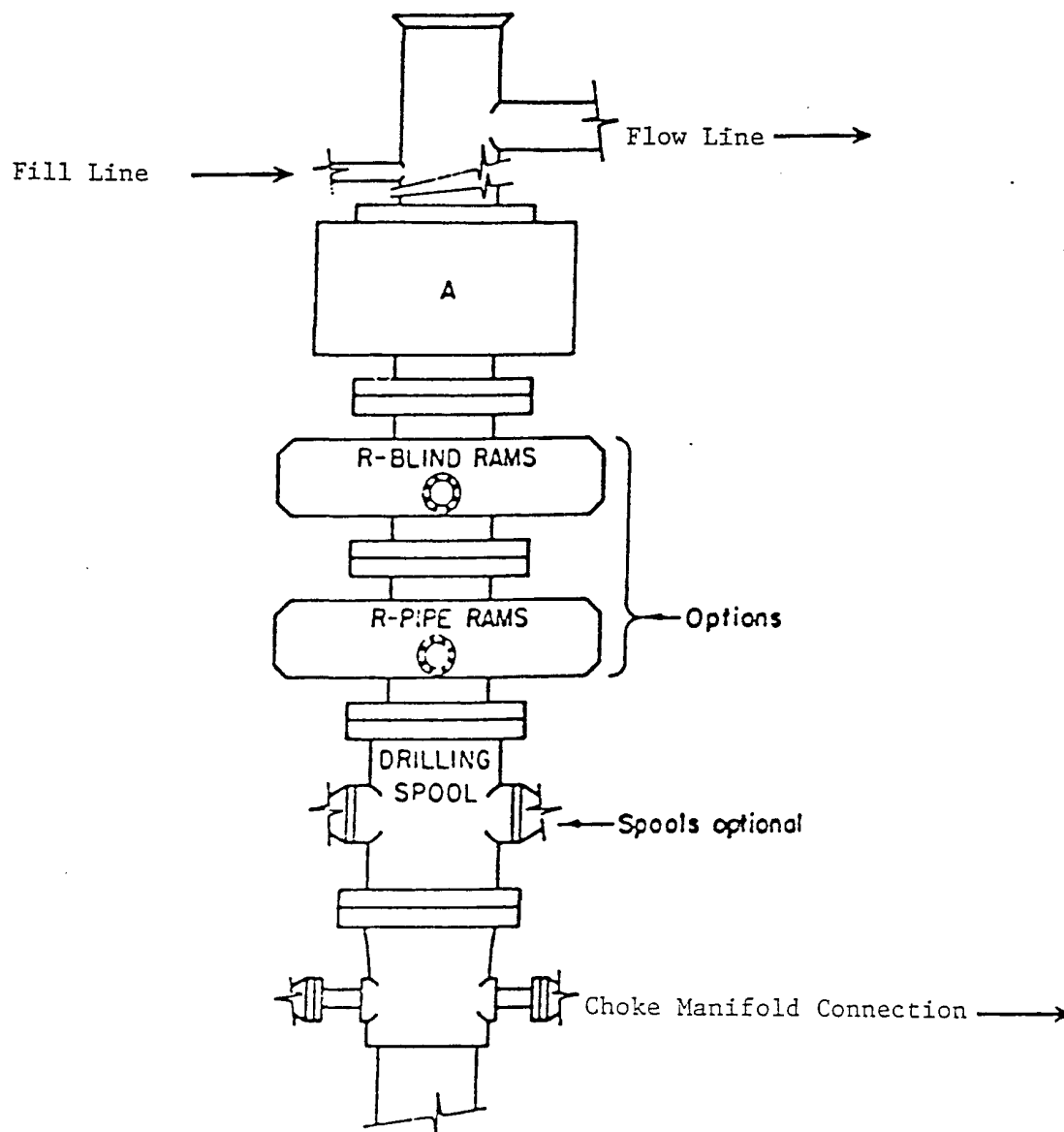
EXHIBIT "A"

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
4. Condition Flags and Signs
 - A. Warning sign on access road to location:
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well control equipment
 - A. See exhibit "E"
6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.
9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H_2S scavengers if necessary.



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

UNIT PETROLEUM COMPANY
MONUMENT "9" FEDERAL # 1
UNIT "M" SECTION 9
T20S-R36E LEA CO. NM

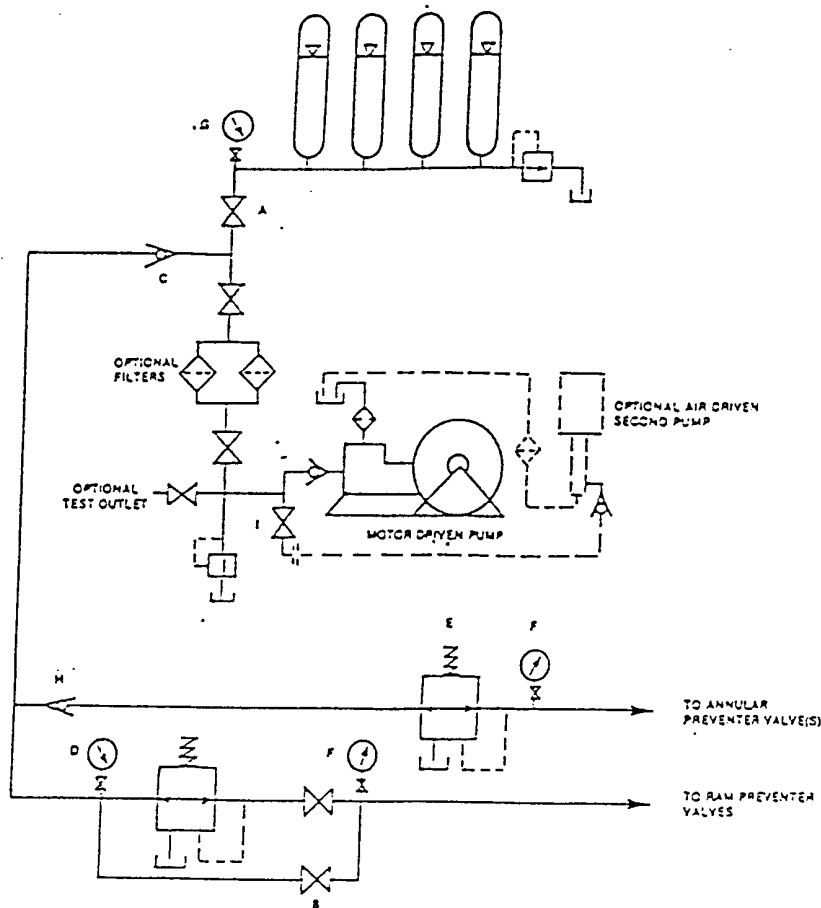


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

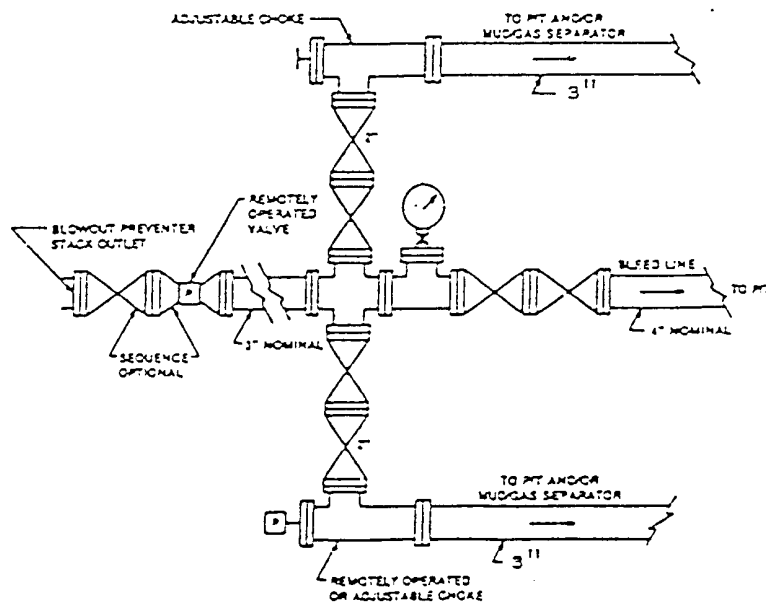


FIGURE K4-1. Typical choke manifold assembly for 5M rated working pressure service - surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

UNIT PETROLEUM COMPANY
MONUMENT "9" FEDERAL # 1
UNIT "M" SECTION 9
T20S-R36E LEA CO. NM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Unit Petroleum Co.
Well Name & No. Monument 9 Federal # 1
Location: 1310' FSL, 1310' FWL, SEC 9, T20S, R36E, Lea County, NM
Lease: NM-89873

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 20 inch, 13 3/8 inch, 9 5/8 inch, 5 1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.

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.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13 3/8 inch surface casing shall be set at 400 feet, below usable water and 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 9 5/8 inch intermediate casing is circulate cement to the surface.

4. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 200 feet above the base of the intermediate casing string.

III. 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) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9 5/8 inch casing shall be 5000 psi.

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

- A variance to test the _____ to the reduced pressure of ____psi with the rig pumps is approved.
- The tests 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 a safe workman-like manner. Hard line connections shall be required.
- BOPE must be tested prior to drilling into the **Wolfcamp** Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.
4. **Fresh water based muds will be used on the surface and intermediate casing strings down to the top of the salt.**

Engineering may be contacted at 505-706-2779 for variances if necessary.

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

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

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: UNIT PETROLEUM COMPANY Telephone: 432-685-9020 e-mail address: _____
Address: 407 NORTH BIG SPRING SUITE 101 MIDLAND TEXAS 79701
Facility or well name: MONUMENT "9" FED.1 API #: 30-025-38254 U/L or Qtr/Qtr M Sec 9 T 20S R 36E
County: LEA Latitude 32° 35' 02" Longitude 103° 21' 47" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

<u>Pit</u>	<u>Below-grade tank</u>	
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume <u>1.8M</u> bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 20 50 feet or more, but less than 100 feet 100 feet or more	(20 points) 20 (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No 0	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 10 1000 feet or more	(20 points) (10 points) 10 (0 points)
	Ranking Score (Total Points) 30	30

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility: _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described 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 ☐.

Date: 12/11/06

Printed Name/Title: Joe T. Janica Agent Signature: Joe T. Janica

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: 1/10/07

Printed Name/Title: CHRIS WILLIAMS / DIST. SUPV Signature: Chris Williams