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At proposed prod. Zone		•		as above		-	Section 7-T2	23S, R3	2E, NMPM
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The following, completed	in accordance with the	e requirement	s of Onshore (Dil and Gas Oro	der No. 1, shall be a	attached to this form	n:	2	<u>ő</u> /
1. Well plat certified by	a registered surveyor.				4. Bond to cov	er the operations	unless covered by an exi	sting bond	on file (see
2. A Drilling Plan.					Item 20 abo		31-153	18.60	
3. A Surface Use Plan (if	the location is on Nati	ional Forest S	ystem Lands, 1	the	5. Operator cert	tification.			
SUPO shall be filed w	ith the appropriate Fore	est Service Of	ffice.		6. Such other si	ite specific informa	tion and/or plans as may	y be require	ed by the
					authorized of	ffice.			
25. Signature				Nan	ne (Printed/Typed)			Date	
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Approved by (Signature)	/S/ JOE G.			Nan	ne (Printed/Typed)		— i	Date SE	P U 5 2003
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DISTRICT III 1000 Rio Brazos Rd., Aztec, NJ DISTRICT IV	K 87410	OIL		SERVATI P.0. Box 2 e, New Mexic		ION	AMENDED	-
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MYCO INDUSTRIES, INC. **BLUE QUAIL FEDERAL #3** 660' FSL & 1980' FWL (UNIT N) S7-T23S-R32E NMPM LEA COUNTY, NM NM-86151 1. The estimated tops of geologic markers are as follows: 1020' 5650' TD 8600' Rustler Cherry Canyon Bottom of Salt 4420' Brushy Draw 7500' Top of Delaware 4650'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

> Water: 150-250' Oil or Gas 6000' and 8600'

PRESSURE CONTROL EQUIPMENT: BOP will be installed on the 13 3/8" casing and rated for 3M BOP systems will 3. consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set cemented in place. blowout preventor controls will be installed prior to drilling the surface plug and will remain in use unt the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

AUXILIARY EQUIPMENT:

Auxiliary Equipment: Kelly cock, pit level indicators, and flow sensor equipment, and a sub with full opening val A. fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly in in use.

THE PROPOSED CASING AND CEMENTING PROGRAM: 4.

A. Casir	ng Program: (All N	New)		· ·			
Hole Size	Casing Size	<u>Wt./Ft.</u>	Grade	Thread	Coupling	Interval	Length
17 1/2" 12 1/4" 7 7/8"	13 3/8" 8 5/8" 5 1/2"	48# 32# 17#	H-40 J-55 K-55	8R 8R 8R	ST&C LT&C LT&C	0-860' 0-4600 0-8600'	860' 4600' 8600'

Minumum Casing Design Factor: Collapse 1.3, Burst 1.5, Tensile Strength 2.0

B. **CEMENTING PROGRAM:**

Surface casing : 300 sx. "C" w/ 4% Gel, 2% Cacl2 (wt. 13.5 ppg. Yield 1.74 cu. ft) & 200 sx. Class "C" w/ 2% Cacl2 (wt. 14.8 ppg. yield 1.34 cu. ft) Circulate to surface.

Intermediate Casing: 1300 sx. 35/65 Poz "H" w/6% Gel 5% NaCl, 1/4# Flocele (12.8 ppg. 1.94 cu. ft.) + 200 sx Class"H"(wt. 15.6 ppg. Yield 1.18 cu ft.) Circulate to surface.

Production Casing: Tie back to 8-5/8" with 500-sxs "C" lit (wt. 14.2 pp6 yield 1.35 ft. 3) + 400-sxs "C" modified 14.8 ppg yield 1.35 ft.)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u> 0-860	<u>Type</u> FWGel	<u>Weight</u> 8.4/8.9	<u>Viscosity</u> 32-36	Fluid Loss N/C
860-4600	Brine	10.0	28	N/C
4600-TD	Cut Brine	8.9/9.3	28	<15cc
				*

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. **EVALUATION PROGRAM**:

Samples: Every 10' from intermediate casing to TD Logging: G/R from surface to TD; CNL/LTD & DLL/MSFL 4600' to TD. Coring: None anticipated DST's: 1 – Bone Springs

7. Abnormal Conditions, Bottom hole pressure and anticipated BHP:

From: 0	To: 860'	Anticipated Max. BHP: 250 PSI
From: 860	To: 4600'	Anticipated Max. BHP: 750 PSI
From: 4600	To: 8600' (TD)	Anticipated Max. BHP: 2800 PSI

Anticipated Potential Hazards: None

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None – Based on the 6-Myco wells drilled in Sec. 7 (Blue Quail Fed. #1 & #2, Sharbro Fed #1, #6, #7, & Bitsy Fed. #1). <u>REQUEST EXEMPTION FOR H2S DRILLING STIPS</u>.

Maximum Bottom Hole Temperature: 165 Degrees F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days. This well lies in the CRMA prarie chicken area as defined by the 1996 NM GAP analysis study; NM State University. <u>MYCO INDUSTRIES, INC. REQUESTS AN EXEMPTION FROM THE MARCH 15</u> JUNE 15 PRAIRIE CHICKEN STIPS FOR THE DRILLING, COMPLETION & WORKOVER PHASES OF THIS WELL. Myco contends that there are no prairie chickens in this area. A field survey has been performed which has determined that there are no prairie chickens in the area and a copy of the field survey prepared by Dr. Troy L. Best of Auburn University is attached.

> BLUE QUAIL FEDERAL #3 Page 2/2

MYCO INDUSTRIES, INC. <u>BLUE QUAIL FEDERAL #3</u> 660' FSL & 1980' FWL (SE/SW) – UNIT N <u>SECTION 7, T23S, R32E, NMPM</u> <u>LEA COUNTY, NEW MEXICO</u> <u>NM-86151</u>

2

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan it to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. **EXISTING ROADS**

Exhibit A-1 is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 39 miles west and north of Jal, New Mexico and the access route to the location is shown on Exhibit A-1.

DIRECTIONS: 1320' due east of the MYCO Blue Quail Federal #3 (proposed). (660' FSL & 1980' FWL/Section 7, T23S, R32E). See attached plat.

2. PLANNED ACCESS ROAD

- A. The proposed new access road will be approximately 1320' in length due north from the MYCO Blue Quail Federal #3 as shown on the attached plat (Exhibit A-2).
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Two traffic turnouts will be built.
- D. The route of the road will be visible.
- E. Existing roads will be maintained in the same or better condition.

3. **LOCATION OF EXISTING WELL**

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one mile radius of the proposed wellsite.
- e.,

4. LOCATION OF EXISTING AND/OR PRPOSED FACILITIES

A. The common tank battery for the Sharbro Federal #1, #6, #7, Bitsy Federal #1 & Blue Quail Federal #1, #2 will be used for this well. The common tank battery is located in the SE/4 SE/4 (Unit P) of Section 7. Produced water will be disposed in the Yates Petroleum Corp. Kiwi "Akx" #8, NMOCD SWD-510, Section 16, T23S, R32E (Unit H). (See Exhibit D for details)

LOCATION AND PE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. It will be the responsibility of the dirt contractor to obtain caliche from a source of their choice for the drill pad. A likely source would be in the SE/4 NE/4 of Section 2-T23S-R31E.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approval disposal system, or separate disposal application will be submitted.
- 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. All trash, junk and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: NONE

9. WELLSITE LAYOUT:

5.

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged and is detailed on NMOCD Form C-102 (Attached).

10. PLANS FOR RESTORATION

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and debris to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.
- 11. SURFACE OWNERSHIP: Federal surface administered by BLM.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soi characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

13. **OPERATOR'S REPRESENTATIVE**

Nelson Muncy, PELS Operations Manager Myco Industries, Inc. P.O. Box 840 Artesia, New Mexico 88211-0840 Phone (505) 748-4274

BLUE QUAIL FEDERAL #3 Page 2/3

CERTIFICATION:

14.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; 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 Myco Industries, Inc. and its contractors and subcontractors 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 a false statement.

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đ ź BLUE QUAIL FEDERAL #3

Page 3/3

OPERATIONS MANAGER

9/22/2000 Date

LOCATION VERFICATION MAP



VICINITY MAP



SEC. 7 TWP. 23-S RGE. 32-E SURVEY N.M.P.M. COUNTY LEA DESCRIPTION 660' FSL & 1980' FWL ELEVATION 3543 OPERATOR MYCO INDUSTRIES, INC. LEASE BLUE QUAIL FEDERAL SCALE: 1'' = 2 MILES

JOHN WEST SURVEYING HOBBS, NEW MEXICO (505) 393-3117

EXHIBIT A

LOCATION VERFICATION MAP

BOOTLEG RIDGE, N.M.

E.



EXHIBIT A





EXHIBIT "C"



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EXHIBIT "D"

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MYCO INDUSTRIES, INC. OIL PRODUCERS POST OFFICE BOX 840 ARTESIA, NEW MEXICO 88211-0840 Phone (505) 748-1471

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STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

LEASE NUMBER: <u>NM-86151</u>

LEGAL DESCRIPTION OF LAND:

2

BOND COVERAGE: Individually Bonded

BLM BOND FILE NUMBER: 58 59 71

T23S, R32E, Section 7: SE/SW Lea County, New Mexico

Formation(s): N/A

Date: August 3, 2003

MYCO INDUSTRIES, INC.

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MYCO's reference (well name): _____Blue Quail Federal #3____

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