ATS-07-393

OCD-HOBBS

Form 3160-3
(February 2005)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NM 90558

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. (36426)
FOWLER FEDERAL # 1

2. Name of Operator
PAR Minerals Corporation (215256)

9. API Well No.
30-025- 38408

3a. Address **509 Market St, Ste 300**
Shreveport, LA 71101

3b. Phone No. *(include area code)*
(318) 221-6156

10. Field and Pool, or Exploratory (26500)
FOWLER ELLENBURGER EAST

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **330 FNL 1650 FEL** **UNIT LETER B**
At proposed prod. zone **330 FNL 1650 FEL**

11. Sec., T. R. M. or Blk. and Survey or Area
SEC 18 T24S R38E

14. Distance in miles and direction from nearest town or post office*
6 miles NE fro Jal, NM

12. County or Parish **LEA**

13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
330 FT	**320**	**40**
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
1000 FT	**12000**	
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
GL 3195'	As Soon as Approved	2 wks

Received
Hobbs
OCD

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must 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 BLM.

25. Signature	Name *(Printed/Typed)*	Date
Eddie W Seay	**Eddie W Seay** **Agent**	3/26/07
Title		

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ James Stovall		MAY 15 2007
Title **FIELD MANAGER**	Office **CARLSBAD FIELD OFFICE**	

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.

APPROVAL FOR TWO YEARS

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 page 2)

CAPITAN CONTROLLED WATER BASIN

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

District I
1625 N. French Dr., Hobbs 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1]API Number	[2]Pool Code	[3]Pool Name
30-025-38408	26500	Fowler Ellenburger East

[4]Property Code	[5]Property Name	[6]Well Number
36426	Fowler Federal	1

[7]OGRID No.	[8]Operator Name	[9]Elevation
215256	PAR MInerals Corporation	3195'

[10]Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	18	24 S	38 E		330	North	1650	East	Lea

[11]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

[12]Dedicated Acres	[13]Joint or Infill	[14]Consolidation Code	[15]Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

330'
1650'
Fowler Federal No. 1
Elev. 3195'
NAD 27 NM E
N= 447267
E= 882657

[17]OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Darrell Garrett
Signature

Darrell Garrett
Printed Name

Vice President, Land
dgarrett@parminerals.com
Title and E-mail Address

March 5, 2007
Date

[18]SURVEYOR CERTIFICATION

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.

12-07-2006
Date of Survey

Signature and Seal of Professional Surveyor:

MICHAEL L. STANFORD
NEW MEXICO
10324
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number 10324

9 Miles NE of Jal, New Mexico.

File No. A-3263.DWG

B. Proposed Cement Program:

11-3/4"	Surface Casing:	Cement to surface with 600 sx of Class C + 2% CaCl2 + ¼ #/sx flocele.
8-5/8"	Intermediate:	Cement to surface with 900 sx of Premium Plus lite + 15#/sx salt + ¼#/sx flocele and 400 sx Class C + 2% CaCl2
5-1/2	Prod Casing:	Cement with 850 sx 50/50 Class H/Poz + 2% gel + .4% CF-14, .1% Diacel LWL. This cement slurry is Designed to bring TOC to 5000'.

All slurries will be tested prior to loading to confirm thickening times and a lab report furnished to Par Minerals. Fluid loss will be tested and reported on slurries with fluid loss additives. Lab test report will be furnished prior to pumping cement.

V. Proposed Mud Program:

The well will be drilled to TD with a combination of brine, cut brine, and polmer/KCL mud system. The applicable depths and properties of this system are as follws:

DEPTH	TYPE	WEIGHT (ppg)	VISCOSITY (sec)	WATERLOSS (cc)
0-1000'	Fresh Water (spud)	8.5	40-45	N.C.
1000'-6500'	Brine water	10.5	30	N.C.
6500'- TD	Fresh water/ Bentonite/Lo Solids	8.8-9.2	28	N.C.

Sufficient mud material to maintain mud properties and meet lost circulation and weight increase requirements will be kept at wellsite at all times.

VI. Minimum Specifications for Pressure Control:

SEE COA

The blowout preventer equipment (BOP) shown in Exhibit # 1 will consist of a double ram-type (5000 psi WP) preventer and an annular preventer (5000 psi WP) . Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All will be installed on the 11-3/4" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 600 psi before drilling out of surface casing. Before drilling out or intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000 psi and the annular to 70% of rated working pressure (3500 psi).

50%

2500

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted onl the daily tour sheets. A 2" kill line and 4" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a

kelly cock and floor safety valve (inside BCP) and choke lines and choke manifold with 5000 psi WP rating.

VII. Auxiliary Well Control and Monitoring Equipment program:

A. A kelly cock will be kept in the drill string at all times.
B. A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
C. Amud logging unit complete with H2S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 2000' to TD.

VIII. Logging, Testing and Coring Program:

A. The electric logging program will consist of GR-Compensated Density-Neutron from TD to surface and GR-Dual Laterolog-MSFL from TD to intermediated casing.

B. Possible side wall cores based on shows.

IX. Abnormal Conditions, Pressures, Temperatures & Potential Hazards:

No abnormal pressures ot temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 175 degrees F with an estimated maximum bottom hole pressure (BHP) at TD of 4900 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

X. Anticipated Staring Date and Duration of Operations:

The drilling operation should be finished in approximately one week. If the well is productive, an additional 30 to 45 days will be required for completion and testing before a decision is made to install permanent facilities.

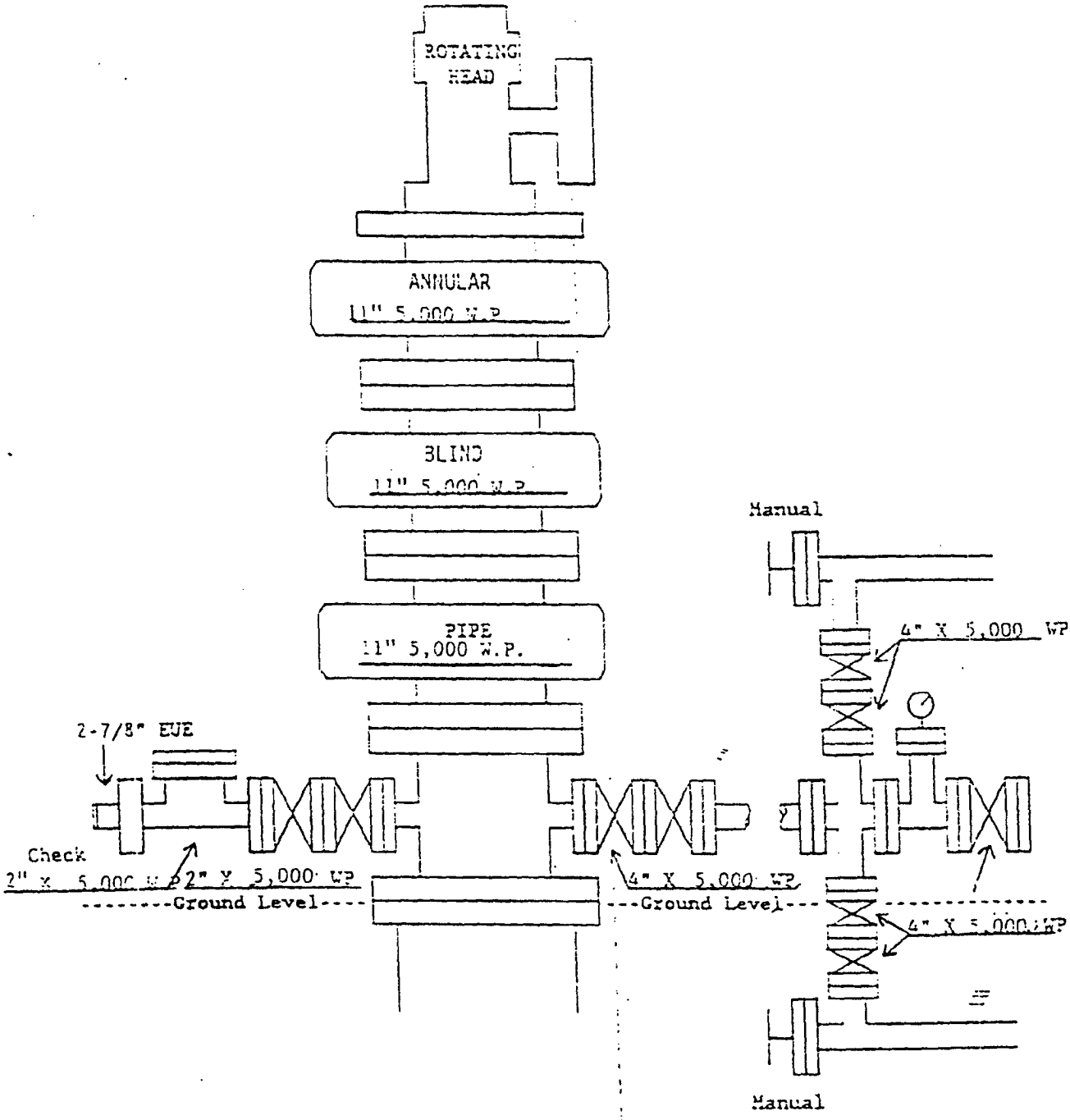
ROTATING HEAD
ANNULAR
11" 5,000 W.P.
BLIND
11" 5,000 W.P.
PIPE
11" 5,000 W.P.
2-7/8" EUE
Check
2" X 5,000 WP
2" X 5,000 WP
Ground Level
Ground Level
4" X 5,000 WP
Manual
4" X 5,000 WP
4" X 5,000 WP
Manual

EXHIBIT #1

District I
1625 N. French Dr., Hobbs, NM 88240
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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
June 1, 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: PAR Minerals Corp Telephone: (318)221-6156 e-mail address: seay04@leaco.net
Address: 509 Market St. Ste 300, Shreveport, LA 71101
Facility or well name: Fowler Federal #1 API #: 30-025-38408 U/L or Qtr/Qtr B Sec 18 T 24S R 38E
County: Lea Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal ☐ State ☐ Private ☐ Indian ☒

Pit	**Below-grade tank**		
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☐ Thickness 20 mil Clay ☐ Pit Volume 7000 bbl	Volume: ____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not.		
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 55	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)	10
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)	(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 1000 feet or more	(20 points) (10 points) (0 points)	0
	Ranking Score (Total Points)		

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: (check the onsite box if your are burying in place) 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.

Additional Comments:

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: 3/21/07
Printed Name/Title Eddie W Seay Agent Signature Eddie W Seay

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:
Printed Name/Title CHRIS WILLIAMS/DIST. SUP Signature Chris Williams Date: 5/21/07

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: **PAR Minerals Corp.**
Well Name & No. **Fowler Federal # 1**
Location: **330'FNL, 1650'FEL, SEC18, T24S, R38E, Lea County, NM**
Lease: **NM-90558**

I. DRILLING OPERATIONS REQUIREMENTS:

A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance, at 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:

1. Spudding
2. Cementing casing: **11.75** inch **8.625** inch **5.5** inch
3. BOP tests

B. A Hydrogen Sulfide (H2S) Drilling Plan is N/A.

C. 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.

D. 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.

E. If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

A. The **11.75** inch surface casing shall be set **above the salt, at least 25 feet into the Rustler Anhydrite @ approximately 1000 feet** and cement circulated to the surface.

1. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
2. Wait on Cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, which ever is greater. (This is to include the lead cement)
3. WOC time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds of compression strength, which ever is greater.
4. If cement falls back, Remedial cementing shall be completed prior to drilling out that string.

B. The minimum required fill of cement behind the **8.625** inch intermediate casing is **circulate cement to the surface.** If cement does not circulate see A.1 thru 4.

C. The minimum required fill of cement behind the ___ inch production casing is **cement shall extend upward a minimum of 1500 feet above the base of the intermediate casing string.**

D. If hard band drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.

B. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the intermediate casing well bore shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the **8.625** inch casing shall be **5000** psi.

C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

1. The tests shall be done by an independent service company.
2. The results of the test shall be reported to the appropriate BLM office.
3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of the independent service company test will be submitted to the appropriate BLM office.
4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if the test is done with a test plug and 30 minutes without a test plug.
5. BOP/BOPE must be tested by an independent service within 500 feet of the top of the **Wolfcamp** Formation. This test does not exclude the test prior to drilling out the casing shoe as per onshore order No. 2.
6. A variance to test the_____ to the reduced pressure of ___psi with the rig pumps is approved the BOP/BOPE must be tested 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.

V. Hazards:

1. Our geologist has indicated that there is potential for lost circulation in the Yates formation.
2. Our geologist has indicated that there is potential for abnormal pressure in the Wolfcamp formation and the Pennsylvanian system.

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

FWright 4/11/07