

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM- 82926
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 Marshall & Winston, Inc.		7. Unit or CA Agreement Name and No.
3a. Address P. O. Box 50880, Midland, TX 79710	3b. Phone No. (include area code) (915) 684-6373	8. Lease Name and Well No. Halfway Federal "35" No. 1
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 660 FNL, 1000 FWL, NWNW (D) At proposed prod. zone 990 R-111-P Petach		9. API Well No. 30-025-36225
14. Distance in miles and direction from nearest town or post office* 6 miles east from Halfway, NM		10. Field and Pool, or Exploratory Teas Yates-7R
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 660'		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 35, T20S, R33E
16. No. of Acres in lease 320		12. County or Parish Lea
17. Spacing Unit dedicated to this well 40		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A		20. BLM/BIA Bond No. on file NM-0877
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3658' GL		22. Approximate date work will start* 12-15-2002
23. Estimated duration 12 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Gary C. Timmermann	Date 11/7/02
Title Agent for Marshall & Winston, Inc.		

Approved by (Signature) /S/ RICHARD A. WHITLEY	Name (Printed/Typed) /S/ RICHARD A. WHITLEY	Date JAN 13 2003
Title Acting STATE DIRECTOR	Office NM STATE 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 1 YEAR

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)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHEDOPER. OGRID NO. 14187
PROPERTY NO. 31897
POOL CODE 59090
EFF. DATE 3-17-03
API NO. 30-025-36225

K&

MINN STATE OFFICE

BUREAU OF LAND MGMT.
ROSWELL OFFICE

2002 NOV 12 AM 11:48

RECEIVED

UNITED
DEPARTMENT OF
BUREAU OF LANDM OIL & CONSERVATION DISTRICT I
1625 NORTH FRENCH DRIVE
HOBBS NM 88240FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND

Do not use this form for proposals on an
abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Marshall & Winston, Inc.

3a. Address P. O. Box 50880

Midland, Texas 79710-0880

3b. Phone No. (include area code)

915-684-6373

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL & 990' FWL, Sec. 35, T20S, R33E

5. Lease Serial No.

82926

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No. 35

Halfway Federal "35" #1

9. API Well No.

NA 30-025-36225

10. Field and Pool, or Exploratory Area

Teas Yates - 7R

11. County or Parish, State

Lea Co., New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Amend well location.
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Notice filed to amend well location. Original location filed with APD was a non-standard location. Moved original location west 10 feet to meet OCD regulations for a standard location. Plat of amended location attached.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Tom M. Brandt

Title

Vice President - Operations

Signature

Date

11/26/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ JOE G. LARA

FIELD MANAGER

Date JAN 7 2003

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

CARLSBAD FIELD OFFICE

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 United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36225	Pool Code 59090	Pool Name Teas, Yates - 7R
Property Code 31897	Property Name HALFWAY FEDERAL "35"	Well Number 1
OCRID No. 14187	Operator Name MARSHALL & WINSTON, INC.	Elevation 3658'

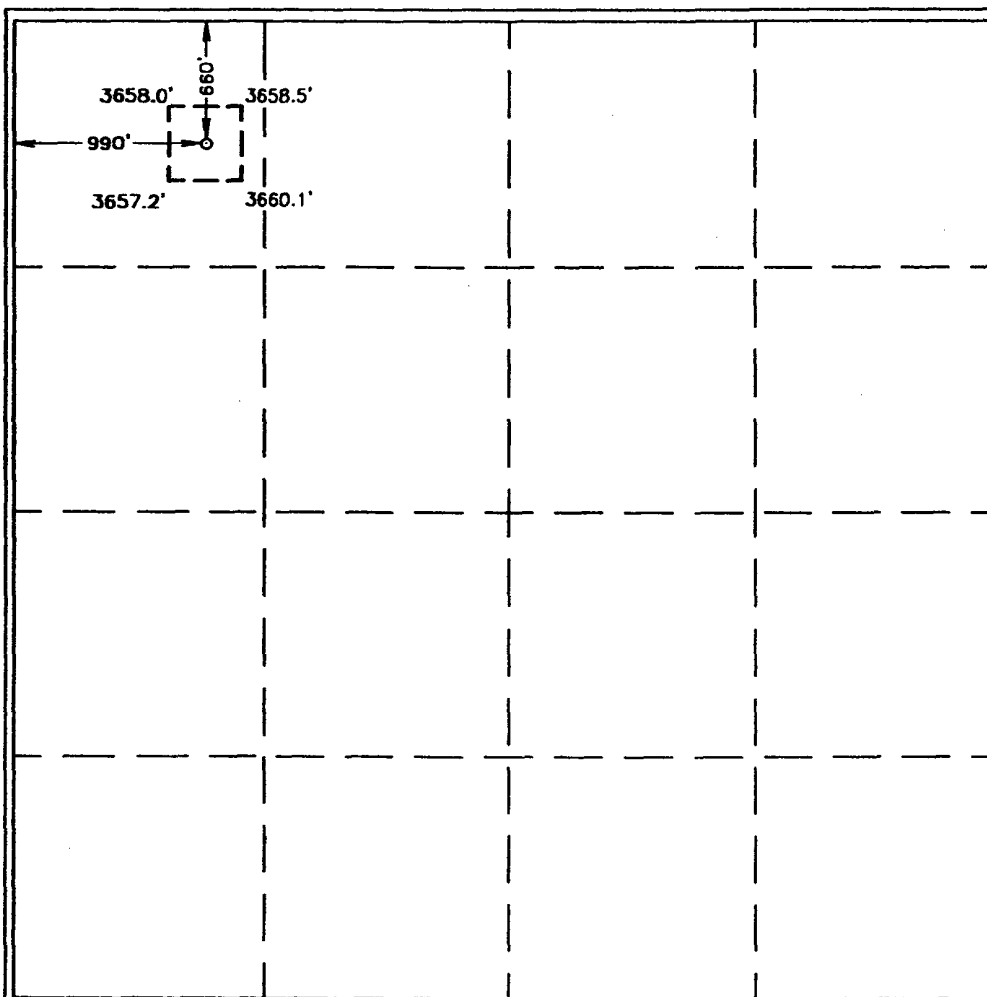
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	35	20-S	33-E		660'	NORTH	990'	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 40		Joint or Infill		Consolidation Code		Order No.			

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



OPERATOR CERTIFICATION

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

Sherry Roberts
Signature

Sherry Roberts
Printed Name

Operations Secretary
Title

12/19/02
Date

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.

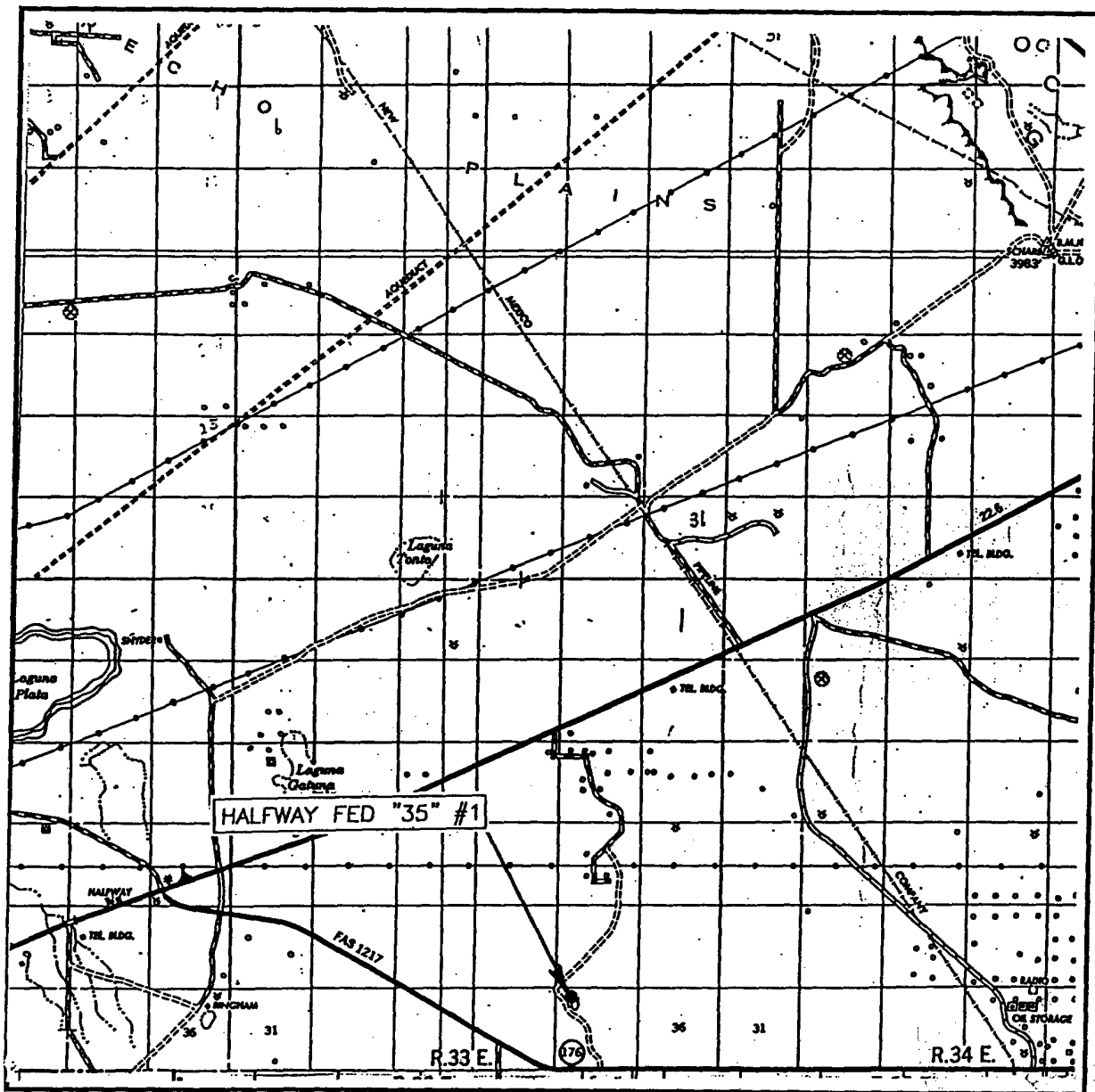
OCTOBER 09, 2002

Date Surveyed
Signature & Seal of Professional Surveyor

Ronald J. Eidson 11/22/02
02.13.0914

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641
REV. 11/22/02

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 35 TWP. 20-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FNL & 990' FWL

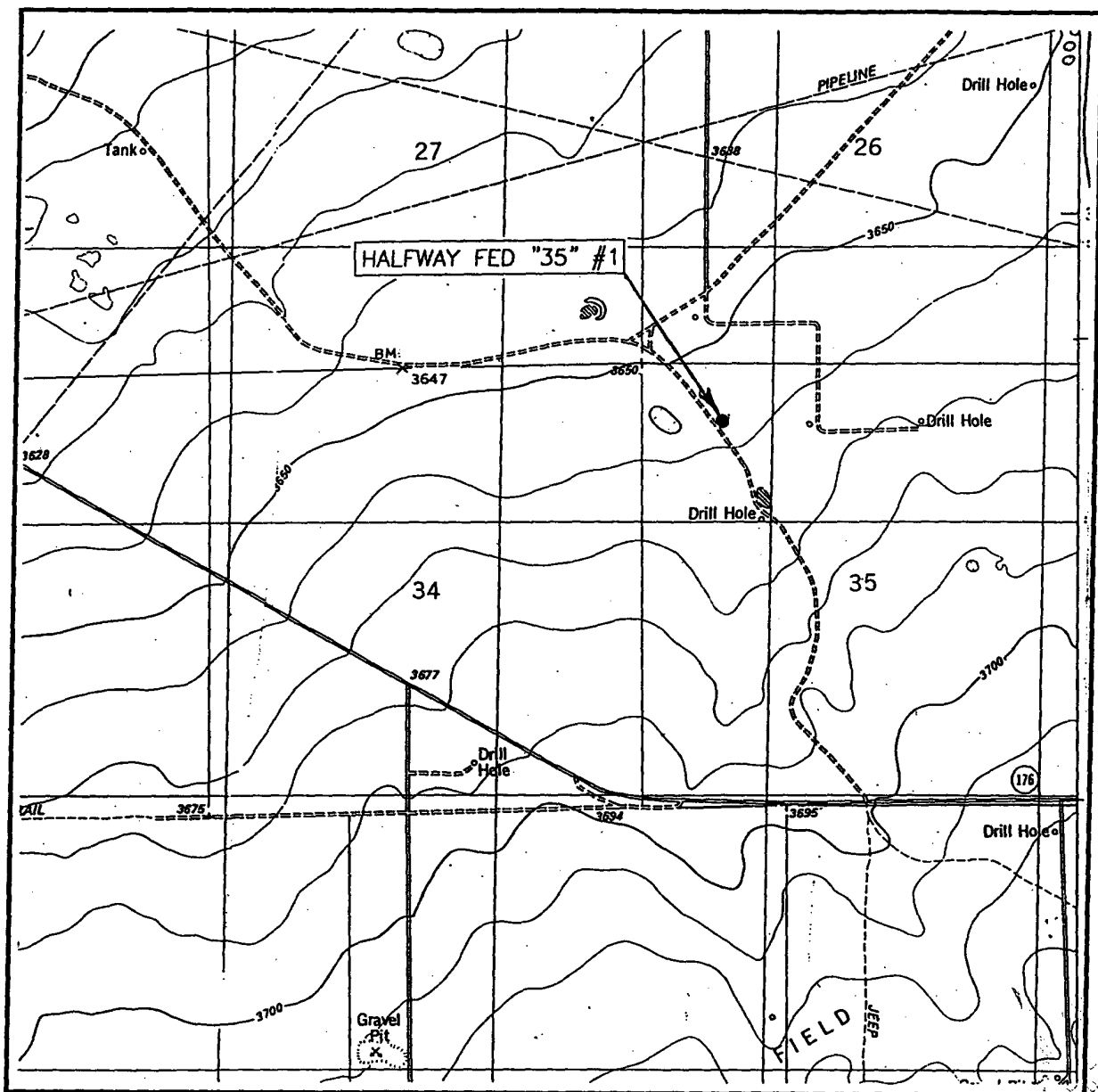
ELEVATION 3658'

OPERATOR MARSHALL & WINSTON, INC.

LEASE HALFWAY FEDERAL "35"

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
LAGUNA GATUNA, N.M.

SEC. 35 TWP. 20-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FNL & 990' FWL

ELEVATION 3658'

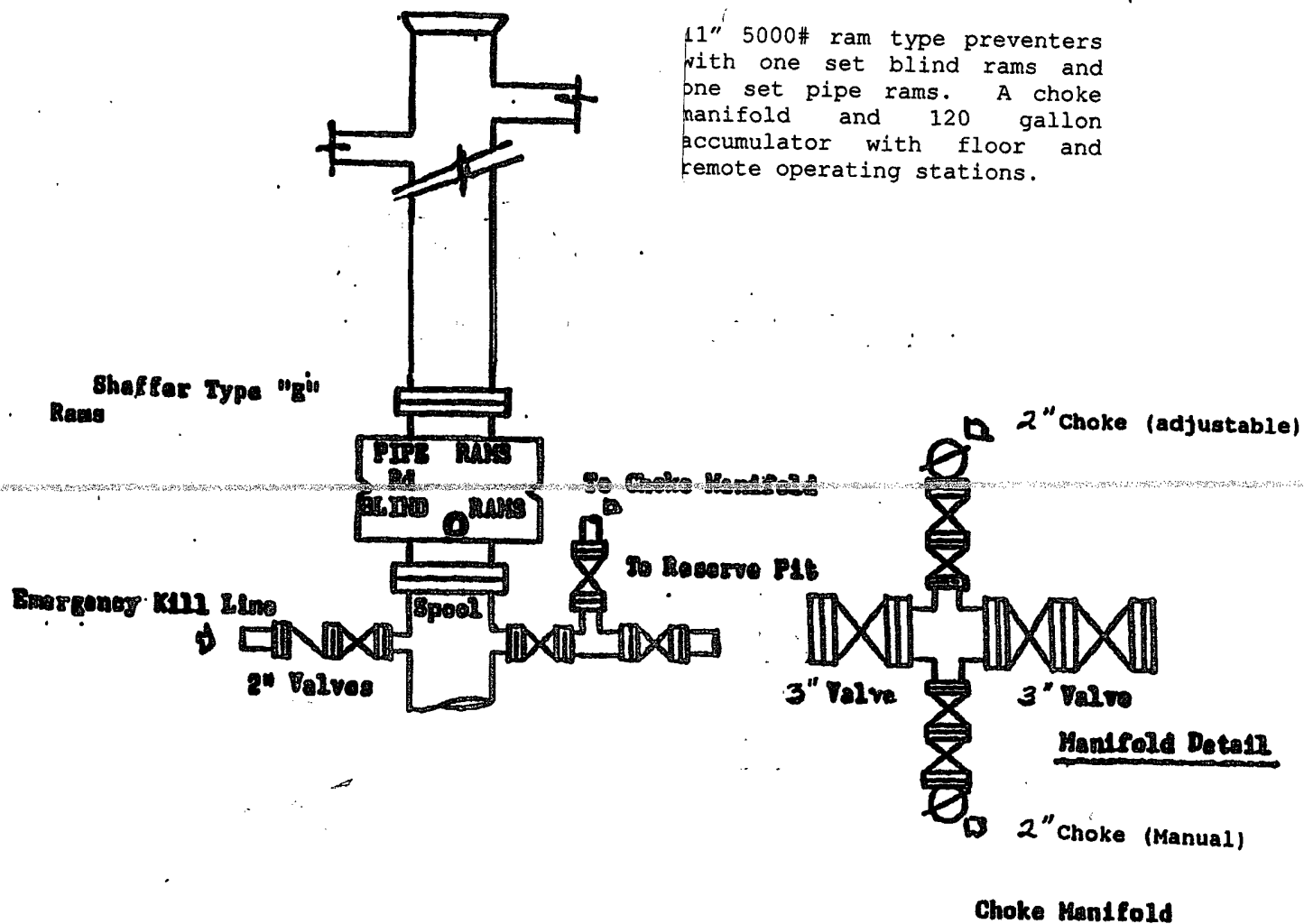
OPERATOR MARSHALL & WINSTON, INC.

LEASE HALFWAY FEDERAL "35"

U.S.G.S. TOPOGRAPHIC MAP
LAGUNA GATUNA, N.M.

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

BLOWOUT PREVENTOR SCHEME



Marshall & Winston, Inc.
P. O. Box 50880
Midland, Texas 79710-0880
(915) 684-6373

RECEIVED
2002 NOV 12 AM 11:47
BUREAU OF LAND MANAGEMENT
U.S. DEPARTMENT OF THE INTERIOR

November 7, 2002

United States Department of the Interior
Bureau of Land Management
Roswell District Office
2909 West Second Street
Roswell, New Mexico 88201

Re: Application for Permit to Drill
Marshall & Winston, Inc.
Halfway Federal "35" #1
Lea County, New Mexico
Lease No. 82926

Gentlemen:

Marshall & Winston, Inc. respectfully requests permission to drill our Halfway Federal "35" #1 located 660' FNL and 1000' FWL of Section 35, T20S, R33E, Lea County, New Mexico, Federal Lease No. 82926. The proposed well will be drilled to a TD of approximately 3500' (TVD). The location and work area have been staked. It is approximately 6 miles east of Halfway, New Mexico.

In accordance with requirements stipulated in Federal Onshore Oil and Gas Order No. 1 under 43 CFR 3162.1, our Application for Permission to Drill and supporting evidence is hereby submitted.

I. Application for Permit to Drill:

1. Form 3160.3, Application for Permit to Drill.
2. Form C-102 Location and Acreage Dedication Plat certified by Ronald J. Eidson, Registered Professional Surveyor No. 3239 in the State of New Mexico, dated October 9, 2002.
3. The elevation of the unprepared ground is 3658 feet above sea level.
4. The geologic name of the surface formation is Tertiary Ogallala.
5. Rotary drilling equipment will be utilized to drill the well to TD 3500' (TVD), and run casing. This equipment will then be rigged down and the well will be completed with a pulling unit.
6. Proposed total depth is 3500' TVD.
7. Estimated tops of important geologic markers.

Anhydrite	1380' TVD
Base Salt/Top Tansill	3020' TVD
Yates	3148' TVD
Seven Rivers	3393' TVD

8. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Primary Objective:	Seven Rivers	3393' TVD
Secondary Objective:	Yates	3148' TVD

* CONDUCTOR 17 1/2" hole
16" or 18" to 40 FT.

9. The proposed casing program is as follows:

Surface: 8-5/8" 24# K55 ST&C new casing set at 600'
Production: 5-1/2" 15.5# K55 ST&C new casing from 0-3500'

10. Casing setting depth and cementing program:

* CONDUCTOR 40 FT. 1515'
A) 8-5/8" surface casing set at 600' in 12-1/4" hole. Circulate cement with 300sx 35:65 POZ/C w/ 6% Bentonite + 2% CaCl₂ + .25#/sx Cello-Seal followed by 100sx Class C w/ 2% CaCl₂.
Note: Cement additives may change based on actual conditions.

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl₂.

B) 5-1/2" production casing set at 3500' in 7-7/8" hole. Cement with 300sx Class C w/ .7% FL-25. Estimated top of cement is 2000'. Note: Cement additives may change based on actual conditions.

Note: Cement volumes may need to be adjusted to hole Caliper.

11. Pressure Control Equipment

0-600' None

600-3500' 11" 5000# ram type preventers with one set blind rams and one set pipe rams. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system.

A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

After setting the 8-5/8" casing, the blowout preventers and related control equipment shall be pressure tested to 5000 psi. Any equipment failing to test satisfactorily shall be repaired or replaced. Results of the BOP test will be recorded in the Driller's Log. The BOP's will be maintained ready for use until drilling operations are completed.

BOP drills will be conducted as necessary to assure that equipment is operational and each crew is properly trained to carry out emergency duties.

Accumulator shall maintain a pressure capacity reserve at all times to provide for the close-open-close sequence of the blind and pipe rams of the hydraulic preventers.

*Must circulate
cement to surface
on all strings*

12. Mud Program:

1515'
0-~~600'~~

Fresh water/native mud. Lime for pH control (9-10). Paper for seepage.
Wt. 8.7-9.2 ppg, vis 32-34 sec.

600-3500'

Fresh/cut brine water. Lime for pH control (10-10.5). Paper for seepage.
Wt. 8.3-9.0 ppg, vis 28-29 sec.
*Fresh water will be used unless chlorides in the mud system increase to 20,000 PPM.

13. Testing, Logging and Coring Program:

- A. Testing program: Possible DST in Seven Rivers.
- B. Mud logging program: 2000'-TD catching 10' samples.
- C. Electric logging program: CNL/LDT/CAL/GR, DLL/CAL/GR.
- D. Coring program: None anticipated.

14. No abnormal pressures or temperatures are anticipated. An H₂S Drilling Operations Plan is attached.

15. Anticipated starting date is December 15, 2002. It should take approximately 5 days to drill the well and another 5-7 days to complete.

16. The Multi-Point Surface Use & Operation Plan is attached.

17. If the Bureau of Land Management needs additional information to evaluate this application, please advise.

Very truly yours,



Gary C. Timmermann
Agent
Marshall & Winston, Inc.

Attachments

APD 9
RECEIVED
HARRIS
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