

OPER. OGRID NO. 18862PROPERTY NO. 16695POOL CODE 13390EFF. DATE 2/26/04API NO. 30-025-36610

sion, District I

LEASE DESIGNATION AND SERIAL NO.

NM-65976

IF INDIAN, ALLOTTEE OR TRIBE NAME

UNIT AGREEMENT NAME

0

1a. TYPE OF WORK

DRILL

b. TYPE OF WELL

OIL

WELL ☒

GAS

WELL ☐

OTHER

SINGLE

ZONE ☒

MULTIPLE

ZONE ☐

2. NAME OF OPERATOR

RAY WESTALL

3. ADDRESS AND TELEPHONE NO.

BOX 4, LOCO HILLS, NM 88265 505.677.2370

4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS)

AT SURFACE

330' FNL &amp; 2310 FWL

AT PROPOSED PROD. ZONE

SAME

Unit C

8. FARM OR LEASE NAME, WELL NO.

PALADIN FEDERAL #7

9. API WELL NO.

30-025-36610

10. FIELD AND POOL, OR WILDCAT

CRAZY HORSE DELAWARE

11. SEC., T., R., M., OR BLK

AND SURVEY OR AREA

SEC. 19 T19S-R33E

12. COUNTY OR PARISH

LEA COUNTY

13. STATE

NEW MEXICO

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

20 MILES SE OF LOCO HILLS NM

15. DISTANCE FROM PROPOSED

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drig. unit line, if any)

330'

16. NO. OF ACRES IN LEASE

240

17. NO. OF ACRES ASSIGNED

TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION

TO NEAREST WELL DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

660'

19. PROPOSED DEPTH

7800

20. ROTARY OR CABLE TOOLS

ROTARY

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

3618

APPROX. DATE WORK WILL START

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WT PER FT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" H-40	48# STC	500	500 SXS "C" CIRCULATED
12 1/4"	8 5/8" J-55	28 & 32# STC	2900	1000 SXS "C" CIRCULATED
7 7/8"	5 1/2" J-55	17# LTC	7800	700 SXS "H" 1ST STAGE
				500 SXS LITE 2ND STAGE D.V. @ 6500'

ALL CASING WILL BE NEW, OR USED MEETING BLM SPECS.

CEMENT WILL BE CIRCULATED ON 13 3/8" AND 8 5/8" CASING.

CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

## PROPOSED MUD PROGRAM

0-500'	FRESH WATER
500-2900	BRINE WATER 10#
2900-TD	CUT BRINE 9.5-9.8

MUD PROGRAM SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

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

TITLE

DATE

(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:

APPROVED BY /s/ LESLIE A. THEISSTITLE FIELD MANAGER

DATE

FEB 23 2004

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS 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

APPROVAL FOR 1 YEAR

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brans Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36610		Pool Code 1339D	Pool Name Crazy Horse Delaware
Property Code 16695	Property Name Paladin Federal		Well Number 7
OGRID No. 18862	Operator Name Ray Westall, Operator		Elevation 3618

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
C	19	19s	33e		330	North	2310	West	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 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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>16</p> <p>330'</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: <i>[Signature]</i> Printed Name: <i>Raymond H. Harris</i> Title: <i>Geologist</i> Date: <i>12/21/03</i></p>	
	<p>18 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>Date of Survey: <i>October 08, 2000</i> Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: <i>8112</i></p>	

## **APPLICATION FOR DRILLING**

Ray Westall  
Paladin Federal #7  
330' FNL & 2310 FWL  
Section 19  
Township 19 South, Range 32 East  
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Ray Westall submits the following ten items of pertinent information in accordance with BLM requirements:

1. The geological surface formation is Quaternary.
2. The estimated tops of geologic markers are as follows:
  - Base Salt 2600'
  - Yates 3600'
  - Delaware 5800'
  - Bone Springs 7600'
3. The estimated depths at which anticipated water, oil & gas formations are expected to be encountered:
  - Water 0-180'
  - Oil & Gas Zones 3600-7600
4. Proposed casing program: See 3160-3
5. Pressure Control Equipment:
  - A BOP will be installed on the 8 5/8" casing and tested prior to drill out.
6. Mud Program:
  - Fresh water in surface hole.
  - Brine in production hole.
7. Auxiliary Equipment: None
8. Logging Program: CNL/FDC/GR, DLL.
9. No abnormal pressures or temperatures are anticipated. Estimated BHP is 3100#, Estimated BHT is 130 F.
10. Anticipated Starting date: ASAP
  - Duration: 12 Days drilling
  - 5 Days completion

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

### **RAY WESTALL PALADIN FEDERAL #7**

This plan is submitted with form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance 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 effect associated with the operation.

1. Existing Roads.  
Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location.
2. Planned Access Road.  
No new roads are needed
3. Location of Existing Wells.  
Exhibit B is a topo map showing the existing wells.
4. Location of existing/or proposed facilities:  
If productive a 3" SDR 7 poly line will be laid along existing ROW to the battery located on the Paladin Federal #2 location. A 4 phase power line and poles will be routed along the existing ROW paralleling the road.
5. Location and Type of Water Supply.  
It is planned to drill the proposed well with fresh and brine water system. The water will be obtained from commercial sources and will be hauled to the location by truck.
6. Source of Construction Materials.  
The location and road will be from pit excavation and or will be hauled in from an approved caliche pit.
7. Methods of Handling Waste Disposal.
  - A. Drill cuttings will be disposed of in the reserve pit.
  - B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
  - C. Produced water during operations will be stored in reserve pits until dry.
  - 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. Trash, waste paper, garbage and junk will be stored in a wire cage

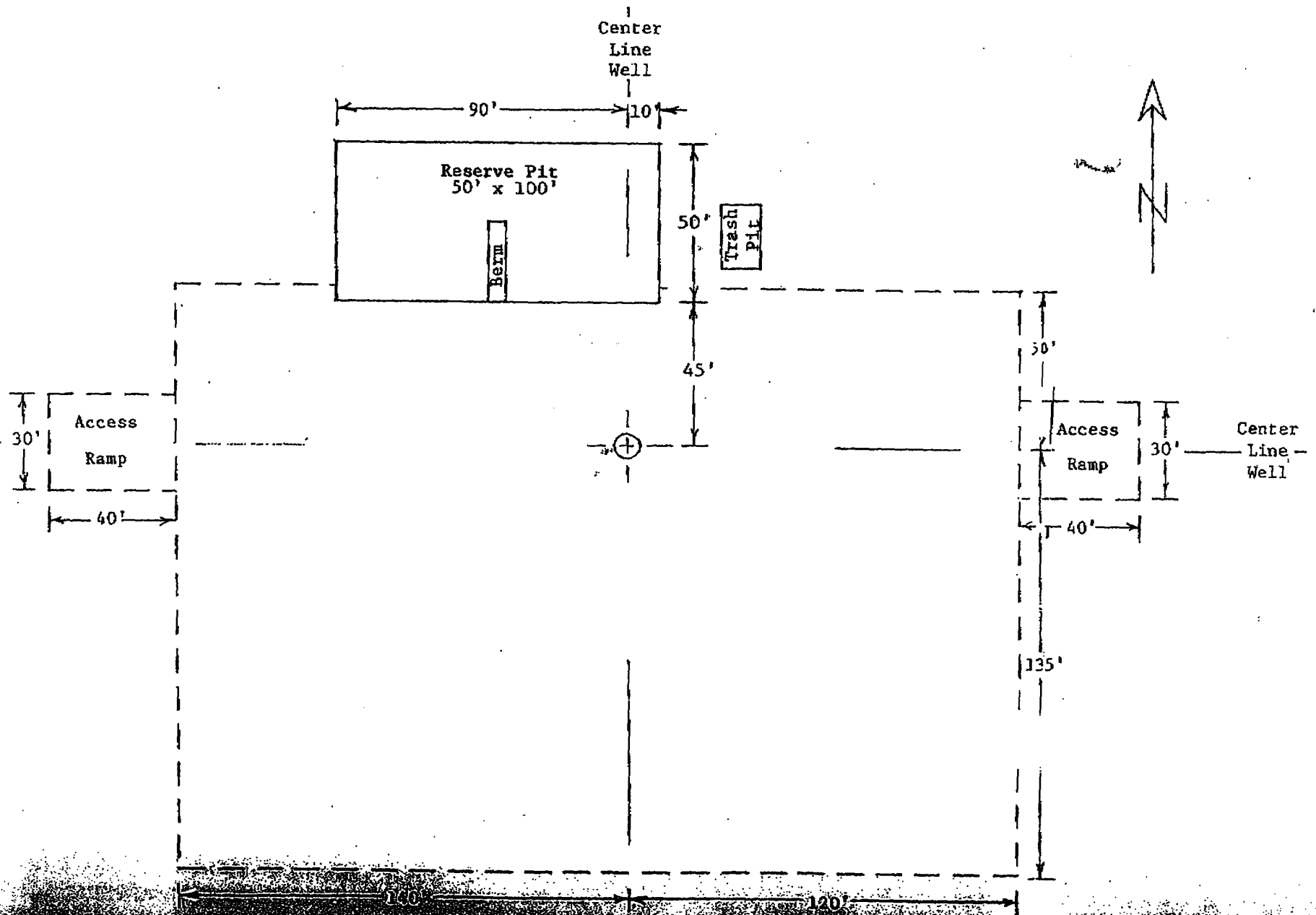
preventing blowing or scattering by the wind. After drilling and completion all waste will be removed to an approved site.

8. Ancillary Facilities  
None required.
9. Wellsite Layout.  
Exhibit C shows the relative location and dimensions of the well pad, the reserve pit, a 400' X 400' area has been staked and flagged.
10. Plans For Restoration of The Surface.
  - A. After finishing drilling and completion operations all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk 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 been filled.
  - C. If the proposed well is non-productive, all rehabilitation and or vegetation requirements of the BLM and USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.
11. Other Information:
  - A. Topography: The land surface in the vicinity of the Wellsite is sandy loam with caliche hills and outcrops.
  - B. Flora and Fauna: the vegetation cover consists of prairie grass, greasewood and miscellaneous desert growth. No wildlife was observed, but wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.
  - C. There is no ponds, lakes or rivers in the area.
  - D. There are no inhabited dwellings in the vicinity of the proposed well.
  - E. Surface ownership is federal.
  - F. Evidence of archeological sites has been reported and previously filed by Archaeological Survey Consultants.
12. Operator's Representative:  
Ray Westall  
P.O. Box 4  
Loco Hills, NM 88255  
(505) 677-2370

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 this plan are to the best of my knowledge true and correct; and that the work associated with the operation proposed herein will be performed by the operator and its' subcontractors in conformity with this plan and the terms and conditions under which is approved

**Randall L. Harris**  
**Geologist**



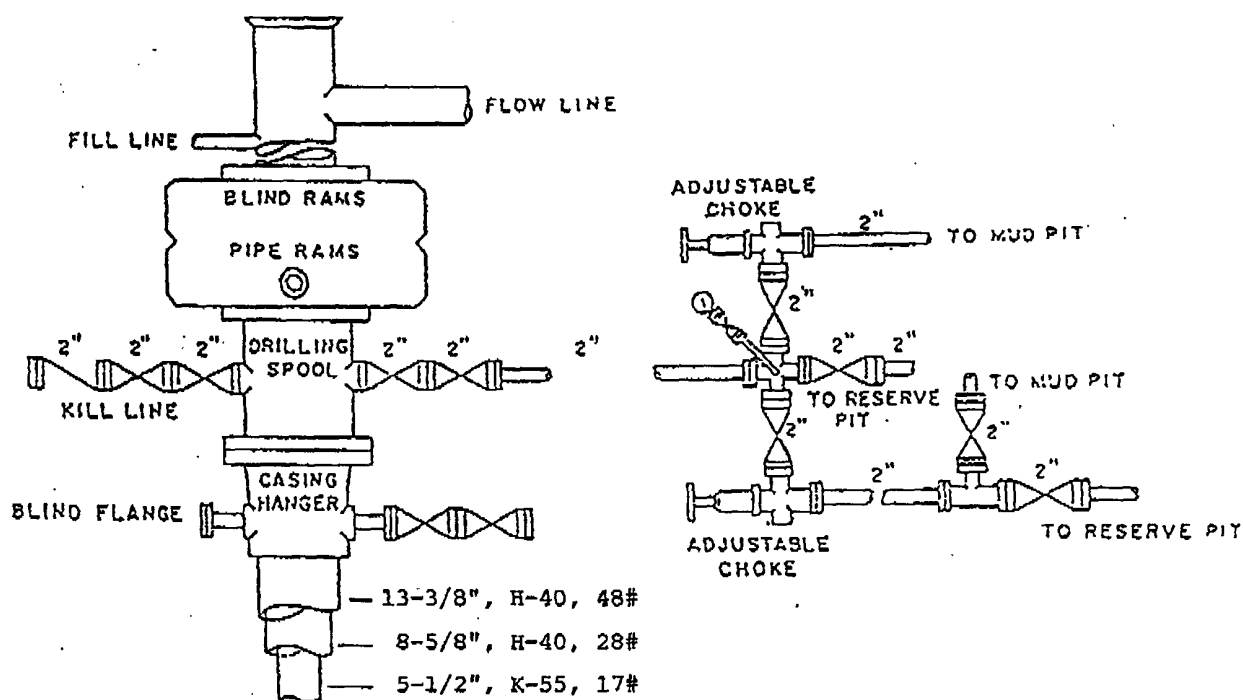
UNITED DRILLING, INC.

LOCATION PLAN

PIC. 2

Scale: 1"=40' 1-15-92

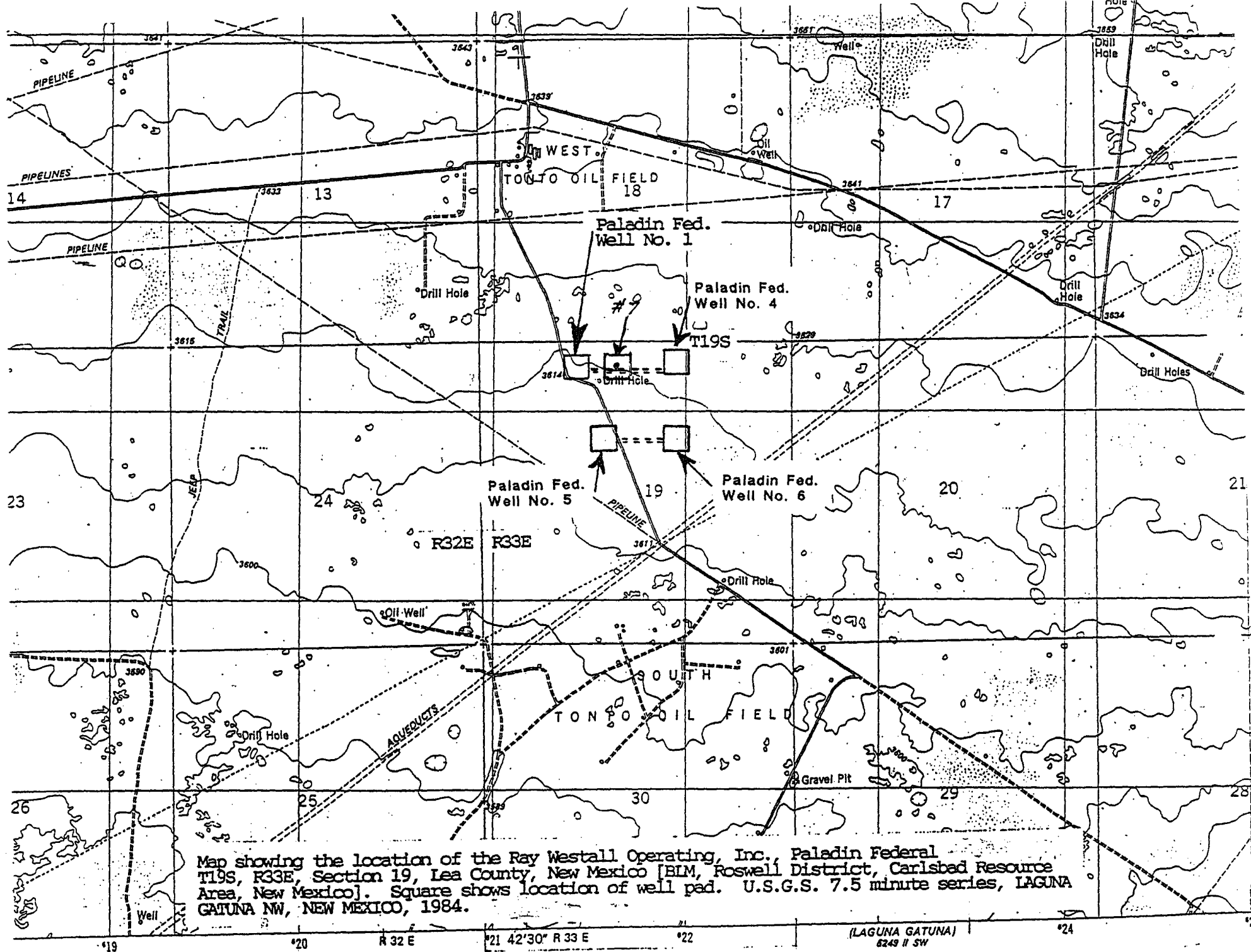
Rig 5

BOP DIAGRAM

3000# Working Pressure  
Rams Operated Daily

EXHIBIT D





## RAY WESTALL OPERATING

### HYDROGEN SULFIDE DRILLING PLAN

#### 1. HYDROGEN SULFIDE TRAINING

All personnel that are connected with the drilling or completion of a well within a known H<sub>2</sub>S area will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide.
- B. The proper use of personal protective equipment and life support systems.
- C. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

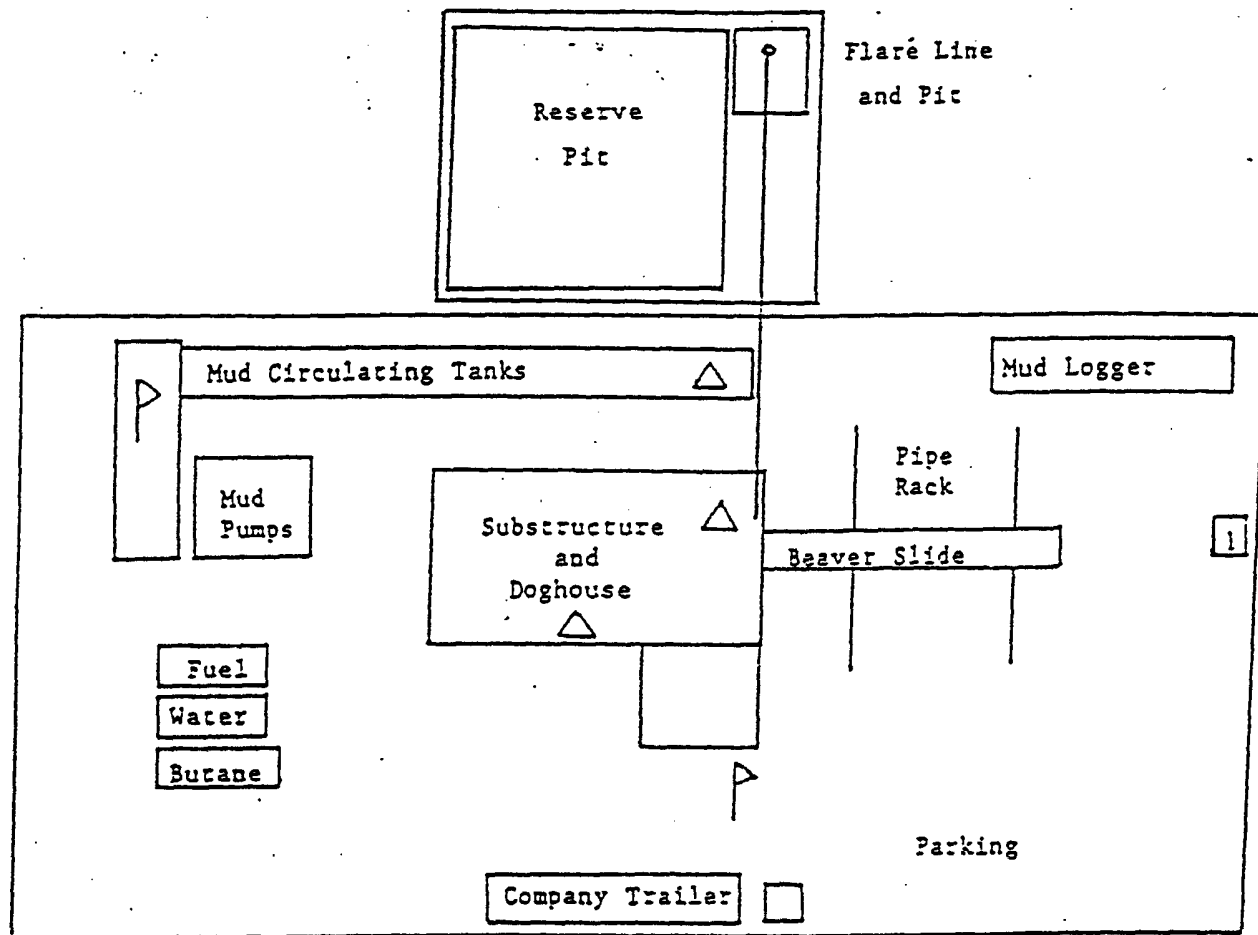
#### 2. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS

All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H<sub>2</sub>S.

##### A. Well Control Equipment:

- a. Choke manifold with a minimum of one remote choke.
- b. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

- B. Protective equipment for essential personnel:
  - a. Mark II Surviveair 30 minute units located in the dog house and at briefing areas, as indicated on well site diagram.
- C. H2S detection and monitoring equipment:
  - a. Two portable monitors positioned on location for best coverage and response. These units have warning lights and sirens when high levels of H2S is detected.
- D. Visual warning systems:
  - a. Wind direction indicators as shown on well site diagram.
  - b. Caution/Danger signs shall be posted on roads providing direct access to location.
- E. Mud program:
  - a. There is no known high pressure in this drilling area or known high concentrations of H2S that would necessitate any special drilling fluids.
- F. Metallurgy:
  - a. All drill stings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines and valves shall be suitable for H2S service.
- G. Communication:
  - a. Radio communications in company vehicles including cellular telephone and 2-way radio.
- H. Well testing:
  - a. There will be no DST's on this well.



- △ - H<sub>2</sub>S Monitors with alarms at the bell nipple and shale shaker
- P - Wind Direction Indicators
- - Safe Briefing areas with caution signs and protective breathing equipment  
Min. 150 feet from wellhead, 1 designates primary area