

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

HOLLY ENERGY INC.

3. ADDRESS OF OPERATOR

BOX 726 ARTESIA, NM 88210

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

At surface

1980' FSL AND 1980' FEL

At proposed prod. zone

Same

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

12 Miles northeast of Milnesand, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

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

660'

16. NO. OF ACRES IN LEASE

880

17. NO. OF ACRES ASSIGNED

TO THIS WELL

80

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

9100'

20. ROTARY OR CABLE TOOLS

Rotary

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

4046.8 G.L.

22. APPROX. DATE WORK WILL START*
as soon as possible after
approval

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	13 3/8	48#	350	400 sacks circulate
12 1/4	8 5/8	32#	3750	1850 sacks circulate
7 7/8	4 1/2	11.60#	9100	Cement to cover all potential pay zones

Mud Program:

Native Mud 0-3750'

Fresh Water Mud 3750' to 6900' 9.2-9.5 lbs per gallon
vis. 34-36 water loss NCFresh Water Mud 6900' to 9100' 9.6-9.8 lbs. per gallon
vis. 34-36 water loss 5-8cc

B.O.P. Program

One (1) Hydril 10" type GK

One (1) Shaffer Double 10" Type B

Both 1500 Series, Hydraulic operated

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U. S. GEOLOGICAL SURVEY
HOBBS, NEW MEXICO

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

Robert Loyd

TITLE

Superintendent

DATE

1/7/80

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

ACTING DISTRICT ENGINEER

*See Instructions On Reverse Side

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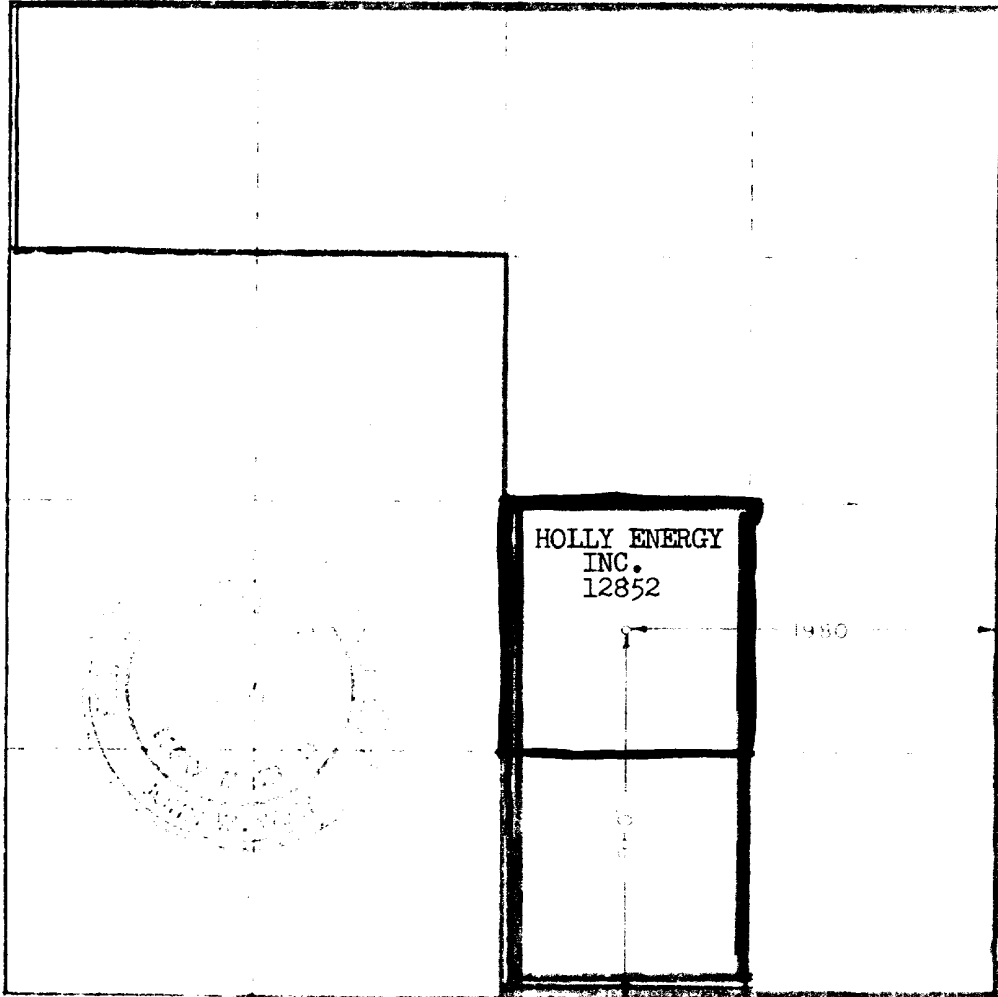
that are in the nature of a lease or other agreement for the use of the land.

It is the policy of the Department of the Interior to encourage the development of the land.

As a result of the above, the Department of the Interior is hereby notified.

If the above is not a lease or other agreement for the use of the land, it is hereby notified.

All rights will be assigned to the well and all interests have been assigned to the well, or otherwise, on the date of the well, or otherwise, on the date of the well.



Robert Loyd

Robert Loyd

Superintendent

Holly Energy, Inc.

1/7/80

JOHN W. WEST
PATRICK A. ROMERO
FRANK J. Egan

APPLICATION FOR DRILLING

Holly Energy, Inc.
Holly Federal 27-1
Section 27 T-18S-R37E
Roosevelt County, New Mexico

In conjunction with form 9-331C, application for permit to drill subject well in Section 27, Township 7 South, Range 37 East, Roosevelt County, New Mexico. Holly Energy Inc. submits the following 12 items of pertinent information in accordance with U.S.G.S. requirements:

1. The geologic surface formation is quaternary alluvium.
2. The estimated tops of geologic markers are as follows:

Rustler	2090
Yates	2560
San Andres	3690
Tubb	6300
Abo	7100
Wolfcamp	8020
Penn	8590
Siluro Dev.	9060
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered are:

Water	300'
Oil or Gas	
4. Proposed casing program: See form 9-331C.
5. Pressure control equipment: See form 9-331C and Exhibit E.
6. Mud program: See form 9-331C.
7. Auxiliary equipment: Blowout preventer, Kelly Cock.
8. Testing, Logging and Coring program:

Pressure Test:	Surface casing to 1000 psig and production casing to 1500 psig.
Drilling Samples:	30' samples 0-6000' 10' samples 6000' to T.D.
Electric Logging:	Dual Induction Lateral log and Compensated Neutron log- Formation and Density log T.D. to 3750'- CLN Gamma Ray T.D. to surface.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated Starting Date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Holly Energy Inc.
Holly Federal 27-1
1980' FSL and 1980' FEL Section 27 T-7S R-37E
Roosevelt County, New Mexico

This plan is submitted with Form 9-311C, 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 necessary 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 effects associated with the operations.

1. EXISTING ROADS

- A. Exhibit A is a portion of U.S.G.S. map on a 1/2" to a mile, showing the proposed location and the surrounding area. Exhibit B is a topographical map, on a scale of approximately 2 1/2" to a mile, showing the wellsite area and existing roads in the immediate vicinity of the proposed location. The proposed location is a driving distance of approximately 12 miles East of Milnesand, New Mexico.
 - (1.) Proceed east of Milnesand post office on Farm and Market Road 262 for 9 miles. At this point highway turns south, proceed east on lease road 1 mile. Road dead ends, turn left (north) to go approximately 1 1/2 miles. At this point there is a windmill and calachie pit; stay on left side (west) of calachie for a distance of 1 1/2 miles. Turn east on a small dim lease road for 7/10 of a mile. At this point there will be a Natural Gas Pipeline Co. of America pipeline crossing. The newly constructed access road to the wellsite will begin on the east side of the pipeline crossing and go south to the northeast corner of the drilling pad.

2. PLANNED ACCESS ROAD

- A. The newly constructed access road will run in a north to south direction and will be approximately 1400' in length. It will join the drilling pad on the northeast corner of pad. The road will be 12 feet in width and the surface will be crowned in the center, with drainage of both sides. No culvert or cattleguards will be needed.
- B. The center line of the proposed new road has been staked and flagged and is clearly visible.

3. LOCATION OF EXISTING WELLS

- A. Existing wells in the vicinity are shown on Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are no existing production facilities on the lease.
- B. In the event that the proposed well is productive, the necessary production facilities will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER

- A. Any water used in the drilling operation will be fresh or brine water. The water will be purchased from commercial sources and will be hauled to the location by truck over the existing and planned roads shown on Exhibits A and B.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. Calachie for construction of the drilling pad and the new access road as well as for resurfacing part of the existing road will be obtained from Section 34 T-7S R-37E or Section 27 T-7S R-37E.

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 pit is dry.
- C. Water produced during operations will be disposed of in the reserve pit. Oil produced during operations will be stored in tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
- F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion of operations.

8. ANCILLARY FACILITIES

- A. None required

9. WELLSITE LAYOUT

- A. Exhibit D shows the relative location and demensions of the well pad, reserve pit and major rig components.
- B. Minor leveling will be required to construct the location. The ground surface at the wellsite is composed of sand dunes ranging from 1 to 2 feet in height, with the major slope from north to south. The pad surface will be covered with 6 inches of compacted calachie.

- C. The reserve pits will be plastic lined.
- D. The pad and pit area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they have been filled.
- C. If the proposed well is nonproductive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey 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 proposed wellsite is located in a relatively flat area with undulations of 1 to 2 feet in height.
- B. The topsoil at the wellsite is moderately soft sand.
- C. Flora and Fauna: The vegetation cover at the wellsite is moderately sparse, consisting of mesquite, shinnery oak, prairie flowers and weeds. The only wildlife observed were lizards and rabbits, but it is likely that other wildlife typical of semi-arid desert land also inhabit the area. The area is used for cattle grazing.
- D. There is a small earth tank approximately 1/2 mile to the northwest. There are no streams or rivers within several miles of wellsite.
- E. There are no occupied dwellings within an area of 4 to 5 miles. There is a windmill approximately 1 1/2 mile to the southwest.
- F. The wellsite is on Federal surface, with federal control of minerals.
- G. There is no evidence of any archeological, historical or cultural sites in the area of the wellsite.

12. OPERATOR'S REPRESENTATIVE

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is:

Robert Loyd
Superintendent
Holly Energy Inc.
P.O. Box 726
Artesia, New Mexico 88210
Telephone: 505-746-6161 (Office)
505-365-2521 (Mobil)

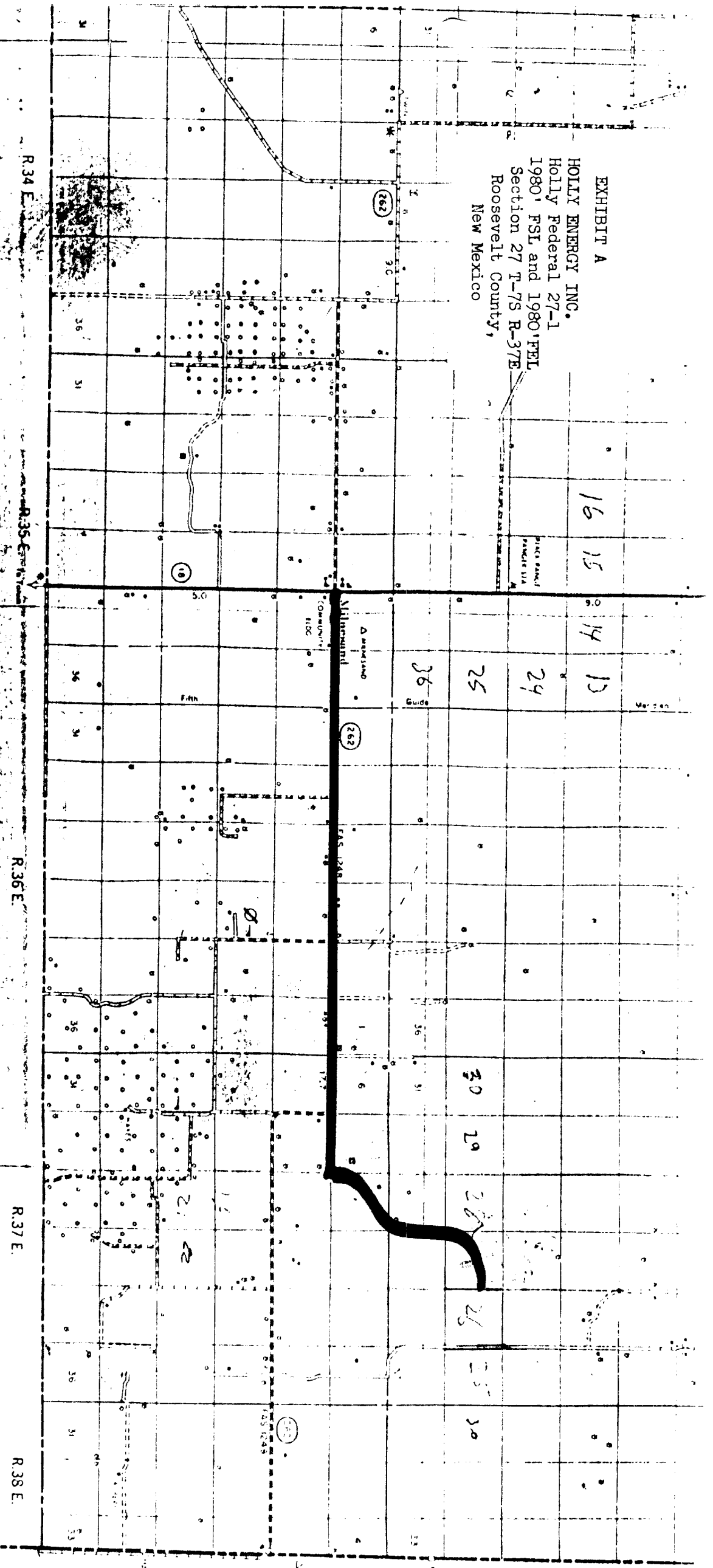
13. CERTIFICATION

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 Holly Energy Inc. and its contractors and its subcontractors in conformity with this plan and terms and conditions under which it is approved.

1/7/80
DATE

Robert Lloyd SUPERINTENDENT
NAME AND TITLE

EXHIBIT A
HOLLY ENERGY INC.
Holly Federal 27-1
1980' FSL and 1980' FEL
Section 27 T-7S R-37E
Roosevelt County,
New Mexico

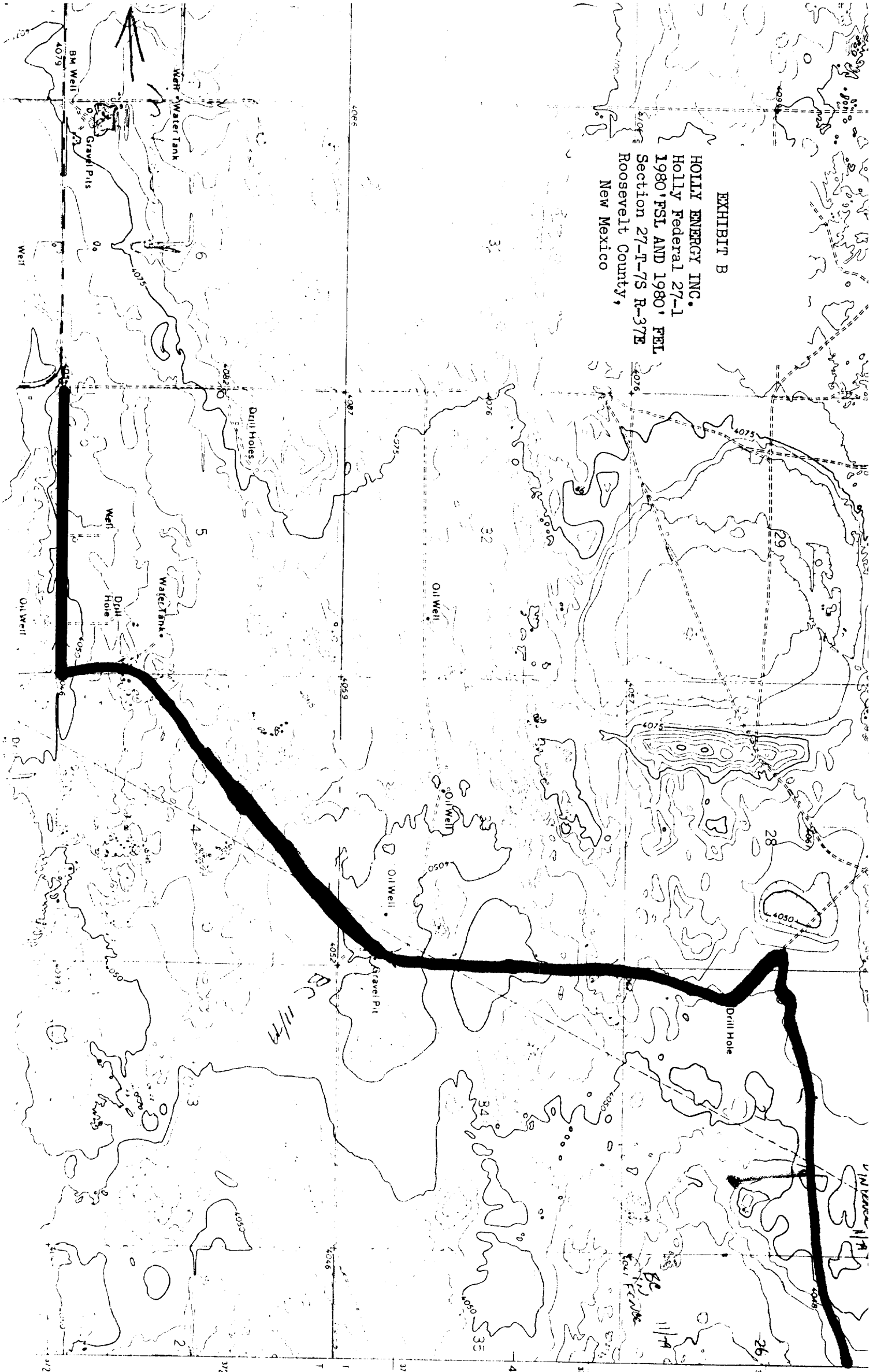


L E A
C O U N T Y
N E

R34 E
R35 E
R36 E
R37 E
R38 E



HOLLY ENERGY INC.
Holly Federal 27-1
1980'FSL AND 1980' FEL
Section 27-T-7S R-37E
Roosevelt County,
New Mexico





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7	8	9	10	11	12
13	14	15	16	17	18
19	20	21	22	23	24
25	26	27	28	29	30
31	32	33	34	35	36

Handwritten notes and markings on the grid include:

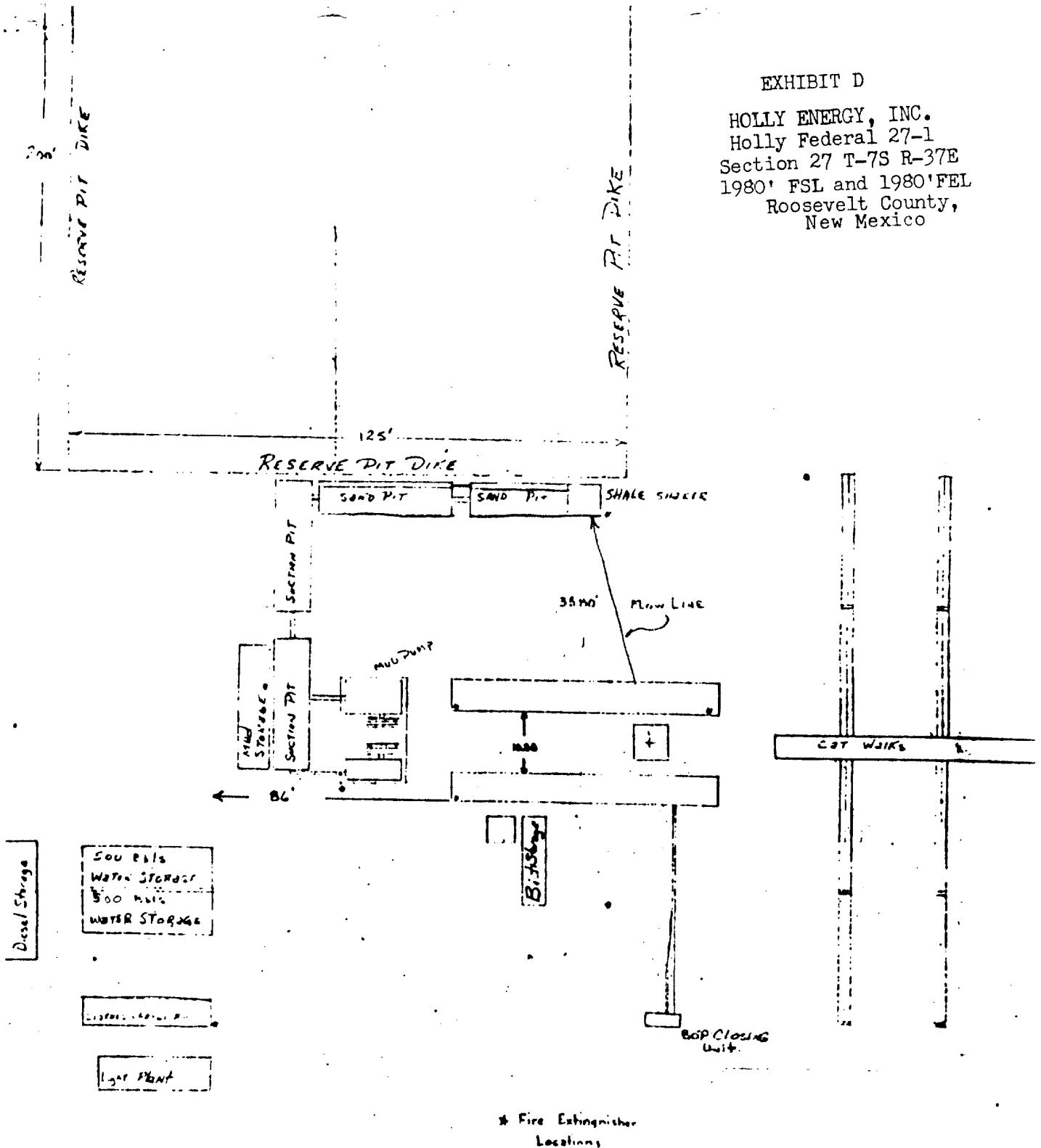
- Section 27 T-7S R-37E
- 1980' FSL and 1980' FEI
- Roosevelt County, New Mexico
- Arrows pointing to specific sections (e.g., 27, 28, 29, 30, 31, 32, 33, 34, 35, 36)
- Various names and numbers (e.g., 12852, 12853, 12854, 12855, 12856, 12857, 12858, 12859, 12860, 12861, 12862, 12863, 12864, 12865, 12866, 12867, 12868, 12869, 12870, 12871, 12872, 12873, 12874, 12875, 12876, 12877, 12878, 12879, 12880, 12881, 12882, 12883, 12884, 12885, 12886, 12887, 12888, 12889, 12890, 12891, 12892, 12893, 12894, 12895, 12896, 12897, 12898, 12899, 12900, 12901, 12902, 12903, 12904, 12905, 12906, 12907, 12908, 12909, 12910, 12911, 12912, 12913, 12914, 12915, 12916, 12917, 12918, 12919, 12920, 12921, 12922, 12923, 12924, 12925, 12926, 12927, 12928, 12929, 12930, 12931, 12932, 12933, 12934, 12935, 12936, 12937, 12938, 12939, 12940, 12941, 12942, 12943, 12944, 12945, 12946, 12947, 12948, 12949, 12950, 12951, 12952, 12953, 12954, 12955, 12956, 12957, 12958, 12959, 12960, 12961, 12962, 12963, 12964, 12965, 12966, 12967, 12968, 12969, 12970, 12971, 12972, 12973, 12974, 12975, 12976, 12977, 12978, 12979, 12980, 12981, 12982, 12983, 12984, 12985, 12986, 12987, 12988, 12989, 12990, 12991, 12992, 12993, 12994, 12995, 12996, 12997, 12998, 12999, 13000)

EXHIBIT C

HOLLY ENERGY, INC.
Holly Federal 27-1
Section 27 T-7S R-37E
1980' FSL and 1980' FEI
Roosevelt County,
New Mexico

EXHIBIT D

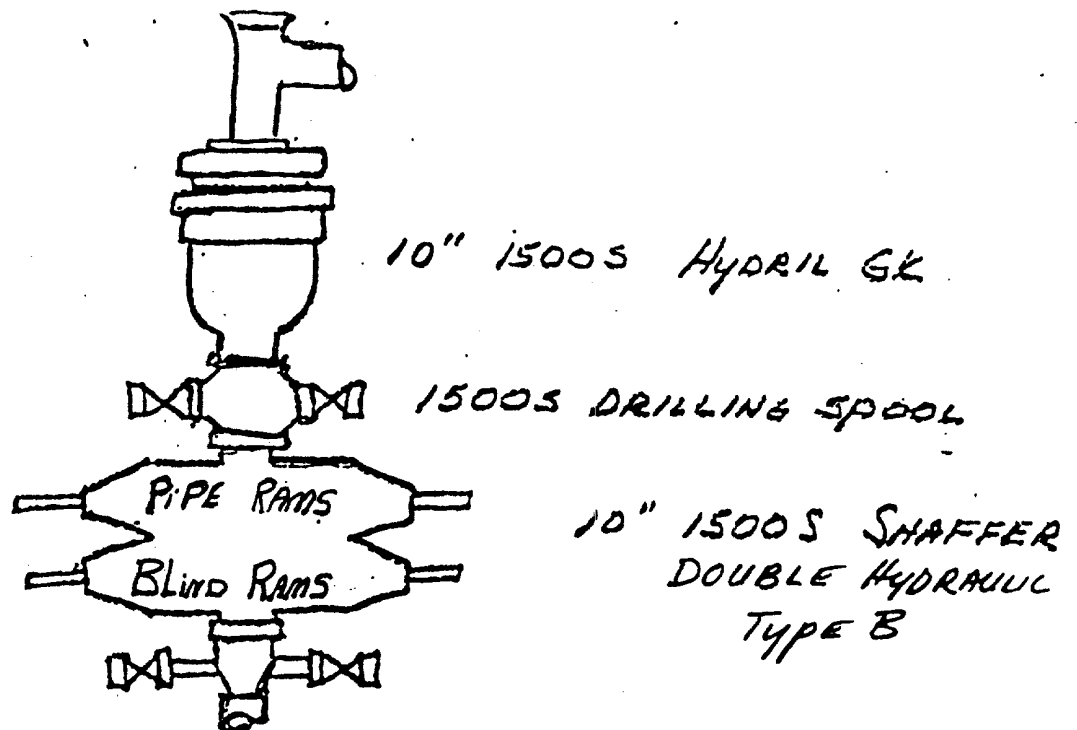
HOLLY ENERGY, INC.
Holly Federal 27-1
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1980' FSL and 1980' FEL
Roosevelt County,
New Mexico



Location Size:
North 40'
East 150'
South 140' to 190'
West 140'

EXHIBIT E

HOLLY ENERGY, INC.
Holly Federal 27-1
(1980' FSL and 1980' FEL
Section 27 T-7S R-37E
Roosevelt County,
New Mexico



RELEASE OF DAMAGES

KNOW ALL MEN BY THESE PRESENTS, That in consideration of the sum of TEN DOLLARS AND OTHER CONSIDERATION (\$10.00) to and in hand paid by HOLLY ENERGY, INC., the receipt whereof is hereby acknowledged, we have released and discharged, and by these presents do release, the said HOLLY ENERGY, INC., its successors and assigns, its officers and its agents, of all surface damage claims caused by normal entry and drilling operations in regard to drilling on Section 27, T-7-S, R-37-E, Roosevelt County, New Mexico (Federal Lease NM-12852), the receipt of said above stated consideration being hereby acknowledged to be in satisfaction and discharge of said normal entry and drilling damages arising or growing out of said drilling operations performed by said HOLLY ENERGY, INC.

IN WITNESS WHEREOF, Arlon E. Perkins and wife, Beverly Perkins have hereunto set their hands and seals this 3 day of March, A.D. 1980.

SURFACE OWNERS

[Signature]
Witness

[Signature]
ARLON E. PERKINS

[Signature]
Witness

[Signature]
BEVERLY PERKINS