

UNITED STATES
DEPARTMENT OF
BUREAU OF LAND

APPLICATION FOR PERMIT

N. M. OPER. CGRID NO. 16367
PROPERTY NO. 20117
POOL CODE 688D
EFF. DATE 1/13/97
API NO. 30-241-20881

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

1a. TYPE OF WORK

DRILL ☒ DEL ☐

b. TYPE OF WELL

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

2. NAME OF OPERATOR

OGS Operating Co., Inc.

3. ADDRESS AND TELEPHONE NO.

550 W. Texas, Suite 1140; Midland, Texas 79701 (915) 682-6373

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

At surface
(K) 1980' FSL & 1980' FWL

At proposed prod. zone

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

13 miles east of Milnesand, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT. 933'

(Also to nearest drilg. unit line, if any)
18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. None

16. NO. OF ACRES IN LEASE

400

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160

19. PROPOSED DEPTH

4825'

20. ROTARY OR CABLE TOOLS

Rotary

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

4014 GR

22. APPROX. DATE WORK WILL START*

November 20, 1996

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	J-55 8 5/8"	24 #	365'	225 sx to circulate
7 7/8"	J-55 4 1/2"	11.6 #	4825'	665 sx to circulate

We propose to drill to a depth sufficient to test the San Andres formation for oil. If productive, 4 1/2" casing will be run to TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

Exhibit A - Operations Plan
Exhibit B - BOP and Choke Manifold
Exhibit C - Drilling Fluid Program
Exhibit D - Auxiliary Equipment
Exhibit E - Topo Map of Location
Exhibit F - Map Showing Existing Wells
Exhibit G - Well Site Layout
Surface Use and Operations Plan
H2S Drilling Operations Plan

OGS Operating Co., Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Statewide Bond

BLM Bond File No.: NM 1373

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

James B. "Blond" Stinson

TITLE

Drilling Superintendent

DATE

10-17-96

(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

J.R. Keegan

TITLE

Area Manager

DATE

12/3/96

*See Instructions On Reverse Side

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

OGS Operating Company, Inc.

3. Address and Telephone No.

550 W. Texas, Suite 1140; Midland, Texas 79701 (915) 682-6373

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

(K) 1980' FSL & 1980' FWL Sec. 14, T-8-S, R-37-E

5. Lease Designation and Serial No.

NM-66486

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

NM 82030

8. Well Name and No.

Bilberry "14" Fed Com #2

9. API Well No.

10. Field and Pool, or Exploratory Area

Bluett San Andres Assoc.

11. County or Parish, State

Roosevelt, New Mexico

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

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Change well name and spacing unit
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

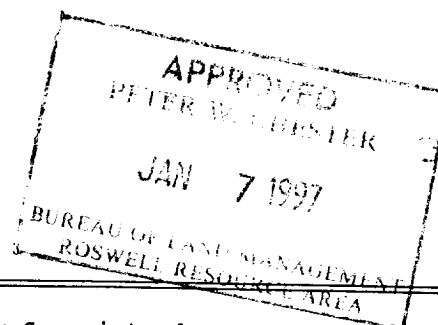
OGS Operating Co., Inc. respectfully requests the name of the Bond "14" Fed #1 be changed to the Bilberry "14" Fed Com #2.

Please change the name of the Bilberry #1, located (D) 990' FNL & 990' FWL Sec 14, T-8-S, R-37-E to the Bilberry "14" Fed Com #1.

Please change the number of acres assigned to the Bilberry "14" Fed Com #2 from 160 to 320 W 1/2 spacing unit, Communitization Agreement NM 82030.

Dec 23 8 32 AM '96

RECEIVED



Date 12-28-96

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

Signed James P. Peterson Title Drilling Superintendent

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

DRILLING PROGRAM

OGS OPERATING CO., INC.

Bond "14" Fed #1

In conjunction with Form 3160-3, Application to Drill the subject well, OGS Operating Co., Inc. submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 1.

1. **Geologic Name of Surface Formation:** Alluvium
2. **Estimated Tops of Significant Geologic Markers:**

Anhydrite	2225'
Yates	2625'
San Andres	3870'
Total Depth	4825'
3. **The estimated depths at which water, oil or gas formations are expected:**

Water	None expected in area
Oil/Gas/Water	San Andres 4380'-4665'
4. **Proposed Casing Program:** See Form 3160-3 and Exhibit A
5. **Pressure Control Equipment:** See Exhibit B
6. **Drilling Fluid Program:** See Exhibit C
7. **Auxiliary Equipment:** A mud logging unit will be utilized to monitor penetration rate and hydrocarbon shows while drilling from 1500' to 4825'.
8. **Testing, Logging and Coring Program:**

Drill Stem Tests: (No DST's are planned.)

Logging: Compensated Neutron/Gamma Ray 3500'-4825'

Coring: None Planned
9. **Abnormal Conditions, Pressures, Temperatures & Potential Hazards:**

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature is 110 degrees Fahrenheit and the estimated bottom hole pressure is 2100 psi. A Blow Out Preventer System as outlined in Exhibit B will be utilized should the need arise to shut the well in prior to running and cementing production casing. The San Andres zone is our primary objective. The zones is hydrogen sulfide productive in the area. Our plan is to have everyone on location trained in H₂S safety procedures and install monitors and Scott Air Packs at strategic locations around the rig by 1500', prior to encountering the San Andres. It is our understanding that H₂S is only detected in the area whenever the reservoir fluids are produced up the wellbore. Our drilling fluid hydrostatic head

DRILLING PROGRAM

Bond "14" Fed #1

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will prevent fluid entry due to the reservoir being overbalanced. We will have monitors operational during the drilling of the Yates/Seven Rivers/San Andres zones. Due to the remote location of this drillsite, H₂S warning signs will be placed prior to entry of the drillsite, a public protection plan is not required for this location.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the B.L.M. The anticipated spud date is November 20, 1996. Once spudded, the drilling operation should be completed in approximately 10 days. If the well is productive, an additional 20 days will be required for completion and testing before permanent facilities are installed.

OPERATIONS PLAN

OGS OPERATING CO., INC.

Bond "14" Fed #1

1. Drill a 12 1/4" hole to approximately 365'.
2. Run 8 5/8" 24.0 ppf K-55 ST&C casing. Cement with 225 sx Class "C" cement containing 2% CaCl₂. Run centralizers on every other joint above the shoe. Apply thread lock to bottom two joints and guide shoe.
3. Wait on cement for six hours prior to cutting off.
4. Nipple up and install a 3000 psi. Double Ram and Annular BOP system with choke manifold. WOC 18 hours prior to drilling out.
5. Test BOP system to 1000 psi with the rig pump. Test casing to 1500 psi.
6. Drill 7 7/8" hole to 4825'.
7. Either run 4825' of 4 1/2" 11.60 PPF LT&C casing and with DV tool @ ±1700', or plug and abandon as per BLM requirements. If casing is run, cement first stage with 265 sx 50/50 Poz and 2nd stage with 300 sx "Light" followed by 100 sx Class "C" cement.

Exhibit "A"
OGS Operating Co., Inc.
Bond "14" Fed #1
Section 14, T-8-S, R-37-E
Roosevelt County, New Mexico

EXHIBIT B
 OGS OPERATING CO., INC.
 BOND "14" FED #1
 1980' FNL & 1980' FWL
 SEC 14, T-8-S, R-37-E
 ROOSEVELT COUNTY, NEW MEXICO

