Form 3160-3 (August 1999)	ES	en Production Production Production		- 2 - 464 - 1-2 -	<u>730</u> 5-0 [_	<u>5</u> 4	
(August 1999) UNITED STATI DEPARTMENT OF THE BUREAU OF LAND MAN	INTERIOR			FORM AP			
BUREAU OF LAND MAN		Form 3160-3 (August 1999) UNITED STATES					
APPLICATION FOR PERMIT TO I				5. Lease Serial No. I	C-0609	78	
	DRILL OR	REENTER		6. If Indian, Allottee of	or Tribe Nam	C	
Ia. Type of Work: 🔯 DRILL 🚺 REENT	TER			7. If Unit or CA Agree Milnesand Uni	ment, Name t No. 6	and No. 103	
lb. Type of Well: 🔀 Oil Well 🛄 Gas Well 🔲 Other	D	Single Zone 🔲 Mul	tiple Zone	8. Lease Name and We	ll No.		
2. Name of Operator J. Cleo Thompson				9. API Well No. 30-04 -		74	
3a. Address PO Box 12577 Odessa, TX 79768		No. (include area code) 5) 366-888	6	10. Field and Pool, or Ex Milnesand S	an Anc	lres	
4. Location of Well (Report location clearly and in accordance with 2679 FSL	05			11. Sec., T., R., M., or B Sec. 19-T8S		y or Area	
14. Distance in miles and direction from nearest town or post office* 6.9 miles SW of Milnesan	d, NM			12. County or Parish. Roosevelt	13.	State IM	
15. Distance from proposed* location to nearest property or lease line, ft. 2640' (Also to nearest drig. unit line, if any)		Acres in lease .266.94	17. Spacing	; Unit dedicated to this we -20 · 440	H		
8. Distance from proposed location* to nearest well, drilling, sompleted, applied for, on this lease, ft. 873'	19. Propos 4	ed Depth , 800 '	20. BLM/B	IA Bond No. on file NM-0348	<u> </u>		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4213 GL		timate date work will stand	art*	23. Estimated duration 3 weeks			
		achments					
 The following, completed in accordance with the requirements of Onsh Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System SUPO shall be field with the appropriate Forest Service Office). 		 Bond to cover the litern 20 above). Operator certifier 	the operations cation. specific info	form: s unless covered by an ex rmation and/or plans as r	U		
5. Signature Dens up Smith		t (Prinled/Typed) George R. S	mith	D	ate 11/22	2/00	
Agent for: J. Cleo Thompson							
pproved by (Signapure RIG. SGD.) DAVID R. GLASS	Nam	e (Printed/Typed) (ORIG. SGE).) DAV łD	R.GLASS	haic	-1 -14544 7a - 2 - 6 - 7 - 7	
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application approval does not warrant or certify the the applicant holds perations thereon. Conditions of approval, if any, are attached.	legal or equita	ble title to those rights i	n the subject h	ease which would entitle t	he applicant (to conduct	
itle 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make tates any false, fictitious or fraudulent statements or representations as	it a crime for a	any person knowingly a	nd willfully to	make to any department	or agency of	i the United	

Lease Responsibility Statement: J. Cleo Thompson accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

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George R. Smith

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DISTRICT I P.O. Box 1980, Hobbs, NM 643411984	0					W Mexico Resources Department		Fo: Revised Februar	rm C-102
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DISTRICT III 1000 Rio Bremos Rd., Astec, NM	67410	OIL	CONS	SERV P.0.	ATI Box 2	ON DIVIS 088 Sund 0 87504-2088	ion ry notic		- S Coplem
DISTRICT IV P.O. Box 2008, Santa Fe, NM 87504	4-2068 WF					See pla GE DEDICATIO	+ date.	1 12-29-	00
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				Surfac	e Loca	ation			
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	B	Bottom H	Hole Loc	ation I	f Diffe	rent From Sur			·····
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APPLICATION FOR DRILLING

J. CLEO THOMPSON Milnesand Unit No. 603 2625' FNL & 2569' FEL, Sec. 19-T8S-R35E Roosevelt County, New Mexico Lease No.: LC-060978 (Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, J. Cleo Thompson submits the following items of pertinent information in accordance with BLM requirements:

- 1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
- 2. The estimated tops of geologic markers are as follows:

Anhydrite	2150'	San Andres	3820'
Top of Salt	2250'	T.D.	4800'
Yates	2630'		
Queen	3410'		

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between 100' - 350'.

Oil: Possible in the San Andres below 4520'.

Gas: Possible in the San Andres below 4520'.

4. Proposed Casing Program:

	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
++**124	8 5/8 "	24.0#	K-55	ST&C	1200'	Circ. 400 sx "C" cement.
7 7/8" ່	4 1/2"	14.0#	J-55	ST&C	4800'	Tie back 600 sx of "C" w/add.

 Proposed Control Equipment: The BOP will be installed on the 8 5/8" casing and will comply with the API RP-53 Class 2M specifications. The BOP will be tested to 500 psi prior to drilling out under the surface casing. See Exhibit "E".

6	MUD PROGRAM:		MUD WEIGHT	VIS.	W/L CONTROL
	0' - 1200':	Fresh water mud	8.6 ppg	32-34	No W/L control
	1200' - 4520':	Sat. Brine mud:	9.6-9.8 ppg	29-35	No W/L control
	4520' - 4800':	Sat. Brine mud:	9.6-9.8 ppg	29-35	W/L control >10CC +/-

- 7. Auxiliary Equipment: Blowout Preventer.
- 8. Testing, Logging, and Coring Program:

Drill Stem Tests: None. Logging: 0' - 2500': CNL. 3750' - 4800' GR-DLL-MSFL, FDC-CNL. Coring: None planned. J. CLEO THOMPSON Milnesand Unit No. 603 Page 2

- 9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated evacuated hole BHP = 1920-2400 psi with temperature of 108°.
- 10 H₂S: None expected based on previously drilled wells.
- 11. Anticipated starting date: December 11, 2000. Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

J. CLEO THOMPSON Milnesand Unit No. 603 2625' FNL & 2569' FEL, Sec. 19-T8S-R35E Roosevelt County, New Mexico Lease No: LC-060978 (Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface after completion of the operation 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 a BLM color quad map showing the location of the well as staked. The well site location is approximately 6.9 road miles southwest of Milnesand, New Mexico or 34 road miles northwest of Tatum, NM. Traveling north of Tatum there will be approximately 31 miles of paved highway and 3 miles of gravel oilfield road.
- B. Directions: Travel north from Tatum, NM on N.M. Highway 18 for approximately 27 miles to Milnesand, NM. Turn left (west) onto the County Rd. No. 258 for 3.9 miles to a J. Cleo Thompson Milnesand (San Andres) Unit sign. Turn south on a gravel road for 2.65 miles; then turn east for .3 mile to the start of the access road on the north, which will run north for 500' to the southwest corner of the proposed location.

2. PLANNED ACCESS ROAD:

- A. .Length and Width: The proposed access road will be constructed to a width of 12 feet and will be approximately 500 feet in length. The proposed access road is color coded red on Exhibit "A".
- B. Construction: The proposed access road will be constructed by blading and topping with compacted caliche and will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: None required.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a two-mile radius are shown on Exhibit "C".

Milnesand Unit No. 603 Page 2

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are production facilities for J. Cleo Thompson on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities and gas separation-process equipment will be installed on the drilling pad and surface flow lines of 2" plastic SDR 11,, 250 psi will be run 1616' NW to the Milnesand No. 3 tank battery.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche for surfacing the access road and well site pad will be obtained on location, if possible, or from a private pit in SW¹/₄SW¹/₄ of Sec. 7-T8S-R35E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

J. CLEO THOMPSON

Milnesand Unit No. 603 Page 3

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The well pad and pit area have been staked and flagged, 400' X 400'.
- B. Mat Size: 245' X 180', plus 125' X 125' reserve pits on the west.
- C. Cut & Fill: Will require some dune leveling with fill to a blowout section east and north of the location.
- D. The surface will be topped with compacted caliche and the dirt pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced and screened until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the private surface owner or the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are sufficiently dried.

11. OTHER INFORMATION:

- A. Topography: The well site and access road are located in the Southern High Plains with some small vegetation covered sand dunes and deflation basins with an overall .25% slope to the southeast from a 4218' GL elevation.
- B. Soil: The topsoil at the well site is a fine loamy reddish brown sand of the Brownfield fine sands Soils Series.
- C. Flora and Fauna: The vegetation cover on the proposed access road and location is a fair grass cover of three-awn, sand dropseed, bluestem, grama and other misc. native grasses along with plants of oak brush, yucca, broom snakeweed, and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, antelope, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the immediate area.
- E. Residences and Other Structures: Oilfield equipment, water flood pump station buildings and a mobile home office for the oil field within a mile to the north.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road is on Fee surface and Federal minerals. See the attached Land Owner Agreement with Vernon B. Rogers, 4613 Bermuda Dr., San Angelo, TX 76904.

11. OTHER INFORMATION: cont.....

H. There is no evidence of any archaeological, historical or cultural sites in the area. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202 will conduct an archaeological survey, and their report is being submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

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

John Hughes, Production Foreman P.O. Box 430 Whiteface, TX 79379 Phone: (806) 287-1225 Johnny Holder, Drilling Foreman P. O. Box 12577 Odessa, TX 79768 Phone: (915) 366-8886

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 J. Cleo Thompson and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

November 22, 2000

) Smith George R. Smith

Agent for: J. Cleo Thompson





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J. CLEU THOMPSON & JAMES CLEO THOMPSON, JR.

OIL PRODUCERS WEST TEXAS DIVISION OFFICE P.O. BOX 12577 ODESSA, TEXAS 79768 915/366/8886

Vernon B. Rogers 4613 Bermuda Drive San Angelo, Tx 76904

November 1, 2000

Dear Mr. Rogers,

This letter outlines our conversations regarding damages relating to our drilling Milnesand Unit Well No. 603 in Section 19, T-8-S, R-35E, in Roosevelt Co., New Mexico. J. Cleo Thompson and J. Cleo Thompson, Jr., L.P. agrees to pay \$2,500 in total compensation for building a caliche drill site, a short (\mp 600') piece of new caliche road and for right-of-way for our future flowline from the well.

J. Cleo Thompson further agrees to divide up the \$2,500 into 7 checks per your instructions.

It has been a pleasure dealing with you and we await your check disbursement instructions.

Best Regards,

GE Stamo

Jim Stevens
 World Famous Petroleum Engineer & Deer Hunter