

New Mexico, U.S.A.  
1025 P.M.  
Hobbs, N.M. 88240

2010 CORRID NO. 11181  
2010 26365  
2010 46930  
E-4 1-25-01  
API NO. 30-041-20894

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No. LC-060978

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.  
Milnesand Unit No. 603

8. Lease Name and Well No.

9. API Well No.  
30-041-20894

10. Field and Pool, or Exploratory  
Milnesand San Andres

11. Sec., T., R., M., or Blk. and Survey or Area

Sec. 19-T8S-R35E

12. County or Parish.  
Roosevelt

13. State  
NM

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator J. Cleo Thompson

3a. Address  
PO Box 12577 Odessa, TX 79768

3b. Phone No. (include area code)  
(915) 366-8886

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 2619' FSL 2605' PNL & 2569' FEL G  
At proposed prod. zone Same

14. Distance in miles and direction from nearest town or post office\*  
6.9 miles SW of Milnesand, NM

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any) 2640'

16. No. of Acres in lease  
1266.94

17. Spacing Unit dedicated to this well  
20 40

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft. 873'

19. Proposed Depth  
4,800'

20. BLM/BIA Bond No. on file  
NM-0348

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
4213 GL

22. Approximate date work will start\*  
12/11/00

23. Estimated duration  
3 weeks

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.
2. A Drilling Plan.
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).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

*George R. Smith*

Name (Printed/Typed)

George R. Smith

Date

11/22/00

Title

Agent for: J. Cleo Thompson

Approved by (Signature)

(ORIG. SGD.) DAVID R. GLASS

Name (Printed/Typed)

(ORIG. SGD.) DAVID R. GLASS

Date

11/22/00

Title

for [unclear] Field Manager,  
[unclear]

Office

Application approval does not warrant or certify the 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.

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)

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

*George R. Smith*  
George R. Smith

*DS*  
*MP*

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

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

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

DISTRICT IV  
P.O. Box 3066, Santa Fe, NM 87504-2066

OIL CONSERVATION DIVISION

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

Sundry notice new location

☐ AMENDED REPORT

See plat dated 12-29-00

WELL LOCATION AND ACREAGE DEDICATION PLAT for amendment

API Number 30-041-20894	Pool Code 46930	Pool Name Milmesand San Andres
Property Code 26365	Property Name MILMESAND UNIT	Well Number 603
OGRID No. 11181	Operator Name J. CLEO THOMPSON	Elevation 4218

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
AG	19	8 S	35 E		2625	NORTH	2569	EAST	ROOSEVELT

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 20.40	Joint or Infill I	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

LOT 1 37.81 AC.		<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature George R. Smith, agent for  Printed Name J. Cleo Thompson  Title November 22, 2000  Date
LOT 2 37.84 AC.		<b>SURVEYOR CERTIFICATION</b>  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 23, 2000  Date Surveyed Signature & Seal of Professional Surveyor W.O. Num. 00-141305 Certificate No. RONALD S. EIDSON, 3239
LOT 3 37.86 AC.		
LOT 4 37.89 AC.		

## 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:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
11 7/8"	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.

5. 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".

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.

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 H<sub>2</sub>S: 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".

**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 SW $\frac{1}{4}$ SW $\frac{1}{4}$  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

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**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 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.

**J. CLEO THOMPSON**

Milnesand Unit No. 603

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**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:

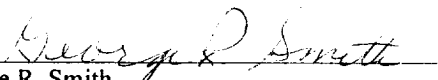
John Hughes, Production Foreman  
P.O. Box 430  
Whiteface, TX 79379  
Phone: (806) 287-1225

Johnny Holder, Drilling Foreman  
P. O. Box 12577  
Odessa, TX 79768  
Phone: (915) 366-8886

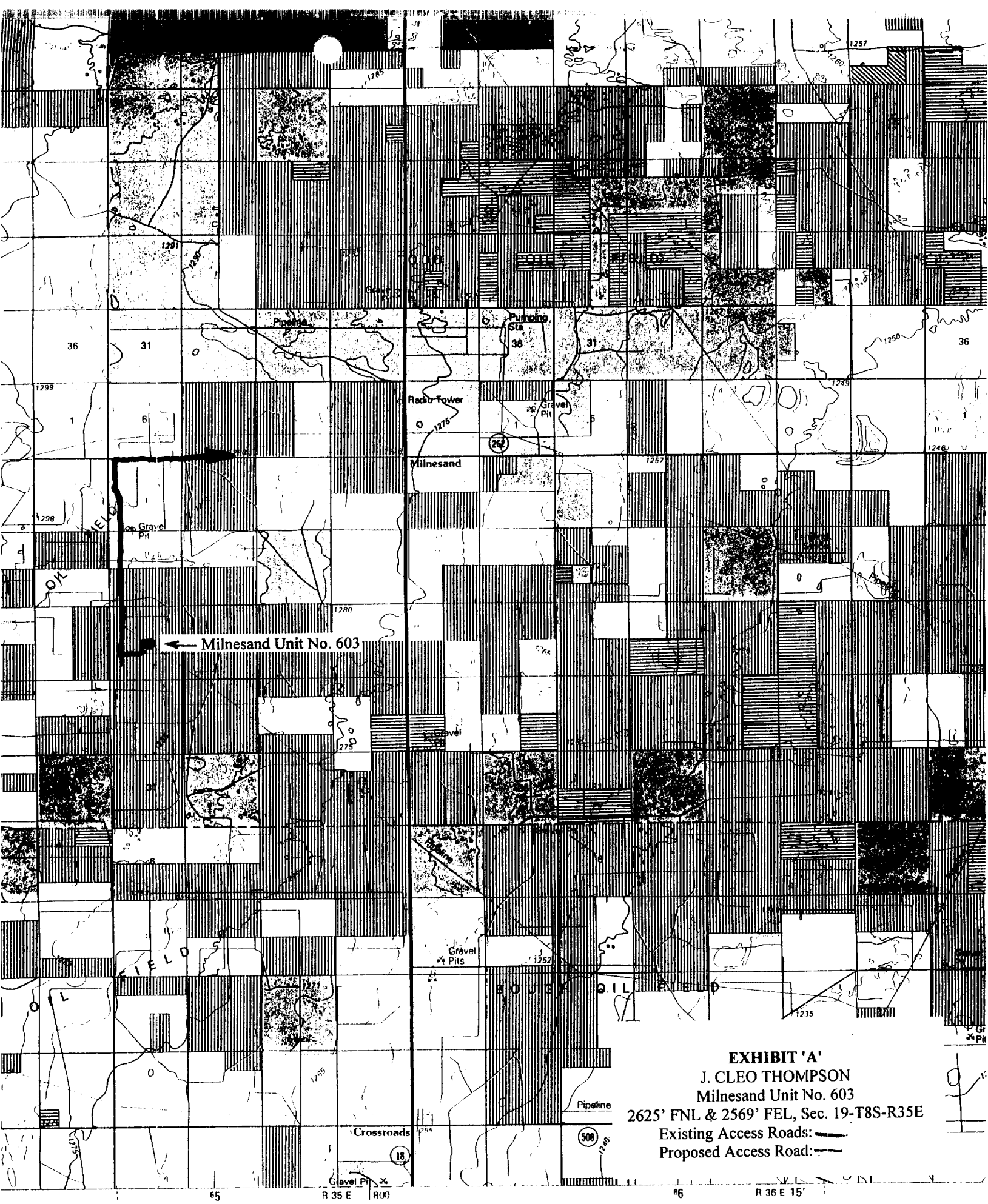
**13. CERTIFICATION:**

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.

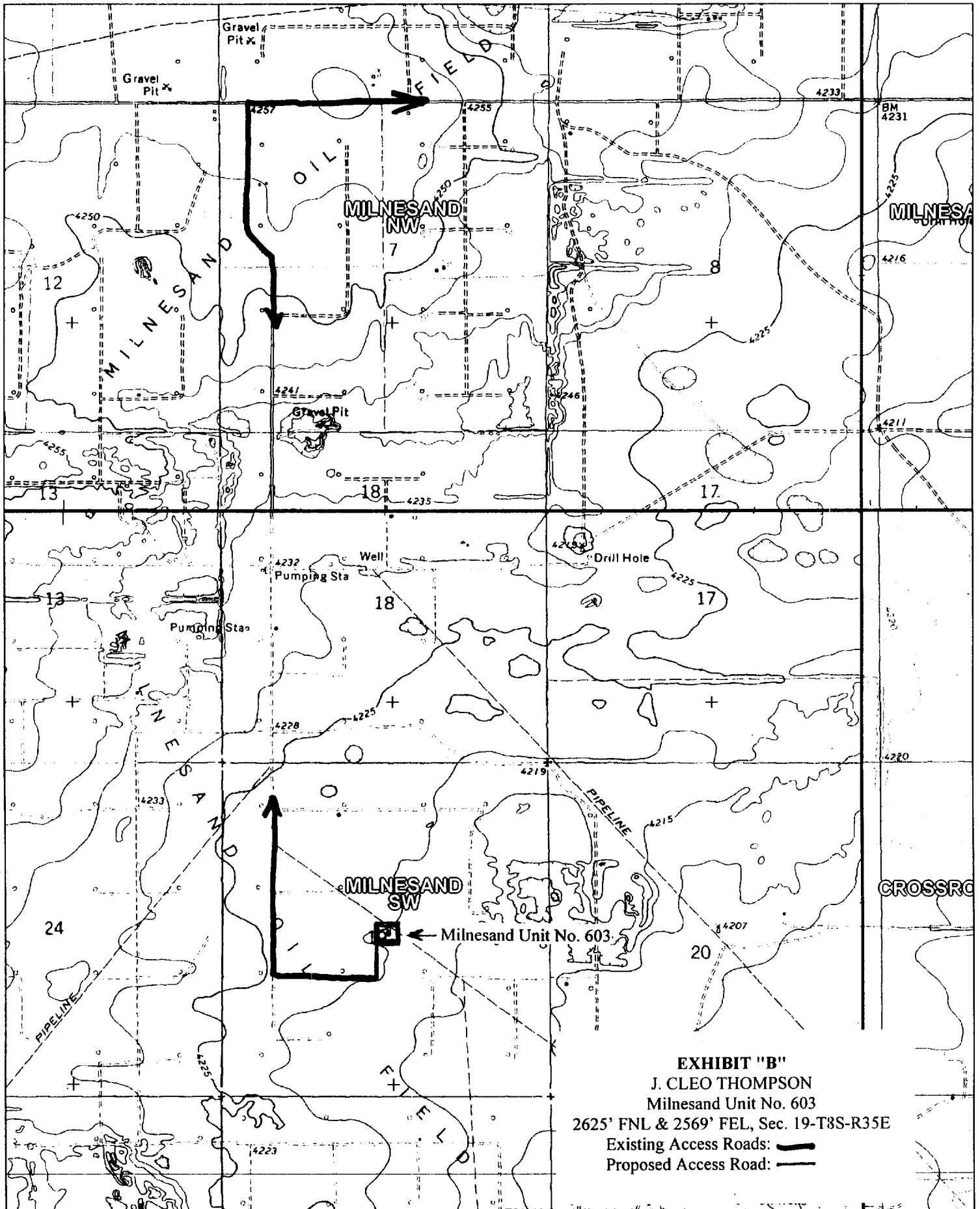
November 22, 2000

  
George R. Smith  
Agent for: J. Cleo Thompson

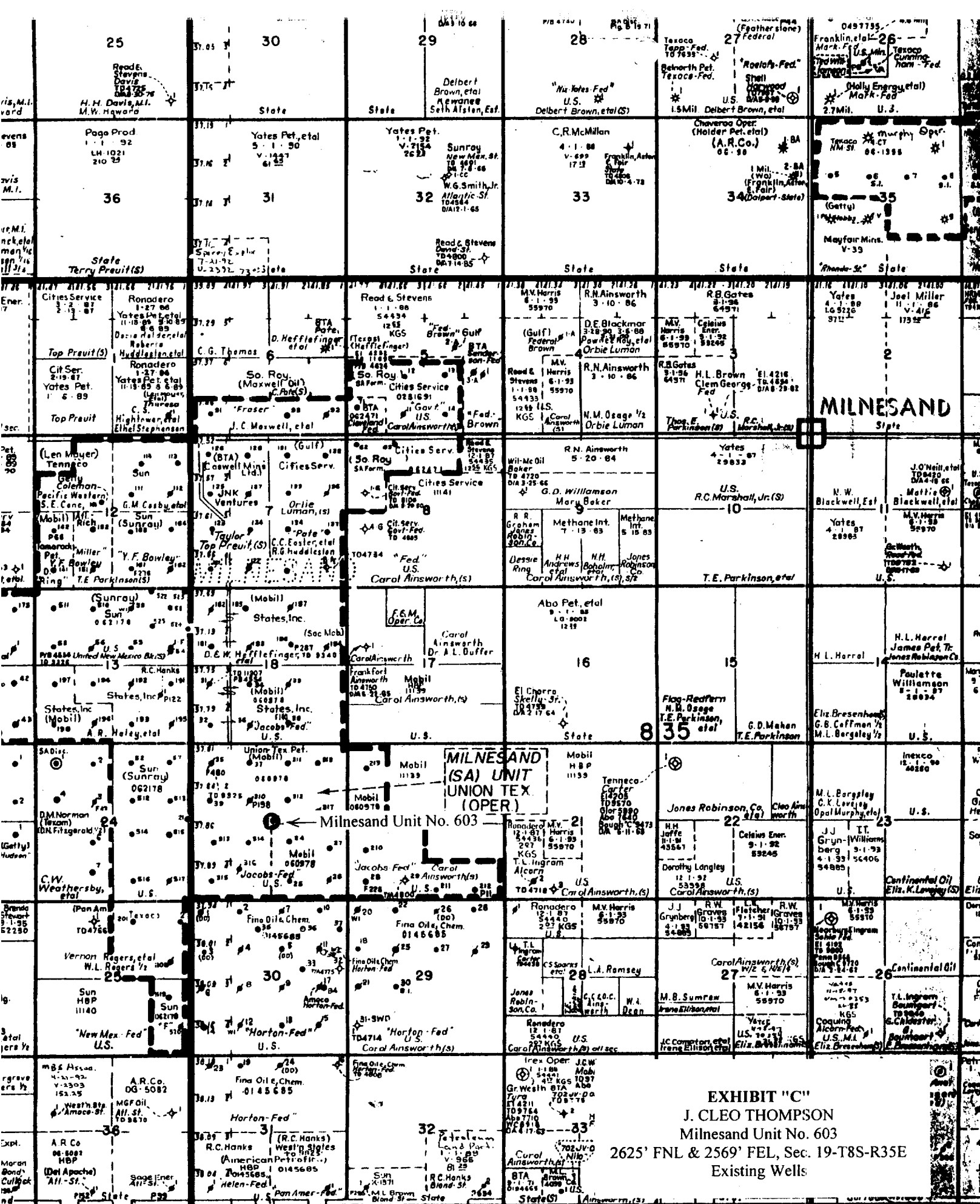




**EXHIBIT 'A'**  
**J. CLEO THOMPSON**  
**Milnesand Unit No. 603**  
**2625' FNL & 2569' FEL, Sec. 19-T8S-R35E**  
**Existing Access Roads: —**  
**Proposed Access Road: —**



**EXHIBIT "B"**  
**J. CLEO THOMPSON**  
 Milnesand Unit No. 603  
 2625' FNL & 2569' FEL, Sec. 19-T8S-R35E  
 Existing Access Roads: —  
 Proposed Access Road: —



RICS 3 AND 1

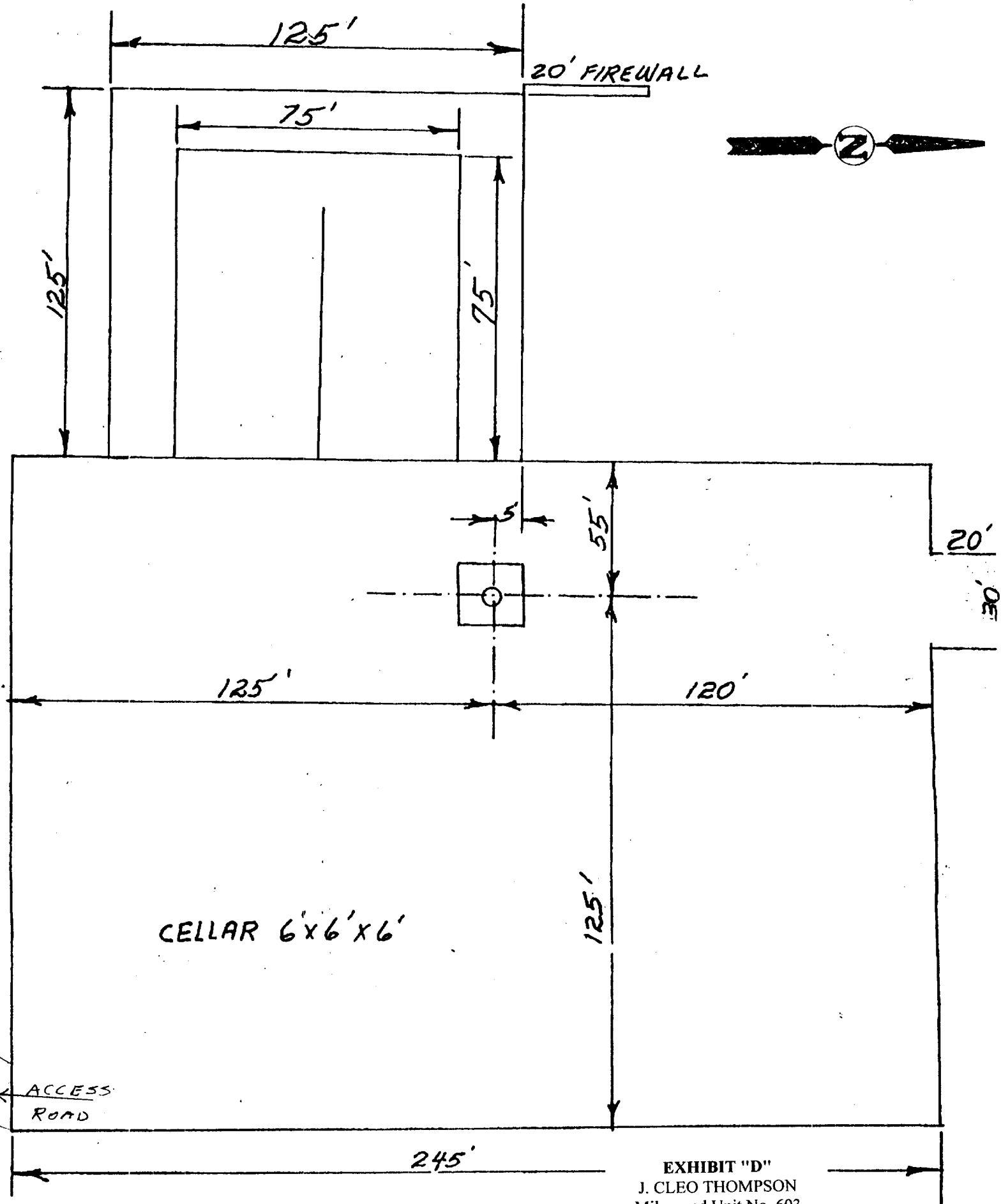


EXHIBIT "D"  
J. CLEO THOMPSON  
Milnesand Unit No. 603  
Pad & Pit Layout

**J. CLEO 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

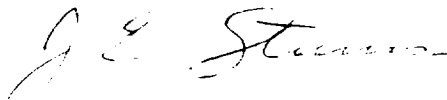
Dear Mr. Rogers,

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 ( $\pm$  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,



Jim Stevens

World Famous Petroleum Engineer & Deer Hunter