N.M. O.C.D. COPY

United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

January 29, 1980

Dalport Oil Corporation
3471 First National Bank Bldg.
Dallas, Texas 75202

Gentlemen:

DALPORT OIL CORPORATION Holbrook Fed B No. 1 660 FSL 660 FWL Sec. 9 T.15S R.30E Chaves County Lease No. NM 31263
Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 2,400 feet to test the Queen formation is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL LEASES, dated July 1, 1978.

2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the SURFACE USE PLAN and this approval including the GENERAL REQUIREMENTS.

3. Submit a Daily Report of Operations from spud date until the Well Completion Report (form 9-330) is filed. The progress report should be not less than 8" x 5" in size and each page should identify the well.

4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Requirements. The color used should simulate Sandstone Brown (Federal Standard No. 595A, color 20318 or 30318).

5. Cement behind the 8-5/8" casing must be circulated.

6. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

(ORIG. SGD.) GEORGE H. STEWART

George H. Stewart
Acting District Engineer

Form 9-331 C
(May 1963)

O.C.D. COPY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-005-20727

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM ~~0493690~~ 31263

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL ☐ DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ OTHER — SINGLE ZONE ☒ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME: Holbrook ~~Federal~~ - B Fed.

2. NAME OF OPERATOR: Dalport Oil Corporation

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: 3471 First National Bank Bldg., Dallas, TX 75202

10. FIELD AND POOL, OR WILDCAT: Vest Ranch - Qn Assoc.

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FSL and 660' FWL
At proposed prod. zone: Same

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: 9-15S-30E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 16 miles north of Loco Hills

12. COUNTY OR PARISH: Chaves

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 660'

16. NO. OF ACRES IN LEASE: 160

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.: none

19. PROPOSED DEPTH: 2400

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4034.7 gr.

22. APPROX. DATE WORK WILL START*: February 1, 1980

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	24#	300	175 SX "C" - circulate
7-7/8"	4-1/2"	9.5#	2400	150 SX lite + 150 SX "C"

Will cement 8-5/8" surface casing at approx. 300', circulate cement, and WOC 18 hours. Test casing at 600# for 30 minutes, drill out w/fresh water. Will mud up at approx. 1800 w/starch and gel to total depth. Will core and drill stem test Queen at 2200'. If productive, will run 4-1/2" to 2400' and will perforate as per gamma-neutron log. If sand frac is necessary, will use 20,000 gal gelled water + 30,000# sand. BOP Program: Shaffer hydraulic BOP's will be installed when rigging up, and will be used while rig is on location. See Exhibit "E".

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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 Leon W. Campbell TITLE Geologist DATE Dec. 27, 1979

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW ICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
Dalport Oil Corp.	Holbrook Federal B	1

Unit Letter	Section	Township	Range	County
M	9	15 South	30 East	Chaves

Actual Footage Location of Well:
660 feet from the South line and 660 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
4034.7	Queen	~~West Ranch Queen Associated~~	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

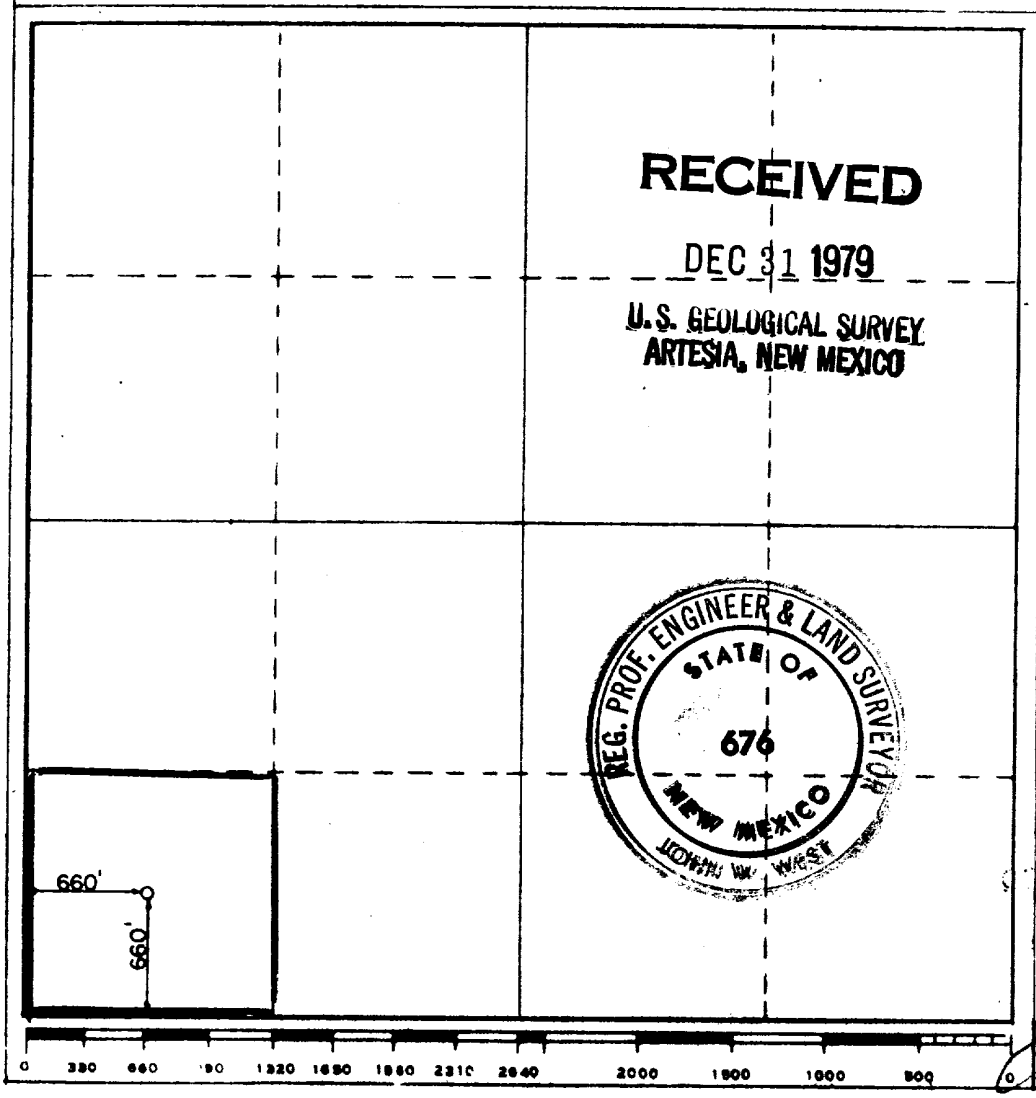
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



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ARTESIA, NEW MEXICO

REG. PROF. ENGINEER & LAND SURVEYOR
STATE OF NEW MEXICO
676
JOHN W. WEST

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: Leon M. Lampert
Position: Geologist
Company: Dalport Oil Corp.
Date: 12-29-79

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 knowledge and belief.

Date Surveyed: December 12, 1979
Registered Professional Engineer and/or Land Surveyor

Certificate No. John W. West 676
Ronald J. Eidson 3239

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OIL CONSERVATION DIV.

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JAN 31 1980

OIL CONSERVATION DIV.

DALPORT OIL CORPORATION
1134 THE 600 BUILDING
CORPUS CHRISTI, TEXAS 78401

CODE 512-882-7863

APPLICATION FOR DRILLING

Dalport Oil Corporation
#1 Holbrook-Federal "B"
660' FS & 660' FW, Sec. 9, 15S-30E
Chaves County, New Mexico
Lease: NM ~~0493690~~ 31263

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Dalport Oil Corporation submits the following items of pertinent information in accordance with USGS requirements.

1. The geologic surface formation is Mescalero Sands of Recent age.

2. The estimated tops of geologic markers are as follows:

Rustler	600'
Salado	690'
Tansill	1410'
Yates	1500'
Seven Rivers	1610'
Queen	2260'

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

   Water: No water is anticipated based on cable tool holes in the area.
   Oil: Queen at approx. 2260 feet.
   Gas: None.

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.

8. Testing, Logging and Coring Program:

   Drill Stem Test: 1 in the Queen at approx. 2250'
   Coring: 1 in the Queen at approx. 2250'
   Logging: Gamma-neutron log after casing is set

9. No abnormal pressures are anticipated. Maximum anticipated bottom hole pressure should be 700# in the Queen.

10. Anticipated starting date: 2/1/80
    Anticipated completion date: Approx. 14 days after starting date.

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D. PORT OIL CORPORATION
1134 THE 600 BUILDING
CORPUS CHRISTI, TEXAS 78401

CODE 512-882-7863

SURFACE USE PLAN

DALPORT OIL CORP. #1 HOLBROOK-FEDERAL B
660' FSL & 660' FWL, Sec. 9, 15S-30E
CHAVES COUNTY, NEW MEXICO
LEASE NM ~~0493690~~ 31262
VEST RANCH-QUEEN ASSOCIATED

1. EXISTING ROADS: For relationship within 3 miles of drillsite see Exhibits "A" and "B". From Roswell go to Hagerman, turn east on #31 for 24½ miles. Turn south at Texas Co. sign, go 1/4 mile, turn east 3/4ths mile to #1-C pump. Turn north 1320' to location.

2. PLANNED ROADS: Refer to Exhibit "C". (No cattle guards). Approximately 1320' of new 12-foot wide caliche road, 6" thick. No culverts or special drainage features are necessary. New road is colored red. Existing caliche ranch road is colored blue and may be bladed on rough spots. The center line of the proposed new access road has been staked and flagged. Road will attend from east side of Dalport #1-C State in NW NW Sec. 16, to east side of drilling pad, 660' FS & WL Sec. 9. (Exhibit "D")

3. LOCATION OF EXISTING WELLS: Exhibit "A". Nearest production is 2640' to the north.

4. TANK BATTERIES, PRODUCTION FACILITIES AND LEASE PIPELINES: There is a Cabot gas pipeline connection at the #1 Holbrook-Federal well in SW NW of Sec. 9. If oil production is found, a battery will be constructed along the road on southeast part of map (Exhibit "D"), and oil will be trucked.

5. WATER SUPPLY: Water will be trucked from nearest commercial source.

6. CONSTRUCTION MATERIAL: Construction materials will be hauled along existing road to proposed new road and drillsite. See Exhibit "A". Caliche will be obtained from pit in Sec. 16 approximately 500' FN and WL (Exhibit "C").

7. WASTE DISPOSAL: Exhibit "D". Well cuttings will be disposed of in reserve pit. Barrel trash containers to be in accessible locations within drillsite area during drilling and completion procedures. All detrimental wastes will be hauled away, burned, or buried with a minimum cover of 36" of dirt. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. Any produced water will be collected in tanks until hauled to an approved disposal system. No waste water pits will be constructed without prior approval of the U.S.G.S.

8. ANCILLARY FACILITIES: No camps, airstrips, etc. will be constructed.

9. WELLSITE LAYOUT: See Exhibit "D".

   A. Mat size - 200' X 170'.

   B. Cut and fill - location is rolling and will be cut and filled as necessary.

C. Reserve Pit - approximately 110' x 70' to north of mat.

10. RESTORATION OF SURFACE: If well is productive, pits will be back-filled and leveled as soon as practical. All plastic lining and other waste material will be removed or buried with at least 36" of cover. At time of final abandonment other U.S.G.S. and B.L.M. restoration stipulations will be complied with.

11. OTHER INFORMATION :

A. Setting and Environment

Terrain - low rolling sand hills. See Exhibit "B", Topographic Map of Area.

Soil - sandy, hard dirt.

Vegetation - sparse, being mostly grease woods, shinnery, and other semi-desert plants with very little grass.

Distance to nearest ponds and streams - no surface waters within 1/2 mile.

Water wells - none within 1/2 mile.

Residences and buildings - none within 1/2 mile.

Arroyos, canyons, hills, etc. - outside of low rolling sand hills, there are no surface features within 1/2 mile. See Exhibit "B".

Surface use - grazing, some hunting.

Effect on environment - drillsite is nearly flat, semi-arid country, is in a low environmental risk area. The total effect of drilling and producing this and other wells in this area would be minimal.

B. Surface Ownership

The proposed drillsite is on federal surface with a grazing lease issued to Bogle Farms. All new and reconstructed roads are also on federal surface.

C. Open Pits

All unattended pits containing mud or other liquids will be fenced.

D. Well Sign

Identification and location sign will be maintained at drillsite commencing when well is spudded.

12. OPERATOR'S REPRESENTATIVES:

Field personnel who can be contacted concerning surface use plan are:

Billy John Smith
1912 Oak Street
Artesia, New Mexico 88210

Home Phone: (505) 746-4358

A. C. Magee
3304 Trailing Heart Road
Roswell, New Mexico 88201

Home Phone: 623-5868
Mobile Phone: 676-3330

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 operations proposed herein will be performed by Dalport Oil Corp. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. A copy of this plan will be posted at the wellsite during the drilling of the well for reference by all contractors and subcontractors.

12-28-79
Date

Leon M. Lampert
Leon M. Lampert, Geologist

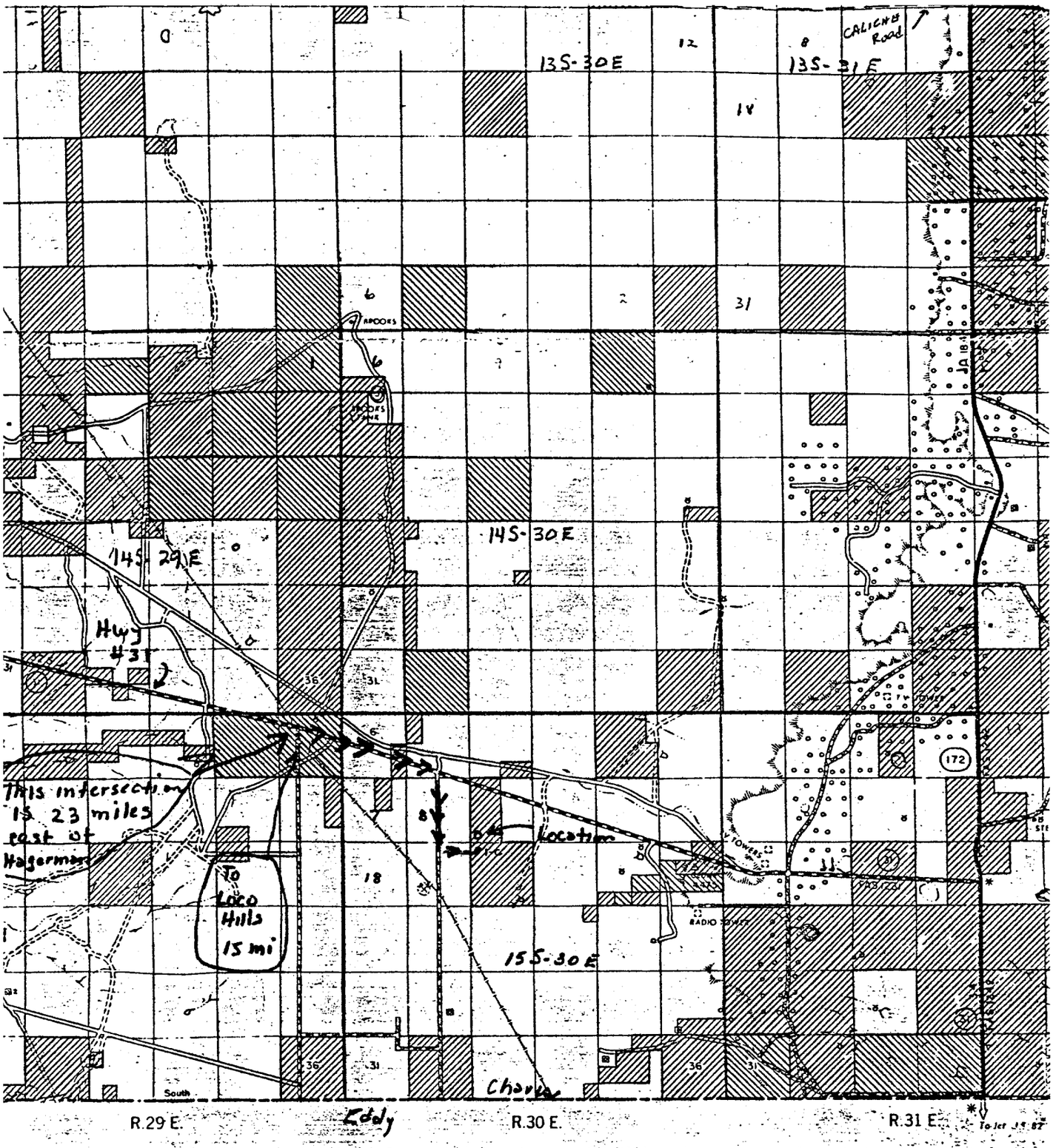


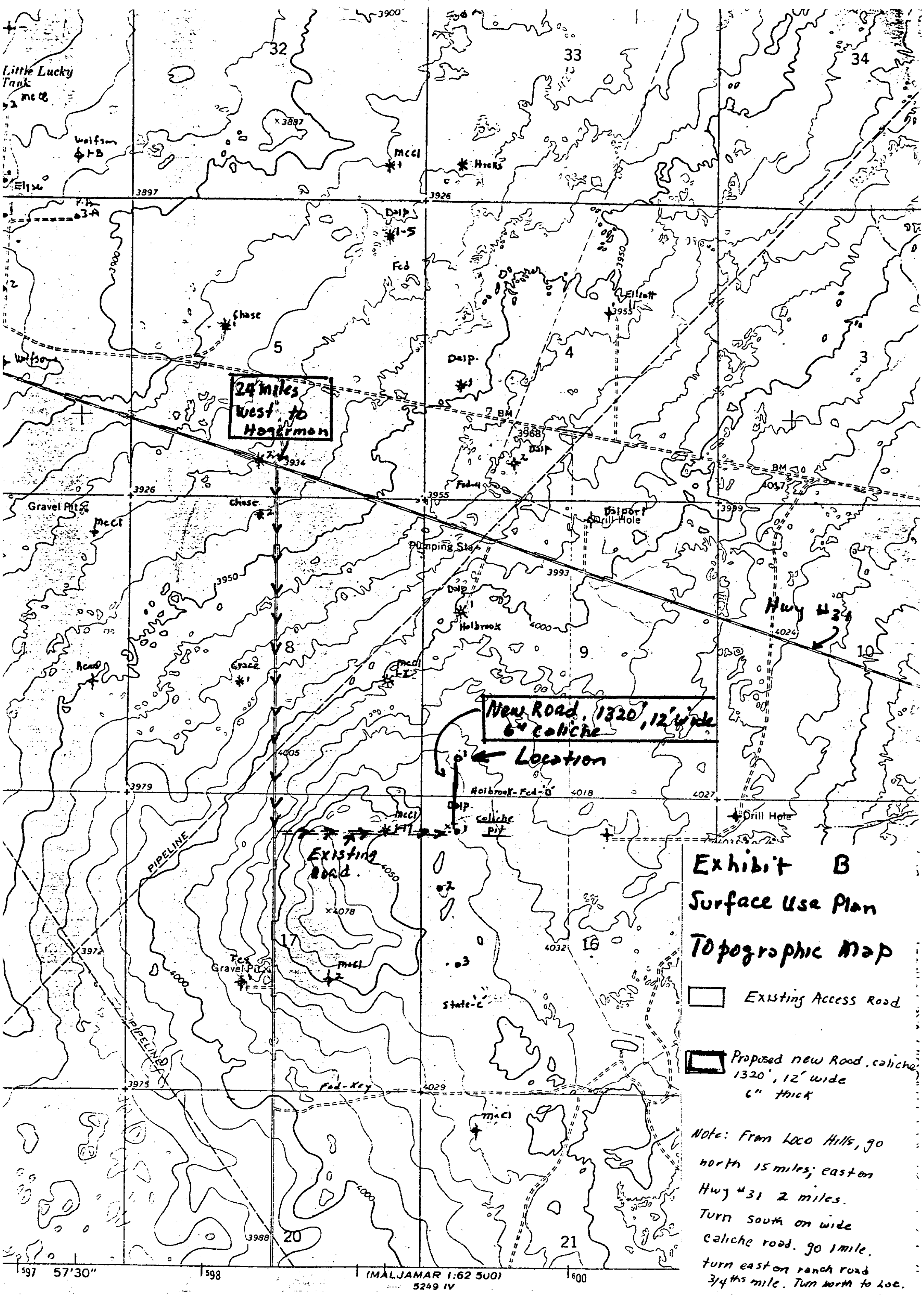
Exhibit A

Highway map
Surface Use Plan

Existing Access Road

Note:

From Hagerman 24 miles east on Hwy #31, turn south at wide caliche road (Texaco Lease sign) go approx 1 mile south. Turn east on lease road. go 3/4 ths of a mile to Dalport #1-C state pump jack. Turn north 1300' to location



SCALE 1:24 000

1 ½ 0 1 MILE

1000 0 1000 2000 3000 4000 5000 6000 7000 FEET

1 .5 0 1 KILOMETRE

CONTOUR INTERVAL 10 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

NORTH
FEET

NEW

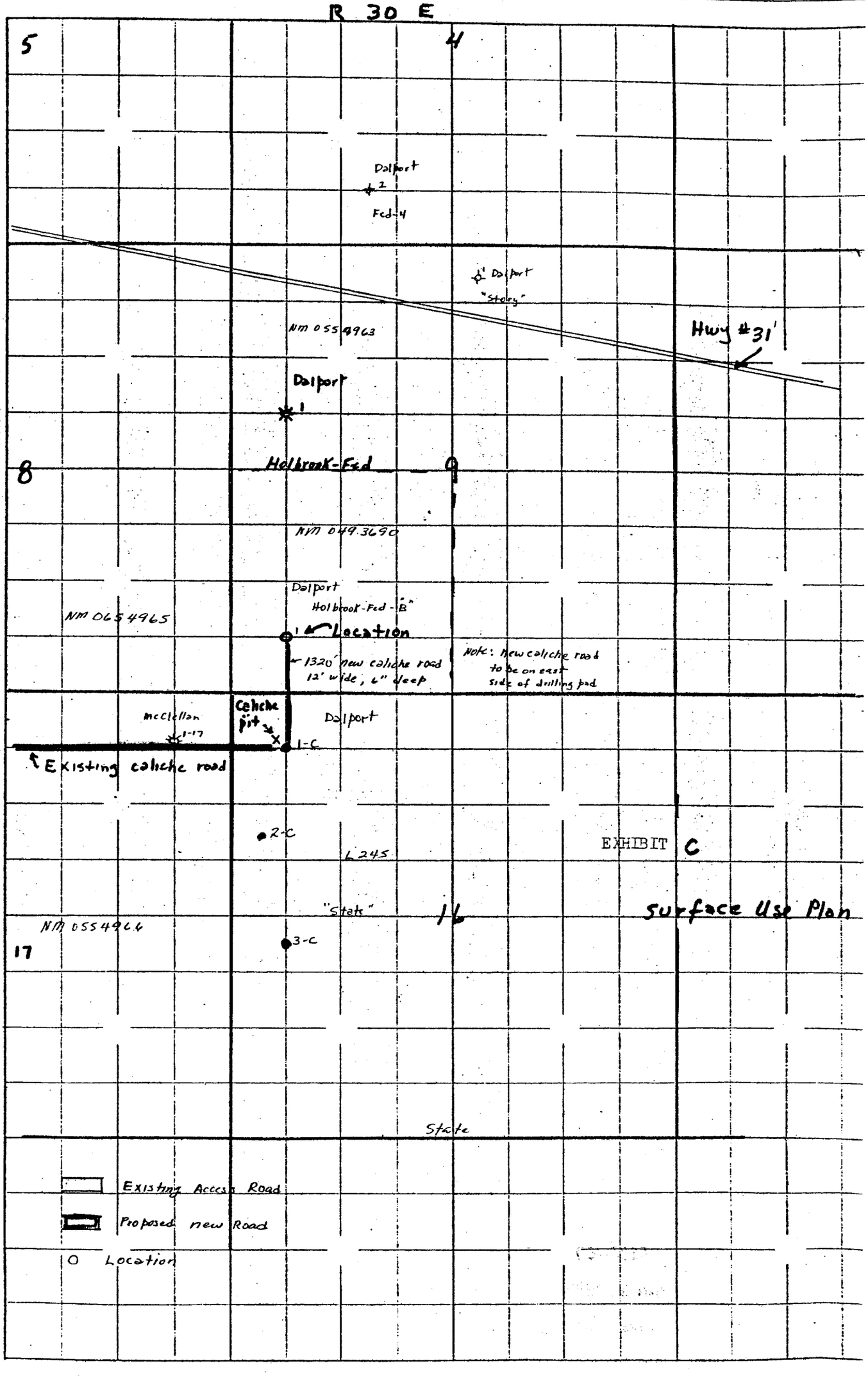
QUADRANC

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092

DALPOR IL CORP # 1 Holbrook-Federal

TOWNSHIP _____ RANGE _____ COUNTY _____

R 30 E



SHAFFER HYDRAULIC BLOWOUT PREVENTERS

(Patented)

TYPE B and TYPE E PREVENTERS

Shaffer Type B and Type E Blowout Preventers are similar in basic design and construction, except that the Type B has a *non-rising* locking shaft (for applications where end dimensions must be kept to a minimum) —and the Type E has a *rising* locking shaft (to provide quick indication of ram position where end dimensions are not critical). Externally, the only visual difference between the two designs is in the end caps, as shown in Fig. 52 and 53. Internally, there are differences in the locking shaft parts, as shown in the exploded views, Figs. 58 and 61.

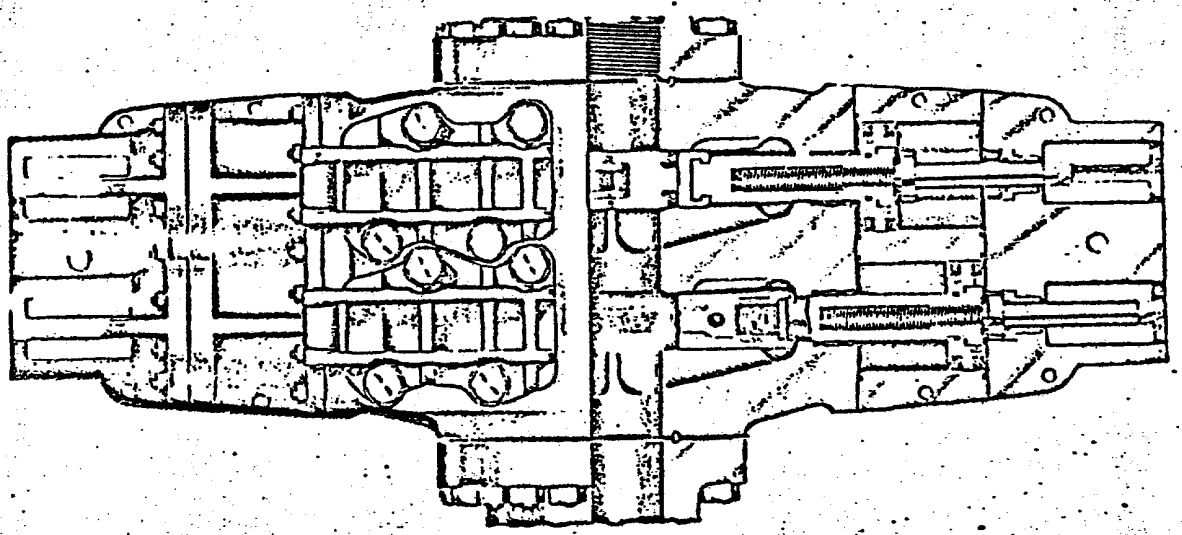


Fig. 52
Shaffer Type E Hydraulic Double Blowout Preventer—Front View

10" Shaffer Type B Series 900, Double Hydraulic w/Payne Closing Unit.

SIDE DOOR RAM CHANGES

In Type B and Type E Preventers, access to the ram compartments is through heavily-ribbed side doors, which are hinged and bolted to the body. The doors are fitted with adequate packing to amply withstand the pressure rating of the Preventer, and are opened by simply loosening four cap screws in each door, whereupon they can be readily swung open. The cap screws remain in the door when opened, eliminating risk of losing or misplacing them.

Each side door incorporates a horizontal guide which, in conjunction with integral guides in the opposite side of the body, holds the ram assemblies in accurate horizontal alignment when the doors are closed. Therefore, the ram assemblies are automatically centered in the Preventer body by simply closing and bolting the doors. Note in Figs. 15 through 18, Page 4347, the ease with which rams are changed through the side-opening doors.

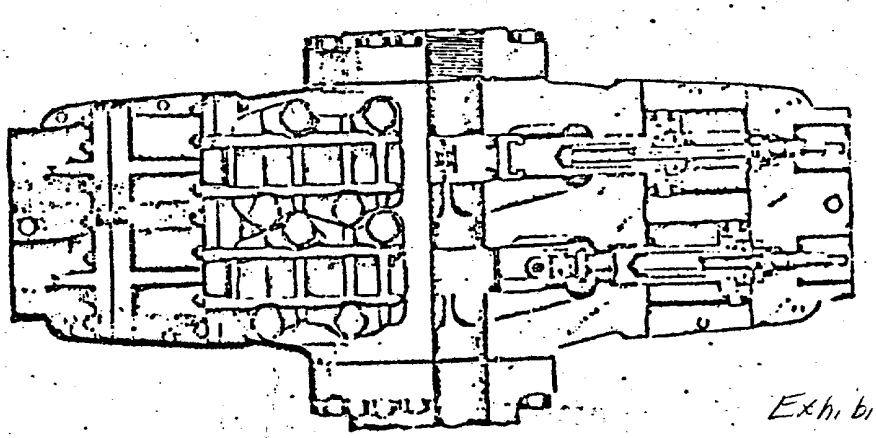


Exhibit E

Fig. 53
Shaffer Type B Hydraulic Double Blowout Preventer—Front View