

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-080127		
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR Dakota Resources, Inc. (915) 687-0501			7. UNIT AGREEMENT NAME		
3. ADDRESS AND TELEPHONE NO. P.O. Box 10033 Midland, TX 79702			8. FARMOR LEASE NAME, WELL NO. Karankawa Federal #1		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 330' FSL & 330' FEL At proposed prod. zone Same Unit P			9. API WELL NO. 30-005-21118		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 65 miles SE of Roswell, NM			10. FIELD AND POOL, OR WILDCAT Caprock Queen		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330'		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. N/A		19. PROPOSED DEPTH 3000'	20. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4195.1 GL			22. APPROX. DATE WORK WILL START* Sept. 20, 1993		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" K-55	24#	300'	Circ. 200 sx "C"
7 7/8"	5 1/2" K-55	14#	3000'	250 sx class "C"

MUD PROGRAM:

0' - 300': Spud mud:	MUD WT. 9.0 ppg	VIS. 35	W/L Control No W/L control.
300' - 2600': Cut Brine mud:	9.6-10.2 ppg	35+	No W/L control.
2600' - 3000': Cut brine mud:	9.6-10.2 ppg	35+	W/L cont. 20-25cc

BOP PROGRAM:

A 10" 3000 psi wp Schaffer Type E double hydraulic BOP will be installed on the 8 5/8" casing. Casing and BOP will be tested before drilling out with 7 7/8". The BOP will be used as a 2000 psi wp system and will be tested daily.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

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 George R. Smith Agent for: Dakota Resources, Inc. DATE August 27, 1993
(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 David Stout TITLE Asst Area Mgr. DATE 9/20/93

*See Instructions On Reverse Side

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Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-85

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1800 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator DAKOTA RESOURCES, INC.		Lease KARANKAWA FEDERAL		Well No. 1
Unit Letter P	Section 28	Township 13 SOUTH	Range 31 EAST	County CHAVES
Actual Footage Location of Well: 330 feet from the SOUTH line and 330 feet from the EAST line				
Ground Level Elev. 4195.1'	Producing Formation QUEEN	Pool CAPROCK QUEEN	Dedicated Acreage: 4.0 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 - If more than one lease of different ownership is dedicated to the well, have the interest 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 of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

NM-080127 Dakota Resources, Inc.			

OPERATOR CERTIFICATION

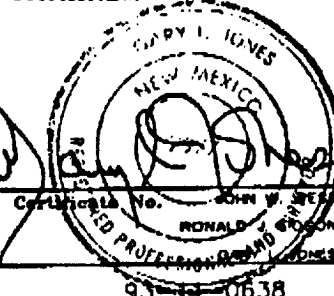
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
George R. Smith
Printed Name
George R. Smith
Position
Agent for:
Company
Dakota Resources, Inc.
Date
August 27, 1993

SURVEYOR CERTIFICATION

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
APRIL 16, 1993
Signature & Seal of
Professional Surveyor


Certificate No. **JOHN W. JONES** 676
RONALD E. JONES 3336
RONALD E. JONES 7877
93-0638

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APPLICATION FOR DRILLING

DAKOTA RESOURCES, INC.
Karankawa Federal, Well No. 1
330' FSL & 330' FEL, Sec. 28-T13S-R31E
Chaves County, New Mexico
Lease No.: NM-080127
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Merit Energy Company 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:

Rustler Anhydrite	1200'
Top of Salt	1320'
Base of Salt	1920'
Yates	2060'
Queen	2780'
T.D.	3000'
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Random fresh water sands from surface to - 300'+/-.
Oil: Possible in the Queen below 2780'.
Gas: None expected.
4. Proposed Casing Program: See Form 3160-3.
5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".
6. Mud Program: See Form 3160-3.
7. Auxiliary Equipment: Blowout Preventer, Kelly cock.
8. Testing, Logging, and Coring Program:

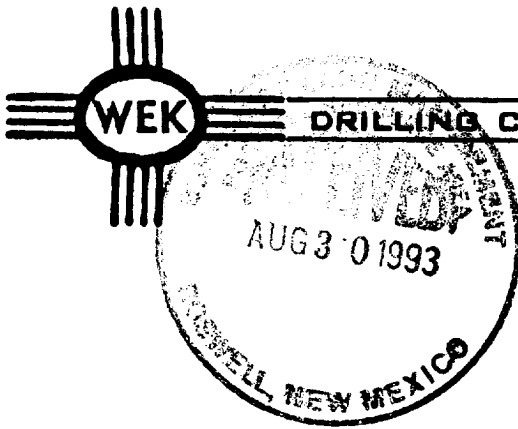
Drill Stem Tests: None, unless warranted
Logging: T.D. to surface: GR-CNL
Coring: None planned.
9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated BHP = 1000 psi with 110° temperature.

H₂S: None expected. None in the previously drilled wells in vicinity.
10. Anticipated starting date: September 20, 1993.
Anticipated completion of drilling operations: Approximately 30 days.

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KEN REYNOLDS—PRESIDENT
ARNIE NEWKIRK—VICE-PRESIDENT

DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. BOX 1498 ROSWELL, NEW MEXICO 88203-1498
505/623-5070 505/746-2719
ROSWELL, NM ARTESIA, NM

RIG #3

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP
80 GALLON, 4 STATION KOOMEY ACCUMULATOR
3000 psi WP CHOKE MANIFOLD

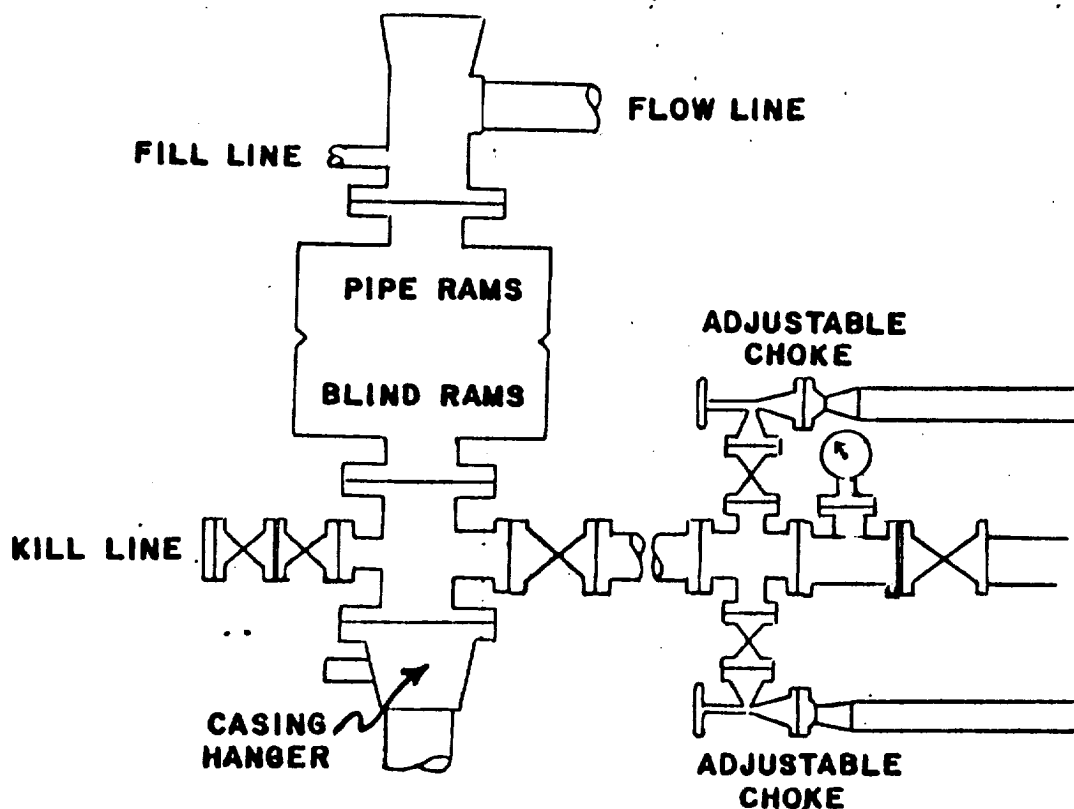


EXHIBIT "E"
DAKOTA RESOURCES, INC.
Karankawa Federal, Well No. 1
BOP Specifications

20-11-21
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