

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

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

2. NAME OF OPERATOR

SOUTHWEST ROYALTIES INC.

3. ADDRESS AND TELEPHONE NO. 407 NORTH BIG SPRING PHONE 915-686-9927

P.O. BOX 11390 MIDLAND, TEXAS 79702

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

At surface 467' FNL & 2173' FWL Sec 34 T17S-R33E Lea Co. N.M.

At proposed prod. zone Same

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

8 Miles S.E. of Maljamar New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT. 467'
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED, 797'
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

5500'

20. ROTARY OR CABLE TOOLS

ROTARY

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

4155.9' GL

Lea County Controlled Water Basin

22. APPROX. DATE WORK WILL START*

2/01/94

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, 85/8	24#	1460	500 Sx Halliburton-Light+400 Sx "C"
7 7/8"	J-55, 5 1/2	15.5#	5500	350 Sx Halliburton-LightW/10# salt Per Sx + 250 Sx Class "C" + Additiv

- Set 40' of 20" Conductor Pipe Cement to surface with Redi-Mix
- Drill 12 1/4" Hole to Run 8 5/8" Casing to 1460' J-55, 24# ST&C. Cement with 500 Sx Halliburton-Light tail in 400 Sx class "C". circulate to surface.
- Drill 7 7/8" hole to 5500' Run 5500' of 5 1/2" J-55, 15.5# ST&C casing. Cement with 350 Sx of Halliburton-Light cement W/10# salt per Sx tail in with 250 Sx class "C" + additives. Tie back into the 8 5/8" casing at 1460'. Verify top of cement with temp. Log or cement bond Log.

OPER. OGRID NO. 021355

PROPERTY NO. 13608

POOL CODE 43320

EFF. DATE 2-14-94

API NO. 30-025-32416

Approval Subject to
General Requirements and
Special Regulations
Approved

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 Joe T. Powers TITLE AGENT

DATE 01/10/94

(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

Scott Powers

TITLE

(acting)
AREA MANAGER

DATE

FEB 9 1994

*See Instructions On Reverse Side

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 1-1-89

OIL CONSERVATION DIVISION

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

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

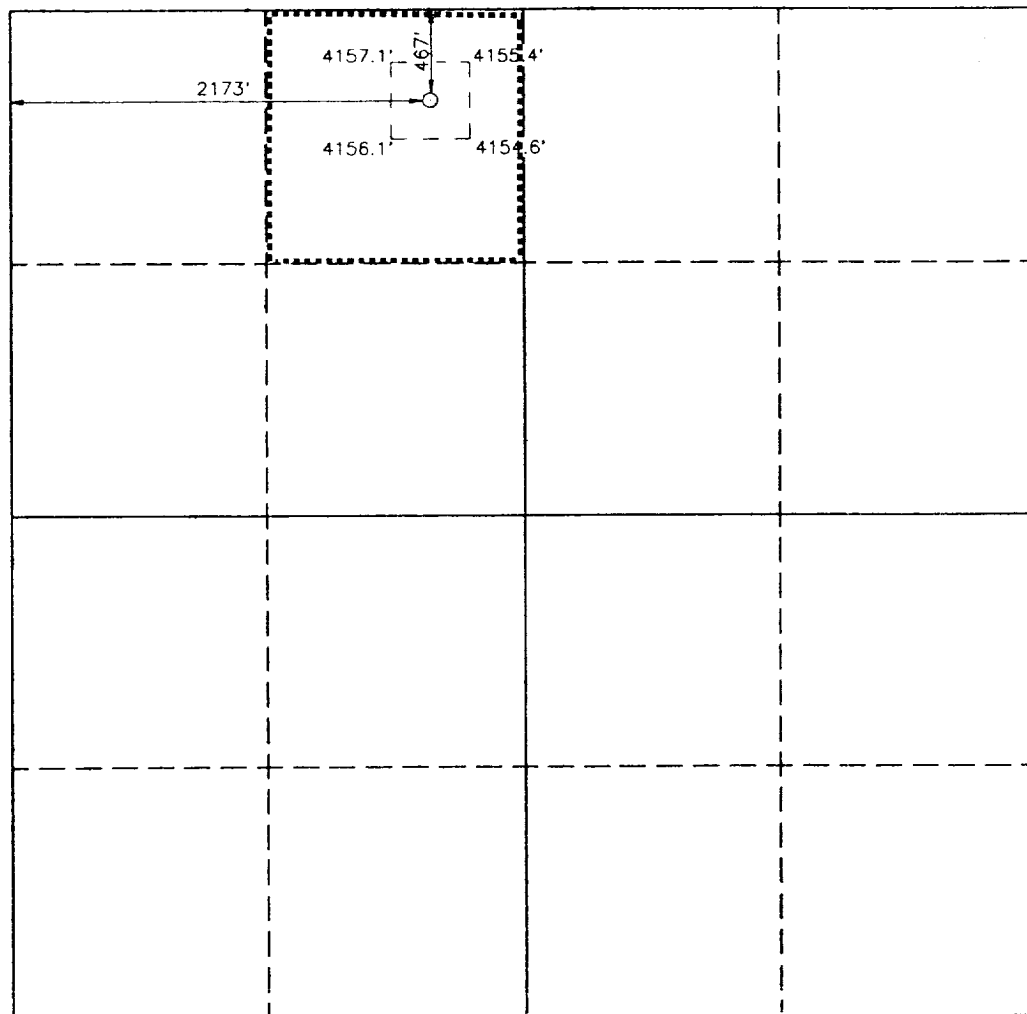
All Distances must be from the outer boundaries of the section

Operator SOUTHWEST ROYALTIES			Lease PHILLIPS WYATT FEDERAL		Well No. 14
Unit Letter C	Section 34	Township 17 SOUTH	Range 33 EAST	NMPM	County LEA
Actual Footage Location of Well: 467 feet from the NORTH line and 2173 feet from the WEST line					
Ground Level Elev. 4155.9'	Producing Formation Grayburg-San Andres		Pool Maljamar		Dedicated Acreage: 40 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.



OPERATOR CERTIFICATION

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

Signature
Joe T. Janica

Printed Name
Joe T. Janica

Position
Agent

Company
Southwest Royalties Inc.

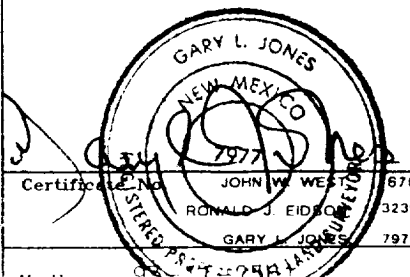
Date
01/10/94

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
DECEMBER 21, 1993

Signature & Seal of
Professional Surveyor



APPLICATION TO DRILL

Southwest Royalties Inc.
Phillips Wyatt Fed. # 14
Section 34, Unit "B" T17S-R33E
Lea County, New Mexico

In response to questions asked under Section II B of Bulletin NTL-6, the following information is provided for your consideration:

1. Location: 476' FNL & 2173' FWL Sec. 34 T17S-R33E Lea Co. New Mexico
2. Elevation Above Sea Level: 4155.9 GL
3. Geologic Name of Surface Formation: Quaternary Aeolian Deposits
4. Drilling Tools and Associated Equipment: Conventional rotary drilling rig using mud for the circulation medium.
5. Proposed Drilling Depth: 5500'
6. Estimated Geological Marker Tops:

Rustler	1440
Top of Salt	1605
Base of Salt	2630
Top Yates	2730
Top Queen	3727
Top Grayburg	4150
Top San Andres	4526
7. Possible Mineral Bearing Formation:

Grayburg-San Andres	Oil
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8. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD Csg</u>	<u>Weight Thread Grade Condition</u>
25"	0-40	20"	Conductor Pipe .30 Wall Thickness
12½	0-1460	8 5/8	24# 8-R J-55 ST&C
7 7/8	0-5500	5½	15.5 # 8-R J-55 ST&C

9. Cementing and Setting Depth:

20'	Conductor	Set @ 40'	Cement With Redi-Mix Cement to surface
8 5/8	Surface	Set 1460'	of 8 5/8" 24# 8-R J-55 ST&C Cement with 500 Sx of light cement tail in with 400 Sx class "C" with additives Circulate cement to surface
5 1/2	Production	Set 5500'	of 5 1/2 15.5# 8-R J-55 ST&C Cement with 350 Sx of light cement with 10# Salt/Sx tail in with 250 Sx of Class "C" or 50/50 POZ with additives Tie Back into 8 5/8" casing. Verify top of cement with log.

10. Pressure Control Equipment: Exhibit "E". A Blow-out Preventer (no less than 900 series 3000 psi working pressure) consisting of double ram type preventer with bag type preventer. Units will be hydraulically operated. Exhibit "E-1" Choke Manifold and Closing Unit. Blind rams on top, pipe rams on bottom to correspond with size of drill pipe in use. BOP will be nipped up on 13 3/8" casing and remain 8 5/8" on well until casing is run and cemented. BOP will be tested as well as choke manifold. BOP will be worked at least once each day while drilling and blind ram will be worked on trips when no drill pipe is in hole. Flow sensor PVT, full opening stabbing valve and upper kelley cock will be utilized. No pressures greater than 2000 psi anticipated.

11. Proposed Mud Circulating System:

Depth	Mud Wt.	Mud Visc.	Fluid Loss	Type Mud
0-1460	8.6 - 9.0	34-36	NC	Fresh Water
1460-5500	10.0 - 10.1	28-29	NC	Brine water w/lime for pH control and paper for seepage

To log well and run casing viscosity may have to be raised and water loss may be required to be lowered to 8cc or less depending on hole conditions.

Application to Drill
Southwest Royalties Inc.
Phillips Wyatt Fed. #14

12. Testing, Logging and Coring Programs:

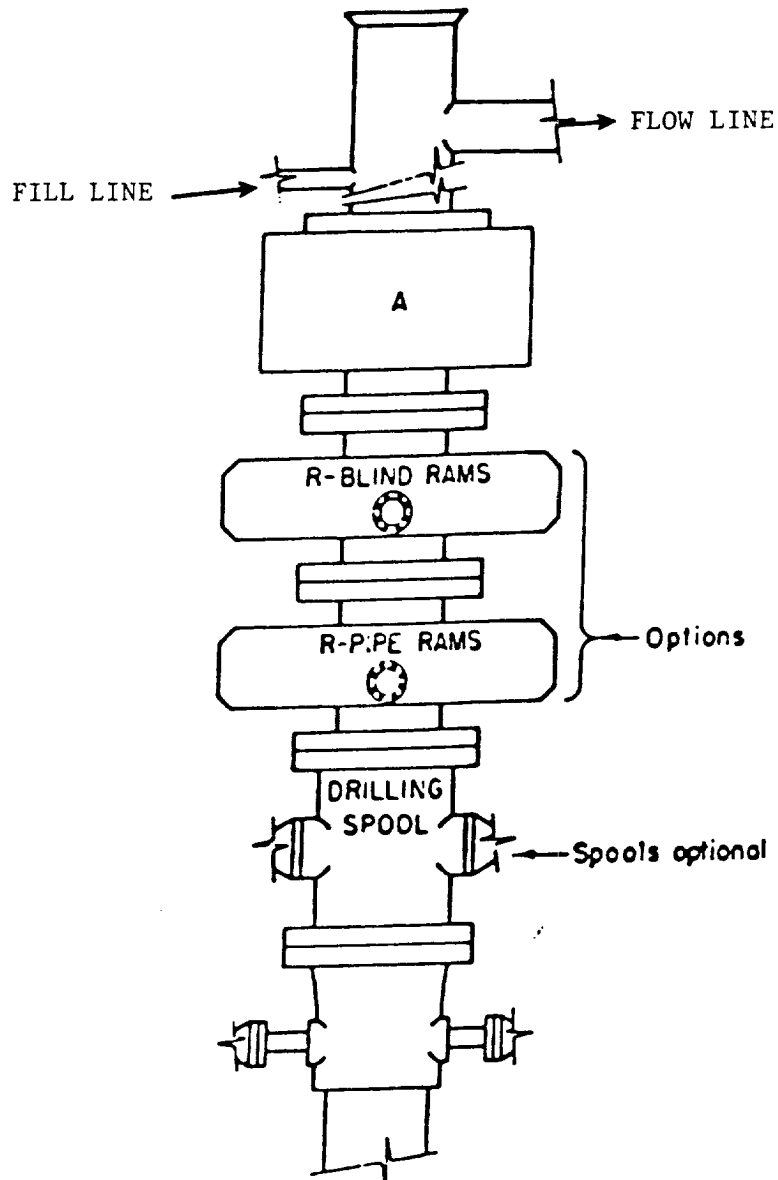
- (A) No planned DST
- (B) Open Hole Logs: DLLw/LDT-CNL from TD to 1460' with Gamma Ray to surface.
- (C) No coring planned.

13. Potential Hazards:

No abnormal pressures or temperature zones expected (nothing abnormal in offset wells or other wells in the area). Hydrogen sulfide gas is not anticipated however, precautions for detection will be observed. No major lost circulation is expected (none reported in this area). H2S contingency attached "13-A".

14. Anticipated Starting Date and Duration of Operation: Road and location construction will begin after BLM approval of APD. Anticipated spud date 03/01/94 Drilling expected to take 10 to 12 days. If production casing is run an additional 20 days to complete and construct surface facility and place well on production.

15. Other Facets of Operations: After running casing, cased hole gamma ray collar correlation logs will be run from total depth over possible pay intervals. The Grayburg-San Andres will be perforated & stimulated. The well will be swab tested and potentialized as an oil well.



ARRANGEMENT SRRA

900 Series
3000 PSI WP

Southwest Royalties Inc.
BOP Sketch to be used on
Phillips-Wyatt Federal # 14
467' FNL & 2173' FWL Sec. 34
T17S-R33E Lea, Co. N.M.

EXHIBIT "E"