

N.M. NAT. CONSERV. COMMISSION
P.O. BOX 1980
SANTA FE, NEW MEXICO 87500

UNITED STATES

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

SUBMIT IN TRIPL.
(Other instruction.
reverse side)

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☐

GAS WELL ☐

OTHER INJECTION

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

SOUTHLAND ROYALTY COMPANY

3. ADDRESS AND TELEPHONE NO.

P.O. Box 51810, Midland, TX 79710-1810

915-688-6943

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

At surface

1320' FNL & 990' FEL

UNORTHODOX

Subject to

State Approval

By State

At proposed prod. zone

1340' (met)

LOCATION:

UNIT H

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

13 MILES SOUTHEAST OF MALJAMAR, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 990'

16. NO. OF ACRES IN LEASE

240

17. NO. OF ACRES ASSIGNED
TO THIS WELL

N/A

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

774'

19. PROPOSED DEPTH

5500'

20. ROTARY OR CABLE TOOLS

ROTARY

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

3843'

Capitan Controlled Water Basin

22. APPROX. DATE WORK WILL START*

UPON APPROVAL

23.

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" | 28# | 400' | 300 SXS CIRC. |
| 7 7/8" | 5 1/2" | 15.5# | 5500' | 1450 SXS CIRC. |

NO HYDROGEN SULFIDE

NOT IN DESIGNATED POTASH AREA.

WILL BE THROUGH DRILLING/COMPLETING PRIOR TO BOOMING SEASON

CONTACT PERSON: DONNA WILLIAMS

915-688-6943

OPER. OGRID NO. 26478

PROPERTY NO. 14110

POOL CODE 13195

EFF. DATE 4/6/95

API NO. 30-025-32915

NOTICE OF STAKING SUBMITTED ON NOVEMBER 21, 1994

Approval Subject to
General Requirements and
Special Stipulations
Attached

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

TITLE

REGULATORY ASSISTANT

DATE

11/23/94

(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

TITLE

AREA MANAGER

DATE

1/3/95

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill or deepen an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0136), Washington, D.C. 20503.

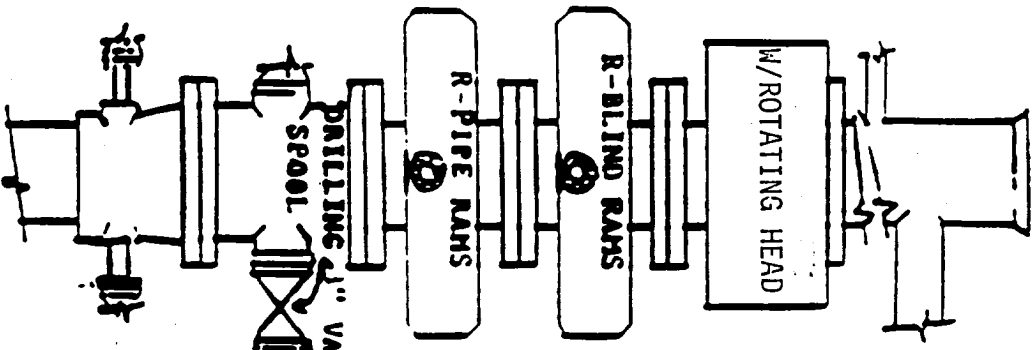
The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling operation on an oil and gas lease.

DOUBLE RAM



DRILLING SPOOL VALVE

3"

3" VALVE

2" ADJUSTABLE CHOKE

TO PIT

2"

4" VALVE

TO PIT

4"

2" ADJUSTABLE CHOKE

TO PIT

2"

BLOW OUT PREVENTION EQUIPMENT
10" 900S ALL FLANGED CONNECTIONS
3000# WORKING PRESSURE

RECEIVED

JAN 11 1995
JOD HOBBS
OFFICE

OPERATORS NAME: Southland Royalty Company

LEASE NAME AND WELL NO.: Federal MA No. 11

LOCATION: 1320' FNL & 990' FEL, Sec. 21, T18S, R33E

FIELD NAME: West Corbin Delaware

COUNTY: Lea County, NM

LEASE NUMBER: LC 064944

The following information is to supplement BLM form 3160-3 Application for permit to drill in accordance with Onshore Oil and Gas Order No. 1:

9 - POINT DRILLING PLAN

1. Name and estimated tops of important geologic formation/marker horizons.

| <u>FORMATION</u> | <u>DEPTH</u> |
|------------------|--------------|
| Rustler | 1470' |
| Queen/Sand | 4215' |
| San Andres | 4810' |
| Delaware | 5180' |

2. Estimated depths at which the top and bottom of formations potentially containing usable water, oil, gas, or prospectively valuable deposits of other minerals are expected to be encountered and the operator's plans for protecting such resources.

Delaware

5180' (Injection)

3. The operator's minimum specifications for Blowout Preventer (BOP) and related equipment to be used and schematic diagrams thereof showing sizes, pressure ratings, and the testing procedures and testing frequency. BOP and BOP - related equipment (BOPE) schematics shall include schematics of choke manifold equipment. Accumulator systems and remote controls shall be utilized.

11" 3M BOP stack to be installed on the 8 5/8" casing. The BOP stack will consist of one blind ram BOP, one pipe ram BOP, and a rotating head. Tested to 3000 psi before drilling the 8 5/8" casing shoe.

4. The proposed casing program including size, grade, weights, type of thread and coupling, and the setting depth of each string and its condition (new or acceptably reconditioned). For exploratory wells, or for wells as otherwise specified by the authorized officer, the operator shall include the minimum design factors for tensions, burst, and collapse that are incorporated into the casing design. In cases where tapered casing strings are utilized, the operator shall also include and/or setting depths of each portion.

- 12 1/4" hole, 8 5/8" 28# csg set @ 400'
- 7 7/8" hole, 5 1/2" 15.5# csg set @ 5500'.

5. The amount and type(s) of cement, including anticipated additives to be used in setting each casing string, shall be described. If stage cementing techniques are to be employed, the setting depth of the stage collars and amount and type of cement, including additives, and preflush amounts to be used in each stage, shall be given. The expected linear fill-up of each cemented string, or each stage when utilizing stage-cementing techniques, shall also be given.

- a. 8 5/8" 28# csg: Cmt w/300 sxs Class 'C' + 2% CaCl₂ + 1/4 pps Flocele. Circ to surface
- b. 5 1/2" 15.5# csg: Cmt w/lead - 1200 sxs Class 'C' Lite + 10 pps salt + 1/4 pps flocele. Tail w/250 sxs Class 'C' + 5 pps salt.

6. The anticipated characteristics, additives, use, and testing of drilling mud to be employed, along with the types and quantities of mud products to be maintained, shall be given. When air or gas drilling is proposed, the operator shall submit the following specific information:

Mud Program:

0-400' fresh water, gel and lime system
400'-5000' Brine, MW 9.8 - 10.2

7. The anticipated testing, logging, and coring procedures to be used, including drill stem testing procedures, equipment, and safety measures.

- a. DST Program: None
- b. Core: None

RECEIVED

JAN 11 1995

W.D. HOBBS
OFFICE

c. Mud Logging: Two-man unit 2900' to TD.

d. Logs to be run: CNL/LDT/GR/CAL: From TD to 2000'
CNL/GR: From 2000' to surface

8. The expected bottom-hole pressure and any anticipated abnormal pressures, temperatures or potential hazards that are expected to be encountered, such as lost circulation zones and hydrogen sulfide. The operator's plans for mitigating such hazards shall be discussed. Should the potential to encounter hydrogen sulfide exist, the mitigation procedures shall comply with the provisions of Onshore Oil and Gas Order No. 6.

No abnormal pressures are anticipated. bottom hole pressures at TD expected to be 2000 psi. Bottom hole temperature 110° F. There is no anticipated Hydrogen Sulfide in this known drilling area

9. Any other facets of the proposed operation which the operator wishes for BLM to consider in reviewing the application.

Anticipated drilling time expected to be 10 days from surface to TD.