

Bureau of Land Management
Application for Permit to Drill Worksheet
Holster 33 Federal Com, Well No. 1
Lea County, New Mexico

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2. DEPTH OF ANTICIPATED WATER, OIL, GAS, ETC.

Give estimated depths at which the top and the bottom of anticipated water (particularly usable water), oil, gas, or other mineral-bearing formations are expected to be encountered and discuss your plans for protecting such resources.

The primary objective is the Morrow formation(s) estimated to be at 12,200' MD. The secondary objective is the Atoka formation(s) estimated to be at 11,785' MD.

All fresh water and prospectively valuable minerals (as described by Bureau of Land Management) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be evaluated to determine commercial potential.

3. PRESSURE CONTROL PROGRAM

A double gate hydraulic BOP, 13-5/8", 10000 psi WP with pipe rams and blind rams will be installed on the 9-5/8" casinghead. The BOP stack will be tested to 2000 psi prior to drilling below surface casing; and operational checks will be made daily or on trips.

ATTACHED AS EXHIBIT B.

The BOP system will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventor controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The following is a list of Auxiliary Equipment:

1. Upper Kelly Valve
2. Lower Kelly Valve
3. Drill Pipe Inside BOP