

OPER. OGRID NO. 12124
 PROPERTY NO. 25405
 POOL CODE 65360
 EFF DATE 3/7/00
 AP NO. 30-025-34958

Form 3160-3
 (August 1999)

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

ATTACHED
 SPECIAL STIPULATIONS

FORM APPROVED
 OMB No. 1004-0136
 Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-9017
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Manzano Oil Corporation		7. If Unit or CA Agreement, Name and No.
3a. Address PO Box 2107 Roswell, NM 88202	3b. Phone No. (include area code) (505) 623-1996	8. Lease Name and Well No. Conoco Federal
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2310' FSL & 330' FWL At proposed prod. zone Same		9. API Well No. 1
14. Distance in miles and direction from nearest town or post office* 8.5 miles S. Maljamar, NM		10. Field and Pool, or Exploratory Young; Queen
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 17-T18S-R32E
16. No. of Acres in lease 484.08	17. Spacing Unit dedicated to this well 40	12. County or Parish. Lea
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 738'	19. Proposed Depth 5000'	13. State NM
20. BLM/BIA Bond No. on file NM-2567	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3747' GL	22. Approximate date work will start* 02/15/00
23. Estimated duration 3 weeks		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) George R. Smith	Date 01/26/00
Title Agent for: Manzano Oil Corp.		
Approved by (Signature) LARRY D. BRAY	Name (Printed/Typed) LARRY D. BRAY	Date FEB 15 2000
Title Assistant Field Manager, Lands And Minerals		Office APPROVED FOR 1 YEAR

Application approval does not warrant or certify the 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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 on reverse)

Lease Responsibility Statement: Manzano Oil Corporation accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

George R. Smith



District I
1625 N. French Dr., Hobbs, NM 88240

District II
611 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34958		Pool Code 65360	Pool Name Young; Queen
Property Code 25405	Property Name CONOCO FEDERAL		Well Number 1
GRID No. 13954	Operator Name MANZANO OIL CORPORATION		Elevation 3747.

10 Surface Location

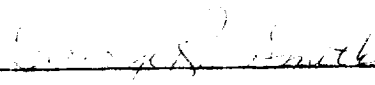
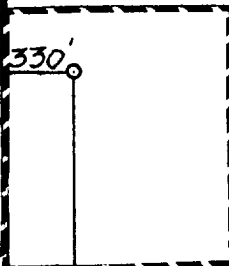
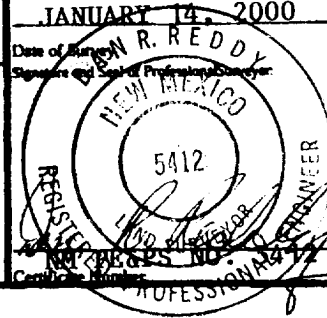
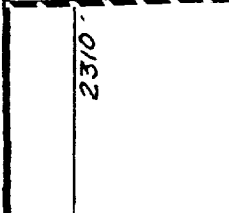
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	17	18-S	32-E		2310	SOUTH	330	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 NM-9017 Conoco = 100%				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Printed Name George R. Smith, agent Title for: Manzano Oil Corp. Date January 26, 2000
330' 				18 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 belief. JANUARY 14, 2000 Date of Survey  Signature and Seal of Professional Surveyor REGISTERED PROFESSIONAL SURVEYOR
2310' 				

APPLICATION FOR DRILLING

MANZANO OIL CORPORATION
Conoco Federal, Well No.1
330' FSL & 660' FWL, Sec. 14-T19S-R33E
Lea County, New Mexico
Lease No.: NM-9017
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Manzano Oil Corporation 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:

Top/Salt	1100'	Grayburg	4000'
Yates	2485'	San Andres	3746'
7- Rivers	2870'	Delaware	4400'
Queen	3100'	T.D.	5000'
Penrose	3940'		

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

Water: Surface water between 100' - 350'. ~~1025'~~ 975'

Oil: Possible in the Queen below 3700' and possible in the Delaware below 4400'.

Gas: None expected.

4. Proposed Casing Program: See Form 3160-3.

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24.0#	J-55	ST&C	400'	Circ. 350 sx "C" cement.
7 7/8"	5 1/2"	15.5#	J-55	LT&C	5000'	500 sx of C and additives

5. Proposed Control Equipment:

MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 400': Fresh water mud	8.8 ppg	32	No W/L control
400' - 4500': Cut Brine mud:	9.0 ppg	29-35	No W/L control
4500' - 5000': Cut Brine mud:	9.0 ppg	29-35	W/L control 10CC +/-

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None unless warranted.

Logging: Gamma Ray/neutron: T.D. to surface.

DLL-MSFL, CNL-LTD: T.D. to 8 5/8" Casing.

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 evacuated hole BHP = 2250 psi with temperature of 110°.
- 10 H₂S: None expected based on previously drilled wells.
11. Anticipated starting date: February 15, 2000.
Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

MANZANO OIL CORPORATION
Conoco Federal, Well No. 1
2310' FSL & 330' FWL, Sec. 17-T18S-R32E
Lea County, New Mexico
Lease No. : NM-9017
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM color quad map showing the location of the well as staked. The well site location is approximately 41 road miles northeast of Carlsbad, New Mexico or 39 road miles southeast of Artesia, NM. Traveling east of Carlsbad there will be approximately 41 miles of paved highway and .2 mile of gravel oilfield road.
- B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 26 miles to county road 243; turn left (northeast) onto the County road for 3.5 miles to County Rd. #126. Turn north on #126 for 13.6 miles to a gravel road on the west going toward the Linam Ranch. Turn west on this road for .55 mile; turn south (left) for .25 mile to the Inca Fed #7 well site; then .2 mile east to the Lokata Fed. dry hole well site; then .2 mile south and .2 mile southwest to the Inca Fed. #8 well site; then 1400 feet southwest to the Inca Fed. # 12 well site. The start of the proposed access road is just east of this well site on the south side of the access road and runs approximately 500 feet southwest to the northeast corner of the proposed location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be constructed to a width of 12 feet and will be approximately 500 feet in length. The proposed access road is color coded red on Exhibit "A".
- B. Construction: The proposed access road will be constructed by blading and topping with compacted caliche and will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: Will require the leveling of 2 to 3 foot sand dunes and deflation basins.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: None required. There is an existing Right of Way previously issued to the Xion Federal, Well No. 2 in Sec. 18.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no production facilities for Manzano Oil Corp. on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the access road and well site pad will be obtained on location, if possible, or from an approved Federal pit in NE¼SW¼ of Sec. 4-T18S-R32E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary land fill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The well pad and pit area have been staked and flagged, 400' X 400'.
- B. Mat Size: 210' X 140', plus 90' X 90' reserve pits on the southeast.
- C. Cut & Fill: Will require a 1-1.5 foot cut on the north and west with fill to the south and east.
- D. The surface will be topped with compacted caliche and the dirt pits will be plastic lined. Steel working pits will also be used.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced and screened until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are sufficiently dried.

11. OTHER INFORMATION:

- A. Topography: The well site and access road are located in the Querecho Plains with 2 - 4 foot vegetation covered sand dunes and deflation basins with an overall .8% slope to the southwest from a 3747' GL elevation.
- B. Soil: The topsoil at the well site is a fine loamy sand of the Kermit-Palomas fine sands Soils Series.
- C. Flora and Fauna: The vegetation cover on the proposed access road and location is a sparse to fair grass cover of three-awn, sand dropseed, bluestem grama and other misc. native grasses along with plants of oakbrush, yucca, sage, broomweed, sunflowers, buckwheat, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the immediate area.
- E. Residences and Other Structures: None in the area except oilfield equipment.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road is on Federal surface and minerals.

11. OTHER INFORMATION: cont.....

H. There is no evidence of any archaeological, historical or cultural sites in the area. An archaeological survey will be conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report is being submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

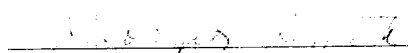
Ronnie Carre
P.O. Box 3
Loco Hills, NM 88255
Office Phone: (505) 623-1996
Home Phone: (505) 677-3454

Kenneth Barbe, Jr.
Manzano Oil Corporation
P. O. Box 2107
Roswell, NM 88202
Office Phone: (505) 623-1996

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the 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 Manzano Oil Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

January 25, 2000


George R. Smith
Agent for: Manzano Oil Corporation

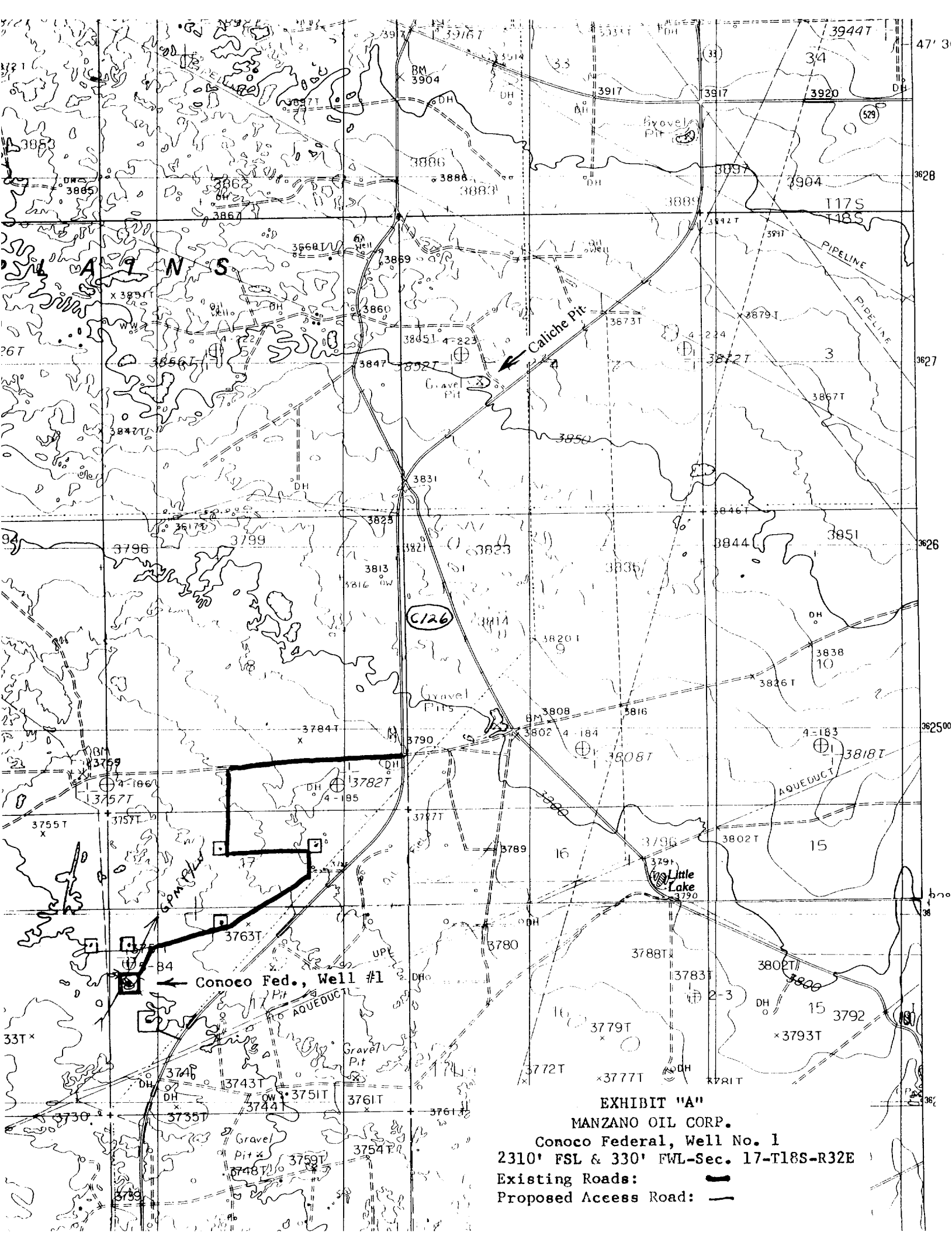


EXHIBIT "A"
MANZANO OIL CORP.
Conoco Federal, Well No. 1
2310' FSL & 330' FWL-Sec. 17-T18S-R32E
Existing Roads: —
Proposed Access Road: —

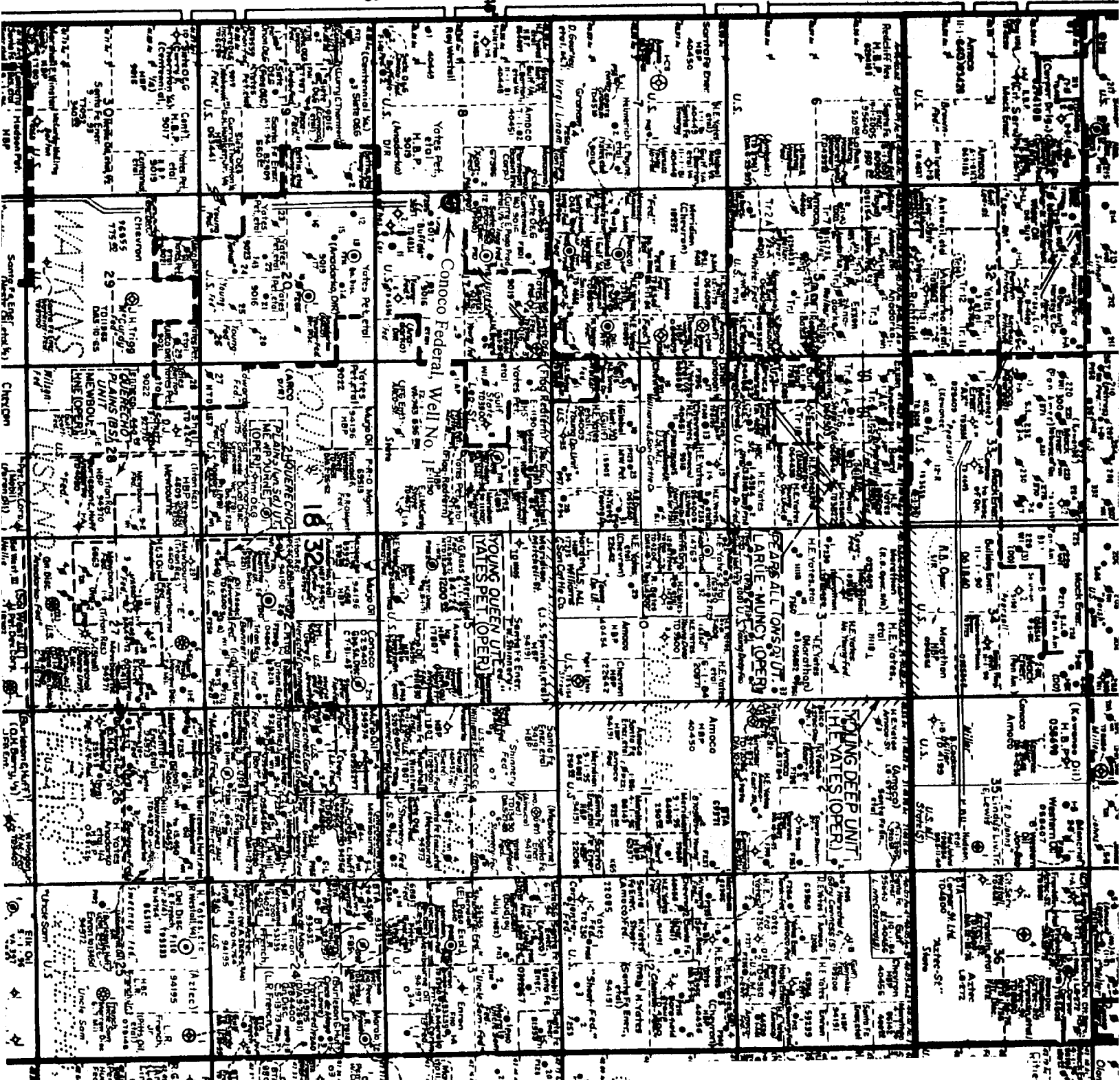


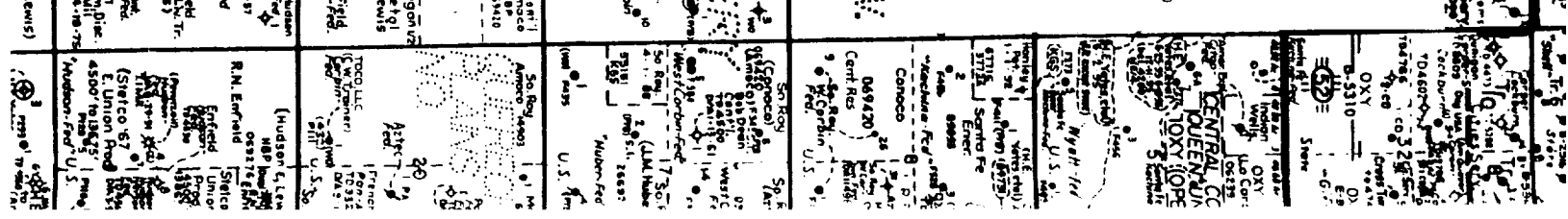
EXHIBIT "C"

MANZANO OIL CORPORATION

Conoco Federal, Well No. 1 (Re-entry)

2310' FSL & 330' FWL, Sec. 17-T18S-R32E

Existing Wells

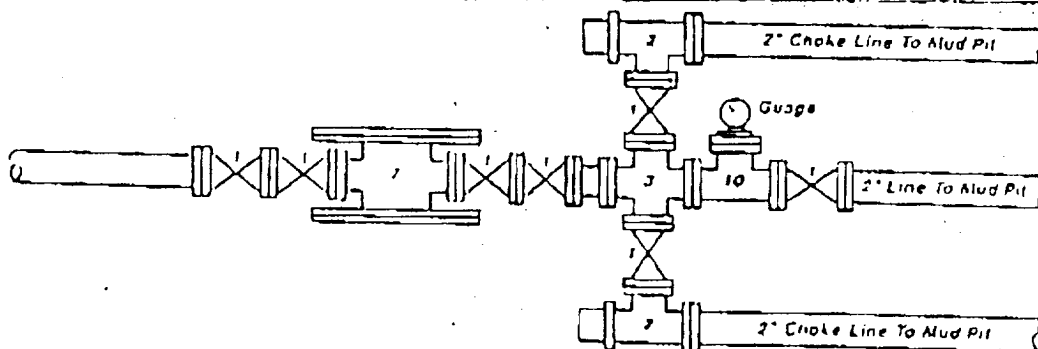
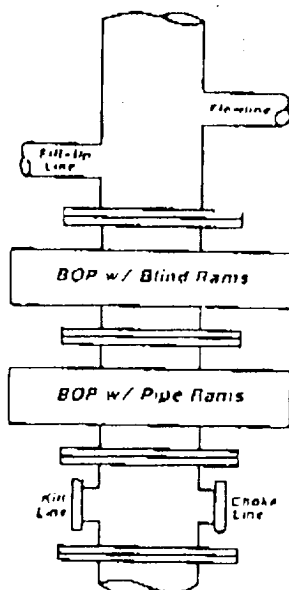


SURFACE: 400'
TD 5000'

OPERATOR: MANZANO OIL CORP
LOCATION: Conoco Fed. # 1
Lea Co, NM

ACCESS
ROAD

LOWOUT PREVENTER - 3000 psi

Legend

1. 2" flanged all steel valve must be either Cameron "F" Handbutton Low Torque, or Shaller Flo-Seal
2. 2" flanged adjustable chokes, min. 1" full opening & equipped w/ hand trim.
3. 4" x 2" flanged steel cross
4. 4" flanged steel tee
5. 4" flanged all steel valve (Type as in no. 1)
6. Drilling spool w/ 2" x 4" flanged steel outlet
7. Drilling spool w/ 2" x 2" flanged outlet.
8. 2" x 2" flanged steel cross.
9. 4" pressure overrated gate valve.
10. 2" flanged steel tee

Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

EXHIBIT "E"
MANZANO OIL CORPORATION
 Conoco Federal, Well No. 1
 BOP Specifications

ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

ELF

4/6/00