

New Mexico Oil Conservation Division, Distr. I
1625 N. French Drive
Hobbs, NM 88240

OPER. OGRID NO. 13954

PROPERTY NO. 6317

POOL CODE 59470

UNITED STATES OFF. DATE 7/25/00
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPROV. 30-025-35105

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

Lease Serial No. NM-54882

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL

☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other

☐ Single Zone ☐ Multiple Zone

2. Name of Operator Manzano Oil Corporation

3a. Address

PO Box 2107 Roswell, NM 88202

3b. Phone No. (include area code)

(505) 623-1996

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

1700' FNL & 330' FEL

At proposed prod. zone

Same

14. Distance in miles and direction from nearest town or post office *

33 miles W. of Hobbs, NM

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

330'

16. No. of Acres in lease

320

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.

1312'

19. Proposed Depth

3900'

20. BLM/BIA Bond No. on file

NM-2567

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3671' GL

22. Approximate date work will start *

06/27/00

23. Estimated duration

3 weeks

24. Attachments

CAPITAN CONTROLLED WATER BASIN

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

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

George R. Smith

Name (Printed/Typed)

George R. Smith

Date

06/09/00

Title

Agent for: Manzano Oil Corp.

Approved by (Signature)

LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

Date

06/09/00

Title

Assistant Field Manager,
Lands And Minerals

Office

ROSWELL FIELD 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.

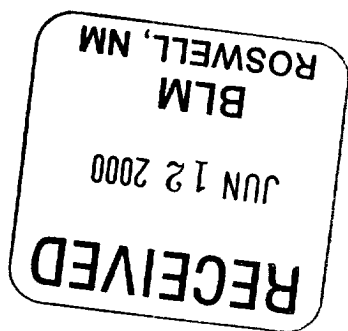
APPROVAL SUBJECT TO

GENERAL REQUIREMENTS

SPECIAL STIPULATIONS

ATTACHED

George R. Smith
George R. Smith



District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 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 ResourcesOIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-35105	¹ Pool Code 59470	¹ Pool Name Tonto 7-Rivers
¹ Property Code 6317	¹ Property Name WYNELL FEDERAL	¹ Well Number 2
¹ OGRID No. 13954	¹ Operator Name MANZANO OIL CORPORATION	¹ Elevation 3671.

¹⁰ Surface Location

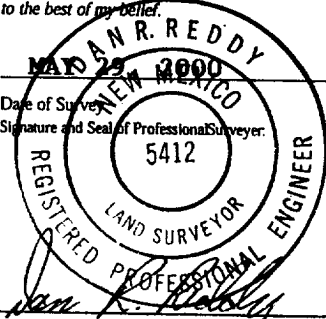
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	15	19-S	33-E		1700	NORTH	330	EAST	LEA

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 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL A.L INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				1700'	330'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>George R. Smith</i> Signature George R. Smith, agent Printed Name for Manzano Oil Corp. Title June 9, 2000 Date
						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.  Date of Survey Signature and Seal of Professional Surveyer 5412 NM REAPS NO. 5412

APPLICATION FOR DRILLING

MANZANO OIL CORPORATION
Wynell Federal, Well No. 2
1700' FNL & 330' FEL. Sec. 15-T19S-R33E
Lea County, New Mexico
Lease No.: NM-54882
(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:

Rustler	1500'	Top Yates	3300'
Top/Salt	1600'	Top Seven Rivers Sand	3650'
Base/Salt	3100'	T. D.	3900'
Top Tansill	3100'		

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

Water: Surface water between 100' - 350'.
Oil: Possible in the Seven Rivers below 3650'.
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	1,480'	Circ. 800 sx "C" to surface.
7 7/8"	5 1/2"	15.5#	J-55	ST&C	3,900'	500 sx +/- of "C" back to 8 5/8"

5. Proposed Control Equipment: See Exhibit "E".

BOP Program:

A 10" 3000 psi wp Schaffer Type E double hydraulic ram 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.

6. <u>Mud Program:</u>		MUD WEIGHT	VIS.	W/L CONTROL
0' - 1480':	Fr/water w/gel & lm	9.0 ppg	29	No W/L control
1480' - 3900':	Brine mud w/gel:	10.0 ppg	32	W/L control 15 cc +/-

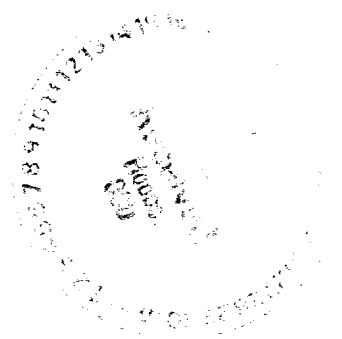
7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

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 BHP = 2000 psi with temperature of 100°.
- 10 H₂S: None expected based on previously drilled wells.
11. Anticipated starting date: June 26, 2000.
Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

MANZANO OIL CORPORATION
Wynell Federal, Well No. 2
1700' FNL & 330' FEL, Sec. 15-T19S-R33E
Lea County, New Mexico
Lease No. : NM-54882
(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 48 road miles northeast of Carlsbad, New Mexico or 33 road miles west of Hobbs, NM. Traveling east of Carlsbad there will be approximately 39 miles of paved highway and 5 miles of gravel oilfield/ranch and county road.
- B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 39 miles to a county road .5 mile past MM 75; turn left (north) onto the County road for 2 miles; then west crossing a cattle guard into the Smith Ranch; .2 mile north then .6 mile west to a Union Oil well site; then north for .3 mile crossing a cattle guard. Continue north for 1.1 mile passing a caliche pit on the right, then 1.2 mile north to the start of the proposed access road on the west. The proposed access road will run west for approximately 230 feet to southwest corner of the well site.

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 230 feet in length. The proposed access road is color coded red on Exhibit "B".
- 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: There is an existing Right of Way: No. NM-82252.

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 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 of the Wynell Fed. No. 1, 1270 feet southwest of the location. A 3" 300 psi wp poly pipe surface line will be run between the two wells.

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 SE¼ of Sec. 22-T19S-R33E. 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:

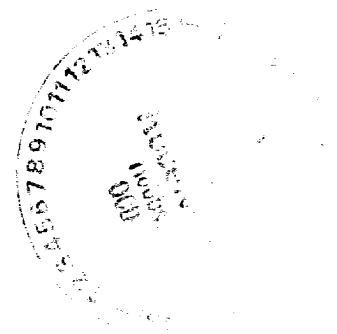
- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The well pad and pit area have been staked and flagged, 400' X 400'.
- B. Mat Size: 210' X 150', plus 120' X 120' reserve pits on the west.
- C. Cut & Fill: Will require a 1-1.5 foot cut on the south with fill to the north and east.
- D. The surface will be topped with compacted caliche and the pits will be plastic lined.

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 a 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 1% slope to the southwest from a 3671' GL elevation.
- B. Soil: The topsoil at the well site is a fine loamy sand of the Kermit soils/Kermit-Palomas fine sands Soils Series.
- C. Flora and Fauna: The vegetation cover on the proposed access road and location is a sparse 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.

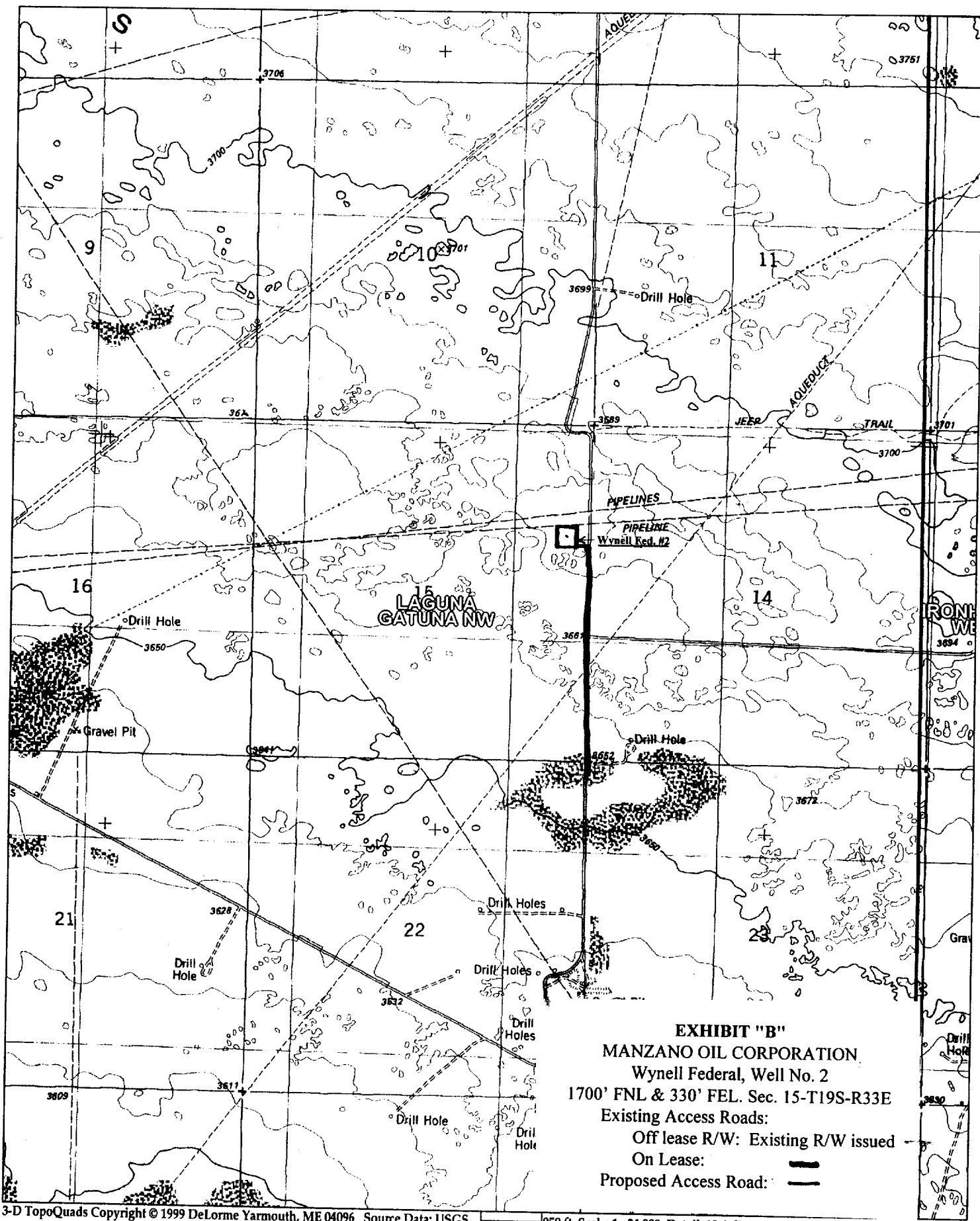
June 9, 2000



George R. Smith
Agent for: Manzano Oil Corporation

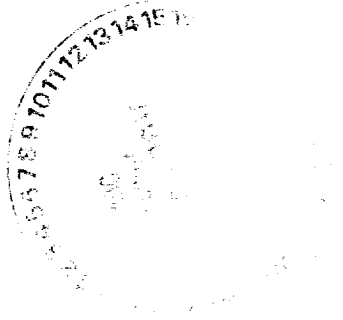


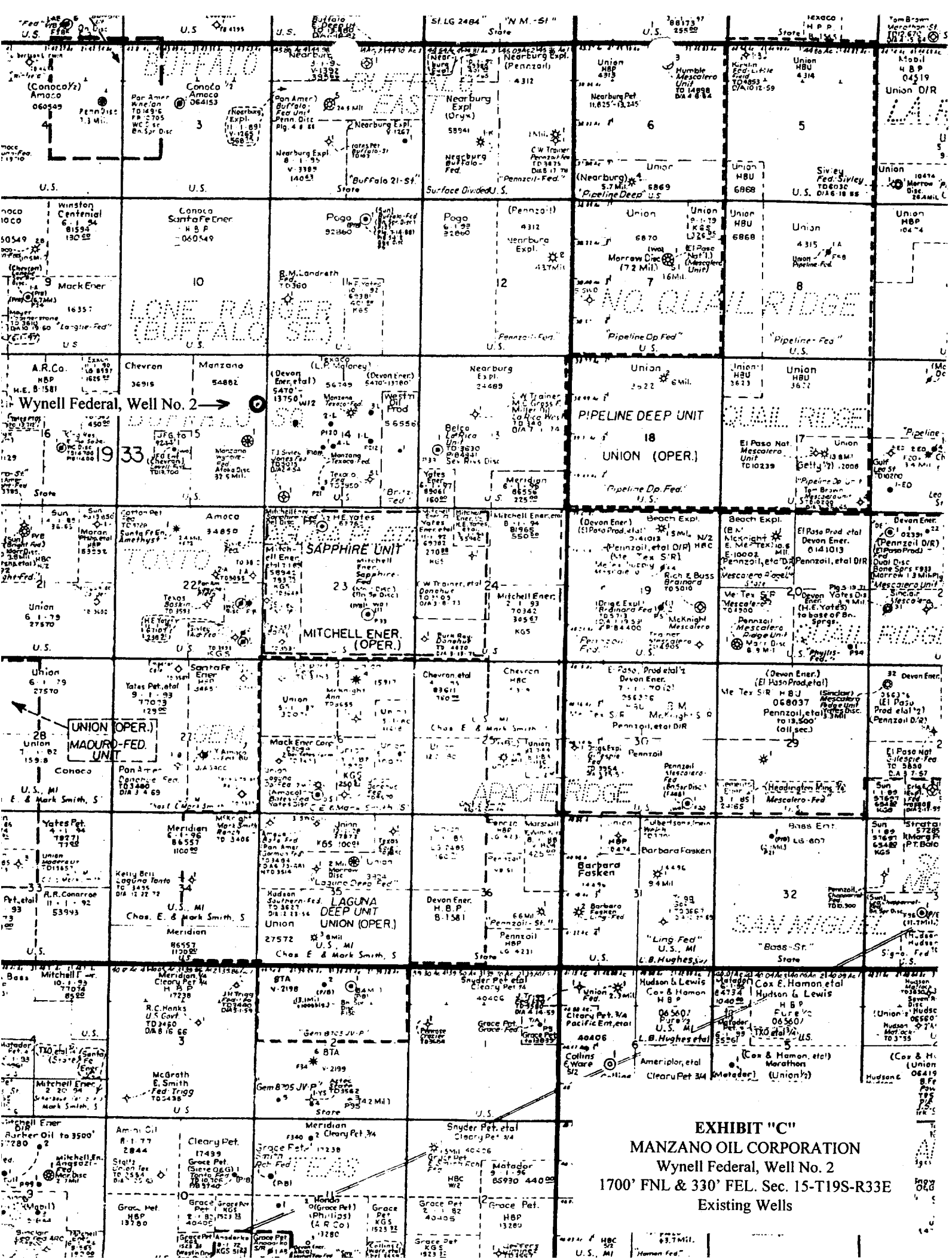


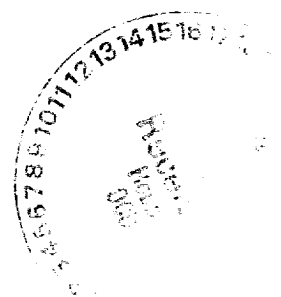


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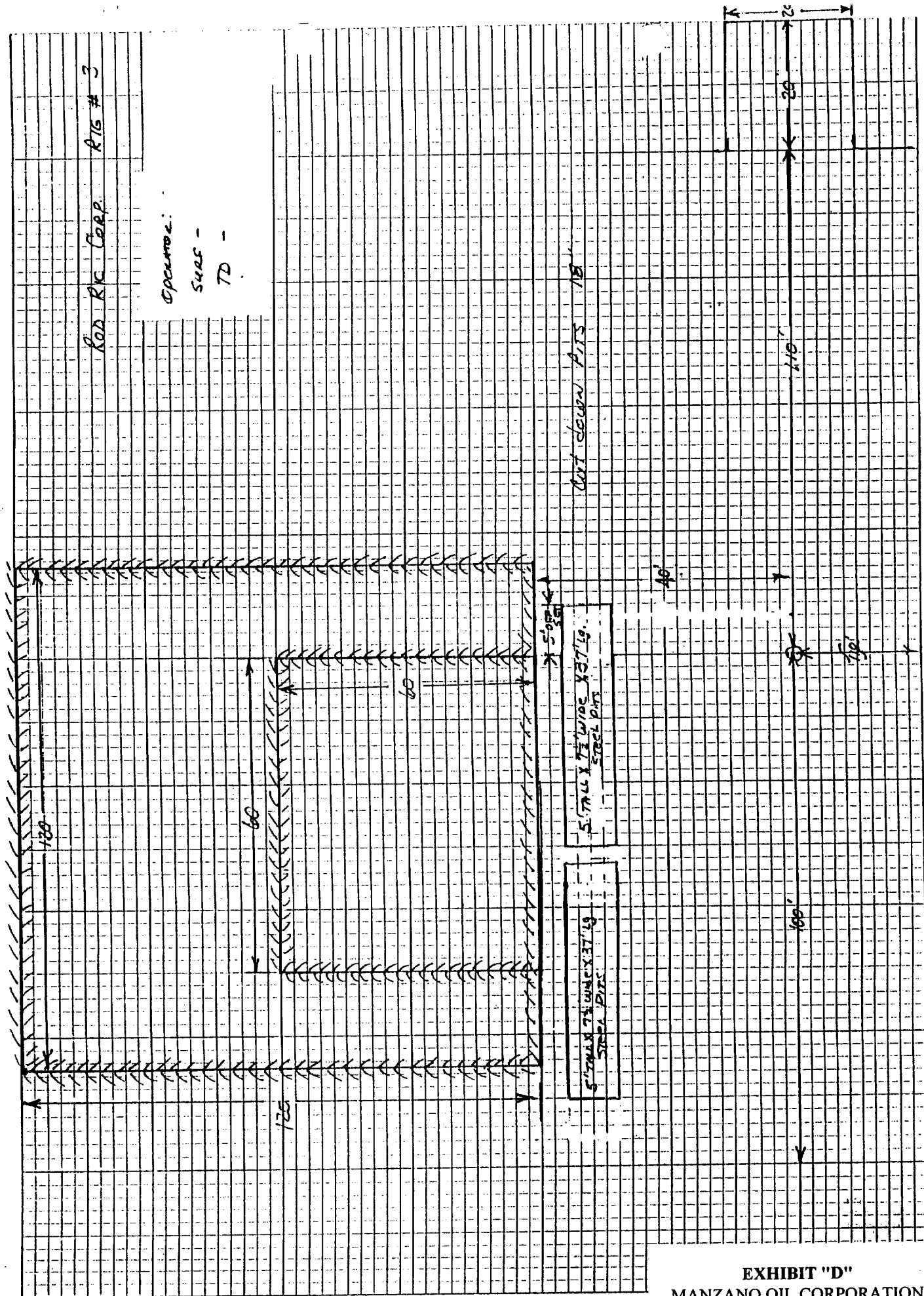
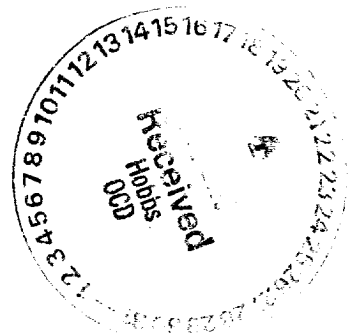
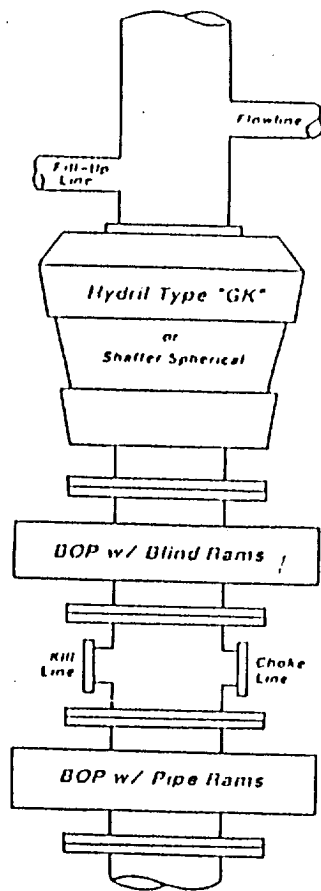


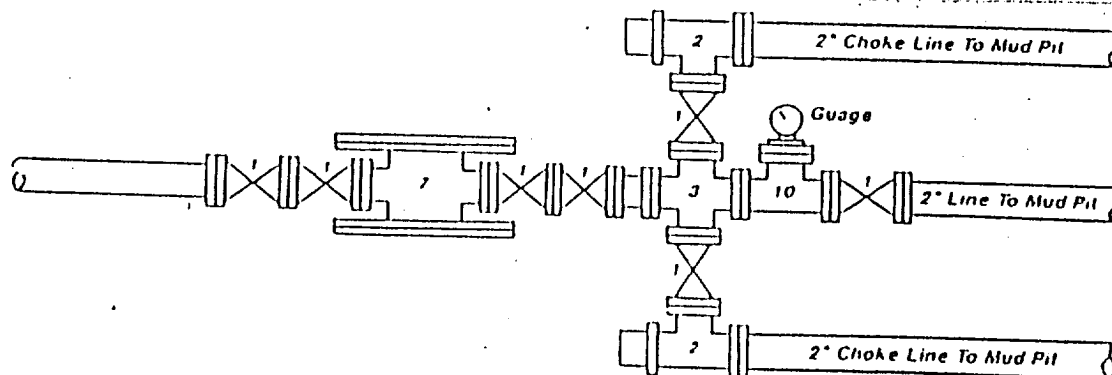
EXHIBIT "D"
MANZANO OIL CORPORATION
 Wynell Federal, Well No. 2
 Pad & Pit Layout



ROD RIC CORPORATION
BLOW OUT PREVENTER - 3000 psi



A 1" valve will be installed on the closing line to the Hydril
This valve will be on a short nipple next to the Hydril
The closing line must be equipped w/ a 1"-3000 psi WIP plug
valve on the nipple into the Hydril.



Legend

1. 2" flanged all steel valve must be either Cameron "F" Halliburton Low Torque, or Shafter Flo-Seal
2. 2" flanged adjustable chokes, run, 1" full opening & equipped w/ hard trim.
3. 4" x 2" flanged steel cross
4. 4" flanged steel tee.
6. 6" flanged all steel valve (type as in no. 1)
6. Unifling 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 operated 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
equipment upstream of the choke
all lines and fittings must be at least
test pressure of the preventers re-
closing control unit with clearly marked
located on derrick floor near driller's

EXHIBIT "E"
MANZANO OIL CORPORATION
Wynell Federal, Well No. 9
BOP Specifications

ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

ELF

12/5/00

