•	BUREAU OF	D MANAGEME	W Mexico Oil Con	Servelion	5. LEASE DESIGNATION AND S	ERIAL NO.		
I	APPLICATION FOR F	IT TO DRIL	L OR DEEPEN 1925 N	.Fren	DIAN, ALL OTTEF OR TR			
1a. TYPE OF WORK			Hobb	5, NM 8	8140	DE NAME		
b.TYPE OF WELL	DRILL X	DEE	PEN		7. UNIT AGREEMENT NAME			
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WELL X	WELL OTHER	U^{ψ}	ZONE ZONE		CHI FEDERA	L#1		
2. NAME OF OPERATO)D				9. API WELL NO.	2 /		
2. NAME OF OPERATO	RAY WESTALL				30.025-3	6054		
3. ADDRESS AND TEL			···		10. FEILD AND POOL, OR WILDO			
		OCO HILLS. NE	W MEXICO 88255		11. SEC., T., R., OR BLK	VARE Horse		
4. LOCATION OF WELL	(REPORT LOCATION CLEARLY AND IN	ACCORDANCE WIT	H ANY STATE REQUIREMENTS)		AND SURVEY OR AREA	,		
AT SURFACE	330' FSL & 99		,		SEC.18, T19S	. R-33E		
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	S AND DIRECTION FROM NEAREST TO	WN OR POST OFFIC	Ε		I LEA	NM		
	14 MILES SW OF							
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OR APPLIED FOR, (· ·	0	7800']	· _	OT LOV		
	whether DF, RT, GR, ect.)	<u> </u>	1000		22. APPROX. DATE WORK WILL	OTARY		
	and any any	3622' (GR)			ASAP	START		
23.			SING AND CEMENTING PROGRAM) AOAI			
			CAPITAL	N CONT	ROLLED WATER	PARCEL		
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12 1/4" 7 7/8"	8 5/8" - J-55	24 # STC	2900'		XS CIRCULATED.			
1 110	5 1/2" - J-55	17 # LTC	7800'	CIRCL	JLATED			
		PDO.	SPECIAL	L REQUI	IREMENTS AND ATIONS ATTACHE	D		
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2900' - TD		E 8.9 - 9.2#						
								
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SIGNED	sui Nather	TITLE	PRODUCTION SECRET	TARY	DATE 08/30/02	~ C		
(THIS SPACE FOR FEDE	ERAL OR STATE OFFICE USE ONLY)							
PERMIT NO.	· · · · · · · · · · · · · · · · · · ·	·	APPROVAL DATE					
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APPROVED BY	/S/ JOE G. LA	RA TITLE	FIELD MANA	GER	DATE NOV 1 2	2007		
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UNITED STATES ANY FALSE, FICTICIONS OF ERANGE AND ANY MATTER WITHIN ITS JURISDICTION								
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b. TYPE OF WELL			2000 NOV :	241A 8:0]				
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RAY WESTALL 3. ADDRESS AND TELEPHO	NE NO				10. FIELD AND POOL, OR	WILDCAT Cra 27			
	LS, NM 88255 (505) 677-237	0			1	ELAWARE #0/5			
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CONDITIONS OF APPROV	AL IF ANY:		* -						
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APPROVED BY	amy Bro	<u> </u>	Lands A	and Min era l	S DATE				
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State of New Mexico Energy, Minerals & National Resources Department

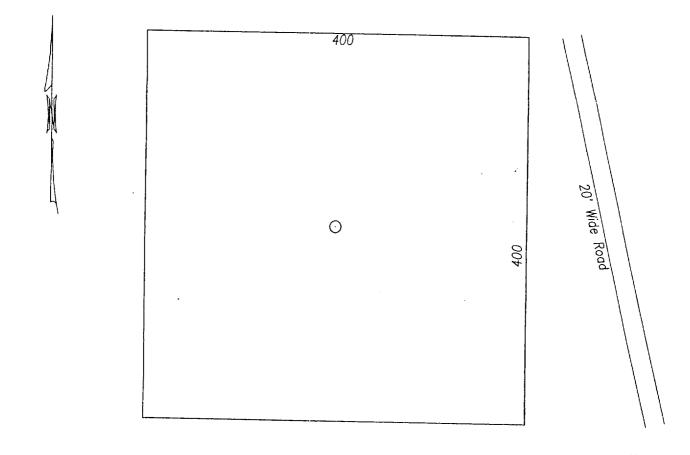
Form C-102 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office

State Lease - 4 Copies

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OIL CONSERVATION DIVISION PO Box 2088 1000 Rio Brazos Rd., Azioc. NM 27410

WELL LOCATION AND ACREAGE DEDICATION PLAT Aft Number Property Code 13390 Crazy Horse Delacate Wall Number Property Code 10 Section Township Range Lot Ida Feet from the North/South East 18 19s 33e Lot Ida Feet from the North/South East 18 Determine His Bottom Hole Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 18 Determine His Bottom Hole Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 19 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 10 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East Feet from the East/Weet East 10 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East Feet from the East/Weet East 10 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 10 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 10 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 10 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 10 Surface Location If Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 10 Surface Location In Different From Surface ULer Data 20. Section Township Range Lot Ida Feet from the North/South East 10 Surface Location In Different From Surface 10 Surface Location In Different From Surface 10 Surface Location In Different From Surface 11 Surface Location In Different From Surface 12 Surface Location In Different From Surface 13 Surface Location In Different From Surface 14 Surface Location In Different From Surface 15 Surface Location In Different	District IV	The state of the s			Sa	ınta Fe,	NM	87504-2088				Fee	Lease - 3 Cop		
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SITE PLAN
RAY WESTALL OPERATING
CHI FEDERAL WELL No. 1
330 FSL 990 FWL
SEC. 18, T19S, R33E
LEA Co., NM

APPLICATION FOR DRILLING

Ray Westall
Chi Federal #1
330' FSL & 330'FWL
Section 18
Township 19 South, Range 33 East
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Ray Westall submits the following ten items of pertinent information in accordance with BLM requirements:

- 1. The geological surface formation is Quaternary.
- 2. The estimated tops of geologic markers are as follows:

Yates

3470'

Delaware

5800'

Bone Springs 7600'

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

Water 0-180'

Oil & Gas Zones 5800-7600'

- 4. Proposed casing program: See 3160-3
- 5. Pressure Control Equipment:

A 900s BOP will be installed on the 8 5/8" casing and tested prior to drill out.

6. Mud Program:

Fresh water in surface hole.

Brine in intermediate hole.

Cut brine in production hole.

- 7. Auxiliary Equipment: None
- 8. Logging Program: CNL/FDC/GR, DLL.
- 9. No abnormal pressures or temperatures are anticipated. Estimated BHP is 3100#, Estimated BHT is 125 F.

10. Anticipated Starting date: 01/01/01

Duration:

12 Days drilling

5 Days completion



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

RAY WESTALL CHI FEDERAL NO. 1

This plan is submitted with form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal cam be made of the environmental effect associated with the operation.

Existing Roads.

Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location.

Directions, proceed west from Loco Hills to state road 529. Go east approximately 7 miles, turn south 9 miles, turn east 5 miles then south 0.9 miles, new road will start here and go west.

2. Planned Access Road.

Approximately 200' of road will be constructed west from the main road.

Location of Existing Wells.

Exhibit B is a topo map showing the existing wells.

3. Location of existing/or proposed facilities:

If productive a production facilities will be built on location. Power lines and poles will be routed along the existing ROW paralleling the road.

4. Location and Type of Water Supply.

It is planned to drill the proposed well with fresh and brine water system. The water will be obtained from commercial sources and will be hauled to the location by truck.

5. Source of Construction Materials.

The location and road will be from pit excavation and or will be hauled in from an approved caliche pit.

- 6. Methods of Handling Waste Disposal.
 - A. Drill cuttings will be disposed of in the reserve pit.
 - B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
 - C. Produced water during operations will be stored in reserve pits until dry.

- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage and junk will be stored in a wire cage preventing blowing or scattering by the wind. After drilling and completion all waste will be removed to an approved site.

7. Ancillary Facilities

None required.

8. Wellsite Layout.

Exhibit C shows the relative location and dimensions of the well pad, the reserve pit, a 400' X 400' area has been staked and flagged.

9. Plans For Restoration of The Surface.

- A. After finishing drilling and completion operations all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the Wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any containing fluids will be fenced until they have been filled
- C. If the proposed well is non-productive, all rehabilitation and or vegetation requirements of the BLM and USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

10. Other Information:

- A. Topography: The land surface in the vicinity of the Wellsite is sandy loam.
- B. Flora and Fauna: the vegetation cover consists of prairie grass, greasewood and miscellaneous desert growth. No wildlife was observed, but wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.
- C. There are no ponds, lakes or rivers in the area.
- D. There are no inhabited dwellings in the vicinity of the proposed well.
- E. Surface ownership is federal.
- F. Evidence of archeological sites has been reported and previously filed by Archaeological Survey Consultants.

11. Operator's Representative:

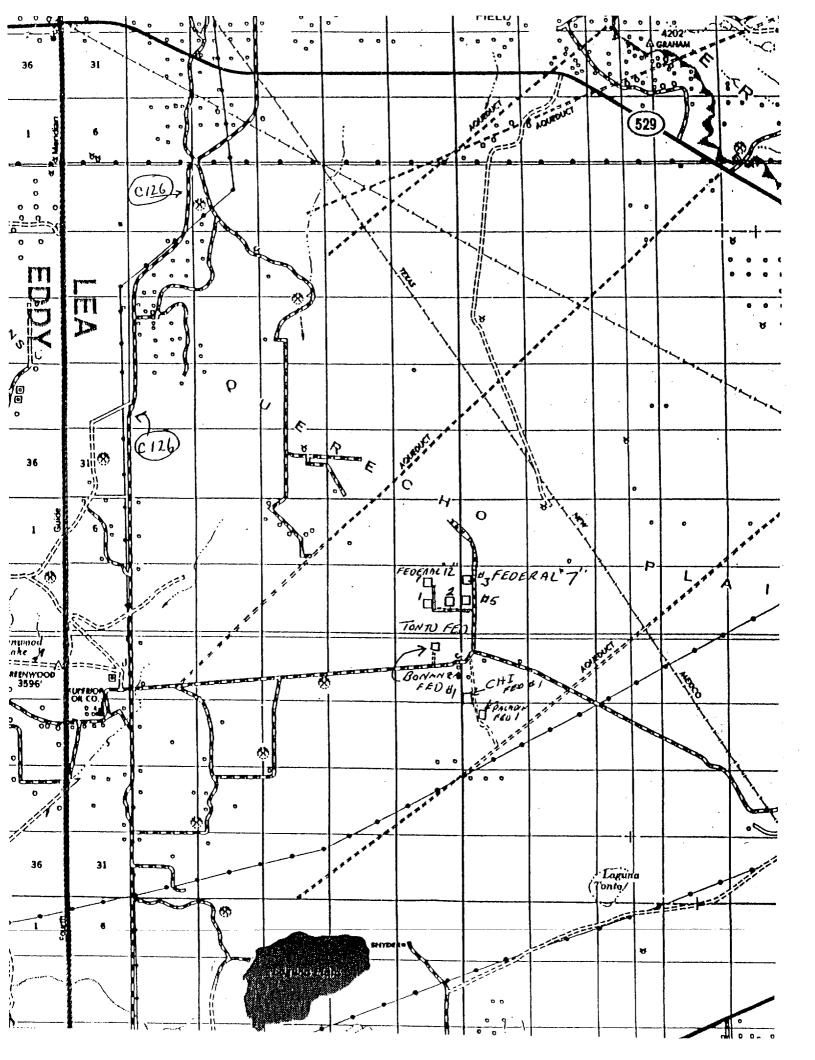
Ray Westall P.O. Box 4 Loco Hills, NM 88255 (505) 677-2370

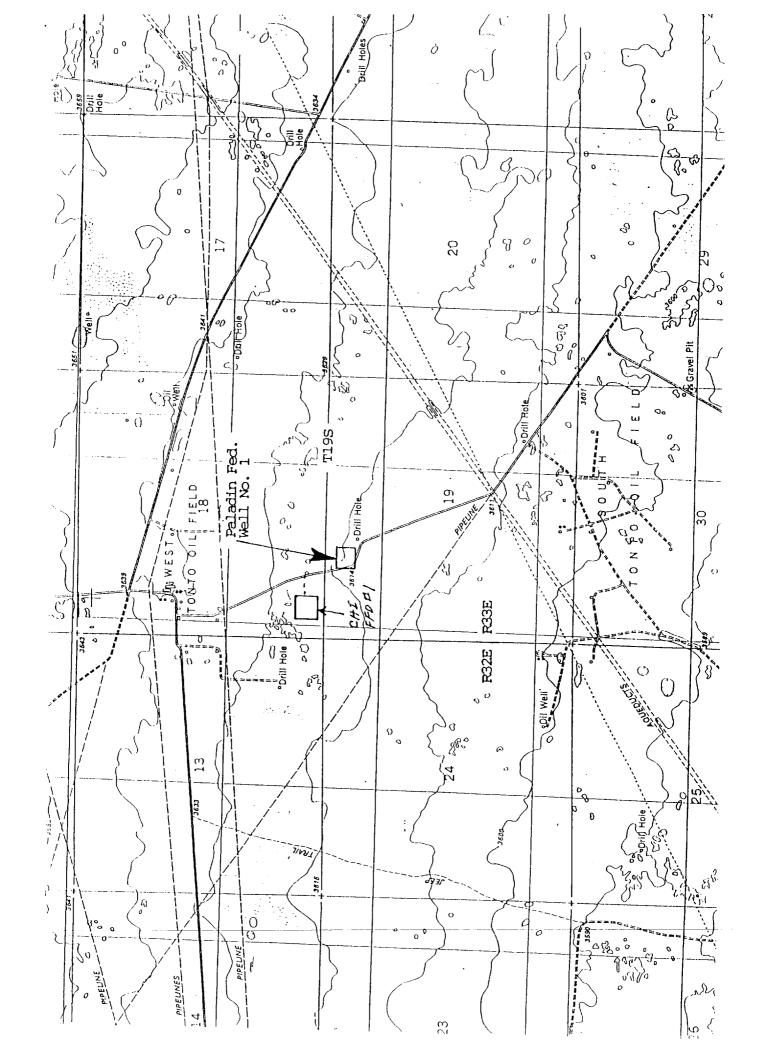
12. Certification:

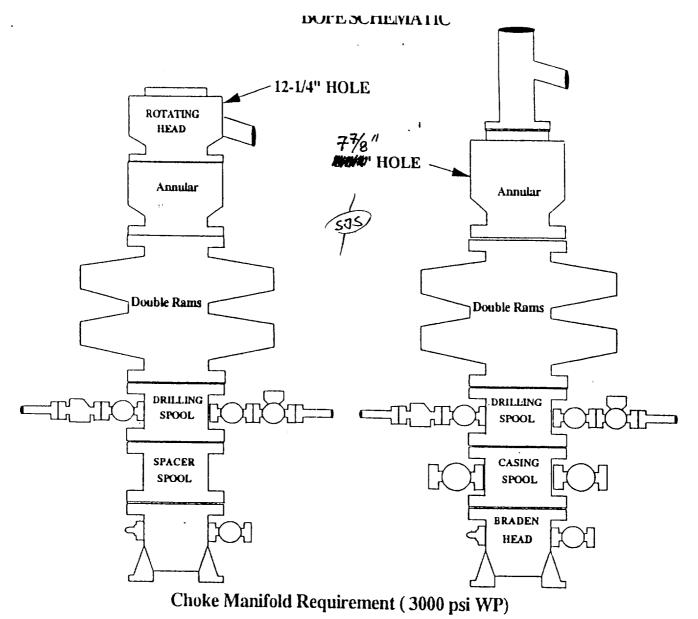
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge true and correct; and that the work associated with the operation proposed herein will be performed by the operator and its' subcontractors in conformity with this plan and the terms and conditions under witch is approved

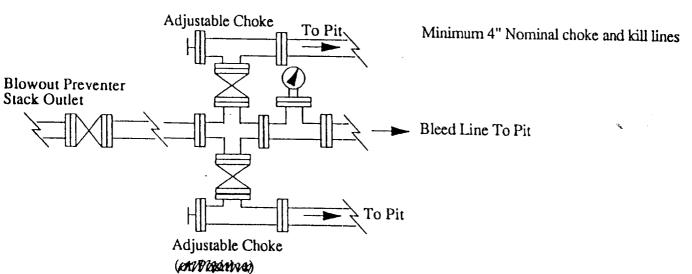
Randall L. Harris

Geologist









RAY WESTALL OPERATING

HYDROGEN SULFIDE DRILLING PLAN

1. HYDROGEN SULFIDE TRAINING

All personnel that are connected with the drilling or completion of a well within a known H2S area will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide.
- B. The proper use of personal protective equipment and life support systems.
- C. The proper use of H2S detectors, alarms. warning systems, briefing areas, evacuation procedures, and prevailing winds.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

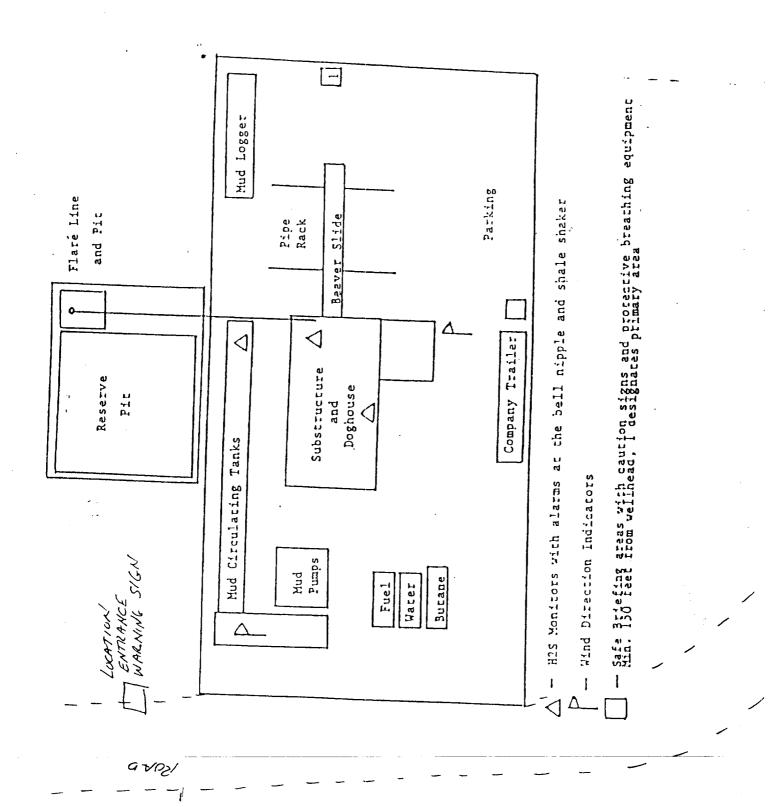
2. H2S SAFETY EQUIPMENT AND SYSTEMS

All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

A. Well Control Equipment:

- a. Choke manifold with a minimum of one remote choke.
- b. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

- B. Protective equipment for essential personnel:
 - a. Mark II Surviveair 30 minute units located in the dog house and at briefing areas, as indicated on well site diagram.
- C. H2S detection and monitoring equipment:
 - a. Two portable monitors positioned on location for best coverage and response. These units have warning lights and sirens when high levels of H2S is detected.
- D. Visual warning systems:
 - a. Wind direction indicators as shown on well site diagram.
 - b. Caution/Danger signs shall be posted on roads providing direct access to location.
- E. Mud program:
 - a. There is no known high pressure in this drilling area or known high concentrations of H2S that would necessitate any special drilling fluids.
- F. Metallurgy:
 - a. All drill stings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines and valves shall be suitable for H2S service.
- G. Communication:
 - a. Radio communications in company vehicles including cellular telephone and 2-way radio.
- H. Well testing:
 - a. There will be no DST's on this well.



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