United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Box 26124
Albuquerque, New Mexico 87125

DEC 04 1978

Walter W. Krug
Wallen Production Company
P. O. Box 1960
Midland, Texas 79701

Dear Mr. Krug:

Your Application for Permit to Drill well No. 1 Wallen Kinney in the NW¼NW¼ sec. 34, T. 20 S., R. 34 E., Lea County, New Mexico, lease New Mexico 08822, to a depth of 3,800 feet to test the Yates and Seven Rivers formation in the Secretary's Potash Area is hereby approved, as amended by stipulations attached to the application.

One copy of the application is returned herewith. Please notify the District Engineer, Geological Survey, Hobbs, New Mexico, in sufficient time for a representative to witness all cementing operations.

Sincerely yours,

(ORIG. SGD.) JAMES W. SUTHERLAND

JAMES W. SUTHERLAND
Oil and Gas Supervisor, SRMA

Enclosure

cc:
NMOCD, Hobbs (2)

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructi reverse side)

Form approved.
Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM 08822

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: —

7. UNIT AGREEMENT NAME: —

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ OTHER SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME: Wallen Kinney

2. NAME OF OPERATOR: Walter W. Krug DBA Wallen Production Company

9. WELL NO.: # 1

3. ADDRESS OF OPERATOR: Box 1960 Midland, Texas 79702

10. FIELD AND POOL, OR WILDCAT: Lynch Yates

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 990' FWL & 330' FNL
At proposed prod. zone: Same as above

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 34, T 20 S, R 34 E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 26 miles W NW from Eunice New Mexico

12. COUNTY OR PARISH: Lea

13. STATE: New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 330'

16. NO. OF ACRES IN LEASE: 40

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1320'

19. PROPOSED DEPTH: 3800' + or -

20. ROTARY OR CABLE TOOLS: cabletool

21. ELEVATIONS (Show whether DF, RT, GR, etc.): GR 3725

22. APPROX. DATE WORK WILL START*: June 1, 1978

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
15½"	13 3/8"	72#	350'	400 sxs
12½"	10 3/4"	54#	750'	mudded in
10"	8 5/8"	32#	1200'	mudded in
8"	7 "	23#	3300'	mudded in
4½"	6¼"	10.5#	3700'	cemented to surface w/1400 sxs class "c"

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 Walter W. Krug TITLE Engineer DATE 4-11-1978

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

Walter W. Krug DBA

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
WALLEN PRODUCTION CO.	Wallen KINNEY	1

Unit Letter	Section	Township	Range	County
"D"	34	-20-S	-34-E	LEA

Actual Footage Location of Well:
330 feet from the NORTH line and 990 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3725	YATES - SANDS	LYNCH	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

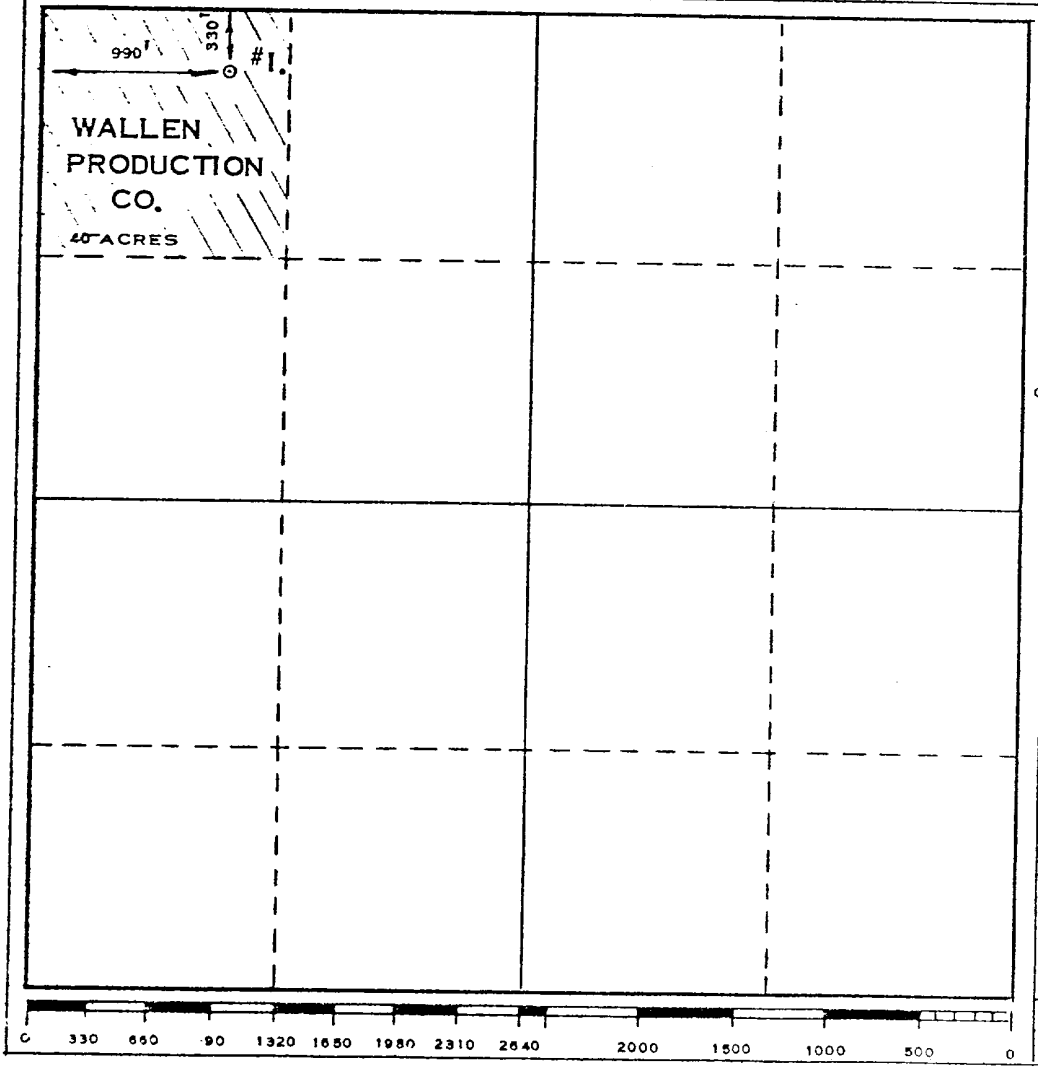
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: Walter W. Krug

Position: Engineer

Company: Wallen Prod Co.

Date: 3/23/78

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 knowledge and belief.

Date Surveyed: MARCH 22, 1978

Registered Professional Engineer and/or Land Surveyor: [signature]

Certificate No. 1510

REQUIREMENTS OF N T L -6

1. Geologic name of the surface where the Kinney # 1 is located is the Quarternary (Alluvium and sand).

2. The estimated tops of the geologic markers are:

A. Rustler (Anhydrite)	=	1350'
B. Top Salt	=	1473'
C. Base of Salt	=	3155'
D. Lime	=	3182'
E. Yates	=	3450'
F. Reef (Seven Rivers)	=	3675'

3. a. Surface Water	=	195'
b. Santa Rosa Water	=	835'
c. Yates Sand Oil	=	3450'
d. Seven River Reef Oil	=	3675'

4. Control equipment is a 1500# W.P. control head with double oil saver (if needed) (this will be a cabletool rig).

5. Drilling fluid is fresh water.

6. Logging program will be Gamma Ray-Neutron with CCL.

7. Estimated drilling duration is 60 days.

AGREEMENT

Noranda Exploration, Inc have no objection to Walter W. Krug DBA Wallen Production Co's casing program on a well located NW/4 of the NW/4, Section 34, Block 20, T 34 E, Lea County, New Mexico (said well to be 3800 feet plus or minus) using the USGS approved requirements requirements and that Wallen Production Company will furnish Noranda Exploration, Inc an electric log, gamma ray and neutron run at as low a speed as possible through the salt section, and that Wallen Production Company will build its brine with KCL through the interval of the 10th ore zone and allow Noranda Exploration Inc's man to study the drill cuttings through that section, if so requested by Noranda.

This is as per the conversation and agreement with James Brewer, Geologist, Noranda Exploration, Inc.

DATED THIS 31 day of March 1978

NORANDA EXPLORATION, INC

By

Walter W. Krug, DBA Wallen Production Company does hereby agree by the terms of this consent as outlined above.

WALTER W. KRUG, DBA
WALLEN PRODUCTION COMPANY

Walter W. Krug

By

MULTI-POINT SURFACE USE
AND OPERATIONS PLAN

WALLEN PRODUCTION COMPANY

Wallen Kinney # 1 well
990 FWL and 330 FNL, Section 34,
T 20 S, R 34 E, Lea County,
New Mexico
Lease NM 08822

This plan submitted with the "Application for Permit to Drill" the above described well . This plan describes the location, the proposed construction and operations plan, the necessary surface disturbance and the proposed rehabilitation after completion of activities.

1. EXISTING ROADS:

A. Plat "A" is a portion of a USGS Topographic Map, Lea County, New Mexico, showing existing roads. The location is 26 miles from Eunice New Mexico on State 176 the first right turn past mile marker 20. Proceed 1.1 mile on the county road then turn left 1/2 mile to location.

B. Plat "B" is a land plat with all existing roads in a one (1) mile radius from the proposed well-site and the planned access road.

C. The old lease road will be repaired and utilized and an additional 330' will be added to new location.

We use an 8" deep 12' wide watered and compacted method of road building and repair.

2. PLANNED ACCESS ROAD:

A. Length and width: The new road will be 330' long and 12' wide. This road is colored red on Plat "B". This road will be staked and flagged on the center line of the road. Each flag will be visible from the next.

B. Surfacing Material: Eight (8) inches of compacted, watered and graded caliche will be used.

C. Maximum Grade: Three (3) percent.

D. Turnouts: Three passing turnouts every 2000' will be constructed. They are 20' by 30'.

E. Drainage Design: New road will have a drop of 6" from the centerline on each side.

F. Culverts: None required.

G. Cuts and Fills: None required.

H. Gates and Cattleguards: None required.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one-mile radius are shown on Plat "B"

4. LOCATION OF PROPOSED FACILITIES:

A. Location of the proposed tank battery and flow line from well No. 1 are shown on Plat "C". The proposed flow line will not be buried.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water for drilling will be purchased from Mark Smith (a rancher) or A. A. Oilfield Services - Hobbs. Water will be trucked over existing roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche for surfacing roads, pad (well) and repairing roads will be obtained from existing quarries listed and circled in red on Plat "A" and have been located on the ground as actually being there.

7. METHOD OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the pit.

B. Drilling fluid soaks into the ground and evaporates.

C. Produced water will be disposed of in pit. Produced oil goes into rental tanks until sold.

D. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Trash, waste paper, garbage and junk will be buried in the disposal pit and covered with a minimum of 36 inches of dirt. All waste material will be contained to prevent scattering by the wind.

F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

9. WELLSITE LAYOUT:

A. Plat "D" shows the relative location and dimensions of the well pad, disposal pit, rig, water tank and dead men.

B. Only minor leveling and shinery scraping will be required.

C. The pad has been flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operation all equipment and other material not needed for operations will be removed. Pits will be filled and location cleaned of all trash and junk to leave the wellsite as attractive as possible.

B. Any unguarded pits containing fluids will be fenced until they are filled.

C. After abandonment of the well, any special rehabilitation or revegetation requirements of the surface management agency will be complied with and accomplished as soon as possible. All pits should be filled and leveled within 90 days after abandonment.

11. OTHER INFORMATION:

A. Topography: Land surface is rolling and duney. From an elevation of 3725' at the wellsite, the surface slopes to the south at the rate of 70' per mile.

B. Soil: The soil is fine sand and clay underlain by caliche.

C. Flora and Fauna: Vegetation consists of mesquite, yucca, scrub oak and native grasses. Wildlife includes coyote, rabbits, rodents, reptile, dove, quail and antelope.

D. Ponds and Streams: There are no rivers, streams, fresh water lakes or ponds in the area.

E. Residences and Other Structures: The nearest occupied dwelling is a ranch house miles southwest. The nearest water is there also.

F. Archeological, Historical and Cultural Sites: There are none in the area.

G. Land Use: Grazing and hunting in season.

H. Surface Ownership: Wellsite is on Federal Land including all roads.

12. OPERATOR'S REPRESENTATIVE:

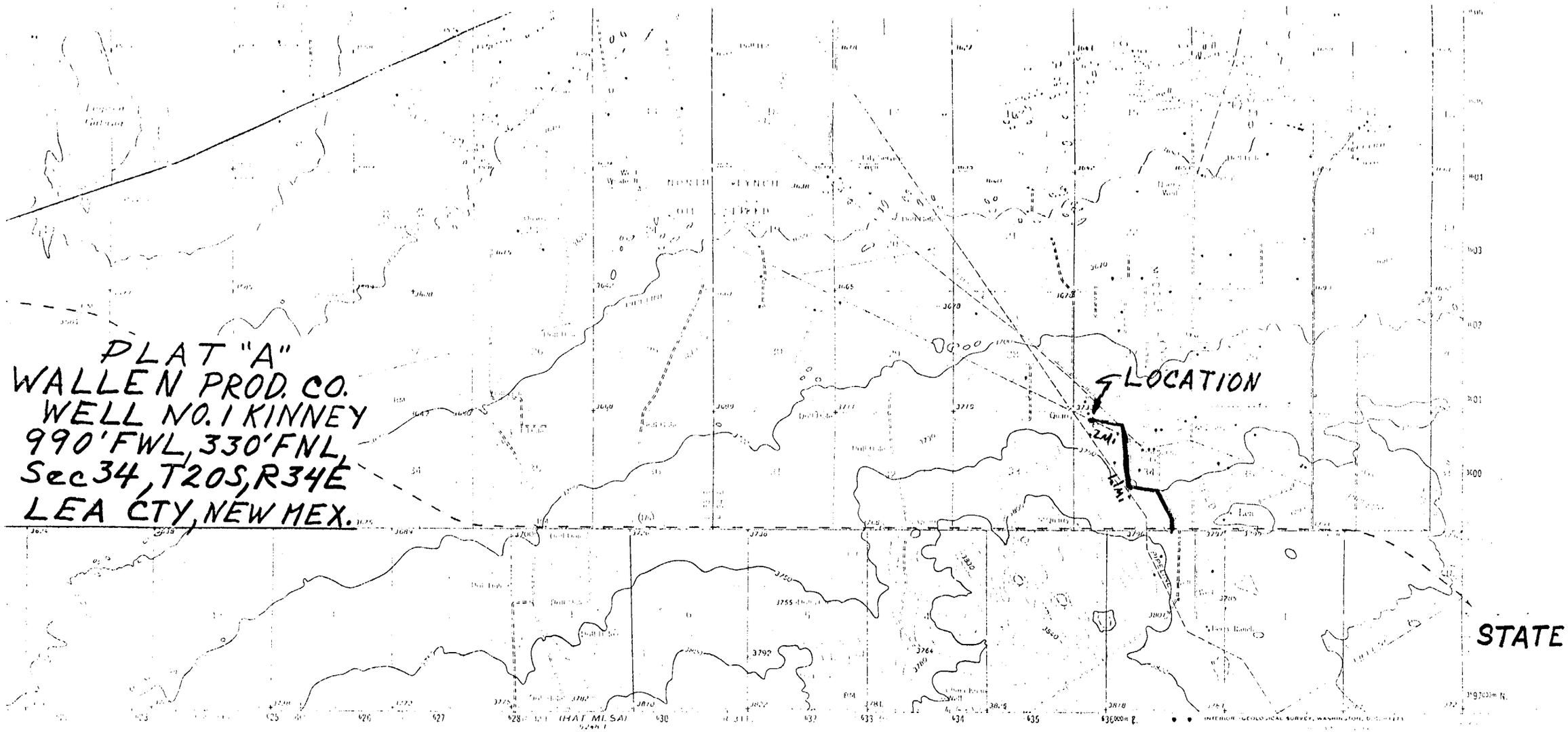
Walter W. Krug
#4 Ridgmar Court
Midland, Texas 79701
Home phone: 563-0048
Office phone: 683-2600

13. 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 operations proposed herein will be performed by Wallen Production & Drilling Co. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

4-6-78
Date

Walter W. Krug, Engr.
Name and Title



SCALE 1:62500

CONTOUR INTERVAL 10 FEET
DATUM IS MEAN SEA LEVEL

ROAD CLASSIFICATION

Heavy duty — Light duty

Medium duty — Unimproved dirt

U.S. Route — State Route

UTM GRID AND 1972 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

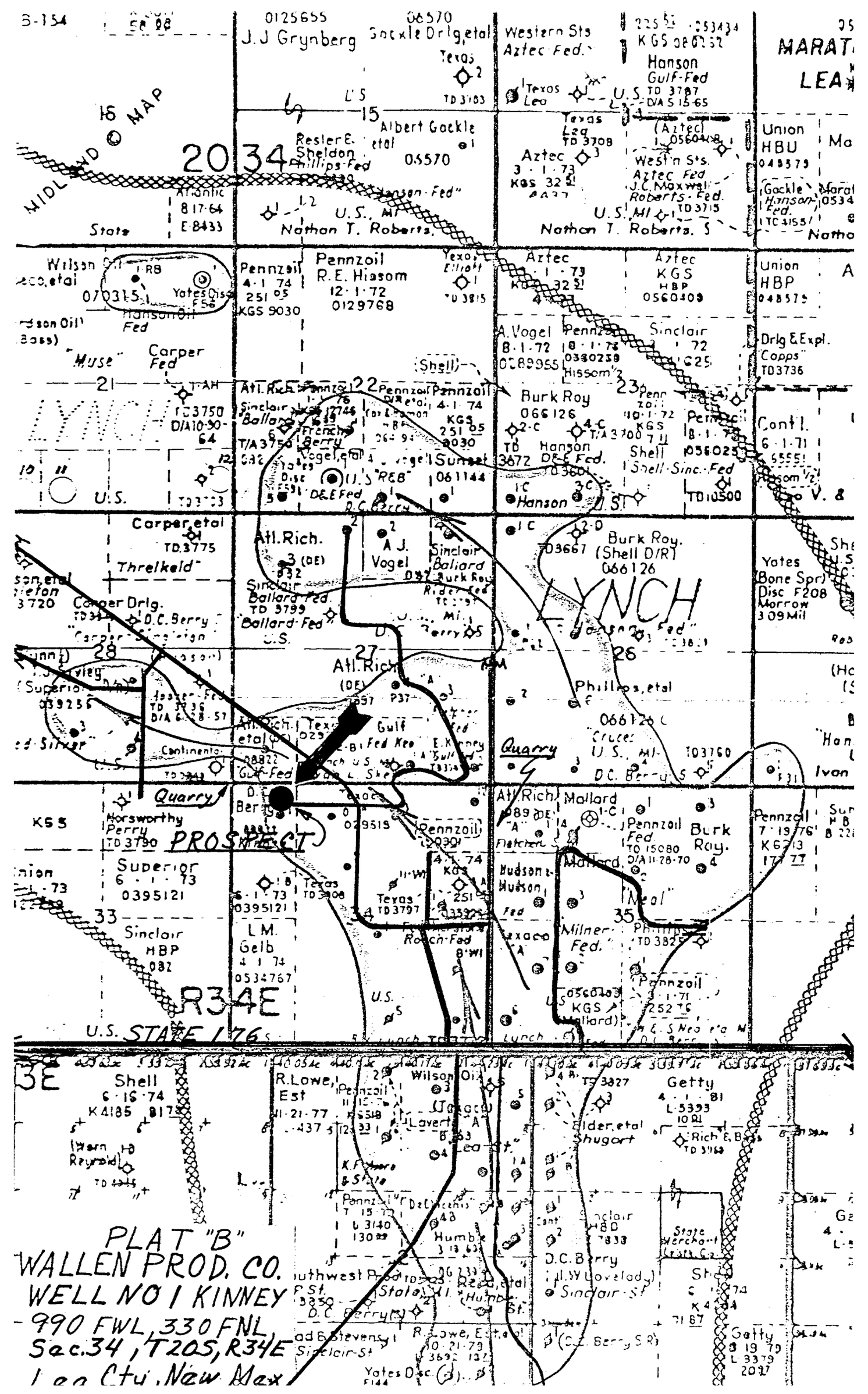
NEW MEXICO

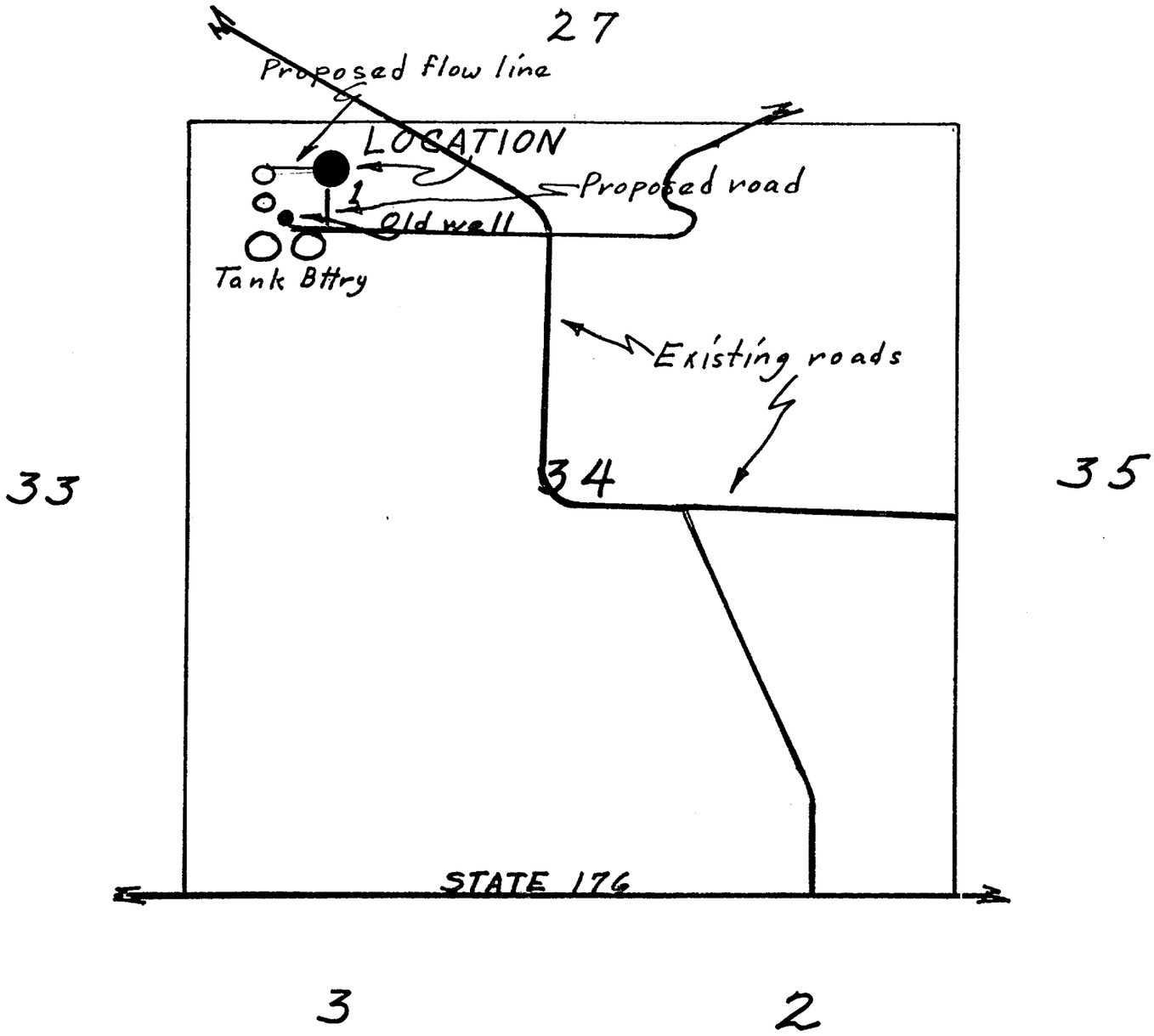
QUADRANGLE LOCATION

LAGUNA CATUNA, N. MEX.

1963
PHOTOREVISED 1972

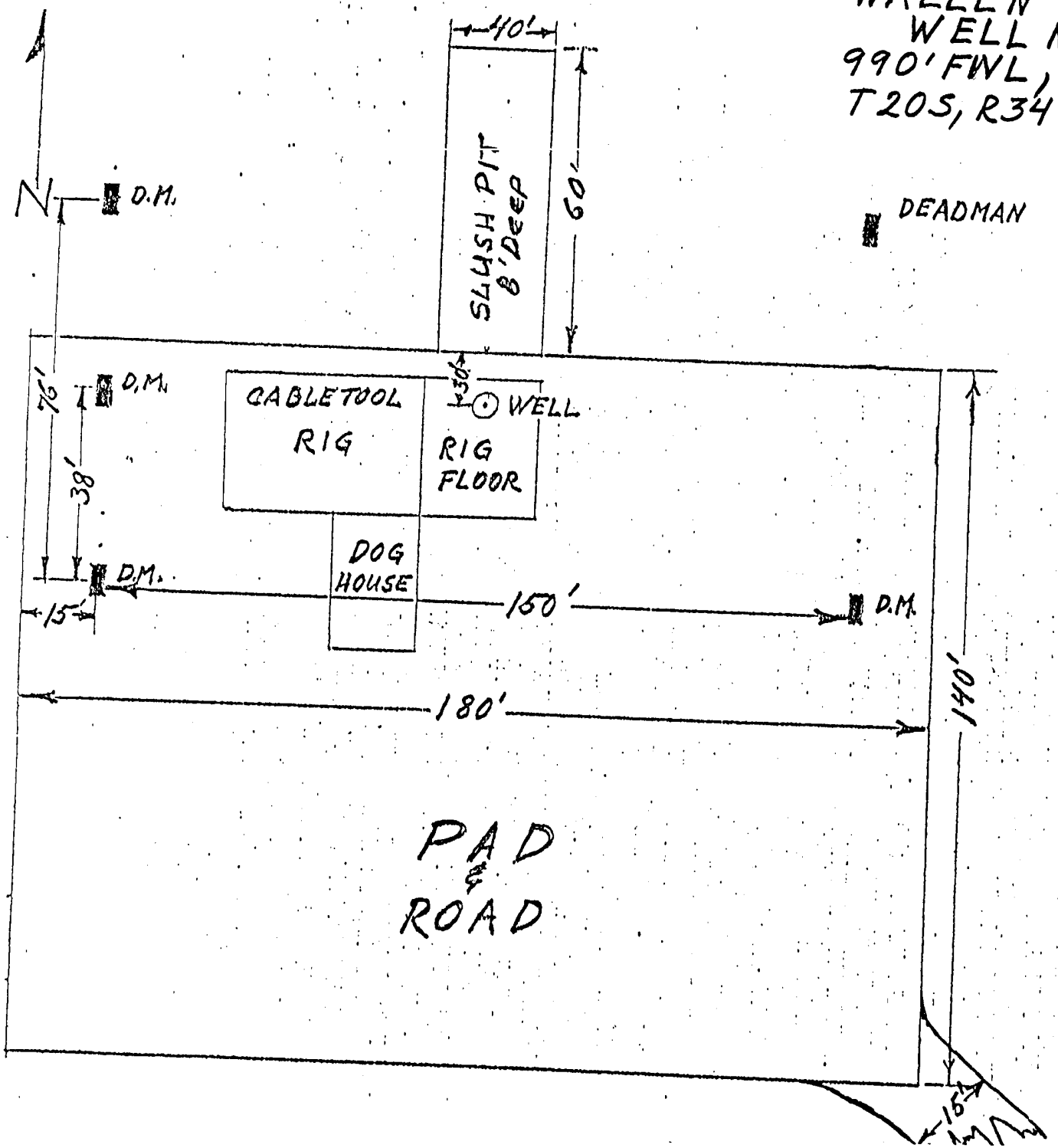
THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR WASHINGTON, D. C. 20242
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST


PROSPECT
Quarry
R34E
STATE 176
LYNCH
PLAT "B"
WALLEN PROD. CO.
WELL NO 1 KINNEY
-990 FWL, 330 FNL
Sec. 34, T20S, R34E
Lea Cty, New Mex



PLAT "C"
WALLEN PRODUCTION CO.
WELL NO. 1 KINNEY
990' FWL, 330' FNL Sec 34, T20S,
R34E, Lea Cty Scale 1" = 1000'

PLAT "D"
WALLEN PRODUCTION CO.
WELL NO 1 KINNEY
990' FWL, 330' FNL, Sec 34
T20S, R34E, LEA CTY, N.M
Scale 1" = 30'



CALICHE PAD & ROAD
8" Mat Compacted

DEADMEN
7" Pipe, 6' Long &
6' Deep

1" = 30'

OFFICE PHONE
A/C 915 683-2600
A/C 915 683-6526

HOME PHONE
A/C 915 563-0040

WALTER W. KRUG
BOX 1960
MIDLAND, TEXAS 79701

November 13, 1978

RECEIVED
NOV 15 1978
U. S. GEOLOGICAL SURVEY
HOBBS, NEW MEXICO

United States Department of the Interior
Bureau of Land Management
P. O. Drawer 1857
Roswell, New Mexico 88201
Attn: Mr Lloyd Reed

Re: The Wallen Kinney # 1
Lease, NW/4,NW/4,
Section 34, T 20 S, R 34 E,
Lea County, New Mexico.

Dear Sir:

This letter is written to advise you that I have made satisfactory arrangements with the surface owner Mrs Elizabeth Skeen through her daughter and son in law a Mr and Mrs W. G. Brittain, who reside in Lubbock, Texas. I intend to use the casing program as approved by the Oil Conservation Commission of New Mexico. I will improve and use the existing road and tank battery and will close and level the pit when dry enough to do so. When the well is abandoned, I will fill all pits and clean up location and leave road and pad in place.

Very truly yours,

Walter W. Krug

Walter W. Krug

WK/hk

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6203
Order No. R-5731

APPLICATION OF WALTER W. KRUG
DBA WALLEN PRODUCTION CO. FOR
SPECIAL CASING-CEMENTING RULES
IN THE POTASH-OIL AREA, LEA COUNTY,
NEW MEXICO.

GENERAL + REA

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of May, 1978, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Walter W. Krug dba Wallen Production Company, seeks an exception to the Potash-Oil Area casing and cementing rules as set forth in Commission Order No. R-111-A by the extension of the special cable tool casing-cementing rules for wells in the North Lynch Yates-Seven Rivers Pool, as promulgated by Order No. R-4253 to encompass additional lands, including all or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

(3) That potash development does not presently exist and is not presently known to be contemplated within the area described in Finding No. 2 above.

(4) That approval of the proposed extension of said special casing and cementing program, if amended to require

that the cavings casing string be set at a minimum depth of 225 feet beneath the surface, will afford the applicant and others the opportunity to produce their just and equitable share of the oil and gas in the subject area, will prevent unnecessary economic loss, prevent waste, protect correlative rights, assure maximum conservation of oil, gas, and potash resources, and permit the economic recovery of oil, gas, and potash minerals within the Potash-Oil Area as defined by Order No. R-111-A.

IT IS THEREFORE ORDERED:

(1) That the special cable tool casing and cementing rules and regulations promulgated for the North Lynch-Yates-Seven Rivers Pool by Commission Order No. R-4253 are hereby extended to encompass Sections 20, 21, 27, 28, 33, and 34, Township 20 South, Range 34 East, Lea County, New Mexico, provided however, that the cavings casing string in any well drilled in said area shall be set at a minimum depth of 225 feet beneath the surface and cement circulated to the surface.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Division Director

S E A L

dr/