

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-039256
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Thomas Ray Sivley		7. UNIT AGREEMENT NAME
3. ADDRESS AND TELEPHONE NO. 6509 Wilton Ave., Fort Worth, Texas 76133		8. FARM OR LEASE NAME WELL NO. Federal Silver Lease
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Lynch, Seven Rivers, Yates At proposed prod. zone 1509 1400' FSL & 1600 FEL, Sec28, T20S, R34E		9. AM WELL NO. No. 2
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 23 Miles, West-by-Northwest from Eunice, New Mexico		10. FIELD AND POOL, OR WILDCAT Lynch, Seven Rivers Yates
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 1400 FSL & 1600 FEL	16. NO. OF ACRES IN LEASE 320	11. SEC., T., R., M., OR BLK. AND SURVEY OR ALMA SEC28, T20S, R34E
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. Fed. Silver #1 1980 FSL & 1980 FEL	19. PROPOSED DEPTH 3710	12. COUNTY OR PARISH LEA
21. ELEVATIONS (Show whether DF, RT, GR, etc.)		13. STATE N.M.
22. APPROX. DATE WORK WILL START*		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12.25"	8-5/8" J-55	24#	1675	Circulated to the Surface
8"	5-1/2" J-55	14#	3650	Circulated to the Surface

Proposal is made to drill this well to an approximate depth of 3700' with a rotary rig to test the Lynch Pay Zone. The drilling of this well will conform to the rules of Potash Order R-111-P in detail. (Exception Requested)

1675' -8-5/8" OD Grade Casing will be set in the Basal Rustler anhydrite at top of Salt Section or as determined necessary by regulatory representative and cemented with not less than 150% of calculated volume necessary to circulate cement to ground surface.

3650' -5-1/2" OD J-55 Seamless Casing will be set as Salt protection string which is approximately 400' below base of salt and above expected Lynch pay zone. Recommended nominal volume of cement will be used for testing purposes only. If the well is completed as a productive well this string will be recemented with sufficient cement to circulate the cement to the ground surface, and used as a production string.

Exception Request: It is our desire to set two (2) strings of casing taking exception to R-111-P requirements for three strings for the following reasons: (i) Frank Condon, Noranda Minerals, Toronto, Canada has informed us that; in accordance with Page 5, section c(4), their LMR in the bottom half of Section 28 is not commercially minable, (ii) Page 9, section 5(a) and that they have no objection to a variance for us to drill our proposed location. (See Exhibit F)

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Thomas R. Sivley TITLE Operator DATE 9-2-91

(This space for Federal or State office use)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

PERMIT NO. _____ APPROVAL DATE _____
Application approval does not warrant or certify that 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:

APPROVED BY _____ TITLE _____ DATE 10-31-91

*See Instructions On Reverse Side