30-025-32121

Form 3160-3
(November 1983)
(formerly 9-331C)

N.M. OIL CONS. COMMISSION
P. O. BOX
HOBBS, NEW MEXICO 88240

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-55952

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: "BARR NONE" Federal

9. WELL NO.: 3

10. FIELD AND POOL, OR WILDCAT: ~~Wildcat~~ Undesign. Delaware

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 10-T22S-R32E

1a. TYPE OF WORK: DRILL [XX] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [XX] GAS WELL [ ] OTHER — SINGLE ZONE [XX] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: WTI, Ltd.

3. ADDRESS OF OPERATOR: c/o Gene Lee 1306 Meadow Lane Roswell, NM 88201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980 FWL & 660' FNL
At proposed prod. zone: Unit C

12. COUNTY OR PARISH: Lea — 13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 12 Miles Southeast of Halfway, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
	120	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
	9000'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3811.1' GR — Carlsbad Controlled Water Basin

22. APPROX. DATE WORK WILL START*: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM — Secretary's Potash

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	850'	650 sx. Circulated.
11 "	8 5/8"	24# & 32#	4500'	1650 sx. Circulated.
7 7/8"	5 1/2"	17#	9000'	1500 sx. - SEE STIPS.

MUD PROGRAM:
0'--------850' Fresh Water gel and native mud.
850'------4500' Brine Water
4500'-----9000' Cut Brine, Salt Gel & Starch

BOP PROGRAM: BOP's will be installed at the onset of drilling and tested daily. See BOP Diagram.

Approval Subject to General Requirements and Special Stipulations Attached

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 Gene Lee TITLE Agent DATE 4-5-93

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY /s/ Kathy Porter TITLE Actg. State Director DATE 7-7-93

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
W.T.I. LTD.	"Bárr None FEDERAL	3

Unit Letter	Section	Township	Range	County
C	10	22 SOUTH	32 EAST NMPM	LEA

Actual Footage Location of Well:
660 feet from the NORTH line and 1980 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3811.1'	Delaware	Wildcat	40 Acres

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

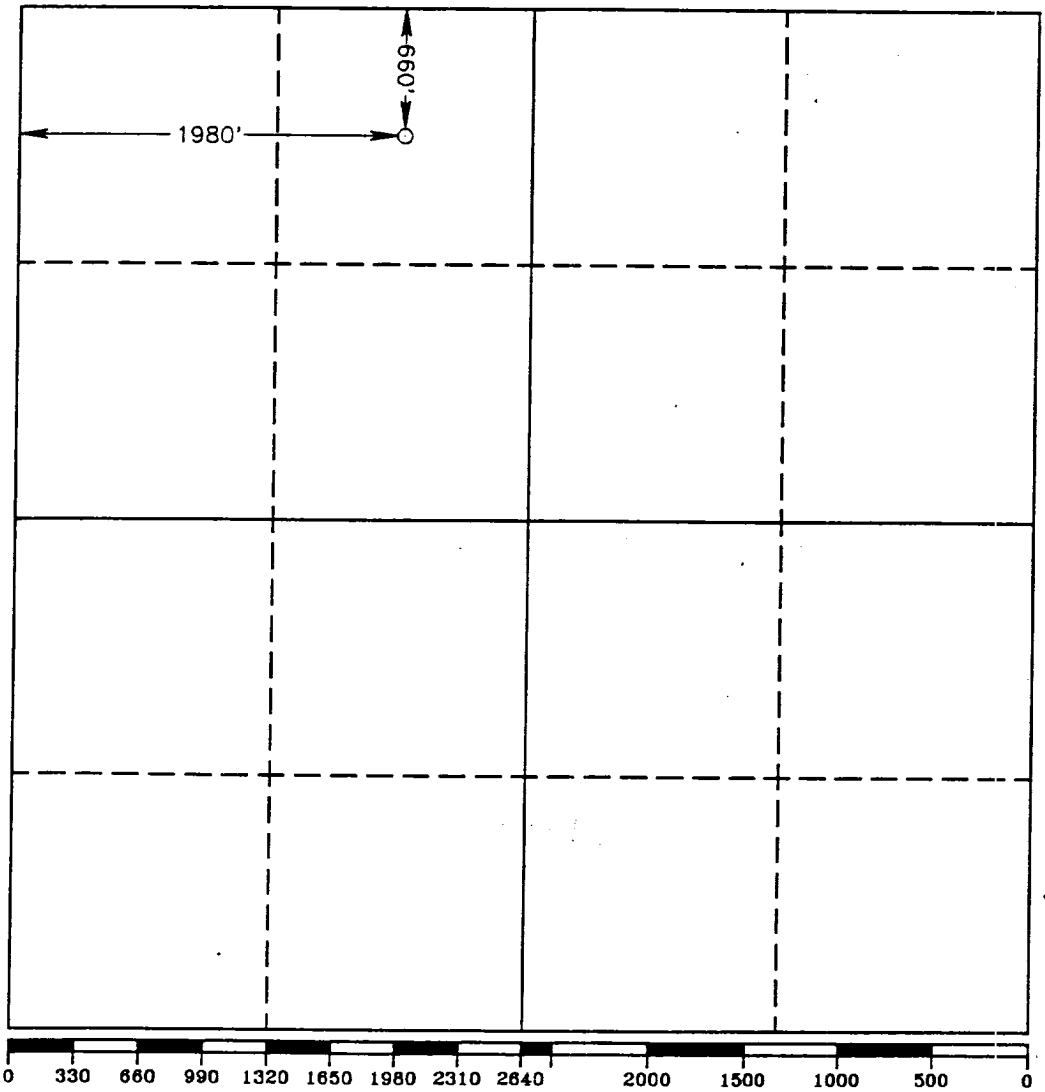
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest 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 of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary. _____

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



OPERATOR CERTIFICATION

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

Signature: H. E. Gene Lee
Printed Name: H. E. Gene LEE
Position: Agent
Company: WTI, Ltd.
Date: 4-8-93

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: APRIL 7, 1993
Signature & Seal of Professional Surveyor

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No. JOHN W. WEST 676
RONALD J. EIDSON 3239
GARY L. JONES 7977

93-11-0559

APPLICATION FOR PERMIT TO DRILL

WTI, LTD.
"Barr None" Fed. #3
1980' FWL & 660' FNL
Sec. 10-T22S-R32E
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, WTI.LTD submits the following items of pertinent information in accordance with BLM requirements on Federal Lands:

1. The geologic surface formation is sandy alluvium. The ground elevation at the proposed drill site is 3811.1' on the ground level.

2. The estimated tops of geologic markers are as follows:

Anhydrite	950'
Delaware Sand	4850'
Cherry Canyon	5875'
Brushy Canyon	7550'

3. Estimated depths at which water, oil, or gas formations are expected to be encountered are as follows:

Water:	550'
Oil & Gas:	From 5000'--8800'

Fresh water zones will be protected by the 13 3/8" casing and the 8 5/8" casing strings, which will be cemented back to the surface.

4. Proposed Casing Program:
   13 3/8" 48# J-55 casing set at approx. 850'
   8 5/8" 24# & 32# J-55 casing set at approx. 4500'
   5 1.2" 17# J-55 casing set at approx. 9000'.

5. Proposed Pressure Control Equipment:
   A 3000# working pressure double ram blow out preventer will be used throughout drilling operations. See BOP Diagram.

6. Mud Program:

A fresh water and native mud system will be used from the surface to 850'. A brine system will be used from 850' to the 8 5/8" setting depth at 4500'. Cut brine, starch, and salt gel will be used from 4500' to total depth of 9000'.

7. Auxiliary Equipment:

Upper and lower kelly cock vales, full opening stabbing valve with drill pipe connections, flow sensors, pvt.

8. Testing, Logging, and Coring Program:

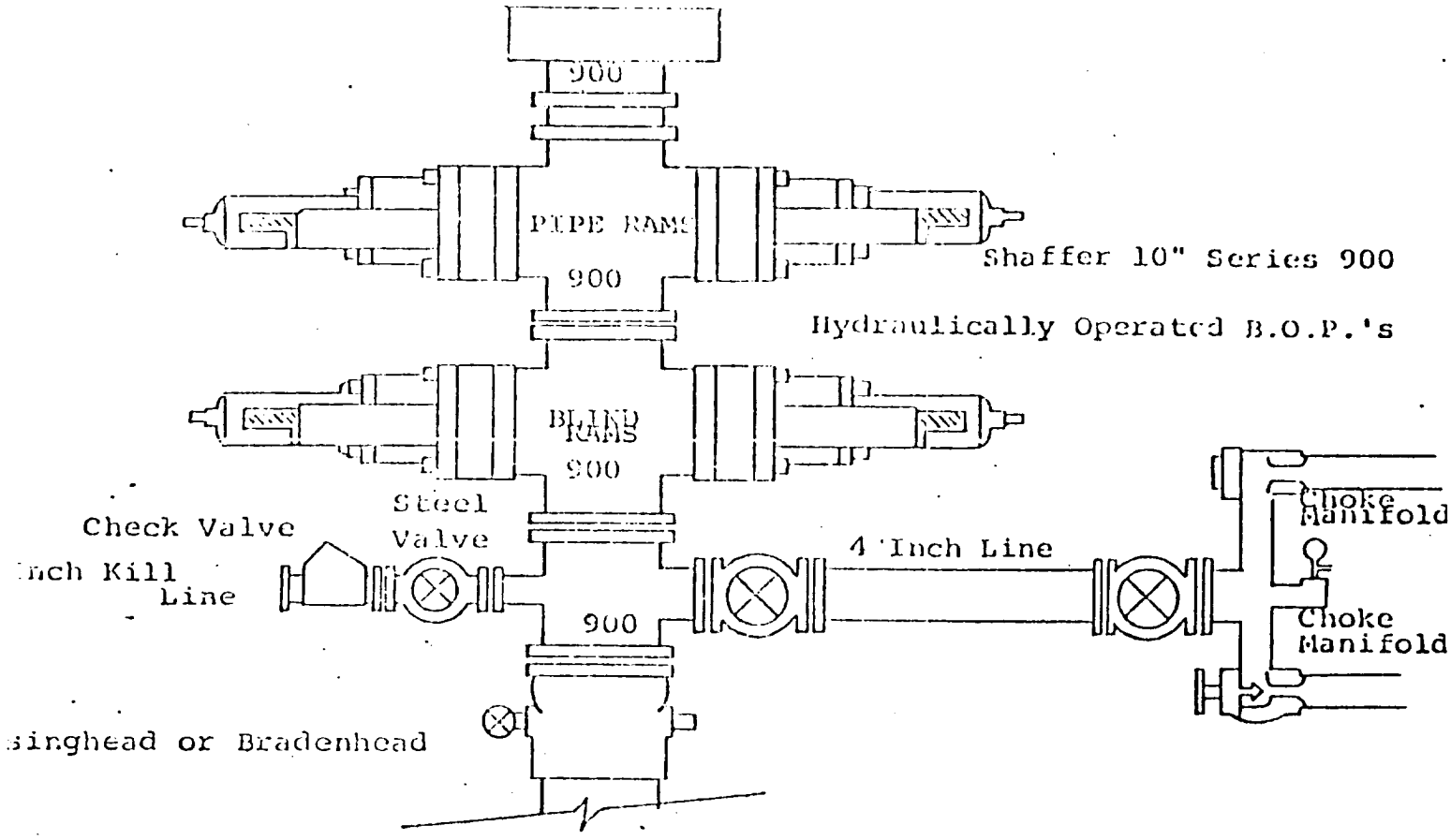
Samples:	From base of surface casing to TD every 10'.
DST's:	As warranted from shows in samples.
Coring:	Side wall cores to be picked at logging.
Logging:	GR-CNL-FDC, DLL w/ RXO, EPT.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated Starting Date:

As soon as possible after approval of APD.

EXHIBIT B



E FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
Choke outlet to be a minimum of 4" diameter.
Kill line to be of all steel construction of 2" minimum diameter.
All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
Inside blowout preventer to be available on rig floor.
Operating controls located a safe distance from the rig floor.
Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
. D. P. float must be installed and used below zone of first gas intrusion.