IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125

JUL 2 2 1981

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Gentlemen:

Your Application for Permit to Drill well No. 1 North Bilbrey 7 Federal in the NW¼SE¼ sec. 7, T. 21 S., R. 32 E., N.M.P.M. Lea County, New Mexico, lease NM-22809, to a depth of 14,500 feet to test the Morrow formation in the Oil-Potash area, is hereby approved, as amended by stipulations attached to the application.

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

Sincerely yours,

(ORIG. SGD.) GENE F. DANIEL

Deputy Conservation Manager
Oil and Gas

Enclosure

cc: NMOCD, Hobbs (2) (w/enclosures)

COPY TO O.C.C.

30-025-27603

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on 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-22809

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

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

RECEIVED
JUL 7 1981
U.S. GEOLOGICAL SURVEY
HOBBS, NEW MEXICO

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: North Bilbrey 7 Federal

2. NAME OF OPERATOR: Getty Oil Company

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: P. O. Box 730 Hobbs, New Mexico 88240

10. FIELD AND POOL, OR WILDCAT: North Bilbrey Prospect

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: Unit Letter J, 2080 FSL and 1980 FEL, Section 7, T21S, R32E
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 7, T21S, R32E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 30 miles west of Eunice, New Mexico

12. COUNTY OR PARISH: Lea

13. STATE: 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
1980	480	320
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**
	14500	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3640.2 GR

22. APPROX. DATE WORK WILL START*: July 18, 1981

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26	20	94	50	Ready Mix CIRCULATE
17 1/2	13 3/8	48	1100	900 sks CIRCULATE
12 1/4	9 5/8	36	4500	1200 sks CIRCULATE
8 1/2	7	26, 29	12500	1600 sks
6 1/8	5	15	14500	500 sks

1. The subject well will be drilled with fresh water to 1100 feet, from 1100 to 12500 with brine and brackish water of sufficient weight and gel additives to control formation pressures and condition the hole. The mud will be a 10-13 ppg inverted oil base mud from 12500 to 14500 to minimize formation damage.

2. The pump and plug method will be used in cementing all strings of casing. The 13 3/8", 9 5/8", and 7" strings will be cemented to the surface. The 5" liner will be cemented from top to bottom (12200-14500).

3. See attachment for BOP Program.

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 Dale R. Crockett TITLE Area Superintendent DATE 7/2/81

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 7-22-81

APPROVED BY Gene F. Daniel TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: USE FRESH WATER DRILLING FLUID FROM SURFACE TO 1100 FEET.

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
[illegible]	[illegible]	1

Unit Letter	Section	Township	Range	County
J	7	21 South	32 East	[illegible]

Actual Footage Location of Well:
2150 feet from the South line and 1850 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3763.1			[illegible] Acres

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

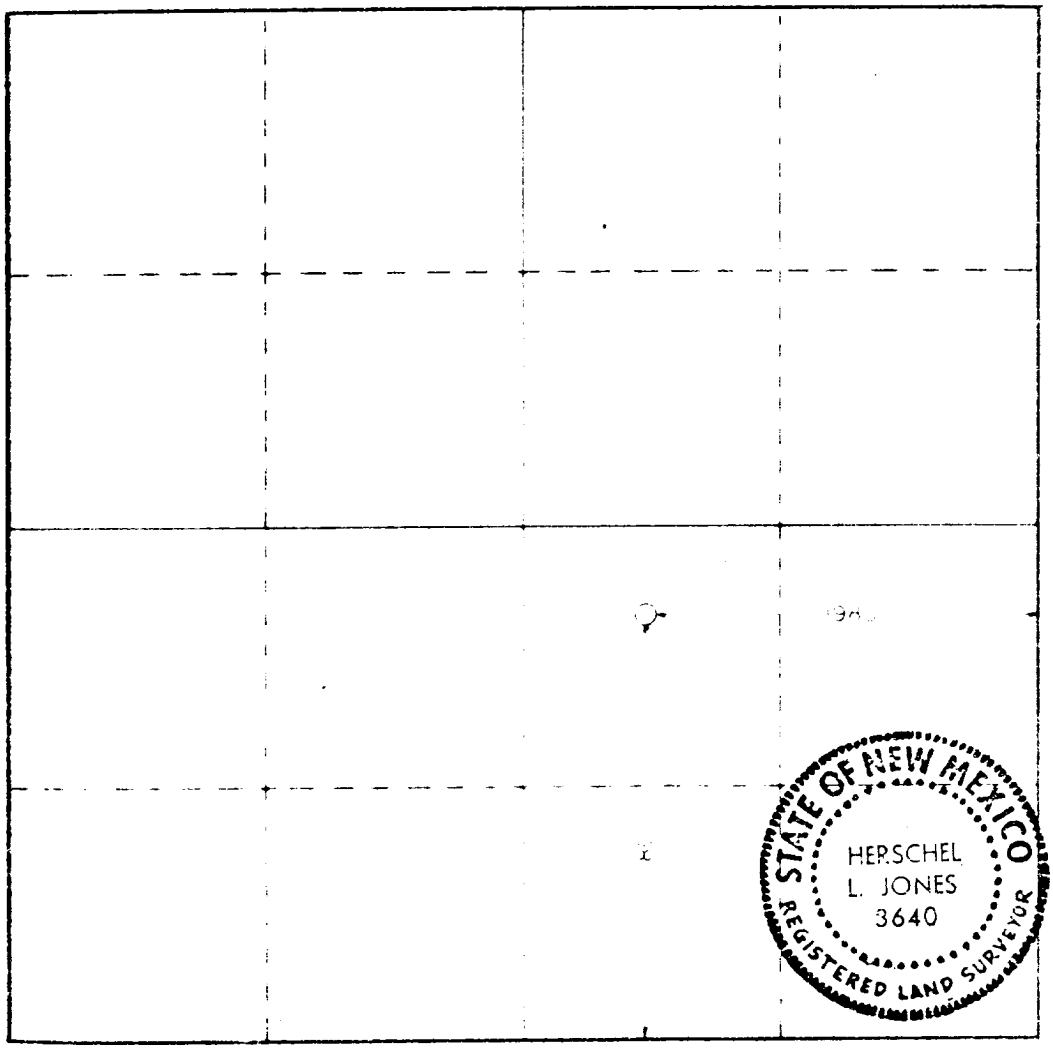
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 ILLEGIBLE

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

Position

Company

Date

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
[illegible]

Registered Professional Engineer and/or Land Surveyor

Certificate No.

ADDITIONAL INFORMATION FOR
"APPLICATION FOR PERMIT TO DRILL"
GETTY OIL COMPANY
NORTH BILBREY "7" FEDERAL WELL NO. 1

1. The geologic name of the surface formation is Typic Torripsamment.

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

FORMATION	DEPTH FROM SURFACE	DEPTH SUBSEA
Delaware	4450	- 810
Bone Springs	8300	- 4660
Wolfcamp	10000	- 6360
Strawn	12725	- 9085
Atoka	12950	- 9310
Morrow Clastics	13900	- 10260
Barnett	14450	- 10810

3. The estimated depths at which anticipated water and oil could be encountered are:

Depth

50' - 500' Possible small volume of fresh water.
4450' - 8300' Delaware - Possible oil
8300' - 8475' Bone Springs - Possible oil
10000' - 12725' Wolfcamp - Possible Oil
12950' - 13590' Atoka - Possible gas
13900' - 14450' Morrow Clastics - Possible gas

4. The proposed casing program is as follows:

Size	Grade	Thread	Wt.	Top	Bottom	Length
20"	H-40	8rd ST&C	94#	Surface	50'	50'
13 3/8"	H-40	8rd ST&C	48#	Surface	1100'	1100'
9 5/8"	K-55	8rd ST&C	36#	Surface	3000'	3000'
9 5/8"	S-80	8rd ST&C	36#	3000'	4500'	1500'
7"	S-95	8rd LT&C	26#	Surface	1000'	1000'
7"	N-80	8rd LT&C	26#	1000'	9500'	8500'
7"	S-95	8rd LT&C	~~26~~ 29#	9500'	12500'	3000'
5"	N-80	FL-4S	15#	12200'	14500'	2300'

5. The minimum specifications for pressure control equipment to be used - see Figure I. The BOP stack will be tested to 5000 psi.

6. The drilling fluid from surface to 12,500' will be brine of sufficient gel to condition hole for logging and running casing. From 12,500 to 14,500, the mud will be a 10-13 ppg low solids low fluid loss inverted oil base mud with additives to help prevent damage to the sensitive Atoka and Morrow sands.

7. The auxilliary equipment to be used is as follows:

   1. Kelly cocks
   2. Monitoring equipment on the mud system.
   3. Sub on the floor with a full opening valve to be stabbed into drill pipe when the Kelly is not in the string.

8. There are anticipated two drill stem tests and (3) cores to be cut. The DST's and cores are estimated as follows:

FORMATION	DEPTH	ESTIMATED NO. DST	ESTIMATED FT. CORE
Delaware	4450 - 4500	-	-
Bone Springs	8300 - 8475	1	-
Wolfcamp	10000 -12725	1	-
Atoka	12950 -13590	-	-
Morrow Clastics	13900 -14450	-	120'

The logging program is as follows:

	TYPE LOG	
Run #1	BHC-Sonic-GR, CNL-FDC, DLL/MSFL	12,500' - 4,500'
Run #2	BHC-Sonic-GR, CNL-FDC, DIL/MSFL or RXO, HDT, NGT	14,500' - 12,500'

9. High pressure may be encountered in the Atoka of ± 8700 psi. No abnormal temperatures or hydrogen sulfide gas are expected.

10. The expected starting date is July 18, 1981. It is anticipated that this well should be drilled and completed in 95 days.

(3) EXISTING WELLS

A. Exhibit "D" shows wells within a one mile radius of the proposed well.

(4) LOCATION OF PROPOSED FACILITIES

A. If the well is productive, the tank battery and flowline will be located on the well pad and no additional disturbance will occur.

(5) TYPE OF WATER SUPPLY

A. Water for drilling will be trucked to the well site from Eunice, New Mexico or Hobbs, New Mexico, over existing and proposed roads as shown on Exhibits "A" and "B".

(6) SOURCE OF CONSTRUCTION MATERIALS

A. Caliche for surfacing the road and well pad will be obtained from a caliche pit located in the SW 1/4 NE 1/4, Section 32, T21S, R32E, NMPM, Lea County, NM.

(7) METHOD OF HANDLING WASTE DISPOSAL

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry. Any inverted oil base mud remaining after operations will be truck transported to another location for use in drilling.

C. Water produced during tests will be disposed of in the drilling pits.

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

E. Trash will be disposed of in a trash pit and covered with a minimum of 24 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 well site within (30) days after finishing completion operations.

(8) ANCILLARY FACILITIES

A. None required.

(9) WELLSITE LAYOUT

A. Exhibit "C" shows the relative location and dimensions of the well pad and filled up to 3' on the right side to level the wellsite.

B. The reserve pit will be plastic lined.

C. The pad and pit area have been staked and flagged.

(10) PLANS FOR RESTORATION OF THE SURFACE

A. After completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and location cleaned of all trash and junk.

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

C. Any special rehabilitation and revegetation requirements of the surface management agency will be complied with and accomplished as soon as possible. All pits will be filled and levelled within 90 days of completion or abandonment of the well.

(11) OTHER INFORMATION

A. Topography: The land surface is arid and gently rolling hills and small valleys. Elevation at the wellsite is 3640.2.

B. Soil: The topsoil is sandy loams.

C. Flora and Fauna: This area is sparcely covered by sagebrush, yucca glauca, scattered cacti and native grasses. Wildlife in the area is mainly rabbits, rattlesnakes and coyotes.

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

E. Residences and other Structures: There are no residences in the area.

F. Archeological, Historical, and Cultural Sites: Will be avoided in this area.

G. Land Use: Grazing.

H. Surface Ownership: Wellsite and proposed new road are on Federal Surface.

(12) OPERATOR'S REPRESENTATIVE

The field representative responsible for assuring compliance with the approved surface use and operations plan is:

Dale R. Crockett
Getty Oil Company
P.O. Box 730
Hobbs, New Mexico 88240
Office Phone: 505-397-3571
Home Phone: 505-393-6326

Cancel Bond 2/22/82

ELF