IN REPLY REFER TO:

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

NOV 06 1981

Gulf Oil Corporation
P.O. Box 670
Hobbs, New Mexico 88240

Gentlemen:

Your application for Permit to Drill well No. 1 Chaney Federal in the SE¼NW¼ sec. 35, T. 21 S., R. 32 E., Lea County, New Mexico, lease NM-14490, to a depth of 5,000 feet to test the Delaware 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 District Supervisor, Geological Survey, Roswell, New Mexico, in sufficient time for a representative to witness all cementing operations.

Sincerely yours,

(ORIG. SGD.) GENE F. DANIEL

Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosure

cc:
NMOCD (2)
BLM - Carlsbad
CM, SCR
DCM - Mining (2)
Regional Files (2)
Roswell
Hobbs
ARF
RCF

JAGillham:mvd:10/2/81

Form 9-331C (May 1963)

N. M. OIL CONS. COMMISSION
P. O. BOX 1980
HOBBS, NEW MEXICO 88240

SUBMIT IN TRIPLICATE* (Other instructions on reverse)

Form approved. Budget Bureau No. 42-R1425.

30-025-27634

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM 14490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

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

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

8. FARM OR LEASE NAME: Chaney Federal

2. NAME OF OPERATOR: Gulf Oil Corporation

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: P. O. Box 670, Hobbs, NM 88240

10. FIELD AND POOL, OR WILDCAT: Wildcat

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

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 35-T21S-R32E

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

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): 960

16. NO. OF ACRES IN LEASE: 960

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.:

19. PROPOSED DEPTH: 5000'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3674.7' GL

22. APPROX. DATE WORK WILL START*: 11-1-81

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12¼"	8-5/8"	24#	CIRCULATE 500'	500
7-7/8"	5½"	15.5#	CIRCULATE 5000'	To be determined by caliper log

Mud Program:
0' - 500' Fresh water spud mud
500' - 5000' Brine water with gel sweeps

See Attached BOP Drawing #2

RECEIVED
OCT 9 1981
OIL & GAS
U.S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

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 O. C. Morris 10-8-81 TITLE Area Production Manager DATE 10-8-81

(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

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
Gulf Oil Corp.	Chaney Federal	1

Unit Letter	Section	Township	Range	County
F	35	21 South	32 East	Lea

Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3674.7'	Delaware	Wildcat	40 Acres

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

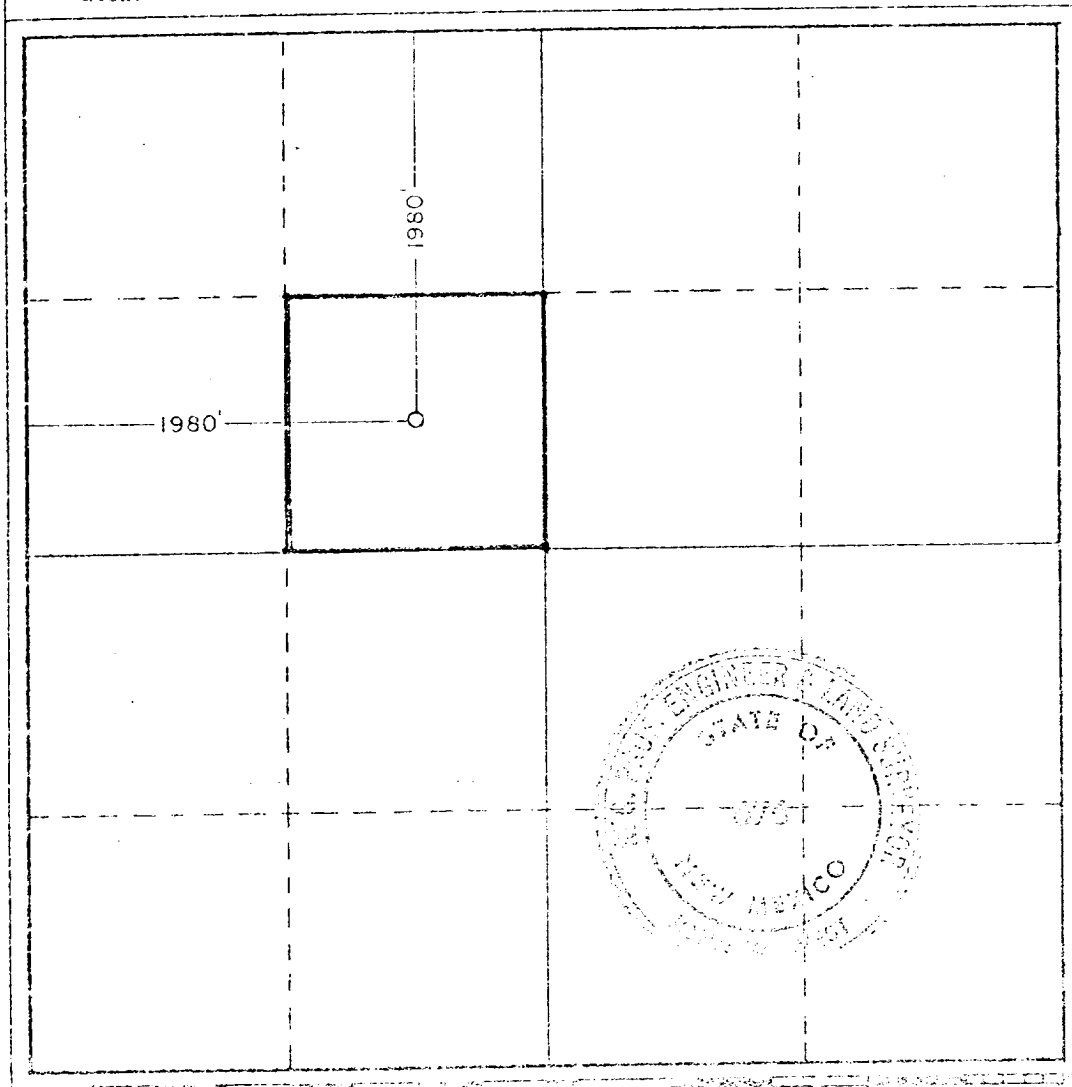
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the 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: for R. C. Anderson

Position: Area Production Manager

Company: Gulf Oil Corporation

Date: 10-8-81

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.

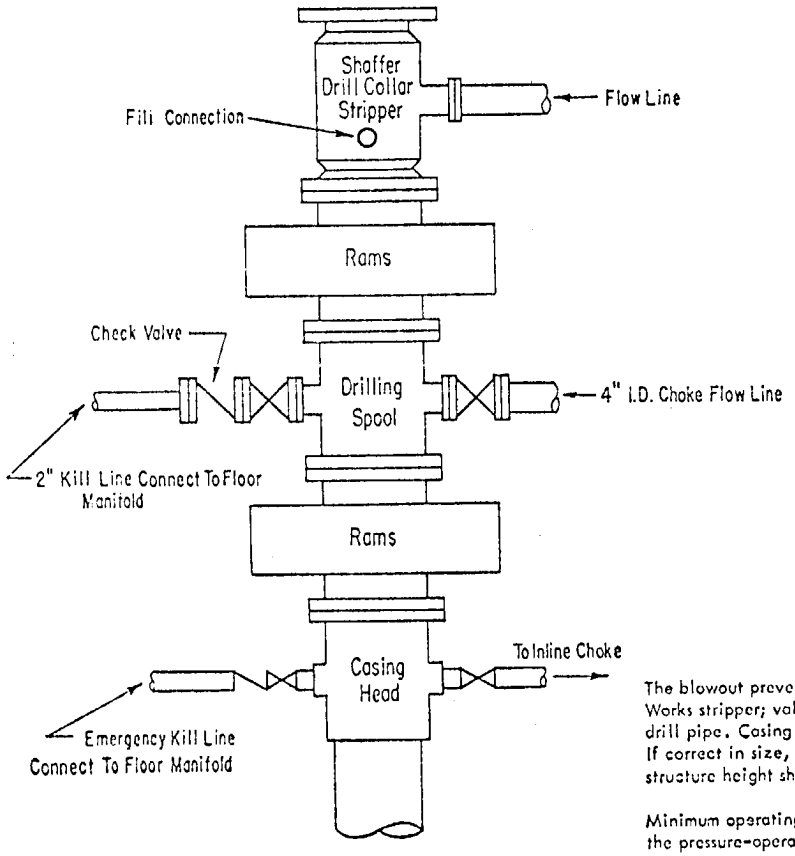
Date Surveyed: Sept. 15, 1981

Registered Professional Engineer and/or Land Surveyor

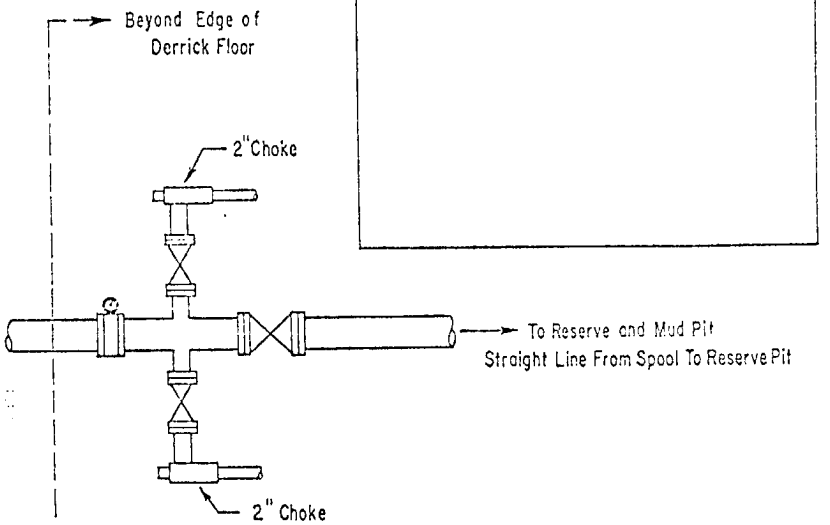
Certificate No.

DRAWING NO. 2
Revised April, 1970

ADDITIONS – DELETIONS – CHANGES SPECIFY



3000 PSI WORKING PRESSURE
BLOWOUT PREVENTER HOOK-UP



The blowout preventer assembly shall consist of one blind ram preventer and one pipe ram preventer, both hydraulically operated; a Shaffer Tool Works stripper; valves ; chokes and connections, as illustrated. If a tapered drill string is used, a ram preventer must be provided for each size of drill pipe. Casing and tubing rams to fit the preventers are to be available as needed. The ram preventers may be two singles or a double type. If correct in size, the flanged outlets of the ram preventer may be used for connecting to the 4-inch I.D. choke flow line and kill line. The sub-structure height shall be sufficient to install a rotating blowout preventer.

Minimum operating equipment for the preventers shall be as follows: (1) Pump (s), driven by a continuous source of power, capable of closing all the pressure-operated devices simultaneously within ____seconds. The pump (s) is to be connected to a closed type hydraulic operating system. (2) When requested, accumulators with a precharge of nitrogen of not less than 750 PSI and connected so as to receive a fluid charge from the above pump (s). With the charging pump (s) shut down, the pressurized fluid volume stored in the accumulators must be sufficient to close all the pressure-operated devices simultaneously within ____ seconds; after closure, the remaining accumulator pressure shall be not less than 1000 PSI with the remaining accumulator fluid volume at least____percent of the original. (3) When requested, an additional source of power, remote and equivalent, is to be available to operate the above pump (s); or there shall be an additional pump (s) operated by separate power and equal in performance capabilities.

The closing manifold shall have a separate control for each pressure-operated device. Controls are to be labeled, with control handles indicating open and closed positions. A pressure reducer and regulator must be provided if a Hydril preventer is used. Gulf Legion No. 38 hydraulic oil, an equivalent or better, is to be used as the fluid to operate the hydraulic equipment.

The choke manifold, choke flow line, and choke lines are to be supported by metal stands and adequately anchored. The choke flow line and choke lines shall be constructed as straight as possible and without sharp bends. Easy and safe access is to be maintained to the choke manifold. All valves are to be selected for operation in the presence of oil, gas, and drilling fluids. The choke flow line valve connected to the drilling spool and all ram type preventers must be equipped with stem extensions, universal joints if needed, and hand wheels which are to extend beyond the edge of the derrick substructure. All other valves are to be equipped with handles.