N— Mexico Oil ... District I
16...
...

SEE STIPS on mud.

Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM-97915

6. If Indian, Allottee or Tribe Name:

1a. Type of Work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.:

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.: Ace Federal #1

2. Name of Operator: Xeric Oil & Gas Corporation

9. API Well No.: 30-025-34947

3a. Address: PO Box 352, Midland, Texas 79702

3b. Phone No. *(include area code)*: 915-683-3650

10. Field and Pool, or Exploratory: Blinebry Oil & Gas Co.

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface: 660' FNL & 660' FWL
At proposed prod. zone: Same

11. Sec., T., R., M., or Blk. and Survey or Area: D Sec. 18, T-20S; R-39E N.M.P.M.

14. Distance in miles and direction from nearest town or post office*: From Nadine go South 3.8 mi. on S.H. 18, thence East 2.0 mi. on lse road to SW corner of Sec 18

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. Spacing Unit dedicated to this well
660' / N/A	40	40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
N/A	8,000	
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3556'	March 1, 2000	21 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
Glenda Hunt	Glenda Hunt	1/21/00

Title: Senior Production Analyst

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
[illegible] ARMANDO A. LOPEZ	(ORIG. SGD.) ARMANDO A. LOPEZ	FEB 2 2 2000
Title	**Office**	
Assistant Field Manager, Lands And Minerals	APPROVED FOR [illegible]	

Application approval does not warrant or certify the 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**(Instructions on reverse)*

OPER. OGRID NO. 25482
PROPERTY NO. 25381
POOL CODE 6660
EFF. DATE 2-25-00
API NO. 30-025-34947

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

DD MP

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

State of New Mexico
Energy, Minerals, and Natural Resources Department

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

Form C-102
Revised 02-10-94

Instructions on back

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-025-34947	06660	Blinebry Oil & Gas Co.

4 Property Code	5 Property Name	6 Well Number
25381	ACE FEDERAL	1

7 OGRID No.	8 Operator Name	9 Elevation
025482	XERIC OIL & GAS CORPORATION	3556'

10 SURFACE LOCATION

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	18	20 SOUTH	39 EAST, N.M.P.M.		660'	NORTH	660'	WEST	LEA

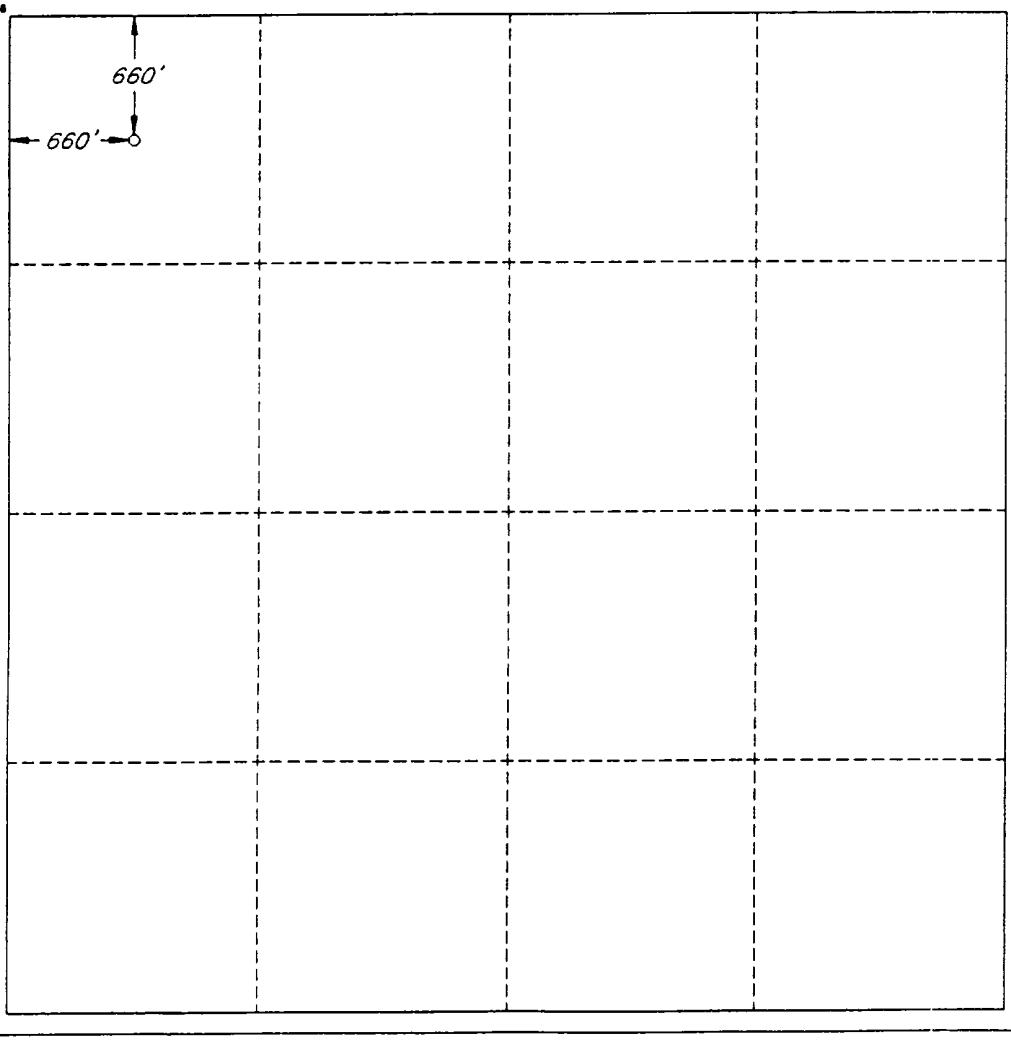
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



OPERATOR CERTIFICATION

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

Signature

Printed Name
R. C. Barnett

Title
President

Date
12/16/99

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

Date of Survey
NOVEMBER 22, 1999

Signature and Seal of Professional Surveyor

Certificate No.
V. L. BEZNER R.P.S. #7920

JOB #66377 / 70 SE / V.H.B.

PERTINENT INFORMATION

For

XERIC OIL & GAS CORPORATION
ACE FEDERAL #1
660' FNL & 660' FWL
SECTION 18, T-20-S; R-39-E
LEA COUNTY, NM

LOCATION:	From Nadine go south 3.8 miles on S.H. 18 & thence East 2.0 miles on lease road to SW corner of Section 18
FEDERAL LEASE NUMBER:	NM - 97915
LEASE ISSURED:	DATE - December 1, 1996
ACRES IN LEASE:	120 Acres
RECORD LESSEE:	Xeric Oil & Gas Corporation
BOND COVERAGE:	Operators Nation Wide
AUTHORITY TO OPERATE:	Operating Agreement
SURFACE OWNERSHIP:	Robert McCasland PO Box 206 Eunice, NM 88231
GRAZING PERMITTEE:	N/A
POOL RULES:	40 Acres (ABO & Blinebry Oil & Gas Co.)
EXHIBITS:	A. Lease and Well Map B. Vicinity Map C. Location and Verification Map

SUPPLEMENTAL DRILLING DATA

XERIC OIL & GAS CORPORATION
ACE FEDERAL #1
660' FNL & 660' FWL
SECTION 18; T-20-S; R-39-E
LEA COUNTY, NM

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil & Gas Order No.1:

1. SURFACE FORMATION: Quarternary Age

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Anhy	1610'
Yates	2895'
7 Rivers	3100'
San Andres	4278'
Glorieta	5580'
Blinebry	6027'
Tubb	6598'
Drinkard	6840'
Abo	7120'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Water - Between 150' & 500'

Oil - 4260'-4500'; 6000'-6300'; 6600'-6800'; 7250'-7550'

Gas - 3100'-3150'

4. PROPOSED CASING PROGRAM:

8 5/8"-24#-J55 LT&C casing to be set @ 1600' to protect fresh water sands and Redbeds

5 ½"-17#-N80 & J55 LT&C casing will be set at TD expected to occur @ 8000' ±

The surface and production casing strings will be tested to 1000 psi

5. PRESSURE CONTROL EQUIPMENT:
Pressure control equipment will include a 2000#WP blowout preventer stack, with Series 900 blind and pipe rams. The BOP stack will include a kill line and choke manifold tested to 1000 PSI. BOP hydraulic controls will be operated at least daily. A diagrammatic sketch of the BOP stack is attached as Exhibit "D".

6. CIRCULATING MEDIUM:
See attached proposed mud program

7. AUXILIARY EQUIPMENT:
A full-opening safety valve, to fit the drill string in use, will be kept on the rig floor at all times.

8. TESTING, LOGGING & CORING PROGRAM:

Samples: Samples will be caught at 10' intervals below 3000'.

DST & Cores: At discretion of well sit geologist.

Logging: Neutron - Density Log (Surface to TD)

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:
None anticipated. Bottom-Hole pressure anticipated to be less than 3000 PSI.

10. ANTICIPATED STARTING DATE:
Drilling will commence March 1, 2000. Drilling and completion operations will last about approximately 21 days.

R. C. Barnett	President
PRINTED NAME	TITLE
RC Barnett	01/21/00
SIGNATURE	DATE

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

XERIC OIL & GAS CORPORATION
ACE FEDERAL #1
660' FNL & 660' FWL
SECTION 18, T-20S; R-39-E
LEA COUNTY, NM

NM-97915

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:
   A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. The well is approximately 5.8 miles south of Nadine, N.M.

   B. Directions: From Nadine go South 3.8 miles on S. H. 18 & thence East 2.0 miles on lease road to SW corner of Section 18

2. PLANNED ACCESS ROAD:
   A. Length and Width: The new road will be about 2000' long and about 20' wide, including the shoulders. The road centerline has been flagged.

   B. Surfacing Material: The new road will be constructed of material-in-place, unless weather conditions dictate surfacing with caliche.

   C. Maximum Grade: Less that 1%

D. Turnouts: Since the road is essentially flat, no traffic turnouts are necessary.

E. Drainage Design: The road will be constructed with about 4" of crown at the centerline. Water turnouts will be constructed at 300' intervals.

F. Culverts: None necessary

G. Cuts and Fills: The well pad will require about 2' of cut on the southeast side and about 2' of fill on the northwest side. About 5" of topsoil from the pad will be stock-piled on the north and west sides of the pit for use in rehabilitation.

H. Gates, Cattleguards: None

I. Right-of-Way: Existing Right-of-Way granted by surface owner being Robert McCasland. Surface use agreement enclosed. From S. H. 18 to No. 1 Ace Federal will be utilized.

3. LOCATION OF EXISTING WELLS:
A. Existing wells are indicated on Exhibit A.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
A. If the well is productive, production, storage and measurement facilities will be constructed on the wellpad.

5. LOCATION AND TYPE OF WATER SUPPLY:
A. Water for drilling operations will be purchased from a commercial water hauler.

6. SOURCE OF CONSTRUCTION MATERIALS:
A. It is planned to use material-in-place for construction. If necessary, caliche for surfacing the road and pad will be obtained from privately-owned pit located in the NWSE Sec 19-T-20S;R-39-E. No caliche will be taken from Public land without prior approval.

7. METHODS 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.
   C. Water produced during test will be disposed of in the drilling pits. Oil produced during test will be stored in test tanks until sold.
   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 trailer and disposed of in a legal landfill.
   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 necessary

9. WELL SITE LAYOUT:
   A. The wellsite and 400' X 400' area have been surveyed and flagged. Tentative location of the mud pit has been flagged at the request of BLM.
   B. Diminsions and relative location of the drill pad, pit and equipment are shown on EXHIBIT C.
   C. Top soil for rehabilitation will be stock-piled on the north and west sides of the location.

10. PLANS FOR RESTORATION OF THE SURFACE:
   A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in an aesthetically pleasing condition as possible.
   B. Any unguarded pits containing fluids will be fenced until they are filled.
   C. If the well is non-productive, the disturbed area will be rehabilitated to Federal Agency requirements and will be accomplished as expeditiously as possible.

11. OTHER INFORMATION:
    A. Topography: The project lies on a fluvial terrain that slopes gently down towards the south-southwest into Monument Draw's flood plain. The area has indurated caliche with loamy sediments exposed on the surface. A road crosses the staked well pad's location in a southeast to northwest tangent.
    B. Soil: The soil at the wellsite is Brownfield-Patricia-Tivoli association: nearly level and undulating, deep, sand soils.
    C. Flora and Fauna: Flora consists of range grasses with some yucca and mesquite. No wild life was observed. Fauna probably includes reptiles, rodents and various birds.
    D. Ponds or Streams: There are no ponds near the wellsite.
    E. Residences and Other Structures: There are no occupied dwellings within 2 miles.
    F. Archaeological, Historical and Other Cultural Sites: Desert West Archaeological Services of Carlsbad, N.M., has made a survey of the proposed new road and wellsite. They have recommended that construction work be approved.
    G. Land Use: The vicinity surrounding the wellsite is assorted grasses, mesquite and snakewood.
    H. Surface Ownership: The access road and wellsite are on Public Surface, within the lease boundary. The grazing lessee is Robert McCasland, PO Box 206, Eunice, NM 88231.

12. OPERATOR'S REPRESENTATIVE:
    Representative responsible for assuring compliance with the approved Surface Use Plan

    Michael Mooney, Consulting Engineer
    PO Box 352
    Midland, Texas 79702
    915-683-3650

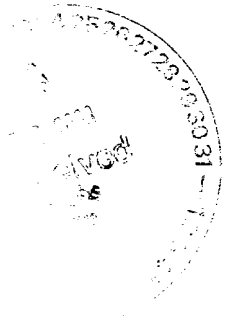
13. CERTIFICATION:

I hereby certify that I, or person 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; that the work associated with the operations proposed herein will be performed by Key Field Services and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

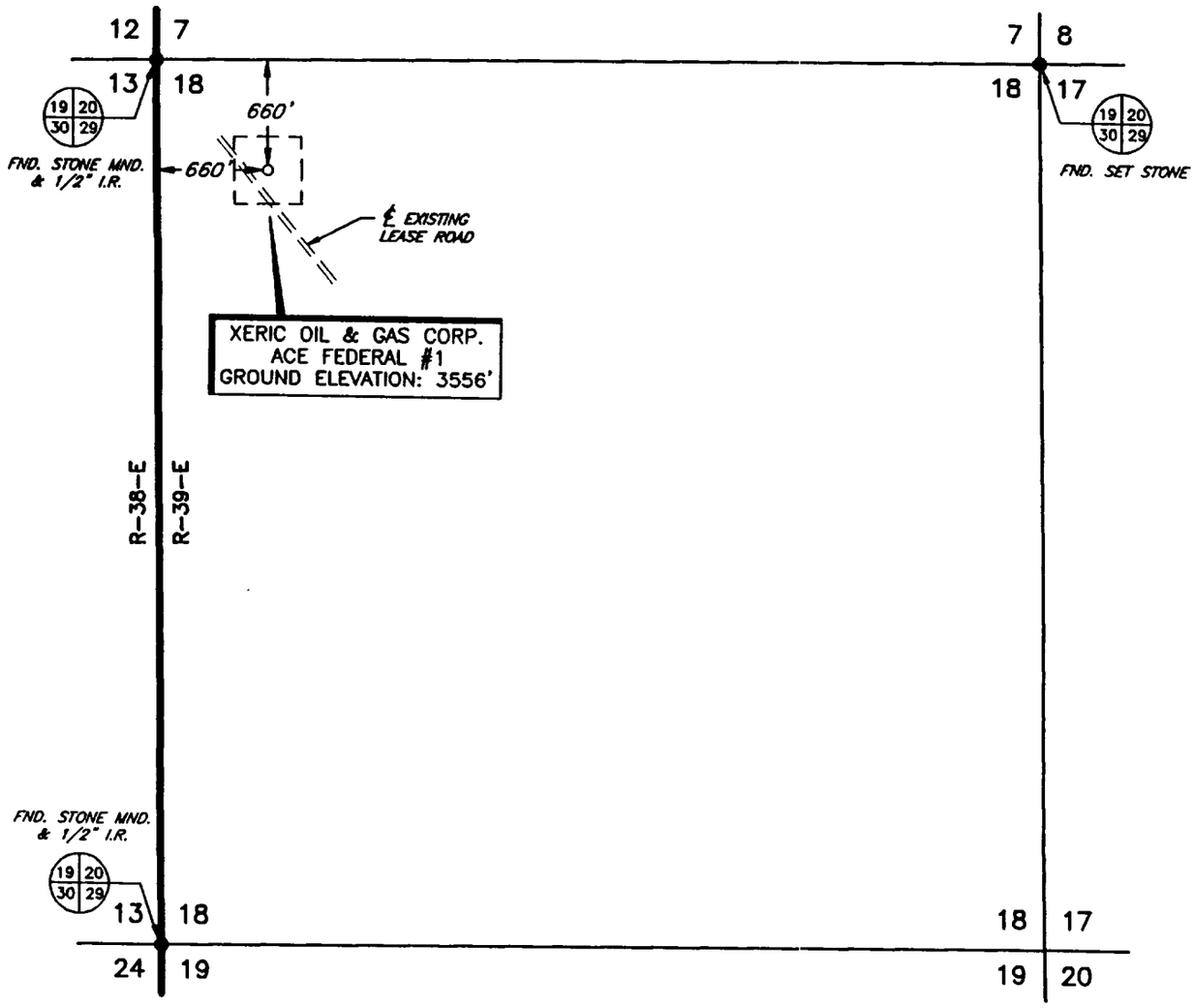
01/21/00

Date:

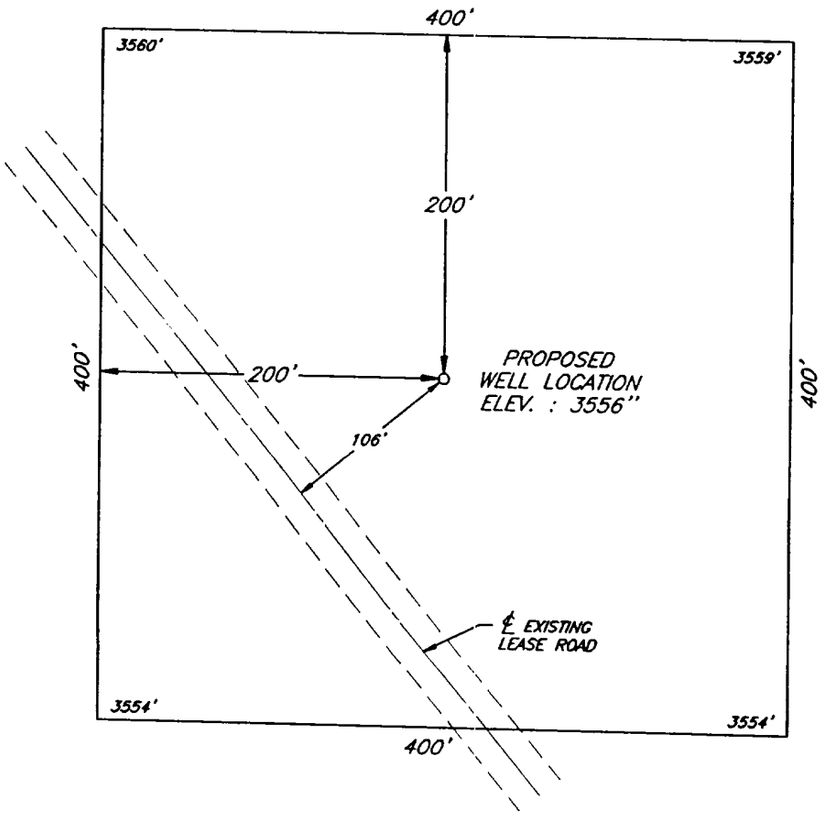
Agent for
Xeric Oil & Gas Corp.



PLAT SHOWING PROPOSED
WELL LOCATION AND LEASE ROAD IN
SECTION 18, T-20-S, R-39-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



PLAN VIEW
1" = 1000'



DETAIL VIEW
1" = 100'

NO.	REVISION	DATE	BY

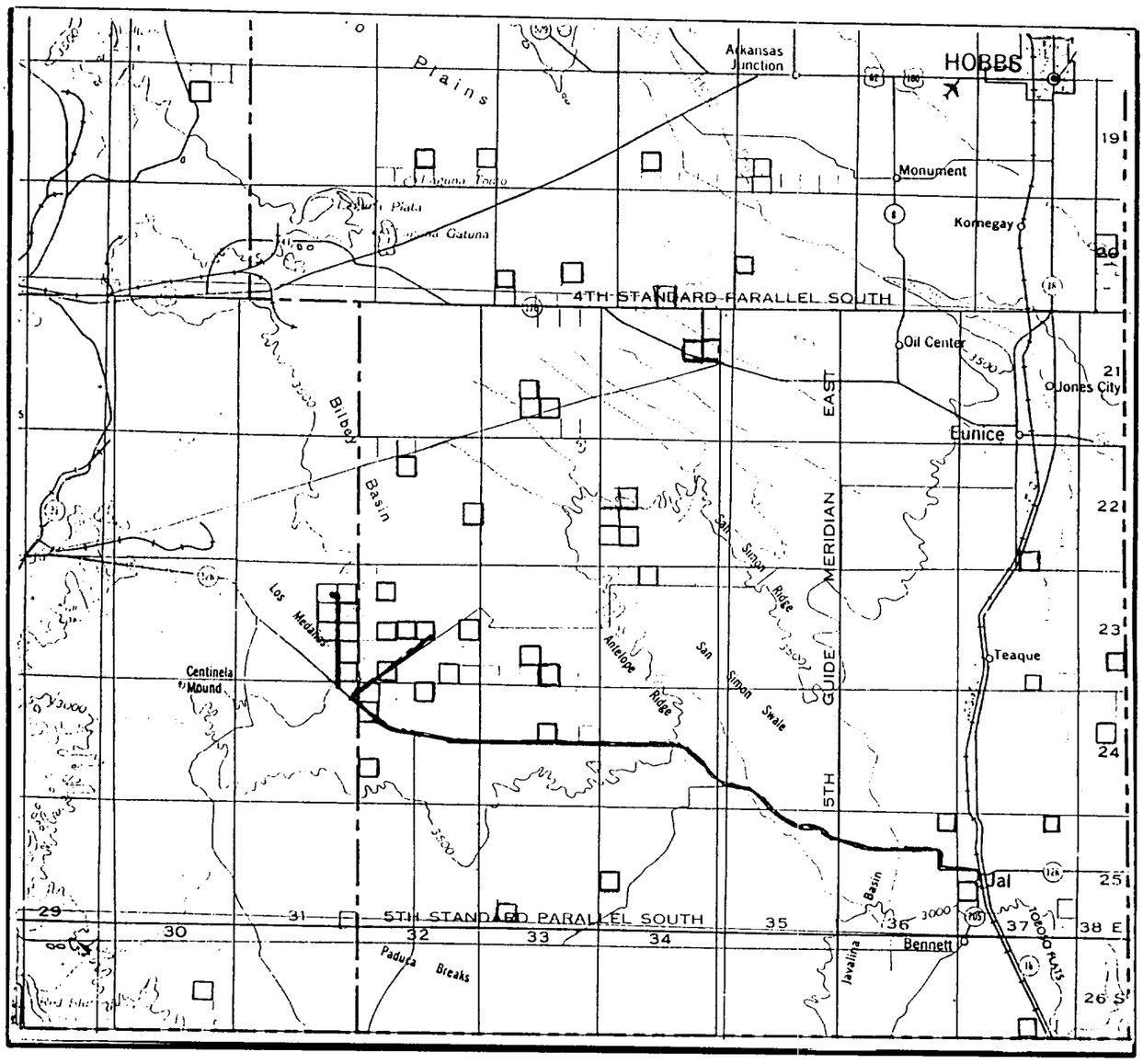
SURVEYED BY: B.R.B.
DRAWN BY: V.H.B.
APPROVED BY: V.L.B.

XERIC OIL & GAS CORP.

SURVEYING AND MAPPING BY
TOPOGRAPHIC LAND SURVEYORS
MIDLAND, TEXAS

SCALE: AS SHOWN
DATE: NOVEMBER 22, 1999
JOB NO.: 66377-F
QUAD NO.: 70 SE
SHEET

VICINITY MAP



SECTION 18 TWP 20-S RGE 39-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

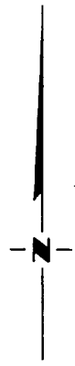
COUNTY LEA STATE NM

DESCRIPTION 660' FNL & 660' FWL

OPERATOR XERIC OIL & GAS CORPORATION

LEASE ACE FEDERAL #1

DISTANCE & DIRECTION FROM NADINE GO SOUTH 3.8 MILES ON S.H. 18, THENCE EAST 2.0 MILES ON LEASE ROAD TO THE SOUTHWEST CORNER OF SECTION 18.



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

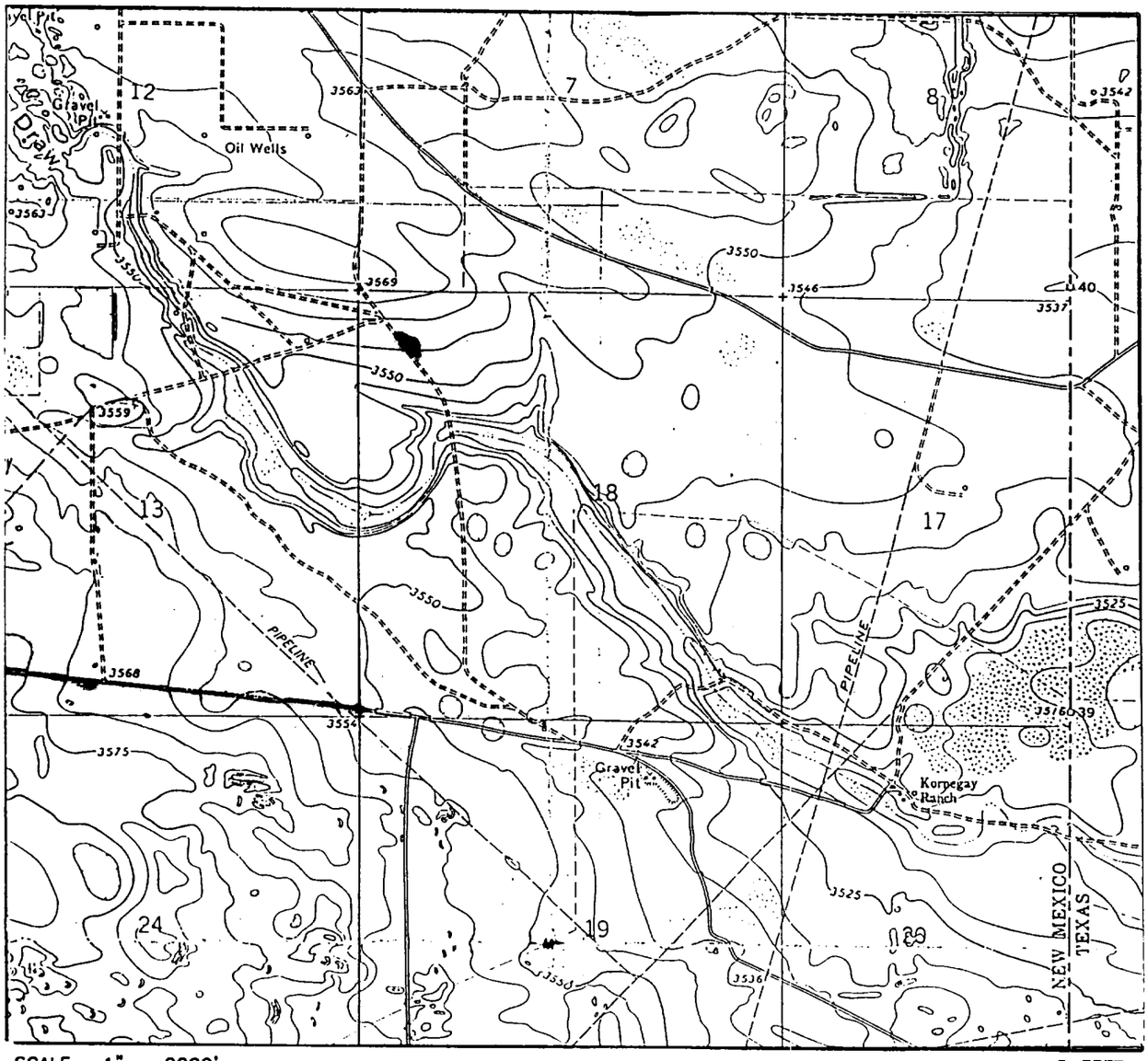
Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART
PAMPA, TX. 79065
(800) 658-6382

6709 N. CLASSEN BLVD.
OKLAHOMA CITY, OK. 73116
(800) 654-3219

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 5 FEET

SECTION 18 TWP 20-S RGE 39-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY LEA STATE NM

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 3556'

OPERATOR **XERIC OIL & GAS CORPORATION**

LEASE ACE FEDERAL #1

U.S.G.S. TOPOGRAPHIC MAP

HOBBS SE, TEXAS-NEW MEXICO

LAT. N 32°34'42"

LONG. W 103°05'27"

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

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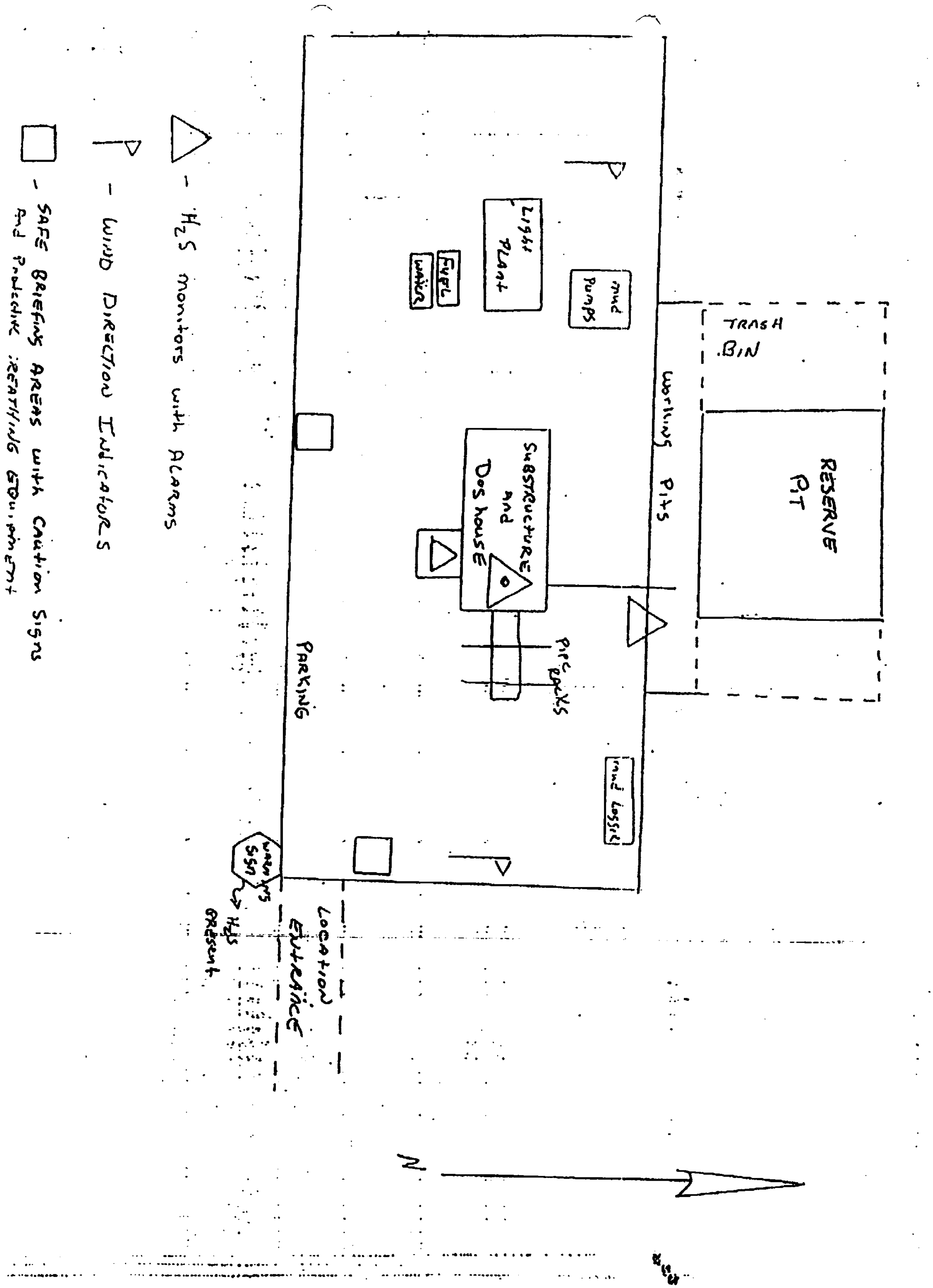
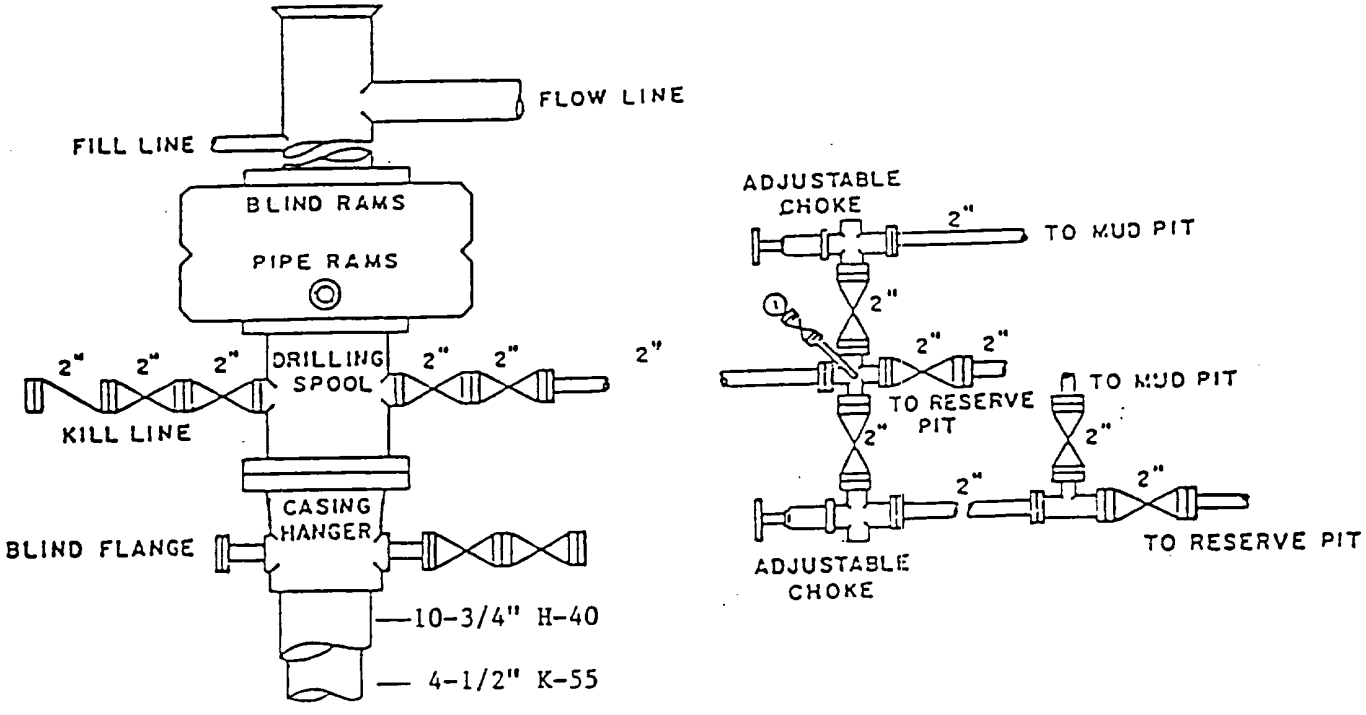

H_2S monitors with ALARMS
WIND DIRECTION INDICATORS
SAFE BRIEFING AREAS with Caution Signs and Protective Breathing Equipment
Light Plant
Fuel
water
mud Pumps
TRASH BIN
Working Pits
RESERVE PIT
SUBSTRUCTURE and Dog house
Pipe Racks
PARKING
mud Logger
warning Sign
H_2S Present
LOCATION ENTRANCE
N

Xeric Oil & Gas Corporation
Ace Federal #1
660' FNL & 660' FWL
Section 18, T-20-S; R-39-E
Lea County, NM



BOP DIAGRAM

2000# Working Pressure
Rams Operated Daily

XERIC OIL & GAS CORPORATION
ATTACHMENT

Hydrogen Sulfide Drilling Operations Plan

I. Hydrogen Sulfide Training

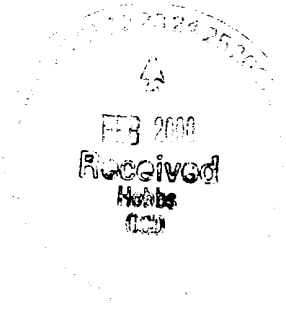
All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of Hydrogen Sulfide (H2S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuations procedures and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervising personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubulers are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout preventer and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session will include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.


FEB 2000
Received
Hobbs

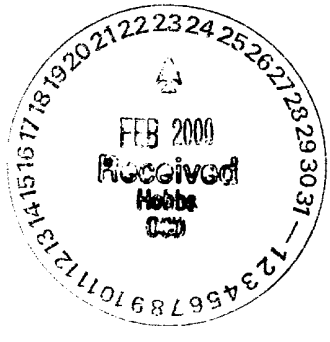
II. H2S Safety Equipment and Systems

Note: All H2S safety equipment and systems will be installed, tested and operational when drilling reached a depth of 500 feet above, or three day prior to penetrating the first zone containing or reasonably expected to contain H2S.

1. Protective equipment for essential personnel:
   A. Mark II Surviveair 30-minute unit will be located in the dog house and at briefing areas, as indicated on well site diagram.
2. H2S detection and monitoring equipment:
   A. 2-portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.
3. Visual warning systems:
   A. Wind direction indicators as shown on well site diagram.
   B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location.
4. Mud Program:
   A. The mud program has been designed to minimize the volume H2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will be used if H2S is detected. The scavengers will minimize hazards when penetrating H2S bearing zones.
   B. A mud-gas separator, H2S gas buster, flare line and electronic ignitor will utilized if H2S is detected in the mud system.
5. Metallurgy:
   A. All drill strings, casing tubing, wellhead, blowout preventrs, drilling spool, kill lines, choke manifolds and flowlines shall be suitable for H2S service.
   B. All elastomers used for packing and seals shall be H2S trim.


FEB 200
Received
Hobbs
OCD

6. Communication:
   A. Radio/Telephone communications will be in company vehicles.
   B. At a minimum the dog house will have at least a 2-way radio to communicate with field office.
7. Well Testing:
   A. No testing is projected, however, if Drill Stem Testing is to be performed a minimum number of personnel necessary to safely and adequately conduct the test will be present. The drill stem test will be conducted during daylight hours using the chamber method of testing.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Hobbs