

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER

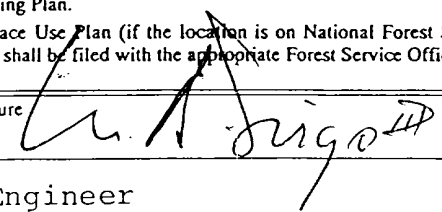
FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC-032511 (e)
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator KENSON OPERATING COMPANY, INC.		7. If Unit or CA Agreement, Name and No. LANGLIE JAL UNIT
3a. Address P O BOX 3531 MIDLAND TX 79702		8. Lease Name and Well No. LANGLIE JAL UNIT 125
3b. Phone No. (include area code) 915/685.0878		9. API Well No. 30-025-35649
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1310' FSL & 1214' FEL P At proposed prod. zone same		10. Field and Pool, or Exploratory LANGLIE MATTIX
11. Sec., T., R., M., or Blk. and Survey or Area Sec. 8, T25S, R37E		12. County or Parish. LEA
13. State NM		14. Distance in miles and direction from nearest town or post office* 1-1/2 miles northeast of Jal, New Mexico
15. Distance from proposed* location to nearest approx. 1360' from property or lease line, ft. unit boundary (Also to nearest drig. unit line, if any)	16. No. of Acres in lease 3760	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. approx. 1020'	19. Proposed Depth 3800'	20. BLM/BIA Bond No. on file Statewide RLB0001609
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3160' GL	22. Approximate date work will start* July 16, 2001	23. Estimated duration 30 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:

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

25. Signature 	Name (Printed/Typed) M. A. Sirgo, III	Date 6-14-01
Title Engineer		
Approved by (Signature) /s/ LESLIE A. THEISS	Name (Printed/Typed) /s/ LESLIE A. THEISS	Date JUL 26 2001
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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.

APPROVAL FOR 1 YEAR

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)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

OPER. OGRID NO. 185433  
PROPERTY NO. 25415  
POOL CODE 37240  
EFF DATE 7-27-01  
API NO. 30-025-35649

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

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

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-35649</b>	Pool Code <b>37240</b>	Pool Name <b>LANGLIE MATTIX SEVEN RIVERS-QUEEN-GB</b>
Property Code <b>25415</b>	Property Name <b>LANGLIE JAL UNIT</b>	Well Number <b>125</b>
OGRID No. <b>185433</b>	Operator Name <b>KENSON OPERATING COMPANY, INC.</b>	Elevation <b>3160'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	25-S	37-E		1310	SOUTH	1214	EAST	LEA

Bottom Hole Location If Different From Surface

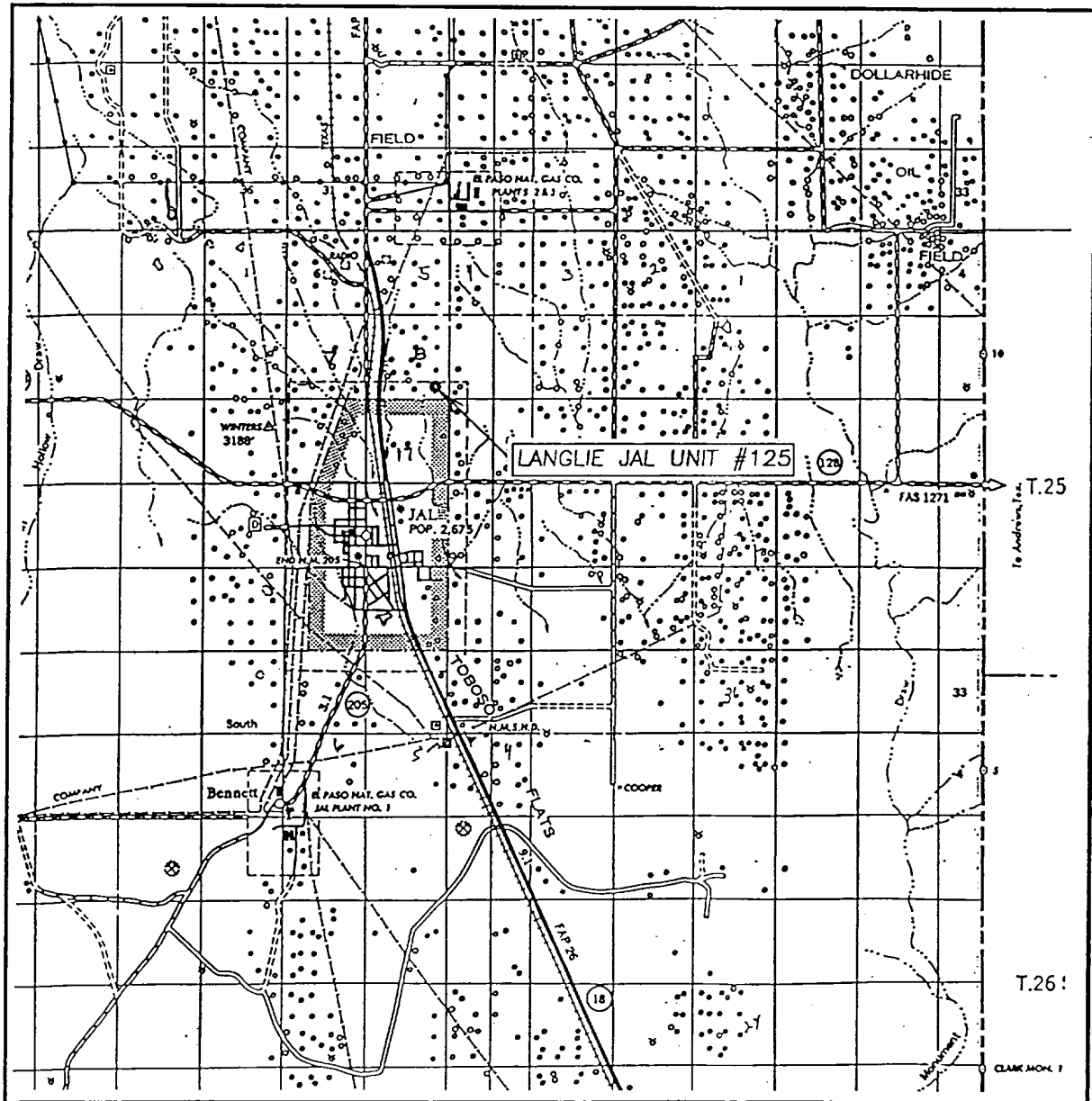
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>M. A. SIRGO, III</b> Printed Name <b>ENGINEER</b> Title <b>MAY 30, 2001</b> Date
	<b>SURVEYOR CERTIFICATION</b>  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.  <b>MAY 18, 2001</b> Date Surveyed <b>AWB</b> Signature & Seal of Professional Surveyor   <b>01-11-0631</b>
	Certificate No. <b>RONALD J. EIDSON 3239</b> <b>GARY EIDSON 12641</b>

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 8 TWP. 25-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1310' FSL & 1214' FEL

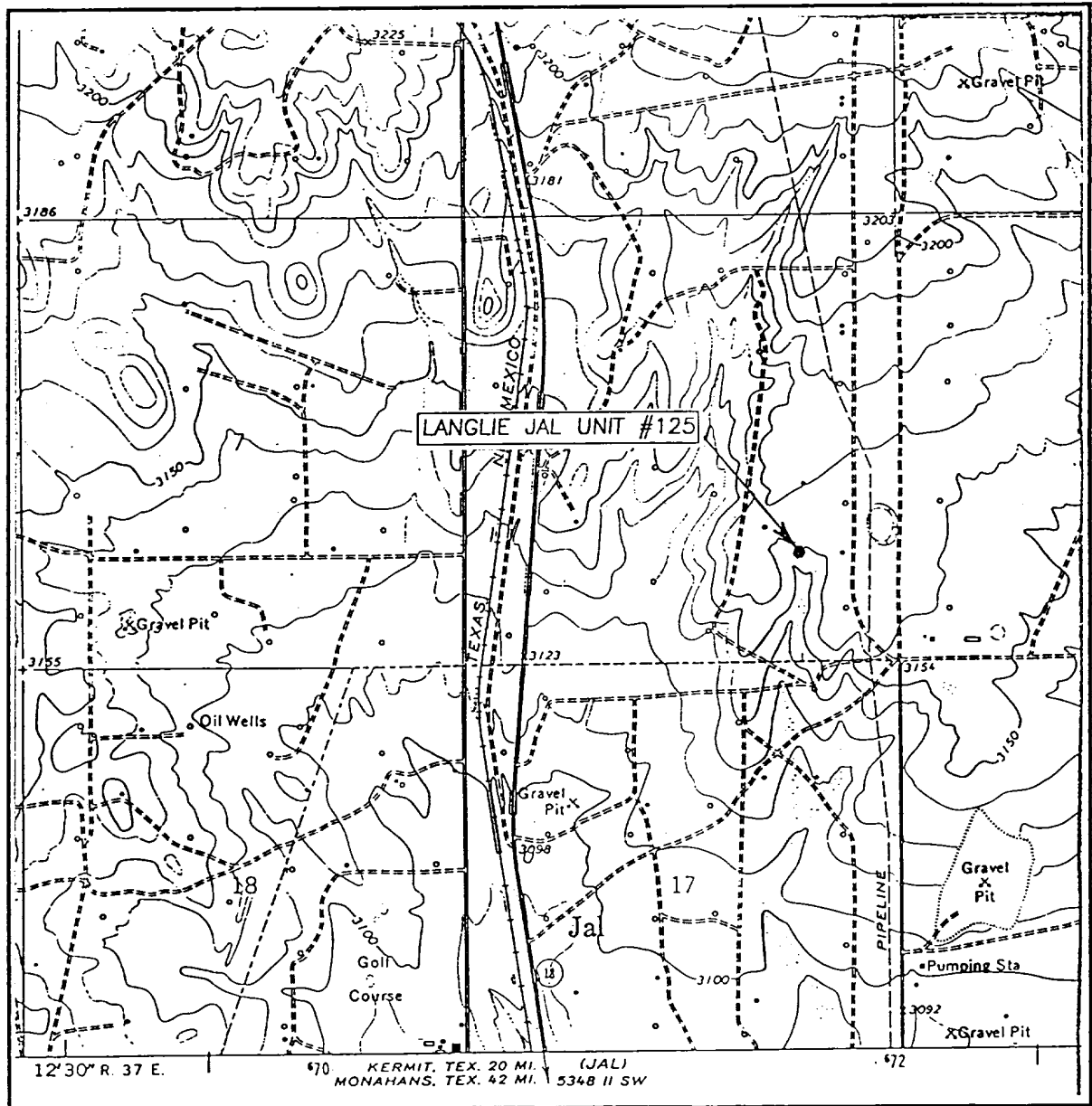
ELEVATION 3109'

OPERATOR KENSON OPERATING COMPANY, INC.

LEASE LANGLIE JAL UNIT

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
JAL NW, N.M.

SEC. 8 TWP. 25-S RGE. 37-E  
SURVEY N.M.P.M.  
COUNTY LEA  
DESCRIPTION 1310' FSL & 1214' FEL  
ELEVATION 3160'

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 303-2117

MAF

WELL NAME AND NUMBER Langlie Jal Unit No. 125  
LOCATION 1310' FSL & 1214' FEL, Section 8, T25S, R37E, Lea County NM  
OPERATOR Kenson Operating Company, Inc.  
DRILLING CONTRACTOR United Drilling, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and had conducted deviation tests and obtained the following results:

<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>
<u>3/4° 841'</u>	<u>                    </u>	<u>                    </u>
<u>3/4° 1546'</u>	<u>                    </u>	<u>                    </u>
<u>1° 2000'</u>	<u>                    </u>	<u>                    </u>

PERTINENT INFORMATION

For

KENSON OPERATING COMPANY, INC.  
No. 125 Langlie Jal Unit  
1310' FSL & 1214' FEL Sec. 8, T25S, R37E  
Lea County, New Mexico  
Federal Lease No. LC-032511 (e)

LOCATED: 1-1/2 miles northeast of Jal, New Mexico.

FEDERAL LEASE NUMBER: LC-032511 (e)

DATE ISSUED: November 1, 1935

ACRES IN LEASE: 3760

RECORD LESSEE: Anderson-Prichard Oil Corp.

BOND COVERAGE: State of New Mexico – RLB0001849  
BLM Statewide – RLB0001609

AUTHORITY TO OPERATE: Transfer of Operating Rights to Kenson Operating Company, Inc.

SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE: Jal Public Library Trust/Woolworth Trust

POOL RULES: Langlie Mattix Seven Rivers/Queen/Grayburg

EXHIBITS: A. Road and Contour Map  
B. Lease and Well Map  
C. Drill Pad Layout  
D. BOP Diagram  
E. Flow Line/Power Map

SUPPLEMENTAL DRILLING DATA

KENSON OPERATING COMPANY, INC.  
No. 125 LANGLIE JAL UNIT

Lea County, New Mexico  
Federal Lease No. LC-032511 (e)

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

1. SURFACE FORMATION: Current

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Yates	2730	Queen	3370
Seven Rivers	2980	Penrose	3515

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

Water - Possible ground water from 0' to 50'  
Oil - 3370' to TD  
Gas - 2750' to 2950'

4. PROPOSED CASING PROGRAM:

**Carbon Controlled Water Resin**

8-5/8" Casing – Set at 800' Surface casing Circulate.  
5-1/2" Casing – Set at 3800' Production casing Circulate.  
All strings of casing will be satisfactorily tested to 1000 psi

**WITNESS**

5. PRESSURE CONTROL EQUIPMENT:

Install a 2000# 8" manual double ram BOP on the 8-5/8" casing prior to drilling into the Yates. Due to depleted nature of the reservoir, it is requested that a waiver be granted to test pressure control equipment to 1000 psi, using rig pump, instead of the normal 2000 psi test. Exhibit D is a diagrammatic sketch of the BOP equipment.

6. CIRCULATING MEDIUM:

Drill with fresh water from surface to setting depth of surface casing. Drill remainder of hole with brine water, using additives to control water loss, viscosity and mud weight.

No. 125 Langlie Jal Unit

7. AUXILIARY EQUIPMENT:

Equipment will include a gas detector, pit level monitor and a full-opening safety valve.

8. TESTING, LOGGING AND CORING PROGRAM:

Samples: Samples will be caught at 10' intervals from below the surface casing to total depth.

DST and Cores: None anticipated

Logging: Density-Neutron Log, Gamma Ray-Neutron Log

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:

No abnormal pressure or temperatures anticipated. Precautions will be taken to monitor possible traces of hydrogen sulfide gas in the Grayburg. See H2S Plan attachment.

10. ANTICIPATED STARTING DATE:

Drilling will commence upon Federal and State approval. Drilling and completion will require about 30 days. Drilling contractor is available to start on July 16, 2001.

KENSON OPERATING COMPANY, INC.

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 (H<sub>2</sub>S).
2. The proper use and maintenance of person protective equipment and life support systems.
3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

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

1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars 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 prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probably H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S 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.

II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS

Note: All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H<sub>2</sub>S.



1. Well Control Equipment:
  - A. Flare line with electronic igniter or continuous pilot.
  - B. Choke manifold with a minimum of one remote choke.
  - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
  - D. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head, and flare gun with flares.
2. Protective Equipment for Essential Personnel:
  - A. Mark II Surviveair 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.
3. H2S Detection and Monitoring Equipment:
  - A. Two 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.
  - B. One portable SO2 monitor positioned near flare line.
4. 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. Bilingual signs will be used, when appropriate. See example attached.
5. Mud Program:
  - A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.
  - B. A mud-gas separator and an H2S gas buster will be utilized.
6. Metallurgy:
  - A. All drill strings, casings, tubing, wellhead, blowout preventors, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
  - B. All elastomers used for packing and seals shall be H2S trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephone and two-way radio.
- B. Land line (telephone) communications at field office.

8. Well Testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill stem-testing operations conducted in an H<sub>2</sub>S environment will use the closed chamber method of testing.

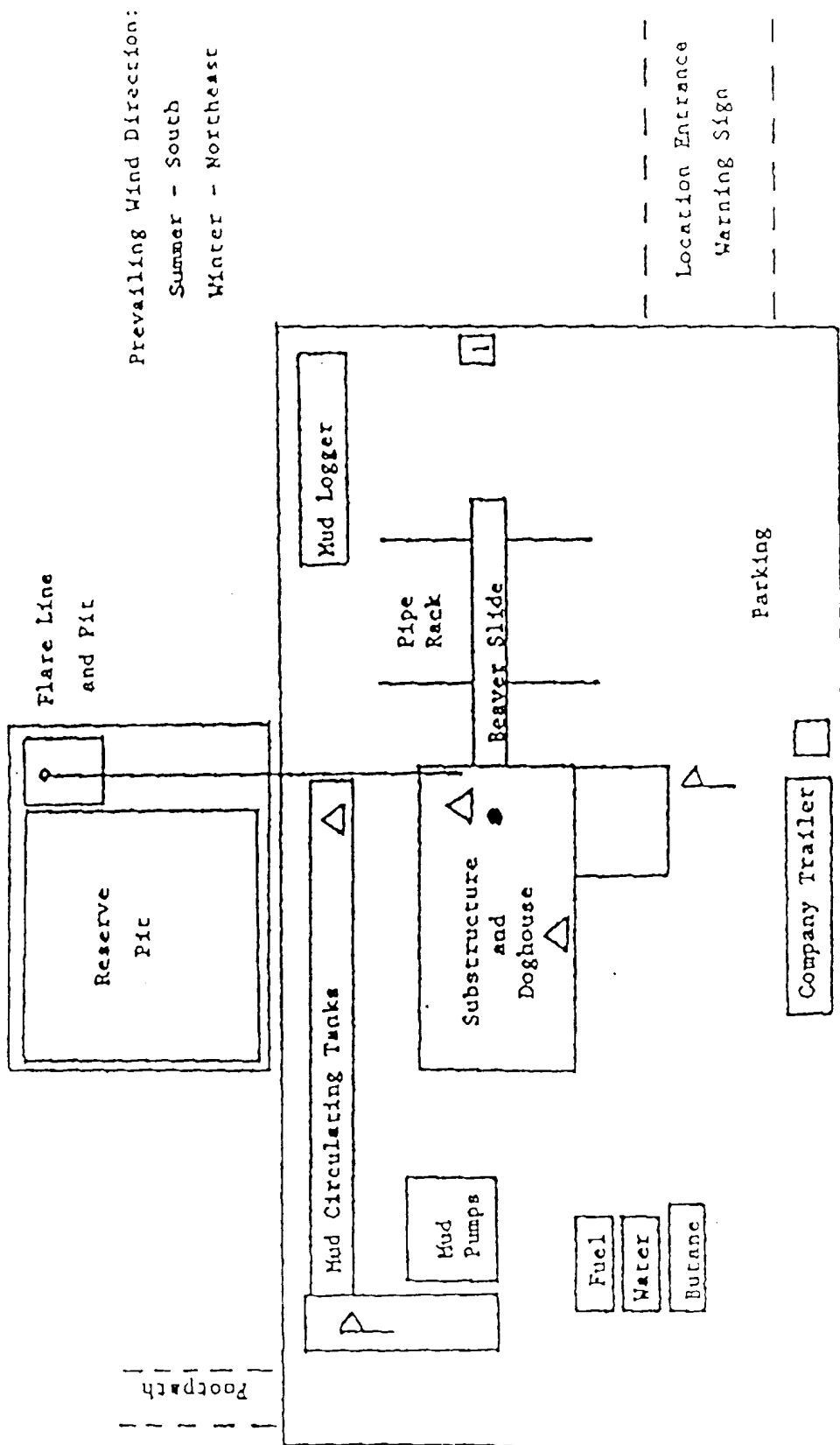
# WARNING

YOU ARE ENTERING AN H<sub>2</sub>S AREA  
AUTHORIZED PERSONNEL ONLY

1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
- 5 *CHECK WITH KENSON BEFORE ENTERING*

*KENSON OPERATING COMPANY, INC.*

*1-915-685-0878*



- △ - H2S Monitors with alarms at the bell nipple and shale shaker
- P - Wind Direction Indicators
- - Safe Hoisting areas with caution signs and protective breathing equipment  
Min. 150 feet from wellhead. 1 designates primary area

## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

KENSON OPERATING COMPANY, INC.

No. 125 Langlie Jal Unit

1310' FSL & 1214' FEL Sec. 8, T25S, R37E

Lea County, New Mexico

Federal Lease No. LC-032511 (e)

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 1-1/2 air miles northeast of Jal, New Mexico.
- B. Directions: Travel east on Hwy #128 out of Jal, New Mexico one mile. Turn north on caliche road. Travel 1-1/4 miles north, turn west on lease road. Travel 1/4 mile west, then 1/4 mile northwest to location.

### 2. PLANNED ACCESS ROAD:

- A. Length and Width: The new road will be about 600' long and about 12' wide.
- B. Surfacing Material: The new road and well pad will be surfaced with 6" of existing surface material supplemented with caliche where necessary.
- C. Maximum Grade: Less than 1%.
- D. Turnouts: No traffic turnouts are necessary.
- E. Drainage Design: The road will be constructed with a 6" crown to provide proper drainage.
- F. Culverts: None necessary.
- G. Cuts and Fills: Construction of the drill pad will require 2' of cut with 2' of fill. Surface soil will be stockpiled on the edge of the location for use in rehabilitating the disturbed area.
- H. Gates, Cattle Guards: None necessary.

### 2. LOCATION OF EXISTING WELLS:

- A. See Exhibit B

No. 125 Langlie Jal Unit

3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. The flow line for the Langlie Jal Unit No.125 well will travel down existing lease roads 100' to the north where the existing Langlie Jal Unit production satellite #2 is located.
- B. The power line will be constructed from the Langlie Jal Unit No. 125 well, to the existing lease power line located east of the pad. See Exhibit E.

4. LOCATION AND TYPE OF WATER SUPPLY:

- A. Fresh water for drilling from surface to 500'+- will be obtained from a commercial source and trucked over existing roads. Lease brine water will be used to finish drilling and completing.

5. SOURCE OF CONSTRUCTION MATERIALS:

- A. Any caliche necessary for surfacing the road and pad will be purchased from a federal pit located in the NW/4 of Sec. 6, T25S, R37E.

6. 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 compiled with.
- E. Trash, waste paper, garbage, debris or junk will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES:

- A. None required.

No. 125 Langlie Jal Unit

8. WELL SITE LAYOUT:

- A. The wellsite, surrounded by a 400' x 400' area has been surveyed and flagged.
- B. Dimensions and relative location of the drill pad and pit are shown on Exhibit C.

9. 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 nonproductive, the disturbed area will be rehabilitated to surface owner requirements and will be accomplished as expeditiously as possible.

10. OTHER INFORMATION:

- A. Topography: The wellsite and access road are flat.
- B. Soil: The surface soil is fine with occasional caliche and chert inclusions.
- C. Flora and Fauna: Vegetation consists of oak shinnery, mesquite, sagebrush, yucca, and various weeds and grasses. Ground cover is about 15%. Wildlife in the area is that typical of semiarid desert land, such as coyotes, rodents, reptiles and birds.
- D. Ponds or Streams: None.
- E. Residences and Other Structures: None in this area.
- F. Archaeological, Historical and Other Cultural Sites: An Archaeological report is being furnished to BLM under separate cover directly from an Archaeological Survey Consultant.
- G. Land Use: The surface is used for cattle grazing.
- H. Surface Ownership: The drillsite and access road are located on federal surface. The grazing lessee is Jal Public Library Trust/Woolworth Trust.

11. OPERATOR'S REPRESENTATIVE:


Representative responsible for assuring compliance with the approved Surface Use Plan: M. A. Sirgo, III

No. 125 Langlie Jal Unit

12. CERTIFICATION:

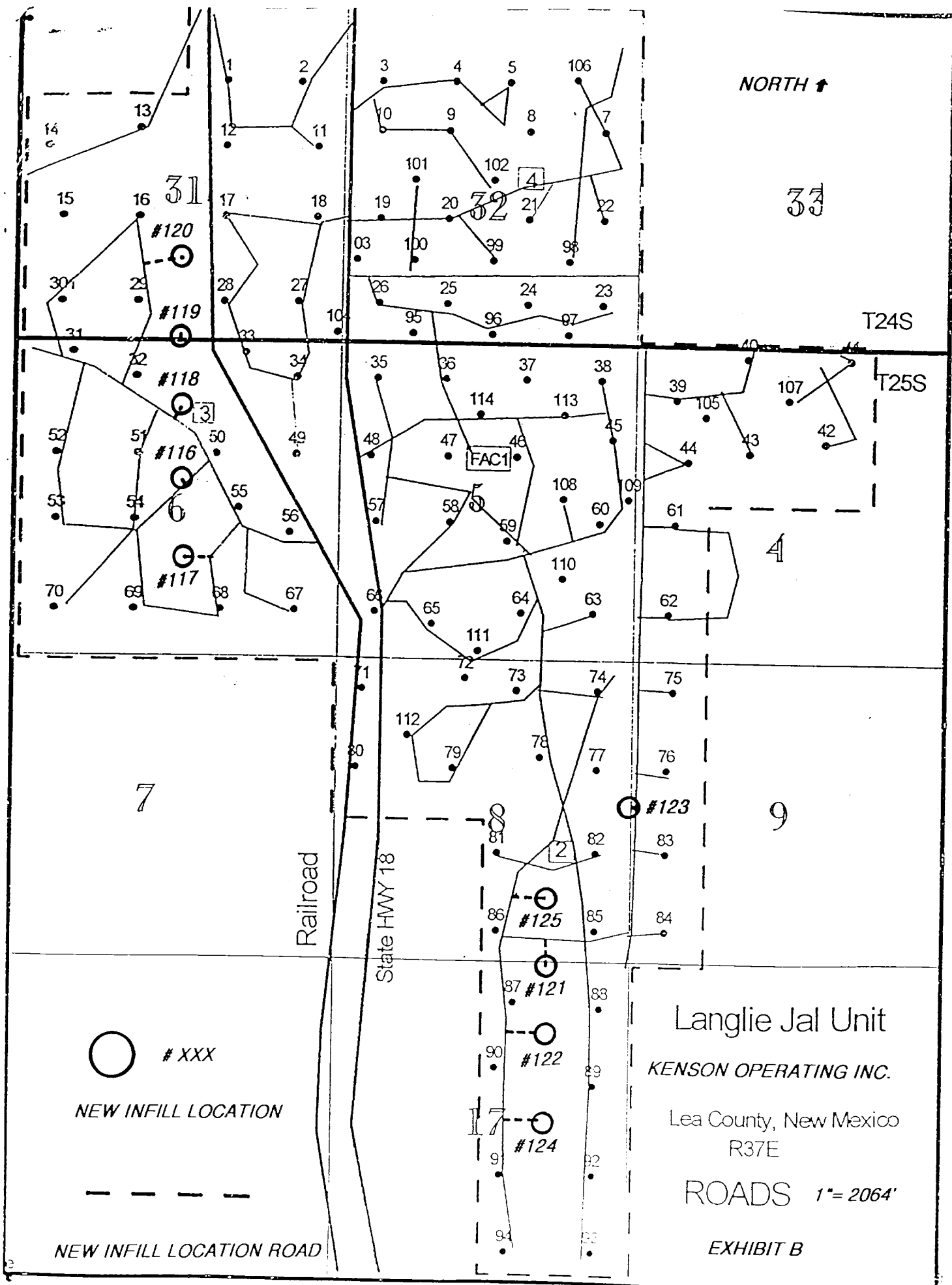
I hereby certify that I, or person under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by Kenson Operating Company, Inc. 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.

Date: 6-14-01

  
\_\_\_\_\_  
M. A. Sirgo, III Permit Agent for:  
Kenson Operating Company, Inc.







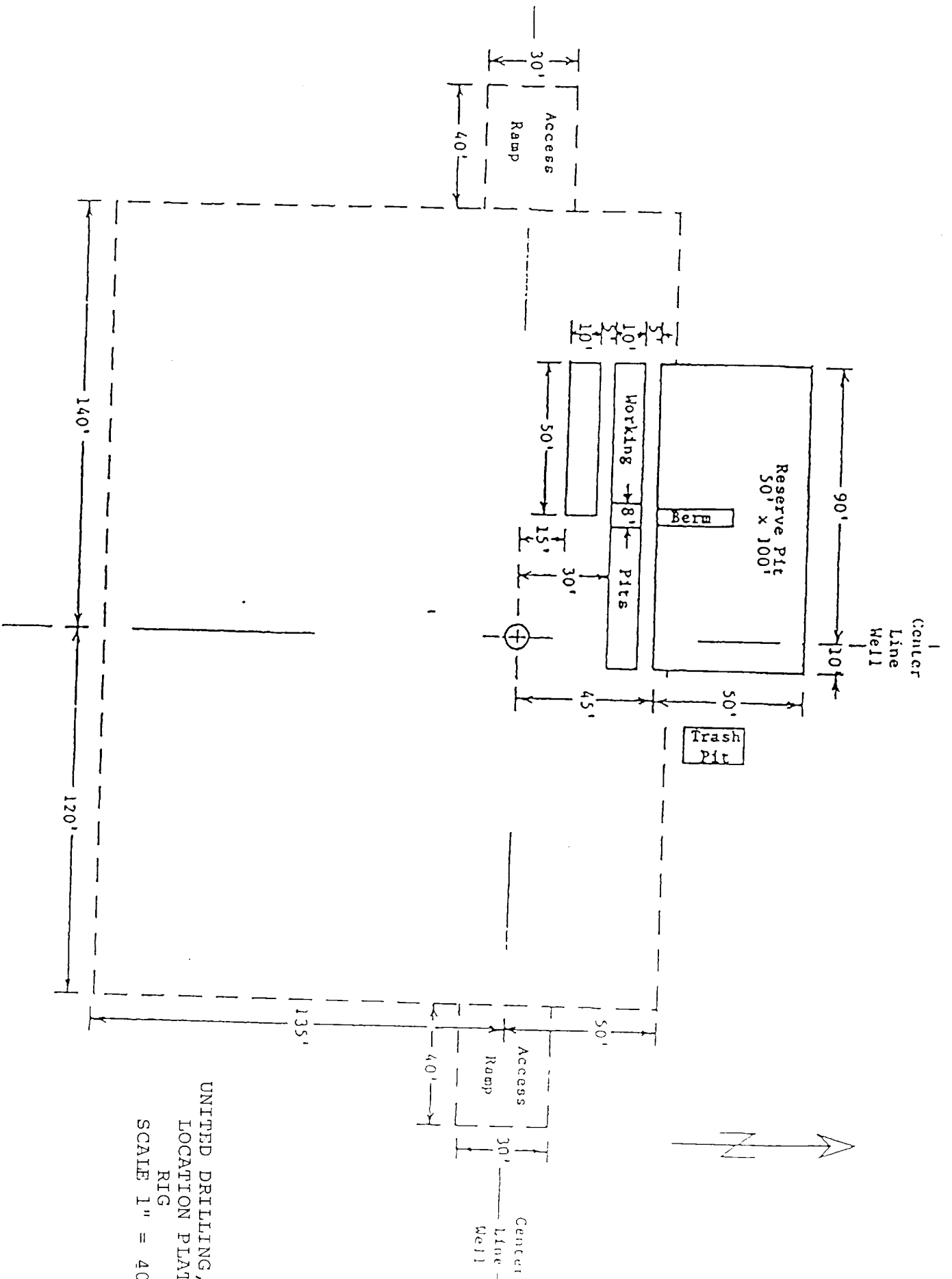
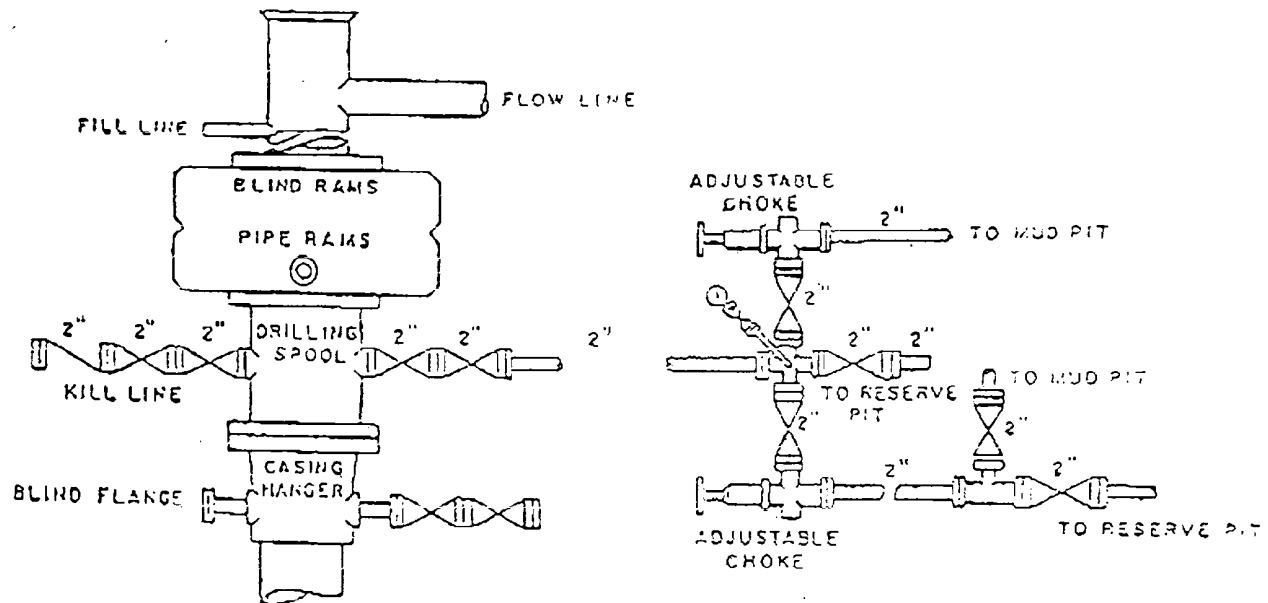
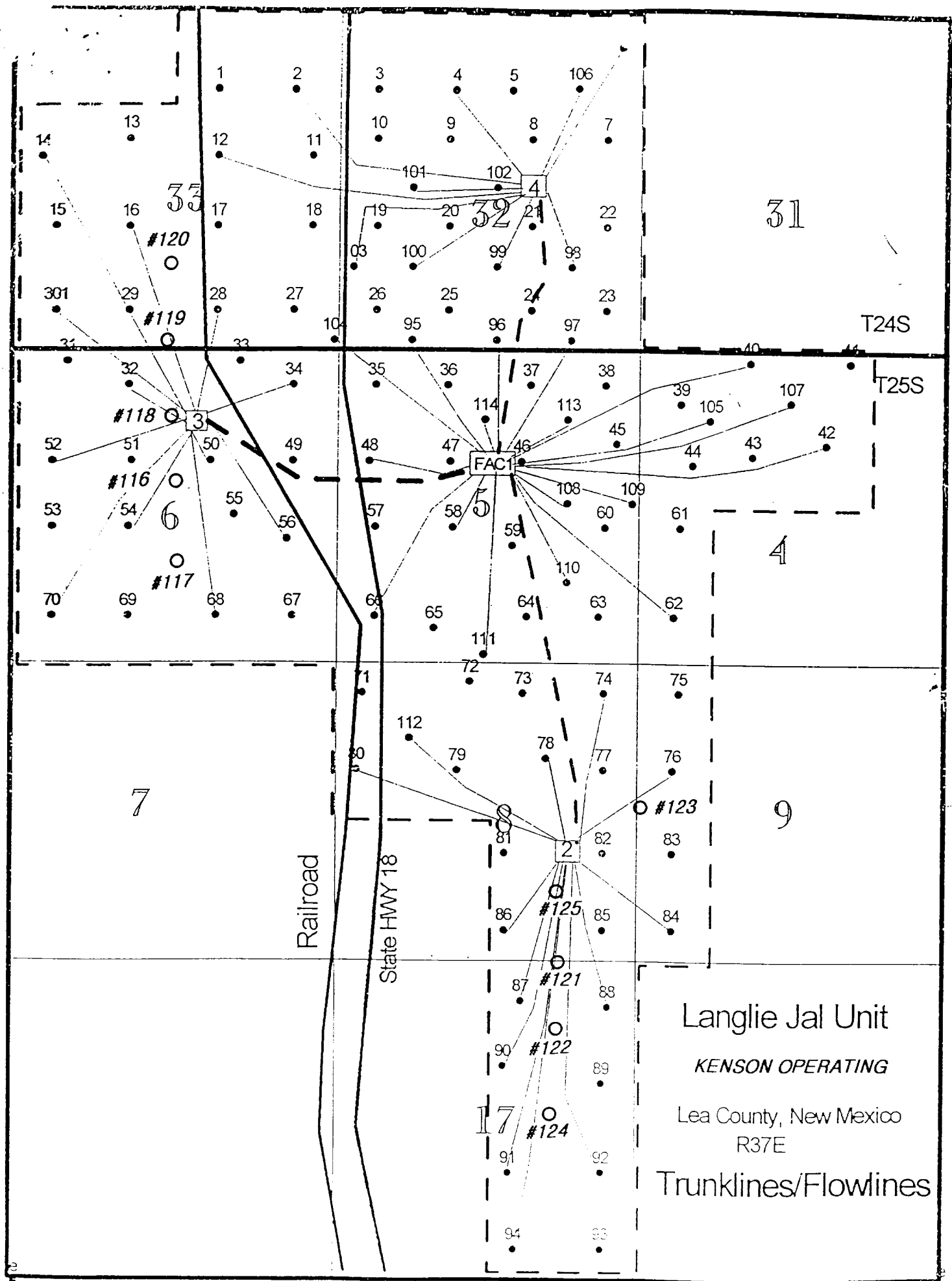


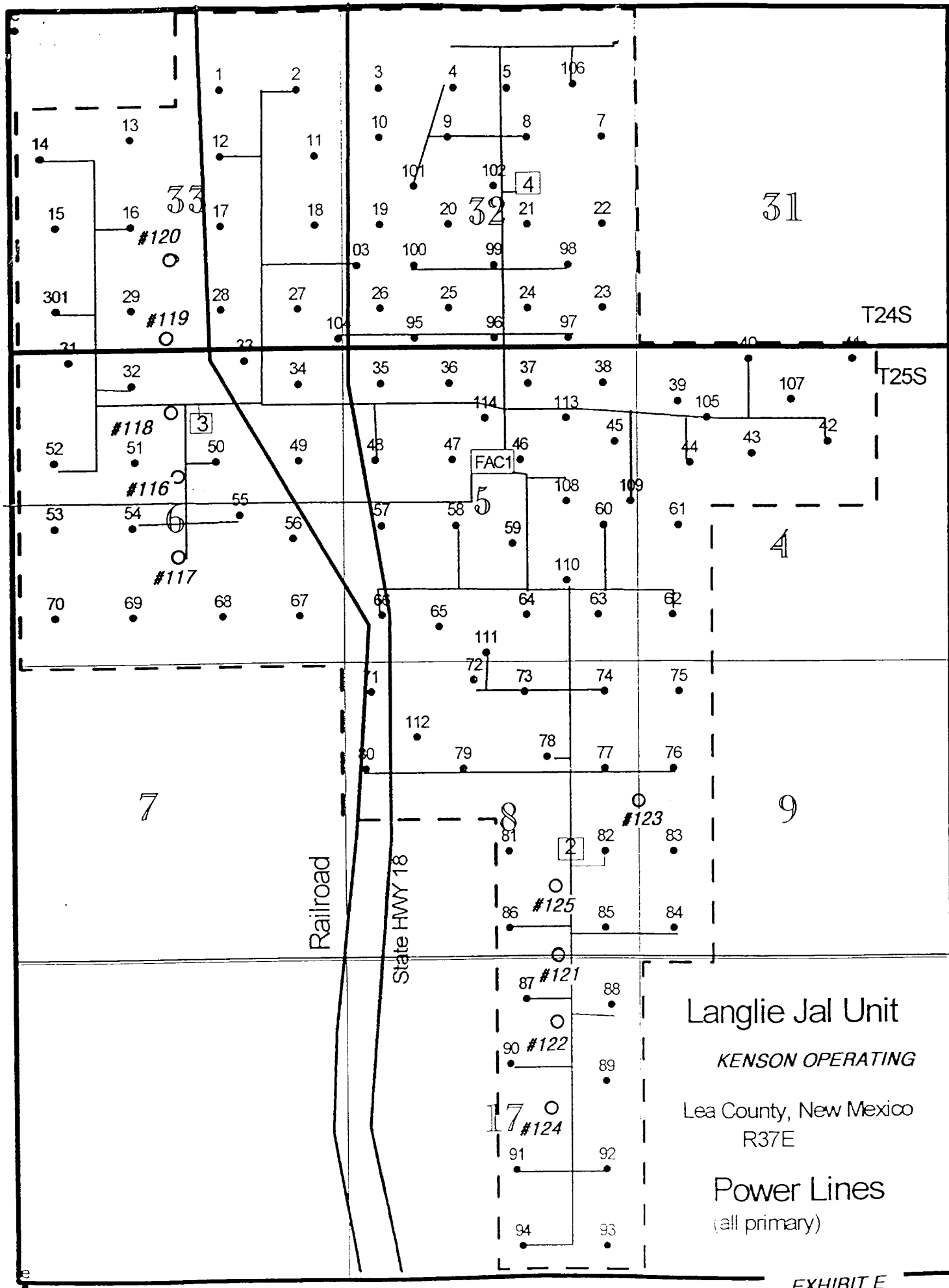
EXHIBIT C



8" Manual Double Ram BOP

2000# working Pressure  
Rams Operated Daily





ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED

ELF 11/26/11

RECEIVED  
FEB 25  
2000