COPY TO O. C. C.

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-025-26634

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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

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

2. NAME OF OPERATOR: Coquina Oil Corporation

3. ADDRESS OF OPERATOR: P. O. Drawer 2960 Midland, TX 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FSL & 1980' FEL Sec. 7
At proposed prod. zone: projected same

5. LEASE DESIGNATION AND SERIAL NO.: NM 23008

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: --

7. UNIT AGREEMENT NAME: --

8. FARM OR LEASE NAME: Llano "B" Federal

9. WELL NO.: 1-Y

10. FIELD AND POOL, OR WILDCAT: NW Lusk

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 7-19S-32E

12. COUNTY OR PARISH: Lea

13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 38 miles west of Hobbs

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 660'

16. NO. OF ACRES IN LEASE: 443.40

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: None

19. PROPOSED DEPTH: 12,500'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3613 GR

22. APPROX. DATE WORK WILL START*: Jan. 30, 1980

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17½"	13-3/8"	48#	600	835 cu. ft.
12¼	8-5/8"	24 & 32#	3350	620 cu. ft.
7-7/8"	5-1/2"	17 & 20#	12,500	300 cu. ft.

Drill a 17½" hole with spud mud to 600'. Set and cement 13-3/8" OD casing. Circulate cement. Cut off, install CH. NU BOP's. WOC 18 hours. Test BOP's & casing to 750 psi. Drill a 12¼" hole with brine to 3350'. Set and cement 8-5/8" OD casing. Cut off. NU BOP's. WOC 18 hrs. Test BOP's & casing to 1000 psi. Drill out in 7-7/8" hole using fresh water, to cut brine to brine mud to drill to the Morrow Sands. DST significant shows encountered while drilling. After penetrating the Morrow Sands at TD 12,500"±, run electric logs. If production is indicated, run a string of 5½" OD casing and cement 1000' or above prospective zones.

RECEIVED
DEC 20 1979
U. S. GEOLOGICAL SURVEY
HOBBS, 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 Leland Francy TITLE Drilling Manager DATE 12-18-79

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED AS AMENDED
JAN 11 1980
ACTING DISTRICT ENGINEER

*See Instructions On Reverse Side

NEW M. ..ICO 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.
COQUINA OIL CORPORATION	Llano B Federal No. 1	1

Unit Letter	Section	Township	Range	County
'O'	7	19 South	32 East	Lea

Actual Footage Location of Well:
660 feet from the South line and 1980 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3613.5	Morrow	N. W. Lusk	320 Acres

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

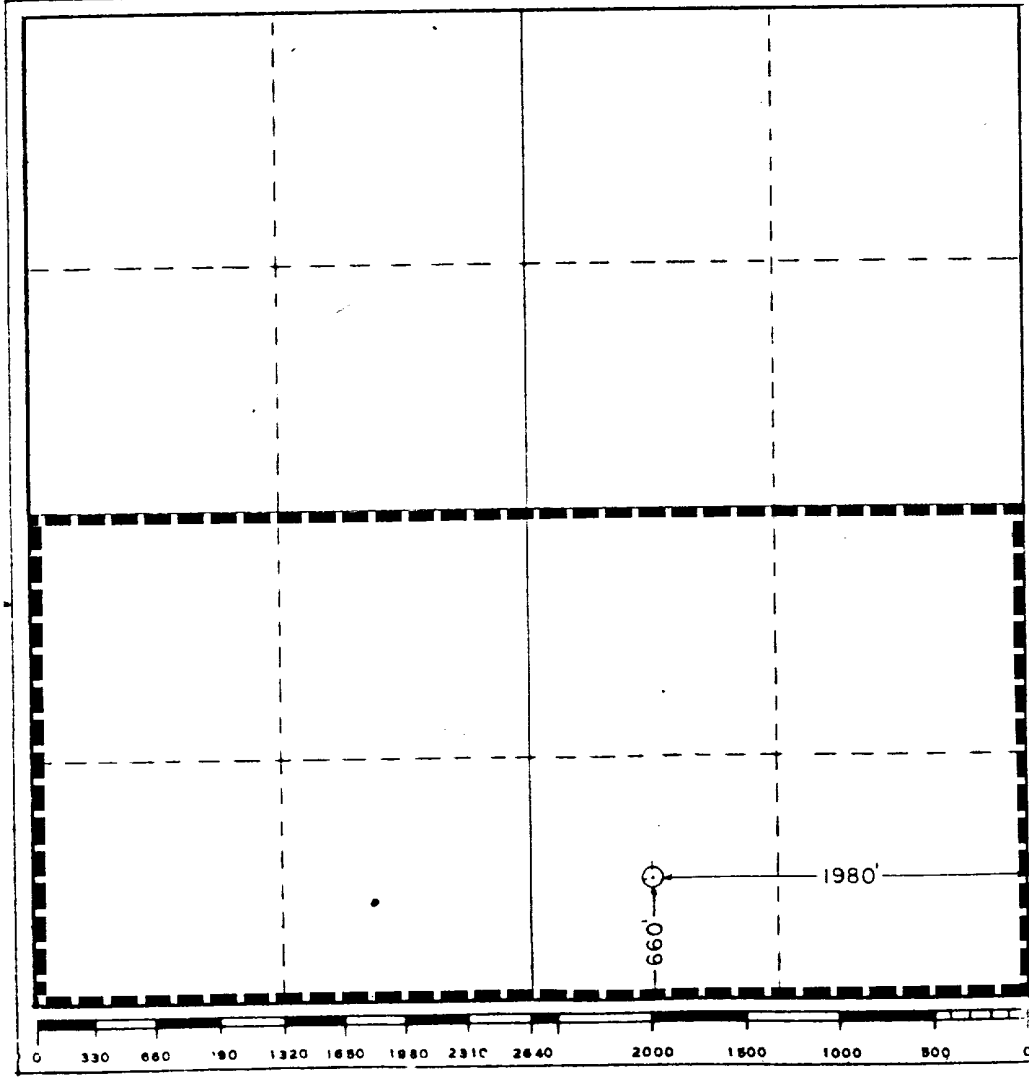
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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: Leland Franz

Position: Drilling Manager

Company: Coquina Oil Corporation

Date: December 19, 1979

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: December 10, 1979

Registered Professional Engineer and/or Land Surveyor: HERSCHEL JONES 3640

STATE OF NEW MEXICO REGISTERED LAND SURVEYOR

Certificate No.

COQUINA OIL CORPORATION

Llano "B" Federal No. 1-Y
Sec. 7-19S-32E Lea Co., N.M.

TEN POINT PLAN

1. The geologic name of the surface formation is Quaternary Alluvium.

2. The tops of important geologic markers:

Anhydrite	940'	Bone Spring	6,935'
Yates	2,900'	Wolfcamp Lime	10,280'
Delaware Sd.	5,340'	Strawn	11,125'

Morrow (est) 12,300'

3. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Morrow Sands -- Gas

4. Proposed casing program:

Depth	Size	Weight	Grade	New or Used
600'	13-3/8"	48#	H-40	New
3,350'	8-5/8"	24# & 32#	K-55	New & Used
12,500'	5-1/2"	17# & 20#	N-80	New

5. Minimum specifications for pressure control equipment:

Install an annular type 12" -- 2000 psi preventer on the 13-3/8" casing before drilling out surface plugs. Test to 500 psi. When 8-5/8" casing string is set, install double ram type preventers with pipe and blind rams, and a rotating head. The double gate shall be 10" -- 5000 psi equipment. If sufficient sub-structure space is available an annular preventer rated to 3000 psi will be included in this stack. Test this stack to 1500 psi when installed, and daily thereafter, at daylight. Such daily pressure checks will be recorded in the drillers log.

6. Mud program: Fresh water spud mud of sufficient viscosity to remove drill cuttings will be used to drill to 600'. Switch to brine to drill to 8-5/8" OD casing point. Switch to fresh water and drill ahead. Drill into Morrow with a cut brine mud, approximately 9.5 to 9.6#, 36 viscosity.

7. Auxilliary pressure control equipment.

   A. Kelly cock in kelly.

   B. Float at the bit.

   C. Tool joint sub w/full opening valve to stab in to drill pipe when kelly is not in string.

8. Testing, coring, and logging program.

   A. No coring anticipated.

   B. One or more DST's of Morrow Sands.

   C. CNL--FNC w/GR and caliper; DLL, TD to surface casing shoe.

9. No abnormal pressures or sour gas are anticipated in this well.

10. The anticipated starting date is January 30, 1980.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

COQUINA OIL CORPORATION
Llano "B" Federal No. 1-Y
1980' FEL & 660' FSL Sec. 7-19S-32E
Lea County, New Mexico

Located:	38 air miles west of Hobbs, NM
Federal Lease:	NM-23008
Lease Issued:	December 1, 1974 for a primary term of 5 years. Lease will be extended by diligent drilling operations.
Record Lessee:	Llano, Inc.
Acres in Lease:	443.4 acres
Surface Ownership:	Federal
Grazing Permittee:	L. T. D. Snyder (Allotment 7012)
Pool:	Undesignated
Attachments:	A. General road map. B. Plat showing existing wells and existing roads. C. Drilling rig layout. D. BOP stack. E. NM Form C-102.

1. EXISTING ROADS:

A. Attachment "A" is a portion of a road map showing the location of the proposed operation. Point "A" on the map is the intersection of US 62-180 with St. Highway 176 approximately 25 miles west of Arkansas Junction. To reach the well site from this point, exit US 62-180 on 176 and go northwest and west 4.5 miles to the intersection of 176 with County road 126. Turn north on 126 and go 7.2 miles. At this point turn left off the paved road through a gate on the caliche road and go southwest 0.5 mile to the well site.

B. Attachment "B" is a plat showing existing roads in the vicinity of the well site. Existing roads are color coded blue.

C. Any repairs to existing roads do not appear necessary at the present time.

2. PLANNED ACCESS ROAD:

A. Approximately 50 feet of new road will be required to join the pad of the No. 1 well and the new pad for the replacement 1-X. New surface disturbance will be minimal.

3. LOCATION OF EXISTING WELLS:

A. Existing wells in the immediate area are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. This lease is undeveloped at present and there are no existing production facilities on the lease.

B. If the proposed well is productive, the tank battery and flow line will be located on the well pad and no additional surface disturbance will be necessary.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing and proposed roads shown on Exhibit "B".

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche, if required, will be purchased from commercial sources and hauled to the construction site.

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 tests will be disposed of in the drilling pits. Oil produced during tests 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, waste paper, garbage and junk will be buried or removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES

A. None required.

9. WELL SITE LAYOUT:

A. Attachment "C" shows the relative location of the well pad, mud pits, reserve pit and trash pit with respect to the well bore. The reserve pit will be plastic lined.

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 well site in an as aesthetically pleasing condition as possible.

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

C. After abandonment, all equipment, trash and junk will be removed and the location cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and accomplished as expeditiously as possible.

11. OTHER INFORMATION

A. Topography: The land surface is relatively level with regional slope to the south.

B. Soil: The top soil is sand.

C. Flora and Fauna: The vegetative cover is sparse and consists of mesquite, shinnery, weeds and range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

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

E. Residences and Other Structures: There are no occupied dwellings within one mile of the well site.

F. Archaeological, Historical, and Other Cultural Sites: None observed in the area. Archaeological report will be forthcoming.

G. Land Use: Grazing and hunting in season.

H. Surface Ownership: Federal.

12. OPERATOR'S REPRESENTATIVE:

Representatives responsible for assuring compliance with the approved Surface Use Plan are:

Mr. Leroy Collins
Field Foreman
905 West Avenue F
Lovington, NM 88260
(505) 396-2613, Office
(505) 396-5251, Home

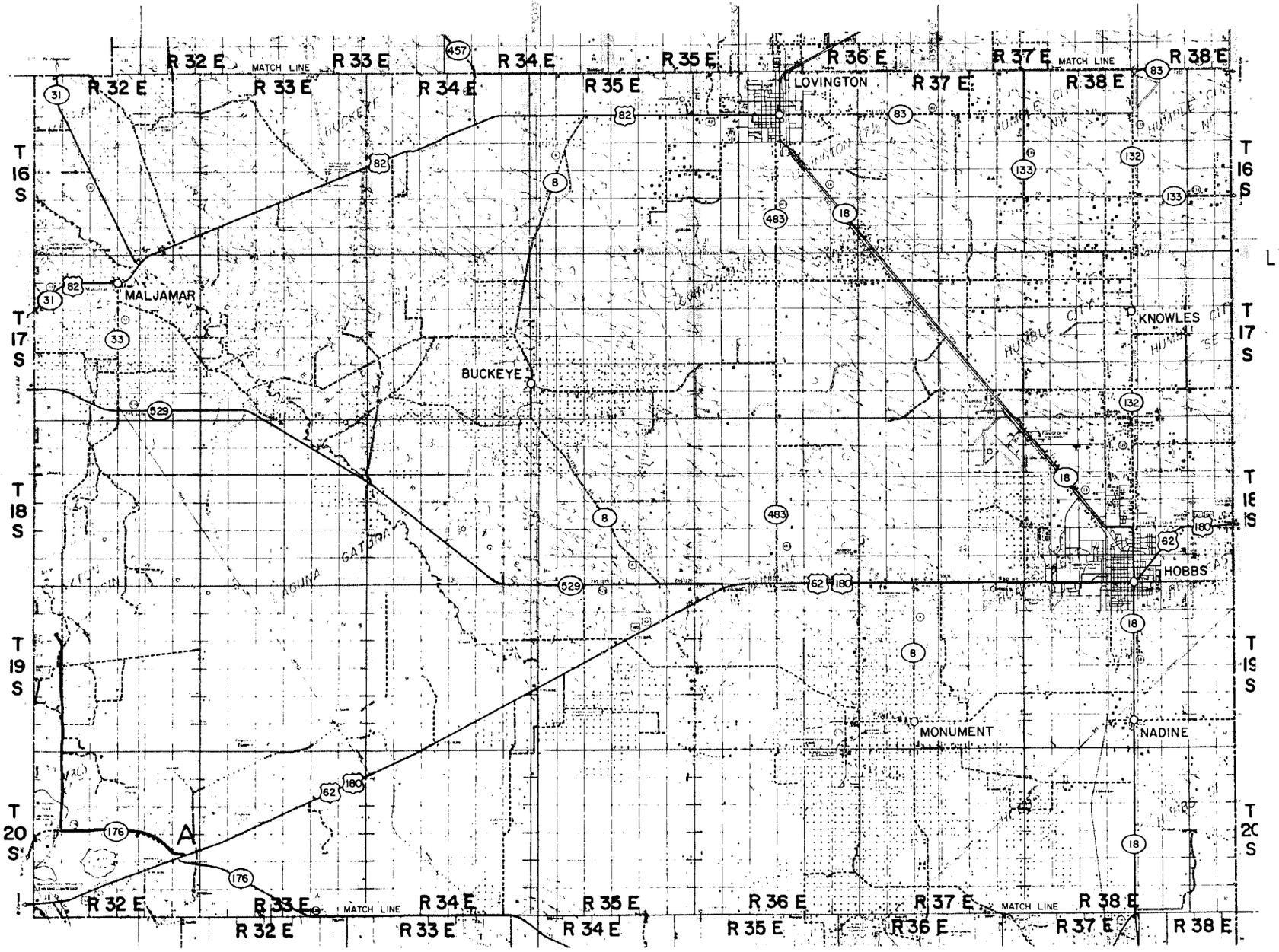
Mr. Leland Franz
Drilling Manager
P. O. Drawer 2960
Midland, TX 79702
(915) 682-6271, Office
(915) 697-2829, Home

13. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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; and that the work associated with the operations proposed herein will be performed by Coquina Oil Corporation and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

12/19/79
Date

Leland Franz

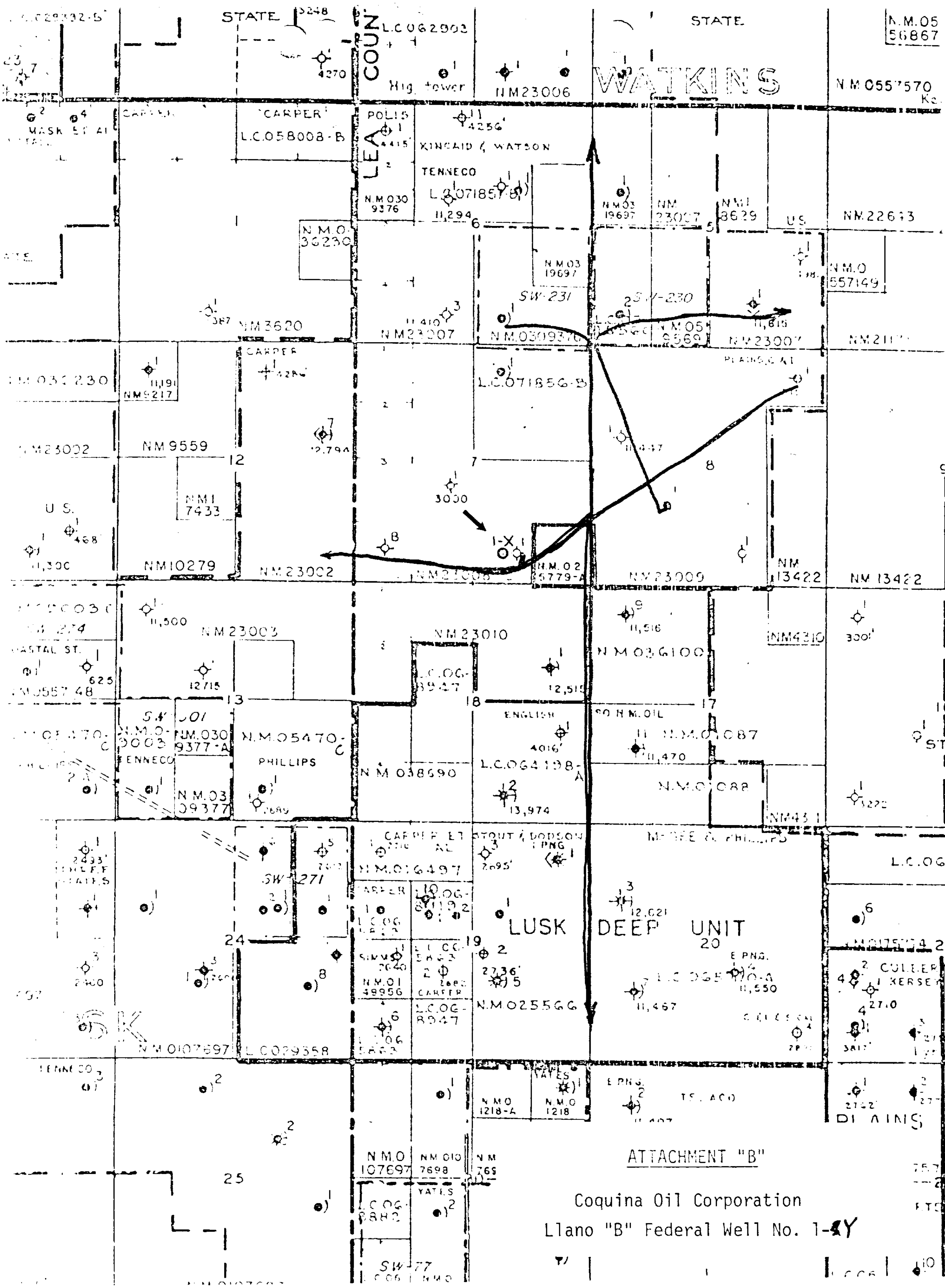


ATTACHMENT "A"

Coquina Oil Corporation

Llano "B" Federal Well No. 1-Y

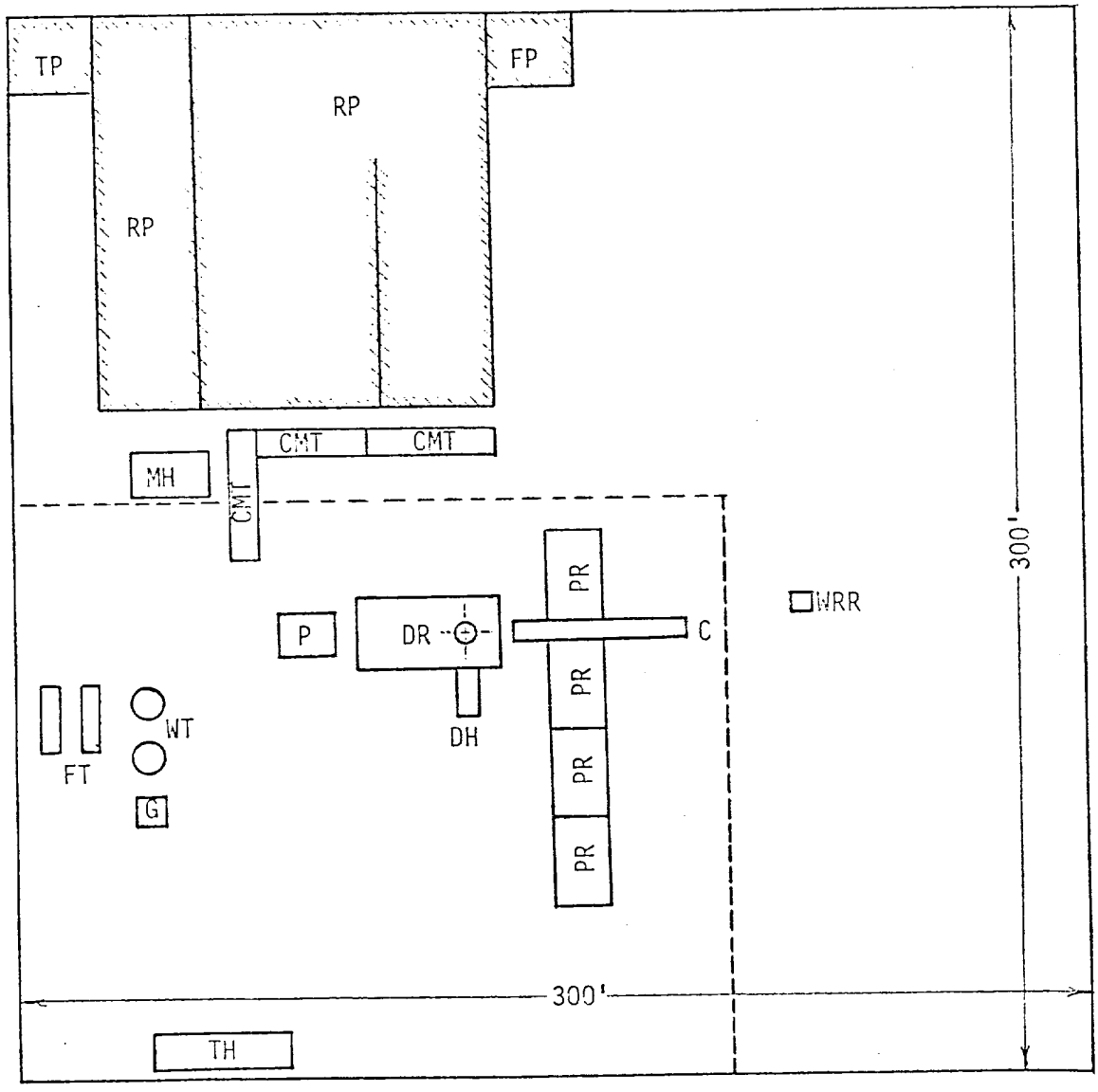
LEA COUNTY
NEW MEXICO



ATTACHMENT "B"

Coquina Oil Corporation

Llano "B" Federal Well No. 1-Y



Scale 1" = 50'

Legend :

TP	Trash Pit
RP	Reserve Pits
FP	Flare Pit
MH	Mud House
CMT	Circulating Mud Tanks
P	Pump
DR	Drilling Rig
PR	Pipe Racks
C	Catwalk
WRR	Wire Rope Reel
FT	Fuel Tanks
WT	Water Tanks
G	Generator
DH	Dog House
TH	Trailer House

Coquina Oil Corporation

Llano "B" Federal Well No 1-Y

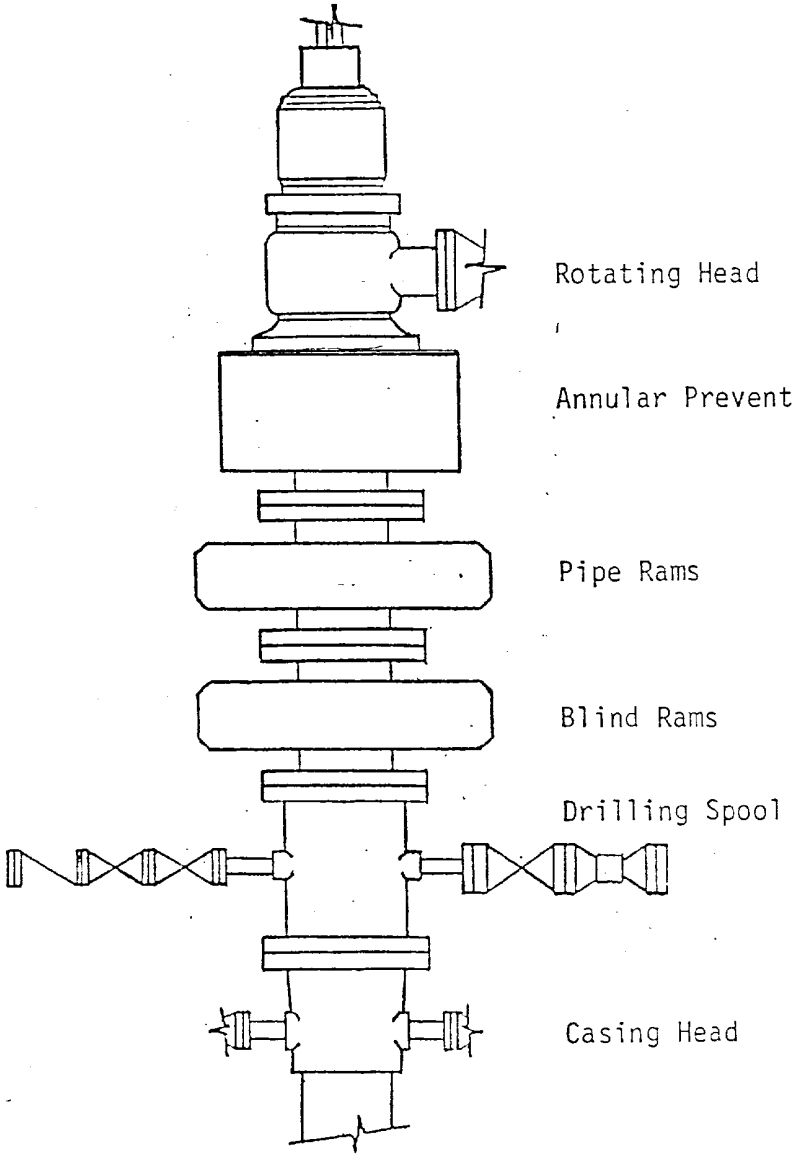
Attachment "C"

(Dotted line indicates maximum extent of heavily compacted area)

Drill Site Layout

COQUINA OIL CORPORATION

Llano "B" Federal No. 1-Y
1980' FEL & 660' FSL Sec. 7-19S-32E
Lea County, New Mexico



Attachment "B"

Schematic Diagram of

Blowout Prevention Stack