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3160(067)
NM-57280

Aug 21 1992

TJH 8-16-92
Rem 8/16/92
TPO'Brien 8-16-92
O.G. Lutz 8/19/92
Jm Cone
8/19/92

CERTIFIED--RETURN RECEIPT REQUESTED
P 696 486 673

Mitchell Energy Corp.
Attention: George Mullen
P. O. Box 4000
The Woodlands, TX 77387-4000

RE: Anasazi "5" Federal No. 1
NM-57280
2310' FNL & 660' FEL, Sec. 5, T20S, R33E
Lea County, New Mexico

Dear Mr. Mullen:

I am happy to approve your Application for Permit to Drill (APD) at the present location. Your copy of the APD, with attached stipulations, is enclosed.

As you may be aware, there has been a significant increase in APD's in the Secretary's Potash Area. Unfortunately, this has resulted in time delays, which I sincerely hope have not unduly burdened your company.

If you need any additional information, please contact Tony Herrell at the Carlsbad Resource Area (505) 887-6544.

Sincerely,

Larry L. Woodard
State Director

1 Enclosure:
1 - Application for Permit to Drill (APD)

bcc:
NM (910, L. Woodard)
NM (920, R. Smith)
NM (060, A. Lopez)
NM (060, L. Cone)
NM (067, T. Herrell)

067:JOlsen:nm:08/15/92:A:\anaz5-1.AL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Mitchell Energy Corporation

3. ADDRESS AND TELEPHONE NO.

Post Office Box 4000, The Woodlands, TX 77387-4000

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface

2310' FNL & 660' FEL (SE/NE)

At proposed prod. zone

2310' FNL & 660' FEL (SE/NE)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

32 miles SW of Hobbs, NM

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

1,161.34

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.

N/A

19. PROPOSED DEPTH

14,000

20. ROTARY OR CABLE TOOLS

Rotary

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

3556.3 GR

22. APPROX. DATE WORK WILL START*

9-1-92

23.

PROPOSED CASING AND CEMENTING PROGRAM

Seaway's Potash / Bill P Potash

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26 "	20 "	94#	500 CIRCULAR	1150 sx Premium TOC = Surface
17 1/2"	13 3/8"	54.5#	2950 CIRCULAR	1500 sx Light + 250 sx Premium
12 1/4"	8 5/8"	32.0#	5300 (tie back)	1000 sx Light + 250 sx Premium
7 7/8"	5 1/2"	17.0# & 20.0#	TD	600 sx Lite + 500 sx 50/50 POZ TOC = 9000'

The operator proposes to drill to a depth sufficient to test the Morrow formation for gas. If productive, 5 1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with federal regulations. Specific programs as per Onshore Oil & Gas Order #1 are outlined in the following attachments:

Drilling Program

Surface Use & Operating Plan

Exhibit #1 & 1A - Blowout Preventer Equip.

Exhibit #2 - Location & Elevation Plat

Exhibit #3 - Planned Access Roads

Exhibit #4 - One-mile Radius Map

Exhibit #5 - Production Facilities Layout

Exhibit #6 - Drilling Rig Layout

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

George Mullen

George Mullen

TITLE Regulatory Affairs Specialist DATE 7/22/92

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

Application approval does not warrant or certify that 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:

APPROVED BY _____

TITLE _____

DATE _____

*See Instructions On Reverse Side

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill or deepen an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the operator elects to initiate drilling operation on an oil and gas lease.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0136), Washington, D.C. 20503.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling operations on an oil and gas lease.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

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

Exhibit # 2
Anasazi "5" Federal No. 1
Lea County, New Mexico

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

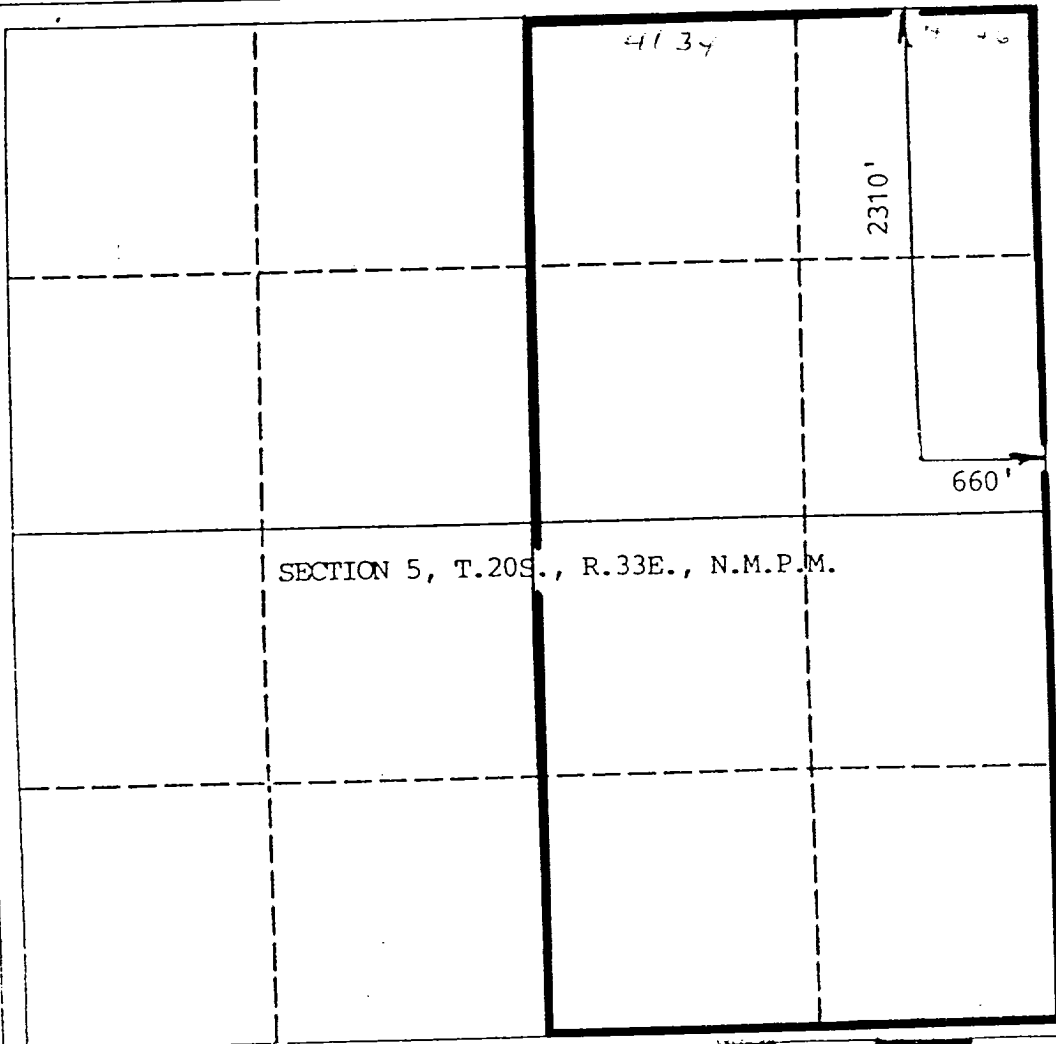
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
11901 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator MITCHELL ENERGY Corporation			Lease ANASAZI 5 FEDERAL		Well No. #1
Unit Letter H	Section 5	Township 20S.	Range 33E.	County Lea	NMPM
Actual Footage Location of Well: 2310 feet from the NORTH line and 660 feet from the EAST line					
Ground level Elev. 3556.3	Producing Formation Morrow		Pool Gem (Morrow)		Dedicated Acreage: 322.90 320 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature *George Mullen*
Printed Name **George Mullen**
Position **Reg. Affairs Specialist**
Company **Mitchell Energy Corp.**
Date **June 16, 1992**

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 knowledge and belief.

Date Surveyed **5/29/92**
Signature & Seal of Professional Surveyor
James A. Quess
Certificate No. **6296**
Professional Engineer

REVISED
DRILLING PROGRAM

Attached to Form 3160-3
Mitchell Energy Corporation
Anasazi "5" Federal No. 1
2310' FNL & 660' FEL
SE/NE, Sec. 5, T20S, R33E
Lea Co., New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Permian	surface	Wolfcamp	11125'
Rustler	1250'	Strawn	12255'
Base Salt	2800'	Atoka	12560'
Yates	2980'	Morrow	12905'
Delaware	5250'	Total Depth	13800'
Bone spring	8050'		

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands to 100'	fresh water
Yates 2980'	oil
Delaware 5250'	oil
1st Bone Spring SS 9105'	oil
2nd Bone Spring SS 9630'	oil
Atoka 12560'	gas
Morrow SS 13190'	gas

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 20" casing at 500' and circulating cement back to surface. The potash zone will be protected by setting 13 3/8" casing at @ 2950' and circulating cement back to surface. Any zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them behind the 8 5/8" casing or by inserting a cementing stage tool into the 5-1/2" production casing which will be run at TD.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight, Grade, Jt, Cond, Type</u>
36"	0-40'	30"	Conductor, 0.3" wall thickness
26"	Surf-500'	20"	94#, K-55 St&C, New, R-3
17-1/2"	Surf-2950'	13-3/8"	68#, K-55, ST&C, New, R-3
12-1/4"	Surf-5300'	8-5/8"	32#, K-55, LT&C, New, R-3
7-7/8"	Surf-TD	5-1/2"	17 & 20#, N-80, LT&C, New, R-3

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

5,000 psi Working Pressure

5 MWP

EXHIBIT 1

Anasazi "5" Federal No. 1
Lea County, New Mexico

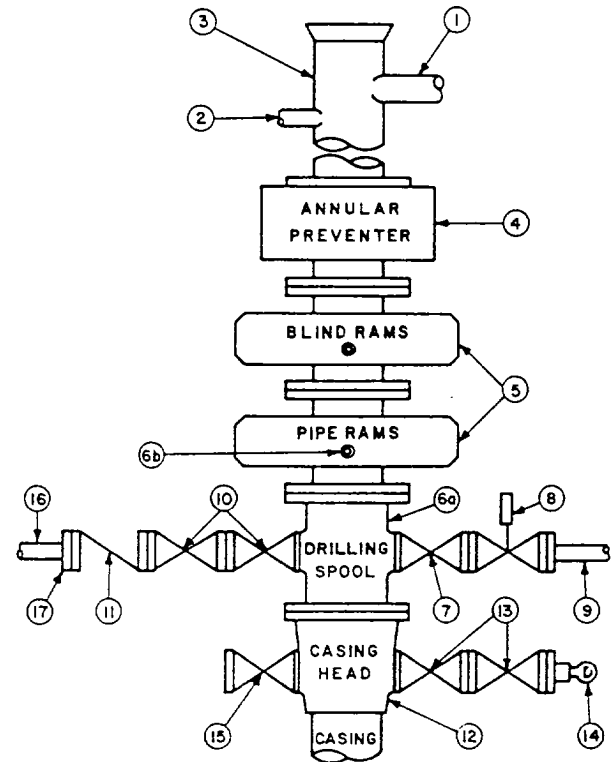
STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min. choke line outlets or		
6b	2" minimum kill line and 3" minimum choke line outlets in ram. (Alternate to 6a above.)		
7	Gate valve	3-1/8"	
8	Gate valve — power operated	3-1/8"	
9	Line to choke manifold		3"
10	Gate valves	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Gate valves	1-13/16"	
14	Pressure gauge with needle valve		
15	Gate Valve or Flanged Valve w/Control Plug	1-13/16"	
16	Kill line to rig mud pump manifold		2"

OPTIONAL

17	Roadside connection to kill line		2"
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CONFIGURATION A



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead.
2. Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, including control for hydraulically operated wing valve, to be located near drillers position with remote controls located away from rig floor.
4. Kelly equipped with Kelly cock and Hydril Kelly valve, or its approved equivalent.
5. Hydril Kelly valve or its approved equivalent and approved inside blow-out preventer to fit drill pipe in use on derrick floor at all times.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Extra set of pipe rams to fit pipe being used on location.
8. Plug type blowout preventer tester.
9. Type RX ring gaskets in place of Type R.

10. Outlet for Halliburton on kill line.

MEC TO FURNISH:

1. Bradenhead or casinghead and side valves.
2. Wear bushing, if required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke

beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.

5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Approved hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations.
12. Rig pumps ready for hook-up to BOP control manifold for emergency use only.