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OIL CONSERVATION DIV  
211 S. 1st ST.  
ESIA, NM 88210-2834

SUBMIT IN \_\_\_\_\_ ICATE\*  
(Other instructions on \_\_\_\_\_)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

Form 3160-3  
(July 1992)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

SEP 13 12 20 PM '96

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
 DRILL  DEEPEN

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR  
 Penwell Energy, Inc. (915) 683-2534

3. ADDRESS AND TELEPHONE NO.  
 600 N. Marienfeld, Ste. 1100, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
 At surface: 660' FSL & 660' FEL  
 At proposed prod. zone: 660' FSL & 660' FEL Unit P

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 7 miles East of Malaga New Mexico

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  
 640

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.  
 1280

19. PROPOSED DEPTH  
 8500'

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 3002' GR

22. APPROX. DATE WORK WILL START\*  
 December 20, 1996

5. LEASE DESIGNATION AND SERIAL NO.  
 NM-96222

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.  
 Ore Ida "14" Fed. #9

9. API WELL NO.  
 30-015-29278

10. FIELD AND POOL, OR WILDCAT  
 E. Pierce Crossing BS

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Sec. 14, T24S, R29E

12. COUNTY OR PARISH  
 Eddy

13. STATE  
 New Mexico

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	H-40 13 3/8"	48#	350'	250' sx. Circ. to surface
12 1/4"	J-55 8 5/8"	32#	3100'	500 sx. Circ. to surface
7 7/8"	N-80, J-55 5 1/2"	17#	8500'	600 sx. Est. TOC 5600'

1. Drill 17 1/2" hole to 350'. Run & set 350' of 13 3/8" 48#, H-40 ST&C csg. Cmt. w/150 sx. Cl. "C" + 1/4# flocele + 5# Gilsonite/sx. + 2% CaCl, tail in with 100 sx. Cl. "C" + 3% CaCl. Circ. cmt. to surface.
2. Drill 12 1/4" hole to 3100'. Run and set 3100' of 8 5/8" 32#, J-55, 8rd ST&C casing. Cmt. w/300 sx. Cl. "C" light + 1/4# flocele/sx 5# Gilsonite per sx + 8% salt, Tail in with 200 sx. Cl. C + 2% CaCl. Circ. to surf.
3. Drill 7 7/8" hole to 8500'. Run and set 8500' of 5 1/2" as follows: 2900' of N-80 17#, LT&C, 4800' of J-55, 17#, LT&C, 1400' of N-80 LT&C csg. Cmt. w/600 sx. Cl. "H" + 8% salt + .6% Halad 322 + .6% Halad 344. Est. TOC 5600'.

Posted IO.I  
H.A. & A.P.S.  
11-27-96

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 Brenda Callmer TITLE Production Analyst DATE Sept. 12, 1996

(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 Timothy P. O'Brien TITLE Area Manager DATE NOV 20 1996