Submit 3 Copies to Appropriate District Office

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 **Revised 1-1-89**

DISTRICT! OIL CONSERVATION DIVISION P.O. Box 1980, Hobbs, NM 88240 WELL API NO 2040 Pacheco St. 30-015-30140 Santa Fe, NM 87505 P.O. Drawer DD, Artesia, NM 88210 sIndicate Type of Lease STATE FEE DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 State Oil & Gas Lease No. SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A Lease Name or Unit Agreement Name DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) Type of Well: Spuds "36" State WELL X WELL OTHER 2Name of Operator «Well No. Penwell Energy, Inc. Address of Operator Pool name or Wildcat 600 N. Marienfeld, Suite 1100, Midland, TX 79701 Pierce Crossing East-Bone Spring **4Well Location** 560 Feet From The _ North 660 Line and West Feet From The Line Section 36 Township 248 Range **NMPM** Eddv County 10Elevation (Show whether DF, RKB, RT, GR, etc.) 3097' GR Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF: PERFORM REMEDIAL WORK PLUG AND ABANDON REMEDIAL WORK ALTERING CASING TEMPORARILY ABANDON CHANGE PLANS COMMENCE DRILLING OPNS. PLUG AND ANBANDONMENT PULL OR ALTER CASING CASING TEST AND CEMENT JOB OTHER: Drilling Extension Request OTHER: 12Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103. Penwell Energy, Inc. hereby requests a 1 year drilling extension on the approved APD for the above mentioned well. This request is made due to scheduling problems during 1998 I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE TITLE Regulatory Analyst DATE 01-07-99 TYPE OR PRINT NAME TELEPHONE NO. (This space for State Use) in W. Sum District Supervisor

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

District Office DISTRICT OIL CONSERVATION DIVISION P.O. Box 1980, Hobbs, NM 88240 WELL API NO. 2040 Pacheco St. 30-015-30140 Santa Fe. NM 87505 DISTRICT II P.O. Drawer DD, Artesia, NM 88210 sIndicate Type of Lease STATE FEE DISTRICT III «State Oil & Gas Lease No. 1000 Rio Brazos Rd., Aztec, NM 87410 **SUNDRY NOTICES AND REPORTS ON WELLS** (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A Lease Name or Unit Agreement Name DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) Spuds "36" State Type of Well: WELL X 2Name of Operator «Well No. Penwell Energy, Inc. Address of Operator Pool name or Wildcat 600 N. Marienfeld, Suite 1100, Midland, TX 79701 Pierce Crossing East-Bone Spring **Well Location** 560 Unit Letter North Feet From The 660 Feet From The Line Section 36 Township **24S** 29E Range **NMPM** Eddy County **Elevation (Show whether DF, RKB, RT, GR, etc.) 3097' GR 11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF: PLUG AND ABANDON PERFORM REMEDIAL WORK REMEDIAL WORK ALTERING CASING TEMPORARILY ABANDON CHANGE PLANS COMMENCE DRILLING OPNS. PLUG AND ANBANDONMENT PULL OR ALTER CASING CASING TEST AND CEMENT JOB OTHER: Drilling Extension Request OTHER: 12Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103. Penwell Energy, Inc. hereby requests a 1 year drilling extension on the approved APD for the above mentioned well. This request is made due to scheduling problems during 1998. I hereby certify that the information above is true and complete to the best of my knowledge and belief. Walker SIGNATURE TITLE Regulatory Analyst DATE 01-07-99 TYPE OR PRINT NAME TELEPHONE NO. (This space for State Use)