

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK  
 DRILL                       DEEPEN                       PLUG BACK

b. TYPE OF WELL  
 OIL WELL                       GAS WELL                       OTHER                       SINGLE ZONE                       MULTIPLE ZONE

2. NAME OF OPERATOR  
 Estoril Producing Corporation

3. ADDRESS OF OPERATOR  
 400 W. Illinois, Suite 1600, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
 At surface 1980' FSL & 1980' FWL, NE/4SW/4, Unit letter K  
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 28 miles Southwest of Hobbs, New Mexico

10. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 1980'  
 18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1320'

16. NO. OF ACRES IN LEASE 280  
 19. PROPOSED DEPTH 13,700'

17. NO. OF ACRES ASSIGNED TO THIS WELL 160  
 20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3634.2' GR  
 22. APPROX. DATE WORK WILL START\* ASAP

5. LEASE DESIGNATION AND SERIAL NO.  
 NM-14799

6. IF INDIAN, ALLOTTED OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
 "A" Union Federal "A"

9. WELL NO./1  
 2

10. FIELD AND POOL, OR WILDCAT  
 Lea (Penn)-Gas

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Sec. 10, T20S, R34E

12. COUNTY OR PARISH  
 LEA Eddy

13. STATE  
 N.M.

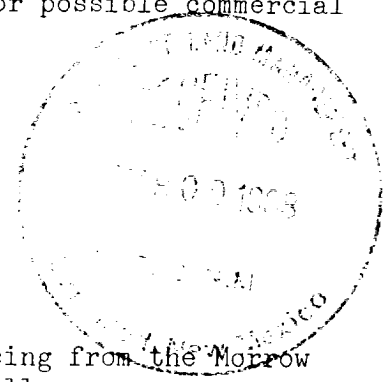
PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	68.0#	1650'	1650 sx (Circulated)
12 1/4"	8 5/8"	32.0#	5200'	2350 sx (Circulated)
7 7/8"	5 1/2"	17.0 & 20.0#	13,700'	750 sx (TOC @ 10,000')

Proposed plans are to drill to the Morrow formation and test for possible commercial production of gas.

Exhibits:

1. BOP diagram
2. Pertinent lease data
3. Proposed drilling program
4. Surface use plan (Exhibits A-D)



Gas is dedicated to Llano, Inc.

Union Federal "A" No. 1 well located 660' FSL & 660' FWL producing from the Morrow formation will be shut in upon successful completion of this well.

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 Terry W. Franklin TITLE Agent DATE March 5, 1988

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions On Reverse Side