

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address SOUTHWESTERN ENERGY PRODUCTION COMPANY 2350 N. SAM HOUSTON PKWY E HOUSTON , TX 77032		2. OGRID Number 148111
		3. API Number 30-015-34930
4. Property Code 33618	5. Property Name KARLSBAD CORRAL 2 STATE	6. Well No. 005H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	2	25S	29E	M	65	S	660	W	EDDY

8. Pool Information

CORRAL CANYON DELAWARE,NORTHWEST	96464
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3055
14. Multiple N	15. Proposed Depth 7608	16. Formation Cherry Canyon	17. Contractor	18. Spud Date 8/1/2006
Depth to Ground water 140		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 15000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	750	400	0
Prod	8.75	5.5	17	7608	1500	0

Casing/Cement Program: Additional Comments

We plan to drill a 12-¼" hole to 750' with fresh water, run 9-5/8" 36 ppf J-55 casing and set at 750' with 400 sxs of cement circulating to surface; Drill 8-¾" hole to 7608' MD with cut brine, set 5-½" production casing and cement with sufficient to cover 500 feet above all oil and gas bearing zones.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	10000	3000	
Annular	5000	1500	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/>.	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Justin Bender	Approved By: Bryan Arrant
Title: Manager	Title: Geologist
Email Address: justin_bender@swn.com	Approved Date: 6/12/2006 Expiration Date: 6/12/2007
Date: 5/30/2006 Phone: 281-618-4797	Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
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Santa Fe, NM 87505

Form C-102
 Permit 19466

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34930	2. Pool Code 96464	3. Pool Name CORRAL CANYON DELAWARE,NORTHWEST
4. Property Code 33618	5. Property Name KARLSBAD CORRAL 2 STATE	6. Well No. 005H
7. OGRID No. 148111	8. Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	9. Elevation 3055

10. Surface Location

UL - Lot M	Section 2	Township 25S	Range 29E	Lot Idn	Feet From 65	N/S Line S	Feet From 660	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot L	Section 2	Township 25S	Range 29E	Lot Idn L	Feet From 2563	N/S Line S	Feet From 660	E/W Line W	County EDDY
12. Dedicated Acres 80.00		13. Joint or Infill		14. Consolidation Code			15. Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION
	<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>E-Signed By: Justin Bender Title: Manager Date: 5/30/2006</p>
	SURVEYOR CERTIFICATION
	<p><i>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 belief.</i></p> <p>Surveyed By: Ronald Edison Date of Survey: 10/24/2005 Certificate Number: 3239</p>

Permit Comments

Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY , 148111

Well: KARLSBAD CORRAL 2 STATE #005H

API: 30-015-34930

Created By	Comment	Comment Date
AGRIMSLEY	H2S Comment: We plan to complete this well in the Delaware and do not anticipate cutting any formations during the drilling of this well that contain H2S. Therefore, we do not believe an H2S Contingency Plan is necessary	12/6/2005
AGRIMSLEY	An NSL was submitted to the Santa Fe Office on Dec. 6, 2005	12/6/2005
AGRIMSLEY	A Directional plot and survey report will be faxed.	12/6/2005
AGRIMSLEY	NSL approved on 12/20/2006	5/30/2006
AGRIMSLEY	Emailed Directional Plot/Survey report, location & Pit Diagram, and survey Plat	5/30/2006

Permit Conditions of Approval

Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY , 148111

Well: KARLSBAD CORRAL 2 STATE #005H

API: 30-015-34930

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Will require administrative order for non-standard location
BArrant	As noted, operator to drill surface hole with fresh water mud.