

District I - (505) 393-6161
1625 N. French Dr
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

**SUBMIT ORIGINAL
PLUS 2 COPIES**

TO THE SANTA-FE

RECEIVED OFFICE
JUN 28 1999
OIL CONSERVATION DIVISION

APPLICATION FOR NEW WELL STATUS

I. Operator and Well

Operator name & address PENROC OIL CORPORATION P. O. BOX 5970 HOBBS, NM 88241-5970							OGRID Number 017213	
Contact Party M. Y. (MERCH) MERCHANT/BRANDY RICE							Phone (505) 397-3596	
Property Name PENROC "10" STATE					Well Number #1		API Number 30-025-34613	
UL M	Section 10	Township 10S	Range 34E	Feet From The 330	North/South Line SOUTH	Feet From The 330	East/West Line WEST	County LEA

II. Date/Time Information

Spud Date 5-4-99	Spud Time 7:00 A.M.	Date Completed 6/8/99	Pool LANE ABO SOUTHEAST
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III. Attach copies of Form C-103 or Federal Form 3160-5 showing date/time of drilling commenced and Form C-105 or Federal Form 3160-4 showing well was completed as a producer.

IV. Attach a list of all working interest owners with their percentage interests.

V. AFFIDAVIT:

State of New Mexico)
County of Lea) ss.

M. Y. Merchant, being first duly sworn, upon oath states:

1. I am the Operator, or authorized representative of the Operator, of the above-referenced well.
2. To the best of my knowledge, this application is complete and correct.

Signature *Don H. Yarbrough* Title PRESIDENT Date 06/25/99

SUBSCRIBED AND SWORN TO before me this 25th day of June, 99

Notary Public

My Commission expires: 12-01-01

FOR OIL CONSERVATION DIVISION USE ONLY:

VI. CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a New Well. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval.

Signature 	Title P.E. 	Date 7-1-99
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VII. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: 7/6/99

NOTICE: The operator must notify all working interest owners of this New Well certification.

PV2V2005848875

PENROC

June 9, 1999

New Mexico Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240
Attn: Mr. Chris Williams

VIA FAX 393-0720

RE: Request to Hold Information
Confidential on Penroc 10 State
S10-10S-34E, Lea County, NM

Dear Mr. Williams,

This letter is to request that C105 and log information on the captioned lease be held confidential for 90 days.

If you have any questions, please contact the undersigned or Mr. Merchant at the numbers indicated. Your cooperation is greatly appreciated.

Sincerely,



Brandy L. Rice
Accountant

MAILING ADDRESS:
PO Box 5970
Hobbs, NM
88241-5970

DELIVERY ADDRESS:
5014 Carlsbad Hwy.
Hobbs, NM
88240-1118

(505) 397-3596 Phone
(505) 393-7051 FAX

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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO.	30-025-34613
5. Indicate Type of Lease	STATE ☒ FEE ☐
6. State Oil & Gas Lease No.	VA-1334

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL ☒ GAS WELL ☐ OTHER ☐	7. Lease Name or Unit Agreement Name PENROC 10' STATE
2. Name of Operator PENROC OIL CORPORATION	8. Well No. 1
3. Address of Operator P.O. Box 5970, Hobbs, NM 88241	9. Pool name or Wildcat LANE ABO, SOUTHEAST
4. Well Location Unit Letter M : 330 Feet From The SOUTH Line and 330 Feet From The WEST Line Section 10 : Township 10 S Range 34 E NMNM LEA County	

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK ☐	REMEDIAL WORK ☐
PLUG AND ABANDON ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	COMMENCE DRILLING OPNS. ☐
CHANGE PLANS ☐	PLUG AND ABANDONMENT ☐
PULL OR ALTER CASING ☐	CASING TEST AND CEMENT JOB ☐
OTHER: Surface Casing ☒	OTHER: Surface casing ☒

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Spudded May 4, 1999. Drilled to 403'. Ran 9 jts of 13 3/8", 48" casing @ 403' w/ centralizers. Downhole cemented w/ 440 SXS. Class 'C'. Circulated 100 SXS. to pit. After 24 hrs. W.O.C. drilled out. NMOC D was notified prior to all operations above (Johnny Robinson).

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

SIGNATURE M. Y. Merchant TITLE President DATE 6/9/99
TYPE OR PRINT NAME M. Y. Merchant TELEPHONE NO. (505) 397-3596

(This space for State Use) ORIGINAL SIGNED BY CHRIS WILLIAMS
DISTRICT I SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

JUN 15 1999

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO. 30-025-34613
5. Indicate Type of Lease STATE ☒ FEE ☐
6. State Oil & Gas Lease No. VA-1334

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE 'APPLICATION FOR PERMIT'
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL ☒ GAS WELL ☐ OTHER ☐	7. Lease Name or Unit Agreement Name PENRUC 'ID' STATE
2. Name of Operator PENROC OIL CORPORATION	8. Well No. 1
3. Address of Operator P.O. Box 5970 Hobbs NM 88241	9. Pool name or Wildcat LANE ABO, SOUTHEAST

4. Well Location Unit Letter M : 330 Feet From The SOUTH Line and 330 Feet From The WEST Line Section 10 Township 10S Range 34E NMPM LEA County
--

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
--

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK ☐	REMEDIAL WORK ☐
TEMPORARILY ABANDON ☐	ALTERING CASING ☐
PULL OR ALTER CASING ☐	COMMENCE DRILLING OPNS. ☐
OTHER: ☒	PLUG AND ABANDONMENT ☐
	CASING TEST AND CEMENT JOB ☐
	OTHER: Completion ☒

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

June 3, 1999 - RU well Service unit. Picked up 2 7/8" production thg. Circulated w/ 2% KCl. Spotted 400 gallon 2% Hcl. Ran CBL. TOC 5350'. Perforated 4 spf: 8983'-9006' - dual test - analyzed w/ 3500 gal. 17 1/2% & balls. Swabbed - well started flowing. IP: 205 BO, 100 mcf, 0 BCU 16 1/4" choke. Building tank battery & installing gas line. - Final Report

I hereby certify that the information above is true and complete to the best of my knowledge and belief.		
SIGNATURE M. Y. Merchant	TITLE President	DATE 6/10/99
TYPE OR PRINT NAME M. Y. Merchant	TELEPHONE NO. 505 397-3596	

(This space for State Use)		
APPROVED BY _____	TITLE _____	DATE _____
CONDITIONS OF APPROVAL, IF ANY:		

ORIGINAL SENT TO EMILY WILLIAMS
DISTRICT SUPERVISOR

JUN 15 1999

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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO.	30-025-34613
5. Indicate Type of Lease	STATE ☒ FEE ☐
6. State Oil & Gas Lease No.	VA 1334

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL ☒ GAS WELL ☐ OTHER ☐	7. Lease Name or Unit Agreement Name PENROC 10 STATE
2. Name of Operator PENROC OIL CORP	8. Well No. 1
3. Address of Operator P.O. Box 5970 Hobbs NM 88241	9. Pool name or Wildcat LANE ABO, SOUTHEAST
4. Well Location Unit Letter M : 330 Feet From The SOUTH Line and 330 Feet From The WEST Line Section 10 Township 10 S Range 34E NMPM LEA County	

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
--

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK ☐	REMEDIAL WORK ☐
PLUG AND ABANDON ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	COMMENCE DRILLING OPNS. ☐
CHANGE PLANS ☐	PLUG AND ABANDONMENT ☐
PULL OR ALTER CASING ☐	CASING TEST AND CEMENT JOB ☐
OTHER: 5 1/2" Production csg ☒	OTHER: 5 1/2" Producing csg ☒

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

May 25, 1999 - Reached TD @ 9090'. Baker Atlas ran Open hole log. Conditioned hole and 102 jts. of 20" S-95. and 113 jts of 17" N-80 casing. Downell cemented w/ 877 sxs. Class H and 510 sxs. Lite. Good circ. Plug down @ 3³⁰ pm. Nipped up well head. Released Rig. TDC bond log 5350'.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.	
SIGNATURE <u>M. Y. Merchant</u>	TITLE <u>President</u>
DATE <u>6/2/99</u>	TELEPHONE NO. <u>505 397-3596</u>

TYPE OR PRINT NAME <u>M. Y. Merchant</u>	DATE <u>JUN 15 1999</u>
APPROVED BY _____ TITLE _____	
CONDITIONS OF APPROVAL, IF ANY:	

ORIGINAL SIGNED BY CHRIS WILLIAMS
DISTRICT I SUPERVISOR

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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO. 30-025-34613

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No. VA 1334

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL ☒ GAS WELL ☐ OTHER ☐

2. Name of Operator PENROC OIL CORPORATION

3. Address of Operator P.O. Box 5970 Hobbs, NM 88241

4. Well Location
Unit Letter M : 330 Feet From The SOUTH Line and 330 Feet From The WEST Line
Section 10 Township 10 S Range 34 E NMPM LEA County

7. Lease Name or Unit Agreement Name
PENROC 10 STATE

8. Well No. 1

9. Pool name or Wildcat
LANE ABO, SOUTHEAST

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

11. 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 ABANDONMENT ☐
PULL OR ALTER CASING ☐		CASING TEST AND CEMENT JOB ☐	
OTHER: <u>8 5/8" csg setting</u> ☒		OTHER: <u>8 5/8" csg set.</u> ☒	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

May 11, 1999. Drilled to 4060'. Ran & set 94 jts. 8 5/8" 32" new casing @ 4060' w/ 680 sx. Poz-Clas C, tested w/ 125 sx. of Clas C. Circ. 40 sx. W.D.C. 12 hrs. Drilled out after testing B.O.P. r.

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

SIGNATURE M. Y. Merchant TITLE President DATE 6/9/99

TYPE OR PRINT NAME M. Y. Merchant TELEPHONE NO. (505) 397-3596

(This space for State Use)

APPROVED BY ORIGINAL SIGNED BY MARIO WILLIAMS TITLE DEPUTY COMMISSIONER DATE 6/9/99

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-105
Revised 1-1-89

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO. 30-025-34613
5. Indicate Type of Lease STATE ☒ FEE ☐
6. State Oil & Gas Lease No. VA-1334

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER ☐		7. Lease Name or Unit Agreement Name PENROC "10" STATE	
b. Type of Completion: NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ FLUG BACK ☐ DEEP RESVR ☐ OTHER ☐		8. Well No. 1	
2. Name of Operator PENROC OIL CORPORATION		9. Pool name or Wildcat Lane Abo, Southeast	
3. Address of Operator P.O. Box 5970 Hobbs, NM 88241			
4. Well Location Unit Letter M : 330 Feet From The SOUTH Line and 330' Feet From The CBST Line Section 10 Township 10 S Range 34 E NMPM LEA County			
10. Date Spudded 5/4/99	11. Date T.D. Reached 5/25/99	12. Date Compl. (Ready to Prod.) 6/8/99	13. Elevations (DF & RKB, RT, GR, etc.) 4206 GR
14. Elev. Casinghead -			
15. Total Depth 9090'	16. Plug Back T.D. 9045'	17. If Multiple Compl. How Many Zones? -	18. Intervals Drilled By Rotary Tools Rotary
19. Producing Interval(s), of this completion - Top, Bottom, Name 8993' - 9006'			20. Was Directional Survey Made yes
21. Type Electric and Other Logs Run CNL & Laterlog			22. Was Well Cored NO

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	48	403	17 1/2"	440 SXS.	Circ.
8 5/8"	32	4060	11"	205 SXS.	Circ.
5 1/2"	17 & 20	9090	7 7/8"	1387 SXS.	TOP 5350'

LINER RECORD					TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
-	-	-	-	-	2 7/8"	8909'	8909'

26. Perforation record (interval, size, and number) 8993-9006 (14 holes - 4 spf)	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
	8993-9006'	3900 gal 15%

28. PRODUCTION							
Date First Production 6-8-99		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing				Well Status (Prod. or Shut-in) Producing	
Date of Test 6/8/99	Hours Tested 21	Choke Size 16/64"	Prod'n For Test Period	Oil - Bbl. 180	Gas - MCF 100	Water - Bbl. 0	Gas - Oil Ratio 555
Flow Tubing Press. 200"	Casing Pressure pkr	Calculated 24-Hour Rate	Oil - Bbl. 205	Gas - MCF 100	Water - Bbl. 0	Oil Gravity - API - (Corr.) 39.5	

29. Disposition of Gas (Sold, used for fuel, vented, etc.) Vented for test but being hooked up to Dnery	Test Witnessed By Bobby Walker
--	-----------------------------------

30. List Attachments Logs, Deviation Survey
--

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief			
Signature M. V. Merchant	Printed Name M. V. Merchant	Title President	Date 6/17/99

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

T. Anhy _____
 T. Salt _____
 B. Salt _____
 T. Yates 2730
 T. 7 Rivers _____
 T. Queen _____
 T. Grayburg _____
 T. San Andres 4054
 T. Glorieta 5480
 T. Paddock _____
 T. Blinbry _____
 T. Tubb 6960
 T. Drinkard 7230
 T. Abo 7780
 T. Wolfcamp _____
 T. Penn _____
 T. Cisco (Bough C) _____

T. Canyon _____
 T. Strawn _____
 T. Atoka _____
 T. Miss _____
 T. Devonian _____
 T. Silurian _____
 T. Montoya _____
 T. Simpson _____
 T. McKee _____
 T. Ellenburger _____
 T. Gr. Wash _____
 T. Delaware Sand _____
 T. Bone Springs _____
 T. _____
 T. _____
 T. _____

Northwestern New Mexico

T. Ojo Alamo _____
 T. Kirtland-Fruitland _____
 T. Pictured Cliffs _____
 T. Cliff House _____
 T. Menefee _____
 T. Point Lookout _____
 T. Mancos _____
 T. Gallup _____
 Base Greenhorn _____
 T. Dakota _____
 T. Morrison _____
 T. Todilto _____
 T. Entrada _____
 T. Wingate _____
 T. Chinle _____
 T. Permian _____
 T. Penn "A" _____

T. Penn. "B" _____
 T. Penn. "C" _____
 T. Penn. "D" _____
 T. Leadville _____
 T. Madison _____
 T. Elbert _____
 T. McCracken _____
 T. Ignacio Otzie _____
 T. Granite _____
 T. _____
 T. _____
 T. _____
 T. _____
 T. _____
 T. _____
 T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from 8993' to 9012'
 No. 2, from _____ to _____
 No. 3, from _____ to _____
 No. 4, from _____ to _____

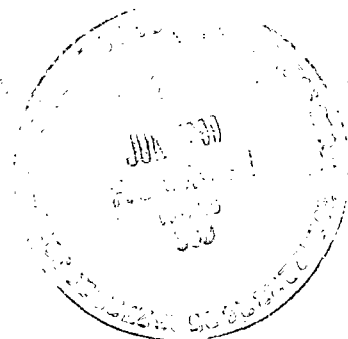
IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from None to _____ feet
 No. 2, from _____ to _____ feet
 No. 3, from _____ to _____ feet

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
0	4300	4300	Shale, Anhydrite & Lime				
4300	5500	1200	Lime & Anhydrite				
5500	5900	400	Lime, Sand & Anhydrite				
5900	7500	1600	Lime, Shale & Anhydrite				
7500	7800	300	Shale & Lime				
7800	8700	900	Shale				
8700	9090	390	Lime & Dolomite				



PENROC "10" STATE
DIVISION OF INTEREST

Tom Moore 633 Seventeenth Street Denver, CO 80202	(10%)
Allen Barnard 1002 Mesa Verde Hobbs, NM 88240	(5%)
Rarn 920 Adeline Ct St Paul, MN	(15%)
Doug Kasch 50 Oakridge Algona, Iowa 50511	(10%)
Randy Berg	(5%)
John Bryant 911 Silver Hobbs, NM 88240	(5%)
Schabert Ent. Inc.	(5%)
Marvin Scherzer	(3%)
Floos, Inc.	(10.5%)
Penroc	(8%)
Star Oil & Gas P. O. Box 2008 Hobbs, NM 88240	(5%)
Parkash Ranka 7701 Shumand Cir. Irving, TX 75063	(5%)
Glenn Luff P. O. Box 10674 Midland, TX 79702	(2%)
Bill Lee HC 60 Box 465 Lovington, NM 88260-9613	(2%)
Desert States 125 E Baja Dr. Hobbs, NM 88240	(7.5%)
R. Y. M. E.	(2%)