

District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

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

Operator Name and Address. PENWELL ENERGY, INC. 600 NORTH MARIENFELD SUITE 1100 MIDLAND, TEXAS 79701		OGRID Number 147380
Property Code 22956	Property Name SPUDS "36" STATE	API Number 30-015-30141
		Well No. 3

MAR 1998
 RECEIVED
 OCD - ARTESIA

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Unit "F"	36	24-S	29-E		2180'	North	2310'	West	EDDY

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Proposed Pool 1 PIERCE CROSSING EAST-BONE SPRING(96473)	Proposed Pool 2
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Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3080'
Multiple NO	Proposed Depth 8500'	Formation BONE SPRING	Contractor UNKNOWN	Spud Date As soon as approved

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
25"	20"	Conductor	40'	Redi-mix	Surface
17½"	13 3/8"	48	350'	250 Sx.	"
11"	8 5/8"	32	3100'	500 Sx.	"
7 7/8"	5½"	17	8500'	600 Sx.	5600'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Post ID-1
 3-13-98
 API + LOC

1. Drill 25" hole to 40'. Set 40' of 20" conductor cement to surface with Redi-mix.
2. Drill 17½" hole to 350'. Run and set 350' of 13 3/8" H-40 48# ST&C casing. Cement with 150 Sx. Class "C" + ½# flocele/Sx. + 5# Gilsonite/Sx. +2% CaCl, tail in with 100 Sx. Class "C" + 3% CaCl, circulate cement to surface.
3. Drill 11" hole to 3100'. Run and set 3100' of 8 5/8" 32# J-55 ST&C casing. Cement with 300 Sx. Class "C" Halco Light + 3flocele/Sx. + 5# gilsonite/Sx. + 8% salt, tail in with 200 Sx Class "C" + 2% CaCl, circulate cement to surface.
4. Drill 7 7/8" hole to 8500'. Run and set 8500' of 5½" N-80 & J-55 17# LT&C casing as follows, 2900' of N-80 17#, 4800' of J-55 17# , 800' of N-80 17#. Cement with 600 Sx. Class "H" + 8% salt +.6% Halad 322 + .6% Halad 344. Estimate top cement 5600'.

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

Signature: *Joe T Janica*
 Printed name: Joe T. Janica

Title: Agent 505-392-2112 Date: 03/02/98

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM

Title: DISTRICT II SUPERVISOR

Approval Date: MAR 6 1998