

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

ARTESIA, NM 88210
RECEIVED

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
 Merit Energy Company

3. ADDRESS AND TELEPHONE NO.
 12221 Merit Drive - Suite 500 - Dallas, TX 75251
 Phone #(214)701-8377

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface Unit I - Sec 5 T24S R31E
 1980' FSL and 660' FEL - Eddy County, New Mexico
 At proposed prod. zone
 Same As Above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 21 miles East of Loving, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 3300' to North

16. NO. OF ACRES IN LEASE
 1682.12

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 1320' to North

19. PROPOSED DEPTH
 8200'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, etc.)
 3418.2

22. APPROX. DATE WORK WILL START*
 ASAP

5. LEASE DESIGNATION AND SERIAL NO.
 NM031963

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 Sundance Fed #11

9. AN WELL NO.
 30-015-27578

10. FIELD AND POOL, OR WILDCAT
 Sandunes, West

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
 Sec 5 - T24S R31E

12. COUNTY OR PARISH
 Eddy

13. STATE
 NM

23. PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash / P Potash

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	13 3/8	54.5	650	550 sacks CIRCULATE
11	8 5/8	24 & 32#	4200	921 sacks CIRCULATE
7 7/8	5 1/2	15.5 & 17#	8200	783 sacks (TIE BACK)

Merit Energy Company proposes to drill and test the Delaware and intermediate formations. Approximately 650', surface casing will be set and circulated to surface. Approximately 4200' of intermediate casing will be set and circulated to surface. If well is commercial, production casing will be run and cemented tying back into 8 5/8 intermediate casing, perforated and stimulated as needed for production.

Mud Program: FW to 650' brine to 4200', cut brine to 8200'.

BOPE Program: BOPE will be installed at the offset and tested daily for operational.

10-1
7-30-93
NL-AMI

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Russell Whitel TITLE Production Supt. DATE 6-7-93

(This space for Federal or State office use)
 APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED
 PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant has legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
 CONDITIONS OF APPROVAL, IF ANY:
 APPROVED BY 151 Kathy Eaton TITLE Actg State Director DATE JUL 12 1993