

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 30-015-35113
4. Property Code 33618	5. Property Name KARLSBAD CORRAL 2 STATE	6. Well No. 008H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	2	25N	29E	L	2510	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 3018
14. Multiple N	15. Proposed Depth 7528	16. Formation Cherry Canyon	17. Contractor	18. Spud Date 9/1/2006
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: 13000 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	7528	1500	0

Casing/Cement Program: Additional Comments

We plan to drill a 12-1/4" 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 a 8-3/4" directional (horizontal) hole to 7528' MD and set 5-1/4" production casing and cement with sufficient cement to cover 500 feet above all oil and gas bearing zones.

Proposed Blowout Prevention Program

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

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"/>. Printed Name: Electronically filed by Justin Bender Title: Manager Email Address: justin_bender@swm.com Date: 8/24/2006 Phone: 281-618-4797	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 8/24/2006	Expiration Date: 8/24/2007
	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

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Form C-102
 Permit 36491

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35113	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. 008H
7. OGRID No. 148111	8. Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	9. Elevation 3018

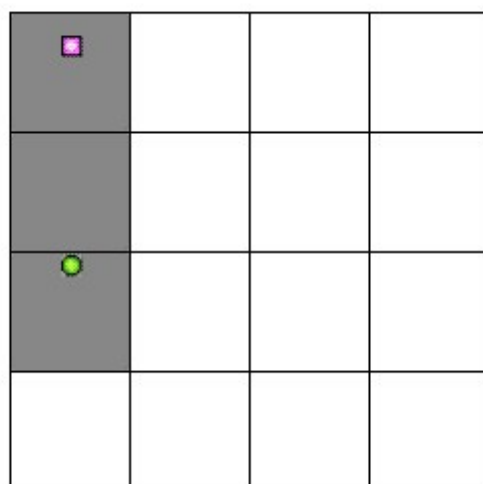
10. Surface Location

UL - Lot L	Section 2	Township 25N	Range 29E	Lot Idn	Feet From 2510	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

11. Bottom Hole Location if Different from Surface									
UL - Lot D	Section 2	Township 25N	Range 29E	Lot Idn 4	Feet From 351	N/S Line N	Feet From 661	E/W Line W	County EDDY
12. Dedicated Acres 120.00		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

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Justin Bender
 Title: Manager
 Date: 8/24/2006

SURVEYOR CERTIFICATION

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.

Surveyed By: Ronald Eidson
 Date of Survey: 8/18/2006
 Certificate Number: 12641

Permit Comments

Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY , 148111

Well: KARLSBAD CORRAL 2 STATE #008H

API: 30-015-35113

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.	8/23/2006
AGRIMSLEY	Emailed directional plot and survey plat to B Arrant	8/24/2006

Permit Conditions of Approval

Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY , 148111

Well: KARLSBAD CORRAL 2 STATE #008H

API: 30-015-35113

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 a directional survey with the C-104