

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 PENROC OIL CORP PO BOX 2769 HOBBS, NM 882412769		2. OGRID Number 17213
4. Property Code 29639		3. API Number 30-025-38617
5. Property Name STATE GC		6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	7	22S	35E	C	660	N	1980	W	LEA

8. Pool Information

SAN SIMON;WOLFCAMP	53690
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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 3601
14. Multiple N	15. Proposed Depth 11600	16. Formation Wolfcamp	17. Contractor	18. Spud Date 1/25/2008
Depth to Ground water 30		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: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	1485	1230	
Int1	11	8.625	32	5700	1185	
Prod	7.875	5.5	17	11600	710	5500

Casing/Cement Program: Additional Comments

Propose to drill and test the Wolfcamp pay. Based on OH logs and sample evaluation, 5-1/2" production casing will be set and perforated. If necessary, acid/frac.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	

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 type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Mohammed Yamin Merchant	Approved By: Paul Kautz	
Title: President	Title: Geologist	
Email Address: mymerch@hotmail.com	Approved Date: 11/29/2007	Expiration Date: 11/29/2008
Date: 11/28/2007	Phone: 505-492-1236	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 54803

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38617	2. Pool Code 53690	3. Pool Name SAN SIMON;WOLFCAMP
4. Property Code 29639	5. Property Name STATE GC	6. Well No. 002
7. OGRID No. 17213	8. Operator Name PENROC OIL CORP	9. Elevation 3601

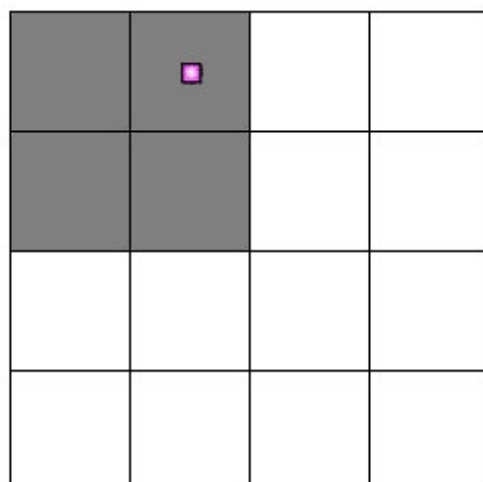
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 154.03		13. Joint or Infill		14. Consolidation Code N/A		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: Mohammed Yamin Merchant
 Title: President
 Date: 11/28/2007

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: John West Surveying
 Date of Survey: 6/5/2007
 Certificate Number: 12641

Permit Comments

Operator: PENROC OIL CORP , 17213

Well: STATE GC #002

API: 30-025-38617

Created By	Comment	Comment Date
MYMERCHANT	Will submit Pit Profile Diagram with C-144.	10/24/2007
DMULL	Rejecting and sending back for acreage corrections. Please resubmit after correcting.	11/28/2007

Permit Conditions of Approval

Operator: PENROC OIL CORP , 17213

Well: STATE GC #002

API: 30-025-38617

OCD Reviewer	Condition
pkautz	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