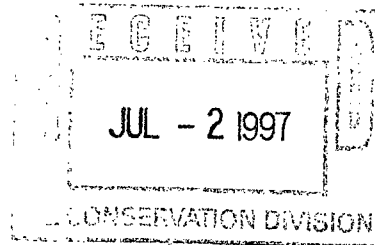


PENWELL ENERGY, INC.

1100 ARCO BUILDING
600 N. MARIENFELD
MIDLAND, TEXAS 79701
June 30, 1997

OFF: (915) 683-2534
FAX: (915) 683-4514

State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505



Attention: Mr. Mike Stogner

Re: Filaree "24" Com. #1
Sec. 24, T-22-S, R-25-E
2370' FNL & 660' FEL
Eddy County, New Mexico

Dear Mr. Stogner:

Per your request, and in accordance with Rule 104, attached is a plat showing the spacing unit for the subject well, including the unorthodox location.

Due to no other party, other than Penwell Energy, Inc. being affected by this unorthodox location, please, consider this our request for an administrative approval of a non standard location for the captioned well. The well was moved to the current location, by the requirement of the Bureau of Land Management, due to arch sites in the area. Attached, for your review, is a map showing the ownership of the subject lease. Everything highlighted in yellow belongs to Penwell Energy, Inc.

Your consideration of our request is appreciated.

Yours truly,

Brenda Coffman
Brenda S. Coffman
Regulatory Analyst

July 3, 1997
- Please follow the procedure in the attached Rule 104
- show the dedicated 320-acre on the C-102
- state the reason why this well is drilled at an unorthodox location is provide a standard
- does the unorthodox location match the pool code?
Thank you
cc - Wm. J. P. M. S. OGD
Not worth the time and effort to correct affidavit. Will process accordingly.
7-3-97
Not to file

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-29280	Pool Code 96472	Pool Name McKittrick Morrow
Property Code 20018	Property Name Filaree "24" Federal Com.	Well Number 1
OGRID No. 147380	Operator Name Penwell Energy Inc.	Elevation 3380'

Surface Location

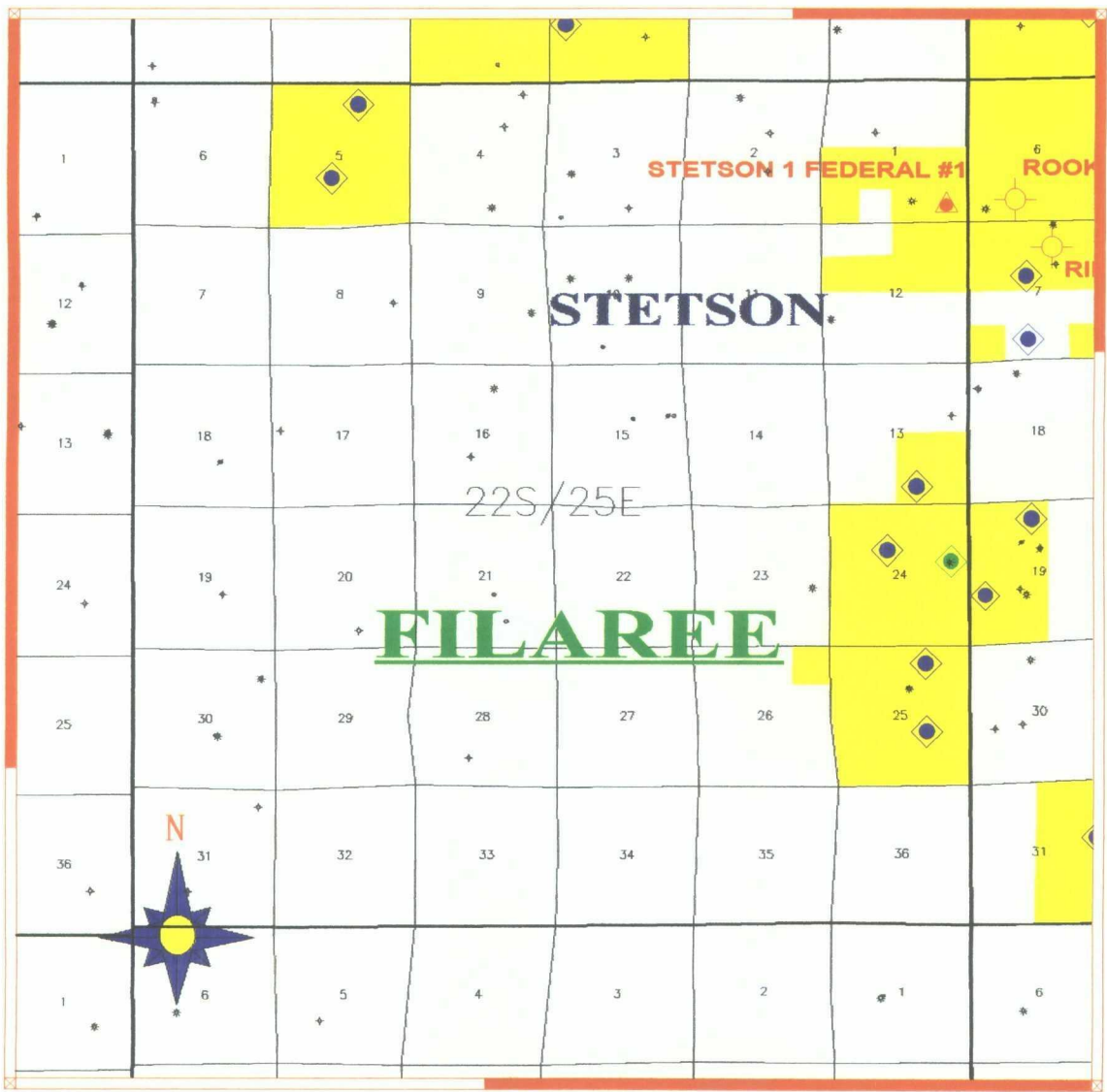
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	22 S	25 E		2370	North	660	East	Eddy

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
Dedicated Acres 320	Joint or Infill	Consolidation Code			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

	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="center"><u>Brenda Coffman</u></p> <p align="center">Signature</p> <hr/> <p align="center"><u>Brenda Coffman</u></p> <p align="center">Printed Name</p> <hr/> <p align="center"><u>Production Analyst</u></p> <p align="center">Title</p> <hr/> <p align="center"><u>September 30, 1996</u></p> <p align="center">Date</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p align="center"><u>September 19, 1996</u></p> <p align="center">Date Surveyed</p> <hr/> <p align="center"><u>[Signature]</u></p> <p align="center">Signature & Seal of Professional Surveyor</p> <hr/> <p align="center"><u>W.O. No. 6375a</u></p> <hr/> <p align="center">Certificate No. <u>Gary L. Jones</u> <u>7977</u></p> <hr/> <p align="center">BASIN SURVEY S</p> </div>
--	--



[5-25-96...2-1-96]

- (d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6)(a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application. [5-25-64...2-1-96]
- (e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing. [5-25-64...2-1-96]

(3) Number of Wells Per Spacing Unit in Non-Prorated

Gas Pools: Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location. [1-1-50...2-1-96]

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

- (a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]
- (b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:
 - (i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;
 - (ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and
 - (iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well.

[2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A) (5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H. If the drilling tract is within an allocated oil pool or is placed within such allocated pool at any time after completion of the well and the drilling tract consists of less than 39 1/2 acres or more than 40 1/2 acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 40. [1-1-50...2-1-96]

104.I. If the drilling tract is within an allocated gas pool or is subsequently placed within an allocated gas pool, and the drilling tract consists of less than 158 acres or more than 162 acres in 160-acre pools, or less than 316 acres or more than 324 acres in 320-acre pools, the top allowable for such well shall be decreased or increased in the proportion that the number of acres in the drilling tract bears to a standard spacing unit for the pool. [1-1-50...2-1-96]

104.J. In computing acreage under Rules 104.H and 104.I above, minor fractions of an acre shall not be counted but 1/2 acre or more shall count as 1 acre. [1-1-50...2-1-96]

104.K. The provisions of Rules 104.H and 104.I above shall apply only

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

57

Form C-104
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Operator name and Address Penwell Energy, Inc.		OGRID Number 147380
		Reason for Filing Code NW
API Number 30-015-29280	Well Name McKittick Hills, Atoka, East GAS Happy Valley Morrow Gas	Pool Code 78060 96472
Property Code 20018	Property Name Filaree "24"	Well Number 1

II. Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West line	County
H	24	22S	25E		2370	North	660	East	Eddy

Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
H	24	22S	25E		2370	North	660	East	Eddy
Lee Code	Producing Method Code Flowing	Gas Connection Date 5-5-97	C-129 Permit Number	C-129 Effective Date	C-129 Expiration Date				

III. Oil and Gas Transporters

Transporter OGRID	Transporter Name and Address	POD	O/G	POD ULSTR Location and Description
7057	El Paso Natural Gas Co.	2819329	G	
15694	Navajo	2819330	D	

IV. Produced Water

POD	POD ULSTR Location and Description
-----	------------------------------------

V. Well Completion Data

Spud Date 2-26-97	Ready Date 5-4-97	TD 11,557	PBTD 11,510	Perforations 10,144-10,159
Hole Size 17 1/2"	Casing & Tubing Size 13 3/8"	Depth Set 660	Sacks Cement 660sx Cl C Circ.	
12 1/4"	9 5/8"	2250	1450sx Cl C Circ.	
8 3/8"	5 1/2"	11557	2375sx TOC 7000'	
		10,141.39		

VI. Well Test Data

Date New Oil 5-5-97	Gas Delivery Date 5-13-97	Test Date 5-5-97	Test Length 24 hrs.	Tbg. Pressure 2900 psi	Cog. Pressure
Choke Size	Oil 0	Water 0	Gas 15/6	AOF	Test Method

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Brenda Coffman</i>		OIL CONSERVATION DIVISION Approved by: <i>Jim W. Green</i> B6A Title: <i>District Supervisor</i> Approval Date: 6-4-97	
Printed name: Brenda Coffman Title: Regulatory Analyst Date: 5-13-97 Phone: 915-683-2534			

If this is a change of operator fill in the OGRID number and name of the previous operator			
Previous Operator Signature	Printed Name	Title	Date

5F

District I
PO Box 1980, Hobbs, NM 88241-1980
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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-104
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies
☒ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Penwell Energy, Inc. 600 N. Marienfeld, Ste 1100 Midland, Texas 79701		² OGRID Number 147380
		³ Reason for Filing Code AG
⁴ API Number 30 - 0 15-29280	⁵ Pool Name Wildcat/McKittrick Hills Atoka, East Gas	⁶ Pool Code 96472
⁷ Property Code 20018	⁸ Property Name Filaree "24"	⁹ Well Number 1

II. ¹⁰ Surface Location

Ul or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
H	24	22S	25E		2370	NORTH	660	EAST	EDDY

¹¹ Bottom Hole Location

Ul or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
H	24	22S	25E		2370	NORTH	660	EAST	EDDY
¹² Lse Code	¹³ Producing Method Code FLOWING		¹⁴ Gas Connection Date 05/05/97		¹⁵ C-129 Permit Number		¹⁶ C-129 Effective Date 06/01/97		¹⁷ C-129 Expiration Date

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
007057	EL PASO NATURAL GAS CO.	2819329	G	
015694	NAVAJO REFINING CO.	2819330	O	

IV. Produced Water

²³ POD	²⁴ POD ULSTR Location and Description
-------------------	--

V. Well Completion Data

²⁵ Spud Date	²⁶ Ready Date	²⁷ TD	²⁸ PBTD	²⁹ Perforations	³⁰ DHC, DC, MC
³¹ Hole Size	³² Casing & Tubing Size	³³ Depth Set		³⁴ Sacks Cement	

VI. Well Test Data

³⁵ Date New Oil	³⁶ Gas Delivery Date	³⁷ Test Date	³⁸ Test Length	³⁹ Tbg. Pressure	⁴⁰ Csg. Pressure
⁴¹ Choke Size	⁴² Oil	⁴³ Water	⁴⁴ Gas	⁴⁵ AOF	⁴⁶ Test Method

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Haylie M. Urias</i>		Approved by: ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR	
Printed name: Haylie M. Urias		Title:	
Title: Regulatory Analyst		Approval Date: JUN 9 1997	
Date: 06/05/97	Phone: 915-683-2534		

⁴⁸ If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature	Printed Name	Title	Date
-----------------------------	--------------	-------	------

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Albuquerque, NM 88210-2834

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

RECEIVED

SUNDRY NOTICES AND REPORTS ON WELLS

1997 MAY 14

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

BUREAU OF LAND MGMT.
ROSWELL OFFICE

SUBMIT IN TRIPLICATE

MAY 20 1997

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Penwell Energy, Inc.

3. Address and Telephone No.

600 N. Marienfeld, Ste 1100, Midland, Texas 79701 (915) 683-2534

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2370' FNL & 660' FEL, Section 24, T-22-S, R25-E

5. Well Designation and Serial No.
NM 0554477 & NM88104

6. If Indian, Alottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

9. API Well No.

30-015-29280

10. Field and Pool, or Exploratory Area

Happy Valley Morrow Gas

11. County or Parish, State

Eddy, New Mexico

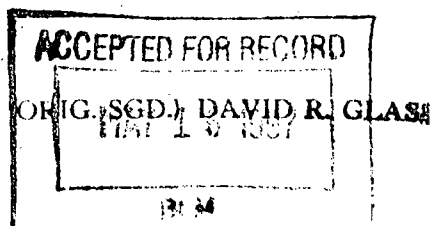
12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>spud & casing</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

2-26-97 Spudded 17 1/2" surface hole @ 3:30 PM CST.
3-1-97 Ran 14 jts. 13 3/8", 48#, J-55, 8rd, STC new API casing set @ 600'. Cmt'd w/650 sx. of Cl. "C" Neet + 2% CaCl2 mixed @ 14.8 ppg., yield 1.34 sq. ft./sx., mixing wter 6.31 gals/sk. Plug down to 558' w/200# @ 2:15 PM 2-28-97. Float held o.k. Circ'd to surface.
3-6-97 Ran 51 jts 9 5/8", 36#, J-55, 8rd, STC, new API casing set @ 2250'. Cmt'd w/200 sx. of Thixotropic "C" containing 10% Cal-Seal + 2% CaCl2 mixed @ 14.8 ppg., yield 1.46 sq. ft./sx., mixing water 6.81 gals./sx. followed by 1,000 sx. of Cl. "C" Lite containing 1/4#/sx. flocele + 1#/sx. gilsdonite + 6% gel + 12% salt mixed @ 12.4 ppg, yield 2.37 sq. ft/sx, mixing water 13.03 gals./sx. followed by 250 sx. of Cl. "C" Neet containing 2% CaCl2 mixed @ 14.8 ppg., yield 1.34 sq. ft/sx., mixing water 6.31 gals./sx. Plug down to 2,158' w/400#. Circ'd 250 sx. of cmt. to the pit. Floats held. o.k.
4-12-97 Ran 5 1/2", 17#, S-95, 8rd LTC, new API casing Set @ 11,557'. Cmt'd first stage w/1140 sx. of Modified Super "H" containing .4% CFR-3 + 5#/sx gilsonite + .5% Halad -344 + 3#/sx salt mixed @ 13.00 ppg, yield 1.71 sq. ft./sx, mixing water 8.50 gals/sx. Plug down to 11,512' @ 3:00 PM CST w/2250# 4-11-97. Floats held ok; Opened DV Tool w/3000# & circ. 157 sx. of cmt off DV Tool; Cmt'd 2nd stage w/1035 sx. of Cl. C Lite + 1/4#/sx flocele + 1#/sx gilsonite + 6% gel mixed @ 12.4 ppg., yield 2.08 sq. ft./sx mixing water 11.38 gals/sx followed by 200 sx. of Cl. H Neet mixed @ 15.6 ppg., yield 1.18 sq. ft./sx, mixing water 5.20 gals./sx. Plug down to 6592' w/3000# @ 8:30 PM CST 4-11-97. DV Tool closed & held ok; Rig released @ 7:00 AM CST 4-12-97.



14. I hereby certify that the foregoing is true and correct

Signed

Title Regulatory Analyst

Date 05/12/97

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

FOR APPROVED
OMB NO. 1004-0137
Expires: December 31, 1991

51

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL:		OIL WELL <input type="checkbox"/>	GAS WELL <input checked="" type="checkbox"/>	DRY <input type="checkbox"/>	Other <input type="checkbox"/>		
1b. TYPE OF COMPLETION:		NEW WELL <input checked="" type="checkbox"/>	WORK OVER <input type="checkbox"/>	DEEP EN <input type="checkbox"/>	PLUG BACK <input type="checkbox"/>	DIFF. CENVR. <input type="checkbox"/>	Other <input type="checkbox"/>
2. NAME OF OPERATOR Penwell Energy, Inc.							
3. ADDRESS AND TELEPHONE NO. 600 N. Marienfeld, Ste 1100, Midland, Texas 79701							
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 2370' FNL & 660' FEL At top prod. interval reported below At total depth 2370' FNL & 660' FEL							
14. PERMIT NO.				DATE ISSUED 11-22-96			
15. DATE SPUDDED 2-26-97		16. DATE T.D. REACHED 4-11-97		17. DATE COMPL. (Ready to prod.) 5-4-97		18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 3380 Gr.	
20. TOTAL DEPTH, MD & TVD 11,557		21. PLUG. BACK T.D., MD & TVD 11,510		22. IF MULTIPLE COMPL., HOW MANY*		23. INTERVALS DRILLED BY 10'-11,557'	
24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 10,144'-10,159' w/ 2 spf						25. WAS DIRECTIONAL SURVEY MADE Yes	
26. TYPE ELECTRIC AND OTHER LOGS RUN CN/GR Micro-CFL/GR						27. WAS WELL CORRED No	
28. CASING RECORD (Report all strings set in well)							
CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD		AMOUNT PULLED	
13 3/8"	48#	600'	17 1/2	650sx Cl. C- Circ. to surface			
9 5/8"	36#	2250'	12 1/4	1450sx Cl. C- circ. to surface			
5 1/2"	17#	11557'	8 3/4	2375sx TOC 7,000'			
29. LINER RECORD				30. TUBING RECORD			
SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8"	10,141.39	
31. PERFORATION RECORD (Interval, size and number) 10,144-10,159 w/ 2 spf				32. ACID, SHOT, FRACTURE CEMENT-SQUEEZE, ETC. DEPTH INTERVAL (MD) n/a AMOUNT AND KIND OF MATERIAL USED ORIG. SGD: DAVID R. GLASS DATE 1 2 1997			
33. PRODUCTION							
DATE FIRST PRODUCTION 5-5-97		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing				WELL STATUS (Producing or shut-in) Shut in	
DATE OF TEST 5-5-97	HOURS TESTED 24	CHOKE SIZE 12/64	PROD'N. FOR TEST PERIOD →	OIL—BBL. 0	GAS—MCF. 1.516	WATER—BBL. 0	GAS-OIL RATIO
FLOW. TUBING PRESS. 2900psi	CASING PRESSURE	CALCULATED 24-HOUR RATE →	OIL—BBL. 0	GAS—MCF. 1.516	WATER—BBL. 0	OIL GRAVITY-API (CORR.)	
34. DISPOSITION OF GAS (Bold, used for fuel, vented, etc.) currently shut in waiting on BHP build up						TEST WITNESSED BY Owen Puckett	
35. LIST OF ATTACHMENTS Logs w/ letter of confidentiality, C-104, Inclination report							
36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records							
SIGNED Brenda Coffman		TITLE Regulatory Analyst				DATE 5-13-97	

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Surface Rock	0	930				
Sand & Lime	930	1386				
Lime	1386	1755				
Dolomite	1755	2770				
Sand	2770	4170		KB	3394	
Sand & Shale	4170	4720		Delaware	2308	
Lime	4720	5770		Bone Spring	4670	
Sand & Shale	5770	6165		Wolfcamp	8225	
Lime & Sand	6165	6638		Cisco	9380	
Lime & shale	6638	7055		Strawn	9672	
Lime	7055	7875		Atoka	10130	
Ln, Sand & Shale	7875	7975		Morrow	10625	
Lime	7975	8730		Lower Morrow	11065	
Lime & Shale	8730	9466		Barnett	11160	
Shale	9466	9675				
Lime	9675	9760				
Lime & Sand	9760	9950				
Lime & Shale	9950	10303				
Lime	10303	10421				
Ln, Chert & Sh	10421	10562				
Lime & Chert	10562	10770				
Lime & Shale	10770	10870				
Lime	10870	10967				
Lime & Chert	10967	10697				
Lime & Shale	10697	10770				
Lime & Chert	10770	11263				
Lime & Chert	11263	11557				

38.

GEOLOGIC MARKERS

Form 3160-3
(July 1992)

OIL CONSERVATION DIV
811 S. 1st ST.

ARTESIA, NM 88210-2834

UNITED STATES

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Penwell Energy, Inc.

3. ADDRESS AND TELEPHONE NO.

600 N. Marienfeld, Ste. 1100, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

2310' FNL & 660' FEL

At proposed prod. zone

2310' FNL & 660' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

5 1/2 miles West from Carlsbad

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drig. unit line, if any)

N.A.

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

N.A.

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED

TO THIS WELL

320

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

3378 GR

22. APPROX. DATE WORK WILL START*

Oct. 1, 1996

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	H-40, 13 3/8"	48#	600'	500 sks. Cl. C Neet - Circ.
12 1/4"	J-55, 9 5/8"	36#	2400'	900 sks Cl. C Lite - Circ.
8 3/4"	L-80 & S-95 5 1/2"	17#	11600'	600 sks. Cl. H

13 3/8" csg. cmt'd w/500 sks. Cl. C Neet w/2% CaCl₂. Circulate cmt. to surface

9 5/8" csg. cmt'd w/700 sks Cl. C Lite + 200 sks. Cl. C Neet w/2% CaCl₂. -
Circulate cmt. to surface.

5 1/2" csg. cmt'd w/600 sks Cl. H. Estimated TOC 7,000'.

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.

SIGNED

Brenda Coffman

TITLE

Production Analyst

DATE

September 17, 1996

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds 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

/s/ Gary Bowers

TITLE

Acting

DATE

NOV 22 1996

*See Instructions On Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Penwell Energy, Inc. (915) 683-2534

3. Address and Telephone No.

600 N. Marienfeld, Ste. 1100, Midland, Texas 79705

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2370' FNL & 660' FEL, Sec. 24, T-22-S, R-25-E

5. Lease Designation and Serial No.

NM0554477 & NM88104

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

Filaree 24 Fed. Com. #1

8. Well Name and No.

9. API Well No.

10. Field and Pool, or Exploratory Area

McKittrick Morrow
11. County or Parish, State

Eddy, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other _____
- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

CHANGE LOCATION FROM: 2310' FNL & 660' FEL TO: 2370' FNL & 660' FEL of Sec. 24, T22S, R25E.

New location is clear of all arch sites and is 150' North of the County road and 76' North of the Phillips pipeline, which is burried. Per Phillips Petroleum, there is no problem with us having a portion of our drill pad over the pipeline.

RECEIVED

NOV 23 1996

RECEIVED

RECEIVED
OCT 1 2 04 PM '96
CARLSON
AREA HEADQUARTERS

RECEIVED

14. I hereby certify that the foregoing is true and correct

Signed Brenda Coffman

Title Production Analyst

Date Sept. 30, 1996

(This space for Federal or State office use)

Approved by /s/ Gary Bowers
Conditions of approval, if any:

Title Acting

Date NOV 23 1996

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-29280	Pool Code 78060	Pool Name Happy Valley Morrow GAS
Property Code	Property Name Filaree "24" Federal Com.	Well Number 1
OGRID No. 147380	Operator Name Penwell Energy Inc.	Elevation 3380'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	22 S	25 E		2370	North	660	East	Eddy

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
Dedicated Acres 320	Joint or Infill	Consolidation Code	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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Brenda Coffman</u> Signature</p> <p><u>Brenda Coffman</u> Printed Name</p> <p><u>Production Analyst</u> Title</p> <p><u>September 30, 1996</u> Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p><u>September 19, 1996</u> Date Surveyed</p> <p><u>[Signature]</u> Signature & Seal of Professional Surveyor</p> <p><u>W.O. No. 63750</u> Certificate No. Gary L. Jones 7977</p> <p>RACIN SURVEYS</p>	

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-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		McKittrick Morrow
Property Code	Property Name	Well Number
	Filaree "24" Federal Com.	1
OGRID No. 147380	Operator Name Penwell Energy Inc.	Elevation 3378'

Surface Location

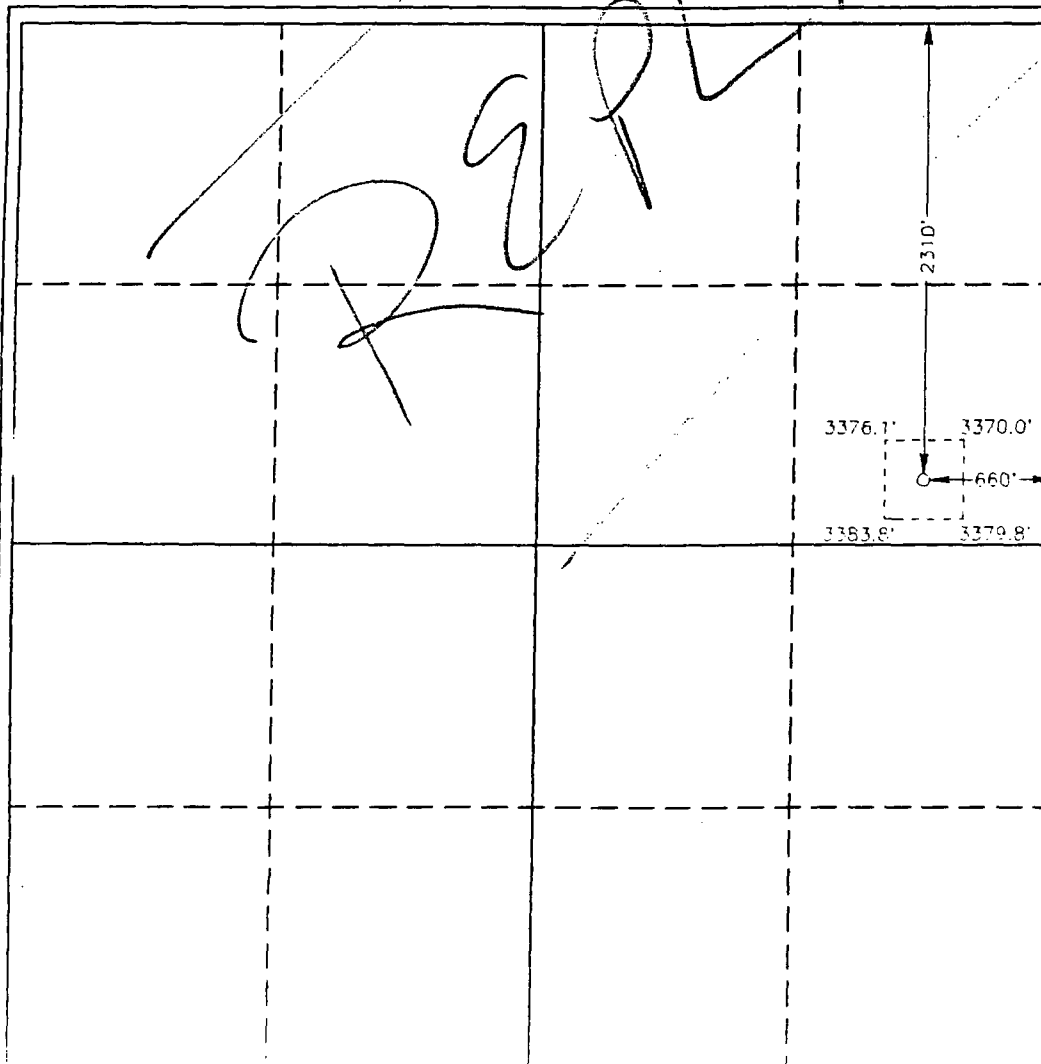
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	22 S	25 E		2310	North	660	East	Eddy

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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.

Brenda Coffman
Signature

Brenda Coffman
Printed Name

Production Analyst
Title

August 20, 1996
Date

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.

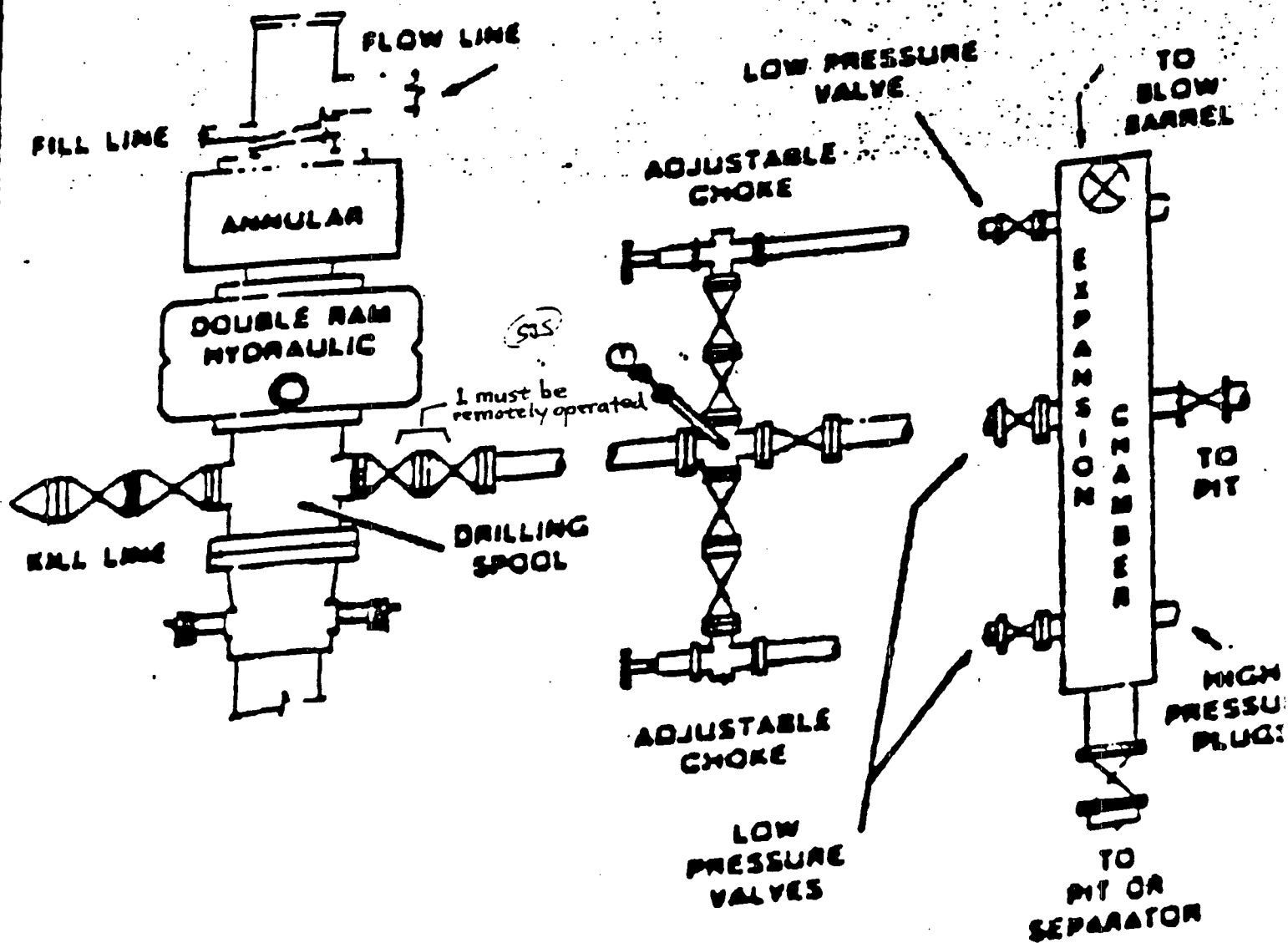
July 23, 1996

Date Surveyed
Signature & Seal of
Professional Surveyor

W.O. No. 6288a

Certificate No. Gury L. Jones 7977

BASIN SURVEY



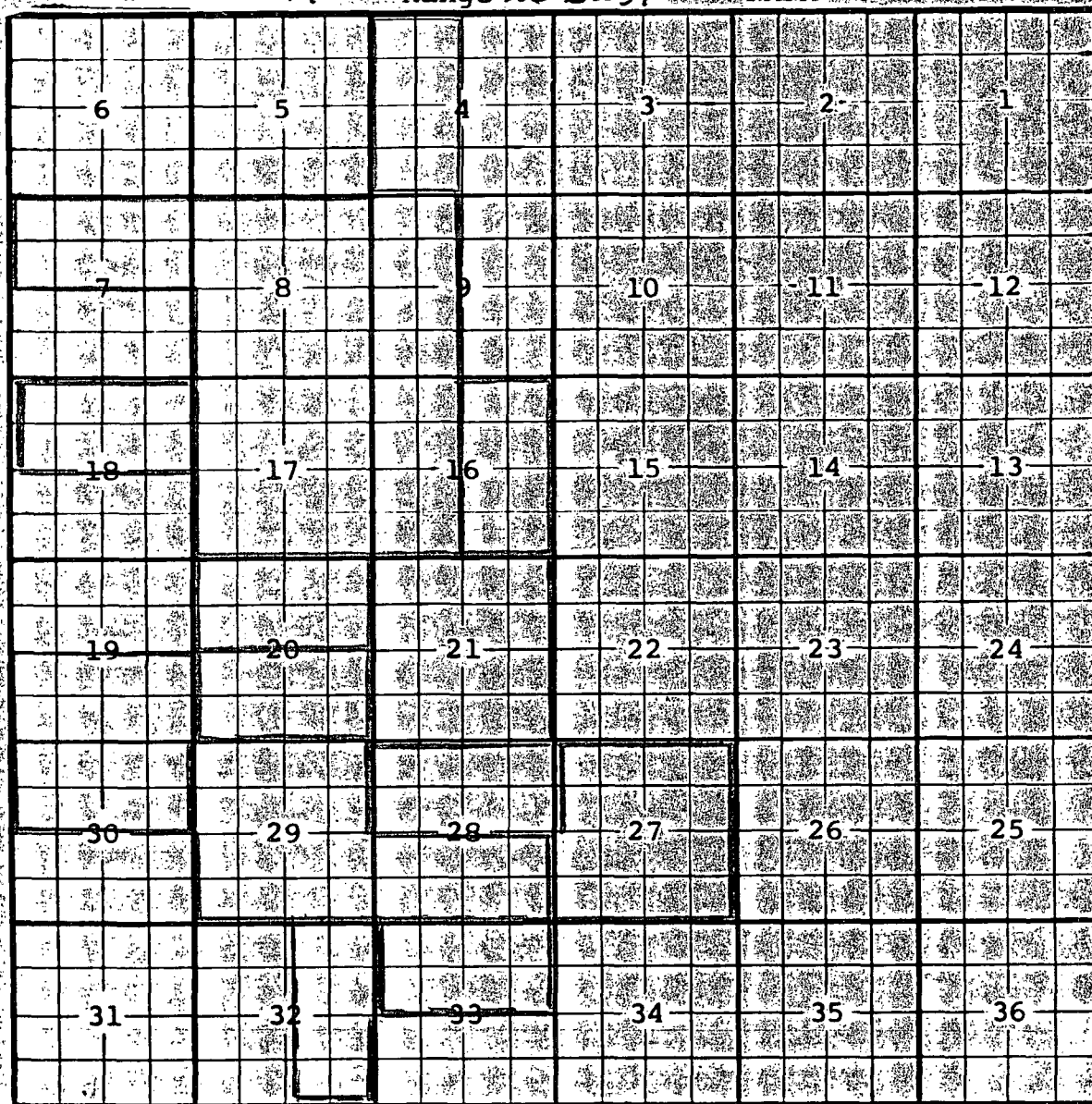
Standard Blowout Preventer Stack

County Eddy Pool Happy Valley - Morrow Gas

TOWNSHIP 22 South

Range 26 East

NMPM



Description: $\frac{W}{2}$ Sec 4 (R-5609, 1-1-78)

Ext: $\frac{N}{2}$ Sec 7, All Sec 8, $\frac{W}{2}$ Sec 9, $\frac{W}{2}$ Sec 16, and All Sec 17 (R-6623, 4-7-81)

Ext: $\frac{N}{2}$ Sec 20, $\frac{E}{2}$ Sec 16 (R-6724, 7-16-81) Ext: $\frac{S}{2}$ Sec 20

(R-6923, 3-9-82) Ext: $\frac{S}{2}$ Sec. 19, $\frac{N}{2}$ Sec. 30 (R-7668, 9-21-84)

Ext: $\frac{S}{2}$ Sec. 28, All Sec. 29 (R-8229, 5-19-86) Ext: All Sec. 27 (R-8391, 1-22-87)

Ext: $\frac{N}{2}$ Sec 28 (R-8827, 12-22-88) Ext: All Sec 21 (R-9096, 1-1-90)

Ext: $\frac{N}{2}$ Sec. 18, $\frac{N}{2}$ Sec. 33 (R-10459, 9-11-95) Ext: $\frac{E}{2}$ Sec. 32 (R-10823, 6-16-97)

County Eddy Pool East McK. Hrick Hills-Atoka Gas

County Eddy Pool East McK. Hrick Hills-Atoka Gas

TOWNSHIP 22 South

TOWNSHIP 22 South Range 25 East

TOWNSHIP 22 South Range 25 East NMPM

1. The first part of the document is a list of names and their corresponding addresses. The names are listed in the first column, and the addresses are listed in the second column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

2. The second part of the document is a table with two columns. The first column is labeled "Name" and the second column is labeled "Address". The table contains the following data:

Name	Address
John Doe	123 Main St
Jane Smith	456 Elm St
Bob Johnson	789 Oak St

3. The third part of the document is a list of names and their corresponding addresses. The names are listed in the first column, and the addresses are listed in the second column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

OGRID Identifier : 147380 PENWELL ENERGY INC
 Prop Identifier : 20018 FILAREE 24 FEDERAL COM
 API Well Identifier : 30 15 29280 Well No : 1
 Surface Locn - UL : H Sec : 24 Twp : 22S Range : 25E Lot Idn :
 Multiple comp (S/M/C): S TVD Depth (Feet) : 11557 MVD Depth (Feet): 11557
 Spud Date : 02-26-1997 P/A Date :
 Casing/Linear Record:

S Size (inches)	Grade Weight (lb/ft)	Depth(ft) Top-Liner	Depth(ft) Bot-Liner	Hole Size (inches)	Cement (Sacks)	TOC (feet)	Code
13.375	48.0	9999.0	600.0	17.500	650	9999	C
9.625	36.0	0.0	2250.0	12.250	1450		C
5.500	17.0	0.0	11557.0	8.750	2375	7000	C

E0009: Enter data to modify record

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12

CASE 11814: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the South Carlsbad-Upper Pennsylvanian Gas Pool. The discovery well is the Mobil Producing Texas & New Mexico, Inc. Federal LL Well No. 1 located in Unit O of Section 13, Township 23 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 13: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Catclaw Draw-Morrow Gas Pool. The discovery well is the Marbob Energy Corporation Como Fee Well No. 1 located in Unit F of Section 17, Township 21 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 17: W/2

- (c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Mississippian production and designated as the Chisum-Mississippian Gas Pool. The discovery well is the Plains Radio Petroleum Corporation Plains "16" State Well No. 1 located in Unit B of Section 16, Township 11 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM

Section 16: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Cottonwood Creek-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Cottonwood "KI" Federal Com. Well No. 1 located in Unit J of Section 17, Township 16 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 17: S/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Pre-Morrow Gas Pool. The discovery well is the Texaco Exploration and Production, Inc. Skelly Unit Well No. 957 located in Unit E of Section 15, Township 17 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 15: W/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Gatuna Canyon-Bone Spring Pool. The discovery well is the Hanley Petroleum Inc. Adams Federal Well No. 1 located in Unit N of Section 31, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 31: SW/4

- (g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Southeast La Huerta-Atoka Gas Pool. The discovery well is the Cities Service Company Government 'AD' Well No. 1 located in Unit E of Section 27, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 27: N/2

- (h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Little Box Canyon-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Federal "HQ" Well No. 1 located in Unit N of Section 5, Township 21 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Section 5: Lots 13, 14, 15, 16, and S/2

- * (i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the East McKittrick Hills-Atoka Gas Pool. The discovery well is the Mitchell Energy Corporation McKittrick "30" Federal Well No. 1 located in Unit C of Section 30, Township 22 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH. RANGE 25 EAST. NMPM

Section 24: E/2

TOWNSHIP 22 SOUTH. RANGE 26 EAST. NMPM

Section 19: S/2

Section 30: N/2

- (j) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Parkway-Wolfcamp Pool. The discovery well is the Southland Royalty Company Parkway "B": State Well No. 1 located in Unit I of Section 15, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH. RANGE 29 EAST. NMPM

Section 15: SE/4

- (k) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Pierce Crossing-Bone Spring Pool. The discovery well is the Nearburg Producing Company Ruby "30" State Com. Well No. 1 located in Unit O of Section 30, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH. RANGE 29 EAST. NMPM

Section 30: SE/4

- (l) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Rock Tank-Upper Pennsylvanian Gas Pool. The discovery well is the Mineral Technologies, Inc. Dark Canyon Well No. 1 located in Unit D of Section 18, Township 23 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH. RANGE 25 EAST. NMPM

Section 18: N/2

- (m) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Southeast Rocky Arroyo-Morrow Gas Pool. The discovery well is the Penwell Energy, Inc. Wagon Wheel "22" Federal Unit Well No. 1 located in Unit G of Section 22, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH. RANGE 22 EAST. NMPM

Section 22: N/2

- (n) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Seven Rivers Hills-Atoka Gas Pool. The discovery well is the Fasken Oil and Ranch, Ltd. Mobil "10" Federal Well No. 1 located in Unit M of Section 10, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH. RANGE 24 EAST. NMPM

Section 10: S/2

- (o) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Sheep Draw-Upper Pennsylvanian Gas Pool. The discovery well is the Louis Dreyfuss Natural Gas Corporation Squaw Federal Well No. 3 located in Unit K of Section 1, Township 23 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH. RANGE 25 EAST. NMPM

Section 1: W/2

- (p) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the North Shugart-Delaware Pool. The discovery well is the Harvey E. Yates Company Can-Ken "4" Federal Well No. 2 located in Unit G of Section 4, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH. RANGE 31 EAST. NMPM

Section 4: NE/4

- (q) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Southwest White City-Wolfcamp Gas Pool. The discovery well is the Inexco Oil Company Southland State Well No. 1 located in Unit J of Section 32, Township 25 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM

Section 32: E/2

- (r) CONTRACT the Cottonwood Creek-Wolfcamp Gas Pool in Eddy County, New Mexico by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 17: S/2

Section 20: N/2

- (s) EXTEND the Angell Ranch-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 7: N/2

- (t) EXTEND the West Antelope Sink-Abo Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 21 EAST, NMPM

Section 24: NE/4

- (u) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 22: SE/4

- (v) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 5: E/2

Section 8: E/2

- (w) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 25: E/2

- (x) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 21: S/2

- (y) EXTEND the East Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 13: W/2

- (z) EXTEND the Indian Basin-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 10: S/2

- (aa) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH. RANGE 27 EAST. NMPM

Section 22: S/2

Section 23: S/2

- (bb) EXTEND the West Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH. RANGE 31 EAST. NMPM

Section 33: NE/4

- (cc) EXTEND the Penasco Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH. RANGE 25 EAST. NMPM

Section 4: SW/4

- (dd) EXTEND the East Pierce Crossing-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH. RANGE 29 EAST. NMPM

Section 13: SW/4

- (ee) EXTEND the Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH. RANGE 27 EAST. NMPM

Section 33: NE/4

Section 34: NE/4

- (ff) EXTEND the North Runyan Ranch-Abo Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH. RANGE 23 EAST. NMPM

Section 31: NE/4

Section 32: NW/4

- (gg) EXTEND the Sand Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH. RANGE 29 EAST. NMPM

Section 36: W/2

- (hh) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH. RANGE 28 EAST. NMPM

Section 34: E/2

TOWNSHIP 19 SOUTH. RANGE 29 EAST. NMPM

Section 5: S/2

Section 6: All

- (ii) EXTEND the Willow Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH. RANGE 28 EAST. NMPM

Section 1: NW/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.