N. M. OIL CONS. COMMISSION
P. O. BOX 1980
HOBBS, NEW MEXICO 88240

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
MAY 22 1997
OIL CON. DIV.
DIST. 2

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-94838

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: ----------

7. UNIT AGREEMENT NAME: ---------- 20865

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: FH "29" FEDERAL D # 1

2. NAME OF OPERATOR: PENWELL ENERGY INC. 147380 (BILL PIERCE)

9. API WELL NO.: 30-015-29765

3. ADDRESS AND TELEPHONE NO.: 1100 ARCO BUILDING 600 N MERINFELD MIDLAND, TEXAS 79701 Phone 915-683-2534

10. FIELD AND POOL, OR WILDCAT: Und Yarrow 87800 DARK CANYON-DELAWARE

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FNL & 660' FEL SEC. 29 T23S-R26E EDDY CO. NEW MEXICO
At proposed prod. zone: SAME

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SEC. 29 T23S-R26E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 7 miles Southwest of Carlsbad New Mexico

12. COUNTY OR PARISH: Eddy Co. | 13. STATE: New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	200	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1320'	5500'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3369' GR.

22. APPROX. DATE WORK WILL START*: As soon as approved

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	20" Conductor	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48	500'	550 Sx. circulate to surface
11"	J-55 8 5/8"	24	1700'	1000 Sx. circulate to surface
7 7/8"	J-55 5½"	17	5500'	250 Sx. estimate top cement 4000'

WITNESS

CARLSBAD CONTROLLED WATER BASIN

1. Drill 25" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.

2. Drill 17½" hole to 500'. Run and set 500' of 13 3/8" H-40 48# ST&C casing. Cement with 550 Sx. Class "C" + 2% CaCl, circulate cement to surface.

3. Drill 11" hole to 1700'. Run and set 1700' of 8 5/8" J-55 24# ST&C casing. Cement with 600 Sx. Class "C" light cement + additives, tail in with 400 Sx. Class "C" + 2% CaCl, circulate cement to surface.

4. Drill 7 7/8" hole to 5500'. Run and set 5500' of 5½" J-55 17# ST&C casing. Cement with 250 Sx. Class "H" cement + additives, estimate top of cement 4000'.

Posted to NL&PA 3-5-97

qcv 5/13/97

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 Joe T. Janica TITLE Agent DATE 04/12/97

(This space for Federal or State office use)

PERMIT NO. ---------- APPROVAL DATE ----------

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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:

(ORIG. SGD.) TONY L. FERGUSON

APPROVED BY ---------- TITLE ADM, MINERALS DATE 5-15-97

*See Instructions On Reverse Side