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NEW MEXICO OFF. CONSERVATION COMMISSION

JAN 25 1979

O. C. C.  
ARTESIA, OFFICE

30-015-22814

Form C-101  
Revised 1-1-65

|                                            |                                                                        |
|--------------------------------------------|------------------------------------------------------------------------|
| 5A. Indicate Type of Lease                 | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 5. State Oil & Gas Lease No.               | G-3179                                                                 |
| 7. Unit Agreement Name                     |                                                                        |
| 8. Farm or Lease Name                      | State "23A" Comm.                                                      |
| 9. Well No.                                | 1                                                                      |
| 10. Field and Pool, or With that           | Undesig. (Morrow)                                                      |
| 12. County                                 | Eddy                                                                   |
| 19. Proposed Depth                         | 11,800'                                                                |
| 19A. Formation                             | Morrow                                                                 |
| 20. History or Cmt.                        | Rotary                                                                 |
| 21. Elevations (Show whether DT, RL, etc.) | 3313.3' GR                                                             |
| 21A. Kind & Status Plug. Bond              | Blanket                                                                |
| 21B. Drilling Contractor                   | Hondo Drlg Co. Rig #5                                                  |
| 22. Approx. Date Work will start           | Feb. 15, 1979                                                          |

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

|                                            |                                                                                                                         |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| 1a. Type of Work                           | DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>            |
| b. Type of Well                            | OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>           |
| 2. Name of Operator                        | Southland Royalty Company ✓                                                                                             |
| 3. Address of Operator                     | 1100 Wall Towers West, Midland, TX 79701                                                                                |
| 4. Location of Well                        | UNIT LETTER L LOCATED 1980 FEET FROM THE south LINE AND 660 FEET FROM THE west LINE OF SEC. 23 TWP. 19-S RGE. 29-E NMPM |
| 19. Proposed Depth                         | 11,800'                                                                                                                 |
| 19A. Formation                             | Morrow                                                                                                                  |
| 20. History or Cmt.                        | Rotary                                                                                                                  |
| 21. Elevations (Show whether DT, RL, etc.) | 3313.3' GR                                                                                                              |
| 21A. Kind & Status Plug. Bond              | Blanket                                                                                                                 |
| 21B. Drilling Contractor                   | Hondo Drlg Co. Rig #5                                                                                                   |
| 22. Approx. Date Work will start           | Feb. 15, 1979                                                                                                           |

PROPOSED CASING AND CEMENT PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP |
|--------------|----------------|-----------------|---------------|-----------------|----------|
| 15"          | 11 3/4"        | 42#             | 300'          | 400             | circ     |
| 11"          | 8 5/8"         | 24#             | 3000'         | 1400            | circ     |
| 7 7/8"       | 4 1/2"         | 11.6#           | 11,800'       | 800             | 9000'    |

Set surface csg @ 300' @ T/salt; circ cmt. Drill 11" hole w/brine water to prevent washout. Drill 11" hole to 3000'; set 8 5/8" csg @ 3000'; circ cmt. Drill 7 7/8" hole w/fresh water to 7500'. Add brine wtr @ 7500' to raise mud weight. Drill to TD to test Morrow and intermediate horizons. If commercial, will run 4 1/2" csg to TD. Cmt w/sufficient cmt to bring cmt above all prospective zones. Estimated T/cmt @ 9000'. If intermediate horizons productive, will run cmt staging tool @ 10,000'+ and use additional cmt volumes. Perf and stimulate Morrow for production.

Mud Program: 0-300' spud mud; 300-3000' 10# brine wtr; 3000-7500' fresh wtr; 7500-9500' cut brine wtr; 9500-TD starch, gel, flosal, Drispac 9.9#, vis 36-40, WL 6 cc through Morrow. Btm hole pressure @ TD anticipated to be 4700 psi. No abnormal pressures expected.

BOP Program: BOP to be installed on 11 3/4" double 10" Ser 900 for BOP to be installed on 8 5/8" - double 10" Ser 900 plus 10" Ser 900 Hydraulic Drilling Head. BOP test daily. NOTE: GAS IS NOT DEDICATED.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTION, ZONE AND PROPOSED NEW PRODUCTION ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed C. Harvey Carr Title District Engineer Date 1-24-79  
(This space for State Use)

APPROVED BY W. A. Gressett TITLE SUPERVISOR, DISTRICT II DATE FEB 7 1979  
CONDITIONS OF APPROVAL, IF ANY:

Cement must be circulated to surface behind 11 3/4" 8 5/8" casing