

Application for Permit to Drill Government "AB" No. 3

March 15, 1976

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The nearest inhabited residence is the home of Mr. A. H. Rains, approximately 2-1/2 miles southeast of our proposed location. Mr. Rains has a Federal grazing lease covering our proposed road and location.

The well is projected to test the Morrow Sands with a TD of 11,500'. Other shallower zones will be tested as the well is drilled.

The reserve pit will be lined when it is built. Upon completion of the well, the pits will be backfilled and levelled and debris removed.

If the well is completed as a producer, production equipment will be set no closer than 150' from the well with tanks set to collect both oil and water which will be trucked to sale or disposal. The gas purchaser will install necessary gas measuring equipment and pipeline.

If it is a dry hole, the well will be plugged in accordance with USGS requirements.

The proposed casing program consists of:

13-3/8" set at 400' with cement circulated to surface.

8-5/8" set at 3000' with cement circulated to surface.

5-1/2" set at 11,500' with sufficient cement to fill the annulus from TD to 8200' (above the Wolfcamp).

In addition to the blow out preventer program shown on the attached plat, the following equipment will be installed and in operation before drilling out from under the 8-5/8" casing:

1. Swaco adjustable choke in choke manifold.
2. Pit volume totalizer.
3. Flow line sensor.
4. Degasser.

Also prior to drilling out from under the 8-5/8", the BOP's and related control equipment will be pressure tested to rated working pressure by an independent testing company.

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