

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  
27. Minerals & Natural Resources Department

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

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

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

|                                                                                                 |                                             |                                     |
|-------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------|
| Operator name and Address<br>Penwell Energy, Inc.<br>600 No. Marienfeld<br>Midland, Texas 79701 |                                             | OGRID Number<br>147380              |
| API Number<br>30-015-21920                                                                      | Pool Name<br>Carlsbad Bone Spring East Pool | Reason for Filing Code<br>CH 2-1-97 |
| Property Code<br>20606                                                                          | Property Name<br>Lonetree                   | Pool Code<br>96144                  |
|                                                                                                 |                                             | Well Number<br>1                    |

II. Surface Location

|                    |               |                 |              |         |                       |                           |                       |                        |                |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot no.<br>k | Section<br>13 | Township<br>21S | Range<br>27E | Lot Idn | Feet from the<br>1980 | North/South Line<br>South | Feet from the<br>1980 | East/West Line<br>West | County<br>Eddy |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

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 |
|               |                         |                       |                       |                        |                         |                  |               |                |        |
| " Loc Code    | " Producing Method Code | " Gas Connection Date | " C-129 Permit Number | " C-129 Effective Date | " C-129 Expiration Date |                  |               |                |        |

III. Oil and Gas Transporters

|                     |                                                      |         |       |                                                             |
|---------------------|------------------------------------------------------|---------|-------|-------------------------------------------------------------|
| " Transporter OGRID | " Transporter Name and Address                       | " FOD   | " O/G | " FOD ULSTR Location and Description                        |
| 015694              | Navajo Refining<br>P.O. Box 159<br>Artesia, NM 88210 | 2807239 | 0     | RECEIVED<br><br>MAR 06 1997<br><br>OIL CON. DIV.<br>DIST. 2 |
| 009171              | GPM<br>P.O. Box 5050<br>Bartlesville, OK 74005       | 2807240 | G     |                                                             |
|                     |                                                      |         |       |                                                             |
|                     |                                                      |         |       |                                                             |
|                     |                                                      |         |       |                                                             |

IV. Produced Water

|                  |                                      |
|------------------|--------------------------------------|
| " FOD<br>2807448 | " FOD ULSTR Location and Description |
|------------------|--------------------------------------|

V. Well Completion Data

|             |                        |             |                |                |
|-------------|------------------------|-------------|----------------|----------------|
| " Spud Date | " Ready Date           | " TD        | " FBTD         | " Perforations |
| " Hole Size | " Casing & Tubing Size | " Depth Set | " Sacks Cement |                |
|             |                        |             | Post ID-3      |                |
|             |                        |             | 3-28-97        |                |
|             |                        |             | dyg up         |                |

VI. Well Test Data

|                |                     |             |               |                 |                 |
|----------------|---------------------|-------------|---------------|-----------------|-----------------|
| " Date New Oil | " Gas Delivery Date | " Test Date | " Test Length | " Tbg. Pressure | " Csg. Pressure |
| " Choke Size   | " Oil               | " Water     | " Gas         | " 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.<br>Signature: Brenda Coffman<br>Printed name: Brenda Coffman<br>Title: Production Analyst<br>Date: 2-1-97<br>Phone: | OIL CONSERVATION DIVISION<br>Approved by: SUPERVISOR, DISTRICT II<br>Title:<br>Approval Date: MAR 12 1998 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|

Change of operator fill in the OGRID number and name of the previous operator

|                                              |                |                  |
|----------------------------------------------|----------------|------------------|
| CHI Operating, Inc.                          | John W. Qualls | Geologist 2-1-97 |
| Previous Operator Signature<br>OGRID# 004378 | Printed Name   | Title Date       |