

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Canon Energy, Inc.

3. ADDRESS OF OPERATOR

P.O. Box 2491 Midland, Texas 79702

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

At surface

660' FSL & 700' FWL SW/4 SW/4

At proposed prod. zone Same

RECEIVED BY

APR 23 1985

O. C. D. ut.m

ARTESIA, OFFICE

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

8 miles west of Carlsbad, N.M.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

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

660'

16. NO. OF ACRES IN LEASE

640'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

N/A

19. PROPOSED DEPTH

4000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3666' GR

22. APPROX. DATE WORK WILL START*

April 15, 1985

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	200'	Sufficient to Circulate
12 1/2"	8 5/8"	24.0#	1500'	Sufficient to Circulate
7 7/8"	5 1/2"	15.5#	T.D.	Sufficient to isolate all oil, gas and water zones.

Proposed plans are to drill to the Bone Spring formation and test Bone Spring and intermediate formations for possible commercial production of oil and gas.

Designation of Operator from Chaplin Petroleum will be filed under a separate cover.

~~A \$10,000.00 Oil and Gas Lease Bond will cover subject well.~~

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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

Jerry W. Franklin

TITLE

Agent

DATE

4/4/85

(This space for Federal or State office use)

PERMIT NO.

019. Sec. 31

APPROVAL DATE

APPROVED BY

Jerry W. Franklin

TITLE

DATE

4-22-85

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

*See Instructions On Reverse Side

N MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

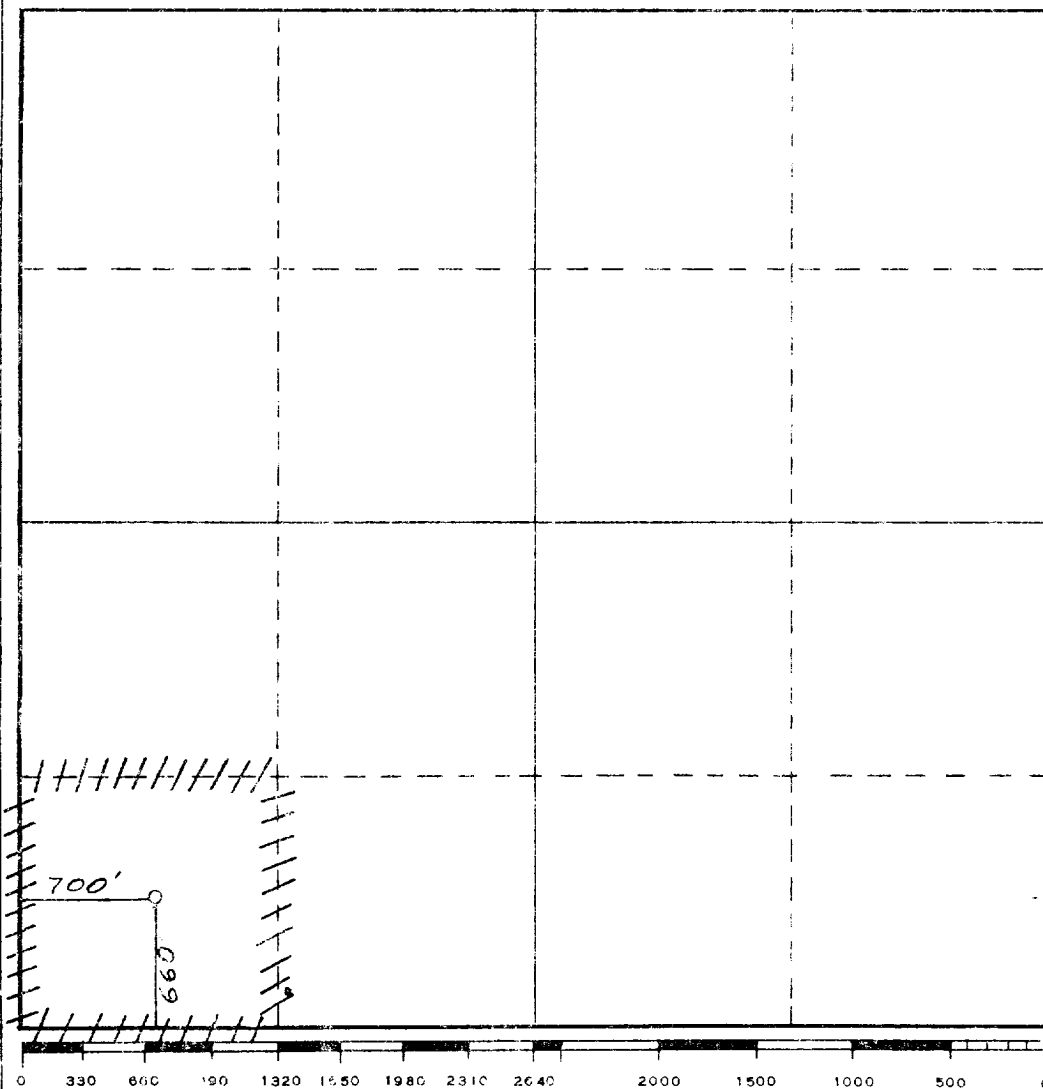
Operator CANON ENERGY INC.		Lease Canon Champlin Federal		Well No. 1
Unit Letter M	Section 31	Township 21 South	Range 25 East	County Eddy
Actual Footage Location of Well: 660 feet from the South line and 700 feet from the West line				
Ground Level Elev. 3666.	Producing Formation BONE SPRING	Pool WILDCAT	Dedicated Acreage 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

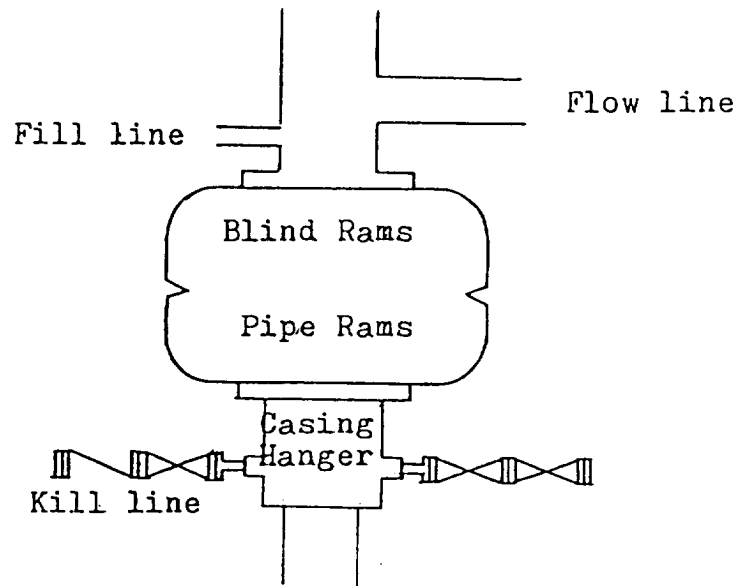
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name Henry W. Franklin
Position AGENT
Company CANON ENERGY, INC.
Date 4/4/85

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 are true and correct to the best of my knowledge and belief.

Date Surveyed
April 1, 1985
Registered Professional Engineer
and/or Land Surveyor

Dan R. Reddy
Certificate No.
NM PE&LS NO. 5412



Blowout Preventer
3000 psi working pressure

SUPPLEMENTAL DRILLING DATA

Canon Energy, Inc.
Canon - Champlin Federal No. 1
660' FSL & 700' FWL
Sec. 31, T21S, R25E
Eddy County, N.M.
NM - 25345

1. Surface Formation: Permian.

2. Estimated Geological Marker Tops:

Capitan Reef	Surface
Delaware Sand	1600'
Bone Spring	3600'

3. Estimated Depths to Oil, Gas and Water:

Water	250'
Oil or Gas	Delaware 1600 - 3600'
	Bone Spring 3700 - 3750'

4. Proposed Casing and Cement Program:

Surface Casing: Set approximately 200', 13 3/8", 54.5#, J-55 ST&C casing. Cement sufficient to circulate cement to surface.

Intermediate Casing: Set approximately 1500', 8 5/8", 24.0#, J-55 ST&C casing. Cement sufficient to circulate cement to surface.

Production Casing: Set to total depth, 5 1/2", 15.5#, J-55 ST&C casing. Cement to isolate all oil, gas and water zones.

5. Pressure Control Equipment: A 3000 P.S.I. working pressure B.O.P. will be installed after 8 5/8" casing is set and cemented.

6. Testing, Logging and Coring Programs:

Testing: None.

Logging: DLL - FDC - CNL - GR - EPT. Mud logging unit from 1500' to total depth.

7. Auxiliary Equipment: A kelly cock will be installed on the rig floor while drilling operations are in progress.

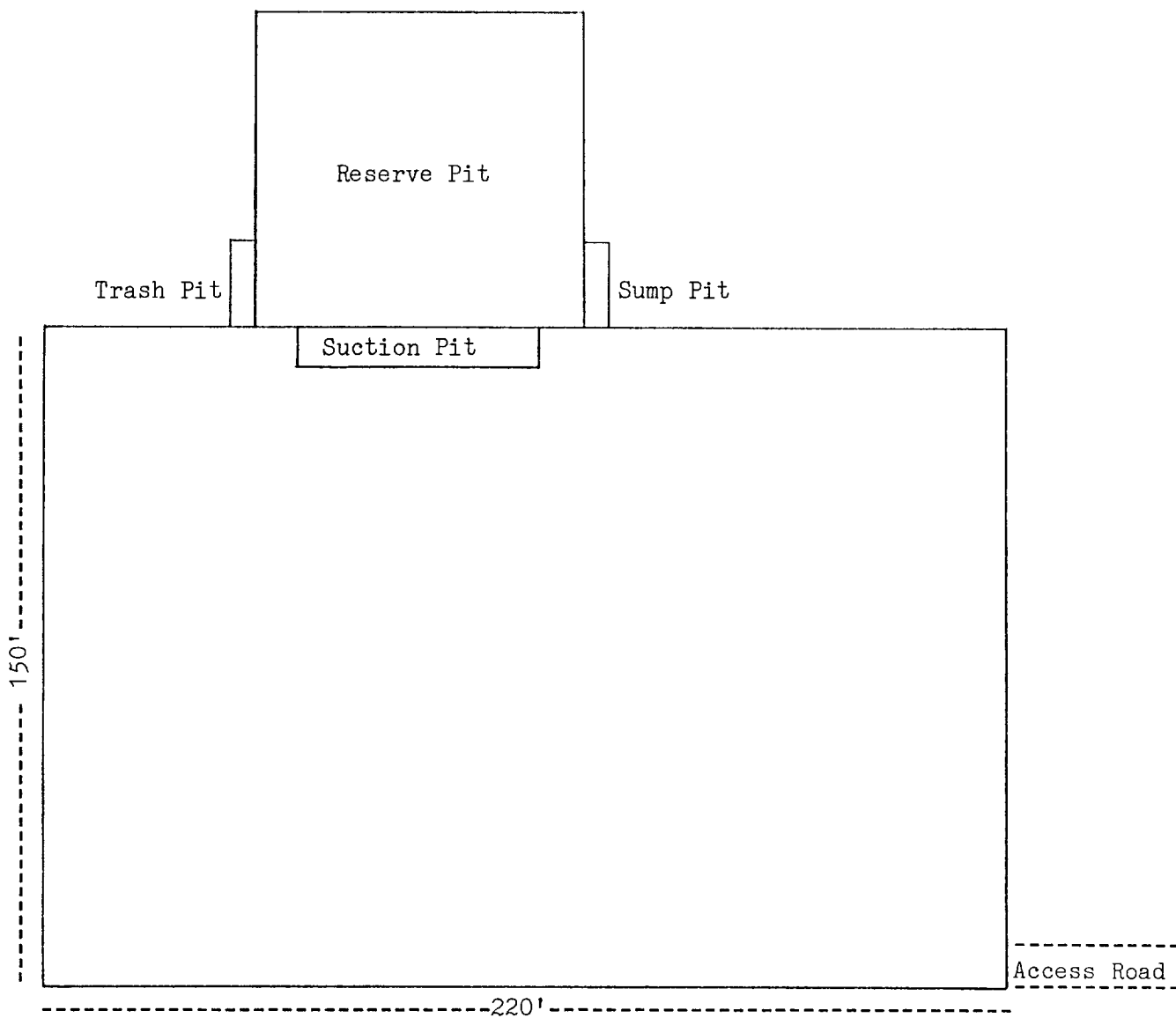


Exhibit 'C'
Canon Energy, Inc.
Canon Champlin Federal No. 1
Sec. 31, T21S, R25E
Eddy County, N.M.