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APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

BLM

ROSWELL, NM

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

PENWELL ENERGY INC., (BILL PIERCE) Ph 915-683-2534

3. ADDRESS AND TELEPHONE NO.

600 NORTH MARIENFELD SUITE 1100 MIDLAND, TEXAS 79701

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

1980' FWL & 860' FSL SEC. 22 T22S-R22E EDDY CO. NM
At proposed prod. zone Same

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

Approximately 28 miles West of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

860'

16. NO. OF ACRES IN LEASE

4800

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.

2800'

19. PROPOSED DEPTH

8200'

20. ROTARY OR CABLE TOOLS

ROTARY

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

4465' GR.

22. APPROX. DATE WORK WILL START*

As soon as approved

23.

PROPOSED CASING AND CEMENT PROGRAM

ROSWELL CONTROLLED WATER BASIN

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------------|-----------------|---------------|-----------------------------------|
| 25" | Conductor 20" | NA | 40' | Cement to surface with Redi-mix |
| 17 1/2" | H-40 13 3/8" | 48 | 350' | 400 Sx. circ. cement to surface |
| 12 1/2" | J-55 9 5/8" | 40 | 2500' | 1250 Sx. " " " " |
| 8 3/4" | L-80 7" | 29 | 8200' | 750 Sx. Estimate top cement 2300' |

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 350'. Run and set 350' of 13 3/8" 48# 8-R H-40 ST&C casing. Cement with 200 Sx. of Class "C" + 1/2# Flocele/Sx., tail in with 200 Sx. Class "C" cement + 2% CaCl, circulate cement to surface.
3. Drill 12 1/2" hole to 2500'. Run and set 2500' of 9 5/8" 40# J-55 8-R ST&C casing. Cement with 200 Sx Versa-Seal + 400Sx. of Class "C" Halco Light + 5# Gilsonite/Sx. + 1/2# Flocele/Sx. + 2% CaCl, tail in with 250 Sx. of Class "C" + 2% CaCl, circulate cement to surface.
4. Drill 8 3/4" hole to 8200. Run and set 8200' of 7" 29# L-80 8-R LT&C casing. Cement with 500 Sx. of Halco Light + 1/2# Flocele/Sx. + 5# Gilsonite/Sx. + 12% Salt, tail in with 250 Sx. of Class "C" + 2% CaCl, estimate 2300'.

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 blowdown data.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

24.

SIGNED

TITLE Agent

DATE 07/24/97

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVED BY

TITLE

DATE

8.25.97

*See Instructions On Reverse Side