

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

PETROLEUM EQUITIES CORPORATION ✓

3. ADDRESS OF OPERATOR

P. O. BOX 1788, LONGVIEW, TEXAS 75606

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

At surface

660' FNL AND 660' FWL OF SECTION 14

At proposed prod. zone

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

6 MILES EAST OF MALAGA, NEW MEXICO

10. DISTANCE FROM PROPOSED*

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

660'

18. DISTANCE FROM PROPOSED LOCATION*

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

-

16. NO. OF ACRES IN LEASE

800

19. PROPOSED DEPTH

4650'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

ROTARY

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

2935' GR

22. APPROX. DATE WORK WILL START*

JUNE 10, 1983

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|-------------------------|
| 11" | 8-5/8" | 24# | 400' | SUFFICIENT TO CIRCULATE |
| 7-7/8" | 4-1/2" | 9.5# | 4650' | 200 SACKS |

AFTER SETTING PRODUCTION CASING, PAY ZONE WILL BE PERFORATED AND
STIMULATED AS NECESSARY.SEE ATTACHED FOR: SUPPLEMENTAL DRILLING DATA
BOP SKETCH
SURFACE USE AND OPERATIONS PLANRECEIVED
MAY 24 1983

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

Arthur R. Brown

Agent

DATE MAY 23, 1983

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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

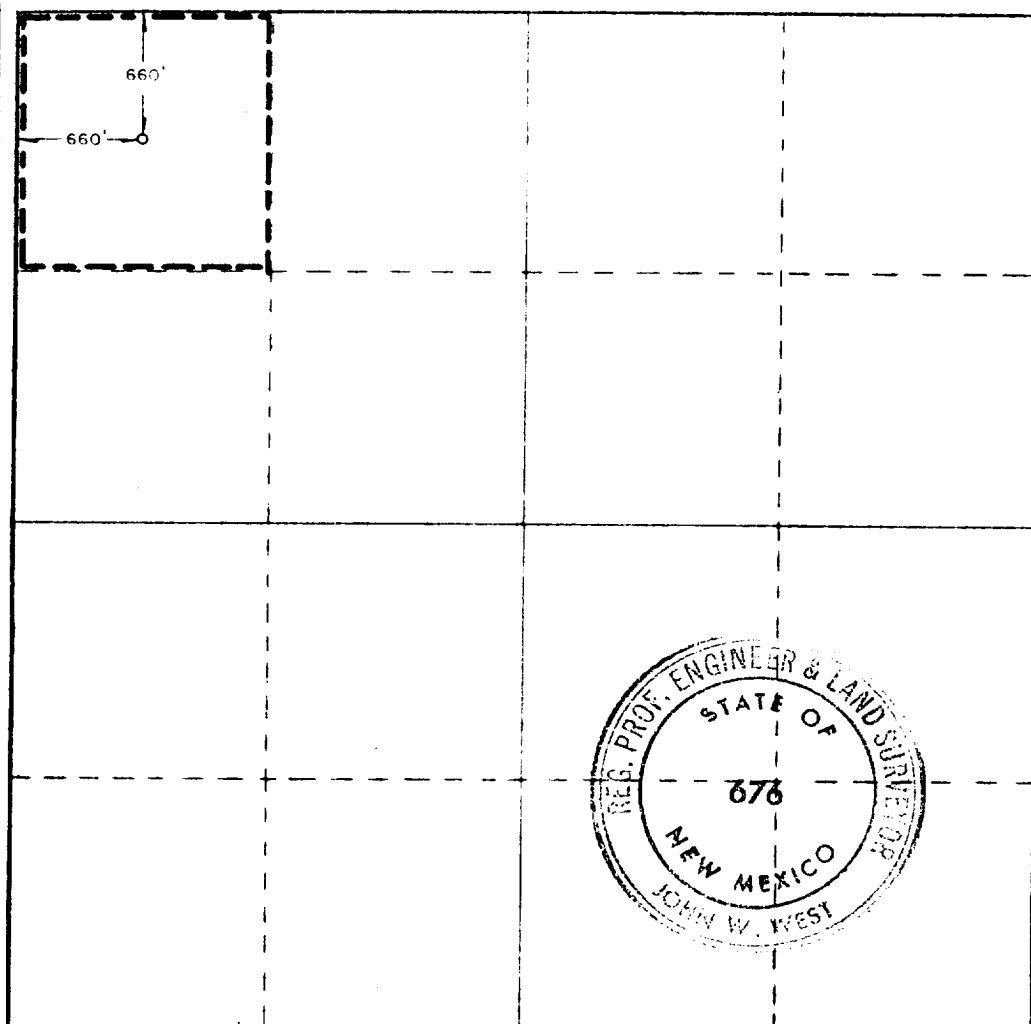
| | | | | | |
|--|--|-----------------------------|------------------------------|-----------------------|--------------------------------------|
| Operator Petroleum Equities Corp. | | | Lease Cedar Canyon | | Well No. 1 |
| Map Letter D | Section 14 | Township 24 South | Range 29 East | County Eddy | |
| Actual Footage Location of Well: 660 feet from the north line and 660 feet from the west line | | | | | |
| Ground Level Elev 2935.0' | Producing Formation DELAWARE | | Field 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.

Arthur R. Brown
 Name
Arthur R. Brown

Position
Agent

Company
PETROLEUM EQUITIES CORPORATION

Date
MAY 20, 1983

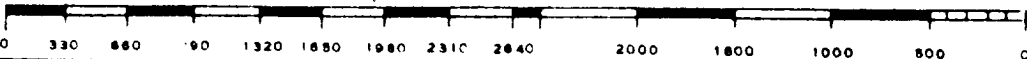
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
April 20, 1983

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No
John W. West, NM R.L.S.676



SUPPLEMENTAL DRILLING DATA

PETROLEUM EQUITIES CORPORATION

WELL NO.1 CEDAR CANYON

1. SURFACE FORMATION: Quaternary.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

| | |
|---------------|-------|
| Delaware Lime | 3000' |
| Delaware Sand | 3040' |
| Cherry Canyon | 4100' |
| Bone Springs | 6700' |

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

| | |
|---------------|-----|
| Delaware Sand | Oil |
| Cherry Canyon | Oil |

4. PROPOSED CASING AND CEMENTING PROGRAM:

| <u>CASING SIZE</u> | <u>SETTING DEPTH</u> | | <u>WEIGHT</u> | <u>GRADE</u> | <u>JOINT</u> |
|--------------------|----------------------|-----------|---------------|--------------|--------------|
| | <u>FROM</u> | <u>TO</u> | | | |
| 8-5/8" | 0 | 400' | 24# | K-55 | STC |
| 4-1/2" | 0 | 4650' | 9.5# | K-55 | STC |

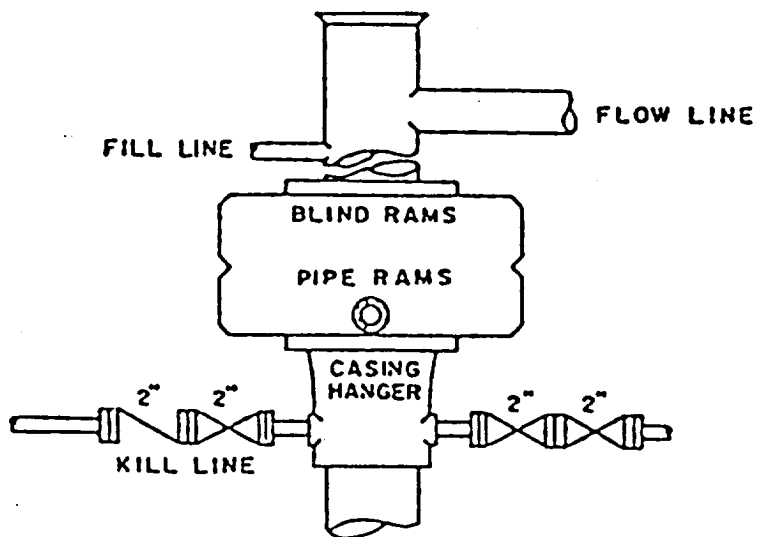
8-5/8" casing will be cemented with sufficient Class "C" cement to circulate.

4-1/2" casing will be cemented with approximately 200 sacks of cement.

5. PRESSURE CONTROL EQUIPMENT:

A 2000 psi working pressure, double ram type preventer will be in use while drilling below the surface casing.

A BOP sketch is attached.



BOP STACK

SERIES 600

DEPTH INTERVAL

BELOW 8-5/8" CASING SEAT

BOP ARRANGEMENT

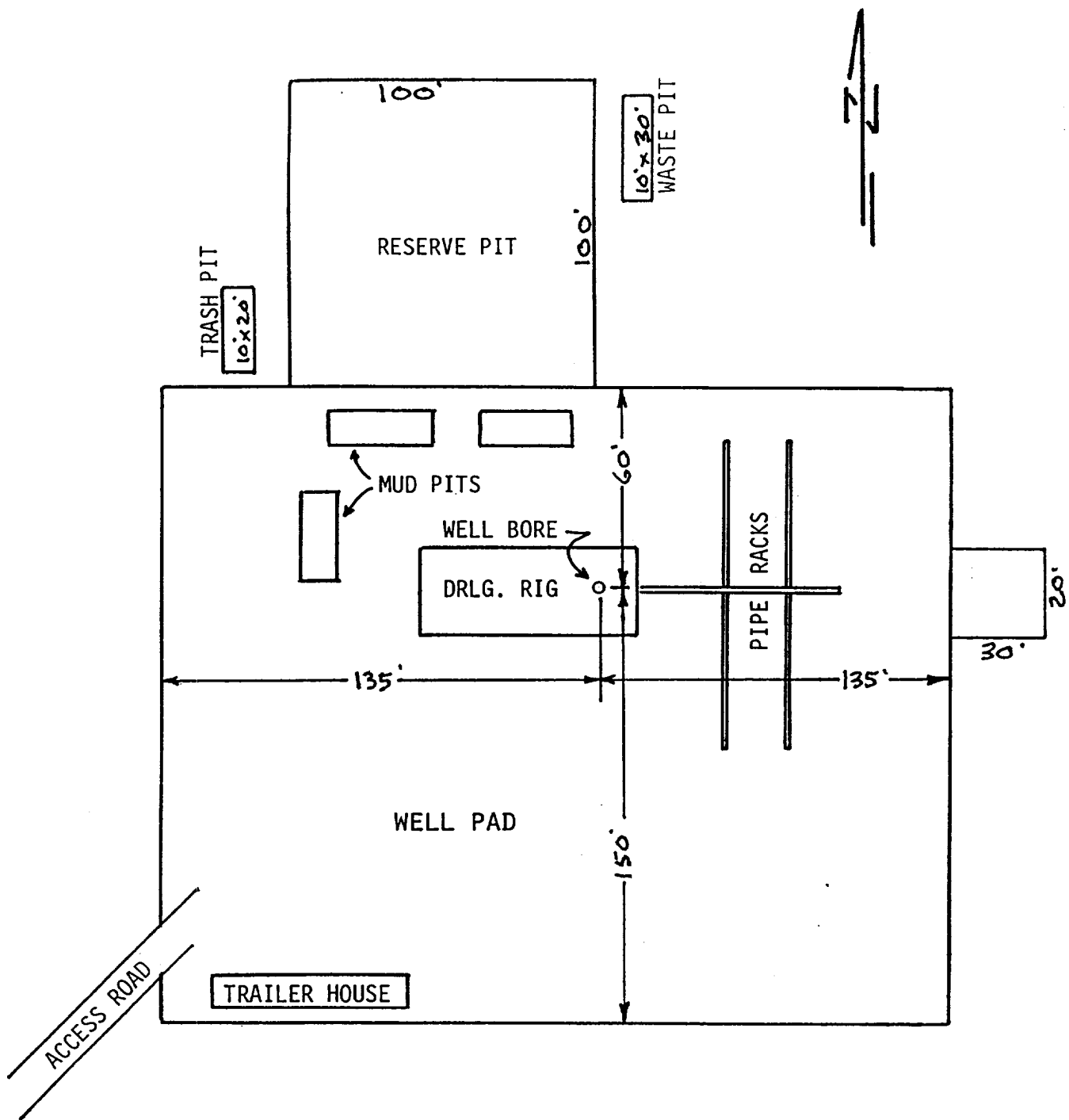


EXHIBIT "C"

PETROLEUM EQUITIES CORPORATION
WELL NO.1 CEDAR CANYON

DRILLING RIG LAYOUT
SCALE: None