

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN			5. LEASE DESIGNATION AND SERIAL NO. NM 86024
1a. TYPE OF WORK DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> RE-ENTER <input checked="" type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER SWD <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR Penwell Energy, Inc.			8. FARM OR LEASE NAME, WELL NO. Blakemore Estate Fed. #1 SWD
3. ADDRESS AND TELEPHONE NO. 600 N. Marienfeld, Suite 1100, Midland, TX 79701, (915) 683-2534			9. API WELL NO. 30-015-24577
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1780' FSL & 1980' FEL At proposed prod. zone Same			10. FIELD AND POOL, OR WILDCAT
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 6 Miles East of Loving, New Mexico			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 28, T23S, R29E
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drg. unit line, if any) N/A			12. COUNTY OR PARISH Eddy
16. NO. OF ACRES IN LEASE N/a			13. STATE NM
17. NO. OF ACRES ASSIGNED TO THIS WELL N/A			
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A			
19. PROPOSED DEPTH 4424' PBTD			
20. ROTARY OR CABLE TOOLS Rotary			
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2992' GR			22. APPROX. DATE WORK WILL START* 02/01/99

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
* 17 1/2"	13 3/8"	54.5#	602'	1030 sx.
* 11"	8 5/8"	24.0#	2944'	1150 sx
* 7 7/8"	5 1/2"	17.0#	6999'	1900 sx.

*Existing Casing and Cement Shown above

IT IS PROPOSED TO RE-ENTER THE BLAKEMORE ESTATE FEDERAL #1 AS PER THE FOLLOWING:

1. Drill out cement plug from 2894' to 2994'.
2. Clean out 5 1/2" casing to top of next cement plug @ 4424'.
3. Pressure test 5 1/2" casing and repair any leaks as needed.
4. Perforate proposed Salt Water Disposal int, 3000' - 3530'.
5. Run completion assembly of 2 3/8" coated tubing on a packer set at 2900'.
6. Acid stimulate as needed and place SWD well into operation.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE 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 blowout preventer program, if any.

24. SIGNED Charles W. Knight TITLE Engineer DATE 12/17/98

(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 S/F Spleido AIA TITLE Acting State Director DATE 2-12-99

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other SWD

2. Name of Operator
Penwell Energy, Inc.

3. Address and Telephone No.
600 N. Marienfeld, Suite 1100, Midland, TX 79701, 915-683-2534

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1780' FSL, 1980' FEL, Sec. 28, T23S, R29E

5. Lease Designation and Serial No.
NM 86024

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Blakemore Estate Fed. #1

9. API Well No.
30-015-24577

10. Field and Pool, or Exploratory Area

11. County or Parish, State
Eddy Co., NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Re-Enter for SWD
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☒ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

IT IS PROPOSED TO RE-ENTER THE BLAKEMORE ESTATE FEDERAL #3 AS PER THE FOLLOWING:

1. Drill out cement plug from 2894' to 2994'.
2. Clean out 5 1/2" casing to top of next cement plug at 4424'.
3. Pressure test 5 1/2" casing and repair any leaks as needed.
4. Perforate proposed Salt Water Disposal interval 3000' - 3530'.
5. Run completion assembly of 2 3/8" coated tubing on a packer set at 2900'.
6. Acid stimulate as needed and place SWD well into operation.

14. I hereby certify that the foregoing is true and correct

Signed

Charles W. Kugel

Title Engineer

Date 12/17/98

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:



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
Energy, Minerals & Natural Resources Department

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

Form C-10:
Revised February 10, 1991
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number 30-015-24577		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name Blakemore Estate Federal			6 Well Number 1 SWD
7 OGRID No. 147380		8 Operator Name Penwell Energy, Inc.			9 Elevation 2992' GR

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	28	23S	29E		1780	South	1980	East	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

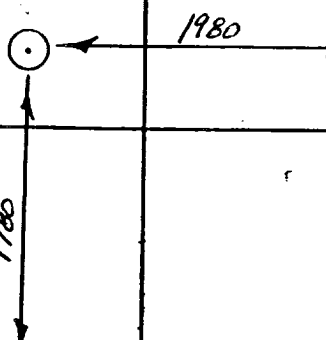
16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Charles W. Knight, Jr.</u> Signature <u>Charles W. Knight, Jr.</u> Printed Name <u>Engineer</u> Title <u>12/17/98</u> Date	
					18 SURVEYOR CERTIFICATION 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 belief. Date of Survey Signature and Seal of Professional Surveyor	
					Certificate Number	

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Blakemore Estate Federal #1

Proposed Re-entry for SWD

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Penwell Energy, Inc.
 Blakemore Estate Federal #1
 1780' FSL, 1980' FEL
 Section 28, T23S, R29E
 Eddy County, New Mexico

DRILLING PLAN

1. **FORMATION TOPS:** The estimated tops of geologic markers as follows:

Delaware	2942'
Bone Spring	6650'

2. **ANTICIPATED DEPTHS OF OIL, GAS, AND WATER:**

Delaware	2630'	water
----------	-------	-------

*Note: Re-entry will not penetrate Bone Springs formation

All re-entered zones capable of oil, gas, or water production will be protected by 5-1/2" casing with cement circulated to surface.

3. **BLOWOUT PREVENTOR REQUIREMENTS:**

Interval

Pressure Control Equipment

Surface – 4424' PBTD

900 Series 3000 psi Double Ram preventor, annular, rotating head and choke manifold.

BOP will be operated at least once each 24 hr period while drilling out cement plugs and cleaning out hole. Blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve, and upper kelly cock will be utilized. No abnormal pressure or temperature is expected. **SEE ATTACHED BOP DIAGRAM.**

Penwell Energy, Inc.
Blakemore Estate Federal #1
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Eddy County, New Mexico

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4. **CASING AND CEMENTING PROGRAM:**

The existing casing program is as follows:

<u>Hole Section</u>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Casing Specs</u>	<u>Depth Set</u>
<u>Existing:</u>				
Surface	17-1/2"	13-3/8"	54.5#	602'
Intermediate	11"	8-5/8"	24#	2944'
Production	7-7/8"	5-1/2"	17#	6999'

The existing cementing program is as follows:

<u>Hole Section</u>	<u>Slurries</u>
---------------------	-----------------

Existing:

Surface	700 sx BJ Lite followed by 330 sx Class C circ. to surface
Intermediate	1150 sx Class C circulated to surface
Production	1900 sx Class C circulated to surface

NOTE: when well plugged, shot 2 holes in 5-1/2" at 660' and pumped 200 sx cmt

Existing casing and cement will be utilized for the re-entry. No additional casing will be run. Additional cement will be used only if casing repairs are needed.

5. **MUD PROGRAM:** The proposed circulating mediums to be employed in drilling are as follows:

<u>Depth</u>	<u>Mud Type</u>	<u>Density</u>	<u>Funnel Vis</u>	<u>Fluid Loss</u>
Surface to 4424'	Water	8.5 to 9.0 ppg	28 to 35	No Control

Penwell Energy, Inc.
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6. **TESTING, LOGGING, AND CORING:** The anticipated type and amount of testing, logging, and coring are as follows:

- a. Drill stem tests are not anticipated.
- b. The electric wireline logging program will be as follows: none
- c. Mud logging: none
- d. Coring program: No cores are anticipated.

7. **ABNORMAL PRESSURES AND H₂S GAS:**

No abnormal conditions are anticipated during the drilling and completion of this well. Standard well control practices and equipment will be used for the duration of this well.

8. **OTHER INFORMATION & NOTIFICATION:**

- a. Construction operations are planned to start pending approval of the APD. Location preparation is estimated to take 3 to 5 days. The re-entry and completion activity should take 6-8 days.
- b. In the event of an emergency, contact the following:

Bill Pierce
Operations Manager
915 683-2534 (office)
915 697-3545 (home)
915 634-5165 (mob)

Penwell Energy, Inc.
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Eddy County, New Mexico

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SURFACE USE PLAN

1. EXISTING ROADS:

- a. The proposed well site is located 6 miles East of Loving, New Mexico. See attached USGS Topographic orientation map and offset well map for reference.
- b. Directions to the location from the town of Loving are as follows:

From Loving, take State Hwy 31 Northeast 8 miles to State Hwy 128. Turn East on Hwy 128 and go 4 ¼ miles to Rawhide Road. Turn South on Rawhide Road and go 3 ¼ miles. Turn back to the West and go 3 ¼ miles, then back South for ½ mile. Turn right and go West ¼ mile to Blakemore Estate Federal #1 wellsite.

- c. For location of existing access roads within a 2 mile radius, see attached maps.
- d. Existing access will be repaired as necessary.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. ACCESS ROADS TO BE CONSTRUCTED OR RECONSTRUCTED:

No new access roads will be required. Repairs to existing access will be made.

3. LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS OF THE PROPOSED LOCATION:

Reference attached maps for the location of offsetting wells below:

T23S, R29E

a. Producing wells

Section 28	Penwell Energy	Cochiti 28 Federal #1
Section 28	Paloma Resources	Laguna Grande Unit #1 (Shut In)
Section 29	Exxon	Laguna Grande Unit #3

b. Drilling Wells – none

c. Plugged Wells - none

d. Dry Holes -

Section 27	Exxon	Laguna Grande Unit #2
Section 28	Exxon	Blakemore Estate Federal #1

Penwell Energy, Inc.
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1780' FSL, 1980' FEL
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Eddy County, New Mexico

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4. **LOCATION OF TANK BATTERIES AND INJECTION FACILITIES:**

Injection facilities will be installed at the Blakemore Estate Federal #1 wellsite as per the attached facilities diagram. The injection equipment to be utilized will be a water tank and a water injection pump.

5. **LOCATION AND TYPE OF WATER SUPPLY:**

- a. All water needed for re-entry purposes will be produced water from the Cochiti 28 Federal #1, other area wells operated by Penwell Energy, or cut brine purchased from commercial sources.
- b. No water well is to be drilled on this lease.

6. **SOURCE OF CONSTRUCTION MATERIAL:**

- a. Surface and subsoil materials will be hauled in from the immediate area.
- b. Any caliche or gravel used will be obtained from a commercial source and transported in on the designated access route.

7. **METHODS OF HANDLING WASTE DISPOSAL:**

- a. Drill Cuttings will be handled in the reserve pit and buried during reclamation operations. The pit will be fenced on three sides during drilling and the fourth side fenced upon removal of the drilling rig.
- b. Garbage and nonflammable waste produced during the drilling or testing will be handled in a trash bin.
- c. Toilet facilities will be provided for human waste.
- d. Drilling fluids will be handled in the reserve pit.

Penwell Energy, Inc.
Blakemore Estate Federal #1
1780' FSL, 1980' FEL
Section 28, T23S, R29E
Eddy County, New Mexico

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- e. Any fluids produced during the re-entry will be collected in a test tank. If a test tank is not available during drilling, fluids will be handled in the reserve pit. Any spills of oil, gas, salt water, or other noxious fluids will be cleaned-up and removed.

8. ANCILLARY FACILITIES:

There are no airstrips, camps, or other facilities planned during the re-entry of the proposed well.

9. WELL SITE LAYOUT:

- a. The reserve pit will be located on the north side of the location.
- b. Access to the existing wellpad will be along an existing lease road as shown on the attached topographic map.
- c. The location of mud tanks, reserve pit, and pipe racks will be as shown on the wellpad layout plat.

10. PLANS FOR RESTORATION OF SURFACE:

Producing Location

- a. Immediately upon completion of drilling operations, the location and surrounding area will be cleared of all unused tubulars, equipment, debris, materials, trash and junk not required for injection operations and "back dragged" in readiness for SWD operations.

Penwell Energy, Inc.
Blakemore Estate Federal #1
1780' FSL, 1980' FEL
Section 28, T23S, R29E
Eddy County, New Mexico

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- b. Immediately upon well completion, any stimulation fluids collected in the test tank will be disposed of.
- c. Cuttings will be buried in the reserve pit. The pit and any portion of the location not needed for SWD facilities/operations will be recontoured to the approximate natural contours.

Plugged and Abandoned Well

- a. P&A operations will be coordinated with the BLM at the time of abandonment as to the physical requirements.

11. SURFACE OWNERSHIP:

Access roads	All existing roads to the lease are maintained and owned by the County and State Highway Department.
Wellsite	The existing lease road and the wellpad are located on surface owned by the BLM

LEASE INFORMATION:

BLM Lease Number: NM 86024

12. OTHER INFORMATION:

- a. All vehicle traffic will be restricted to the lease access road and well pad. Firearms & alcoholic beverages will be prohibited on the location and lease.

Penwell Energy, Inc.
Blakemore Estate Federal #1
1780' FSL, 1980' FEL
Section 28, T23S, R29E
Eddy County, New Mexico

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13. LESSEE'S OR OPERATOR'S REPRESENTATIVE AND
CERTIFICATION:

Questions about this permit application or emergency notifications should be directed
to:

Penwell Energy, Inc.
600 N. Marienfeld, Suite 1100
Midland, Texas 79701

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the
proposed herein will be performed by Penwell Energy, Inc. and its contractors and
subcontractors in conformity with the plan and the terms and conditions under which it
is approved.

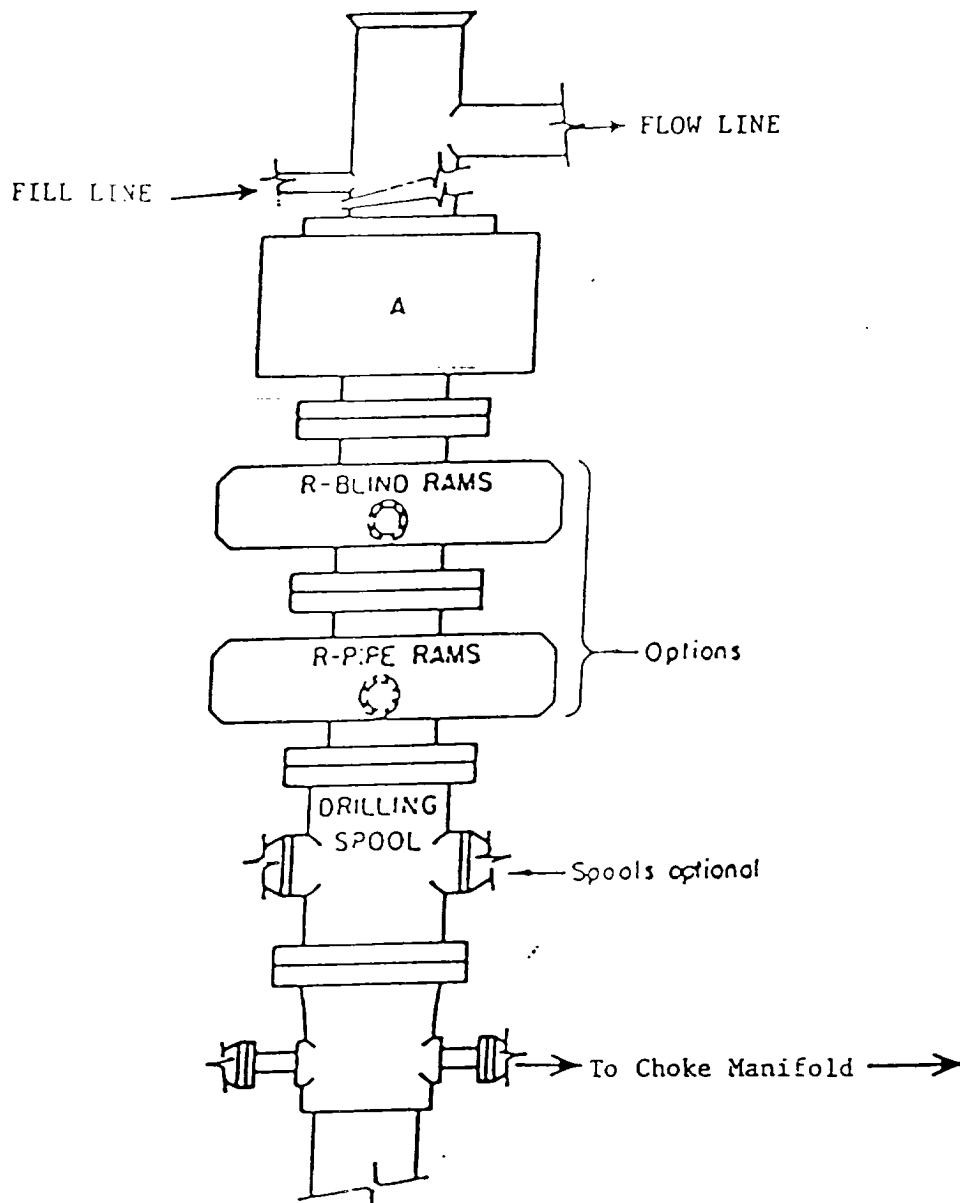
This statement is subject to the provisions of 18.U.S.C. 1001 for filing of a false
statement.

12/18/98

Date

Charles W. Knight, Jr.

Charles W. Knight, Jr.
Penwell Energy, Inc.

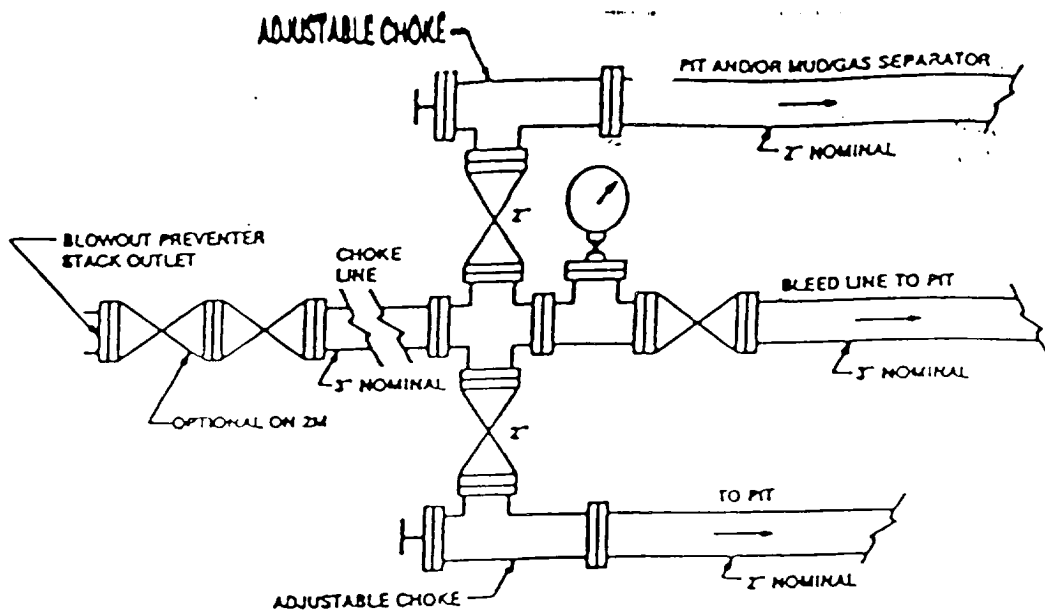


ARRANGEMENT SRRA

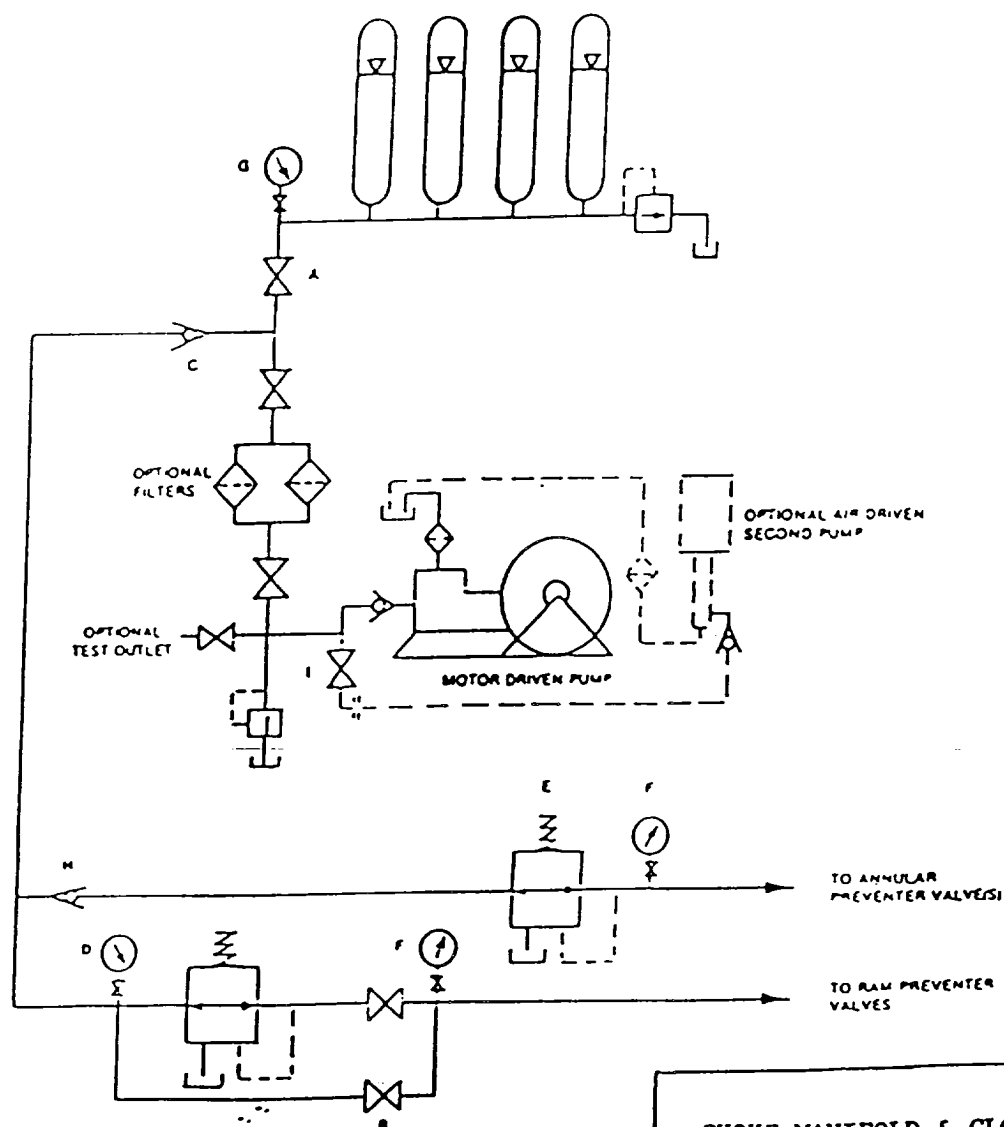
900 Series
3000 PSI WP

B.O.P. SKETCH TO BE USED ON

PENWELL ENERGY, INC.
Blakemore Estate Federal #1
Unit "J" Section 28
T23S-R29E Eddy Co., NM



Typical choke manifold assembly for 3M WP system



CHOKE MANIFOLD & CLOSING UNIT

PENWELL ENERGY, INC.
Blakemore Estate Federal #1
Unit "J" Section 28
T23S-R29E Eddy Co., NM



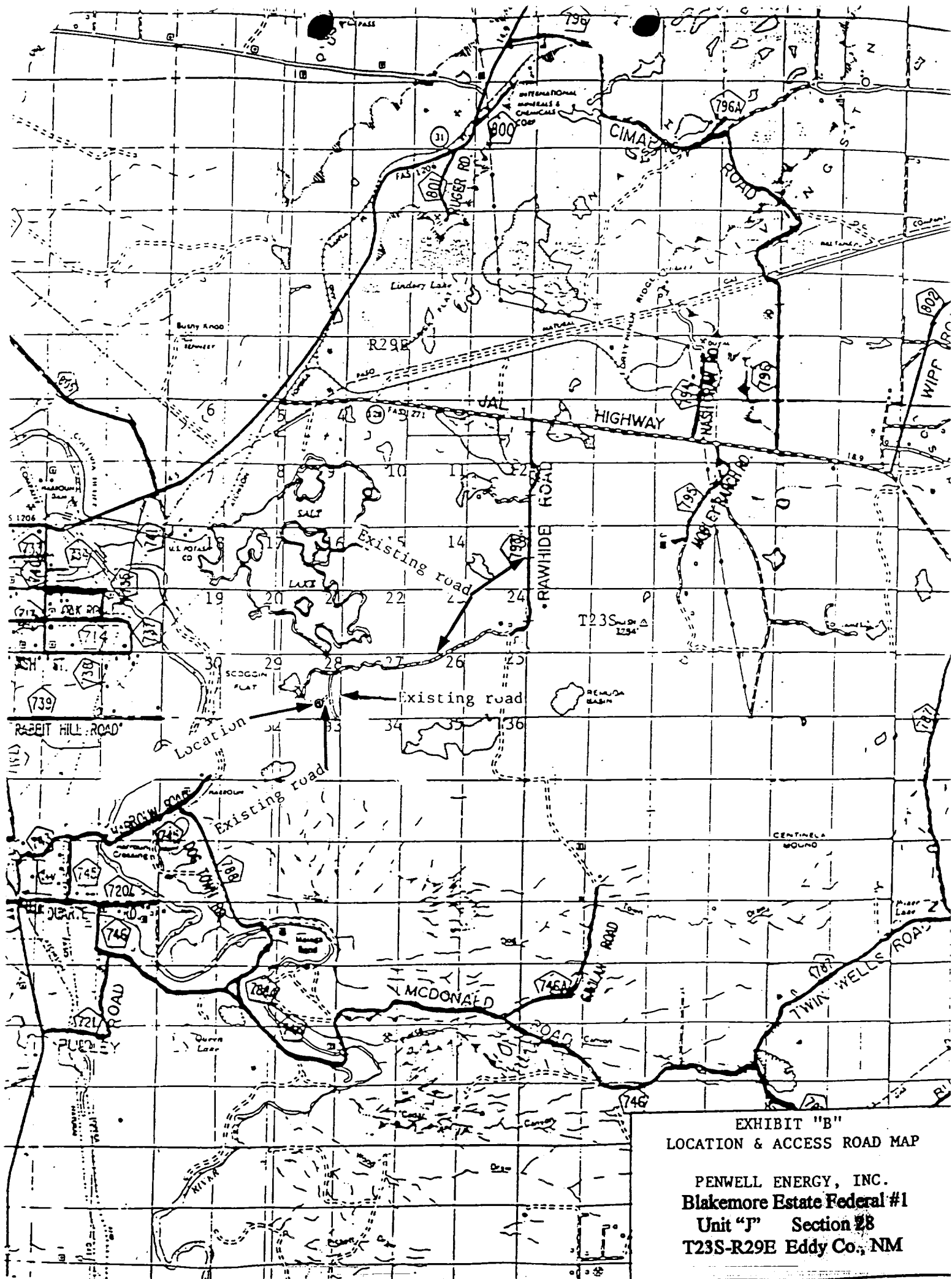
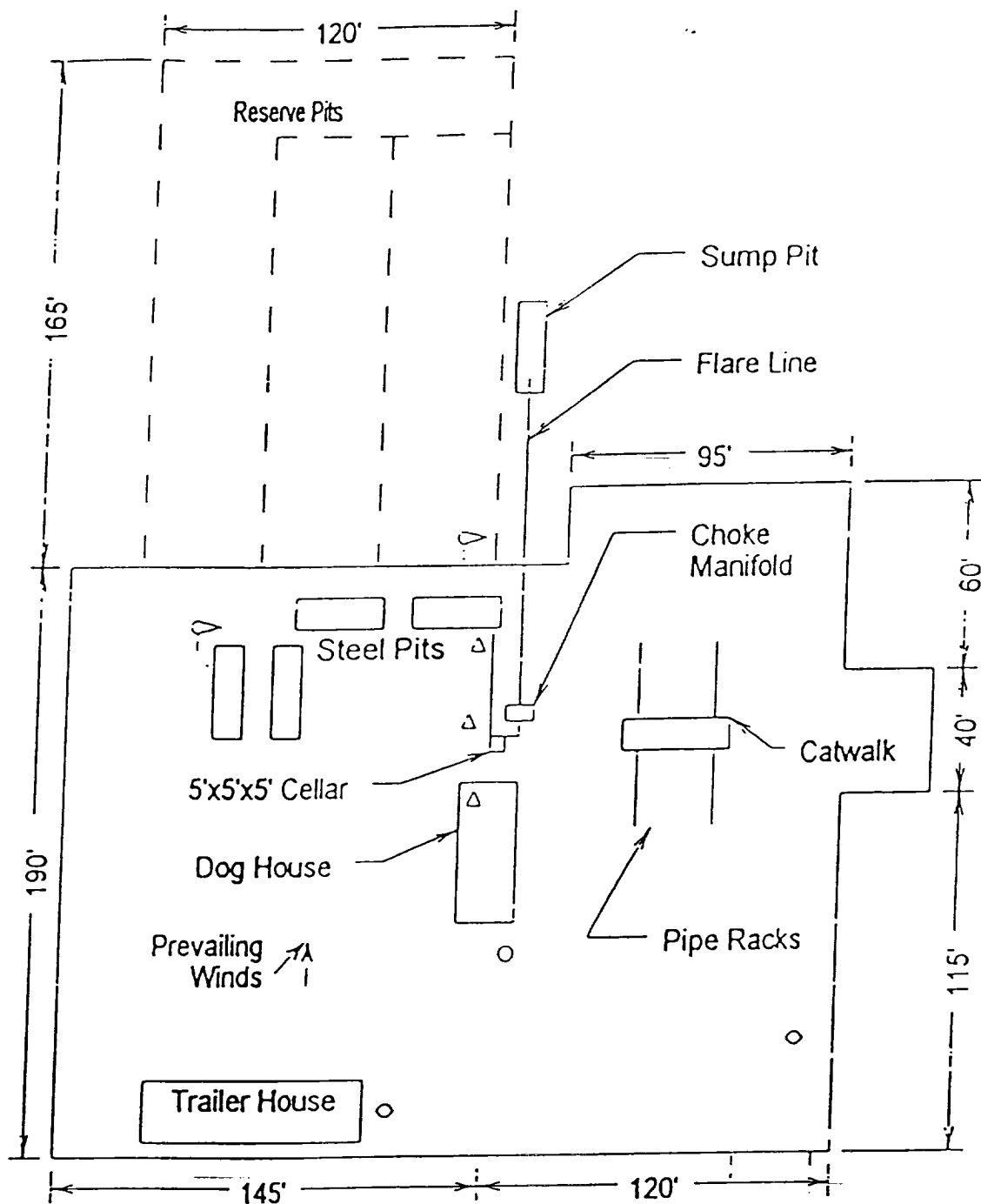


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

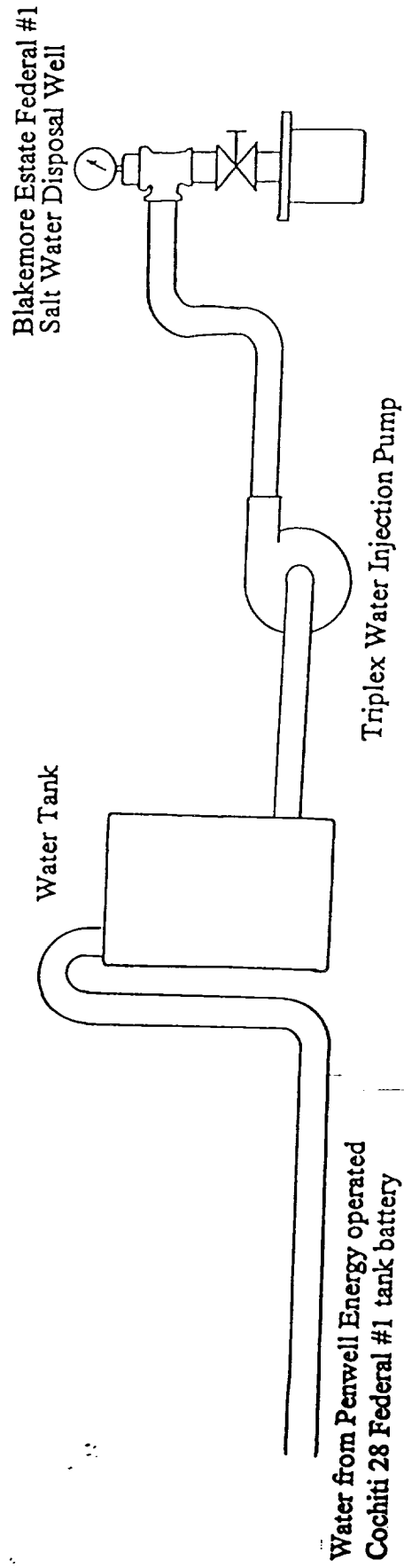
PENWELL ENERGY, INC.
Blakemore Estate Federal #1
Unit "J" Section 28
T23S-R29E Eddy Co., NM



- ⊙ Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

RIG LAY OUT PLAT
 PENWELL ENERGY, INC.
 Blakemore Estate Federal #1
 Unit "J" Section 28
 T23S-R29E Eddy Co., NM

Facilities Diagram



INJECTION WELL DATA SHEET

OPERATOR Penwell Energy, Inc.

LEASE Blakemore Estate Federal

WELL NO. 1 1780' FSL & 1980' FEL

28

23S

29E

FOOTAGE LOCATION

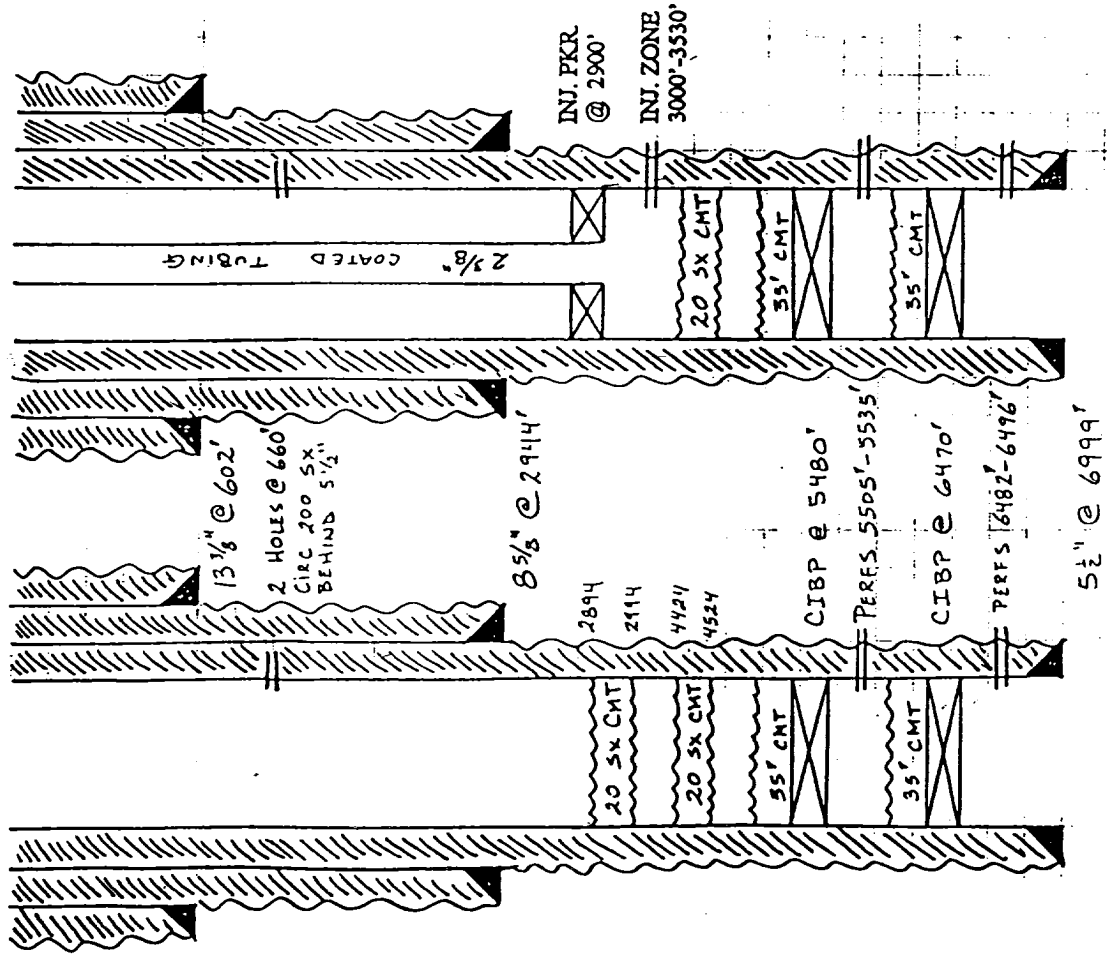
SECTION

TOWNSHIP

RANGE

EXISTING

PROPOSED



Well Construction Data

Surface Casing

Size 13 3/8" @ 602' • Cemented with 1030 sx.

TOC Surface feet determined by Circulated

Hole Size 17 1/2"

Intermediate Casing

Size 8 5/8" @ 2944' • Cemented with 1150 sx.

TOC Surface feet determined by Circulated

Hole Size 11"

Long String

Size 5 1/2" @ 6999' • Cemented with 2100 sx.

TOC Surface feet determined by Circulated

Hole Size 7 1/8"

Total Depth 7000'

Injection Interval (PROPOSED)

3000 feet to 3530 feet
(perforated or ~~XXXXXX~~ Indicate which)