## N. M. Oil Cons. Div

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

Form 3160-3 (July 1992)

APPROVED HY ...

862 10 2234 on reverse side) UNITED STATES

16. No. OF ACRES IN LEASE   17. No. OF ACRES ASSIGNED   16. No. OF ACRES IN LEASE   17. No. OF ACRES ASSIGNED   17. No. OF ACRES IN LEASE								
DEPEN DE POSITIONES DE PEN DE POSITIONES								
DEPART   SAME OF OPERATOR	APPL	ICATION FOR F	ERMIT TO DRIL	L OR DEEPI	ENW III J	6. IF INDIAN, ALLOTT	LE OR TRIBE NAME	
ONE NAME OF OPERATOR  PENNELL EMPTRY  NOTE   MANUFACTOR SERVICE  NAME OF OPERATOR  PENNELL EMPTRY  NOTE   Ida "14" Fed. #  3. ACCURATION OF WELL (Report location clearly and in accordance with any State requirements.")  1. ACCURATION OF WELL (Report location clearly and in accordance with any State requirements.")  1. ACCURATION OF WELL (Report location clearly and in accordance with any State requirements.")  1. ALTO IN MILES AND DIRECTION FROM NAMES TOWN OF FOUR PARTY.  1. DIRTANCE IN MILES AND DIRECTION FROM NAMES TOWN OF FOUR PARTY.  1. ALTO IN MILES AND DIRECTION FROM NAMES TOWN OF FOUR PARTY.  1. DIRTANCE PROVIDED TO STATE THE PROPOSED TO PARTY.  1. DIRTANCE PROVIDED TO CACTOR' TO PARTY.  1. DIRTANCE PROVIDED TO CACTOR' TO PARTY.  1. DIRTANCE PROVIDED CONTON.  1. DIRTANCE PROVIDED TO CACTOR' TO PARTY.  2. DIRTANCE PROVIDED CONTON.  1. DIRTANCE PROVIDED TO CACTOR' TO PARTY.  2. DIRTANCE PROVIDED CONTON.  1. DIRTANCE PROVIDED CONTON.  1. DIRTANCE PROVIDED TO CACTOR' TO PARTY.  2. DIRTANCE PROVIDED CONTON.	1a. TYPE OF WORK	<del>.</del>		€ (20) 4 70 00		7. UNIT AGREEMENT	NAMB	
2. NAME OF OPERATOR Penwell Energy, Inc. (915) 683-2534  3. ACCHES AND TEXPORMSON 600 N. Marienfeld, Ste. 1100, Midland, Texas 79701  4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  At proposed prod. zone 1980 PELL & 1980 PALL At proposed prod. zone 1980 PELL & 1980 PALL  7. miles East of Malaga New Mexico 10. DISTRACE FROM PROD. TO ACRES IN LEASE 10. DISTRACE FROM PROD. TO ACRES IN LEASE 11. MILES AND DIRECTION FROM NEAREST TOWN OR FORT OFFICE.  7. miles East of Malaga New Mexico 10. DISTRACE FROM PROD. TO ACRES IN LEASE 11. NO. OF ACRES ASSIGNED 12. COUNTY OR PARISH 13. STATE 14. DISTRACE FROM PROD. TO ACRES IN LEASE 15. NO. OF ACRES IN LEASE 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED 18. DISTRACE FROM PROD. TO ACRES IN LEASE 18. NO. OF ACRES IN LEASE 19. PROPOSED DEFTH 20. ROTAL OR ACRES ASSIGNED 21. ELEVATIONS (Show whether DF. RT, GR. etc.) 2963' GR 2978 NO. OF ACRES IN LEASE 2963' GR 2978 NO. OF ACRES IN LEASE 2963' GR	OIL [77]	OAS OTHER		SINGLE V		8. FARM OR LEASE NAME, W	BLL NO. 1881	
3. ACCIONS NO TERFORMS.  8. ACCIONS NO TERFORMS.  6. 600 N. Marienfeld, Ste. 1100, Midland, Texas 79701  1. ACCION N. Midland, Texas 79701  1. ACCION N	2. NAME OF OPERATOR					Ore Ida "14	<u>!" Fed. #</u> 12	
4. IDCATION OF WELL (Report location clearly and in accordance with any State requirements.)  At minder 1980' FFI : 1980' FWL  At proposed prod. zone 1980' FFI : 1980' FWL  To miles East of Malaga New Mexico  10. Distance from Proposed Discretion from Nearest Town or Post Office  To miles East of Malaga New Mexico  10. Distance From Proposed Discretion from Nearest Town or Post Office  To miles East of Malaga New Mexico  10. Distance From Proposed Discretion from Nearest Town or Post Office  To make the first of the fir			(915) 683-25	34			76761	
### At Surface   1980   FST			10. FIELD AND POOL, OR WILDCAT					
1980   FWI   1980   1980   FWI   1980	4. LOCATION OF WELL (I	,	•	<u>'</u>		E. Pierce (	lrossina BS	
12. COUNT OR PARISH   13. STATE	1 <del>980'-FSL &amp;</del> - <del>1980'-FW</del> L					11. SEC., T., R., M., OR BLK.		
7 miles East of Malaga New Mexico  10. DISTANCE FROM PROPOSED: 10. DOCATION TO NAMEST PROPOSED LOCATION: 10. DISTANCE PRONE PROPOSED LOCATION: 11. DISTANCE PRONE PROPOSED LOCATION: 12. DISTANCE PRONE PROPOSED LOCATION: 13. DISTANCE PRONE PROPOSED LOCATION: 14. DISTANCE PRONE PROPOSED LOCATION: 15. DISTANCE PRONE PROPOSED LOCATION: 16. DISTANCE PRONE PROPOSED LOCATION: 17. 1/2"	Unit					-		
16. No. OF ACRES IN LEASE   17. No. OF ACRES ASSIGNED TO THIS WELL.				DE.		12. COUNTY OR PARIS	I 13. STATE	
Color   Colo							New Mexic	
(Also to descreet drig. unit line, if any)  10. DISTANCE PROM PROPOSED LOCATIONS* TO NAMEST WELL, DRILLING, COMPLETED.  1980  8500'  ROTARI OR CABLE TOOLS  ROTAR O	LOCATION TO NEARES	T	16. N					
STEAR OF HOLE   1980   8500'   ROTATY   22. APPROX. DATE WORK WILL START'   2963' GR   January 15, 1997	(Also to nearest drl	g. unit line, if any)			20 20			
2963' GR	TO NEAREST WELL, I	RILLING, COMPLETED.		ROPOSED DEPTH	20. ROTA	RI OR CABLE TOOLS		
Danuary 15, 1997   PROPOSED CASING AND CEMENTING PROGRAM			1980	_8500'	Rota:	22. APPROX. DATE W	ORK WILL START	
SIZE OF HOLE   GRADE SIZEOF CASING   WEIGHT PERFECOT   SETTING PEPTH   QUANTITY OF CEMENT	I. ELEVATIONS (Show with		7.0					
SIZE OF HOLE	3,	2963. (		D CEMENTING DR	CRAM	1 4		
17 1/2" H-40 13 3/8" 48# WITN 350' 250' sx. Circ. to surface 12 1/4" J-55 8 5/8" 32# 3100' 500 sx. Circ. to surface 500 s			PROPOSED CASING AN					
12 1/4"								
7 7/8" N-80, J-55 5 1/2" 17# 8500' 600 sx. Est. TOC 5600'  1. Drill 17 1/2" hole to 350'. Run & set 350' of 13 3/8" 48#, H-40 ST&C csg. Cmt. w/150 sx. Cl. "C" + 1/4# flocele + 5# Gilsonite/sx. + 2% CaCl, tail in with 100 sx. Cl. "C" + 3% CaCl. Circ. cmt. to surface.  2. Drill 12 1/4" hole to 3100'. Run and set 3100' of 8 5/8" 32#, J-55, 8 ST&C casing. Cmt. w/300 sx. Cl. "C" light + 1/4# flocele/sx 5# Gilson per sx + 8% salt, Tail in with 200 sx. Cl. C + 2% CaCl. Circ. to surf.  3. Drill 7 7/8" hole to 8500'. Run and set 8500' of 5 1/2" as follows: 2900' of N-80 17#, LT&C, 4800' of J-55, 17#, LT&C, 1400' of N-80 LT&C Cmt. w/600 sx. Cl. "H" + 8% salt + 6% Halad 322 + .6% Halad 344. Est. TOC 5600'.  GENERAL REQUIREMENTS AND 12-12								
1. Drill 17 1/2" hole to 350'. Run & set 350' of 13 3/8" 48#, H-40 ST&C csg. Cmt. w/150 sx. Cl. "C" + 1/4# flocele + 5# Gilsonite/sx. + 2% CaCl, tail in with 100 sx. Cl. "C" + 3% CaCl. Circ. cmt. to surface.  2. Drill 12 1/4" hole to 3100'. Run and set 3100' of 8 5/8" 32#, J-55, 8 ST&C casing. Cmt. w/300 sx. Cl. "C" light + 1/4# flocele/sx 5# Gilson per sx + 8% salt, Tail in with 200 sx. Cl. C + 2% CaCl. Circ. to surf.  3. Drill 7 7/8" hole to 8500'. Run and set 8500' of 5 1/2" as follows: 2900' of N-80 17#, LT&C, 4800' of J-55, 17#, LT&C, 1400' of N-80 LT&C Cmt. w/600 sx. Cl. "H" + 8% salt + 6% Halad 322 + .6% Halad 344. Est. TOC 5600'.			<u>32</u> #	3100	puu_s:	X. Circ. to	surrace	
<ul> <li>csg. Cmt. w/150 sx. Cl. "C" + 1/4# flocele + 5# Gilsonite/sx. + 2% CaCl, tail in with 100 sx. Cl. "C" + 3% CaCl. Circ. cmt. to surface.</li> <li>2. Drill 12 1/4" hole to 3100'. Run and set 3100' of 8 5/8" 32#, J-55, 8 ST&amp;C casing. Cmt. w/300 sx. Cl. "C" light + 1/4# flocele/sx 5# Gilson per sx + 8% salt, Tail in with 200 sx. Cl. C + 2% CaCl. Circ. to surf.</li> <li>3. Drill 7 7/8" hole to 8500'. Run and set 8500' of 5 1/2" as follows: 2900' of N-80 17#, LT&amp;C, 4800' of J-55, 17#, LT&amp;C, 1400' of N-80 LT&amp;C Cmt. w/600 sx. Cl. "H" + 8% salt + 6% Halad 322 + .6% Halad 344. Est. TOC 5600'.</li> </ul>	7 770		17#	8500	600 s	x. Est. TOC	5600'	
ST&C casing. Cmt. w/300 sx. Cl. "C" light + 1/4# flocele/sx 5# Gilson per sx + 8% salt, Tail in with 200 sx. Cl. C + 2% CaCl. Circ. to surf.  3. Drill 7 7/8" hole to 8500'. Run and set 8500' of 5 1/2" as follows: 2900' of N-80 17#, LT&C, 4800' of J-55, 17#, LT&C, 1400' of N-80 LT&C Cmt. w/600 sx. Cl. "H" + 8% salt + 6% Halad 322 + .6% Halad 344. Est. TOC 5600'.  GENERAL REQUIREMENTS AND 12-12	csg. Cm	it. $w/150 \text{ sx.}$	C1. "C" + $1/4$	4# flocele	+ 5# Gi	lsonite/sx.	+ 2%	
2900' of N-80 17#, LT&C, 4800' of J-55, 17#, LT&C, 1400' of N-80 LT&C Cmt. w/600 sx. Cl. "H" + 8% salt + 6% Halad 322 + .6% Halad 344. Est. TOC 5600'.  QENERAL REQUIREMENTS AND 12-12	ST&C ca	sing. Cmt. v	w/300 sx. Cl.	"C" light	+ 1/4# :	flocele/sx 5	# Gilsonit	
AIC 1 = 2009 GENERAL REQUIREMENTS AND 12-12	2900' c Cmt. w/	f N-80 17#, 1 600 sx. Cl. '	LT&C, 4800' o	f J-55, 17	#, LT&C, d 322 +	1400' of N- .6% Halad 34	-80 LT&C cs 14. Est.	
	Ale I :				GENERAL	REQUIREMENTS AN	12-12-9	
SPECIAL STPLIATURE IN LOW IF proposal is to deepen give data on present productive zone and proposed new productive zone. If proposal is to drill of	ABOVE SPACE DESCRIB	PROPOSED PROGRAM: If	proposal is to deepen, give data	on present productive	SPECIAL S	new productive zone. If	oroposal is to drill or	
epen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevolute Arctical if any:  SIGNED  Production Analyst  DATE Sept. 19, 19	810	ment data on subsurface location	)					
(This space for Federal or State office use)		cal or State office use)						

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: (GRIG. SGD.) ARMANDO A. LOPEZ

APPROVAL DATE

\*See Instructions On Reverse Side