TT HOLE Form: 3160-3 COM- IDENTIAL Form approved. (November 1983)* Budget Bureau No. 1004-0136 Dpires December 31, 1988 UNITED STATES (formerly 9-331C) DEPARTMENT OF THE INTERIOR 5. LEASE DESIGNATION AND SERIAL NO. BUREAU OF LAND MANAGEMENT NM-85853 APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK 6. IF INDIAN, ALLOTTER OR TRIBE NAME 1a. TYPE OF WORK DRILL DEEPEN -PLUG BACK 7. UNIT AGREEMENT NAME b. TYPE OF WELL MELL XX SINGLE ZONE S. FARM OR LEASE NAME 2. NAME OF OPERATOR ShearnWest Federal Energex Company 505-622-6713 9. WELL NO. 3. ADDRESS OF OPERATOR 100 North Pennsylvania, `Roswell, NM 10. FIELD AND POOL, OR WILDCAT 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.") Undes. Bone Spring 1980' FSL & 660' FEL Section 11, T25S, R25E II. SEC., T., E., M., OR BLE. AND SURVEY OR AREA At proposed prod. zone same 11-T25S,R25E 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE. 12. COUNTY OR PARISH: 13. STATE 3 miles south of White City, Texas

15. DISTANCE FROM PROPUSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig, unit line, if any) 660'
249 Eddy NM 17. NO. OF ACRES ASSIGNED TO THIS WELL 40 DISTANCE FROM PROPOSED LOCATIONS 19 PROPOSED DEPTH 20. ROTARY OR CABLE TOULS TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2640 5300 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 22. APPROX. DATE WORK WILL START* 34**39**' GR October 30, 1993* 23. PROPOSED CASING AND CEMENTING PROGRAM ASAP after approval SIZE OF HOLE SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT 12-1/2" 10-3/4" 45.5% 0-1530' 1150 Sx C1 C 9-1/2" 7-5/8" 26.4# 0-8857' 882 sx Cl H (pulled 4339') 9-1/2" 7-5/8" 26.4# 4518'-5300 1100 sx C1 C Energex Company plans to re-enter the former Meander "ll" Federal #1 well located at the above described location, in the following manner: 1) Change well name to ShearnWest Federal #1. Drill out plugs @ surface, 908-1030', 1454-1577' & 4458-4558'. 2) Circulate hole clean. TOH with drill string. (will use cut brine system). 3) Log and sidewall core zones of interest. Run 7-5/8" 26.4# casing with overshot and tie into the 7-5/8" casing @ 4) 4518', then cement the 7-5/8" casing with approximately 1100 sx Class C cement to tie back into the 10-3/4" casing. ILI 11-26-93 RE-EIARY IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive some 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 Jackie Midkiff Production Supv. 9/21/93 (This space for Federal or State office use) PERMIT APPROVAL DATE 1.60% APPROVED BY CONDITIONS OF APPROVAL, IF ANY :