

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Form Approved
Budget Bureau No. 1004-0136
Expires August 31, 1985

30-015-25935-191

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-22634	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR CHALLENGER ENERGY, INC.		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P.O. BOX 1262, ARTESIA, NM 88210		8. FARM OR LEASE NAME MOBIL "22" FEDERAL	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1775' FSL 790' FWL SEC 22, T-26S, R-29E At proposed prod. zone		9. WELL NO. #10	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 16 MILES SOUTH/SOUTHWEST OF MALAGA, NM		10. FIELD AND POOL, OR WILDCAT BRUSHY DRAW DELAWARE	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 740'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 22, T-26S, R-29E	
16. NO. OF ACRES IN LEASE 480		12. COUNTY OR PARISH EDDY	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1445'		20. ROTARY OR CABLE TOOLS ROTARY	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2876.0'		22. APPROX. DATE WORK WILL START* 6/25/88	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17"	13-3/8"		360'	Circulate to surface
12-1/4"	8-5/8"	24#	2950'	fill to surface casing
7-7/8"	5-1/2"	15.5#	6250'	sufficient to fill to intermediate casing

Actual 5-1/2" production casing depth to be determined after logging operations are evaluated. Equivalent or adequate weights and grades of casing may be substituted at time casing is run. Producing zones will be perforated and stimulated as necessary.

MUD PROGRAM - F.W. Gel/LCM to 360', Brine to 2950'. Cut brine to T.D.

BOP PROGRAM - 3000# W.P., Double ram type preventor will be in use while drilling below surface.

POST 10-1
NL & API
7-1-88

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 Russell Clark TITLE President DATE 5/27/88
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY _____ TITLE _____ DATE 6-23-88
CONDITIONS OF APPROVAL, IF ANY:

*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.

**NEW 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

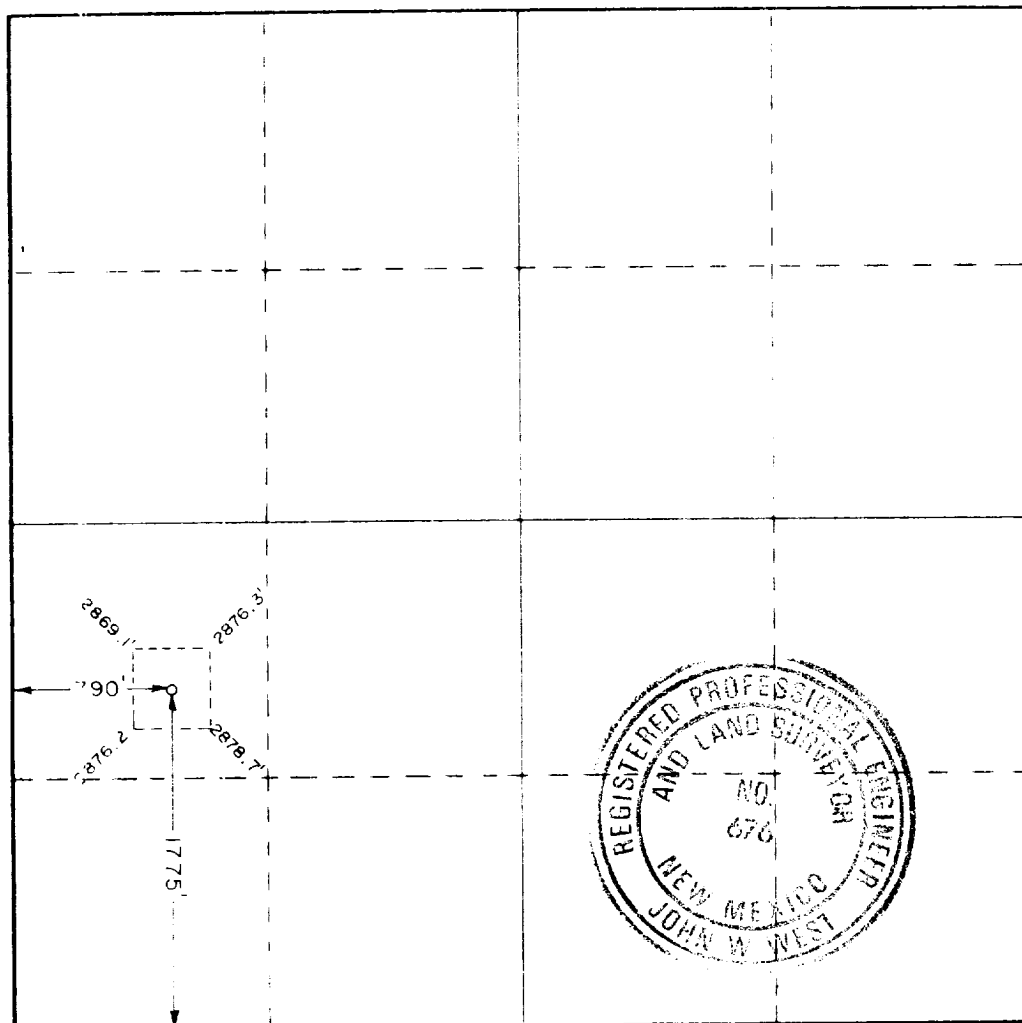
Operator CHALLENGER ENERGY CORP			Lease MOBILE 22 FEDERAL		Well No. 10
Section 1	Section 22	Township 26 South	Range 29 East	County Eddy	
Aerial Photo Date Location of Wells: 1775 feet from the south line and 790 feet from the west line					
Ground Level Elev. 2876.3	Producing Formation DELAWARE		Pool BUSHY DRAW DELAWARE	Dedicated Acreage 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.

Name *Russell Clark*
Position *PRESIDENT*
Company *CHALLENGER ENERGY*
Date *6/16/88*

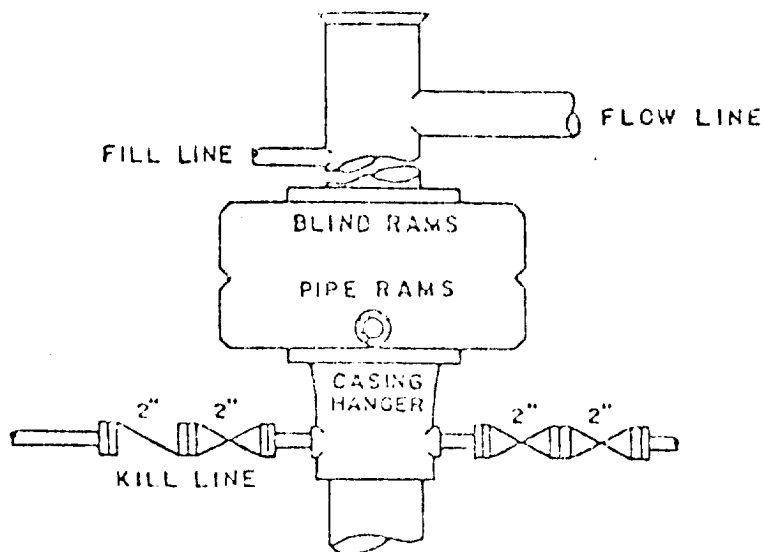
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

June 13, 1988

Registered Professional Engineer
and/or Land Surveyor

Certificate No. *JOHN W. WEST, 676*
RONALD J. EIDSON, 3239



BOP STACK

3000 PSI WORKING PRESSURE

DEPTH INTERVAL

FROM 8-5/8" CASING SEAT TO TOTAL DEPTH

Exhibit B

BOP ARRANGEMENT

CHALLENGER ENERGY, INC.
Mobil "22" Federal #9
330' FSL and 990' FWL
Sec. 22, T-26S, R-29E
Eddy County, New Mexico

In Conjunction with Form 3160-3, Application for Permit to Drill subject well, Challenger Energy, Inc. submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geologic surface formation is sandy alluvium.
2. The estimated tops of geologic markers are as follows:

Rustler Anhydrite	350'
Base Salt	2750'
Delaware Sand	2870'
Cherry Canyon	3770'
Brushy Canyon	5410'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Oil: 5000'

4. Proposed Casing Program: See Form 3160-3
5. Pressure Control Equipment: See Form 3160-3 and Exhibit B
6. Mud Program: See Form 3160-3
7. Auxiliary Equipment: Sub with full-opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

Samples:	2700' to TD.
DST's:	As Warranted.
Coring:	None.
Logging:	CND TD to 2800', DLL TD to 2800', and Gamma Ray TD to Surface.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated Starting date: As soon as possible after approval.
(Prior to March 25, 1986)

