

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN LICATE*
(Other instructions on reverse side)

30-05-27390
Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.
NM031963

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARMOR LEASOR NAME, WELL NO.
Sundance Fed #4

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
Delaware Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec 5 - T24S R31E

12. COUNTY OR PARISH
Eddy

13. STATE
NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
21 miles East of Loving, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660' to north

16. NO. OF ACRES IN LEASE
1682.12

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1320' to East

19. PROPOSED DEPTH
8200'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3402.0'

22. APPROX. DATE WORK WILL START*
ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash/R-111-P Potash

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	13 3/8	54.5	650	550 sacks CIRCULATE
12 1/4	8 5/8	24 & 32#	4200	921 sacks CIRCULATE
7 7/8	5 1/2	15.5 & 17#	8200	783 sacks (tie back 200' into 8 5/8)

Merit Energy Company proposes to drill and test the Delaware and intermediate formations. Approximately 650', surface casing will be set and circulated to surface. Approximately 4200' of intermediate casing will be set and circulated to surface. If well is commercial, production casing will be run and cemented tying back into 8 5/8 intermediate casing, perforated and stimulated as needed for production.

Mud Program: FW to 650' brine to 4200', cut brine to 8200'.

BOPE Program: BOPE will be installed at the offset and tested daily for operational.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED, and to NMOCD's R-111-P.

IN ABOVE SPACE DESCRIBE PROPOSED 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.

SIGNED: Russell Whites TITLE: Production Supt DATE: 1-5-93

(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 _____ TITLE _____ DATE 3-26-93

*See Instructions On Reverse Side

RECEIVED
JAN 5 2 43 PM '93
OFFICE OF THE ATTORNEY GENERAL
POST 1/5/93
VIEWER 9/1/93