Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-0415239 B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: AMOCO FEDERAL "AE"

9. WELL NO.: 2

10. FIELD AND POOL, OR WILDCAT: ~~Wildcat Undes.~~ Dublin Ranch-Delaware

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Section 20, T-22-S, R-28-E

12. COUNTY OR PARISH: Eddy

13. STATE: New Mexico

1a. TYPE OF WORK: DRILL [XX] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [XX] GAS WELL [ ] OTHER — SINGLE ZONE [XX] MULTIPLE ZONE [ ]

JUL 28 1983
O. C. D.
ARTESIA, OFFICE

2. NAME OF OPERATOR: DINERO OPERATING COMPANY

3. ADDRESS OF OPERATOR: P. O. DRAWER 10505, MIDLAND, TEXAS 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' from North line and 660 ' from West line. Ut. I
At proposed prod. zone: 660' from North line and 660' from West line.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Carlsbad, New Mexico 6 miles NorthWest from well.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	640	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
Amoco No. 1 1650' FSL & 1980' FEL.	3,800'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3,071.5 G.L.

22. APPROX. DATE WORK WILL START*: on/or before 7/31/83

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11	8 5/8	24#	400'	160sx. CL. C. 2% CC CIRCULATE
7 7/8	4 1/2	10.50# STC	3800'	935sx. CL.C. 2% Gel CIRCULATE
				50/50 poz mix

MUD PROGRAM-------SEE EXHIBIT "D"

CEMENT PROGRAM----SEE BELOW:

8 5/8 casing----160 sacks Class C. 2% CC.--circulate

4 1/2 casing----935 sacks 50/50 poz mix, Class C., 2% gel, 5# salt, .5% CFR-2

RECEIVED
BUREAU OF LAND MANAGEMENT
JUL 11 1983
DIST. 6 N. M.
ROSWELL, NEW MEXICO

Exp Int 1-30-96
30-015-24544

Posted APD Well Book 7-29-83

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 Lavada Norman TITLE Production Supervisor DATE July 5, 1983

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY A. L. Lopez TITLE _____ DATE 7/27/83

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-128
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Dinero Operating Company	Amoco Federal AE		2
Unit Letter D	Section 29	Township 22 South	Range 28 East	County Eddy County
Actual Footage Location of Well: 660 feet from North line and 660 feet from West line			
Ground Level Elev. 3071.5	Producing Formation Delaware	Pool ~~Dublin Ranch~~ Wildcat for the present	Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

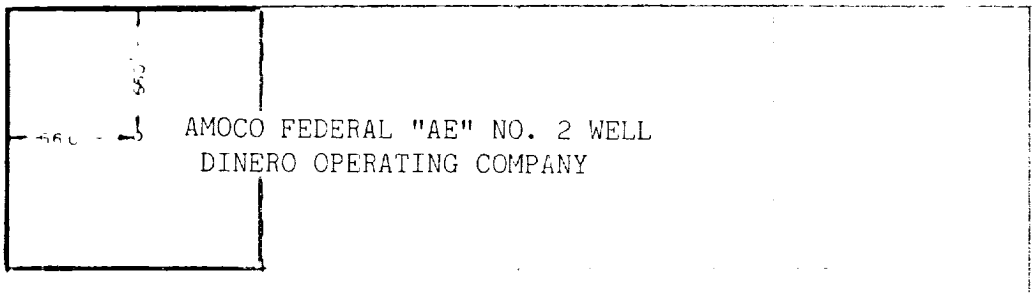
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.

Lavonda Norman

Lavonda Norman

Production Supervisor

DINERO OPERATING COMPANY

July 5, 1983

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.

June 29, 1983

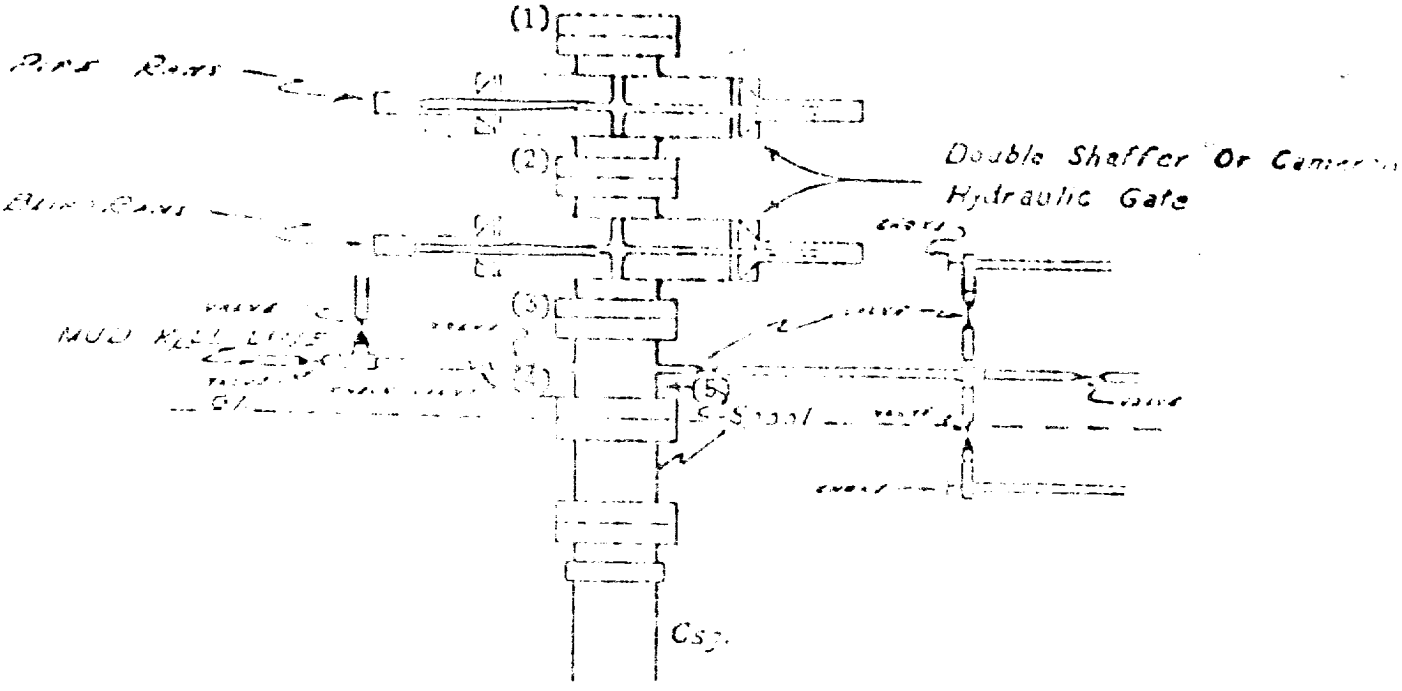
Date Surveyed

Registered Professional Engineer and/or Land Surveyor

EXHIBIT E

X-PERT DRILLING CORPORATION

BLOW-OUT PREVENTER



NOTE:

MANUAL AND HYDRAULIC CONTROLS WITH CLOSING UNIT NO LESS THAN 75' FROM WELL HEAD. REMOTE CONTROLS ON RIG FLOOR.

(1) 10"-3,000#

(2) 10"-3,000#

(3) 10"-3,000#

(4)&(5) Values 3,000#

DINERO OPERATING COMPANY

APPLICATION FOR DRILLING
DINERO OPERATING COMPANY
AMOCO FEDERAL "AE" NO. 2 WELL
660' FNL, and 660' FWL, GL. 3071.5'
Section 20 Eddy County, New Mexico
T-22-S, R-28-E

In conjunction with Form 9-331C, Application for Permit to Drill subject well, DINERO OPERATING COMPANY submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Quarternary

2. The estimated tops of geologic markers are as follows:

Anhydrite	350'
Yates	450'
B/Salt	1995'
Queen	2140'
Delaware Lime	2400'
Delaware Sand	2460'

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

   Water: Approximately 100'
   Oil or gas:

   Delaware---approximately 2400' to T. D. of 3800'.

4. Proposed Casing Program: See Form 9-331C

5. Pressure Control Equipment: Exhibit E

6. Mud Program: See Exhibit-D

7. Auxiliary Equipment: None

8. Testing, Logging and Coring Programs:
   Well will be tested only if valid shows of oil & or gas are present.
   Electric logs will be run from total depth to the surface casing.
   No cores will be taken.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible, on or before July 30, 1983.

DINERO OPERATING COMPANY, AMOCO FEDERAL "AE", SEC. 20, T-22-S, R-28-E, Exhibit A-1

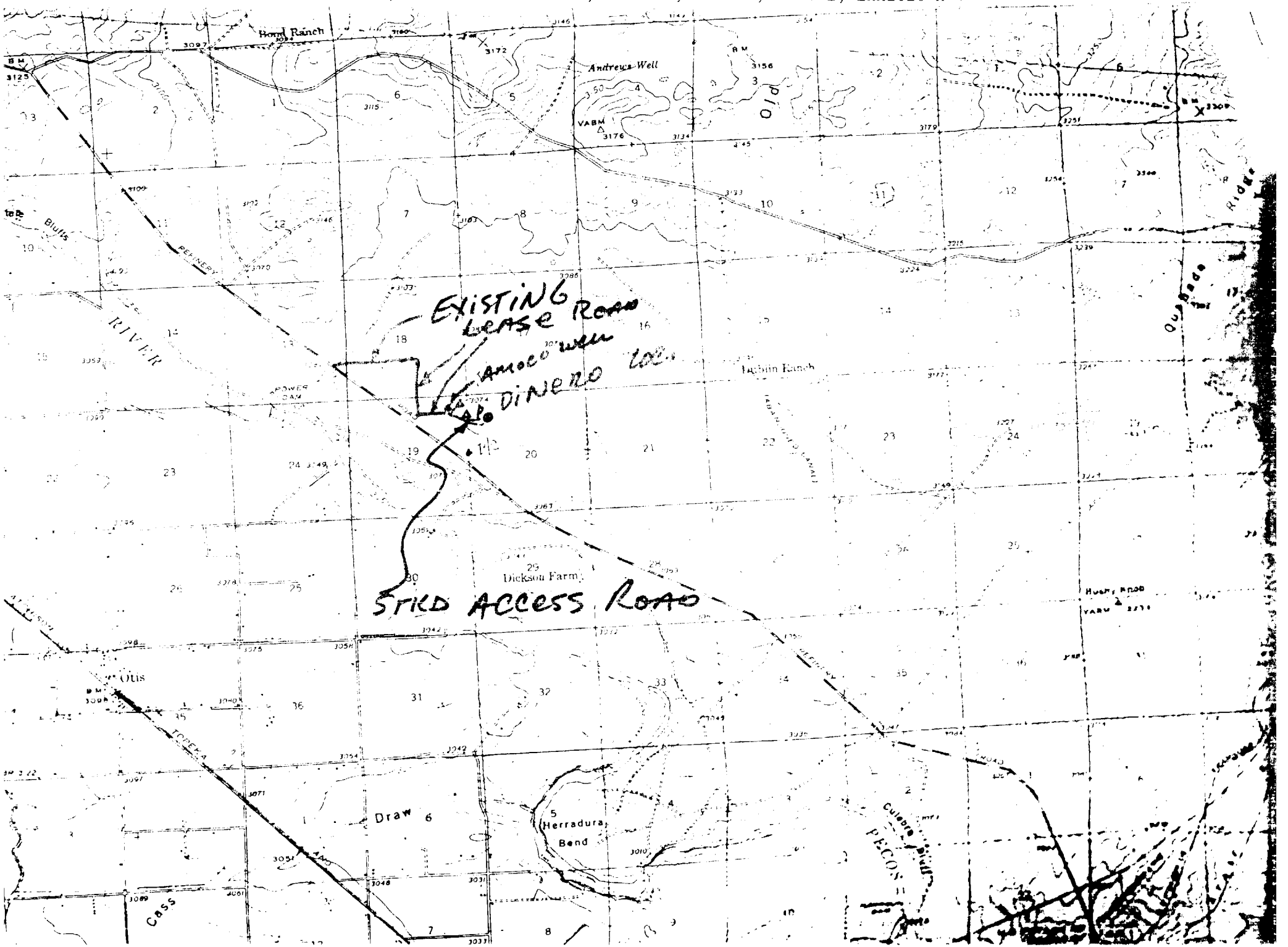
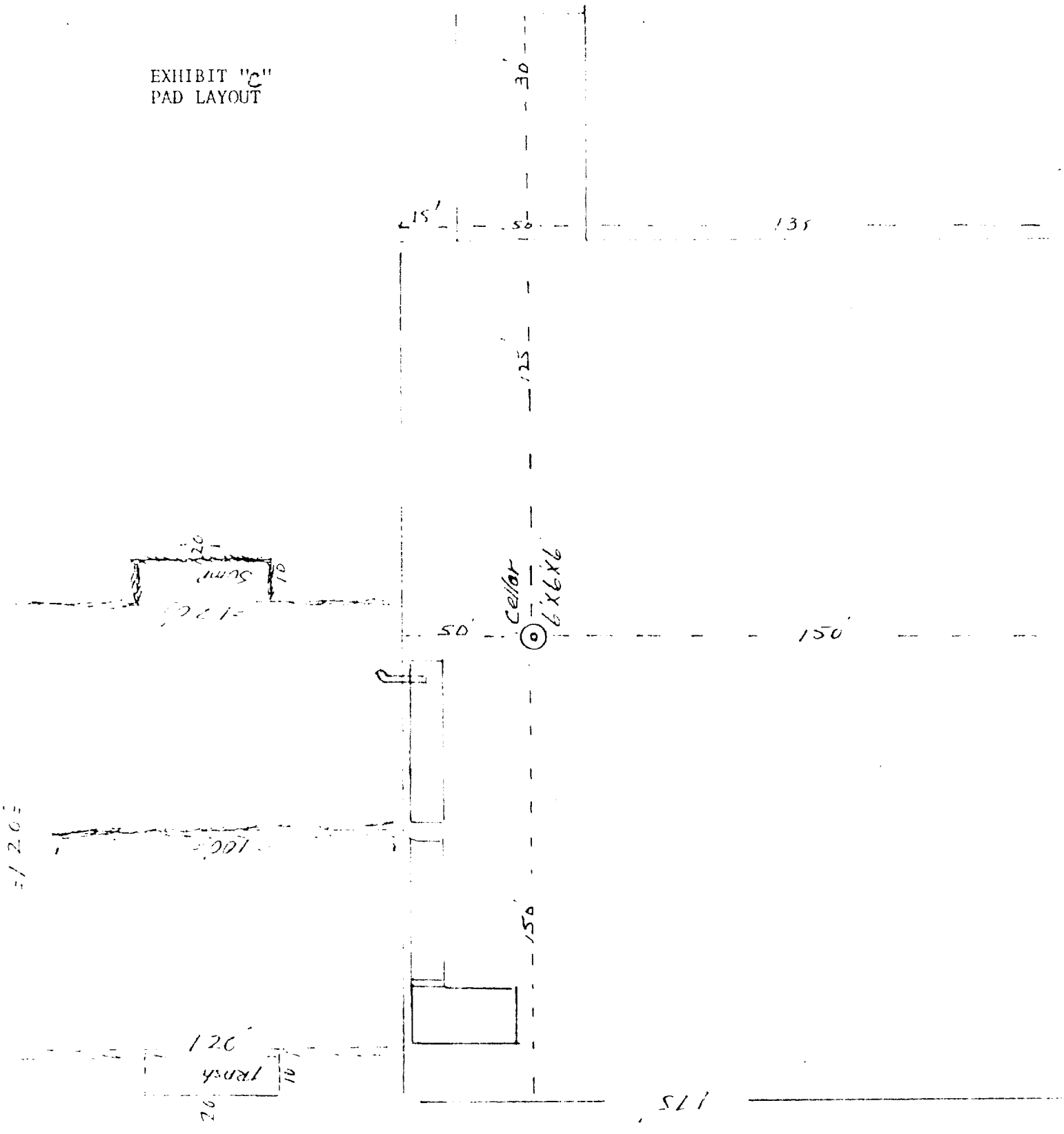
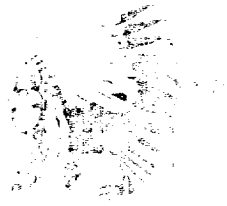


EXHIBIT "C"
PAD LAYOUT





Kiowa Chemical & Mud Co.

Suggested Drilling Fluids Program

DINERO OPERATING COMPANY
AMINOIL FEDERAL AE #2
SECTION 20, T-22-S, R-28-E
EDDY COUNTY, NEW MEXICO

PROPOSED DEPTH: 4000'

SUGGESTED CASING: 8-5/8" @ 400'
5-1/2" @ 4000'

FORMATION TOPS

Anhydrite	- 350'	±
Yates	- 410'	±
B/Salt	- 1995'	±
Queen	- 2140'	±
Delaware Lime	- 2400'	±
Delaware Sand	- 2460'	±

INTERVAL	WEIGHT	VISCOSITY	FILTRATE	PH
0 - 400'	8.4- 8.9	32-36	No Control	10.0-11.0
400 -3500'	9.2-10.2	28	No Control	10.0-11.0
3500-4000'	9.5-10.2	35-40	±20 cc	10.0-11.0

Kiowa Chemical & Mud Co.

June 29, 1983

Mrs. Lavanda Norman
DINERO OPERATING, INC.
Drawer 10505
Midland, Tx 79702

Dear Mrs. Norman:

Enclosed please find Kiowa Chemical & Mud Company's recommendations for your Aminoil Federal AE #2 to be drilled in Section 20, T-22-S, R-28-E, Eddy County, New Mexico.

We recommend a Salt Water Gel/Starch system from mud up depth, 3500', to total depth. This type of system will allow a good clean hole for running logs and/orcasing. There is a possibility of lost circulation from 1500' to 2600'. This should be combated by viscous LCM pills.

Our estimated drilling fluids cost for your well is $4000.00, based upon 9 days of actual drilling with no major hole problems encountered. This cost is with 2-3 viscous LCM pills figured in.

Should you have any further questions regarding this program, or if we may be of further assistance to you, please let us know.

Sincerely,

Kiowa Chemical & Mud Co.

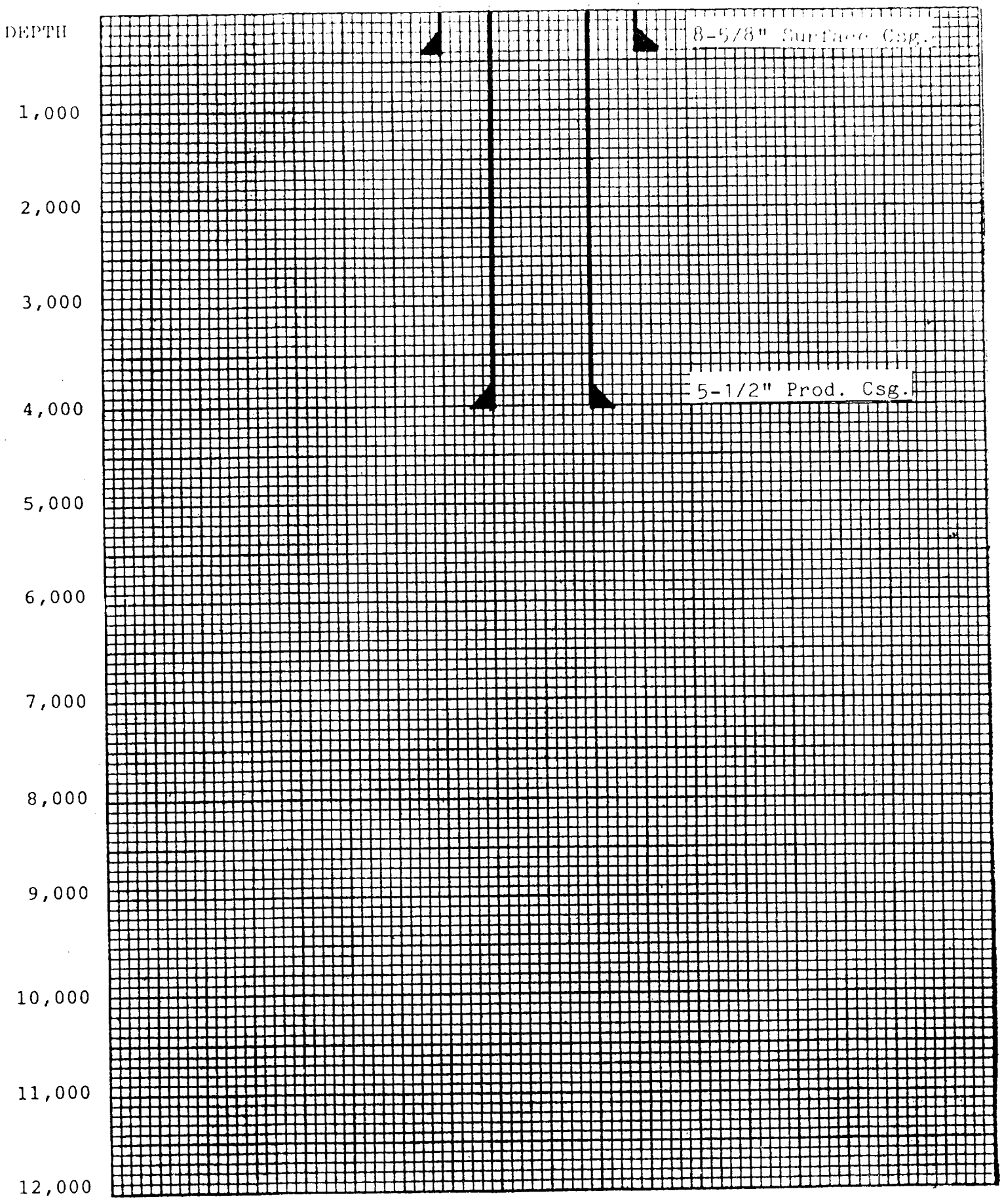
Scott Dudenhoeffer

Scott Dudenhoeffer
Engineering Manager.

SD:kh

enc

CASING DESIGN



RECOMMENDATIONS

INTERVAL	WEIGHT	VISCOSITY	FILTRATE	PH
0 - 400'	8.4- 8.9	32-36	No Control	10.0-11.0

Spud in with fresh water using Lime to obtain a 10-11 pH. Use Fresh Water Gel as needed to obtain the necessary viscosity to clean the hole. Use Paper to control seepage and viscous LCM pills (Multiseal, Paper, Cottonseed Hulls) for severe losses.

INTERVAL	WEIGHT	VISCOSITY	FILTRATE	PH
400 -3500'	9.2-10.2	28	No Control	10.0-11.0

Drill out of Surface with controlled Brine water, while circulating the reserve pits to control the Red Bed formation. After drilling Red Bed formation, increase the weight to 10 lbs./gal. in order to minimize washouts through the Salt section. Add Lime to control pH at 10-11. There is a possibility of losing circulation during this interval. Use Paper to combat seepage and viscous LCM pills for more severe losses. Sweep the hole with Salt Water Gel sweeps to ensure a clean hole. Discontinue the additions of Lime 24-48 hours prior to reaching mud up depth.

INTERVAL	WEIGHT	VISCOSITY	FILTRATE	PH
3500-4000'	9.5-10.2	35-40	$\pm$20 cc	10.0-11.0

Return to the working pits and mud up using Salt Water Gel for viscosity of 35-40 sec./qt. Add Starch for water loss of $\pm$20 cc Use Caustic Soda to maintain a 10-11 pH. Add Paper as needed to control seepage.