

N. M. Oil Cons. Division

811 S. 1ST ST

ARTESIA, NEW MEXICO 87002-2634 (Other instructions on reverse side)

Form 3160-3 (July 1992)

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

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT 4-30-97

APPLICATION FOR PERMIT TO DRILL OR DEEPEIN

1a. TYPE OF WORK

DRILL [X] DEEPEIN [ ]

b. TYPE OF WELL

OIL WELL [X] GAS WELL [ ] OTHER [ ] SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR

PENWELL ENERGY, INC. 147380 (BILL PIERCE) OIL CON. DIV

3. ADDRESS AND TELEPHONE NO.

600 NORTH MARIENFELD, SUITE 1100 Midland, Texas 79701 915-683-2534

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

At surface 1650' FNL & 1780' FEL SEC. 14 T24S-R29E EDDY CO. NM At proposed prod. zone Same Unit G Cedar Canyon

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

Approximately 7 miles East of Malaga New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 1650'

16. NO. OF ACRES IN LEASE

640

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.

200'

19. PROPOSED DEPTH

7100'

20. ROTARY OR CABLE TOOLS

Rotary

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

2971' GR.

22. APPROX. DATE WORK WILL START

As soon as approved

PROPOSED CASING AND CEMENTING PROGRAM CARLSBAD CONTROLLED WATER BASIN

Table with 5 columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 25" hole to 40', 17 1/2" hole to 350', 11" hole to 3100', and 7 7/8" hole to 7100'.

- 1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe, cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 350'. Run and set 350' of 13 3/8" H-40 48# ST&C casing. Cement with 200 Sx. Class "C" + 1/2# Flocele/Sx. + 5# Gilsonite/Sx. + 2% CaCl, tail in with 100 Sx. Class "C" + 3% CaCl. Circulate cement to surface.
3. Drill 11" hole to 3100'. Run and set 3100' of 8 5/8" J-55 32# ST&C casing. Cement with 300 Sx. Class "C" Light + 1/2# Flacele/Sx. + 5# Gilsonite/Sx. + 8% salt; tail in with 200 Sx. Class "C" + 2% CaCl. Circulate cement to surface.
4. Drill 7 7/8" hole to 7100'. Run and set 7100' of 5 1/2" J-55 17# LT&C casing. Cement with 475 Sx. Class "H" + 8% salt + .6% Halad 322 +.6% Halad 344. Estimate top of cement 5000'.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone, proposed new productive zone, and whether it is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention data.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SIGNED [Signature] TITLE Agent DATE 04/29/97

(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 (ORIG. SGD.) TONY L. FERGUSON TITLE ADM, MINERALS DATE 6-9-97

\*See Instructions On Reverse Side

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