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U.S.G.S.	
LAND OFFICE	
OPERATOR	

30-031-20788

1. Instrument Type of Lease
state fee

2. State Oil & Gas Lease No.
09725

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

10. Type of Work
a. Type of Well
DRILL DEEPEN PLUG BACK
oil well gas well other Injection Well SINGLE TUBE MULTIPLE TUBE

2. Name of Operator
Capital Oil and Gas Corporation

3. Address of Operator
P. O. Box 2130, Kilgore, Texas 75662

4. Location of Well
WEST LETTER K LOCATED 1330 FEET FROM THE South LINE
AND 1330' FEET FROM THE West LINE OF SEC. 21 TWP. 16N R. 6W S. 40

15. Field and Pool, or Wildcat
Miguel Creek Gallup Extension

16. County
McKinley

17. Proposed Depth
1000'

18A. Formation
Hospah-Gallup

18B. Method or C.T.
Rotary

20. Elevations (Show whether 100 ft., etc.)
6393.87'

21A. Kind & Status Plug. Bond
\$50,000 Blanket

21B. Drilling Contractor
Alamo Drilling, Inc.

22. Approx. Date Work will start
4/30/82

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	90'	80	Surface
7-7/8"	4-1/2"	11#	1000'	80	400'

1. Drill 90 ft. 12-1/4" hole.
2. Run 90 ft. 8-5/8" casing and circulate 80 sx of cement to surface.
3. Drill 7-7/8" hole to a depth 25' below Hospah formation.
4. Core, log and set 4-1/2" 11# casing.
5. Cement w/75 sx cement.
6. Notice of subsurface equipment will be filed upon approval of extension of Miguel Creek waterflood.

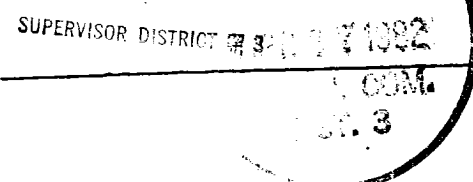
4/22/82
October 22, 1982

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. GIVE BLANKET PRESENTED PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Jean Houston Title Agent Date 4/22/82

APPROVED BY [Signature] TITLE _____



APR 27 1982
DATE

CONDITIONS OF APPROVAL, IF ANY
Roll 108 for NSL

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

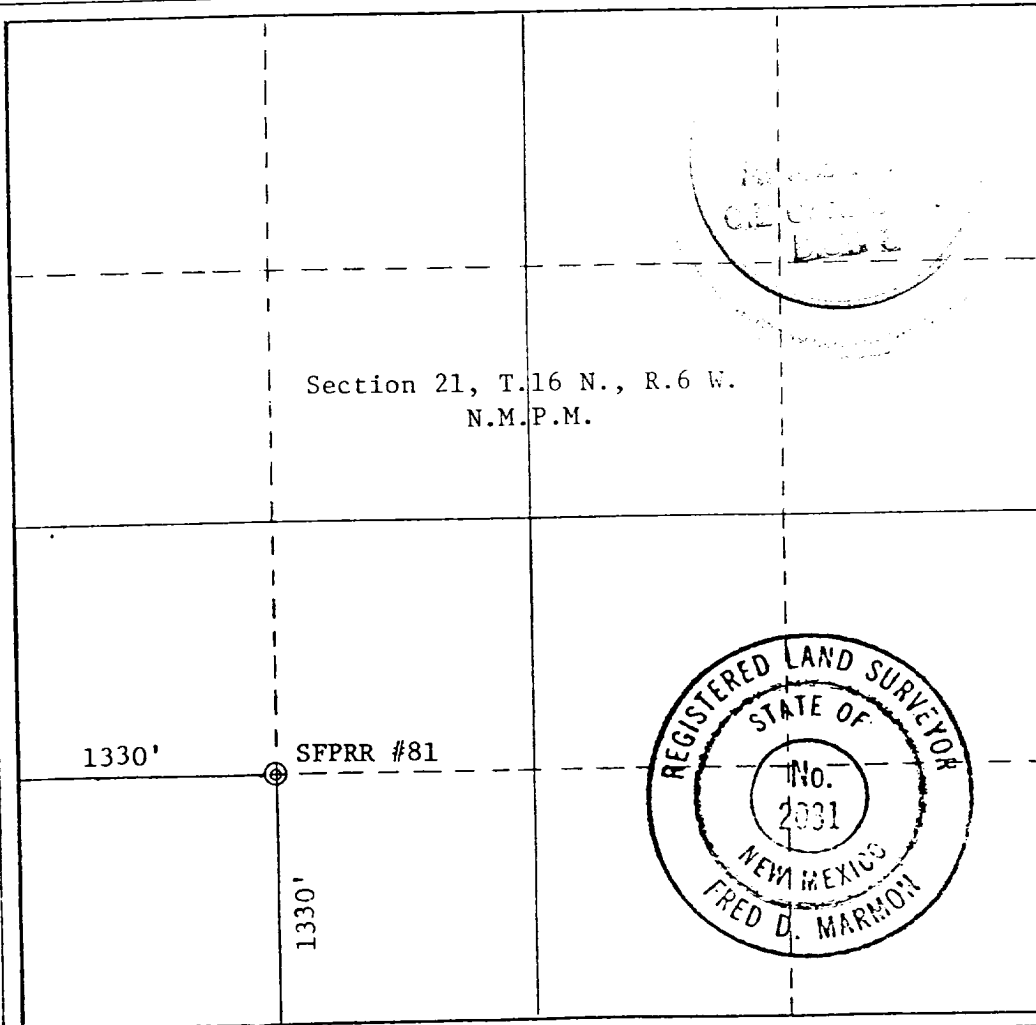
All distances must be from the outer boundaries of the Section.

Operator Capital Oil and Gas Corporation			Lease S.F.P.R.R.			Well No. S.F.P.R.R. #81		
Unit Letter K	Section 21	Township 16N.	Range 6W.	County McKinley				
Actual Footage Location of Well: 1330' feet from the South line and 1330' feet from the West line								
Ground Level Elev. 6393.87'		Producing Formation Hospah-Gallup			Pool Miguel Creek Gallup Extension		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.) Capital Oil and Gas Corporation and Zenith Energy Corporation own 100% working interest in the lease.
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: Jean Houston
Position: Agent

Company: Capital Oil and Gas Corporation

Date: 4/22/82

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: March 12, 1982

Registered Professional Engineer and/or Land Surveyor

Fred D. Marmion

Certificate No. 2031