

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)
30-025-31007

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK

b. Type of Well:
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
 Nearburg Producing Company

3. Address of Operator
 P. O. Box 823085, Dallas, Texas 75382-3085

4. Well Location
 Unit Letter J : 1,650 Feet From The south Line and 1,650 Feet From The east Line
 Section 31 Township 19S Range 36E NMPM Lea County

7. Lease Name or Unit Agreement Name
 East Pearl 31J

8. Well No.
 1

9. Pool name or Wildcat
 Osudo Morrow, North

10. Proposed Depth
 12,700'

11. Formation
 Morrow

12. Rotary or C.T.
 Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
 3656.6' GR

14. Kind & Status Plug. Bond
 Blanket

15. Drilling Contractor
 Undecided

16. Approx. Date Work will start
 9/17/90

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	48#	375'	400	Circulate
12-1/4"	9-5/8"	36, 40#	5,500'	2,500	Circulate
8-3/4"	7"	26, 29#	11,400'	500	8,000'
6"	4-1/2" Liner	13.50#	12,600'	200	12,200'

Propose to drill well to a sufficient depth to evaluate the Morrow formation. After reaching total depth, logs will be run and if evaluation is positive, a production liner will be run.

BOP program is attached.

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 BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Mildred Simpkins TITLE Production Analyst DATE 9/11/90
 TYPE OR PRINT NAME Mildred Simpkins TELEPHONE NO. 214/739-1778

(This space for State Use)

APPROVED BY BOBBY SEXTON TITLE DEPUTY SUPERVISOR DATE SEP 14 1990

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval Date Unless Drilling Underway.