

U.S. OIL & GAS
P.O. BOX 1980
HOBBS, NEW MEXICO
DEPARTMENT OF
BUREAU OF LAND

OPER. OGRID NO. 149433
 PROPERTY NO. 1781
 POOL CODE _____
 EFF DATE 2/27/96
 API NO. 32-025-33303

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

APPLICATION FOR PERM

1a. TYPE OF WORK

DRILL DEEPEN

b. TYPE OF WELL

OIL WELL GAS WELL OTHER _____ SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR

MR Drilling Company

3. ADDRESS AND TELEPHONE NO

P.O. Box 687, Monahans, Texas 79756

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

At surface 330' FNL & 2970' FEL of Section 34

At proposed prod. zone
Same

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

6.5 miles southeast of Jal, N.M.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330'

16. NO. OF ACRES IN LEASE

218

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.

660'

19. PROPOSED DEPTH

4000'

20. ROTARY OR CABLE TOOLS

Rotary

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

2974' Ground Level

22. APPROX. DATE WORK WILL START*

February 20, 1996

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	1300'	Sufficient to circulate
7 7/8"	5 1/2"	17# J-55	4000'	485 sx

The operator proposes to drill to a depth sufficient to test the Queens and Yates for oil. Specific programs are outlined in the following attachments:

- DRILLING PROGRAM
- SURFACE USE AND OPERATING PLAN
- EXHIBIT A - ROAD MAP
- EXHIBIT B - EXISTING WELL MAP
- EXHIBIT C - LOCATION AND ACREAGE DEDICATION PLAT
- EXHIBIT C-1 TOPO MAP
- EXHIBIT D - DRILLING AND RIG LAYOUT
- EXHIBIT E - 3M BOP EQUIPMENT

Approval Subject to
 General Requirements and
 Special Stipulations
 Attached



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.

24.

SIGNED James M. C. Kelly TITLE Agent DATE 1/18/96

(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 Timothy P. O'Brien TITLE Acting DATE _____

*See Instructions On Reverse Side