

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Southland Royalty Company ✓

3. ADDRESS OF OPERATOR
 21 Desta Drive, Midland, Texas 79705

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 330' FNL & 1650' FWL, Sec. 27, T-18-S, R-31-E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 12 miles southeast of Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 330'
 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1320'

16. NO. OF ACRES IN LEASE 240
 19. PROPOSED DEPTH 4250'

17. NO. OF ACRES ASSIGNED TO THIS WELL 40
 20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3640.6' GR

22. APPROX. DATE WORK WILL START*
 1-22-86

5. LEASE DESIGNATION AND SERIAL NO.
 LC-029392 (b)

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Hinkle "F"

9. WELL NO.
 11

10. FIELD AND POOL, OR WILDCAT
 Shugart (Y, SR, Q, G)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 27, T-18-S, R-31-E

12. COUNTY OR PARISH
 Eddy

13. STATE
 N.M.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	700'	400 sx. (Circulate)
7 7/8"	5 1/2"	14#	4250'	Volume may vary w/Upper zone development (TOC by Temp survey)

Drill 12 1/4" hole to 700'. Set 8 5/8" csg @ 700'. Cmt w/400 sx. Circulate. Test Grayburg and intermediate horizons. If commercial, run 5 1/2" csg to TD. Cmt with sufficient volume to bring above all prospective zones. Est TOC @ Surf. Perf & stimulate Grayburg & Penrose for production.

MUD PROGRAM: 0-700 Fresh wtr gel; 700-3150' brine; 3150-TD brine. MW 9.5-10.1, VIS 35-40, 6-10 cc. BHP @ TD expected to be 1600 psi.

BOP PROGRAM: 10"-3M BOP stack to be installed on 8 5/8" and left on for remainder of drilling. Stack to consist of annular BOP, blind ram BOP and one pipe ram BOP. Test BOP's after each new installation w/Yellow Jacket, Inc. Install rotating head after setting surface pipe.

RECEIVED BY
 JAN 30 1986
 ARTESIA, OFFICE

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 John Stark TITLE Operations Engineer DATE 1/6/86
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY _____ TITLE _____ DATE 1-29-86
 CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS

*See Instructions On Reverse Side

N MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 7-75
Supersedes O-104
Effective 1-1-65

All distances must be from the outer boundaries of the Section

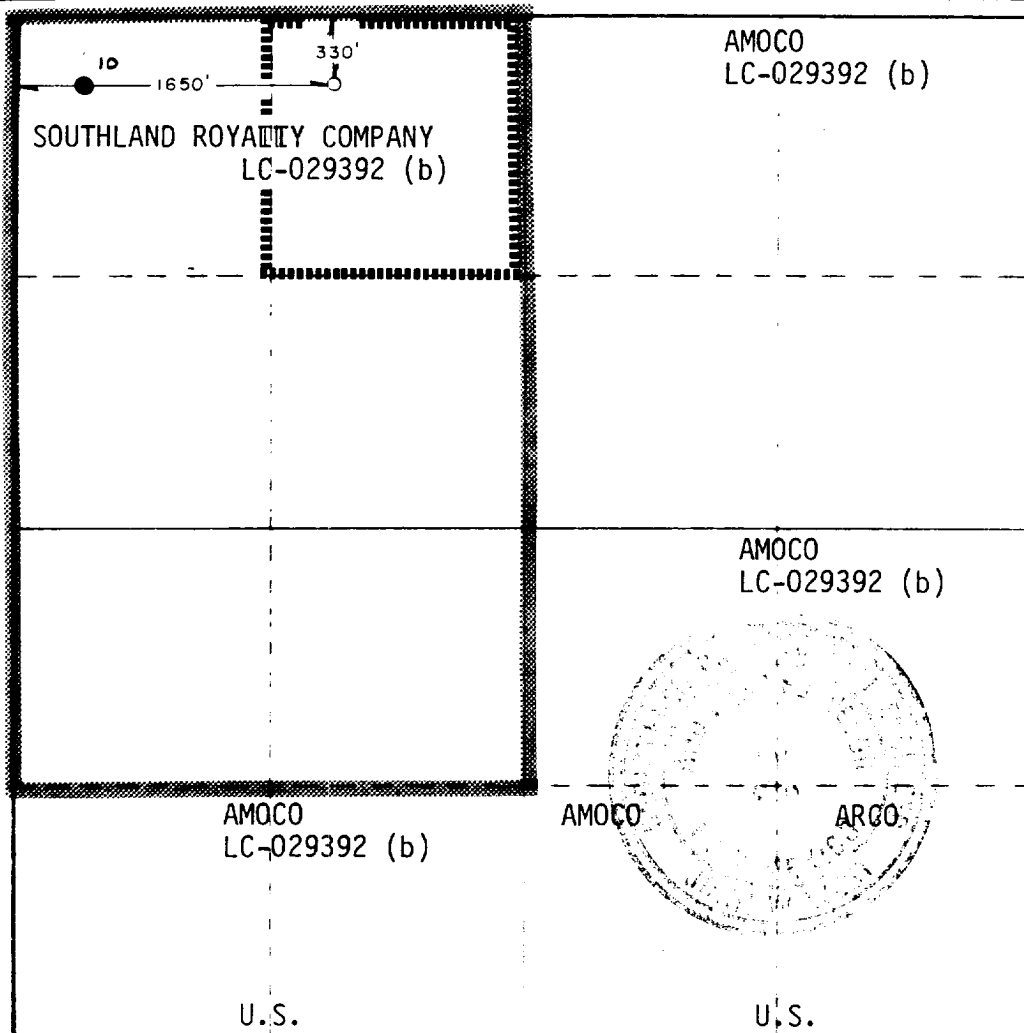
Operator SOUTHLAND ROYALTY COMPANY		Lease HINKLE "F"		Section 11
Well Letter C	Section 27	Township 18 SOUTH	Range 31 EAST	County EDDY
Approx. True Azimuth Location of Well: 330 feet from the NORTH line and 1650 feet from the WEST line				
Ground Level Elev. 3640.6'	Producing Formation Yates, 7Rivers, Queen, GB		Pool Shugart	Estimated Storage 40

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.

J. R. Stark

J. R. Stark

Operations Engineer

Southland Royalty Company

1/6/86

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.

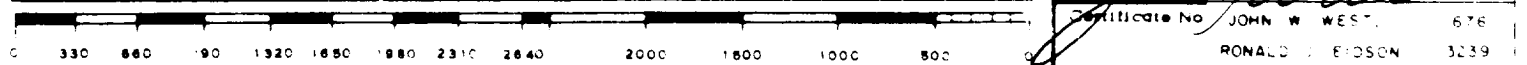
Date of Issue
DECEMBER 26, 1985

Registered Professional Engineer
and Land Surveyor

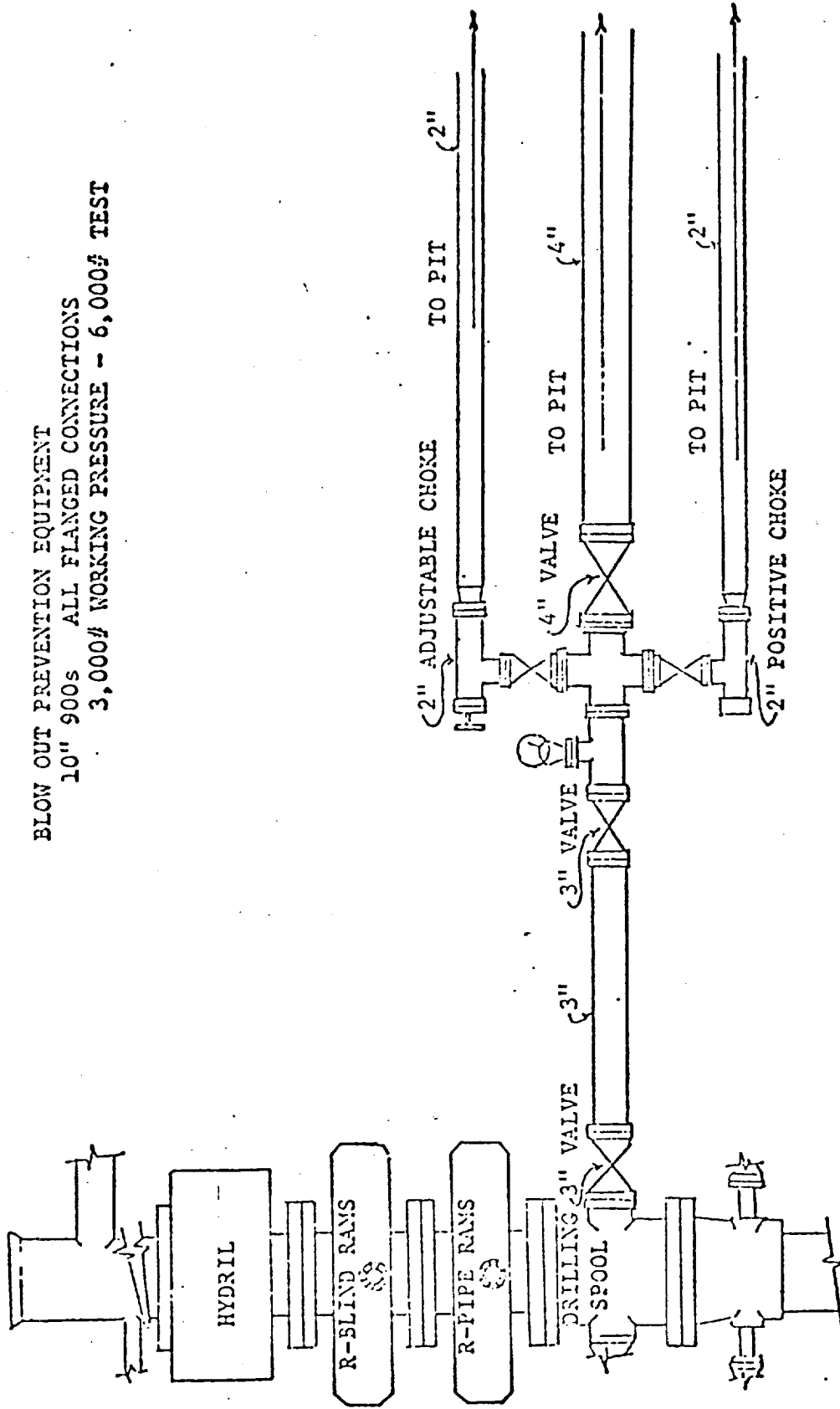
John W. West

Certificate No. **JOHN W. WEST, 676**
RONALD J. EDSON 3239

96560



BLOW OUT PREVENTION EQUIPMENT
 10" 900s ALL FLANGED CONNECTIONS
 3,000# WORKING PRESSURE - 6,000# TEST



SOUTHLAND ROYALTY COMPANY

Hinkle "F" No. 11
330' FNL & 1650' FWL
Sec. 27, T-18-S, R-31-E
Eddy County, New Mexico
LC-029392 (b)

To supplement USGS Form 9-331C "Application to Drill the following additional information is submitted concerning questions on Page 5 of NTL-6:

1. See Form 9-331C.
 2. See Form 9-331C.
 3. The geological name of surface formation is: Ochoa
 4. See Form 9-331C.
 5. See Form 9-331C.
 6. The estimated tops of important geological markers are:

Anhydrite	620'	Seven Rivers	2550'
Salt	875'	Queen	3270'
B/Salt	1960'	Penrose	3540'
Yates	2130'	Grayburg	3620'
 7. The estimated depths at which anticipated water, oil gas and mineral bearing strata are as follows:

Yates	2130'	- Gas
Seven Rivers	2550'	- Oil
Queen	3270'	- Oil
Penrose	3540'	- Oil
Grayburg	3620'	- Oil
 8. See Form 9-331C. All casing will be new.
 9. See Form 9-331C for depths of strings. Cement volumes and additions as follows:
 - a. 8 5/8" csg: Cement w/200 sxs Lite cmt and 200 sxs Cl "C". Circ to surface.
 - b. 5 1/2" csg: Cement 1st stage w/700 sxs Cl "C" 50/50 Pozmix "A". Cement 2nd stage w/300 sx Lite & tail-in w/100 sx Cl "C" w/4% CaCl. Circulate cmt to surface. DV tool at + 2050' & csg pkr at + 2100'.
- A caliper log will be run prior to setting 8 5/8" & 5 1/2" pipe to determine exact cement volumes required.
10. The pressure control diagram is attached to Form 9-331C. The following additional information is as follows:

MALJAMAR 12 MI.
4 MI. TO N. MEX. 83

5249 IV
(MALJAMAR) R. 31 E.

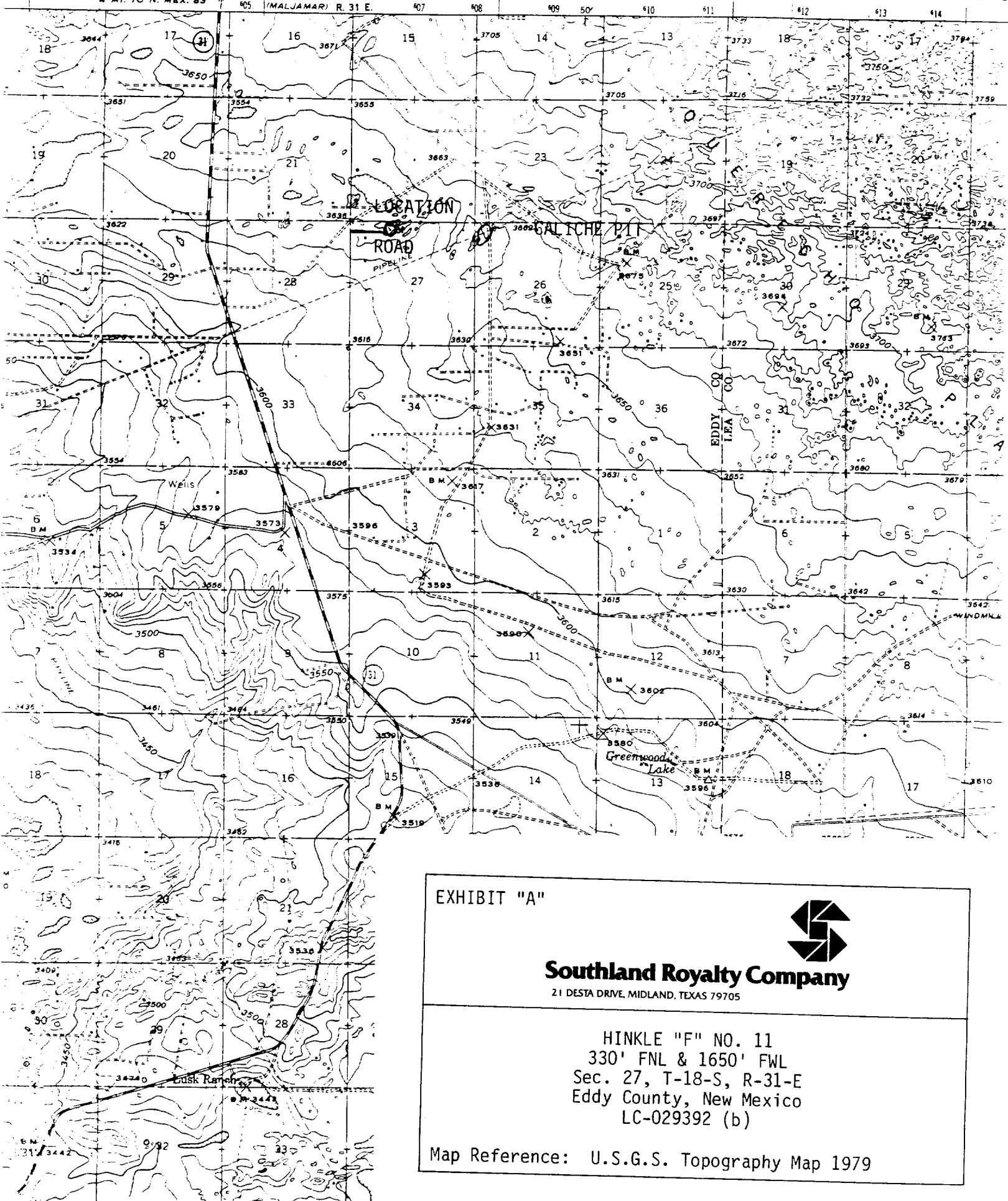


EXHIBIT "A"



Southland Royalty Company

21 DESTA DRIVE, MIDLAND, TEXAS 79705

HINKLE "F" NO. 11
330' FNL & 1650' FWL
Sec. 27, T-18-S, R-31-E
Eddy County, New Mexico
LC-029392 (b)

Map Reference: U.S.G.S. Topography Map 1979

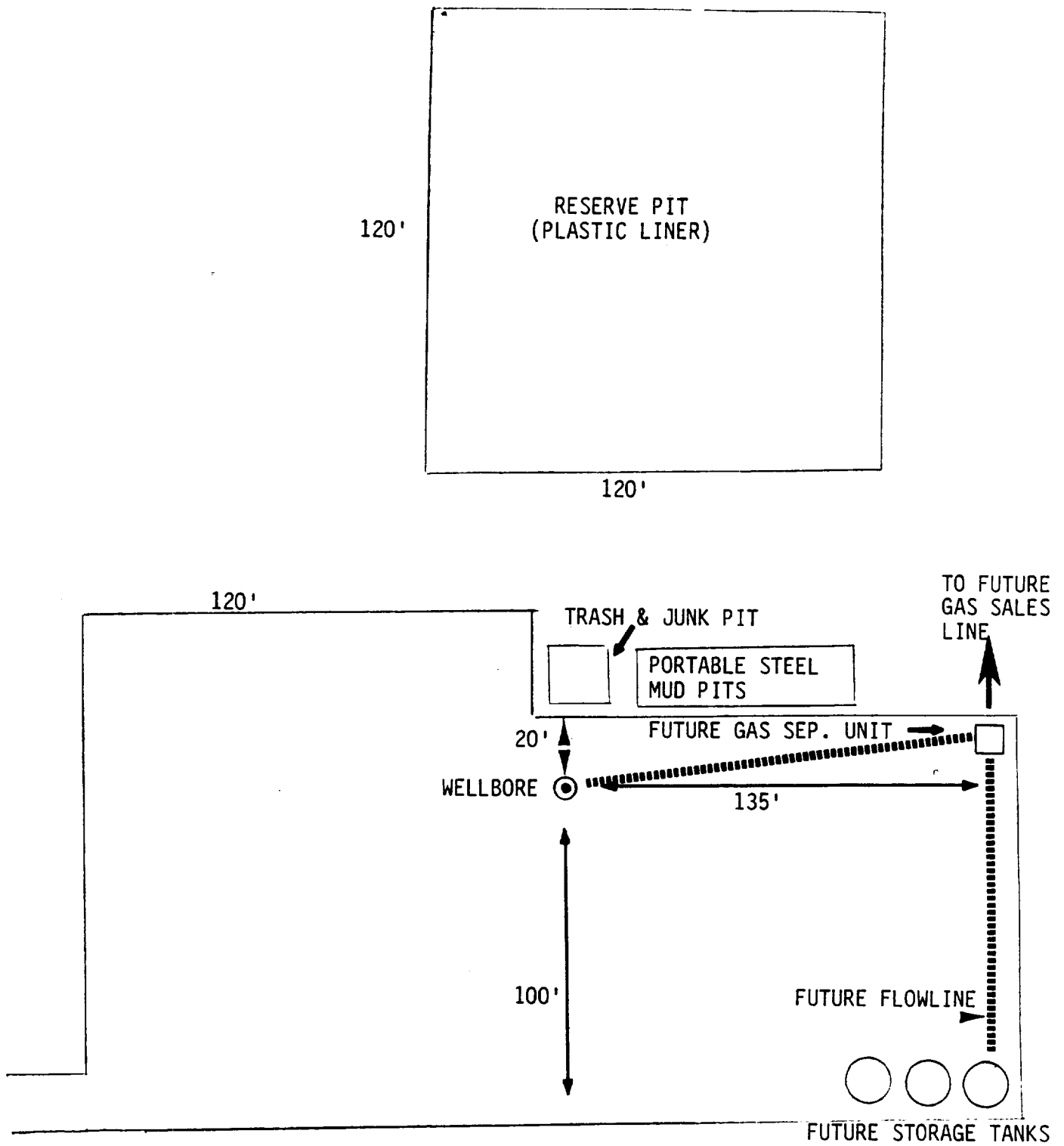


EXHIBIT "C"



Southland Royalty Company

21 DESTA DRIVE, MIDLAND, TEXAS 79705

HINKLE "F" NO. 11
330' FNL & 1650' FWL
Sec. 27, T-18-S, R-31-E
Eddy County, New Mexico
LC-029392(b)