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OPERATOR	

5A. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
5. State Oil & Gas Lease No. LG-1041
7. Unit Agreement Name NA
8. Farm or Lease Name Kellahin 14 State
9. Well No. 4
10. Field and Pool, or Wildcat South Flying M-Abo
12. County Lea

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work b. Type of Well DILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. Unit Agreement Name NA	
2. Name of Operator SPENCE ENERGY COMPANY 381 Two Energy Square Ph. 214-739-0027		8. Farm or Lease Name Kellahin 14 State	
3. Address of Operator 4849 Greenville Ave. Dallas, Texas 75206		9. Well No. 4	
4. Location of Well UNIT LETTER <u>P</u> LOCATED <u>980'</u> FEET FROM THE <u>South</u> LINE AND <u>330'</u> FEET FROM THE <u>East</u> LINE OF SEC. <u>14</u> TWP. <u>9S</u> RGE. <u>32E</u> NMPM		10. Field and Pool, or Wildcat South Flying M-Abo	
19. Proposed Depth 9000'±		19A. Formation Abo	
21. Elevations (Show whether DF, RT, etc.) 4336.4 GL		20. Rotary or C.T. Rotary	
21A. Kind & Status Plug. Bond \$50,000 Blanket		22. Approx. Date Work will start December 15, 1990	
21B. Drilling Contractor Norton Drilling			

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# H-40	400'±	425 sx	Circulate
11"	8-5/8"	24# H-40	1700'±	800 sx	Circulate
7-7/8"	5-1/2"	17# N-80	9000'±	250 sx	7000'

Propose to drill to 9000'± to test Abo and intermediate formations.

Series 900 Double-ram 5000#WP BOP will be installed after 8-5/8" casing has been cemented.

5-1/2" casing will be perforated opposite favorable zones. Completion will include running 2-7/8" tubing, stimulating and testing to tanks.

An agreement has been consummated with the fee surface owner to provide damages for surface disturbance.

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.

Signed Jerry M. Long Title Permit Agent Date December 12, 1990
(This space for State Use)
APPROVED BY JERRY M. LONG TITLE PERMIT AGENT DATE DEC 21 1990
CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval
Date Unless Drilling Underway.