

N. M. DIE CONS. COMMISSION
P. O. BOX 1980
HOL. UNITED STATES 88240
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

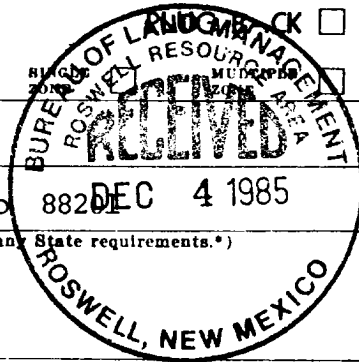
SUBMIT IN TRIPLICATE*
(Other instructions on reverse)

Form approved.
Budget Bureau No. 42-R1425.

30-005-31054

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 067707	
2. TYPE OF WELL OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
3. NAME OF OPERATOR Petroleum Exploration Company, Inc.		7. UNIT AGREEMENT NAME	
4. ADDRESS OF OPERATOR Post Office Box 809, Roswell, New Mexico 88201		8. FARM OR LEASE NAME Siete Federal	
5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1765' FNL & 692' FWL At proposed prod. zone Same		9. WELL NO. 8	
6. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 19 miles South of Kenna, New Mexico		10. FIELD AND POOL, OR WILDCAT Siete-San Andres	
7. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 692'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 17, T8S, R31E	
8. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1352'		12. COUNTY OR PARISH Chaves	
9. ELEVATIONS (Show whether DP, RT, GR, etc.) 4191 GL		13. STATE NM	
10. NO. OF ACRES IN LEASE 1,133.82		14. NO. OF ACRES ASSIGNED TO THIS WELL 40	
11. PROPOSED DEPTH 4,000		15. ROTARY OR CABLE TOOLS Rotary	
12. APPROX. DATE WORK WILL START* 12-10-85			



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# J-55	1,200	450 SXS-Circ. to Surface
7-7/8"	4-1/2"	9.5# J-55	TD	300

Petroleum Exploration Company, Inc. proposes to drill to approximately 4,000' to sufficiently test the San Andres formation. Set 8-5/8" casing to 1,200', circulate to surface. W.O.C. 12 hours. Test B.O.P. and surface casing to 1,200 psi for 30 minutes before drilling out. 4-1/2" casing will be set to T.D. if logs indicate a favorable commercial zone. Completion will be accomplished by jet perforation into indicated pay intervals and acidizing and/or fracturing as needed.

A 3000# double ram B.O.P. will be installed and tested before drilling below the 8-5/8" casing. B.O.P. rams will be tested daily.
See attached "Supplemental Multi-Point Drilling Plan."
Gas is not dedicated to a pipeline.

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 A.D. Solsbery TITLE President DATE 12-3-85
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY S/Phil Kirk TITLE Area Manager DATE 1-13-86
CONDITIONS OF APPROVAL, IF ANY:

175-10422

175-10422