EIGHT POINT DRILLING PROGRAM APPLICATION FOR A PERMIT TO DRILL LEASE: USA-NM 60051

Celeste C. Grynberg Isler Fed. #1-3 660' FNL, 1980' FWL Section 3, T10S-R30E Chaves County, New Mexico

All lease or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3160), onshore oil and gas orders, and the approved plan of operations. A copy of these conditions will be supplied to the field representative and contractors to ensure compliance.

1 & 2) Estimated Tops and Depth of Gas:

Formation	Depth	Subsea
Abo	6589'	-2494' Gas
TD	7550'	-3455'

3) Pressure Control Equipment

The BOP system will be consistent with API RP 53 and will be installed, equipped and tested in accordance with Onshore Oil and Gas Order #2 (11/18/88). The bottom hole shut-in pressure in the prospective productive zone is 2375 psi @ 7445'. Using a 0.22 psi per foot gradient for a partially filled well bore (as per the regulations), the maximum surface pressure is (2375 psi - 1638 psi) = 737 psi. Therefore, we propose to use 1500 psi WP (6" 900 Series) BOPE and pressure test to 1500 psi.

4) Casing and Cementing Program

Surface Casing - 13 3/8" 54.5# J55 new casing was run to 467' in 17 1/2" hole. It was cemented to surface with 485 sx. of cement.

Intermediate Casing - 8 5/8" 24# J55 new casing was run to \pm 2875'. It was cemented to surface with 1550 sx. of cement.

Production Casing - 5 1/2" 17# LT&C K55 new casing was run to total depth in 7 7/8" hole. It was cemented to 1600' in two stages. State #1 - 475 sx. of cement. Stage #2 (DV collar @ 5119') 590 sx. of cement.

OCD Storage

DCT * 2 1380

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