

Submit to Appropriate
District Office
State Lease -- 6 copies
Fee Lease -- 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK					
1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>		
b. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. State Oil & Gas Lease No. V-1565		
2. Name of Operator Mitchell Energy Corporation			7. Lease Name or Unit Agreement Name Milky Way State		
3. Address of Operator P.O. Box 4000, The Woodlands, TX 77387-4000			8. Well No. 1		
4. Well Location Unit Letter I : 2055 Feet From The south Line and 330 Feet From The east Line			9. Pool name or Wildcat Wildcat		
Section 17 Township 18S Range 35E NMPM Lea County					
10. Proposed Depth 6,700			11. Formation Delaware		12. Rotary or C.T. Rotary
13. Elevations (Show whether DF, RT, GR, etc.) 3942 GR		14. Kind & Status Plug. Bond Blanket on file		15. Drilling Contractor	
16. Approx. Date Work will start 7/20/90					
17. 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"	54.50	400'	445	Surface
12-1/4"	8-5/8"	32.00	3,350'	2,000	Surface
7-7/8"	5-1/2"	15.50	6,700'	955	Surface

Mitchell proposes to drill to a depth sufficient to test the Delaware formation for oil. If productive, 5-1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with State of New Mexico regulations. Blowout preventerschematic attached as attachment 1.

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.

SIGNATURE George Mullen TITLE Regulatory Affairs Specialist DATE 7/2/90

TYPE OR PRINT NAME George Mullen

TELEPHONE NO. 713/377-5855

(This space for State Use)

APPROVED BY ORIGINAL SIGNATURE OF DISTRICT OFFICIAL TITLE DISTRICT I SUPERVISOR DATE JUL 06 1990

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval
Date Unless Drilling Underway.

per amended C-101