

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER

SINGLE ZONE ☐

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Penwell Energy, Inc.

3. ADDRESS AND TELEPHONE NO.

(915) 683-2534

600 N. Marienfeld, Ste. 1100, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1650' FNL & 330' FWL

At proposed prod. zone

Unit E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

32 miles West from Hobbs, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)

330'

16. NO. OF ACRES IN LEASE

520

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

1040'

19. PROPOSED DEPTH

8,900'

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

3811' GL

22. APPROX. DATE WORK WILL START*

June 20, 1996

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	450'	350 sx Cl. "C" cmt + additives
11"	8 5/8"	40#	2850'	475 sx Lite + 200 sx "C"
7 7/8"	5 1/2"	17#	8900'	300 sx Cl. "H" - SEE STIPS.

1. Drill 17 1/2" hole to 450'. Run and set 450' of 13 3/8", 48#, H-40, ST&C casing. Cement with 350 sx Class "C" cement + additives. Circulate cement to surface.
2. Drill 11" hole to 2,850'. Run and set 2,850' of 8 5/8", 40#, 8-R, ST&C, J-55 casing. Cement with 475 sacks Lite + 200 sacks "C". Circulate cement to surface.
3. Drill 7 7/8" hole to 8,900'. Run and set casing @ 8,900'. Cement casing with 300 sacks Class "H". Estimated top of cement 5,000'.

OPER. CO. NO. 147380

PROPERTY NO. 18972

POOL CODE 13160

EFF. DATE 7/10/96

API NO. 30-025-33509

General Requirements and
Special Situations
Attached

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

Brenda Coffman

TITLE Production Analyst

DATE May 2, 1996

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

/s/ TIMOTHY J. BURKE

TITLE

Acting Director

DATE

7-3-96

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33509	Pool Code 50540 13160	Pool Name South Corbin Querecho Plains Lower Bone Springs
Property Code 18972	Property Name West Corbin "19" Federal	Well Number 3
OGRID No. 147380	Operator Name Penwell Energy Inc.	Elevation 3811'

Surface Location

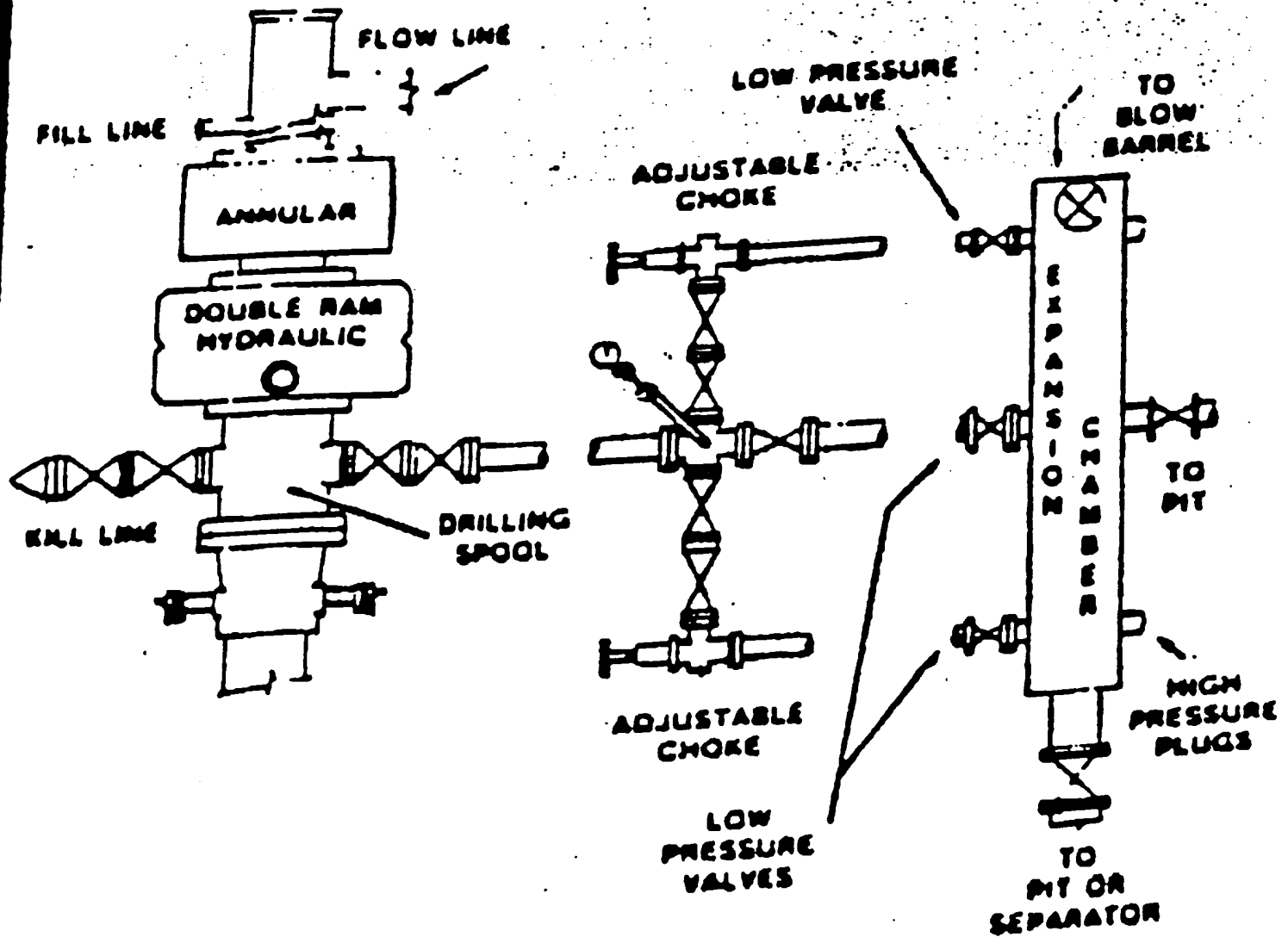
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 2	19	18 S	33 E		1650	North	330	West	Leo

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 42.26	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>LOT 1 - 42.21 AC</p> <p>LOT 2 - 42.26 AC</p> <p>LOT 3 - 42.32 AC</p> <p>LOT 4 - 42.37 AC</p>	OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> <u>Brenda Coffman</u> Signature <u>Brenda Coffman</u> Printed Name <u>Production Analyst</u> Title <u>April 30, 1996</u> Date
	SURVEYOR CERTIFICATION <i>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 belief.</i> <u>April 18, 1996</u> Date Surveyed <u>[Signature]</u> Signature & Seal of Professional Surveyor <u>W.O. No. 6154b</u> <u>Certificate No. Gary L. Jones 7977</u> BASIN SURVEYS



Standard Blowout Preventer Stack

PENWELL ENERGY, INC.
 EXHIBIT "E"
 WEST CORBIN "19" FEDERAL NO. 3
 BOP SPECIFICATIONS

APPLICATION TO DRILL

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #3
1650' FNL & 330' FWL
SECTION 19, T18S, R33E
LEA COUNTY, NEW MEXICO

In response to questions asked under Section II B of Bulletin NTL-6, the following information is provided. For your consideration:

1. LOCATION: 1650' FNL & 330' FWL, Sec. 19, T18S, R33E, Lea Co. NM.
2. ELEVATION ABOVE SEA LEVEL: 3811'.
3. GEOLOGIC NAME OF SURFACE FORMATION: Kermit soils-Dune Land
4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using mud for the circulation medium.
5. PROPOSED DRILLING DEPTH: 8,900'.
6. ESTIMATED GEOLOGICAL MARKER TOPS:

Anhydrite	1252'	Delaware	5360'
Yates	2855'	Bone Springs	8652'
Seven Rivers	3340'	T.D.	8,900'
Queen	3790'		
San Andres	4860'		

7. POSSIBLE MINERAL BEARING FORMATION:

Yates	Oil
Bone Spring	Oil

8. CASING PROGRAM:

Hole Size	Interval	OD Csg	Weight	Thread	Collar	Grade	Cond.
17 1/2"	0-450'	13 3/8"	48#	8-R	ST&C	H-40	New
11"	0-2850'	8 5/8"	40#	8-R	ST&C	J-55	New
7 7/8"	0-8900'	5 1/2"	17#	8-R	LT&C	N-80	New

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL # 3
APPLICATION FOR PERMIT TO DRILL

PAGE 2

9. CASING CEMENTING & SETTING DEPTH:

13 3/8"	Surface	Set 450' of 13 3/8" 48# WC-40 ST&C casing. Cement with 350 sacks Class "C" cement + additives. Circulate cement to surface.
8 5/8"	Intermediate	Set 2,850' of 8 5/8" 32# J-55 ST&C casing. Cement with 475 sx Lite + 200 sx "C" Circulate cement to surface.
5 1/2"	Production	Set 8,900' of 5 1/2" 17.0, N-80 casing. Cement with 300 sx Class "H". Estimated top of cement @ 7,000'.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E". A Blow-out Preventer (no less than 900 Series 3000 PSI working pressure) consisting of double ram type preventer with bag type preventer. Units will be hydraulically operated. Exhibit "E-1" Choke Manifold and Closing Unit. Blind rams on top, pipe rams on bottom to correspond with size of drill pipe in use. BOP will be nipped up on 13 3/8" casing and remain on well until casing is run and cemented. BOP will be tested as well as choke manifold. BOP will be worked at least once each day while drilling & blind ram will be worked on trips when no drill pipe is in hole. Full opening stabbing valve and upper kelley cock will be utilized. Anticipated BHP 1800 PSI and 125° BHT.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD. WT.	MUD VISC.	FLUID LOSS	TYPE MUD
0'-450'	8.3-8.9	28-50	NC	Fresh water spud mud, use paper for seepage control .
450'-2,850'	10	29	NC	Brine water, use paper for seepage control and lime for pH control.
2,850'-7,500'	8.8-9.3	29	NC	Cut brine, Lime for pH control
7,500'-8,900'	9.3-10	34-38	10cc or less	Cut brine use Drispac, starch, soda ash, and gel.

Sufficient mud materials to maintain mud properties, meet lost circulation and weight increase requirements will be kept at wellsite at all times. In order to run casing and log well viscosity may have to be raised and water loss may have to be lowered.

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL, WELL NO. 3
APPLICATION FOR PERMIT TO DRILL

PAGE 3

12. TESTING, LOGGING AND CORING PROGRAM:

- A. Gamma Ray - Surface casing to T.D. @ 8,900'.
- B. CNL-LDT,D11-MFL - Below 8 5/8" to T. D.
- C. Coring - None planned.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H₂S detectors will be in place to detect any presence. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP1800 PSI, estimated BHT 125°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after BLM approval of APD. Anticipated spud date is June 20, 1996. Drilling is expected to take 16 - 18 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Bone Spring pay will be perforated and stimulated. The well will be swab tested and potentialized as an oil well.