

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-4312		
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR Nearburg Producing Company			7. UNIT AGREEMENT NAME		
3. ADDRESS AND TELEPHONE NO. P.O. Box 823085, Dallas, TX 75382 214/739-1778			8. FARM OR LEASE NAME, WELL NO. Pennzoil & Federal #3		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 2,130' FNL and 660' FEL At proposed prod. zone			9. API WELL NO.		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 10 miles NE of Halfway, NM			10. FIELD AND POOL, OR WILDCAT Buffalo Bone Spring, SE		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 510'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 1, T19S, R33E		
16. NO. OF ACRES IN LEASE 640			12. COUNTY OR PARISH Lea		
17. NO. OF ACRES ASSIGNED TO THIS WELL 40			13. STATE New Mexico		
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A			19. PROPOSED DEPTH 9,600'		
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START* 02/12/97		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3,795' GR			22. APPROX. DATE WORK WILL START* 02/12/97		

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#	350'	500 sacks CIRCULATE
11"	8-5/8"	24# & 32#	3,800'	1,200 sacks CIRCULATE
7-7/8"	5-1/2"	17#	9,600'	500 sacks (tie-back to 8-5/8")

CAPITAN CONTROLLED WATER BASIN

Propose to drill the well to sufficient depth to evaluate the Bone Spring formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

OPER OGRID NO. 15742
PROPERTY NO. 8414
POOL CODE 8146
EXP. DATE 2/18/97
API NO. 30-025-33840

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 E. Scott Kimbrough TITLE Mgr Drlg and Prod DATE 1/23/97
(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 (ORIG. SGD.) TONY L. FERGUSON TITLE ADM, MINERALS DATE 2/18/97

*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.