Unite States Department of the Int or

BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88202

IN REPLY REFER TO
3162.4
LC-069276

SEP 18 2000

Concho Resources Inc.
Attn: Terri Stathem
110 W. Louisiana, Ste 410
Midland, TX 79701

Dear Ms. Stathem:

Your Application for Permit to Drill (APD), approved June 4, 1997, along with the extension approved May 18, 1999, for the West Corbin "19" Federal #5, located 1980' FSL & 1830' FWL, Section 19, T18S-R33E, Lea County, New Mexico, Lease No. LC-069276 has expired because drilling has not commenced within one year of the approval date as stated in the General Requirements for Oil and Gas Operations on Federal Leases.

If drilling operations have commenced on the referenced well, please contact this office at (505) 627-0272 and send all necessary reports (spud, casing/cementing, etc., 1 original and 5 copies) so we may correct our records.

If the well has not been spudded, but site construction activities have occurred, please contact this office at the above telephone number for surface reclamation instructions.

If you wish to drill this well at a later date, please submit a complete application (1 original and 5 copies). Since the original APD has expired, the resubmitted APD will be subject to all the processing requirements including the 30-day posting requirement. Please note on the resubmitted APD that it was previously approved and we will review the expired file for information which will help expedite the processing.

Sincerely,

/s/ Linda A. Askwig

Linda A. Askwig
Legal Instruments Examiner

cc: BLM-I&E (Hobbs)
NMOCD (Hobbs)
L Denniston (CFO)

VOID

10/3/00

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
CONCHO RESOURCES INC.

3. Address and Telephone No.
110 W LOUISIANA, STE 410; MIDLAND TX 79701 (915) 683-7443

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1830 ' FWL & 1980' FSL, SEC 19, 18S, 33E
K

5. Lease Designation and Serial No.
LC 069276

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
WEST CORBIN '19' FEDERAL #5

9. API Well No.
30025-34006

10. Field and Pool, or Exploratory Area
CORBIN SOUTH WOLFCAMP

11. County or Parish, State
LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
☐ Notice of Intent	☐ Abandonment	☐ Change of Plans
☒ Subsequent Report	☐ Recompletion	☐ New Construction
☐ Final Abandonment Notice	☐ Plugging Back	☐ Non-Routine Fracturing
	☐ Casing Repair	☐ Water Shut-Off
	☐ Altering Casing	☐ Conversion to Injection
	☒ Other DRILLING EXTENSION	☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinet details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markders and zones pertinent to this work.)*

DUE TO OUR RECENT ACQUISITION OF THIS PROPERTY, CONCHO RESOURCES INC. RESPECTFULLY REQUESTS AN EXTENSION OF THE APPROVED APPLICATION FOR PERMIT TO DRILL FOR THE ABOVE WELL..

Approved For 12 Month Period
Ending 6/4/2000

14. I hereby certify that the foregoing is true and correct
Signed _____ Title PRODUCTION ANALYST Date 05/07/99

(This space for Federal or State office use)
Approved by _____ Title Petroleum Engineer Date 5/18/99
Conditions of approval, if any:

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.

*See Instruction on Reverse Side

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-104
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies
☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

[1] Operator name and Address	[2] OGRID Number
Concho Resourses, Inc. 110 W. Louisiana, Suite 410 Midland, TX 79701	166111
	[3] Reason for Filing Code: CH 02/01/99

[4] API Number	[5] Pool Name	[6] Pool Code
30 - 0 25-34006	Corbin S. Wolfcamp	13320
[7] Property Code	**[8] Property Name**	**[9] Well Number**
~~18972~~ 24227	West Corbin "19" federal	5

II. [10] Surface Location

Ul or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
K	19	18S	33E		1980	S	1830	W	Lea

[11] Bottom Hole Location

Ul or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
K	19	18S	33E		1980	S	1830	W	Lea

[12] Lse Code	[13] Producing Method Code	[14] Gas Connection Date	[15] C-129 Permit Number	[16] C-129 Effective Date	[17] C-129 Expiration Date
F	New Drill				

III. Oil and Gas Transporters

[18] Transporter OGRID	[19] Transporter Name and Address	[20] POD	[21] O/G	[22] POD ULSTR Location and Description

IV. Produced Water

[23] POD	[24] POD ULSTR Location and Description

V. Well Completion Data

[25] Spud Date	[26] Ready Date	[27] TD	[28] PBTD	[29] Perforations	[30] DHC, DC, MC

[31] Hole Size	[32] Casing & Tubing Size	[33] Depth Set	[34] Sacks Cement

VI. Well Test Data

[35] Date New Oil	[36] Gas Delivery Date	[37] Test Date	[38] Test Length	[39] Tbg. Pressure	[40] Csg. Pressure
[41] Choke Size	**[42] Oil**	**[43] Water**	**[44] Gas**	**[45] AOF**	**[46] Test Method**

[47] I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Terri Stathem
Printed name: Terri Stathem
Title: Production Analyst
Date: 01/22/99 Phone: 915-683-7443

OIL CONSERVATION DIVISION
Approved by: Gary W. Wink
Title: FIELD REPRESENTATIVE II
Approval Date: FEB 10 1999

[48] If this is a change of operator fill in the OGRID number and name of the previous operator

Penwell Energy, Inc.; OGRID 147380

Previous Operator Signature	Printed Name	Title	Date
	Linda Walker	Regulatory Analyst	01/22/99

N.M. Oil Cons.
P.O. Box 1980
Hobbs, NM 88241

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: LC-069276

6. If Indian, Allottee or Tribe Name:

7. If Unit or CA, Agreement Designation:

1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.: W. Corbin "19" Fed. #5

2. Name of Operator: Penwell Energy, Inc.

9. API Well No.: 30-025-34006

3. Address and Telephone No.: 600 N. Marienfeld, Suite 1100, Midland, TX 79701, 915-683-2534

10. Field and Pool, or Exploratory Area: Corbin South Wolfcamp

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1830' FWL & 1980' FSL, Sec. 19, T-18S, R-33E

11. County or Parish, State: Lea County, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
☐ Notice of Intent	☐ Abandonment	☐ Change of Plans
☐ Subsequent Report	☐ Recompletion	☐ New Construction
☐ Final Abandonment Notice	☐ Plugging Back	☐ Non-Routine Fracturing
	☐ Casing Repair	☐ Water Shut-Off
	☐ Altering Casing	☐ Conversion to Injection
	☒ Other Drilling Extension Request	☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinet details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markders and zones pertinent to this work.)*

Penwell Energy, Inc. hereby requests a 1 year drilling extension on the approved APD for the above mentioned well. This request is made due to scheduling problems during 1997.

APPROVED FOR 12 MONTH PERIOD
ENDING JUN 04 1999

14. I hereby certify that the foregoing is true and correct
Signed Linda Walker Title Regulatory Analyst Date 03/06/98

(This space for Federal or State office use)
Approved by (ORIG. SGD.) LES BABYAK Title PETROLEUM ENGINEER Date APR 29 1998
Conditions of approval, if any:

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.

*See Instruction on Reverse Side

OPER. OGRID NO. 147584

PROPERTY NO. 18976

POOL CODE 13320

EFF. DATE 6/6/97

API NO. 30-025-34006

Form 3160-3
(July 1992)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED S[TATES]
DEPARTMENT OF T[HE INTERIOR]
BUREAU OF LAND [MANAGEMENT]

APPLICATION FOR PERMIT

5. LEASE DESIGNATION AND SERIAL NO. LC-069276

6. IF INDIAN, ALLOTTEE OR TRIBE NAME ----------

7. UNIT AGREEMENT NAME ----------

8. FARM OR LEASE NAME, WELL NO. WEST CORBIN "19" FED # 5

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT: CORBIN SOUTH WOLFCAMP

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SEC. 19 T18S-R33E

12. COUNTY OR PARISH: LEA CO.

13. STATE: NEW MEXICO

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: PENWELL ENERGY INC. (BILL PIERCE) Ph. 915-683-2534

3. ADDRESS AND TELEPHONE NO.: 600 NORTH MARIENFELD SUITE 1100 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1830' FWL & 1980' FSL SEC. 19 T18S-R33E LEA CO. NEW MEXICO
At proposed prod. zone: SAME

Unit K

RECEIVED APR 15 97 ROSWELL, NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 35 miles East of Hobbs New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1830'

16. NO. OF ACRES IN LEASE: 520

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1500' ±

19. PROPOSED DEPTH: 11,450'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3805' GR.

22. APPROX. DATE WORK WILL START*: As soon as approved

23. PROPOSED CASING AND CEMENTING PROGRAM

WITNESS

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	20" conductor	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48	450'	350 Sx Cl "C" circulate to surfac
12¼"	J-55 8 5/8"	32	2850'	1000 Sx. "C" " " "
7 7/8"	N-80 5½"	17	11,450'	1050 Sx 2 stage Est TC 2650'

CAPITAN CONTROLLED WATER BASIN

1. Drill 25" hole to 40'. Set 40' of 20" conductor cement to surface with Redi-mix.
2. Drill 17½" hole to 450'. Run and set 450' of 13 3/8" H-40 48# ST&C casing. Cement with 400 Sx. Class "C" + 3% CaCl, circulate cement to surface.
3. Drill 12¼" hole to 2850'. Run and set 2850' of 8 5/8" J-55 32# ST&C casing. Cement with 700 Sx. Class "C" light, tail in with 300 Sx. Class "C" neat + 2% CaCl circulate cement to surface.
4. Drill 7 7/8" hole to 11,450'. Run and set 11,450'of 5½" N-80 17# LT&C casing. Cement 1st stage with 450 Sx. Class "H" cement + additives. DV tool at 6800'± cement 2nd stage with 400 Sx. Class "C" light + additives tail in with 200 Sx. Class "C" + additives bring cement back to 2650'±.

6/3/97 acs

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 [signature] TITLE Agent DATE 04/12/97

(This space for Federal or State office use)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

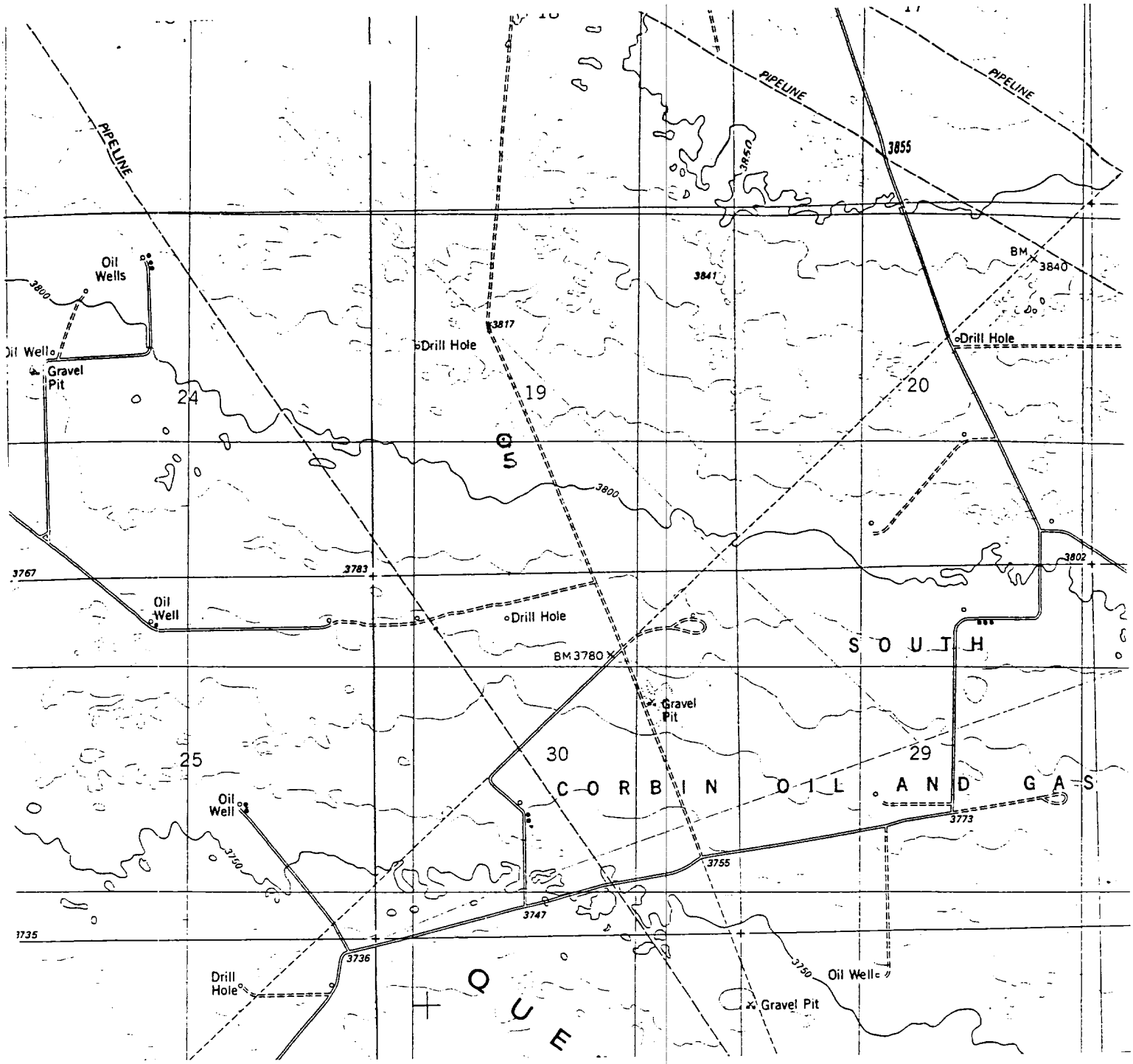
PERMIT NO. ____ APPROVAL DATE ____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the sub[ject lease which w]ould entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY (ORIG. SGD.)JAMES G. PETTENGILL TITLE Acting ADM, MINERALS DATE 6-4-97

*See Instructions On Reverse Side



PENWELL ENERGY INC.
WEST CORBIN "19" FEDERAL No. 5
1980' FSL & 1830' FWL
Sec. 19, T-18-S, R-33-E,
Lea County, New Mexico.

N

SCALE: 1" = 2000'

2000' 0 2000' 4000 Feet

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 7113	Drawn By: S.C. Nichols	Survey Date: 03-31-97	Sheet 1 of 1 Sheets

APPLICATION TO DRILL

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

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

1. Location: 1830' FWL & 1980' FSL SEC. 19 T18S-R33E LEA CO. NEW MEXICO.

2. Elevation above sea level:

3. Geologic name of surface formation: Quaternery Aeolian Deposits.

4. Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.

5. Proposed drilling depth: 11,450'

6. Estimated tops of geological markers:

Rustler Anhydrite	1250'	San Andres	4860'
Yates	2850'	Bone Spring	8660'
Seven Rivers	3340'	Wolfcamp	11,150'
Queen	3790'		

7. Possible mineral bearing formation:

Yates	Oil
Queen 7 Rivers	Oil
Bone Spring	Oil
Wolfcamp	Oil

8. Casing program:

Hole size	Interval	OD casing	Weight	Thread	Collar	Grade	Condition
25"	0-40	20"	NA	NA	NA	NA	New
17½"	0-450'	13 3/8"	48	8-R	ST&C	H-40	New
12¼"	0-2850'	8 5/8"	32	8-R	ST&C	J-55	New
7 7/8"	0-11,450'	5½"	17	8-R	LT&C	N-80	New

APPLICATION TO DRILL

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

9. Cementing and Setting Depth:

20"	Conductor	Set 40' of 20" Conductor cement to surface with Redi-mix.
13 3/8"	Surface	Set 450' of 13 3/8" 48# H-40 ST&C casing. Cement with 400 Sx. Class "C" + 3% CaCl, circulate cement to surface.
8 5/8"	Intermediate	Set 2850' of 8 5/8 " 32# J-55 ST&C casing. Cement with 700 Sx. Class "C" Light, tail in with 300 Sx Class "C" neat + 3% CaCl, circulate cement to surface.
5½"	Production	Set 11,450' of 5½" 17# N-80 LT&C casing. Cement in two stages. DV tool at 6800'±. 1st stage with 450 SX. Class "H" cement + additives. 2nd stage with 400 Sx. Class "C" Light + additives, tail in with 200 Sx. Class "C" + additives. Estimated top of cement 2650'

10. Pressure Control Equipment: Exhibit "E". A 1500 Series 5000 PSI working pressure B.O.P. consisting of a double ram type preventor with a bag type annular preventor. BOP un-t will be hydraulically operated. Exhibit "E-1". Choke manifold and closing unit. BOP will be nipple up on 13 3/8" casing and will be operated at least once each 24 Hr. period while drilling and blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized. No abnormal pressure or temperature is expected while drilling.

11. Proposed Mud Circulating System:

Depth	Mud Wt.	Visc,	Fluid Loss	Type Mud
0-450'	8.6-9	28-40	NC	Fresh water Spud mud use paper for seepage control
450-2850±	10-10.5	28-32	NC	Brine water use lime for pH control and paper for seepag control.
2850-10,500'	8.8-9.5	28-32	NC	Cut Brine and lime for pH control.
10,500-11,450'	9-9.8	34-40	10 cc or less	Cut Brine adding Drispac Soda Ash, Gel and starch to control water loss.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, unexpectedkicks. In order to run DST'S, open hole logs, and casing the viscosity and water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

12. Testing, Logging and Coring Program:

A. Open Hole Logs: Gamm Ray-Caliper from TD To Surface. CNL-LDT, Dual Laterolog MSFL from TD to Intermediate casing shoe.

B. No coreing is planned at this time.

C. No DST'S are planned.

13. Potential Hazards:
No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H_2S 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 BHP 3000 PSI, estimated BHT 140°.

14. Anticipated Starting Date and Duration of Operation:
Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 28-35 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 Wolfcamp pay will be perforated and stimulated. The well will be swab tested and potentialed as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. All testing will be done in daylight hours.
   B. Exhausts will be watered
   C. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   D. If location is near any dwelling a closed D.S.T. will be performed.

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

PENWELL ENERGY, INC.
WEST CORBIN "19 FEDERAL # 5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

1. EXISTING ROADS. Area map, Exhibit "B" is a reproduction of the New Mexico General Hi-way Co. Map. Exhibit "C" is a reproduction of a topographic map. Existings roads and proposed roads are shown on each exhibit. All roads will be maintained in a condition equal to or better than of construction.

   A. Exhibit "A" shows the proposed development well as staked.

   B. From Hobbs New Mexico take U.S. Hi-way 62-180 West for 15 miles to junction with State Hi-way 529 turn Right on 529 and follow for 20 miles to milepost 11, turn South and follow calicne road for 4.6 miles turn Left (East) go .25 miles turn Right (South) go .25 miles turn Left (East) go .25 miles turn Right (South) go 1100' to location.

   C. Lay 3" polyethelene pipeline to transport produced fluids to a common tank battery. Construct a 1250 KV electric power line along road ROW in order to produce oil and gas from this well.

2. PLANNED ACCESS ROADS: Approximately 1100'of new road will be constructed.

   A. The access road will be crowned and ditched to a 12'00" wide travel surface with 40' right-of-way.

   B. Gradient on all roads will be less than 5.00%.

   C. No turnouts will be necessary.

   D. If needed, road will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.

   E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.

   F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Lopography.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A-1"

   A. Water wells - None known
   B. Disposal wells - None known
   C. Drilling wells - None known
   D. Producing wells - As shown on Exhibit "A-1"
   E. Abandoned wells - None known

4. If, upon completion this well is a producer Penwell Energy Inc. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

5. LOCATION AND TYPE OF WATER SUPPLY

Water will be purchased locally from a private source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill site's excavations or from a local source. These materials will be transported over the access route as shown on Exhibit "A".

7. METHODS FOR HANDLING WASTE DISPOSAL

A. 1. Drill cuttings will be disposed of in the reserve pit.

2. Trash, waste paper, and garbage will either be contained in a fenced trash trailer or in a trash pit, fenced with mesh wire to prevent wind-scattering during storage. When the rig moves out, all trash and debris left at the site will be contained to prevent scattering and will be buried at least 36" deep within a reasonable period of time.

3. Salts remaining after completion of the well will be picked up by the supplier, including broken sacks.

4. Sewage from trailer houses will drain into holes with minimum depth of 10'00". These holes will be covered during drilling and backfilled upon completion. A "porta John" will be provided for the rig crews. This will be properly maintained during the drilling operations and removed upon completion of the well.

B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time they will be transported by tank truck to a state approved disposal site.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITILS

No camps or airstrips will be constructed.

SURFACE USE PLAN

PENWELL ENERGY, INC.
WEST CORBIN "19 FEDERAL # 5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

9. WELL SITE LAYOUT

A. Exhibit "D" shows location and rig layout.

B. This exhibit indicates proposed location of reserve and trash pits; and living facilities.

C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.

D. If needed, the reserve pit is to be lined with PVC or polyethylene line. The pit liner will be 6 mils thick. Pit liner will extend a minimum, 2'00" over the reserve pits dikes where the liner will be anchored down.

E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountered to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

PENWELL ENERGY, INC.
WEST CORBIN "19 FEDERAL # 5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

11. OTHER INFORMATION:

A. Topography as shown on topographic map consists of sand dunes with a Westerly dip toward the Pecos River. The surface is used mainly for live stock grazing and access to Oil & Gas production. Surface vegetation consists of native grasses, shinnery oak, mesquite, sandsage and snake weed.

B. The surface is owned by The Dept. of Interior, Bureau of Land Management.

C. An archaeological survey will be conducted of the location and road. This will be submitted separately to the BLM when it is completed.

D. There are no dwellings within 2 miles of this location.

12. OPERATORS REPRESENTIVE:

Before construction:

TIERRA EXPLORATION INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
OFFICE PHONE 505-392-2112
JOE T. JANICA

During and after construction:

PENWELL ENERGY INC.
1100 ARCO BUILDING
600 NORTH BIG SPRING
MIDLAND, TEXAS 79701
BILL PIERCE PHONE 915-683-2534

13. CERTIFICATION: - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposedherein will be performed by Penwell Energy Inc., its contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T Janica
DATE : 04/12/97
TITLE : Agent

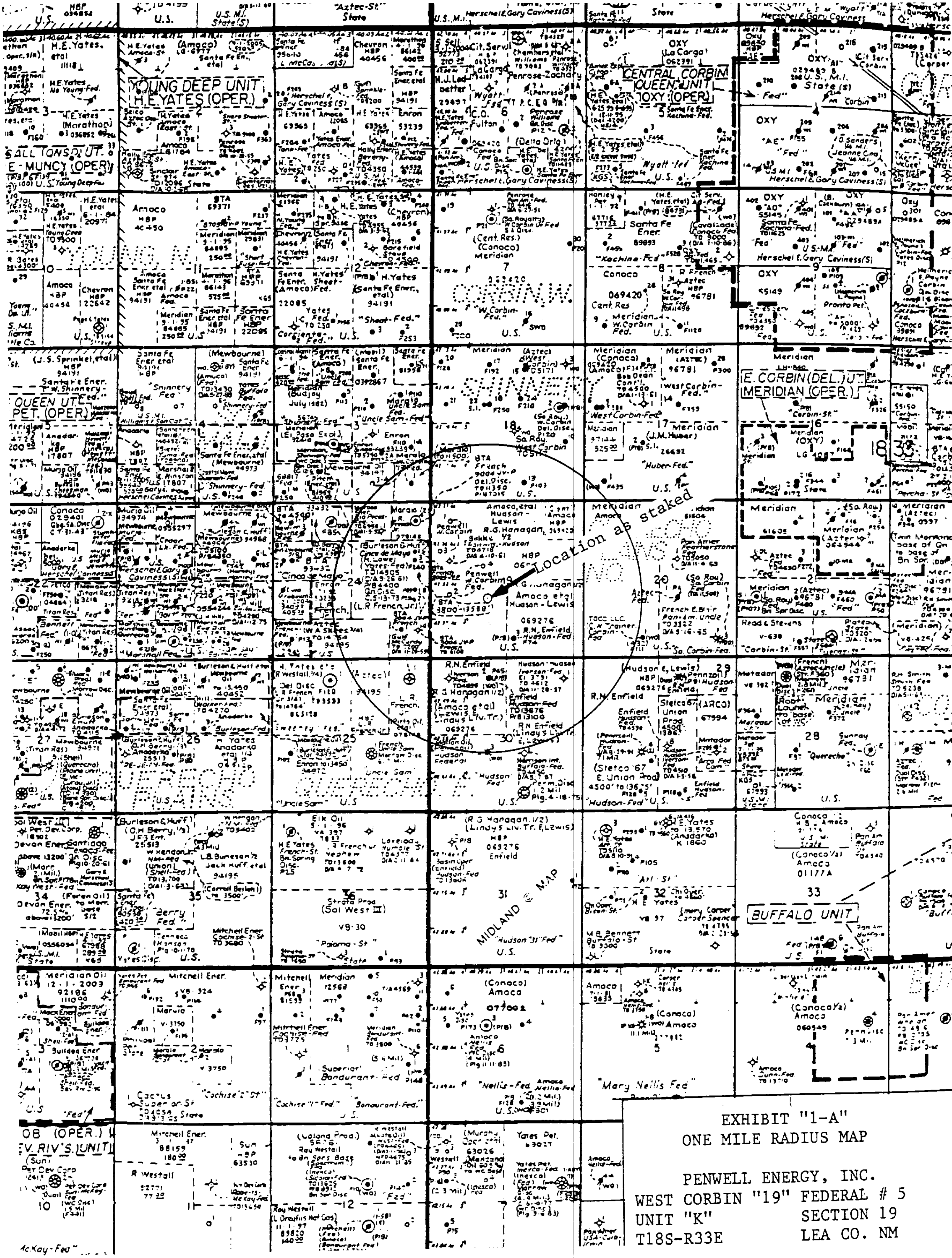


EXHIBIT "1-A"
ONE MILE RADIUS MAP

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL # 5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

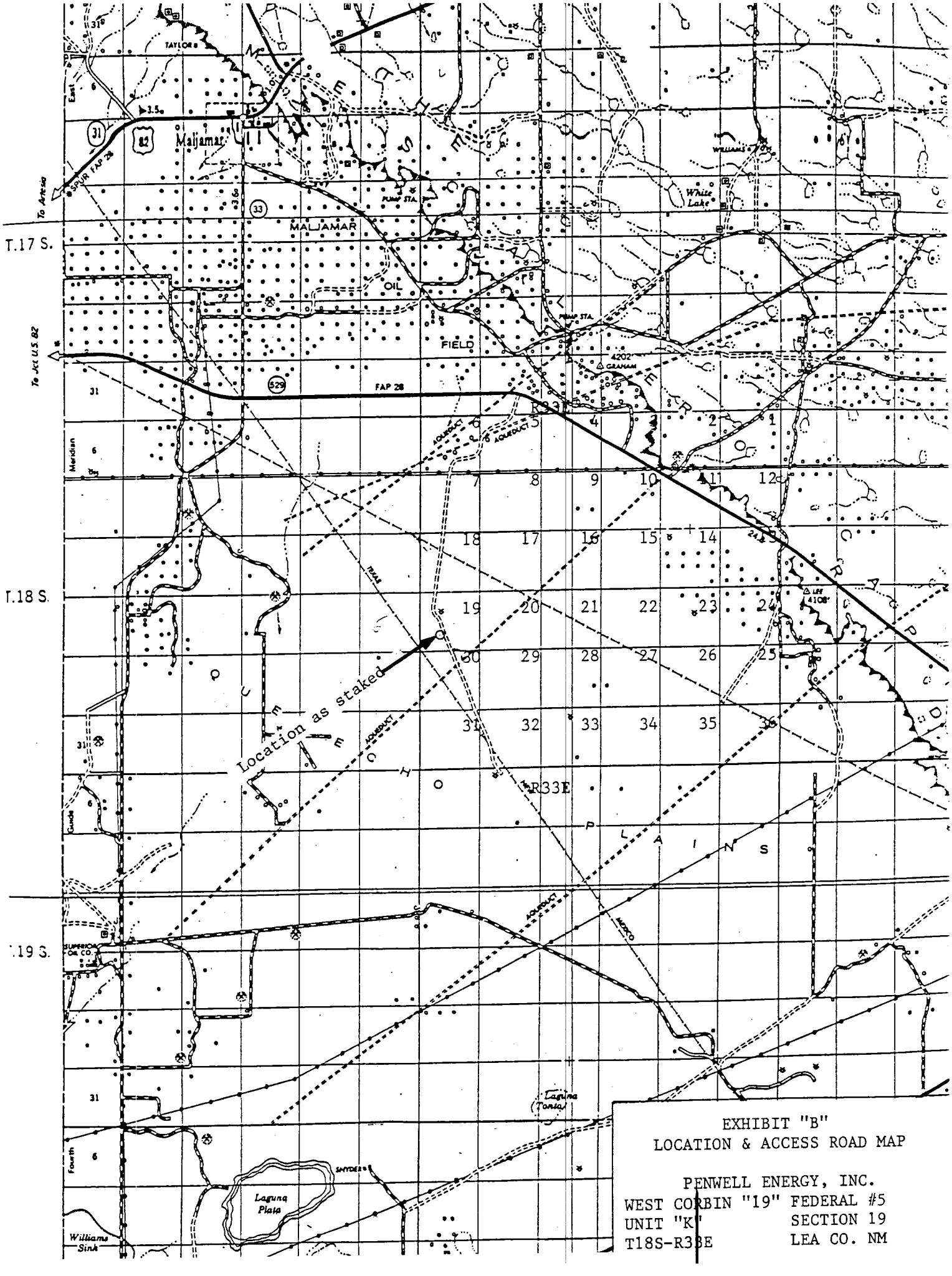


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

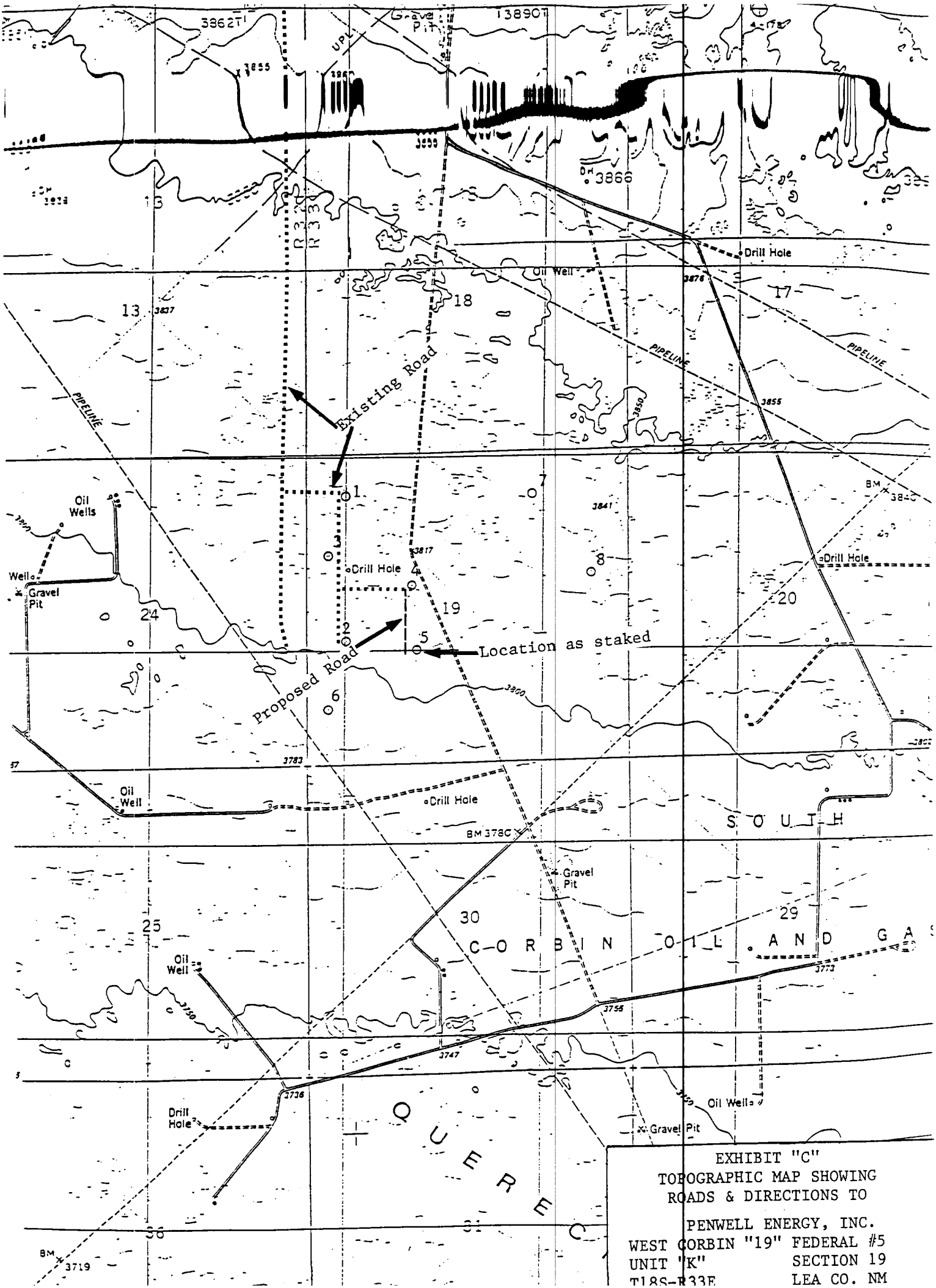
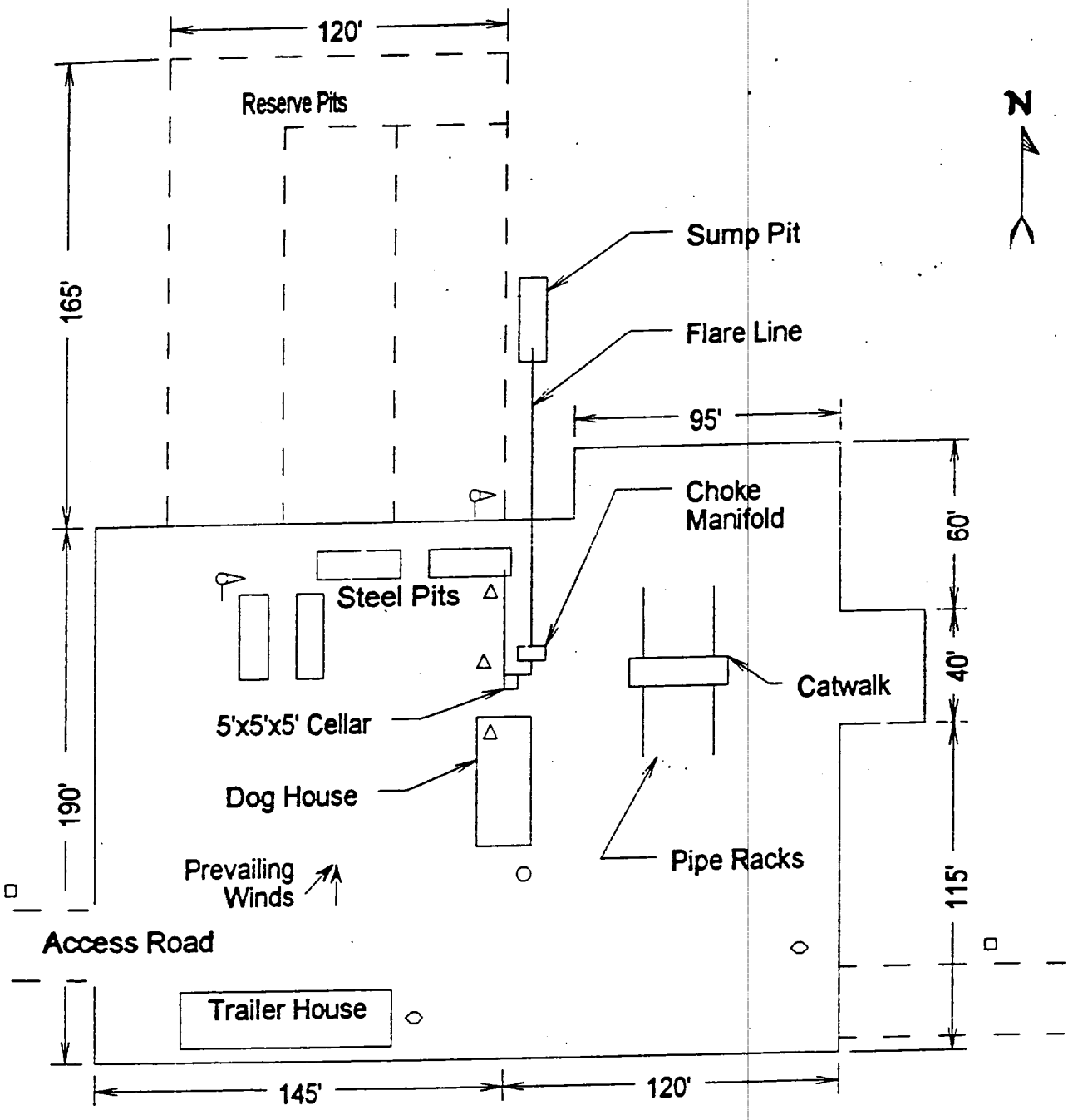


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM



- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- ⬭ Briefing Areas
- ○ Remote BOP Closing Unit
- □ Sign and Condition Flags

EXHIBIT "D"
RIG LAYOUT PLAT

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

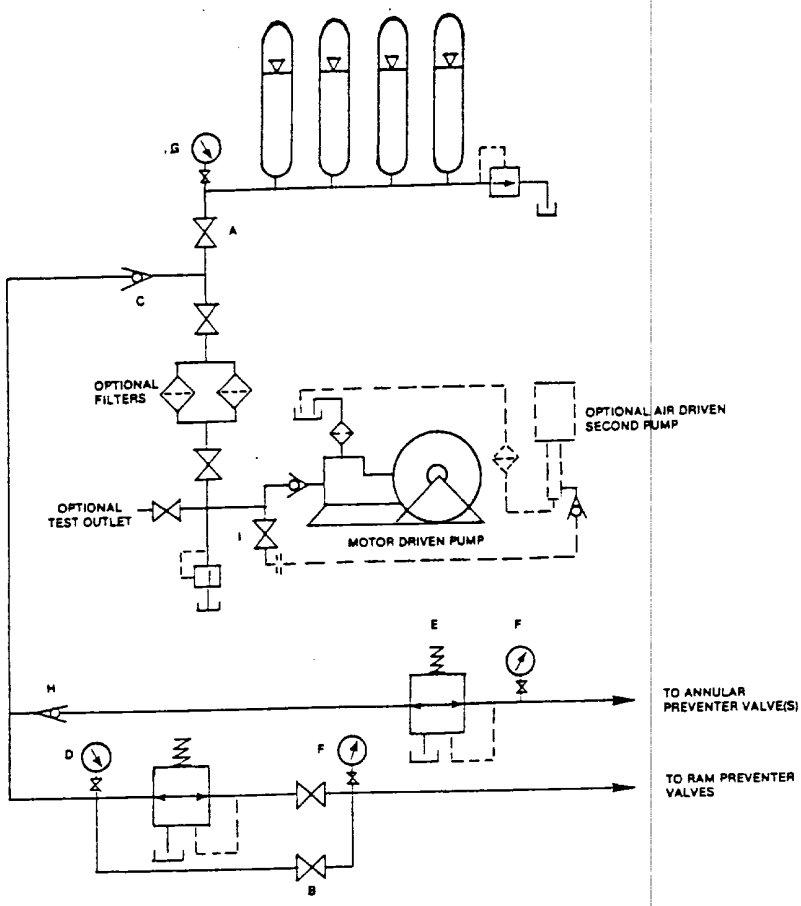


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

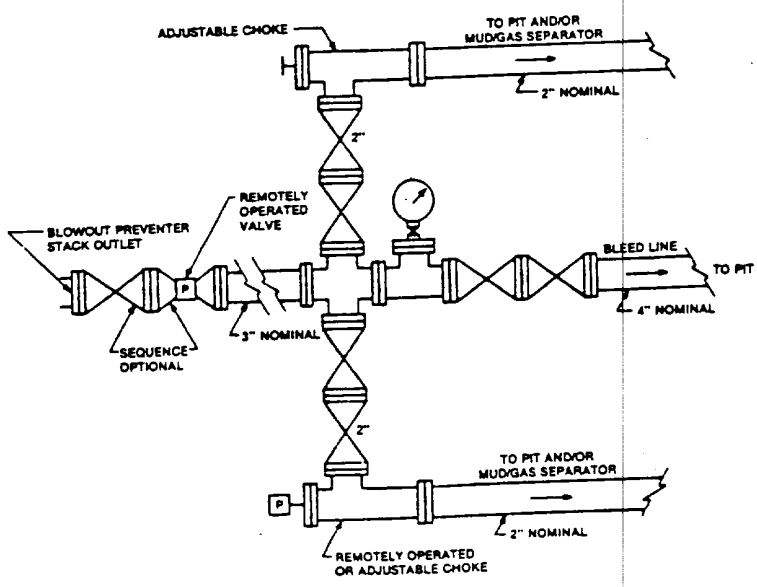


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "1-E"
CHOKE MANIFOLD & CLOSING UNIT

PENWELL ENERGY, INC.
WEST CORBIN "19" FEDERAL #5
UNIT "K" SECTION 19
T18S-R33E LEA CO. NM

WRS COMPLETION REPORT

COMPLETIONS 30-T-0135 07/02/98 | SEC 19 TWP 18S RGE 33E 30-025-34006-0000 | PAGE 1

NMEX (STATE) LEA (COUNTY) * 1980FSL 1830FWL SEC (FOOTAGE) (SPOT)

PENWELL ENERGY (OPERATOR) D (WELL CLASS INIT) (FIN)

5 (WELL NO.) WEST CORBIN '19' FEDERAL (LEASE NAME)

3805GR (OPER ELEV) CORBIN S (FIELD/POOL/AREA)

(LEASE NO.) API 30-025-34006-0000 (PERMIT OR WELL I.D. NO.)

06/30/1998 (SPUD DATE) ROTARY (COMP. DATE) VERT (TYPE TOOL) AB-LOC (HOLE TYPE) (STATUS)

11450 (PROJ. DEPTH) WOLFCAMP (PROJ. FORM) (CONTRACTOR)

(DRILLERS T.D.) (LOG T.D.) (PLUG BACK TD) (OLD T.D.) (FORM T.D.)

LOCATION DESCRIPTION

35 MI E HOBBS, NM

DRILLING PROGRESS DETAILS

PENWELL ENERGY
600 N MARIENFELD
STE 1100
MIDLAND, TX 79701
915-683-2534

04/17 LOC/1997/
06/30 ABND LOC

IC# 300257026197