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P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
b. Type of Well DRILL DEEPEN PLUG BACK
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

7. Unit Agreement Name

2. Name of Operator
Knox Industries, Inc.

8. Form or Lease Name
New Mexico State

3. Address of Operator
P. O. Box 3023, Midland, TX 79702

9. Well No.
2

4. Location of Well UNIT LETTER H LOCATED 1980 FEET FROM THE North LINE

10. Field and Pool, or Wildcat
Scharb Morrow

660 FEET FROM THE East LINE OF SEC. 1 TWP. 19S RGE. 34E NADP

12. County
Lea

19. Proposed Depth 13,700 19A. Formation L. Morrow 20. Rotary or C.T. Rotary

21. Elevations (Show whether DT, RT, etc.) 3989 GR 21A. Kind & Status Plug. Bond One Well 21B. Drilling Contractor To be selected 22. Approx. Date Work will start September 30, 1980

23. 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"	48#	525	550	Surface
* 11"	8-5/8"	24 & 32#	4200	200 & 700	Surface
* 7-7/8"	5-1/2"	17#	10,950	475	8666 (T.S.)
4-3/4"	3-1/2"	10.20#	13,700#	200	10,700

This well was dry in the Bone Spring and was T.A. on June 3, 1980. The Oil Conservation Division, by its Order No. R-6400, has granted approval for the deepening of this hole to test the Morrow Sands at this unorthodox location for an E-W 320 acre (N/2 of Sec.) spacing unit. As soon as a rig is available, we propose to reenter the T.A. hole and deepen it to the Morrow. BOP's will be flanged up on the 8-5/8" casinghead and tested to 2000 psi for 30 mins. before drilling out plugs and drilling ahead w/4-3/4" hole. Drill to the Morrow, test as indicated, and set a 3-1/2" FJ liner if productivity is indicated.

* Actual

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.

Signed [Signature] Title Production Manager Date 8-29-80

(This space for State Use)

APPROVED BY [Signature] TITLE [Signature] DATE _____

CONDITIONS OF APPROVAL, IF ANY:

extended 9-2-80