

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. NMNM 100860
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" 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. 3300 North A Street, Building 2, Suite 120, Midland, Texas 79705 (409) 688-2225		8. FARM OR LEASE NAME, WELL NO. Sagebrush 24 Federal Com #1
4. LOCATION OF WELL (Report location clearly and in accordance with instructions on reverse side) At surface 660 FNL and 990' FEL At proposed prod. zone		9. API WELL NO. 30-025-34676
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 7 miles NE of Halfway, NM		10. FIELD AND POOL, OR WILDCAT Quail Ridge, Wildcat, Morrow
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 24, T19S-R33E
16. NO. OF ACRES IN LEASE 320		12. COUNTY OR PARISH Lea
17. NO. OF ACRES ASSIGNED TO THIS WELL 320		13. STATE New Mexico
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 660		19. PROPOSED DEPTH 13,600'
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* 06/15/99
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3,688 GR		

23. SECRETARY'S POTASH		PROPOSED CASING AND CEMENTING PROGRAM		CAPITAN CONTROLLED WATER BASIN	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	
17-1/2"	13-3/8" H-40	48 #	350'	400 5X	WITNESS
11"	8-5/8" K-55	24 & 32 #	5200'	2300 5X	WITNESS
7-7/8"	5-1/2" N-80	17 & 20 #	13600'	1500 5X	WITNESS

* See Attached Sheet for Casing Program

Propose to drill well to sufficient depth to evaluate the Morrow 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.

Acreage dedication is 320; E/2 of Section 24.

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

IN ABOVE SPACE DESCRIBE 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 Drilling Superintendent DATE 5/15/99

(This space for Federal or State office use)

ORIGINAL SIGNED BY CHRIS WILLIAMS
DISTRICT I SUPERVISOR

PERMIT NO. _____ APPROVAL DATE SEP 30 1999

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.) M. J. CHÁVEZ STATE DIRECTOR TITLE _____ DATE 6-21-99

*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.

RECEIVED

MAY 18 '99

BLM
ROSWELL, NM