

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM0631
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 NATIONAL COOPERATIVE REFINERY ASSOCIATION (303) 861-4883			7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR 1775 Sherman, Suite 3000 Denver, CO 80203			8. FARM OR LEASE NAME Federal 11-20-34
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface At proposed prod. zone 1890' FSL X 660' FWL			9. WELL NO. #3
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 15 miles south of Buckeye, New Mexico			10. FIELD AND POOL, OR WILDCAT Lea Penn
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 660'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 11, T20S, R34E
16. NO. OF ACRES IN LEASE 320'			12. COUNTY OR PARISH 13. STATE Lea NM
17. NO. OF ACRES ASSIGNED TO THIS WELL 160			
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1816.4'			20. ROTARY OR CABLE TOOLS rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3636.5' GL			22. APPROX. DATE WORK WILL START* February 1, 1988

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17.5"	13-3/8"	48#	850' CIRCUL	1st stg 250ft ³ of Class C 50:50 Poz
12.25"	9-5/8"	32.3#, 36#40#53.	5# 5200' CIRCUL	1st stg 250ft ³ 65:35 Poz w/100ft ³
7.875"	5-1/2"	17# & 20#	13,300'	1st stg 550ft ³ 50:50 Poz w/100ft ³ Neat. 2nd stg 450ft ³ 50:50 Poz w/100ft ³ Neat tail.

*Neat tail. 2nd stage 1350 ft³ of 65:35 Poz w/100ft³ Neat tail.

NCRA plans to drill a vertical wellbore to a depth of 13,300' to protect its lease in the the west half of Section 11 from drainage in the Morrow formation from Read & Steven's North Lea Federal #1Y well, located in the southeast quarter of Section 10. The high producing rates and pressures indicate that the zones producing in the offset comprise a separate reservoir relative to that currently producing on NCRA's lease. The proposed well will determine whether or not the Morrow channel present in the Read and Steven's well extends onto NCRA's acreage.

NCRA requests that this information and all information pertaining to the drilling, completion, and production of the proposed well be kept CONFIDENTIAL until such time as NCRA publicly releases the information.

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. 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 A.M. O'Hare TITLE Joint Operations Supervisor DATE 12/30/87
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY _____ TITLE _____ DATE 2-5-88
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side