COPY TO O.C.C.

30-025-27149

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

NM 055466O3

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: ~~LC 069049~~

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL XX DEEPEN ☐ PLUG BACK ☐

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

8. FARM OR LEASE NAME: Elliott Federal

2. NAME OF OPERATOR: QUANAH PETROLEUM, INC.

9. WELL NO.: #2

3. ADDRESS OF OPERATOR: 4835 LBJ Freeway, Suite 525 - Dallas, Texas 75234

10. FIELD AND POOL, OR WILDCAT: Wantz

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 330' FWL and 2310' FNL
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 9, T21S-R38E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 8 miles Northeast of Eunice, New Mexico

12. COUNTY OR PARISH: Lea 13. STATE: N.M.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
330' FWL	604.25	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
-0-	7,900	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3568.5' GL

22. APPROX. DATE WORK WILL START*: December 1, 1980

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U. S. GEOLOGICAL SURVEY
HOBBS, NEW MEXICO

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4	11-3/4		400'	200
11	8-5/8		1650'	850
7-7/8	4-1/2		7900'	450

Please see the following attachments:

1. Surveyors Plat
2. Multi-purpose surface use and Operations Plan and Maps.
3. 10 Point Drilling Program.
4. B.O.P. Schematic
5. Archaeological Survey
6. Surface Agreement by Landowner and Operator.

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 W. P. Adams TITLE V.P. Operations DATE October 8, 1980

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY TITLE DATE NOV 6 1980

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
QUANAH PETROLEUM CORPORATION	Elliott Federal "A"	1

Unit Letter	Section	Township	Range	County
E	9	21 South	38 East	Lea

Actual Footage Location of Well:
2310 feet from the North line and 330 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3568.5	Penn		40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

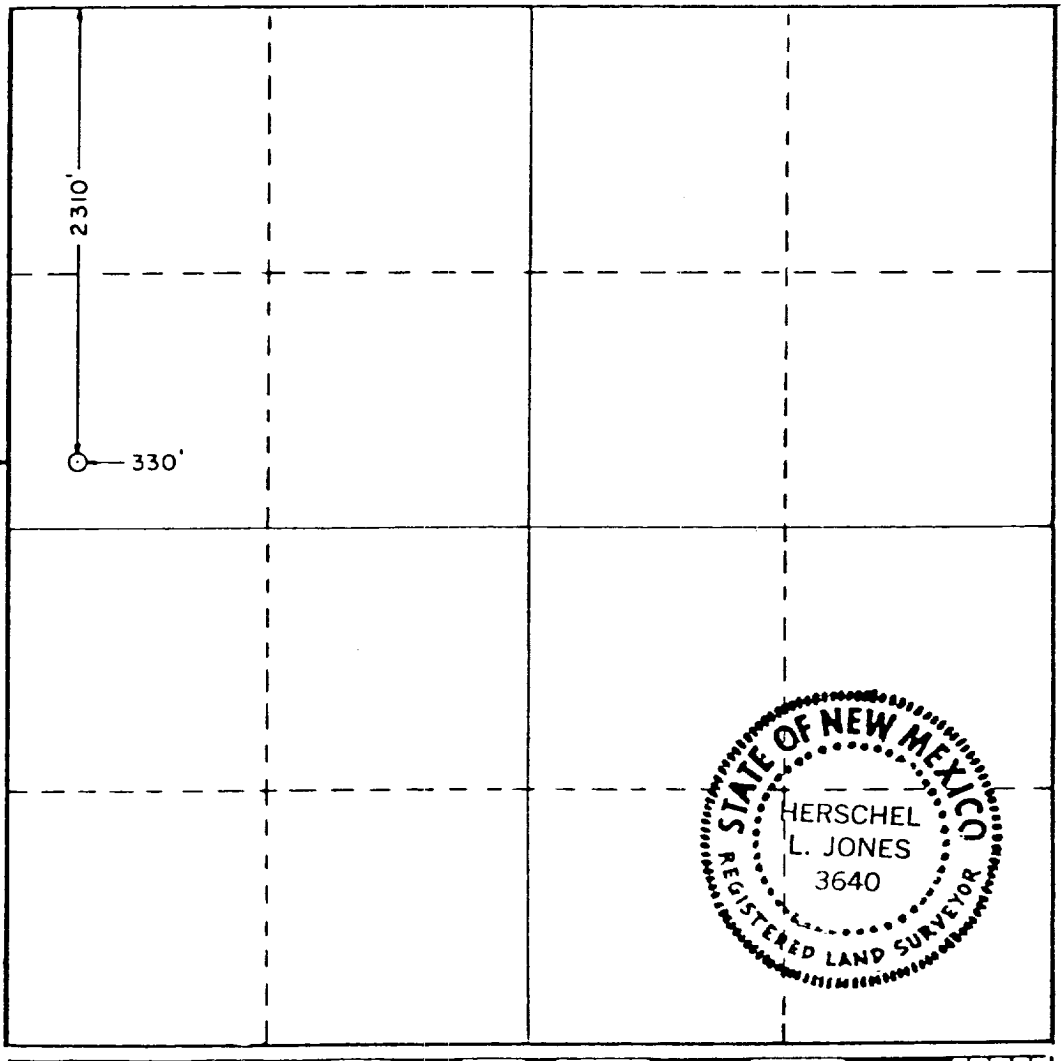
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: W. P. Oliver

Position: Vice President-Operations

Company: Quanah Petroleum, Inc.

Date: 10-21-80

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: September 29, 1980

Registered Professional Engineer and/or Land Surveyor

Herschel L. Jones

Certificate No. 3640

QUANAH PETROLEUM, INC.

DRILLING OPERATIONS PLAN

ELLIOTT FEDERAL #2

SECTION 9, T21S, R38E

330' FWL 2310' FNL

ELEVATION: 3568.5 G. L.

1. Geologic Name of Surface: Tertiary

Salt	1630	Glorieta	5590
Salt (base)	2900	Tubb	6670
San Andres	4315	Abo	7310

2. Estimated Tops of Important Geologic Markers.

Salt	1630	Glorieta	5590
Salt (base)	2900	Tubb	6670
San Andres	4315	Abo	7310

3. Estimated Tops of Anticipated Water, Oil, Gas or other Mineral Bearing Formations.

San Andres	4315 (oil)
Abo	7310 (oil)

4a. The Proposed Casing Program.

Hole Size	Casing O.D.	Grade	Weight	Setting Depth	New or Used
14-3/4"	11-3/4"	As available		400'	N
11"	8-5/8"	K-55	24#	1650'	N
7-7/8"	4-1/2"	K-55	10.5#	1600'	N
7-7/8"	4-1/2"	K-55	11.6#	3000'	N
7-7/8"	4-1/2"	K-55	10.5#	7000'	N
7-7/8"	4-1/2"	K-55	11.6#	7900'	N

4b. Cementing Program, Including Types, Amounts and Additives. The 11-3/4" casing will be cemented to surface with 200 sacks of Class "C" cement with 2% $CaCl_2$ - W.O.C. time, 8 hours.

The 8 5/8" casing will be cemented to surface with approximately 650 sacks of Class "C" cement with 4% gel, 1/4 lb/bbl. flocele and 2% Ca Cl_2, tailed by 200 "C" with 2% Ca Cl_2 - W.O.C. time, 12 hours.

The 4 1/2" production casing will be cemented with 450 sacks 50/50 Pox-Mix "H" with 10% salt.

5. B.O.P. Specifications and Testing (See attached Schematic for size and pressure rating.)

One annular BOP (Hydril) and dual ram type BOP with pipe rams and blind rams. All equipment to have a 3,000# or better working pressure. The accumulator to close and open all components of the BOP stack without operating pump. Blind and pipe rams will be tested to 3000 psi and the annular preventer to 1500 psi before drilling out.

6. Mud Program.

Run a low solids, non-dispersed mud utilizing lime to flocculate gel.

As long as possible, mix sweeps 4-6 hours before pumping.

Utilize a desander to control weight and minimize water used and cut mud costs.

Do not add oil, diesel, Soltex or Bentonite extenders to mud.

Do not mix mud additives for water loss control.

Most of all, exercise prudent judgment on materials added, i.e., if you don't need it, don't add it.

For lost circulation: DO NOT pre-treat with LCM for circulation loss. In the event we do lose circulation, utilize the information available to you to decide your plan of action.

Mud weights will not exceed 9.8 ppg and will be less if water conditions will permit.

Materials planned for use in mud system are gel, caustic soda, lime and soda ash. Dick's mud seal and cottonseed hulls shall be used to control any possible lost circulation.

7a. Type of Drilling Tools and Auxiliary Equipment.

A drilling rate recorder, calibrated to record drilling time for each one foot interval will be used.

A kelly cock will be used, a TIW safety valve and inside BOP will be available on the rig floor. A float valve will be used at the bit.

The mud system will be monitored by use of manually placed floats and markers.

7b. Deviation Control.

Deviation will be monitored by wireline surveys, every 500' on surface hole and on bit trips thereafter. A maximum dogleg severity of 1 1/2° per hundred feet will be maintained with a maximum of 7° at total depth.

8. Sample, Logging, Testing and Coring Program.

Drill cutting samples will be taken every 10 feet from 3500' to total depth.

A guard foroxo and a density neutron log will be run from the base of the surface casing to total depth.

Drill stem tests and cores will be at the discretion of the wellsite geologist. Possible DST's may be run in the San Andres and Abo formations.

9. Anticipated Abnormal Pressure and Other Problems.

Normal pressure gradients are expected and no hydrogen sulfide or other potential hazards are expected.

10. Anticipated Starting Date and Duration.

The anticipated starting date, pending approval, will be December 1, 1980, due to rig availability and lease commitments. The duration will be approximately three weeks.