

PENWELL ENERGY, INC.

CHECKERS "24" FEDERAL #5

660 FSL & 330 FWL

SECTION 24 T22S, R32E

LEA COUNTY, NEW MEXICO

APPLICATION FOR PERMIT TO DRILL

1. LOCATION: 660 FNL & 330' FEL, SECTION 24, T22S, R32E
2. ELEVATION ABOVE SEA LEVEL: 3758'.
3. GEOLOGIC NAME OF SURFACE FORMATION: Kermit-Berino
4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using mud for the circulation medium.
5. PROPOSED DRILLING DEPTH: 9000'
6. ESTIMATED GEOLOGICAL MARKER TOPS:

Rustler	980'
Lamar	4890'
Bell Canyon	4950'
Brushy Canyon	7485'
Bone Spring	8750'

7. POSSIBLE MINERAL BEARING FORMATION:

<u>OIL</u>		<u>GAS</u>
Bell Canyon	4950'	NONE
Brushy Canyon	7485'	
Bone Spring	8750'	

CASING PROGRAM:

<u>Hole Size</u>	<u>Interval</u>	<u>OD Csg</u>	<u>Weight</u>	<u>Thread</u>	<u>Collar</u>	<u>Grade</u>	<u>Cond.</u>
17 1/2"	0-850'	13 3/8"	48#	8-R	ST&C	H-40	New
11"	0-4600'	8 5/8"	32#	8-R	ST&C	J-55	New
7 7/8"	0-9000'	5 1/2"	17#	8-R	LT&C	L-80	New