

APPLICATION TO DRILL

PENWELL ENERGY, INC.

JD "33" FEDERAL # 1

660' FNL & 2080' FEL SEC. 33

T21S-R33E LEA CO. NM

12. Testing, Logging and Coring Program:

- A. Two man mud logging unit on at 4000' to TD.
- B. Sidewall cores in the Delaware & Bone Spring.
- C. AIT/ Dual Laterolog-MSFL from TD to base of surface casing.
- D. CNL-FDC , Gamma Ray, Caliper from TD to surface.
- E. BHC SONIC from TD to base of surface casing.
- F. DST'S as show may dictate.

13. Potential Hazards:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H₂S detectors will be in place to detect any presence. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 6000 PSI, estimated BHT 185° .

14. Anticipated Starting Date and Duration of Operation:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 75 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15. Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Morrow pay will be perforated and stimulated. The well will be swab tested and potentialized as a gas well.