

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. <b>LE 050107A R</b>
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input 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 <b>Smith &amp; Marrs, Inc.</b>		7. UNIT AGREEMENT NAME
3. ADDRESS AND TELEPHONE NO. <b>P.O. Box 953, Midland, Texas 79702</b>		8. FARM OR LEASE NAME, WELL NO. <b>Wills Federal</b>
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface <b>990' FNL &amp; 1980' FEL of Section 35</b> At proposed prod. zone <b>Unit B</b>		9. AP WELL NO. <b>15</b>
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* <b>7.0 miles southeast of Jal, N.M.</b>		10. FIELD AND POOL, OR WILDCAT <b>Wildcat (Queen)</b>
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) <b>990'</b>	16. NO. OF ACRES IN LEASE <b>280</b>	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA <b>Sec. 35, T-26S, R37E</b>
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. <b>1320'</b>	19. PROPOSED DEPTH <b>4000'</b>	12. COUNTY OR PARISH <b>Lea Co.</b>
21. ELEVATIONS (Show whether DF, RT, GR, etc.) <b>2992' Ground Level</b>		13. STATE <b>N.M.</b>
22. APPROX. DATE WORK WILL START* <b>August 25, 1996</b>		

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	1300'	Sufficient to circulate
7 7/8"	5 1/2"	17# J-55	4000'	485 sx

The operator proposes to drill to a depth sufficient to test the Queens and Yates for oil. Specific programs are outlined in the following attachments:

DRILLING PROGRAM  
SURFACE USE AND OPERATING PLAN  
EXHIBIT A - ROAD MAP  
EXHIBIT B - EXISTING WELL MAP  
EXHIBIT C - LOCATION AND ACREAGE DEDICATION PLAT  
EXHIBIT C-1 TOPO MAP  
EXHIBIT D - DRILLING AND RIG LAYOUT  
EXHIBIT E - 3M BOP EQUIPMENT

20989  
19427  
POOL CODE  
EFF. DATE 8/29/96  
AP. NO. 3D-025-33562

General Requirements and  
Special Stipulations  
Attached

IN ABOVE SPACE DESCRIBE PROPOSED 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 James W. C. Rief TITLE Agent DATE 6/26/96  
(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE  
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.) RICHARD L. MANUS TITLE Area Manager DATE AUG 26 1996

\*See Instructions On Reverse Side