Form 3160-3
(July 1992)

N.M. OIL CONS. COMMISSION
P.O. BOX 1980
HOBBS, NEW MEXICO 88240

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM 14497-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME, WELL NO.: Diamond 6 Federal #3

9. API WELL NO.:

10. FIELD AND POOL, OR WILDCAT: Red Hills Bone Spring

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 6, 25S, 34E

12. COUNTY OR PARISH: Lea

13. STATE: NM

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Enron Oil & Gas Company

3. ADDRESS AND TELEPHONE NO.: P. O. Box 2267, Midland, Texas 79702 (915) 686-3714

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FNL & 2068' FWL
At proposed prod. zone: 1980' FNL & 2068' FWL

Unit F

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 25 miles west of Jal, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1980 / 572

16. NO. OF ACRES IN LEASE: 598.51

17. NO. OF ACRES ASSIGNED TO THIS WELL: 80

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1565

19. PROPOSED DEPTH: 12600

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3451' GR

22. APPROX. DATE WORK WILL START*: November 15, 1995

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4 H-40 A ST&C	11-3/4	42	600	250 sx CIRCULATED
11 J-55 ST&C	8-5/8	32	5200	1100 sx CIRCULATED
7-7/8 P-110 & S-95 LT&C	5-1/2	17	12600	1200 sx TOC est @ 4500'

The Undersigned accepts all applicaple terms, conditions, stipulations, and restrictions concerning operations conducted on leased land or portions thereof as shown below:

NM 14497-A
Sec 6, T25S, R34E
Federal Bond # is MT 0748 with endorsement to New Mexico

OPER. OGRID NO. 7377
PROPERTY NO. 4047
POOL CODE 51020
EFF. DATE 12/18/95
API NO. 30-025-33231

BUREAU OF LAND MANAGEMENT
RECEIVED
OCT 17 1995
CARLSBAD, NEW MEXICO

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 Betty Gildon TITLE Regulatory Analyst DATE 10/16/95

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED.

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 _____ TITLE _____ DATE DEC 20 1995

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-33230	51020	Red Hills Bone Spring

[4] Property Code	[5] Property Name	[6] Well Number
4047	DIAMOND "6" FEDERAL	3

[7] OGRID No.	[8] Operator Name	[9] Elevation
7377	ENRON OIL AND GAS COMPANY	3451

[10] Surface Location

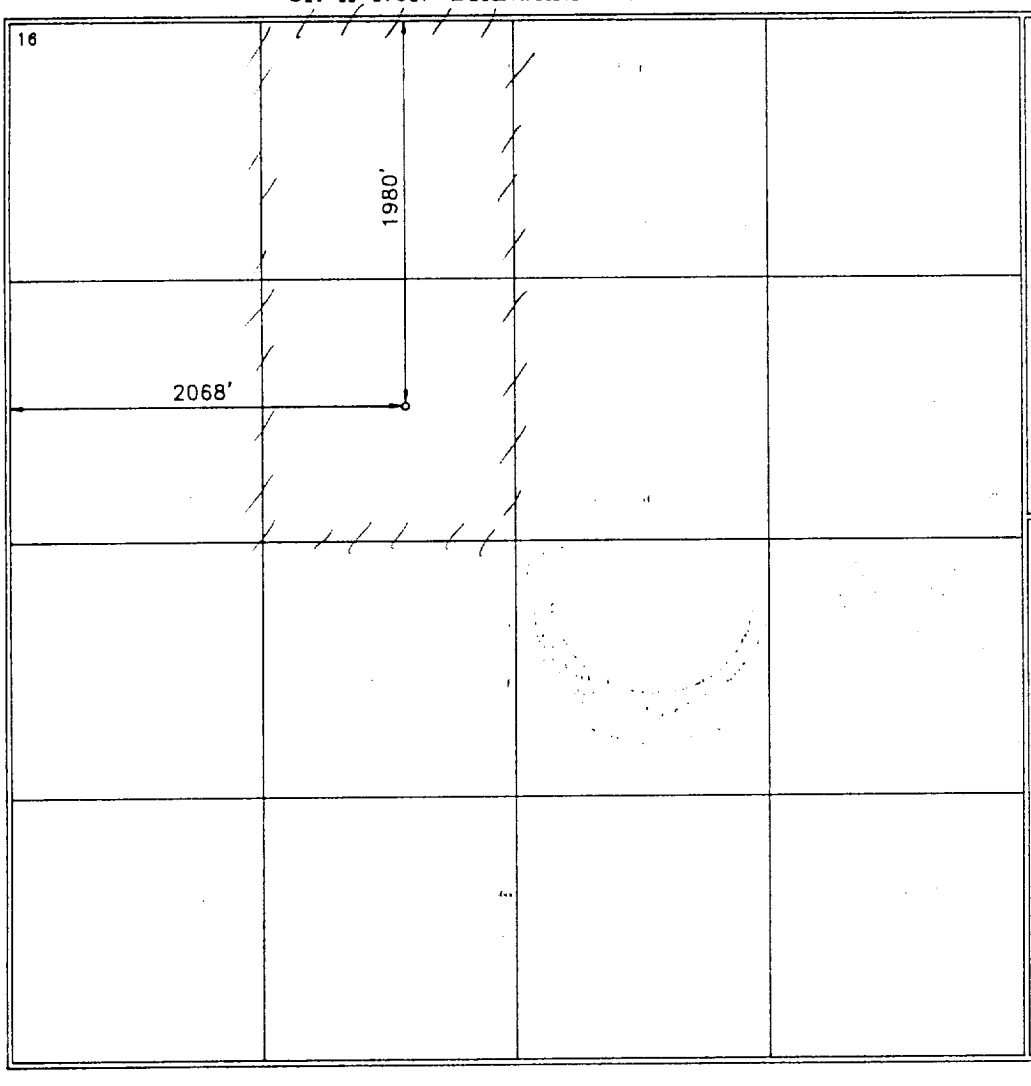
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	6	25-S	34-E		1980	NORTH	2068	WEST	LEA

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



[17] OPERATOR CERTIFICATION

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

Signature: Betty Gildon

Printed Name: Betty Gildon

Title: Regulatory Analyst

Date: 10/12/95

[18] SURVEYOR CERTIFICATION

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 best of my belief.

Date of Survey: OCTOBER 6, 1995

Signature and Seal of Professional Surveyor:

EARL FOOTE
NEW MEXICO
8278
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number: 8278

DRILLING PROGRAM

Enron Oil & Gas Company
Diamond "6" Federal, Well No. 3
1980' FNL & 2068' FWL
Sec. 6, T25S, R34E
Lea County, New Mexico

1. Geologic Name of Surface Formation:

   Permian

2. Estimated Tops of Inportant Geologic Markers:

Rustler	850'
Delaware Mt. Group	5175'
Bone Spring Lime	9275'
3rd Bone Spring Sand	12250'
TD	12600'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	100'	Fresh Water
3rd Bone Spring Sand	12250'	Oil

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 11-3/4" casing at 650' and circulating cement back to surface, and 8-5/8" casing will be set at 5200' with cement circulated back to surface.

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4. Casing Program:

Hole Size	Interval	OD csg	Weight Grade Jt. Cond. Type
14-3/4	0- 650'	11-3/4	42# H-40 A ST&C
11	0- 5200'	8-5/8	32# J-55 LT&C
7-7/8	0-12600'	5-1/2	17# P-110 & S-95 LT&C

Cementing Program:

11-3/4" Surface casing: Cement to surface with 250 sx of Class C + 2% CaCl2 + 1/4#/sx flocele.

8-5/8" Intermediate: Cement to surface with 800 sx of Premium Plus lite + 15#/sx salt + 1/4#/sx Flocele and 300 sx Cl C + 2% CaCl2

5-1/2" Prod casing: Cement with 1200 sx 50/50 Cl H/Poz + 2% gel + .4% CF-14, .1% Diacel LWL. This cement slurry is designed to bring TOC to 7500'.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (5000 psi WP) preventer and an annular preventer (5000 psi WP). Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All will be installed on the 11-3/4" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 600 psi before drilling out of surface casing. Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000 psi and the annular to 70% of rated working pressure (3500 psi).

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 4" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 5000 psi WP rating.

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Diamond "6" Federal, Well No. 3
1980' FNL & 2068' FWL
Sec. 6, T25S, R34E
Lea County, New Mexico

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of brine, cut brine, and polymer/KCl mud system. The applicable depths and properties of this system are as follows:

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0-650'	Fresh water (spud)	8.5	40-45	N.C.
650'-5200'	Brine water	10.0	30	N.C.
5200'-TD	Cut Brine & Polymer/KCL	8.8-9.2	28	N.C.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

(A) A kelly cock will be kept in the drill string at all times.

(B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

(C) A mud logging unit complete with H2S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 4500' to TD.

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Lea County, New Mexico

8. Logging, Testing and Coring Program:

(A) The electric logging program will consist of GR-Dual Laterolog-MSFL and GR-Compensated Density-Neutron from TD to intermediate casing with a GR-Compensated Neutron ran from intermediate casing to surface.

(B) Possible side wall cores based on shows.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 175 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 5900 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. Anticipated spud date is unknown at the present time. Once drilling has commenced, the drilling operation should be finished in approximately 30 days. If the well is productive, an additional 30 to 45 days will be required for completion and testing before a decision is made to install permanent facilities.

ENRON OIL & GAS COMPANY

Diamond 6 Federal #3

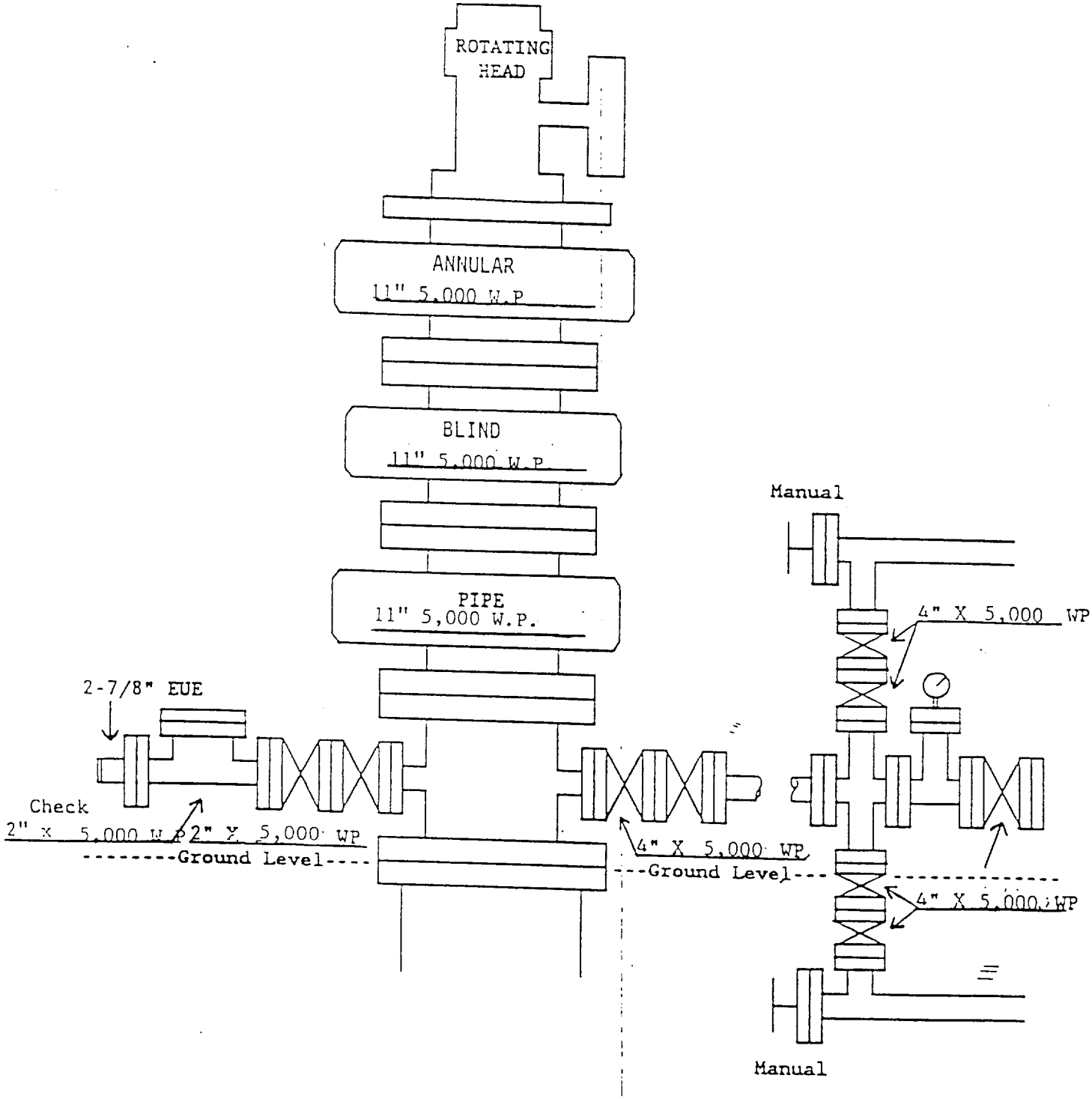

EXHIBIT #1