

APPLICATION FOR DRILLING

HONDO OIL & GAS COMPANY
H. E. WEST "B", Well No. 22X
660' FSL & 1990' FEL, Sec.9-T17S-R31E
Eddy County, New Mexico
Lease No.: LC-029426-B
(Re-Entry)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Hondo Oil & Gas Company submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.

2. The estimated tops of geologic markers are as follows:

Rustler Anhydrite	460'	Grayburg	3131'
Top of Salt	649'	Premier Sand	3279'
Base of Salt	1614'	San Andres	3440'
Yates	1759'	Lovington Sand	3520'
Seven Rivers	2073'	Lower SA "M"	3599'
Queen	2690'	T.D.	3856'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Random fresh water from surface to 300' +/-, and water flow from injection wells possible at around 2800'.

Oil: Grayburg at approximately 3131' or below.

Gas: None anticipated.

4. Proposed Casing Program: See Form 9-331C.

5. Proposed Control Equipment: See Form 9-331C and Exhibit "D".

6. Mud Program: See Form 9-331C.

7. Auxiliary Equipment: Blowout preventer, gas detector, kelly cock, pit level monitor, flow sensors and stabbing valve.

8. Testing, Logging and Coring Program:

Drill Stem Tests: None planned.

Logging: LDT/CNL T.D. - 3200'

Coring: None planned.

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, the proposed mud program will be modified to increase the mud weight.

10. Anticipated starting date: 4/30/89
Anticipated completion of drilling operations: approximately 20 days