

SOUTHLAND ROYALTY COMPANY

East Millman "13" Federal Com No. 1
1069' FNL & 2439' FEL
Sec. 13, T-19-S, R-28-E
Eddy County, New Mexico
LC-069107

To supplement USGS Form 9-331C "Application to Drill the following additional information is submitted concerning questions on Page 5 of NTL-6:

1. See Form 9-331C.
2. See Form 9-331C.
3. The geological name of surface formation is: Ochoa
4. See Form 9-331C.
5. See Form 9-331C.
6. The estimated tops of important geological markers are:

Rustler	300'	San Andres	2600'	Canyon	9800'
B/Salt	700'	Bone Springs	3500'	Strawn	10,000'
Yates	975'	Wolfcamp	8900'	Atoka	10,340'
Grayburg	1730'	Cisco	9600'	Morrow	10,760'

7. The estimated depths at which anticipated water, oil gas and mineral bearing strata are as follows:

Cisco 9600' - Oil
Atoka 10,340' - Gas
Morrow 10,760' - Gas

8. See Form 9-331C. All casing will be new.
9. See Form 9-331C for depths of strings. Cement volumes and additions as follows:
 - a. 13 7/8" csg: Cement w/500 sxs Cl "C" cmt w/2% CaCl_2 . Circ to surface.
 - b. 8 5/8" csg: Cement w/800 sxs Lite "C" and 400 sxs Class "C". Circ to surf.
 - c. 5 1/2" csg: Cement w/700 sx Class "H". Top of cmt anticipated at 8900'.

A caliper log will be run prior to setting 8 5/8" & 5 1/2" csg to determine exact cement volumes required.

10. The pressure control diagram is attached to Form 9-331C. The following additional information is as follows:

13 3/8" casing installation: 13 5/8"-3M annular BOP tested to 1000 psi for 30 minutes before drilling out 13 3/8" casing shoe.