

APPLICATION FOR DRILLING

Depco, Inc.
No. 1 Shell Federal - Section 6-T21S-R24E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Depco, Inc. submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Seven Rivers Formation.
2. The estimated tops of geologic markers are as follows:

San Andres	800'
Glorieta	2490'
3rd Bone Springs Sand	6535'
Wolfcamp Lime	6985'
Cisco	7765'
Canyon	8090'
Strawn	8455'
Atoka	9020'
Morrow	9440'
Mississippi Chester	9725'
3. The depths at which anticipated water, oil or gas formations are expected to be encountered:

Water:	Approximately 100 feet or less
Oil or Gas:	Wolfcamp approximately 6985'-7765'
	Cisco approximately 7765'-8090'
	Morrow approximately 9440'-9725'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C and Exhibit D.
6. Mud Program: See Form 9-331C and attached letter from Texas Mud and Chemical Co.
7. Auxiliary Equipment: Blowout Preventer, Inside Blowout Preventer, Kelley Cock.
8. Testing, Logging and Coring Programs:

Drill Stem Tests:	Wolfcamp - 1
	Atoka - 1
	Morrow - 2
	10-foot samples from surface casing to TD.
	Mud logging from 6800' to TD
Logging:	Dual Laterolog and Compensated Neutron/Density with Gamma Ray and Caliper.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated Starting Date: As soon as possible.