

APPLICATION FOR DRILLING

CHI OPERATING, INC.
Colt Federal. Well No. 1
~~1980'~~ FSL & 660' FEL. Sec. 4-T20S-R28E
990'
502 Eddy County, New Mexico
Lease No.: NM-86540
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Chi Operating, Inc. 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:

Grayburg	1825'	1st Bone Springs	6155'
San Andres	2245'	2nd Bone Springs	7055'
Delaware	3145'	T.D	8000'
Bone Springs	4365'		
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between 100' - 300'.

Oil: Possible in the Bone Springs below 6155'.

Gas: Possible in the Bone Springs below 6155'.
4. Proposed Casing Program: See Form 3160-3.
5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".
6. Mud Program: See Form 3160-3.
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.

Logging: T.D. to 3000': LDT-CNL, DLL/msfl, GR.
3000' to surface: LDT/GR

Coring: None.
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. Estimated BHP = 2400 with a temperature of 133°.
10. H₂S: None encountered in previous wells drilled in the area.
11. Anticipated starting date: December 22, 1992.
Anticipated completion of drilling operations: Approximately 4 weeks.