

Application for Permit to Drill  
Hixon Development Company  
Phillips Federal No. 2  
1700' FNL, 1030' FEL  
NE/4 Section 9-T25N-R12W  
San Juan County, New Mexico

Other NTL-6 pertinent data is as follows:

1. Estimated Log Tops:

Surface	McDermott
Ojo Alamo	52'
Kirtland	333'
Fruitland	628'
Pictured Cliffs	1130'
Lewis	1313'

2. Estimated depths of water, oil and gas:

Fresh Water	52'-158'
Gas	1130' -1300'

3. Weight and type of mud to be used - 9.0-9.3#/gallon mud from below surface with low fluid loss - additives used across permeable zone.

4. Open hole logs to be used;

Induction Electric  
Compensated Neutron - Density

5. Surface casing will be 50' 5-1/2" 15.5# K-55 ST&C. It will be cemented with 25 sacks Class B cement and pressure tested to 500 psi. Production casing be 2-7/8" 6.5# K-55 casing cemented w/200 sacks cement. It will also be pressure tested to 1000 psi for 30 minutes prior perforating.

6. On the basis of offset drilling data we do not foresee any drilling hazards such as high pressure gas zones, high temperatures, sour gas or other abnormal deviations.

7. Surface 5-1/2" 15.5# K-55 ST&C and production 2-7/8" 6.5# K-55 casing will be new and tested at the factory.

8. Duration of drilling activity from spud date to completion is expected to be about 5 days.

9. In the event the well is a dry hole it will be plugged with prior USGS approval and the drill site restored.