

HOLE PROGNOSIS  
APPLICATION FOR PERMIT TO DRILL  
STRATA PRODUCTION COMPANY  
CERCION FEDERAL #1 WELL  
660' FEL & 1980' FNL  
Sec. 21, T22S, R32E

In conjunction with form 3160-3, Application for Permit to Drill, Strata Production Company submits the following items in accordance with Onshore Oil and Gas Order Numbers 1 & 2, and with all other applicable federal and state regulations.

1. The Geologic surface formation is of Permian Age.

2. Estimated tops of geologic markers are as follows:

Rustler	870'	Bone Spring	8610'
Top of Salt	1020'	T.D.	8650'
Base of Salt	4410'		
Lamar	4720'		

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

\*Water: 150'  
\*\*Oil or Gas: Delaware 4720' - 8650'

\* NOTE: Groundwater to be protected by 13 3/8" surface casing with cement circulated to the surface.

\*\*NOTE: Potentially productive horizons to be protected by 5 1/2" production casing with cement tied back to surface.

4. Casing Program: (See Form 3160-3)

5. Pressure Control Equipment: See Exhibit "D", BOP diagram.

6. Mud Program: See Application to Drill 3160-3.

7. Auxiliary Equipment: None required.

8. Testing, Logging, and Coring Program:

Two (2) man Mudlogging unit from top of Delaware to TD DLL-MSFL, CNL-Density, Gamma Ray, Caliper.

9. Abnormal Pressures, Temperature, or other Hazards:

Loss of circulation is possible in the salt section of the hole, however, no loss was seen in the recent drilling of offsetting wells.

10. Anticipated starting date: October 16, 1991

Forecasted duration of operations:

Drilling: 25 days  
Completion: 15 days