

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

EP OPERATING COMPANY

SECTION 9, T13S-R29E

LEASE NO.: NM 54287

ONSITE INSPECTION DATE: AUGUST 1, 1985

FEDERAL "9" NO. 1

CHAVES COUNTY, NEW MEXICO

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

B. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops

| <u>FORMATION</u>     | <u>DEPTH</u> |
|----------------------|--------------|
| Pleistocene Alluvium | Surface      |
| Anhydrite            | 300'         |
| Yates                | 830'         |
| Queen                | 1560'        |
| San Andres           | 2125'        |
| Glorieta             | 3500'        |
| Tubb                 | 4930'        |
| ABO                  | 5720'        |
| Wolfcamp             | 6815'        |
| Cisco                | 7460'        |
| Canyon               | 7975'        |
| Strawn               | 8190'        |
| Atoka                | 8465'        |
| Mississippian        | 8730'        |
| Devonian             | 9435'        |

2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered.

| <u>FORMATION</u> | <u>DEPTH</u> | <u>REMARKS</u>   |
|------------------|--------------|------------------|
| Queen            | 1560'        | Water, Oil & Gas |
| San Andres       | 2125'        | Water, Oil & Gas |
| Canyon           | 7975'        | Water, Oil & Gas |
| Strawn           | 8190'        | Water, Oil & Gas |
| Atoka            | 8570'        | Water, Oil & Gas |
| Mississippian    | 8730'        | Water, Oil & Gas |
| Devonian         | 9435'        | Water, Oil & Gas |

All fresh water and prospectively valuable minerals (as described by B.L.M. at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.