

APPLICATION FOR DRILLING

H & S OIL COMPANY
Muncy Federal No. 2
1980' F L 660' FWL
Section 13-T17S-R27E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, H & S Oil Company submits the following ten items of pertinent information in accordance with USGS requirements:

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

Seven Rivers	412'
Queen	980'
Grayburg	1300'
San Andres	1720'

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

Water: Approximately 80' and 150'
Oil or Gas: San Andres: approx. 1720' to 1750'

4. Proposed casing program: See Form 9-331C
5. Pressure Control Equipment: See Exhibit E
6. Mud Program: See Exhibit F
7. Auxiliary Equipment: See Exhibit G
8. Testing, Logging and Coring Programs:

Logging: Electric Log Program, Compensated
Neutron, Compensated Density, &
Micro Laterlog
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.