

APPLICATION FOR DRILLING

Holly Energy Inc.
McIntyre A-8
Section 20 T17-S R30-E
Eddy County, New Mexico

In conjunction with form 9-331C, application for permit to drill subject well in Section 20, Township 17 South, Range 30 East, Eddy County, New Mexico, Holly Energy Inc., submits the following 12 items of pertinent information in accordance with U.S.G.S. requirements:

1. The geologic surface formation is quaternary alluvium.
2. The estimated tops of geologic marker are as follows:

1215' Yates
1764' Seven Rivers
3001' San Andres
4300' Glorietta
6450' Abo Reef

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

Water: Water at approximately 300' base 500'
Oil or Gas: Oil or gas at approximately 1700'

4. Proposed Casing Program: See form 9-331C
5. Pressure Control Equipment: See form 9-331C
6. Mud Program: See form 9-331C
7. Auxiliary Equipment: Blowout Preventer
8. Testing, Logging & Coring Program:

Pressure test: Surface casing to 1500 psig.
Drilling Samples: 10' samples 1600' to TD
Electric Logging: Dual lateral log Compensated Neutron
Log-formation and Density log-TD-1600'
CLN-gamma-ray-TD-surface

9. No abnormal pressures or temperatures are anticipated.
10. Anticipated Starting Date: As soon as possible after approval.