

APPLICATION FOR DRILLING

W. H. Mc Kinley
Mc Kinley Federal -- Well No. 3
660' FNL & 1980' FEL, Sec. 1, T17S, R30E
Eddy County, New Mexico
Lease: LC029339B
(Development Well)

In conjunction with form 9-331C, Application for Permit to Drill subject well, W. H. Mc Kinley submits the following items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Top of salt	570'	Grayburg	2750'
Base of salt	1300'	Premier	3030'
Queen	2445'	San Andres	3080'
3. The estimated depths at which anticipated water, oil, or gas formations are expected to be encountered:

Water: Possibly between 200' and 500'.

Oil: Grayburg at approximately 2900'
San Andres at approximately 3080'.

Gas: None expected.
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C and Exhibit "D".
6. Mud Program: See Form 9-331C
7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; Blow out preventer; inside blowout preventer.
8. Testing, Logging and Coring Program:

Logging: Compensated Neutron Log, Laterolog, and Bond Log.

Drill Stem Test: None anticipated at this time.

Coring: None.
9. No abnormal pressures or temperatures are indicated or anticipated.
10. Anticipated starting date: April 15, 1980
Anticipated completion date: Approximately three weeks after starting date.