

#2- Wright Fed. Com.

APPLICATION FOR DRILLING

Hondo Drilling Company
~~Fed. Aiscott Wright Com. Well #1~~
Section 29-T18S-R29E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Hondo Drilling Company submits the following ten items of pertinent information in accordance with U.S.G.S. requirements:

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

| | |
|-----------------------|--------|
| Top Salt | 446' |
| Base Salt | 864' |
| Yates | 934' |
| Sever Rivers | 1332' |
| Queen | 1953' |
| Grayburg | 2302' |
| San Andres | 2749' |
| 1st Bone Springs Sand | 6559' |
| 2nd Bone Springs Sand | 7403' |
| 3rd Bone Springs Sand | 8331' |
| Wolfcamp | 8651' |
| Cisco | 9536' |
| Canyon | 9835' |
| Strawn | 10027' |
| Atoka | 10369' |
| Morrow | 10781' |
| Barnett | 11150' |
| Chester | 11308' |

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

Water: Possibly at approximately 200 feet to depth of approximately 800-900 feet.

Oil or Gas: Wolfcamp approximately 8651'-9536'
Cisco approximately 9536'-9835'
Morrow approximately 10781'-11150'

4. Proposed Casing Program: See Form 9-331C
5. Pressure Control Equipment: See Form 9-331C and Exhibit C
6. Mud Program: See Form 9-331C and attached mud program by Adobe Drilling Mud.