APPLICATION FOR DEILLINC Hondo Drilling Company Alscott Federal Well No. 3 Section 31-T18S-R29E Eddy County, New Mexico

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

1. The geologic surface formation is quaternary alluvium.

2. The estimated tops of geologic markers are as follows:

Yates	8951	Wolfcamp	86451
Ousen	18521	Cisco	95421
San Andres	26421	Stram	10010
1st Bone Springs Sand	1 6595 <b>'</b>	Atoka	10340"
2nd Bone Springs Sand	1 73631	Morrow	107901
3rd Bone Springs Sand		Ches <b>te</b> r	11200'

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

Water: Possibly at approximately 200 feet to depth of approximately 800-900 feet. Oil or Gas: Wolfcamp - approximately 8645' to 9542' Cisco - approximately 9542' to 10010' Norrow - approximately 10010' to 11200'

- 4. Proposed casing program: See Form 9-331C.
- 5. Pressure control equipment: See Form 9-331C and Exhibit D.
- 6. Nud program: See Form 9-331C and attached mud program by Adobe Drilling Mud.
- 7. Auxiliary equipment: Blowout Preventer, Inside Blowout Preventer, Kelley Cock.
- 8. Testing, logging and coring programs: Drill stem testing as warranted. Mud logging from 8500' to TD.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: May 15, 1978 or sooner, if possible.

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STALL HARLANDS C.C. STALL HARLANDS