

HONDO DRILLING COMPANY

DRAWER 2518

MIDLAND, TEXAS 79702

PHONE: (915) 682-9401

APPLICATION FOR DRILLING

Fed-Alscott Com. #4
Section 30-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	454'
Base Salt	872'
Yates	942'
Sever Rivers	1340'
Queen	1961'
Grayberg	2310'
San Andres	2757'
1st Bone Springs Sand	6567'
2nd Bone Springs Sand	7411'
3rd Bone Springs Sand	8339'
Wolfcamp	8659'
Cisco	9544'
Canyon	9843'
Strawn	10035'
Atoka	10377'
Morrow	10789'
Barnett	11159'
Chester	11316'

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 8659' - 9544'
Cisco approximately 9544' - 9843'
Morrow approximately 10781' - 11150'

4. Proposed Casing Program: See Form 9-331C
5. Pressure Control Equipment: See Form 9-331C and Exhibit E