

APPLICATION FOR DRILLING

Kenai Oil & Gas, Inc.
Cobb Federal -- Well No. 1
990' FNL & 330' FEL, Sec 22, T18S, R27E
Eddy County, New Mexico
Lease: NM 13987

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Kenai Oil & Gas, Inc. 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:

Yates	200'
Queen	1200'
Grayburg	1650'
San Andres	2050'

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

Water:	Possibly at approximately 200' and 1500'
Oil:	Grayburg at approximately 1650' San Andres at approximately 2050'
Gas:	None

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: See Form 9-331C and Exhibit E.

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: Open hole logs: DLL & MLL W/GR Density and CNL from bottom of surface casing to total depth.

Drill Stem Test: None anticipated at this time.

Coring: None.

9. No Abnormal pressures or temperatures are indicated.

10. Anticipated starting date: January 15, 1980.

Anticipated completion date: Approximately two weeks after starting date.