

To supplement USGS Form 9-331C "Application for Permit to Drill, Deepen or Plugback", the following additional information is submitted to comply with USGS Order NTL-6.

Operator: Hondo Oil & Gas Company
Lease & Well No: Federal 10 #1
Location: Unit Letter E
Section 10-18S-28E, Eddy County, N.M.
Lease, New Mexico LC-028772-b
Development well x Exploratory well

1. See Well Location and Acreage Dedication Plat Form C-102.
2. See Form 9-331C for elevation above sea level of unprepared location.
3. The geologic name of the surface formation is:
Paleorthid - Haplargid association
4. The type of drilling tools and associated equipment to be utilized will be: Rotary.
5. The proposed drilling depth will be 10,875'.
6. The estimated tops of important geologic markers are:

Yates	750'	Bone Springs	3650'	Strawn	9500'
Queen	1750'	Dean	7450'	Atoka	10100'
Grayburg	2100'	Wolfcamp	7800'	Morrow	10400'
San Andres	2530'	Cisco	8850'	Chester	10800'
7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are:

Strawn	9316'
Atoka	9797'
Morrow-cycle 4	10105'
Morrow-cycle 3	10163'
Morrow-cycle 2	10301'
8. The proposed casing program including the size, grade and weight-per-foot of each string has been indicated on Form 9-331C. All strings of casing will be New x Used .
9. See Form 9-331C for amount of cmt.

13-3/8" OD surface csg to be cmt'd w/375 sx RF cmt w/10# gilsonite, 1/4# flocele/sk, 2% CaCl followed by 100 sx C1 C cmt cont'g 2% CaCl & 1/4# flocele/sk.

8-5/8" OD intermediate csg to be cmt'd w/1650 sx 65/35 Pozmix-3 w/5# gilsonite, 1/4# flocele/sk, 6% gel followed by 200 sx C1 C cmt w/2% CaCl.

5 1/2" OD production string to be cmt'd w/1st stage 100 sx Pozmix pre-flush, 2% Mor-flow-2, 4% gel followed by 700 sx C1 H cmt w/.5% CFR-2, .3% Halad-22A, 3# KCL/sk. Cmt 2nd stage w/900 sx C1 C, 3% econolite, 2% CaCl, 5# gilsonite, 1/4# flocele/sk, 600 sx C1 H cmt w/.5 CFR-2, .3% Halad-22, 3# KCL/sk.