

APPLICATION FOR DRILLING

MANZANO OIL CORPORATION
Elliott Federal, Well No. 3
760' FSL & 2080' FEL, Sec. 30-T18S-R30E
Eddy County, New Mexico
Lease No.: NM-27279
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Manzano Oil Corporation submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Rustler	440'	San Andres	3420'
Base of Salt	1275'	1st Bone Springs	7157'
Queen	2557'	2nd Bone Springs	7873'
N. Benson pay	3045'	T.D.	8275'

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

Water: Fresh water from 100' to 300'.

Oil: Possible in Bone Spring: 7175' - 7375'
7875' - 7975'
8225' - 8275'

Gas: Possible in Bone Springs.

4. Proposed Casing Program: See Form 3160-3.
5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".
6. Mud Program: See Form 3160-3.
7. Auxiliary Equipment: Blowout preventer, gas detector, kelly cock, pit level monitor, flow sensors and stabbing valve.
8. Testing, Logging, and Coring Program:

Drill Stem Tests: One possible in the Bone Springs.

Logging: Surface casing to T.D.: Gamma Ray.
Inter. Casing to T.D.: DLL, CNL-FDC, MSFL

Coring: None planned.

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified.
10. Anticipated starting date: May 15, 1988.
Anticipated completion of drilling operations: Approximately 35 days.