

Application For Drilling
Phoenix Resources Company
Gardner Draw Unit Well No. 3
Eddy County, New Mexico

In conjunction with permitting the subject well for drilling in Section 17, Township 19 South, Range 21 East, Eddy County, New Mexico, Phoenix Resources Company submits the following points of pertinent information in accordance with U.S.G.S. letter of July 1, 1976.

1. The geologic surface formation is San Andres.
2. The estimated tops of geologic markers are as follows:

Glorieta	1,791'
Clearfork	2,250'
Tubb	2,780'
Wolfcamp	4,410'
Cisco	6,000'
Canyon	6,430'
Strawn	6,725'
Morrow	7,250'

3. The depth at which water, oil or gas is expected to be encountered is:

7,250'

4. Casing program:

13 3/8", 48#, H-40 New Casing run to 350', cemented with 500 sacks.
8 5/8", 24#, K-55 New Casing run to 1,800', cemented with 1,200 sacks.
4 1/2", 11.60#, K-55 New Casing run to 7,300', cemented with 500 sacks.

5. Blowout Preventers:

Ram type Series 900 with double hydraulic rams. This is a Schaeffer blow-out preventer (working pressure 3,000#, test pressure 6,000#). The fill, kill and choke lines are indicated on the BOP specification sheet.

6. Circulating Medium:

Steel and earthen pits will be used to hold mud and cuttings and the drilling fluid as follows:

Air and mist drill as far as possible, probably to 6,500', mud up with KCL brine water, weight 9.8#-10.1# per gallon, Viscosity 34-38, Water Loss 10cc or less.