

APPLICATION FOR DRILLING  
MANZANO OIL CORPORATION  
Aceite Federal, Well No. 1  
1980' FNL & 1523' FWL, Sec. 6-T19S-R31E  
Lea County, New Mexico  
Lease No.: NM-66437  
(Exploratory 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	525'	Penrose	3355'
Base/Salt	2025'	Delaware	4280'
Yates	2220'	Bone Spring	6200'
Seven Rivers	2625'	T.D.	6200'
Queen	3120'		

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

Water: Surface water between 100' - 350'.

Oil: Possible in the Yates, Seven Rivers, Queen and Delaware.

Gas: None expected.

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: None unless warranted.

Logging: Gamma Ray:  
DLL-MSFL, CNL-LTD

Surf. Csg. to T.D.  
Below 8 5/8" to T.D.

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 to increase the mud weight.
10. Anticipated starting date: April 30, 1990.  
Anticipated completion of drilling operations: Approx. 3 weeks.