

To Supplement USGS Form 9-331C, "Application for Permit to Drill, Deepen or Plugback," the following additional information is submitted:

Operator: Cotton Petroleum Corporation
Lease & Well No.: Federal 7, Well #1 (NM 25493)
Location: 1650' FN&EL, Sec. 7, T-21-S, R-24-E
Eddy County, New Mexico

1. 1650' FN&EL, Section 7, T-21-S, R-24-E, Eddy County, New Mexico
2. 3813' GR
3. The geologic name of the surface formation is: Tertiary with some Triassic exposed.
4. Rotary
5. 10,200
6. Estimated tops of important geologic markers are:

| | |
|------------|-------|
| San Andres | 597' |
| Glorieta | 2324' |
| Wolfcamp | 6775' |
| Strawn | 8395' |
| Morrow | 9310' |

7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are:

| | |
|----------------------------|-------|
| Santa Rosa Water Formation | 400' |
| Grayburg San Andres | 950' |
| Wolfcamp | 6775' |
| Morrow | 9300' |

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.
9. See Form 9-331C for amount of cement.
Surface: Class "C" with 1.88# Ca Cl/sx.
Intermediate: Halliburton lite with 5# gilsonite, 6# salt, 1/4# flo-cele and Class "C" with 1.88# CaCl/sx.
Production: Class "H" with .80% Halade and 3# KCl

10. The pressure control diagram is attached to Form 9-331C. The following additional information of the pressure control equipment is as follows:

Size: 10" - 900 series - Double Hydraulic pipe and blind rams.
Pressure ratings (or API Series) - 3000# WP, 6000# T.
Testing procedures: Pressure up to 1500# PSIG before drilling out of casing
Testing frequency: Upon installation, daily and all trips