

APPLICATION FOR DRILLING

HONDO OIL & GAS COMPANY  
INDIAN BASIN FEDERAL 6 WELL NO. 1  
2310' FNL & 2310' FEL, Sec.6-T22S-R24E  
EDDY COUNTY, NEW MEXICO  
Lease No.: New  
(Development Well)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Hondo Oil & Gas Company submits the following items of pertinent information in accordance with BLM requirements:

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

Queen	89'	3rd Bone Springs Sd.	6764'
San Andres	949'	Wolfcamp Shale	6949'
Glorieta	2409'	Cisco	7499'
Yeso	2589'	TD	7800'
Bone Springs	3949'		
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Random fresh water from 89' to surface.

Oil: Cisco at approximately 7499' or below.

Gas: Cisco at approximately 7499' or below.
4. Proposed Casing Program: See Form 9-331C.
5. Proposed Control Equipment: See Form 9-331C and Exhibit "E".
6. Mud Program: See Form 9-331C.
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 planned.

Logging: (Log Type) (Depth Logged)  
CNL/LDT/GR 2350' - TD  
DIL/SFL/SP 2350' - TD

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: 4/10/89.  
Anticipated completion of drilling operations: approx. 20 days