

HOLE PROGNOSIS

APPLICATION FOR PERMIT TO DRILL

Strata Production Company

AGUILA FEDERAL

990'FNL & 2080'FWL

Sec. 4 ,T-20-S, R-28-E

In conjunction with form 3160-3, Application for Permit to Drill, Strata Production Company submits the following items of pertinent information in accordance with Onshore Oil & Gas Order Nos. 1&2, and with all other applicable federal and state regulations.

1. The Geologic surface formation is of Permian Age.

2. Estimated tops of geologic markers are as follows:

Triassic	surface	Seven Rivers	1345'
Salado	300'	Queen	1795'
Tansill	720'	Grayburg	2200'
Yates	930'	Goat Seep Reef	2410'
		Delaware	2780'

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

* - Water: 150' & 2400'

** - Oil or gas: DELAWARE - 3100' - 4300'

*Groundwater to be protected by 9 5/8" surface casing with cement circulated to the surface.

**Potentially productive horizons to be protected by 5-1/2" production casing with cement tied back to surface. Centralizers will be placed in casing string opposite the Capitan Reef interval.

4. Proposed Casing Program: See Form 3160-3 and Exhibit F

5. Pressure Control Equipment: See Exhibit E

6. Mud Program: See Exhibit G.

7. Auxilliary Equipment: None required.

8. Testing, Logging, and Coring Programs:

-Logging;

2-Man Mudlogging unit from 3100' to T.D.