

Application for Drilling
Kaneb Production Company
Federal Well #24-3
990' FNL and 990' FWL
Section 24, T-23-S, R-31-E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Kaneb Production Company submits the following items of pertinent information in accordance with MMS requirements:

1. The estimated tops of geologic markers are as follows:

Rustler	832'
Base of Salt	4213'
Delaware	4447'
Top Cherry Canyon	5555'
Top Todd Sand	6051'

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

Water:	Approximately 400 feet.
Oil or Gas:	Delaware: Approximately 4447'
	Cherry Canyon: Approximately 5555'
	Todd Sand: Approximately 6051'

3. Proposed Casing Program: See Form 9-331C and Exhibit F.
4. Pressure Control Equipment: See Form 9-331C and Exhibit F.
5. Mud Program: See Exhibit G.
6. Testing, Logging and Coring Programs:

Dual induction w/SP and Gamma Ray from TD to base of 8 5/8" casing.
Compensated density-compensated Neutron log w/Gamma Ray & Caliper from TD to 8 5/8" casing. Gamma Ray & compensated Neutron log to be run to the surface.

7. No abnormal pressures or temperatures are anticipated.
8. Anticipated starting date: October 1, 1985