

APPLICATION FOR DRILLING
DINERO OPERATING COMPANY
DEWEY #2
660' FNL & 2160' FEL
Section 24, Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, DINERO OPERATING COMPANY submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Permian.
2. The estimated tops of geologic markers are as follows:
Fresh Water 150' (Windmill Only)
Salt-Anhydrite RedBeds to 2,600'
Delaware
Bell Canyon
Cherry Canyon
Brushy Canyon
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:
Water: Approximately 150'
Oil or gas: 2850' to 3875'
4. Proposed Casing Program: See Form 9-331C
5. Pressure Control Equipment: See Exhibit "B"
6. Mud Program: See Exhibit "A"
7. Auxiliary Equipment: None
8. Testing, Logging and Coring Programs:
Electric Logs: Compensated Neutron-
Formation Density
Dual Laterlog-Gamma Ray
Drill Stem Testing: Good Shows
9. We will mud up at approximately 2000' for sample control. Do not expect high pressure.
10. Anticipated starting date: October 1, 1985