

APPLICATION FOR DRILLING
SANTA FE ENERGY COMPANY
Malaga Fed Com No. 1

In conjunction with form 3160-3, Application to Drill subject well, Santa Fe Energy Company submits the following ten items of pertinent information in accordance with BLM requirements.

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

Base of Salt	2150'
Delaware	2690'
Bell Canyon	2720'
Cherry Canyon	3610'
Bushy Canyon	4810'
Bone Spring Shale	6350'
1st Bone Spring SS	7640'
2nd Bone Spring SS	8140'
Atoka LS	11575'
Atoka Clastics	11830'
TD	12250'

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

Water	Water is not expected to be encountered.
Oil or Gas	Atoka 11,575-12,250'

4. Proposed casing program: See Form 3160-3 and Exhibit A.
5. Pressure control Equipment: See Form 3160-3 and Exhibit B.
6. Drilling Fluid Program: See Exhibit C.
7. Auxilliary Equipment: See Exhibit D.
8. Testing, Logging and Coring Programs:

Drill Stem Tests (all DST's to be justified by a valid show of oil or gas):

Atoka	11,575-12,250'
-------	----------------