



August 6, 2001

United States Department of the Interior  
Bureau of Land Management  
Roswell District Office  
2909 West Second Street  
Roswell, New Mexico 88201

Re: Application for Permit to Drill  
Louis Dreyfus Natural Gas Corp.  
LDNGC Saragossa "4" Federal Com 1  
Eddy County, New Mexico  
Federal Lease NM - 516006 and NM - 89154

Gentlemen:

Louis Dreyfus Natural Gas Corp. respectfully requests permission to drill our LDNGC Saragossa 4 Fed Com Well No. 1 Well located 1980 FSL and 660 FEL of Section 4-T23S-R26E, Eddy County, New Mexico, Federal Lease NM-516006 and NM-89154. The proposed well will be drilled to a TVD of approximately 11,900'. The location and work area have been staked approximately 3 miles Southwest of Carlsbad, New Mexico.

In accordance with requirements stipulated in Federal Onshore Oil and Gas Order No. 1 under 43 CFR 3162.1, our Application for Permission to Drill and supporting evidence is hereby submitted.

1. Application for Permit to Drill:
  1. Form 3160.3, Application for Permit to Drill
  2. Form C-102 Location and Acreage Dedication Plat certified by Gary L. Jones, Registered Land Surveyor No. 7977 in the State of New Mexico, dated July 13, 2001.
  3. The elevation of the unprepared ground is 3310 feet above sea level.
  4. The geologic name of the surface formation is Rustler.
  5. Rotary drilling equipment will be utilized to drill the well to TD 11,900' (TVD), and run casing. This equipment will then be rigged down and the well will be completed with a pulling unit.
  6. Proposed total depth is 11,900' TVD.