

EXHIBIT "E"

Application for Drilling Permit

CORINNE GRACE
Zac Federal #1
1980' FWL, 660' FSL, Section 25
T26S, R30E, NMPM Eddy County, NM

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Corinne Grace submits the following ten items of pertinent information in accordance with U.S. Bureau of Land Management requirements.

I. Geological Surface Information:

The geological surface formation is Tertiary-Sand, Red shale, Caliche.

II. Estimated Tops of Important Geological Markers:

A. Rustler:	1150
B. Salado:	1550
C. Castile:	2870
D. Delaware LS:	3660
E. Bell Canyon:	3711
F. Cherry Canyon:	4736
G. Williamson SS:	5796
H. Brushy Canyon:	6078

III. Estimated Depths of Anticipated Water, Oil, Gas or Minerals:

Fresh water:	150'-250'
Oil or Gas:	Delaware formation: 5800'

IV. Proposed Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>Section Length</u>	<u>Size (OD)</u>	<u>Weight & Joint</u>	<u>Grade</u>	<u>New or Used</u>
17 1/2	0-850'	850'	13 3/8	54.50# J-55	ST&C	New
12 1/4	850-3700'	3700'	8 5/8	32-24# J-55	ST&C	New
8 1/2	3700-7000'	7000'	5 1/2	15.50# J-55	ST&C	New