

APPLICATION FOR DRILLING
SANTA FE ENERGY COMPANY
Sterling Silver 3 Federal No. 1

In conjunction with form 9-331C, 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:

Rustler	959'
Base of Salt	4234'
Delaware Lamar Lime	4314'
Cherry Canyon	5344'
Bone Springs	8124'
Wolfcamp	11534'
Strawn	13234'
Atoka	13684'
Lower Morrow Clastics	14924'
TD	15250'

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	Wolfcamp 11,534-13,1234'
	Strawn 13,234-13,684'
	Atoka 13,684-14,924'
	Morrow 14,924-15,250'

4. Proposed casing program: See Form 9-331C and Exhibit A.
5. Pressure control Equipment: See Form 9-331C 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):

Wolfcamp	11534-13234'
Strawn	13234-13684'
Atoka	13684-14924'
Morrow	14924-15250'