

LOTOS FEDERAL NO. 3

The following information is furnished with the Application to Drill (Re-enter), Form 3160-3, in compliance with NTL-6, effective July 1, 1976.

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

Rustler	800'
T/Delaware LS	4,500'
T/Delaware SS	4,560'
Bone Springs	8,500'
3. The depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Fresh Water:	Less than 500'
Top Salt:	1000'
Base Salt:	4400'
4. For proposed casing program, please see Form 3160-3.
5. Pressure control will be effected with a dual ram, 3000 psi WP blowout preventer with 3000 psi annular preventer. (See Exhibit A).
6. Proposed Mud Program is attached. (See Exhibit B).
7. A drilling rig with normal auxillary equipment, mud tanks, pumps, generator and 4-1/2" drill pipe will be used to drill this well.
8. Drill stem tests may be performed on any valid oil or gas shows in the Delaware. Resistivity and porosity logs will be run as required to evaluate the productive potential of the well.
9. No abnormal pressures are anticipated.
10. The anticipated starting date for this well is February 1993.