

APPLICATION FOR DRILLING

BILL FENN, INC.
Lucky Stiff Federal, Well No. 1
825' FNL & 1650' FEL, SEC. 7--T22S-R24E
Eddy County, New Mexico
Lease No.: NM-81219
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Bill Fenn, Inc. submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Grayburg	438'	Wolfcamp	6880'
San Andres	825'	Cisco	7490'
Glorieta	2245'	Strawn	8490'
Yeso	2410'	Morrow	9406'
Bone Spring	3227'	T.D.	10,000'
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: In the San Andres 825'-1180'.

Oil: None expected.

Gas: Possible in Wolfcamp, Cisco, Strawn, Morrow.
4. Proposed Casing Program: See Form 3160-3.
5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".
6. Mud Program: See Form 3160-3.
7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.
8. Testing, Logging, and Coring Program:

Drill Stem Tests: Up to five drill stem tests are possible.

Logging: T.D. to Casing.: LDT-CNL,DLL-RXO/GR

Coring: None planned.
9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight.
10. Anticipated starting date: June 1, 1989.
Anticipated completion of drilling operations: Approximately 45 days.