

APPLICATION FOR DRILLING

READ & STEVENS, INC.
North Haystack Federal, Well No. 3
660' FNL & 660' FWL, Sec. 34-T5S-R26E
Chaves County, New Mexico
Lease No.: NM-18821
(Exploratory Well)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Read & Stevens, Inc. submits the following items of pertinent information in accordance with USGS requirements:

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

San Andres	1,036'	Abo	4,322'
Glorieta	2,218'	Total depth	5,100'
Tubb	3,628'		
3. The estimated depth at which anticipated water, oil, or gas formations are expected to be encountered:
Water: Aproximately 200 - 400 feet for surface water.
Gas: Abo: Between 4322' and 4900'.
Oil: None expected, but may be a show in the San Andres at 1050'.
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C and Exhibit "E".
6. Mud Program: See Form 9-331C.
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: None.
Logging: Gamma Ray: Surface to T.D.
FDC/CNL Int. Csg. to T.D.
Dual Ind. Laterolog: Int. Csg. to T.D.
Coring: None.
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: March 20, 1982.
Anticipated completion of drilling operations: Approximately two weeks.

