

APPLICATION FOR DRILLING

Sanders Oil & Gas Company
Mesa Diablo Federal Well No. 1
660' FSL and 660' FEL
Section 35 T.9S R.25E
Chaves County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Sanders Oil & Gas Company submits the following ten items of pertinent information in accordance with U.S.G.S. requirements:

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

Seven Rivers	Surface
San Andres	700'
Glorieta	1700'
Tubb	3200'
Abo	3850'

3. The estimated depths at which water, or gas formations are expected to be encountered:

Water - Approximately 250'
Gas - Abo - 3900 to 4400'

4. Proposed Casing Program: See Form 9-331C and Exhibit F.
5. Pressure Control Equipment: See Exhibit E.
6. Mud Program: See Exhibit G.
7. Auxiliary Equipment: See Exhibit H.
8. Testing, Logging and Coring Programs:

Testing - No drill stem tests to be run
Coring - No coring will be done
Logging - Electric Log program:
Dual Induction Laterolog
Audio Log
Compensated Formation Density Log
Compensated Neutron Log

9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: June 15, 1982.