

APPLICATION FOR DRILLING PERMIT

ADAMS EXPLORATION COMPANY

FEDERAL "4"-1

1980' FSL & 660' FEL

Section 4, T8S, R32E

Chaves County, New Mexico

In support of Form 9-331-C, Application for Permit to drill the above described well, ADAMS EXPLORATION COMPANY submits the following exhibits and items of pertinent information in accordance w/Federal requirements.

- Exhibit A. Surface Use Plan.
- Exhibit B & B-1. Access Route Maps.
- Exhibit C. Location and acreage dedication plat.
- Exhibit D. Area plat showing wells in vicinity.
- Exhibit E. Drill Site Layout.
- Exhibit F. Drill Site Cross Section.
- Exhibit G. Blowout prevention equipment schemetic drawing.
- Exhibit H. Archaeological report.

1. The geologic surface formation is the Coppice Dune.

2. Estimated subsurface formation tops in this well are:

Rustler 1920

Yates 2400

San Andres 3450

Pi Marker 4020

3. Fresh water may be present in shallow sands. Hydrocarbons are possible only from the San Andres formation.

4. Pipe program:

8-5/8" surface pipe @ 1800± or through the evaporites, cemented to surface.

4-1/2" production casing @ TD, if well is indicated to be productive.

5. Pressure control equipment: See Exhibit "G".

6. Mud program: Surface hole-fresh and brine water w/paper added to control seepage. Mud up and add LCM as necessary if loss of circulation becomes a problem. Drill out below surface casing w/fresh water, and mud up to a 9.5#, 35 vis product to drill the San Andres.

7. Auxiliary equipment:

A. Kellycock in kelly.

B. Float at the bit.

C. Tool joint sub w/full opening valve to be stabbed into drill pipe when the kelly is not in the string.