

N. M. OIL & GAS COMMISSION
P. O. BOX 1080
HOBBS, NEW MEXICO 88240

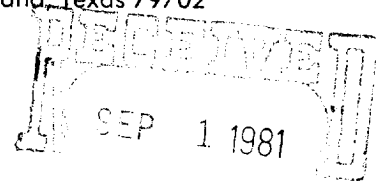
Grace Petroleum Corporation
Subsidiary of W. R. Grace & Co.

Midland District Office
925 Western United Life Building
Midland, Texas 79701

Phone (915) 683-4793
Mailing Address:
P. O. Drawer 2358
Midland, Texas 79702

August 17, 1981

United States Department of the Interior
Geological Survey
P.O. Box 1157
Hobbs, New Mexico 88240



OIL & GAS
U.S. GEOLOGICAL SURVEY
HOBBS, NEW MEXICO

Attention: District Engineer

Re: Grace Petroleum Corporation
West Tonto Federal Com. No. 2
2480' FSL & 660' FWL
Section 25, T-19-S, R-32-E
Lea County, New Mexico

Gentlemen:

In compliance with the NTL-6 requirements the following information is provided with Form 9-331C, "Application for Permit to Drill, Deepen, or Plug Back":

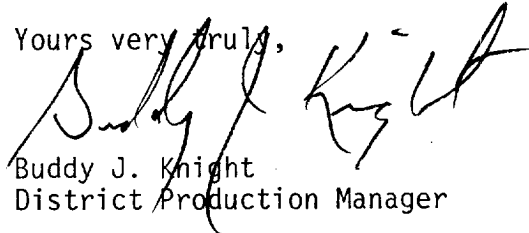
1. Surface formation: See Attachment I, Drilling Program.
2. Estimated tops of important geologic markers: See Attachment I, Drilling Program.
3. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered: See Attachment I, Drilling Program.
4. Proposed casing program: See Attachment II.
5. Minimum specifications for pressure control equipment to be used: See Schematic Diagram: Attachment III; testing procedures and frequency, see Item 5. BLOWOUT PREVENTION, A through M, a part of GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL LEASES, Attachment VI.
6. Mud program with mud weights and controls: See Attachment IV.
7. Auxillary equipment: See Attachment V plus safety valve, Item 5.H and monitoring equipment to comply with Item 5.K of the GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL LEASES, Attachment VI. Monitoring equipment will be pit level indicator, mud volume measuring device necessary to accurately determine mud volume necessary to fill the hole on trips, and a flow sensor on the flowline to warn of any abnormal mud returns from the well.

8. Testing and logging program: See Attachment I, Drilling Program.
9. No abnormal pressure or hazards anticipated that cannot be controlled with proposed mud program and pressure control equipment.
10. Anticipated starting date is 10-16-81 and duration of the operation is expected to be 70 days.

In addition to the above, attached is "Multi-Point Surface Use and Operations Plan" for subject well with Exhibits A, B, C, D, and E.

Also attached is the Archaeological Clearance Report made by Dr. J. Loring Haskell for subject well.

Yours very truly,



Buddy J. Knight
District Production Manager

BJK/sgp

Attachments