

Application For Drilling

Hanley Petroleum Inc.

Hanley Federal Well 24 #1  
2310' FSL & 330' FWL  
Section 24, Township 18-S, Range 32-E  
Lea County, New Mexico

In conjunction with Form 3160-3, Application For Permit to Drill, Hanley Petroleum Inc. submits the following ten items of pertinent information in accordance with BLM Requirements:

1. The Geologic age of the surface formation is Quaternary.
2. The estimated tops of certain Geologic Markers are as follows:

Rustler	1200'
Yates	2770'
Queen	3975'
Grayburg	4620'
Delaware	5375'
Bone Spring	6940'
3. The estimated depths at which oil, water or gas are expected to be encountered are:

Ogallalla (water)	100'
Queen (oil)	3975'
Grayburg	4300'
Delaware	6650'
Bone Spring (oil)	8520'
4. Casing Program: See attached Form 3160-3 and Exhibit E.
5. Blowout Equipment Specifications: See attached Form 3160-3 and Exhibit D.
6. Mud Program: See Exhibit F.
7. Auxiliary Equipment: A stubbing valve will be kept on rig floor to be used when Kelly is not in string. Upper & lower Kelly cocks will be in place and tested, and the wrench will be in a conspicuous place on the floor at all times.
8. Testing, Logging and Coring Programs:
  - A. DST's - None anticipated
  - B. Wireline logs
  - C. Cores - None anticipated
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.