

HOLE PROGNOSIS
APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
LECHUZA FEDERAL #5 WELL
1650' FSL & 330' FWL
SECTION 15-T22S-R32E

In conjunction with form 3160-3, Application for Permit to Drill, Strata Production Company submits the following items in accordance with Onshore Oil and Gas Order Numbers 1 & 2, and with all other applicable federal and state regulations.

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

Rustler	900'	Lamar	4780'
Top of Salt	1050'	Bone Spring	8700'
Base of Salt	4450'	T.D.	8950'

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

*Water: 150'
**Oil or Gas: Delaware 4780' - 8700'

* NOTE: Groundwater to be protected by 13 3/8" surface casing with cement circulated to the surface.

**NOTE: Potentially productive horizons to be protected by 5 1/2" production casing with cement tied back to intermediate casing.

4. Casing Program: See Form 3160-3 attached hereto.
5. Pressure Control Equipment: See Exhibit "D", BOP diagram.
6. Mud Program:

0' to 600'	Native mud consisting of fresh water and native muds are used for drilling purposes.
600' to 4460'	Brine water purchased from commercial sources will be utilized.
4460' to 6800'	Brine and fresh water purchased from commercial sources will be utilized. Salt gel will be used to build viscosity.
6800' to TD	Brine and fresh water with salt gel and starch will be used to maintain a viscosity of approximately 31 and a water loss of 15 to 25.