

OCTOBER 19, 1995  
APPLICATION FOR PERMIT TO DRILL  
STEVENS & TULL, INC.  
FEDERAL "24" NO. 1

660' from the south line. 660' from the west line. Section 24,  
T-20-S, R-38-E, Lea County, New Mexico.

The following items and attachments compliment Stevens & Tull, Inc.'s  
permit to drill the Federal "24" No. 1.

- 1) The geologic surface formation is of Quaternary Age.
- 2) Estimated tops of geologic markers are as follows:  
Yates - 3000', Seven Rivers - 3160', San Andres - 4300',  
Blaine - 6030', Tubb - 6600', Drinkard - 6860',  
ABO - 7150'.
- 3) The estimated depths at which water is expected are between  
150' and 500'. The estimated depths which oil or gas is  
expected is between 2900' thru 7800'. Yates - GAS, Seven  
Rivers - Gas, San Andres - Oil, Blaine - Oil, Tubb - Oil,  
Drinkard - Oil, ABO - Oil. Fresh water zones will be  
protected with independent casing and cement.
- 4) Red beds and fresh water will be protected with 8 5/8"-24#-  
J-55, LT&C casing run to a good shoe setting depth at  
approximately 1600' with centralizers and adequate cement to  
circulate to the surface. The Oil Sands will be protected  
with 5 1/2"-17#, J-55 LT&C csg run to a total depth of the  
well and cemented with adequate amounts to cover the top of  
the Yates Formation estimated at 3000'.
- 5) Pressure control, see the attached sketch.
- 6) Mud program, see the Horizon Mud Company recommendation  
attached.
- 7) There is no planned auxiliary equipment.
- 8) Open hole logs will be run from total depth to surface.  
No cores or DTS's are planned.
- 9) No abnormal temperatures or pressures are expected. No lost  
circulation is expected.
- 10) The anticipated starting date is December 1, 1995.