

November 13, 1997

APPLICATION FOR PERMIT TO DRILL  
XERIC OIL & GAS CORPORATION.  
CAPPS FEDERAL # 1

660' From the North Line, 1980' from the East Line Section 24, T-20-S, R-38-E, Lea County, New Mexico.

The following items and attachments compliment Xeric Oil & Gas Corporation's permit to drill the Capps Federal #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'), Blinbry (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, Tubb - oil, Drinkard - oil, Abo - oil. Fresh water sands 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. Casing will be 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 & N-80 LT & C casing run to a total depth of the well and cemented with adequate amounts to circulate to the surface. A DV tool will be set @ 5000' to insure circulation.
- 5) Pressure Control, see the attached sketch.
- 6) Mud Program, see the recommendation attached.
- 7) There is no planned auxiliary equipment to be utilized.
- 8) Open hole logs will be run from total depth to the surface. No cores or DST's are planned.
- 9) No abnormal temperatures or pressures are expected. No lost circulation is expected
- 10) The anticipated starting date is January 25, 1998

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