

HOLE PROGNOSIS  
FORM 3160-3 APPLICATION FOR PERMIT TO DRILL  
STRATA PRODUCTION COMPANY  
BONANZA FEDERAL #2 WELL  
990' FSL & 660' FEL  
SECTION 28-23S-34E  
LEA COUNTY, NEW MEXICO

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 and 2, and all other applicable federal and state regulations.

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Geologic Markers:

Rustler Anhydrite	920'	"A" Sand	7190'
B. Anhydrite	5040'	"B-1" Sand	7470'
Delaware	5110'	TD	7500'
"AAA" Sand	6850'		

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Surface	150'	Fresh Water
Delaware	5610' - 6940'	Oil or Gas

No other formations are expected to produce oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 550' and circulating cement back to surface. Shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across the zone by inserting a cementing stage tool into the 5 1/2" production casing which will be run at TD.