

APPLICATION FOR DRILLING

HARVARD PETROLEUM CORP.

James Federal, Well No. 5
 1980' FNL & 2307 FWL, Sec. 29-T23S-R32E
 Lea County, New Mexico
 Lease No.: NM-0559539
 (Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, HARVARD PETROLEUM CORP. submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Rustler	1120'	Lower Brushy Canyon	8220'
Salt	1470'	Bone Spring	8470'
Delaware	4640'	Bone Spring Sand	8560'
Cherry Canyon	5660'	T.D.	8700'
Brushy Canyon	7300'		

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

Water: Surface water between 100' - 300'.
 Oil: Possible in the Delaware 4640 – 8500' and the Bone Spring below 8500'.
 Gas: None expected.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	J-55	ST&C	555'	Circ. 400 sx "C"
11"	8 5/8"	24.0#	J-55	ST&C	2,500'	
11"	8 5/8 "	32.0#	J-55	ST&C	4,500'	Circ. 1200 sx 35/65 Poz +100 sx "H"
7 7/8"	5 1/2"	15.5#	K-55	LT&C	6,850'	450 sx 35/65/ Poz + 100 sx "C" neat
7 7/8"	5 1/2"	15.5#	K-55	LT&C	8,700'	400 sx 15/61/11 Poz-C-CSE

5. **Proposed Control Equipment:** A 10" 3000 psi wp Shaffer Type "E" BOP will be installed on the 8 5/8" casing. Casing and BOP will be tested before drilling out with 7 7/8", according to Onshore Oil & Gas Order No. 5 and will be tested weekly. Request variance in testing to the maximum expected surface pressure of 1914 psi.

MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 550': Fresh water w/gel spud mud:	8.4 - 9.0 ppg	32 - 38	No W/L control
550' - 4500': Cut Brine w/gel & lime:	9.0 - 10.0 ppg	28 - 30	No W/L control
4500' - 8700': Fresh Wtr w/gel & starch:	8.4 - 8.8 ppg	29 - 31	W/L control 10-15 cc +/-

7. **Auxiliary Equipment:** Blowout Preventer, Kelly cock, flow sensors and stabbing valve.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None unless conditions warrant.
 Logging: T.D. to 4500': GR-CNL-LDT-DLL
 T.D. to Surface: GR-Neutron
 Coring: Rotary sidewall as dictated by logs.