

SOUTHLAND ROYALTY COMPANY

Armstrong "17" Federal No. 1
1980' FSL & 660' FWL
Sec. 17, T-18-S, R-33-E
Lea County, New Mexico
NM-55151

To supplement USGS Form 9-331C "Application to Drill the following additional information is submitted concerning questions on Page 5 of NTL-6:

1. See Form 9-331C.
2. See Form 9-331C.
3. The geological name of surface formation is: Quaternary Alluvium
4. See Form 9-331C.
5. See Form 9-331C.
6. The estimated tops of important geological markers are:

| | | | | | |
|---------|-------|------------------|-------|------------------|---------|
| Rustler | 1390' | Queen | 4100' | 3rd Bone Springs | 9850' |
| Salt | 1640' | Delaware Sand | 5000' | Wolfcamp | 10,300' |
| B/Salt | 2700' | 1st Bone Springs | 8410' | | |
| Yates | 2850' | 2nd Bone Springs | 9000' | | |

7. The estimated depths at which anticipated water, oil gas and mineral bearing strata are as follows:

| | | |
|------------------|---------|-------|
| 1st Bone Springs | 8410' | - Oil |
| 2nd Bone Spring | 9000' | - Oil |
| 3rd Bone Springs | 9850' | - Oil |
| Wolfcamp | 10,300' | - Oil |

8. See Form 9-331C. All casing will be new.
9. See Form 9-331C for depths of strings. Cement volumes and additions as follows:
 - a. 13 3/8" csg: Cement w/400 sx C1 "C" cmt. Circ to surface.
 - b. 8 5/8" csg: Cement w/800 sxs Lite cmt and 200 sxs C1 "C" neat. Circ to surface.
 - c. 5 1/2" csg: Cement w/700 sxs C1 "H". TOC @ 8000'.

A caliper log will be run prior to setting 13 3/8", 8 5/8" & 5 1/2" pipe to determine exact cement volumes required.

10. The pressure control diagram is attached to Form 9-331C. The following additional information is as follows:

13 3/8" casing installation: 13 5/8"-3M annular BOP tested to 1000 psi for 30 minutes before drilling out 13 3/8" casing shoe.

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O.C.D.
HOBBS OFFICE