

## APPLICATION

HARVEY E. YATES COMPANY  
HONDO 4 FEDERAL #3  
Sec. 4, T-18S, R-31E  
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill the subject well in Section 4, Township 18 South, Range 31 East, Lea County, New Mexico, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Bureau of Land Management requirements:

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

Rustler	700'	Cowden Anhy	1700'
Yates	2100'	Yates "A"	2140'
7 Rivers	2490'	Bowers	2930'
Queen	3190'	Penrose	3390'
Grayburg	3680'	San Andres	4025'
Bone Springs	5400'	TD	8900'
3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.

Bone Springs 5400'.
4. Proposed casing program: See Form 9-331C.
5. Pressure control equipment: See Exhibit C.
6. Mud Program: See Form 9-331C.
7. Auxiliary equipment: Blowout preventer.
8. Testing, logging and coring programs: Two possible DST's; both in the Bone Springs. We are not planning to do any coring. Planned logs are DLL-Micro w/GR & Caliper, CN-Den w/GR & Caliper.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.