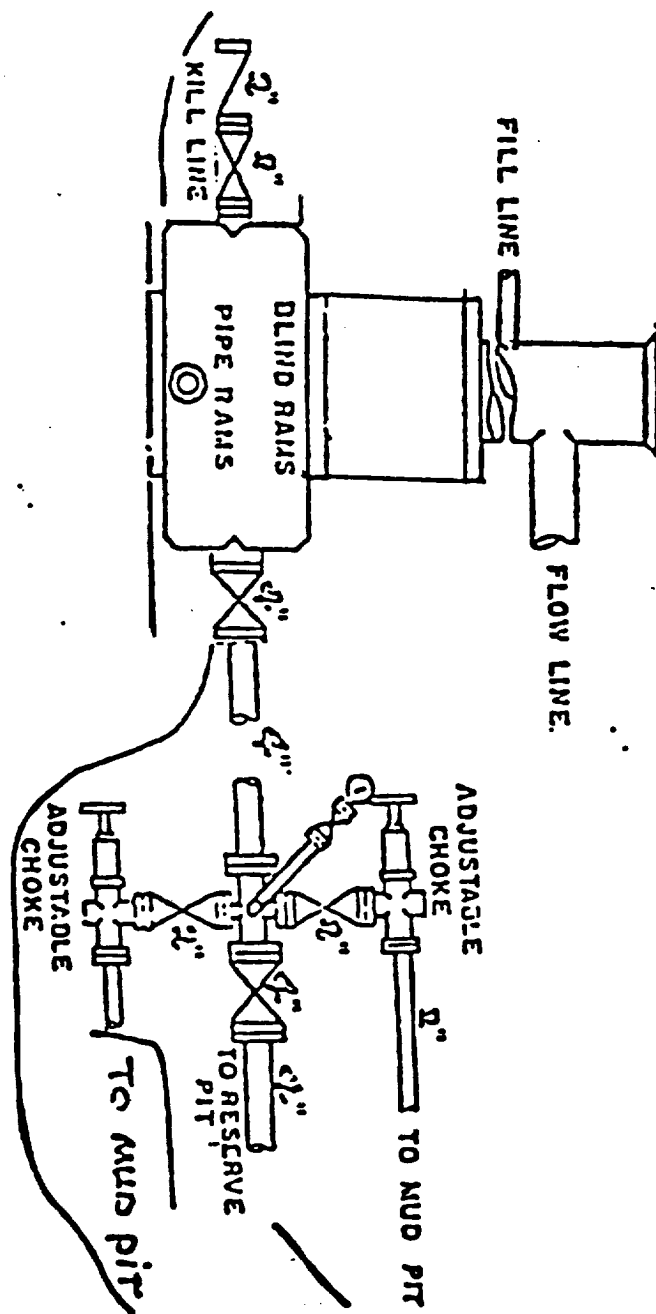


EXHIBIT C

Harvey E. Yates Co.
Hondo 4 Federal 5
Eddy Co. , New Mexico

900 Series



APPLICATION FOR DRILLING
HARVEY E. YATES COMPANY
Hondo 4 Federal # 5
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, Eddy 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	650	Bone Springs	5181
Cowden Anhy		1st B. Sp.	7306
Yates	2075	"B" Zone	7576
Yates "A"		2nd B. Sp.	7764
7 Rivers	2461	"C" Zone	8576
Bowers	2912	3rd B.SP.	8865
Queen	3059	TD	9000
Penrose	3369		
Grayburg	3653		
San Andres	3971		
Delaware Sd.	4250		

3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.

Bone Springs 5181'

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:
We do not plan to core or DST. The planned logs are CND w/ GR and caliper; DLL-MSFL.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: November 15, 1986.

EXHIBIT A

Harvey E Yates Co.
Hondo 4 Federal 5
Eddy Co., New Mexico

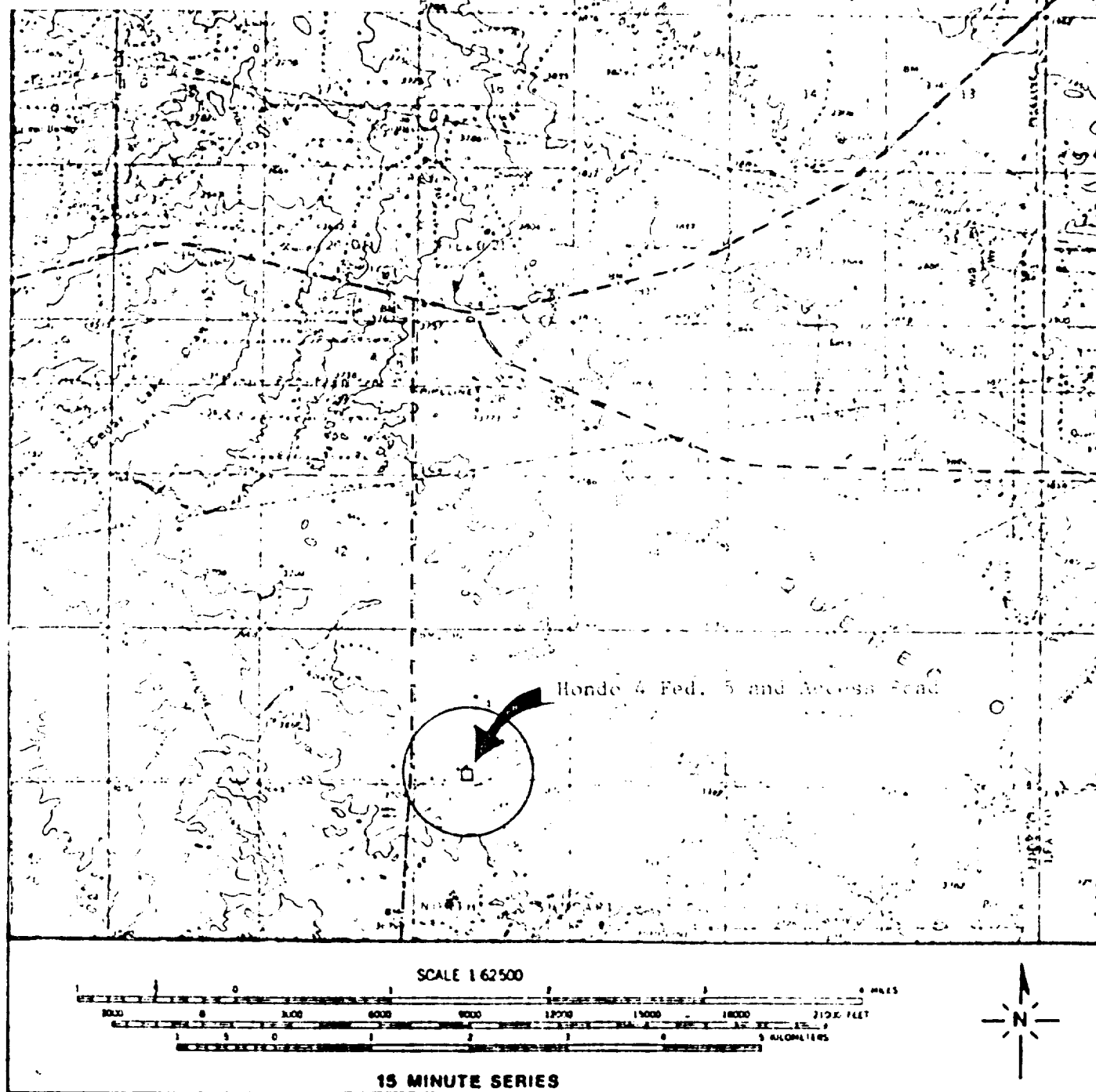


Figure 2. Location of proposed well pad and access road in Section 4, T18S, R31E, NMPM, Eddy County, New Mexico.

Map Reference: USGS Maljamar, N.Mex. Quadrangle, 1963

Peterson Drilling Co.

EXHIBIT D

Harvey E. Yates Co

Hondo 4 Federal 5

Eddy Co. , New Mexico

