

APPLICATION FOR DRILLING

Harvey E. Yates Company
Jones Ranch "3" Federal #1
Sec. 3, T-24S, R-31E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well in Section 3, Township 24S, Range 31E, Eddy County, New Mexico, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with U.S.G.S. 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 Anhy	600'
B-Rustler Dolo	820'
T-Salt	920'
B-Salt	4050'
T-Lamar Lm	4280'
T-Ramsey	4320'
T-Ford Sh	4370'
B-P	5250'
T-G	5285'
Cherry Canyon	5880'
Brushy Canyon	6460'
Bone Springs	8110'
Total Depth	8200'

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

Water -	None
Oil -	Cherry Canyon-5880'; Brushy Canyon-6460'; Bone Springs-8110'
4. Proposed casing program: See Form 9-331C.
5. Pressure control equipment: See Form 9-331C and Exhibit E.
6. Mud program: See Form 9-331C.
7. Auxiliary equipment: Blowout Preventer.
8. Testing, logging and coring programs: GR-A to TD. Possible LL or Ind. log. Conventional core (50') between 4320'-70'. No DST's planned.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: Not later than September 15, 1978.