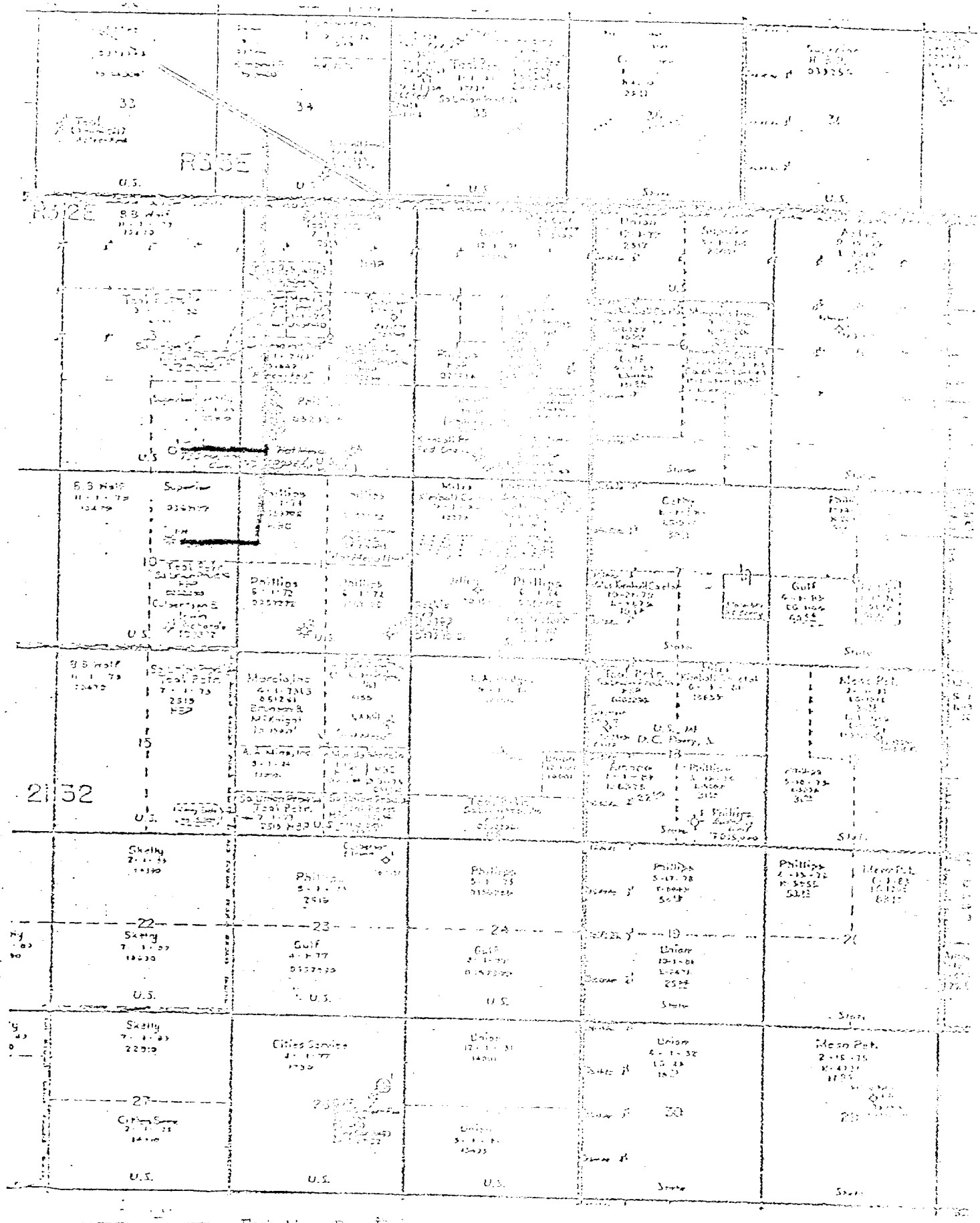


EXHIBIT "A"

Teel Petroleum Acreage

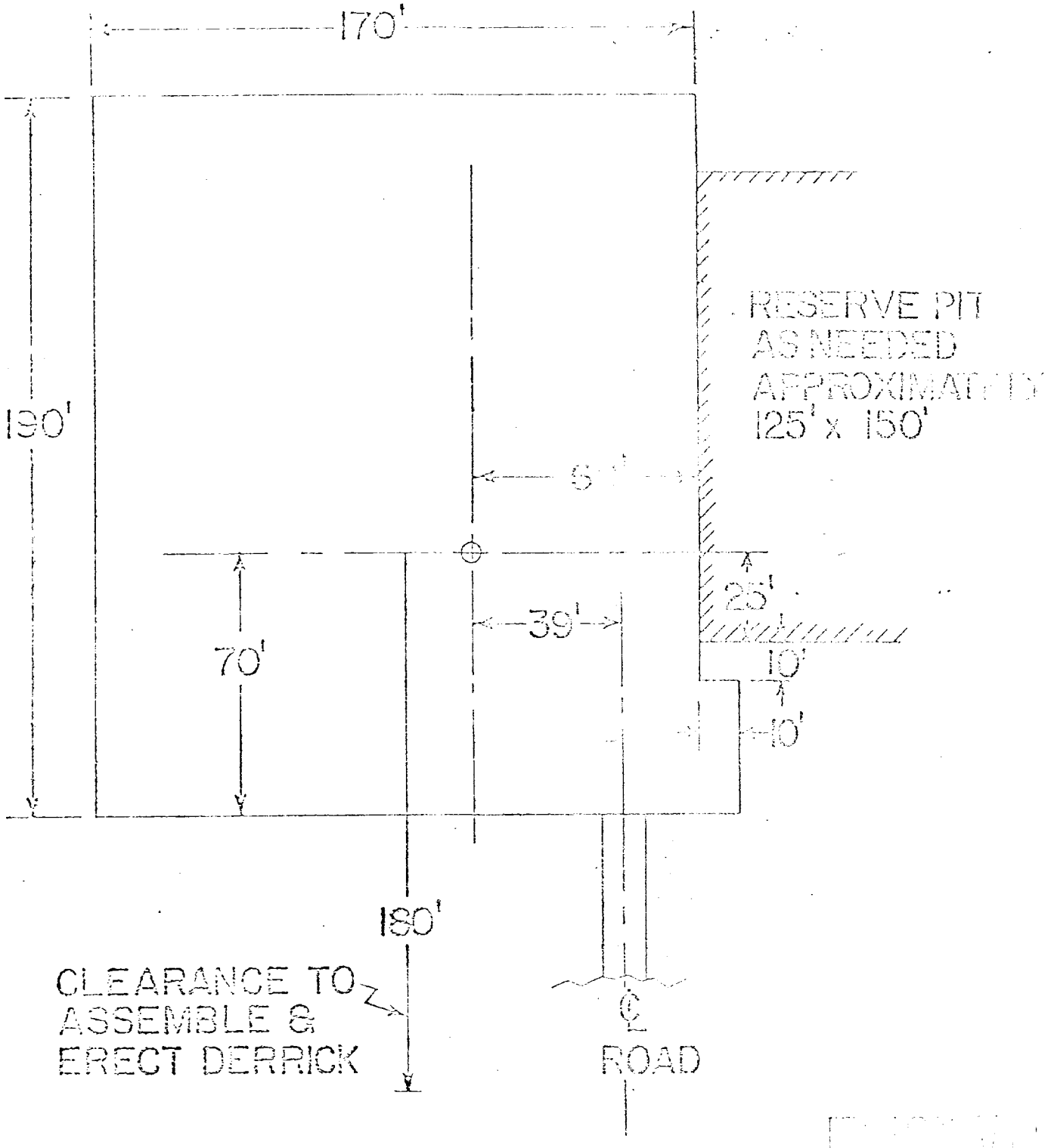
Teel Producing Wells

LEA CO., NEW MEXICO

(T20&21S -- R32,33&34E)

Hat Mesa

EXHIBIT "C"



LOCATION DIMENSIONS
RIGS, 3, 4, 6 & 39

6. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Pennsylvanian and used until production casing is run and cemented. Monitoring equipment shall consist of the following:

   (1) A recording pit level indicator to determine pit volume gains and losses.

   (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.

   (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.

7. When coming out of the hole with drill pipe, the annulus shall be filled with mud before the mud level drops below 150 feet. The volume of mud required to fill the hole shall be watched, and any time there is an indication of swabbing, or influx of formation fluids, proper blowout prevention precautions must be taken. The mud shall not be circulated and conditioned except on or near bottom, unless well conditions prevent running the pipe to bottom.

8. A copy of these requirements shall be posted on the rig floor or in the dog house during the drilling of the well.

Arthur R. Brown
District Engineer

Lease No. NM 14791
Well: Teal Petroleum Co. #1 New Mexico Fed. "B"
Drillsite: Lot 14, Sec. 3-21S-32E
Proposed Depth: 14,300 feet.
Application for Permit to Drill approved:

U. S. GEOLOGICAL SURVEY
P. O. Box 1157
Hobbs, New Mexico 88240

HOBBS DISTRICT

Teal Petroleum Co.
No. 1 New Mexico Fed. "B"
Lot 14, Sec. 3-21S-32E
Lea County, N.M.

Above Data Required on Well Sign

CONDITIONS OF APPROVAL

1. Drilling operations authorized are subject to the attached sheet for general requirements for drilling and producing operations.

2. Notify this office (telephone (505) 393-3612) when the well is spudded and in sufficient time for a representative to witness cementing operations.

3. Immediate notice is required of all blowouts, fires, spills, and accidents involving life-threatening injuries or loss of life.

4. Secure prior approval before changing the approved drilling program or commencing plugging operations, plug-back work, casing repair work, or corrective cementing operations.

5. Blowout prevention equipment is to be installed, tested, and in working order before drilling below the surface casing and shall be maintained ready for use until drilling operations are completed.

6. A kill-line is to be properly installed and is not to be used as a fill-up line.

7. Blowout preventers are to have proper casing rams when running casing.

8. Drill string safety valve(s) to fit all pipe in the drill string to be maintained on the rig floor while drilling operations are in progress.

9. Blowout prevention drills are to be conducted as necessary to assure that equipment is operational and that each crew is properly trained to carry out emergency duties. All BOP tests and drills are to be recorded on the driller's log.

10. Minimum required fill of cement behind the 9-5/8" casing is to the surface.

11. Drilling must be in compliance with the attached "Drilling Well Control Requirements" dated 6-22-73.

12. Gamma Ray-Sonic logs are required from the base of the Saldo to the surface in open hole.

13. If a cementing tool is necessary in 9-5/8" casing string it should be spaced at top of Capitan Reef.

14. Operations must be in compliance with the attached Bureau of Land Management Stipulations.