

2. Yates, the designated Unit Operator in the Hoyt State Exploratory Unit

Agreement, proposes the formation of the Unit to test all formations from the surface to the base of the Mississippian formation.

3. The initial unit well will be drilled at a standard location 1650 feet from the South line and 1650 feet from the East line of Section 15, Township 10 South, Range 35 East, NMPM, Lea County, New Mexico to an approximate depth of 12,800 feet. The estimated costs for this wildcat well are \$2,970,300 million. (The AFE is attached as Yates Exhibit 2).

4. Attachment A to the Affidavit is an original copy of the Unit Agreement for the proposed Hoyt State Exploratory Unit. This agreement is on the New Mexico State Land Office State Unit Agreement form.

5. Attachment B to the Affidavit is the plat to the Unit Agreement that shows the boundaries of the Hoyt State Exploratory Unit and the location of the initial unit test well.

6. Attachment C to this Affidavit is a copy of Schedule B to the Unit Agreement for the Hoyt State Exploratory Unit that identifies the working interest ownership in the unit area. 96% percent of the working interest in the Unit Area is owned by Yates and its affiliated companies and is committed to the Unit.

7. The schedule under Attachment C to the Affidavit also identifies the royalty interest in the Unit Area. 100% percent of the royalty interest is owned by the State of New Mexico. Attachment D to this Affidavit is a letter from the New Mexico Commissioner of Public Lands giving preliminary approval of the State Land Office to the proposed Hoyt State Exploratory Unit.

8. All of Yates' interest in the Unit Area have been committed to the Unit.

9. Attachment E to this affidavit is a Net Sand Isopach Map for the Atoka formation. Yates is attempting to locate channel sands by utilizing seismic, log correlation, and regional mapping. These gas sands can be very productive, but the channels are erratic and limited in aerial extent. The map shows the interpreted channel systems, which in places seem to develop into distal fans. The closest Atoka production is the Yates Merle #1 Well located in the west side of the map. There have been no wells drilled inside the proposed unit and there are four dry holes outside of the unit boundary.

10. Attachment F is a West to East Stratigraphic Cross Section A-A' which shows the proposed middle Atoka sand target. The Yates Merle #1 well shows several perforated sand intervals which had a cumulative production of 17 MBO and 696 MMCF. The sand intervals are highlighted in yellow. The Yates Royal #1 well shows very poor sand while the Humble Oil WD Peveler #1 well shows 30 feet of very good sand. This sand interval was never tested. The final well on the cross-section is the Tom Brown Humble KCL #1 well which had a drill stem test in a similar sand interval which

recovered 564 feet of mud.

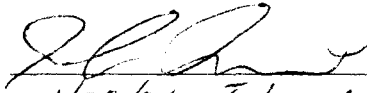
11. The unit covers an area that can be reasonably developed under a unit plan.

12. The primary target is the Atoka-Morrow formation with Austin (upper Mississippian) production possible.

15. If the initial unit well is successful, additional wells will be drilled in the Unit Area. Accordingly, approval of the unit agreement will result in the efficient recovery of hydrocarbons.

16. Approval of the Hoyt State Exploratory Unit and the development of the Unit Area pursuant to a unit plan is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

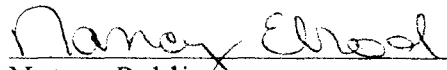
FURTHER AFFIANT SAYETH NOT.


1/30/06 John Amist

SUBSCRIBED AND SWORN before me on this 30th day of January, 2006.



OFFICIAL SEAL
Nancy Elrod
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 10-17-09


Notary Public

My Commission Expires:

Oct 17, 2009