EXHIBIT "P"

South Culebra Bluff Unit
Geological Discussion

As can be seen on Exhibit "F" which is a net sand map, the Atoka sand is productive in South Culebra Bluff Unit #1 was also found to be productive in South Culebra Bluff Unit #2. Additionally, this reservoir occurs to the south of the current South Culebra Bluff Unit area and by interpretation, this Atoka sand should also be productive of gas in the W/2 of Section 23-T23S-R28E. Therefore, Reading & Bates Petroleum Co. recommends that the above referenced acreage (E/2 Section 14-T23S-R28E and W/2 Section 24-T23S-R28E) be included within the Atoka Participating Area.

While drilling for the Atoka formation, Delta Drilling, Inc. (the previous operator for the South Culebra Bluff Unit) discovered that the Bone Springs formation was productive of oil and gas. However, Delta did not request the formation of a Bone Springs Participating Area. At this time, Reading & Bates is requesting that a Participating Area be established for the Bone Springs formation.

The Bone Springs has been found to be productive of oil and gas in paying quantities in South Culebra Bluff Units 3, 4, 6 and 7. Additionally, South Culebra Bluff Units wells 1, 2 and 5 have Bone Springs reserves behind pipe which can be exploited at some further time.

The Bone Springs has been subdivided into six different productive zones as shown on isopach maps Exhibits "H" through "M". Production has been established in each of these six intervals throughout the area covered by the South Culebra Bluff Unit Area. The continuity of the productive intervals is further demonstrated on the enclosed cross sections Exhibits "N" and "O". Reading & Bates believes that the continuity of the producing intervals throughout the South Culebra Bluff Unit Area warrants the formation of a Bone Springs Participating Area covering this same area. Reading & Bates believes that the formation of this Participating Area will prevent waste and protect correlative rights.

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