

YATES PETROLEUM CORPORATION
Northwestern Shores "XR" Federal #1
660' FNL and 1980' FEL
Section 36-T18S-R26E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with USGS requirements.

1. The geologic surface formation is quarternary alluvium.
2. The estimated tops of geologic markers are as follows:

| | | | |
|----------------------|-------|------------------|-------------|
| Gravels | 500' | Strawn | 8437' |
| Sanders | 1240' | Atoka | 8947' |
| Glorieta SS | 2880' | Morrow | 9284' |
| Bone Springs LS | 3530' | A Zone of Morrow | 9298' |
| Goodrich Zone of Abo | 5725' | B Zone of Morrow | 9408' |
| 3rd Bone Springs SS | 6125' | Chester Shale | 9530' |
| Wolfcamp | 6335' | Chester LS | 9615' |
| Cisco | 7530' | TD | appr. 9700' |
| Canyon LS | 7835' | | |
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 2880'-3530', 5725'-6125'

Oil or Gas: 5725'-5900', 6335'-7530', 8947'-9147', 9298'-9518'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C.
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

Samples: 10' out from under surface casing to TD.
DST's: Test Upper Penn Dolomite Porosity.
Coring: None.
Mud Logging: One man unit out from under surface casing.
Logging: CNL-FDC LTD TD to csg w/GR-CNL to surface & DLL from TD to csg, w/RxO TD to 7000' HDT.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.