

Application

HARVEY E. YATES COMPANY
Taylor Deep 12 Federal #2
Sec. 12, T18S, R31E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill the Subject well in Section 12, Township 18 South, Range 31 East, Eddy County, New Mexico, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Bureau of Land Management 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	820'	Grayburg	3950'
Yates	2295'	San Andres	4460'
Seven Rivers	2730'	Bone Spring	6000'
Bowers	3172'	TD	8850'
Queen	3440'		
Penrose	3670'		

3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.

Bone Spring 6000'

4. Proposed casing program: See Form 3160-3
5. Pressure control equipment: See Exhibit C.
6. Mud program: See Form 3160-3.
7. Auxiliary equipment: Blowout preventer
8. Testing, logging and coring programs: One DST is planned in the Bone Springs. No coring programs are scheduled. Planned logs are DLL-Micro w/GR & Caliper and CN-DEN w/GR and Caliper.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.