

YATES PETROLEUM CORPORATION

Saguaro "AGS" Fed. Com. #2  
1980' FNL & 1980' FWL  
Sec. 15-T20S-R24E  
Eddy County, New Mexico

In conjunction with Form 3160-3, 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 geological surface formation is alluvium.
2. The estimated tops of geologic markers are as follows:

San Andres	363'	Base Dolomite	7607'
Glorieta	1910'	Strawn	8036'
Bone Spring	3343'	Atoka	8620'
Wolfcamp Limestone	5344'	Morrow Clastics	9007'
Canyon Limestone	7404'	Chester Lime	9264'
Canyon Dolomite	7537'	TD	9500'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approximately 275'

Oil or Gas: Wolfcamp, Strawn, Atoka, Morrow

4. Proposed Casing Program: See Form 3160-3.
5. Pressure Control Equipment: See Form 3160-3.
6. Mud Program: See Form 3160-3.
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' samples out from under surface casing to TD.  
DST's: As warranted with drilling breaks and shows.  
Coring: None  
Logging: CNL-LDT from TD to casing with GR-CNL up to surface; DLL (with min RXO) from TD to casing; possible long spaced sonic.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.