

Application
HARVEY E. YATES COMPANY
Taylor Deep 12 Federal #5
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 follow:

Rustler	860'	Penrose	3680'
Yates	2310'	Grayburg	3980'
Seven Rivers	2735'	San Andres	4480'
Bowers	3200'	Bone Spring	5720'
Queen	3440'	TD	8950'
3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.

Bone Springs 5720'
4. Proposed casing program: See Form 3160-3. HEYCO will be using some used casing when applicable.
5. Pressure control equipment: See Exhibit C. Although the rig equipment is 3M rated, this well will be a 2M PSI rating.
6. Mud program: See Form 3160-3.
7. Auxiliary equipment: Blowout preventer
8. Testing, logging and coring programs: One possible DST in the Bone Springs. No coring is anticipated. Planned logs are DLL-Micro w/GR & Caliper and CN-Den w/GR & Caliper.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.