

YATES PETROLEUM CORPORATION

**Staghorn "AJG" Federal Com #1
660' FSL and 660' FEL
Section 25-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 BLM requirements.

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

San Andres	617'
Glorieta	2,223'
Bone Spring Lime	3,576'
3rd Bone Spring Sand	5,828'
Abo Green Shale	6,040'
Wolfcamp Lime	6,300'
Canyon Lime	7,532'
Canyon Dolomite	7,572'
Base Canyon Dolomite	7,872'
TD	8,200'
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water:	Approximately 250'
Oil or Gas:	Wolfcamp, Canyon
4. Proposed Casing Program: See Form 3160-3.
5. Pressure Control Equipment: See Form 3160-3 and Exhibit B.
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 connections.
8. Testing, Logging and Coring Program:

Samples: 10' samples from 500' to TD.

DST's: As warranted by drilling breaks and shows.

Logging: CNL-LDT from TD to casing, with GR-CNL up to surface;
DLL (with minimum RxO) from TD to casing.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.