

APPLICATION FOR DRILLING

Yates Petroleum Corporation
Federal "DC" Well No. 1
1980' FSL & 660' FWL
Section 29-T20S-R28E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well in Section 29, Township 20 South Range 28 East, Eddy County, New Mexico, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is the alluvium (QHL).
2. The stimated geologic tops are as follows:

Yates	563'
Capitan Reef	approx. 950'
Delaware SS	2800'
Bone Spring LS	4997'
Wolfcamp	8613'
Strawn LS	10074'
Atoka	10335'
Morrow Clastics	10942'
Lower Morrow Shale Marker	11214'
TD	11450'

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

Water: Possible fresh water, Capitan Reef Approx. 950'-2600'

Oil zone: Delaware SS 2800-4997'

Oil-Gas: Wolfcamp 8613-9500'

Gas: Strawn LS 10074-10274'
Atoka 10335-10850'
Morrow Clastics 10942-11350'

4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C and Exhibit D
6. Mud Program: See Form 9-331C.