

YATES PETROLEUM CORPORATION

Gazelle "AHG" Federal #2

Surface Location: 1000' FSL & 5' FEL Section 16-T20S-R29E

Target Zone: 775' FNL & 2095' FEL Section 22-T2CS-R29E

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: TVD

Rustler	351'	Wolfcamp	9388'
Base of Salt	1243'	Strawn "A" Zone	10542'
Yates	1470'	Strawn "B" Zone	10705'
Capitan Reef	1808'	Atoka	10916'
Delaware	3140'	Morrow Clastics	11514'
KOP	3350'	Lower Morrow	11810'
Bone Spring	6010'	Austin Cycle	11938'
3rd Bone Spring Sand	8956'	TD	12200'

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

Water: Approximately 150'

Oil or Gas: 9388; 10,542; 10,705; 10,916; 11,514; 11,810

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 connection.

8. Testing, Logging and Coring Program:

Samples: 10' samples out from under surface casing to TD.

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

Coring: None

Logging: CNL-LDT from TD to casing with GR-CNL on to surface; DLL from TD to casing with RXO from TD over selected intervals; long spaced Sonic TD to casing.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.