

**YATES PETROLEUM CORPORATION**

**Julia "AJL" Federal #2  
660' FNL and 660' FEL  
Section 34-T21S-R30E  
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 Sandy Alluvium:
2. The estimated tops of geologic markers are as follows:

Rustler	109'
Top of Salt	471'
Base of Salt	3,286'
Bell Canyon	3,531'
Cherry Canyon	4,531'
Brushy Canyon	6,401'
Bone Springs	7,376'
TD	7,500'

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

Water: 150'  
Oil or Gas: 4531' and 6401'

4. Proposed Casing Program:

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Setting Depth</u>
17 1/2"	13 3/8"	54.5#	J-55	ST&C	150'
11"	8 5/8"	32.0#	J-55	LT&C	3550'
7 7/8"	5 1/2"	15.5# & 17#	J-55	LT&C	TD

Surface pipe (0' - 150') will be cemented with 300 sacks C + 2% CaCl + 1/4 lb/sk Celloseal. Yield 1.33 cu.ft./sk. Weight will be 14.8 lb/gal. Quantity sufficient to circulate to surface.

Intermediate pipe (0' - 3550') will be cemented with 1200 sacks C-Lite + 10 lbs/sk salt + 1/4 lb/sk Celloseal. Yield 1.94 cu.ft./sk. Weight will be 12.9 lb/gal. Tailed in with 200 sacks C + 1% CaCl. Yield 1.32 cu.ft./sk. Weight will be 13.8 lb/gal. Quantity will be sufficient to circulate to surface.

Production pipe (0' - 7500') will be cemented with 200 sacks (or sufficient to cover <sup>see strips</sup> zones of interest) Class H + 5 lb. CSE + .7% CF-14 + 10 lb/sk Gilsonite. Yield 1.45 cu.ft./sk. Weight will be 14.4 lb/gal.

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.