

Yates Petroleum Corporation
Chaparral - Federal #1
2310' FNL and 660' FEL
Section 17 - T24S - R24E
Eddy County, New Mexico

In conjunction with Form 9-331C, 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 Capitan Reef.
2. The estimate tops of geological markers are as follows:

1st. Delaware mt. sd.	2230'	Penn Lime	8406'
Bone Spring Limestone	4003'	Strawn	8835'
1st. Bone Spring Sand	4640'	Atoka	9087'
2nd. Bone Spring Sand	5536'	Morrow	9481'
3rd. Bone Spring Sand	7048'	L. Morrow	9985'
Wolfcamp	7374'	Barnett	10200'
		TD	10300'
3. The estimated depths at which anticipated water, oil, or gas formations are expected to be encountered:

Water: Approximately 400'

Gas: Wolfcamp approximately 8000'
Strawn approximately 8860'
Atoka approximately 9120'
Morrow 9800' - 1000'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C and Exhibit B.
6. Mud Program: See Form 9-331C.
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.

DST's: As Warranted
Logging: Intermediate casing - T.D.
CNL-FDC T.D. to casing with GR-CNL on to surface and
DLL From T.D. to casing with selected min. R_XO.
9. No abnormal pressures or temperatures are indicated.
10. Anticipated starting date: As soon as possible after approval.