

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13404 Exhibit No. 1
Submitted by:
Yates Petroleum Corporation
Hearing Date: February 3, 2005

4. Attachment A to this Affidavit is a copy of the Unit Agreement for the proposed Faron State Exploratory Unit. This agreement is on the New Mexico State Land Office State/Fee Unit Agreement form.

5. Attachment B is the plat to the Unit Agreement that shows the boundaries of the Faron State Exploratory Unit and the location of the initial unit test well.

6. Attachment C to this affidavit is a copy of Schedule B to the Unit Agreement for the Faron State Exploratory Unit that identifies the working interest ownership in the unit area. 100% percent of the working interest in the Unit Area is owned by Yates and its affiliated companies and is committed to the unit.

7. The schedule under Attachment C also identifies the royalty interest in the Unit Area. One hundred percent of the royalty interest is owned by the State of New Mexico and under Attachment D to this Affidavit is a letter from the New Mexico Commissioner of Public Lands giving preliminary approval of the State Land Office to the proposed Faron State Exploratory Unit. There are no overriding royalty interests in the Unit Area.

8. All interests in the Unit Area have been committed to the Unit.

9. Attachment E is a Net Atoka Sand Isopach Map. Yates is attempting to locate channel sands by using log correlations, old sample description logs, drill stem test (DST) information and regional mapping. It is very difficult to map the sand channels in this area, since many of the wells were logged in the late 1950's and early 1960's with only a gamma ray-resistivity log. Where possible, sample logs and DST information were utilized to help pinpoint the sand intervals, but in some cases, due to poor quality data, the logs were not reliable in picking sand intervals. Although these gas sands can be very productive, the channels can be very narrow and limited in aerial extent. Although these gas sands can be very productive, the channels are often narrow and limited in aerial extent. The log on the Bell Petroleum State "5" No. 1 Well shows this well had a DST recovery of 1.15 MMCF/D and several excellent deeper sands which tested water. There have been a total of seven deep Atoka penetrations (as shown by the open red circles on the map) but no Atoka production. The only economic Atoka well (as shown by solid red circles on the map) is located in the southeast corner in Section 25. This well had a cumulative production of 13 MBO and 1043 MMCF. There has also been one Mississippian producer (as shown by the solid green circle on the map) and had a cumulative production of 19 MBO and 10 MMCF. The well is located on an upthrown fault block. Yates is planning to drill on the downthrown side of this fault block on virtually unexplored acreage.

10. Attachment F, is Cross Section A-A', and shows this concept at the proposed Faron location. The targeted sand channels are shown on the map in blue and intersects two of these channel systems. There is limited uphole potential in the San Andres and Pennsylvanian formations. The Bell Petroleum State "5" No. 1 Well had a cumulative production of 54 MBO and 456 MB of water from San Andres and Upper

Pennsylvanian. There are two Devonian producers within the unit which had cumulative production of 50 MBO with 252 of water and 199 MBO with 4002 MB of water.

11. The unit covers an area that can be reasonably developed under a unit plan.

12. Yates is attempting to develop deep Atoka production in the center of a structural low on acreage where there has been no Atoka production. Yates believes there is potential for channel sand development in this proposed unit.

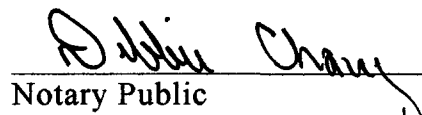
13. This is a high risk project, but if the initial unit well is successful, additional wells will be drilled in the Unit Area. Accordingly, approval of the unit agreement will result in the efficient recovery of hydrocarbons.

14. Approval of the Faron State Exploratory Unit and the development of the Unit Area pursuant to a unit plan is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

FURTHER AFFIANT SAYETH NOT.


John Amiet

SUBSCRIBED AND SWORN before me on this 31st day of January, 2005.


Notary Public

My Commission Expires:

10/9/08