

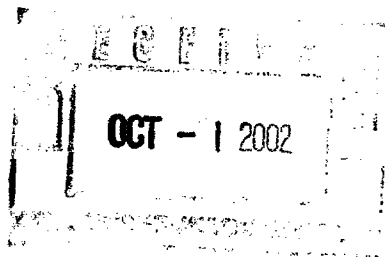
ARCHIMEDES 'ARE' STATE #1

Geologic Discussion of the Proposed Disposal Zone 8032-8069' (Lower Canyon)

Yates Petroleum Corporation is proposing to convert the Archimedes "ARE" State #1 well to a water disposal well. Disposal will be into the Lower Canyon carbonate (Interval 8032-8150), which is stratigraphically lower than what is producing in the Upper Pennsylvanian carbonate in both South Dagger Draw and Indian Basin. The enclosed cross sections (structural and stratigraphic) run from South Dagger Draw eastward through the proposed disposal well and into East Indian Basin. The cross section(s) clearly show the proposed disposal zone in the Lower Canyon Interval is stratigraphically lower than the zones (within the Upper Penn) that are producing in South Dagger Draw and East Indian Basin. Therefore it is Yates Petroleum Corporation's opinion that disposing into this zone will not affect production in the surrounding area.

John F. Humphrey

748-4395



12-20-2002

Note to Case File:

The attachment to this correspondence from Yates is a geologic cross section that measures 37" x 61". See Division Admin. SWD-852 file for original. M.S.

