

APPLICATION FOR DRILLING

HARVEY E. YATES COMPANY  
South Taylor 13 Federal 3  
Sec. 13, T-18S, R-31E  
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill the Subject well in Section 13, Township 18 South, Range 31 East, Eddy County, New Mexico, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Bureau of Land Management requirements:

1. The geologic surface formation is quaternary alluvium and bolson deposits and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Rustler	870'	Grayburg	4100'
Yates	2450'	Delaware	4720'
Seven Rivers	2850'	TD	5450'
Queen	3520'		

3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.  
Delaware 4720'
4. Proposed casing program: See Form 3160-3
5. Pressure control equipment: See Exhibit C.
6. Mud program: See Form 3160-3.
7. Auxiliary equipment: Blowout preventer
8. Testing, logging and coring programs: We are not planning to do any coring or DST's. Planned logs are DLL-Micro w/GR & Caliper, CN-Den w/GR & Caliper.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.