

Application

HARVEY E. YATES COMPANY
Tank 1 Federal #2
Section 1, T-18S, R-32E
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill the Subject well in Section 1, Township 18 South, Range 32 East, Lea 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	1290'	Penrose	4220
Yates	2275'	Grayburg	3907'
Seven Rivers	3200'	San Andres	4850
Bowers	3685'	Delaware Sand	5575'
Queen	3960'	Bone Springs	6110'
		TD	9700'
3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.

Bone Springs 6110'
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: Two possible DST's both in the Bone Springs. We are not planning to do any coring. 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.