

Drilling Prognosis Yates Petroleum

This information is only approximate. Final form may vary

Walt Canyon AMA Federal #2-H

Surface Location: Sec. 3 T22S-R24E, 1,450' S & 790' W

BH Location: Sec. 3 T22-24E 1,300' N & 1,000' W

Eddy County, NM, 8,040' (TVD), 10,385' (MD) Canyon

Procedure:

Will set a a CIBP @ 10,000' and cap with 35' of cement. This will plug all existing Morrow perms. The 7" casing will then be cut and pulled at 8,000'. A cement kick off plug will then be set in the open hole from 7,200'-7,450'. The plug will then be dressed off with an 8 3/4" bit to 7,350'. At this point the well will be "kicked off" and a build rate of 5 degrees/100' will be utilized. A maximum angle of 30 degrees will be obtained and held, and the 8 3/4" pilot hole will then be drilled to 7,960' TVD, 7,993' MD. At this point 7" casing will then be set and cemented back to surface. A 6 1/8" bit and 3 1/2" drillpipe will then be picked up, the float and cement shoe will be drilled out, and directional drilling will resume. A build rate of 36 degrees/100' will be utilized until a maximum angle of 90 degrees is reached at a TVD of 8,040'. The 90 degree angle will be held and the 6 1/8" hole will be horizontally drilled to a bottom hole location of 1,300' N & 1,000' W. The lateral will be approximately 2,539' long.

Geological Program

Expected Tops (All depths are TVD):

SAN ANDRES	Depth: 1055
GLORIETA	Depth: 2750
YESO	Depth: 2905
BONE SPRING	Depth: 3227
THIRD SAND	Depth: 7224
WOLFCAMP	Depth: 7385
CANYON LST	Depth: 7960
CANYON DOLOMITE	Depth: 8,026
TD:	Depth: 8,040 TVD, 10,385' MD

Drilling Program

All Depths are Measured Depth

Hole Size		Casing Program		
Size	Depth To	Size	Weight	Depth
14.75"	1616'	9.625"	36#J-55	1616'
9.625" casing is already set and cemented in place.				
8.75"	7993'	7"	23#, 26#	7993'
6 1/8" OPEN HOLE 7993'-10,385' (MD).				

Maximum Anticipated BHP:

2,500 PSI

Casing Design Factors:

Burst 1.0 Tensile 1.8 Collapse 1.125

Production Casing Design:

Interval	Size	#s/ft	Grade	T&C
0'-100'	7"	26	J-55	LT&C
100'-5,300'	7"	23	J-55	LT&C
5,300'-7,300'	7"	26#	J-55	LT&C
7,300'-7,993'	7"	26#	L-80	LT&C