


Example of Water-Flow Causing Drilling Problem

1. Pronghorn State T SWD #2 injected into Glorieta from 4810-6880 feet
Volume injected was 1,643,628 BW from Feb 2004 through Nov 2006
Maximum of 3000 BWPD; average of 1590 BWPD
2. Yates began drilling Door BIW State #1 on June 10, 2006, about 2300 feet SW of Injector
Hit water-flow at 6257 feet on June 26, 2006 -- 15 to 18 BW per minute
Fought water-flow for 23 days - reached depth of 6811 feet & plugged well
3. Yates moved rig 50 feet and redrilled #1Y well - spud July 22, 2006
Reached TD of 11,660 in Strawn and cemented casing on Sept 25, 2006
Used heavy mud through Glorieta and ran extra string of casing across Glorieta
4. Yates AFE for original well was \$2.83 million; AFE for redrill was \$3.15 million
Actual costs were \$2.90 million for #1 and \$3.65 million for #1Y --> Total \$6.55 million
Thus, extra costs were about \$3.5 million due to water-flow

	
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Author:	Date:
Dea Henson	3 January, 2014



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**YATES PETROLEUM
Exhibit #5**