

Yates Petroleum Corporation

Case 13123

- A. Subject: Yates Delhagen BAJ Com #1
990 N & 1330 W, Section 6-10S-25E
Chaves County, New Mexico
- B. Yates seeks 200-percent risk penalty
- C. Consider 25 Sections Surrounding DelHagen Location
Historically – Three target zones
- a. San Andres < 1000 feet
 - b. Abo 3300 to 3900 feet
 - c. Basement > 4500 feet
- D. Drilling Results
- a. Bitter Lake San Andres -- 16 wells
Need 10 MBO for commercial well
1 out of 16 is commercial ---> Poor SA Target
 - b. Pecos Slope Abo -- 18 wells
Need 0.4 Bcf for commercial well
8 out of 18 are commercial ---> Potential Target
 - c. Drill to Basement -- 4 wells
Zones are Basement, Penn, Wolfcamp
3 of 4 have mediocre Wolfcamp – nothing else
Deeper zone are unproved
4 out of 4 are commercial from backup Abo zone
- E. Conclusion: (1) San Andres is no target
(2) Deep zones unproven
(3) 12 out of 22 are commercial in Abo
(4) Around 50% chance for success in Abo