WILDCAT WELL PROPOSAL

THORNBUSH PROSPECT

YATES ENERGY CORPORATION
Thornbush Federal #1
330' FSL & 1980' FWL
Section 1, T18S, R31E
Eddy County, New Mexico

GEOLOGY

Drilling at the proposed location will test the primary objective "First Bone Springs Carbonate" at a depth of approximately 7900'. Secondary objectives include the Second Bone Springs Sand(8150'), First Bone Springs Sand(7575'), Delaware Sands(4800'), Grayburg(4000') and Queen Sand(3500'). The projected total depth is 8800'.

Intense drilling activity in the area of the Thornbush Prospect has defined several commercially productive Bone Springs intervals. The most prolific of these is the "First Bone Springs Carbonate". Rocks within this interval are characterized as Detrital that accumulated on the Fore-Reef side of the Abo Reef and may consist of limestone, dolomitic limestone or dolomite. The dolomite reservoir facies produces commercial quantities of oil in the Young Deep Bone Springs Field located on depositional strike approximately two miles east and the Tamano Bone Springs Field located approximately 2/3 mile west-southwest of the proposed location. Isopach maps suggest that these two fields are depositionally connected to form an east-west trend across the prospect area. The proposed Thornbush Federal #1 should encounter productive "First Bone Springs Dolomite" porosity slightly up-structure from equivalent production in the Tamano Field.

The Second Bone Springs Sand is also productive in the Tamano Field and provides an excellant secondary objective for the prospect.

Curtis A. Anderson
Geologist
Yates Energy Corporation

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