

YATES PETROLEUM CORPORATION

General "AWL" State #1 Re-entry

2206' FNL & 660' FEL

Section 36-T7S-R28E

Chaves County, New Mexico

Lease #VO-5254

Drilling Plans: Yates Petroleum Corporation plans to re-enter this well bore using a pulling unit and a reverse unit to drill out the cement plugs in the 9 5/8" casing and the 8 3/4" open hole to the top of the 5 1/2" casing stub at 3,500'. The 5 1/2" casing will be repaired and tied back to surface and cemented with enough cement to bring the top of cement to approximately 2,000'. After the 5 1/2" casing has been repaired the cement and cast iron bridge plug at 4,400' will be drilled up. Then the cement and cast iron bridge plug at 6,685' will be drilled up. Then twenty-five feet of cement on top of the plug at 6,770' will be drilled up for a new plugged back total depth of 6,758'. The mud program to be used will be 9.2-9.5 ppg brine water with a 55-70 cp viscosity. A 3,000# BOPE will be installed on the 9 5/8" casing.

The well will be completed using a pulling unit. The well will be completed and tested in the Penn zone in the interval from 6,704" to 6.758'. Other zones that may be tested will be the Wolfcamp and the Abo.