

YATES PETROLEUM CORPORATION
Lucky Lab "AZV" Federal Com. #1
660' FNL and 910' FWL
Sec.5,-T17S-R27E
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

San Andres	1265'
Glorietta	2600'
Yeso	2810'
Abo	4700'
Wolfcamp	5870' - <i>700 7500</i>
Strawn	8020'
Atoka	8380'
Morrow Clastics	8530'
Lower Morrow	8580'
Chester Lime	8770'
TD	8900'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 250'-350'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>
12 1/4"	8 5/8"	24#	J-55	ST&C	0-1300'
7 7/8"	4 1/2"	11.6#	S-95	LT&C	0-9100'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

- B. CEMENTING PROGRAM:

Surface casing: 300 sx 35:65 POC 'C' (YLD 1.9 WT 12.66), tail with 200 sx 'C'
+ 2% CaCL2 (YLD 1.32 WT 14.6).

Production Casing: 400 sx Super 'C' Modified (YLD 2.0 WT 12.0).
Top of cement at 7500'

(550 SX)