

Preliminary Drilling Prognosis

Yates Petroleum

This information is only approximate. Final form may vary

Preston Federal #5-H

Surface: Sec. 34 20S-24E 840' S & 1,980' E

Bottom Hole: 760' S & 660' E

Eddy County, NM, 9,000' MD Canyon

Procedure:

YPC plans to re-enter this well which was drilled in 1993. The well is currently producing. The tubing and sub pump will be pulled from the well, and the perforations will be left open. A cast iron bridge plug will be set at +/-7,635'. A whipstock will then be set inside of the casing on top of the CIBP. A window will then be milled in the casing at 7,615', and the wellbore will be sidetracked out of the 7" casing. A 4 3/4" bit will be used for the horizontal lateral. A build rate of 52 deg/100' will be used until a final inclination of 90 degrees is reached. This should occur at 7,787' MD, 7,725' TVD. From this point the 90 degree angle will be maintained and a lateral approximately 1,200' long will be drilled. The end of the lateral will be 9,000' MD, 7,725' TVD.

Geological Program

Expected Tops:

SAN ANDRES	Depth: 600
GLORIETA	Depth: 2100
BONE SPRING	Depth: 3500
WOLFCAMP	Depth: 5950
CANYON LIME	Depth: 7450
CANYON DOLOMITE	Depth: 7725*
TD	9,000' MD, 7,725' MD

*This depth is the middle of the productive Canyon Dolomite.

Drilling Program

Hole Size		Casing Program		
Size	Depth To	Size	Weight	Depth
14.75"	1080'	9.625"	36#J-55	1080'
8.75"	9650'	7"	23#, 26#	9650'
4.75"	9,000' MD	OPEN HOLE		

NOTE: The 9.625" and 7" casing strings are set and cemented in place.

Mud Program

Depth		Type	Weight
From	To		
0'	TD	FW	8.4-8.6
			Vis: 28-32