

YATES PETROLEUM CORPORATION
Rio Penasco MF Federal Com.#2 (Re-entry)
Deepening of a Producing Well
1980' FNL & 660' FWL
Section 11-T19S-R25E
Eddy County, New Mexico

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

Strawn	8246'
Atoka	8666'
Morrow Clastics	9006
Mississippian Lime	9246'
TD	9350'

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

Water:	225'-300'
Oil or Gas:	9006'-9350'

3. Pressure Control Equipment: BOPE will be installed on the 9 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>Thread</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	9 5/8"	36#	J55	ST&C	0-1165'	1165' In Place.
8 3/4"	7"	23+26#	J55+N80	ST&C	0-8130'	8130' In Place.
6 1/8"	4 1/2" Liner	11.6#	N80	ST&C	7630'-9350'	1720'

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

- B. CEMENTING PROGRAM:
Surface casing: 1200 sx (in place).
Intermediate Casing: 900 sx (in place).
Production Liner: 200 sx.