

# YATES PETROLEUM CORPORATION

Cuadrito "AZO" Federal #1  
865' FNL and 660' FWL  
Section 31-T20S-R23E  
Eddy County, New Mexico

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

San Andres	Surface
Glorieta	1520'
Tubb	2870'
Abo	3510'
Wolfcamp	4750'
Cisco	5950'
Strawn	7350'
Atoka	7730'
Morrow	7840'
Chester	8145'
TD	8200'

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>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-350'	350'
12 1/4"	8 5/8"	24#	J-55	ST&C	0-1600'	1600'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100'-6900'	6800'
7 7/8"	5 1/2"	15.5 # & 17#	S-95	LT&C	6800'-8200'	1400'

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