

The Government "W" No. 1 is located approximately two miles southwest of a shallow Yates waterflood operated by Barber Oil Company and is 5/8 mile SSW of Cities Service Oil Company's Government "U" No. 1, currently drilling.

The nearest inhabited residence is two miles northeast of our location. Mr. A. H. Rains lives in this residence. Mr. Rains has a Federal grazing lease on our proposed location and access road. He has been notified of our intent to drill and we are currently negotiating a damage settlement with him.

The well is scheduled to test the Morrow with a projected TD of 11600'. Other shallower zones will be tested as the well is being drilled.

If completed as a producer, producing equipment will be set no closer than 150' from the well with tanks set to collect both oil and water which will be trucked to sale or disposal. The gas purchaser will install necessary gas measuring equipment and gathering pipe line.

The reserve pit will be lined when it is built. If the well is completed as a producer, the pits will be backfilled, levelled, debris removed and surface equipment fenced. If it is a dry hole, the well will be plugged as per United States Geological Survey requirements, the pits backfilled and levelled and all debris removed.

The proposed casing program consists of:

13-3/8" 48# set at 385' with cement circulated.

9-5/8" 32 and 36# set at 2950' with cement circulated.

5-1/2" 17 and 20# set at 11600' with sufficient cement to fill annular space to 9000'.

In addition to the blow out preventer program shown on the attached plat, the following equipment will be in use before drilling into the Wolfcamp formation:

1. Swaco adjustable choke in choke manifold.
2. Pit volume totalizer.
3. Flow line sensor.
4. Degasser.