

YATES PETROLEUM CORPORATION
 Lowe Staple "AMR" Federal Com. #2
 237' FNL and 937' FWL Surface Location
 660' FNL and 660' FWL Bottom Hole Location
 Section 22-T21S-R24E
 Eddy County, New Mexico

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

San Andres	1055'	Base Dolomite	8235'
Glorieta	2725'	Strawn	8715'
Bone Spring Lime	3355'	Atoka	9205'
2 nd Bone Spring	3705'	Morrow	9715'
3 rd Bone Spring	6805'	Chester	9955'
Wolf Camp	7055'	TD	10050' TVD
Canyon Dolomite	7905'	TD	10110' MD

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

Water: 150' – 250'
 Oil or Gas: All potential Zones.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 5000 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:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	9 5/8"	36#	J-55	0-1800'	1800'
8 3/4"	7"	26#	L-80	0-1000'	1000'
8 3/4"	7"	26#	J-55	1000'-6900'	5900'
8 3/4"	7"	26#	N-80	6900'-9100'	2200'
8 3/4"	7"	26#	HCP-110	9100'-10500'	1400'

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

- B. CEMENTING PROGRAM:

All casing strings are set and cemented in place.