

Drilling Prognosis
Yates Petroleum Corporation
Mighty Mite AZF Federal Com. #1
229' FNL and 1541' FWL Surface Location
660' FNL and 660' FEL Bottom Hole Location
Eddy County, New Mexico

Procedure:

Yates Petroleum Corporation plans to drill this well vertically to a depth of 4710' with the hole sizes and casing program included in the APD. At 4710' a gyro survey will be run to determine the exact bottom hole location. The directional plan will then be adjusted based on that data. The well will then be kicked off with a build rate of 2.5 deg/100' until a final inclination of 22.5 degrees is reached. This angle will be held to a depth of approximately 7141' TVD, at which point a drop rate of 2.5 degrees/100' will be used to return the well to vertical. The well will be returned to vertical by 7990' TVD (top of Canyon), and the remainder of the well will be drilled vertically to the TVD of 10,500' approximately 10,672' MD.

Please Note: This well is located in the Indian Basin, near several existing Yates Petroleum Corporation wells. This well is to be drilled off of the same well pad as the proposed vertical well, the Walt Canyon AMA Federal Com. #8.