

YATES PETROLEUM CORPORATION

Lily "ALY" Federal #8

660' FSL and 330' FEL

Section 3-T24S-R31E

Eddy County, New Mexico

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

Rustler	558'
Top of Salt	891'
Bottom of Salt	4,110'
Bell Canyon	4,335'
Cherry Canyon	5,321'
Brushy Canyon	7,030'
Bone Spring	8,192'
TD	8,300'

2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS, OR MINERAL FORMATIONS:

Water:	150'
Oil or Gas:	Cherry Canyon 5,321' and Bone Springs 8,129'

- 3: PRESSURE CONTROL EQUIPMENT - (Schematic Attached)

- A. The Blow-Out Preventor will be equipped as follows:

1. One (1) blind ram (above)
2. One (1) pipe ram (below)
3. Kill line (2-inch minimum)
4. One (1) kill line valve (2-inch minimum)
5. One (1) choke line valve
6. Two (2) adjustable chokes.
7. Upper kelly cock valve with handle available
8. Safety valves & subs to fill all drill strings in use
9. 2-inch (minimum) choke line
10. Fill-up line above the upper most preventor

- B. Pressure Rating: 3,000 PSI

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>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	54.5#	J-55	8RD	ST&C	0-500'	500'
11"	8 5/8"	32#	J-55	8RD	ST&C	0-4200'	4200'
7 7/8"	5 1/2"	17#	J-55	8R	LT&C	0-500'	500'
7 7/8"	5 1/2"	15.50#	J-55	8R	LT&C	500'-7550'	7050'
7 7/8"	5 1/2"	17#	J-55	8R	LT&C	7550'-8300'	750'

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