

YATES PETROLEUM CORPORATION

Chosa "ATR" Federal #1
2250' FSL and 1060' FWL
Section 8-T25S-R26E
Eddy County, New Mexico

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

Anhydrite	1450'
Bell Canyon	1700'
Cherry Canyon	2600'
Brushy Canyon	4000'
Bone Spring	5210'
Wolfcamp	8500'
Strawn	10,410'
Atoka	10,760'
Morrow	11,300'
TD	12,000'

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

Water: 350'
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: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Thread</u>	<u>Interval</u>
17 1/2"	13 3/8"	48.0#	H-40	ST&C	0-350'
12 1/4"	9 5/8"	36.0#	J-55	ST&C	0-1750'
8 3/4"	7 "	26.0#	J-55	LT&C	0-400'
8 3/4"	7"	23.0#	J-55	LT&C	400'-5200'
8 3/4"	7"	26.0#	J-55	LT&C	5200'-7300'
8 3/4"	7"	26.0#	N-80	LT&C	7300'-9000'
6 1/8"	4 1/2"	11.6#	S-96	LT&C	8500'-12000'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.8, Joint Strength 2.0