

YATES PETROLEUM CORPORATION
HARACZ AMO FEDERAL #2
660' FSL and 1980' FWL
Sec. 24 T24S R31E
County EDDY State NM

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

Rustler	680'
Top Salt	1017'
Base Salt	4315'
Bell Canyon	4537'
Cherry Canyon	5510'
Brushy Canyon	7310'
Bone Spring	8410'
TD	8600'

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

Water: 150'
Oil or Gas: 4537', 7310' and 8410'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" casing and rated for 3M 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, 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 Si00</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"	54.50	J55	8R	ST&C	0-700	700'
11"	8 5/8"	32#	J55	8R	ST&C	0-4200	4200'
11"	8 5/8"	32#	HC-80	8R	LT&C	4200-4400	200'
7 7/8"	5 1/2"	17#	J55	8R	LT&C	0-1000	1000'
7 7/8"	5 1/2"	15.50#	J55	8R	LT&C	1000-7600	6600
7 7/8"	5 1/2"	17#	J55	8R	LT&C	7600-8600	1000

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80