

**YATES PETROLEUM CORPORATION**  
**Haracz "AMO" Federal #2**  
 660' FSL and 1980' FWL  
 Section 24-T24S-R31E  
 Eddy County, New Mexico

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 3000 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)

<b>WITNESS</b>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
		13 3/8"	54.50	J-55	ST&C	<del>0-700'</del> 830'	700'
	11"	8 5/8"	32#	J-55	ST&C	0-4200'	4200'
	11"	8 5/8"	32#	HC-80	LT&C	4200-4400'	200'
	7 7/8"	5 1/2"	17#	J-55	LT&C	0-1000'	1000'
	7 7/8"	5 1/2"	15.5#	J-55	LT&C	1000'-7600'	6600'
	7 7/8"	5 1/2"	17#	J-55	LT&C	7600'-8600'	1000'

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

**SAFETY FACTOR OF 1.125 EXCEEDED FOR COLLAPSE  
 OF 6600', 5.5", J-55, 15.5#/ft (1.105) USING 9.1 ppg MUD**