

Exhibits 1 through 4
Complete Set

Section 6. T8S. R37F

[illegible]

Examiners Hearing - Thursday - April 8, 1993
Case #10698

EXHIBIT #2

WATTAM FEDERAL #7
Section 6, T8S, R31E

Offset Operators:

Yates Energy Corporation
P.O. Box 2323
Roswell, NM 88202-2323

Yates Petroleum Corporation
105 South 4th
Artesia, NM 88210

Remuda Operating Corporation
301 N. Colorado #150
Midland, Texas 79701

Case #10698

WATTAM FEDERAL #7

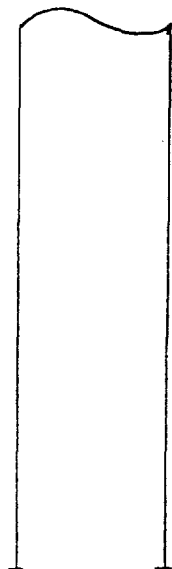
Unit D, NW/4NW/4, Section 6
T8S, R31E
CATO San Andres Field
Chaves County, New Mexico

HORIZONTAL DRILLING PROCEDURE

1. Set cement retainer @ 3642 feet. Cement squeeze perforations 3654' to 3783'.
2. Set packer @ 3278'. Cement squeeze perforations 3578' to 3629'.
3. Drill out cement to 3642'.
4. Mill section in 5½" casing from approximately 3564' to 3624'. Set cement plug. Drill out cement to approximately 3594'.
5. Run directional survey.
6. Kickoff cement plug at approximately 3594'.
7. Drill 60 feet radii curve to an inclination of approximately 85 to 90 degrees. Conduct surveys every 5 feet of the arc.
8. Drill laterally approximately 730 + feet in a direction of our choice, thru a vertical depth of approximately 3654' to 3700'.
9. Conduct surveys every 30 feet in the lateral.
10. A distance of 100 feet will be maintained by the horizontal hole from the boundaries of the 40 acre tract.

WATTAM FEDERAL #7

Perforations @
3578' - 3629'



Mill 5½" casing
3564' - 3624'

Cement plug
3594' - 3642'

Cement retainer
@ 3642'

Perforations @
3654' - 3783'

