



30.015-34509

COMPANY : YATES ENERGY CORP.
LEASE : NORTH HESS FEDERAL "23"
WELL NO. : # 1
FIELD : S. MORROW EAST
COUNTY/STATE : EDDY / NEW MEXICO

TEST DATE : 02/13/06
D.S.T. NO. : 4
TEST TKT. NO. : 23454
INVOICE NO. : 21596
ORDER NO. :

FORMATION : MORROW
INTERVAL (ft) : 9956 TO 10005
TOTAL DEPTH (ft) : 10005
ELEVATION (ft) : 4117

HOLE SIZE (in) : 7.875
DRILL PIPE ID (in) : 3.82
DRILL COLLAR ID(in): 2.25
DRILL COLLAR feet : 809

ANCHOR LENGTH (ft): 49
TOOL LENGTH (ft) : 53
TOOL O.D. (in) : 5
PACKER SIZE (in) : 7.00

RECORDER DATA
AK-1KUSTER / ZIPROBE

TOP RECORDER: IN
RECORDER NO. : 9634
CAPACITY (psi): 10000
DEPTH (ft) : 9963
CLOCK NO. : 9634
DURATION (hrs): 99

BOTTOM RECORDER: OUT
RECORDER NO. : 13709
CAPACITY (psi): 8750
DEPTH (ft) : 10002
CLOCK NO. : 19463
DURATION (hrs): 24

MUD PROPERTIES

MUD TYPE : CUT BRINE WATER
MUD WT. (#/gal) : 9.80

WATER LOSS (cc) : 6.40
FILTER CAKE (in) : 1/32
VISCOSITY (sec) : 40

CHLORIDE PPM : 48000
RESISTIVITY(ohm-m): .080

EQUIPMENT DATA

CONVENTIONAL : YES
STRADDLE : NO
SELECTIVE ZONE : NO
SAMPLE CHAMBER : YES
GAS ANALYSIS : YES

ROTARY JARS : YES
NO. OF PACKERS : 2
SAFETY JOINT : YES
CIRCULATING SUB : YES
REVERSED OUT : NO

MULTIFLOW : YES
MILEAGE : NO
OPERATOR TIME : YES
OTHER : YES
ZI ELECTRONICS (2)

SUCCESSFUL : YES

PACKER FAILURE : NO

TOOL PLUG : NO

DECIDED NOT TO TEST : NO

FAIL TO REACH BOTTOM : NO

TIME INTERVAL DATA (min)

TOOL OPENED : 1:30 AM

TOTAL TEST TIME: 747

INITIAL FLOW : 12
SECOND FLOW : 116
THIRD FLOW :

INITIAL SHUT-IN: 120
SECOND SHUT-IN : 500
THIRD SHUT IN :

TEST TOOL OPERATOR: DON TERHUNE



YATES ENERGY CORP.

NORTH HESS FEDERAL "23" # 1
D.S.T. NO. :4

		CORRECTED READING	FIELD READING
A	INITIAL HYDROSTATIC:	4964 PSI	4964 PSI
B-1	INITIAL FIRST FLOW :	73 PSI	72 PSI
B-2	FINAL FIRST FLOW :	109 PSI	109 PSI
C	FIRST SHUT-IN :	3905 PSI	3905 PSI
D-1	INITIAL SECOND FLOW:	94 PSI	92 PSI
D-2	FINAL SECOND FLOW :	194 PSI	191 PSI
E	SECOND SHUT-IN :	3881 PSI	3881 PSI
H	FINAL HYDROSTATIC :	4963 PSI	4963 PSI

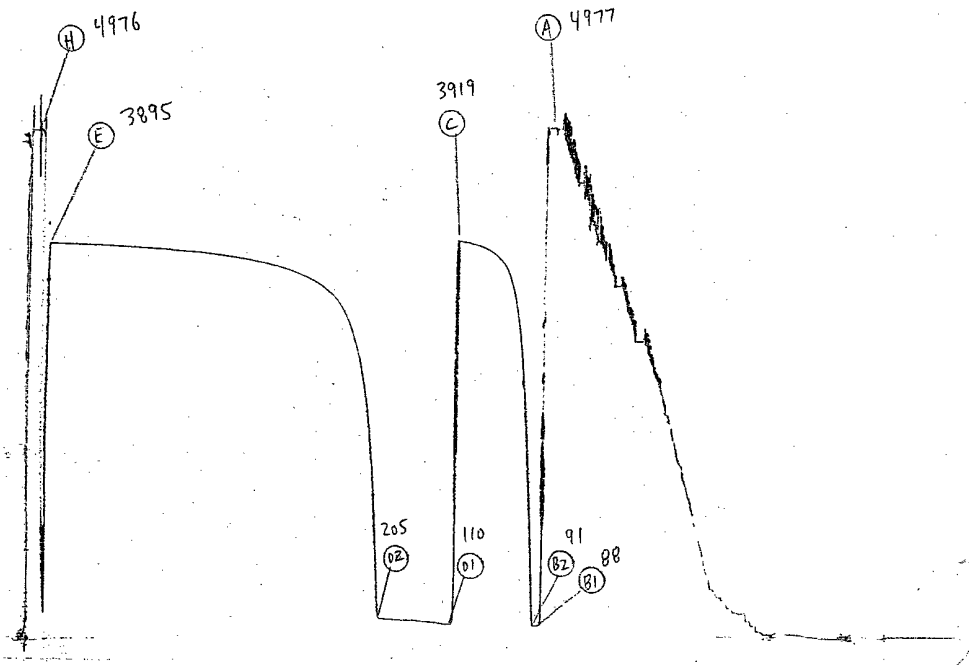
TKT- 23454

REC- 13709

WT- 8750

AK-1 KUSTER 24 HR. CLOCK

BOTTOM RECORDER: OUTSIDE



PIPE RECOVERY

RECOVERY DATA
B.H. TEMP. (deg F) : 180

SAMPLE CHAMBER

GAS TO SURFACE 10 MIN. INTO INITIAL SHUT-IN PERIOD
540 FT. OF TOTAL FLUID
210 FT. OF DRLG. MUD
330 FT. OF FORMATION WATER
60,000 MG/L CHLORIDES- .068 OHMS @ 85 DEGREES

150 LBS. OF PRESSURE
.409 CU. FT. OF GAS
2200 CC'S OF FORMATION WATER
60,000 MG/L CHLORIDES
.068 OHMS @ 85 DEGREES

TEST REMARKS

TOOL OPENED WITH GOOD BLOW (18" IN WATER) ON 1/8" CHOKE, 11 LBS. IN 5 MIN.
CHANGED CHOKE TO 1/4" WITH 13 LBS. IN 10 MIN. & 15 LBS. AT END OF 15 MIN.
FIRST FLOW. (GAS TO SURFACE 10 MIN. INTO ISIP). REOPENED TOOL ON 1/4" WITH
5 LBS. (28 MCFPD) IN 5 MIN., 3 LBS. (26 MCFPD) IN 10 MIN., 2 LBS. (24 MCFPD)
IN 15 MIN., 1.5 LBS. (23 MCFPD) IN 20 MIN., 3.5 OZS. (TSTM) IN 30 MIN., 3.25
OZS. (TSTM) IN 60 MIN., 3 OZS. (TSTM) IN 80 MIN. & 3 OZS. (TSTM) ON 1/4" AT
END OF THE 120 MIN. FINAL FLOW PERIOD.

CAPROCK LABORATORIES, INC.
3312 BANKHEAD HIGHWAY
MIDLAND, TEXAS 79701

CHROMATOGRAPHIC ANALYSIS

COMPANY: RIG TESTERS/YATES ENERGY JOB #: 0602053
SAMPLE ID: N HESS FEDERAL 23 #1 SAMPLE #: 1D1202UEX5
SAMPLE TYPE: SPOT DATE ON: 20060213
STATION: YATES ENERGY DATE OFF: 20060213
BASE PRESSURE, PSIA: 14.650 TIME ON:
RANAREX GRAVITY: TIME OFF:
SAMPLE PRESS., psig: 3.0 SAMPLED BY: CLIENT
GAS TEMP. F: CYLINDER #: 000001
ANALYSIS DATE: 20060214 SAMPLE USE * : A
ANALYSIS COMMENTS: DST 4, 9956-10005 MORROW FORMATION, EDDY CO, N. MEX.

COMPONENT	MOLE %	GPM
HYDROGEN SULFIDE	0.0000	
NITROGEN	0.2532	
OXYGEN	0.0000	
METHANE	95.9854	
CARBON DIOXIDE	0.0274	
ETHANE	2.7307	0.7263
PROPANE	0.5426	0.1487
ISO-BUTANE	0.1003	0.0326
N-BUTANE	0.0793	0.0249
ISO-PENTANE	0.0480	0.0187
N-PENTANE	0.0284	0.0102
HEXANES	0.0781	0.0319
HEPTANES +	0.1288	0.0590
TOTAL	100.0000	1.0504

HEATING VALUE

BTU DRY 1047.4
BTU SATURATED 1029.2

COMPRESSIBILITY, Z 0.9978

RELATIVE DENSITY 0.5834

AVE. MOLE WEIGHT 16.8968

H2S, TUTWEILER, GR./100 CUBIC FEET 0.0

28 # GASOLINE 1.0504

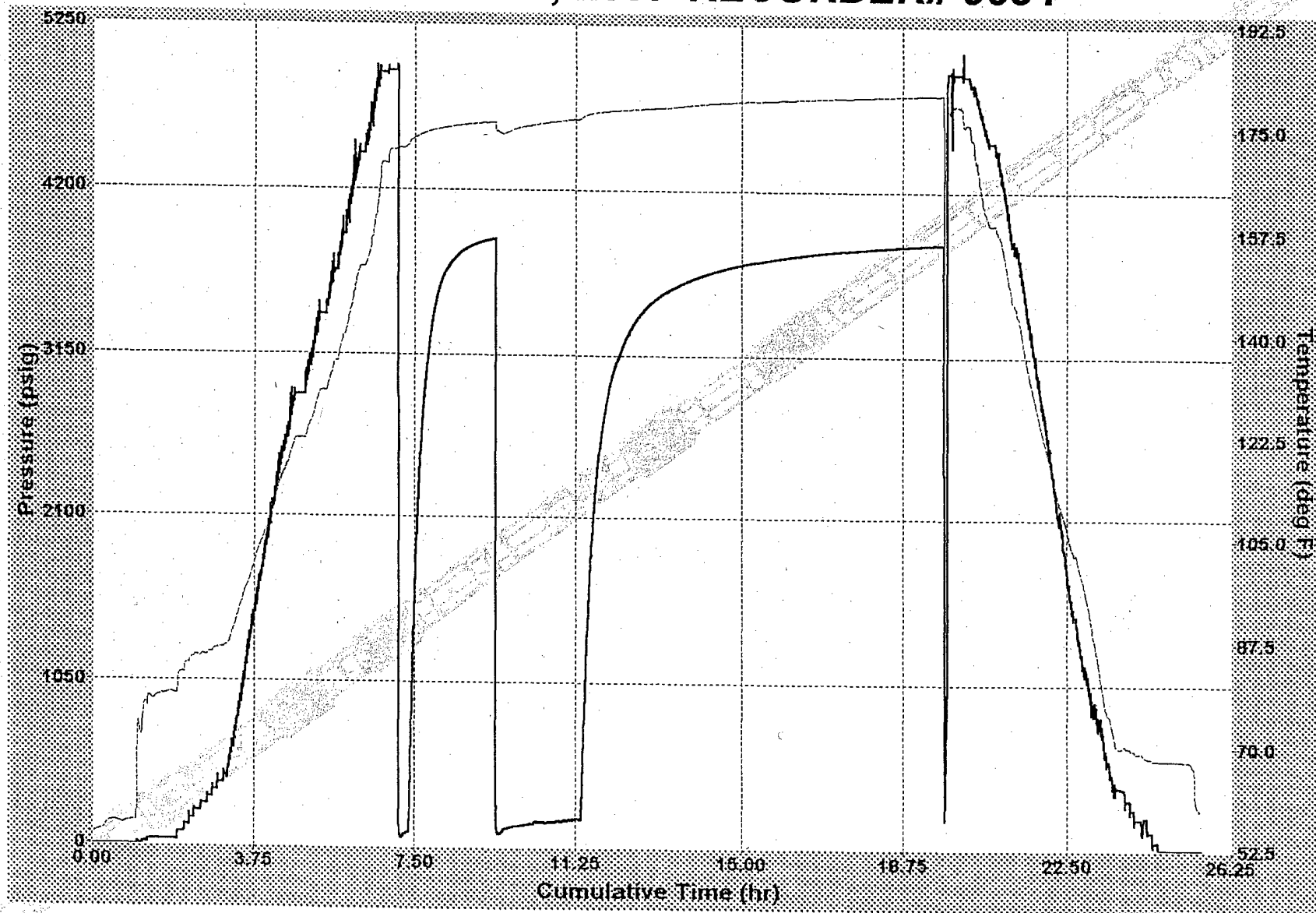
BASE CONDITIONS, 14.65 PSIA @ 60 DEGREES FAHRENHEIT

* A = ACCOUNTABLE, O = OPERATIONAL

Company Name YATES ENERGY INC.
Well Name NORTH HESS FEDERAL "23" #1
Type of Test DST #4 (9956 - 10005 FT.; MORROW)
Date(s) of Test 2-13-06



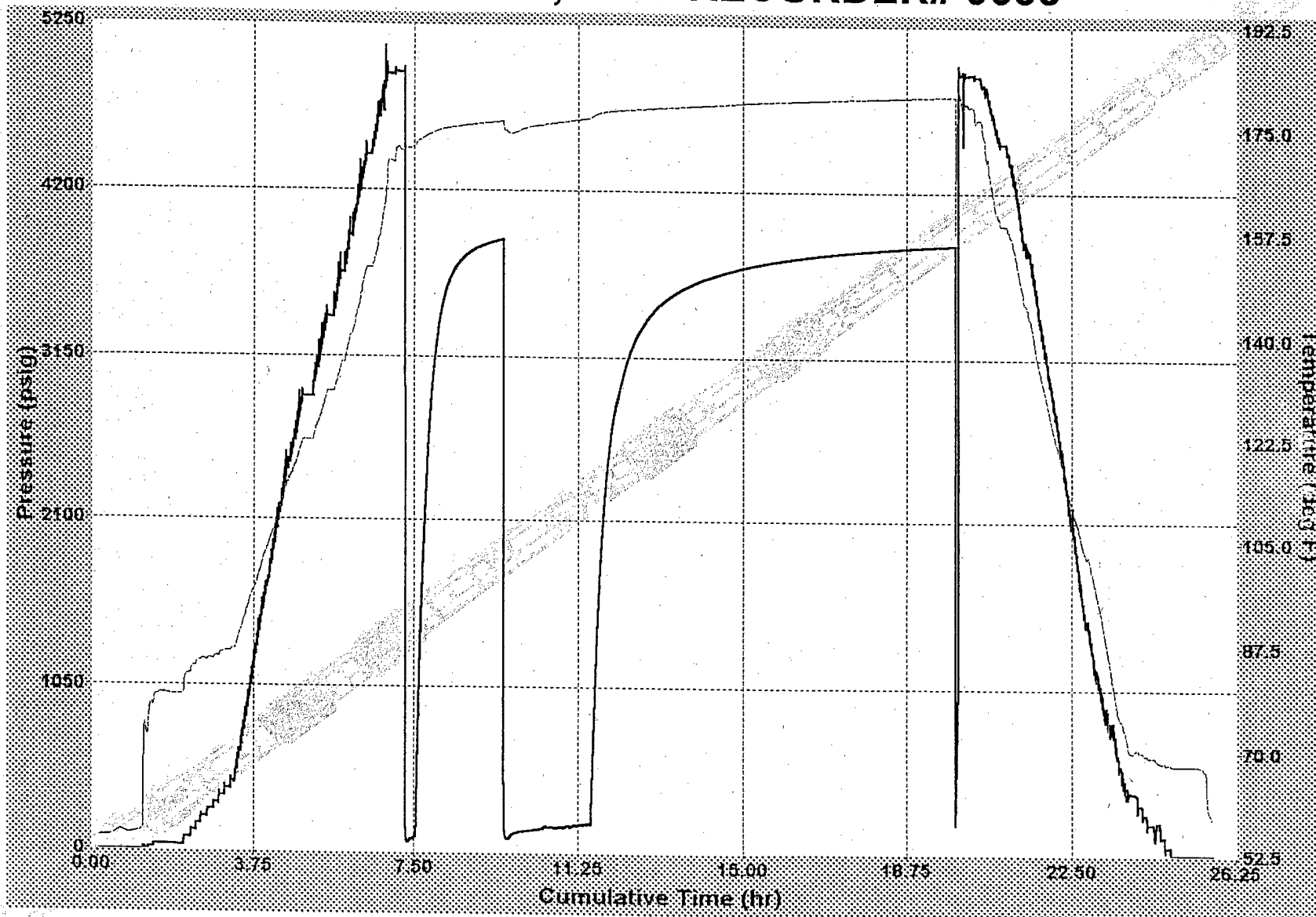
RIG TESTERS, INC. RECORDER# 9634



Company Name YATES ENERGY INC.
Well Name NORTH HESS FEDERAL "23" #1
Type of Test DST #4 (9956 - 10005 FT.; MORROW)
Date(s) of Test 2-13-06



RIG TESTERS, INC. RECORDER# 9635



RIG
TESTERS, INC.

YATES ENERGY CORP.

NORTH HESS FEDERAL "23" # 1
D.S.T. NO. : 4

INCREMENTAL PRESSURE DATA

RECORDER NO : 9634

RECORDER CAPACITY : 10000 psi

RECORDER DEPTH : 9963 ft

ELAPSED TIME ---MIN---	TOTAL FLOW TIME, T ---MIN---	INCREMENTAL SHUT-IN TIME, DT ---MIN---	(T+DT)/DT (HORNER) -----	PRESSURE ---PSIG---	DELTA P ---PSIG---
FIRST FLOW					
.0	.0			73.40	.00
2.0	2.0			75.72	2.32
4.0	4.0			85.01	11.61
6.0	6.0			93.30	19.90
8.0	8.0			99.30	25.90
10.0	10.0			103.69	30.29
12.0	12.0			109.10	35.70
12.3	12.3			109.10	35.70
FIRST SHUT-IN					
12.3	12.3	.00	.000	109.10	.00
13.3	12.3	1.00	13.300	286.37	177.27
14.3	12.3	2.00	7.150	522.66	413.56
15.3	12.3	3.00	5.100	740.40	631.30
16.3	12.3	4.00	4.075	952.59	843.49
17.3	12.3	5.00	3.460	1138.74	1029.64
18.3	12.3	6.00	3.050	1309.40	1200.30
19.3	12.3	7.00	2.757	1476.80	1367.70
20.3	12.3	8.00	2.538	1626.43	1517.33
21.3	12.3	9.00	2.367	1765.30	1656.20
22.3	12.3	10.00	2.230	1902.15	1793.05
24.3	12.3	12.00	2.025	2138.00	2028.90
26.3	12.3	14.00	1.879	2350.12	2241.02
28.3	12.3	16.00	1.769	2534.73	2425.63
30.3	12.3	18.00	1.683	2692.40	2583.30
32.3	12.3	20.00	1.615	2833.73	2724.63
35.3	12.3	23.00	1.535	3010.50	2901.40
38.3	12.3	26.00	1.473	3155.81	3046.71
41.3	12.3	29.00	1.424	3275.86	3166.76
44.3	12.3	32.00	1.384	3374.72	3265.62
47.3	12.3	35.00	1.351	3456.02	3346.92
50.3	12.3	38.00	1.324	3522.70	3413.60
57.3	12.3	45.00	1.273	3634.30	3525.20
62.3	12.3	50.00	1.246	3689.29	3580.19
67.3	12.3	55.00	1.224	3730.05	3620.95
72.3	12.3	60.00	1.205	3761.20	3652.10
77.3	12.3	65.00	1.189	3786.70	3677.60
82.3	12.3	70.00	1.176	3807.62	3698.52
87.3	12.3	75.00	1.164	3824.80	3715.70
92.3	12.3	80.00	1.154	3839.36	3730.26
97.3	12.3	85.00	1.145	3851.74	3742.64
102.3	12.3	90.00	1.137	3862.20	3753.10
107.3	12.3	95.00	1.129	3871.53	3762.43
112.3	12.3	100.00	1.123	3879.85	3770.75
117.3	12.3	105.00	1.117	3887.10	3778.00

YATES ENERGY CORP.


 NORTH HESS FEDERAL "23" # 1
 D.S.T. NO. : 4

INCREMENTAL PRESSURE DATA

RECORDER NO : 9634

RECORDER CAPACITY : 10000 psi

RECORDER DEPTH : 9963 ft

ELAPSED TIME ---MIN---	TOTAL FLOW TIME, T ---MIN---	INCREMENTAL SHUT-IN TIME, DT ---MIN---	(T+DT)/DT (HORNER) -----	PRESSURE ---PSIG---	DELTA P ---PSIG---
FIRST SHUT-IN					
122.3	12.3	110.00	1.112	3893.83	3784.73
127.3	12.3	115.00	1.107	3899.93	3790.83
132.0	12.3	119.70	1.103	3905.10	3796.00
SECOND FLOW					
136.3	16.6			94.30	.00
141.3	21.6			108.48	14.18
146.3	26.6			130.31	36.01
151.3	31.6			137.00	42.70
156.3	36.6			142.80	48.50
161.3	41.6			145.91	51.61
166.3	46.6			150.10	55.80
171.3	51.6			152.51	58.21
176.3	56.6			154.94	60.64
181.3	61.6			162.60	68.30
186.3	66.6			164.66	70.36
191.3	71.6			171.14	76.84
196.3	76.6			174.70	80.40
201.3	81.6			168.53	74.23
206.3	86.6			171.38	77.08
211.3	91.6			171.50	77.20
216.3	96.6			169.41	75.11
221.3	101.6			178.40	84.10
226.3	106.6			180.50	86.20
231.3	111.6			182.79	88.49
236.3	116.6			183.73	89.43
241.3	121.6			187.30	93.00
246.3	126.6			193.19	98.89
251.3	131.6			195.05	100.75
251.8	132.1			194.20	99.90
SECOND SHUT-IN					
251.8	132.1	.00	.000	194.20	.00
253.8	132.1	2.00	67.030	512.38	318.18
255.8	132.1	4.00	34.015	820.46	626.26
257.8	132.1	6.00	23.010	1101.30	907.10
259.8	132.1	8.00	17.508	1345.45	1151.25
261.8	132.1	10.00	14.206	1569.21	1375.01
263.8	132.1	12.00	12.005	1765.10	1570.90
265.8	132.1	14.00	10.433	1931.18	1736.98

YATES ENERGY CORP.


 NORTH HESS FEDERAL "23" # 1
 D.S.T. NO. : 4

INCREMENTAL PRESSURE DATA

RECORDER NO : 9634

RECORDER CAPACITY : 10000 psi

RECORDER DEPTH : 9963 ft

ELAPSED TIME ---MIN---	TOTAL FLOW TIME, T ---MIN---	INCREMENTAL SHUT-IN TIME, DT ---MIN---	(T+DT)/DT (HORNER) -----	PRESSURE ---PSIG---	DELTA P ---PSIG---
SECOND SHUT-IN					
267.8	132.1	16.00	9.254	2081.06	1886.86
269.8	132.1	18.00	8.337	2212.10	2017.90
271.8	132.1	20.00	7.603	2323.48	2129.28
274.8	132.1	23.00	6.742	2469.75	2275.55
277.8	132.1	26.00	6.079	2592.42	2398.22
280.8	132.1	29.00	5.554	2696.75	2502.55
283.8	132.1	32.00	5.127	2786.52	2592.32
286.8	132.1	35.00	4.773	2865.45	2671.25
289.8	132.1	38.00	4.475	2936.35	2742.15
296.8	132.1	45.00	3.935	3074.00	2879.80
301.8	132.1	50.00	3.641	3151.38	2957.18
306.8	132.1	55.00	3.401	3217.03	3022.83
311.8	132.1	60.00	3.201	3272.10	3077.90
321.8	132.1	70.00	2.887	3358.95	3164.75
331.8	132.1	80.00	2.651	3424.33	3230.13
341.8	132.1	90.00	2.467	3475.80	3281.60
356.8	132.1	105.00	2.258	3535.20	3341.00
371.8	132.1	120.00	2.101	3581.00	3386.80
386.8	132.1	135.00	1.978	3618.30	3424.10
401.8	132.1	150.00	1.880	3649.20	3455.00
416.8	132.1	165.00	1.800	3675.30	3481.10
431.8	132.1	180.00	1.734	3697.90	3503.70
446.8	132.1	195.00	1.677	3717.80	3523.60
461.8	132.1	210.00	1.629	3735.30	3541.10
476.8	132.1	225.00	1.587	3750.90	3556.70
491.8	132.1	240.00	1.550	3764.70	3570.50
506.8	132.1	255.00	1.518	3777.10	3582.90
521.8	132.1	270.00	1.489	3788.20	3594.00
536.8	132.1	285.00	1.463	3798.20	3604.00
551.8	132.1	300.00	1.440	3807.50	3613.30
566.8	132.1	315.00	1.419	3815.80	3621.60
581.8	132.1	330.00	1.400	3823.50	3629.30
596.8	132.1	345.00	1.383	3830.70	3636.50
611.8	132.1	360.00	1.367	3837.40	3643.20
626.8	132.1	375.00	1.352	3843.40	3649.20
641.8	132.1	390.00	1.339	3849.30	3655.10
656.8	132.1	405.00	1.326	3854.70	3660.50
671.8	132.1	420.00	1.314	3859.80	3665.60
686.8	132.1	435.00	1.304	3864.60	3670.40
701.8	132.1	450.00	1.293	3868.80	3674.60



RIG
TESTERS, INC.

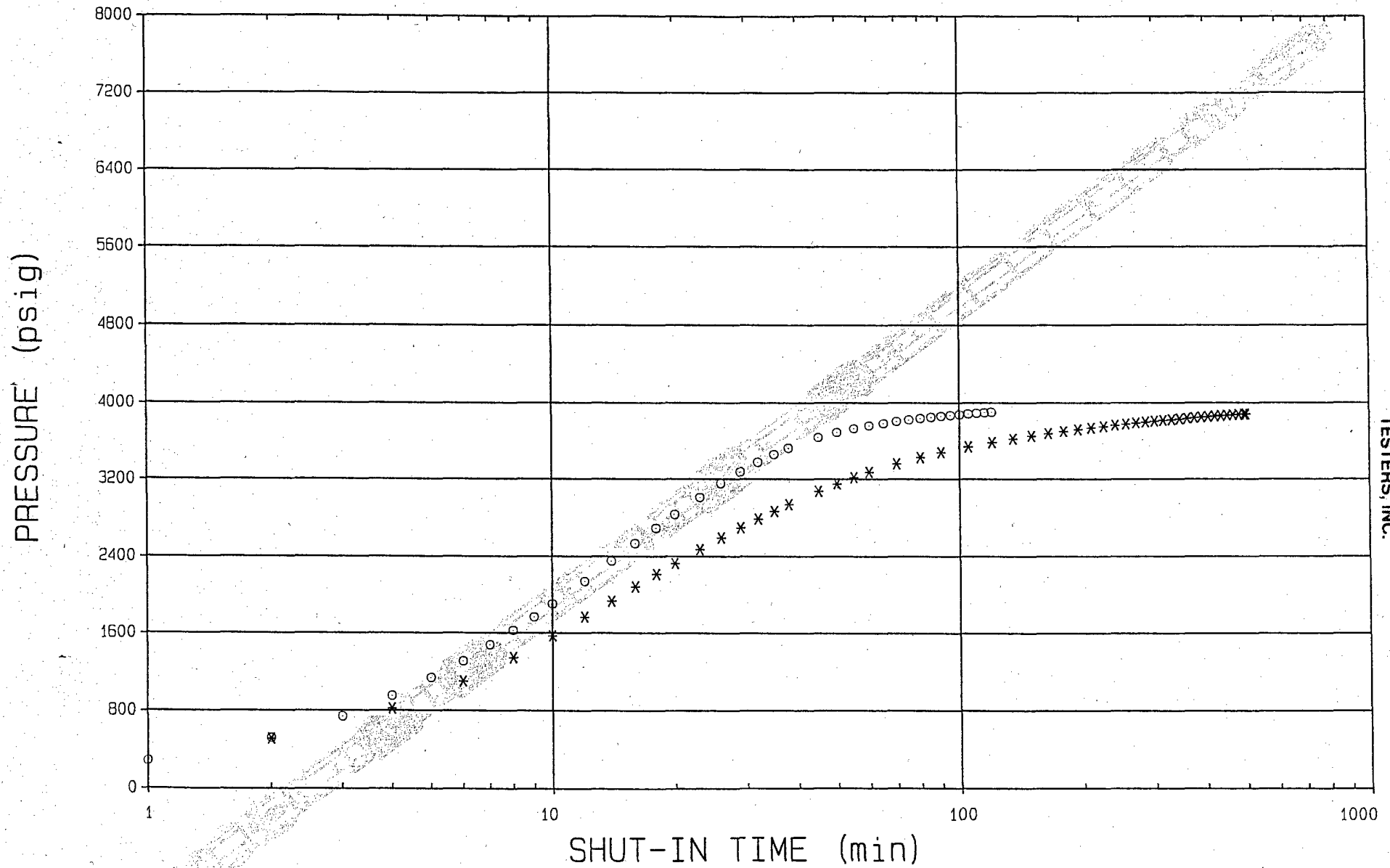
INCREMENTAL PRESSURE DATA

RECORDED DEPTH : 9963 ft

ELAPSED TIME ---MIN---	TOTAL FLOW TIME, T ---MIN---	INCREMENTAL SHUT-IN TIME, DT ---MIN---	(T+DT)/DT (HORNER) -----	PRESSURE ---PSIG---	DELTA P ---PSIG---
SECOND SHUT-IN					
716.8	132.1	465.00	1.284	3872.90	3678.70
731.8	132.1	480.00	1.275	3876.80	3682.60
746.8	132.1	495.00	1.267	3880.40	3686.20
751.6	132.1	499.80	1.264	3881.40	3687.20

THE INCREMENTAL PRESSURE, PLOTS & ANALYSIS ARE FROM ELECTRONIC RECORDERS
PLEASE REFER TO DERIVATIVE DIAGNOSTICS ANALYSIS FOR FURTHER INFORMATION
PRESSURE DATA (ASCII FILE) IS AVAILABLE ON DISKETTE WHEN REQUESTED

PRESSURE TIME



YATES ENERGY CORP.
NORTH HESS FEDERAL "23" # 1

○ FIRST SHUT-IN
* SECOND SHUT-IN



RigTesters, Inc.
ABILENE - MIDLAND - GRAHAM

YATES ENERGY CORP. NORTH HESS FEDERAL "23" #1



Well identification

Well ID	N. HESS FED "23" #1	Well location	SW CARLSBAD
County/District	EDDY	State, Country	NEW MEXICO
Company	YATES ENERGY	Division	ROSWELL, NM

Fluid properties

Prod/Inj fluid	GAS	GOR	N/A
Water cut		Condensate yield	UNKNOWN
API gravity	N/A	Gas spec. grav.	0.675
Viscosity	2.222e-2 cp	Pseudo-critical T	377.17 deg R
Pseudo-critical P	666.05 psia	H2S mole fraction	UNKNOWN
CO2 mole fraction	UNKNOWN	N2 mole fraction	UNKNOWN
Compressibility(t)	139.51 e-6/psi	Formation vol factor	0.74055 RB/MSCF

Reservoir properties

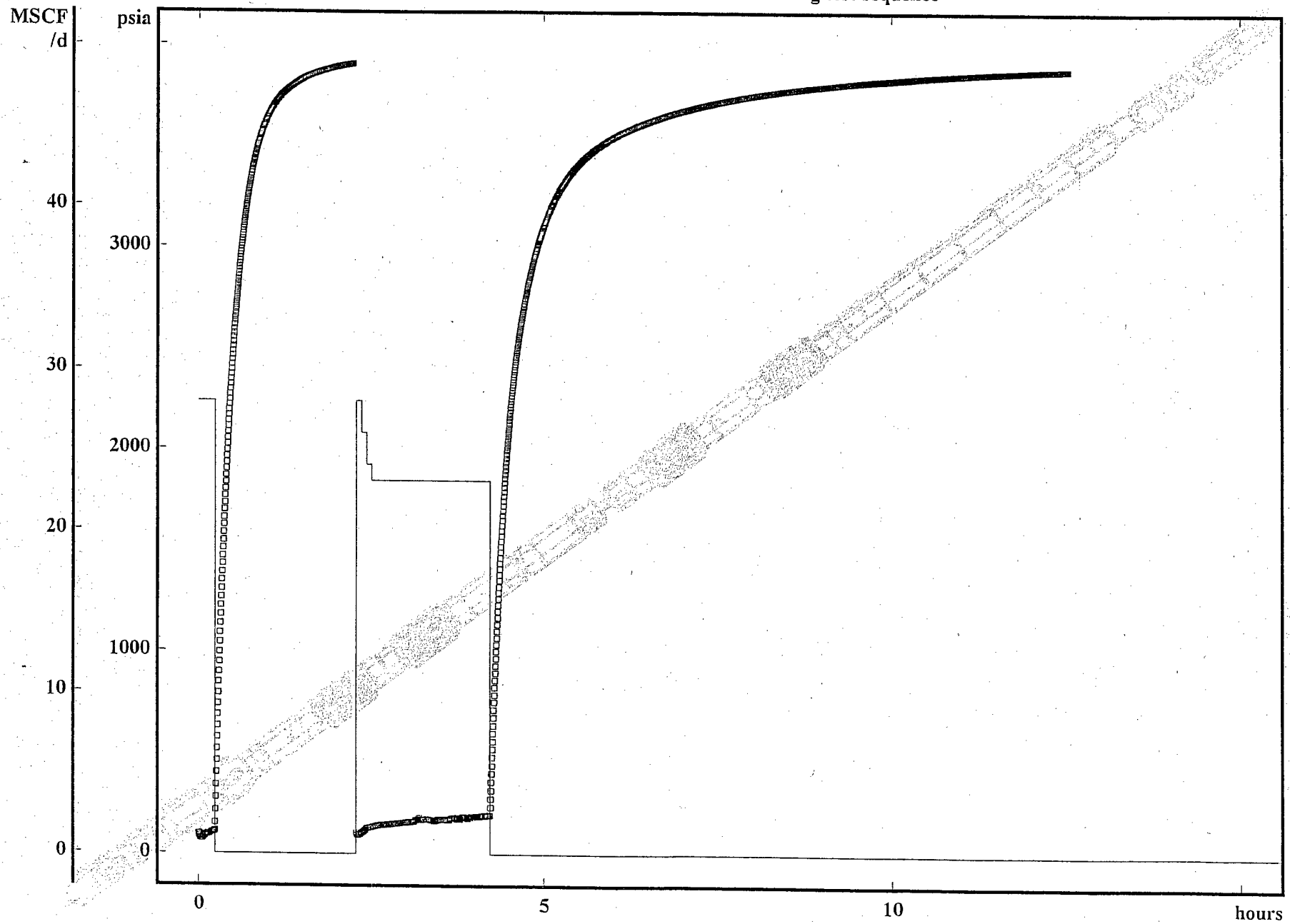
Porosity	0.16 frac	Formation thickness	45 ft
Wellbore radius	0.32813 ft	Prod-observer distance	N/A
Water-Oil Contact	UNKNOWN	Gas-Oil Contact	N/A
Gas-Water Contact	N/A	Rock compressibility	
Reservoir temperature	180 deg F	Pressure for properties	4035 psia

Comments

THE DERIVATIVES INDICATE A RESERVOIR WITH LOW PERMEABILITY AND SLIGHT (POSITIVE) SKIN. THE INITIAL SHUT-IN PERIOD WAS IN TRANSITION TOWARDS BUT HAD NOT QUITE ACHIEVED TRUE RADIAL FLOW WHICH MAY MAKE CALCULATIONS (EXTRAPOLATION, PERMEABILITY AND SKIN) SUBJECT TO QUESTION. THE FINAL SHUT-IN HAD ACHIEVED TRUE RADIAL FLOW AS INDICATED BY THE FLATTENING ON DERIVATIVE CURVE. A REGRESSION VERIFIED MODEL ANALYSIS WAS PERFORMED TO BETTER DETERMINE FORMATION PARAMETERS AND IS REPRESENTED BY A SOLID LINE PLOTTED OVER ACTUAL DATA WITH CONFIDENCE INTERVALS (MARGIN OF ERROR) NEXT TO MAJOR PARAMETERS. THE FIXED PARAMETERS USED WERE AN EST. 16% POROSITY, 45 FT. OF NET PAY REPORTED AND AN (EST) GAS FLOWING RATE OF 23 MCFPD MEASURED AT SURFACE THROUGH A 1/4" CHOKE FOR THE FINAL FLOW. THE TOTAL RADIUS OF INVESTIGATION CALCULATED TO ONLY 4 FT. FROM WELLBORE. * THE GAS PRODUCTION RATE WOULD DEPEND UPON TOTAL AMOUNT OF FLUID PRODUCED.

YATES ENERGY CORP. NORTH HESS FEDERAL "23" #1

Pressure and flow rate vs time during test sequence

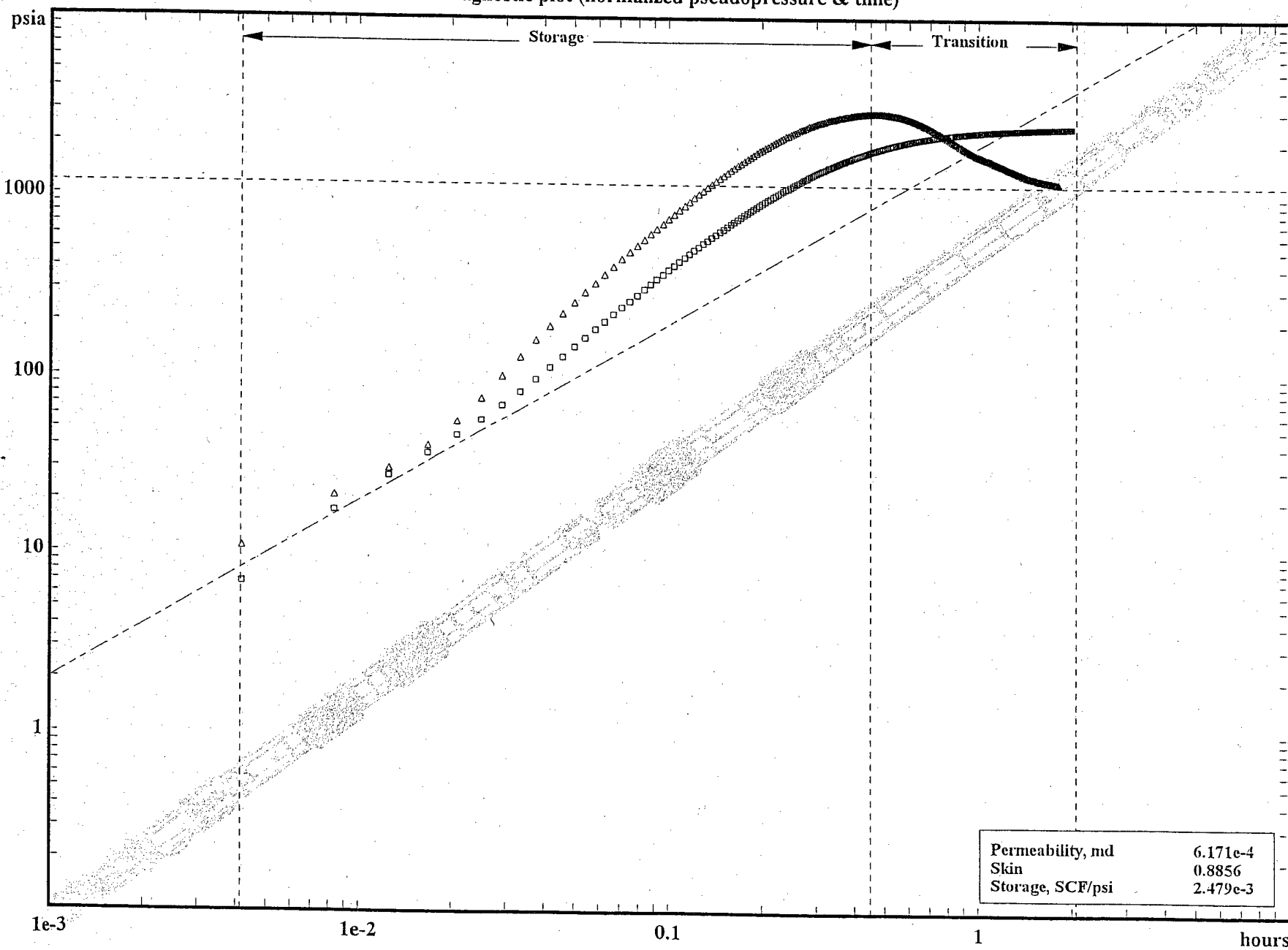


DST #4 9956 - 10005 FT.; MORROW



YATES ENERGY CORP. NORTH HESS FEDERAL "23" #1

Diagnostic plot (normalized pseudopressure & time)

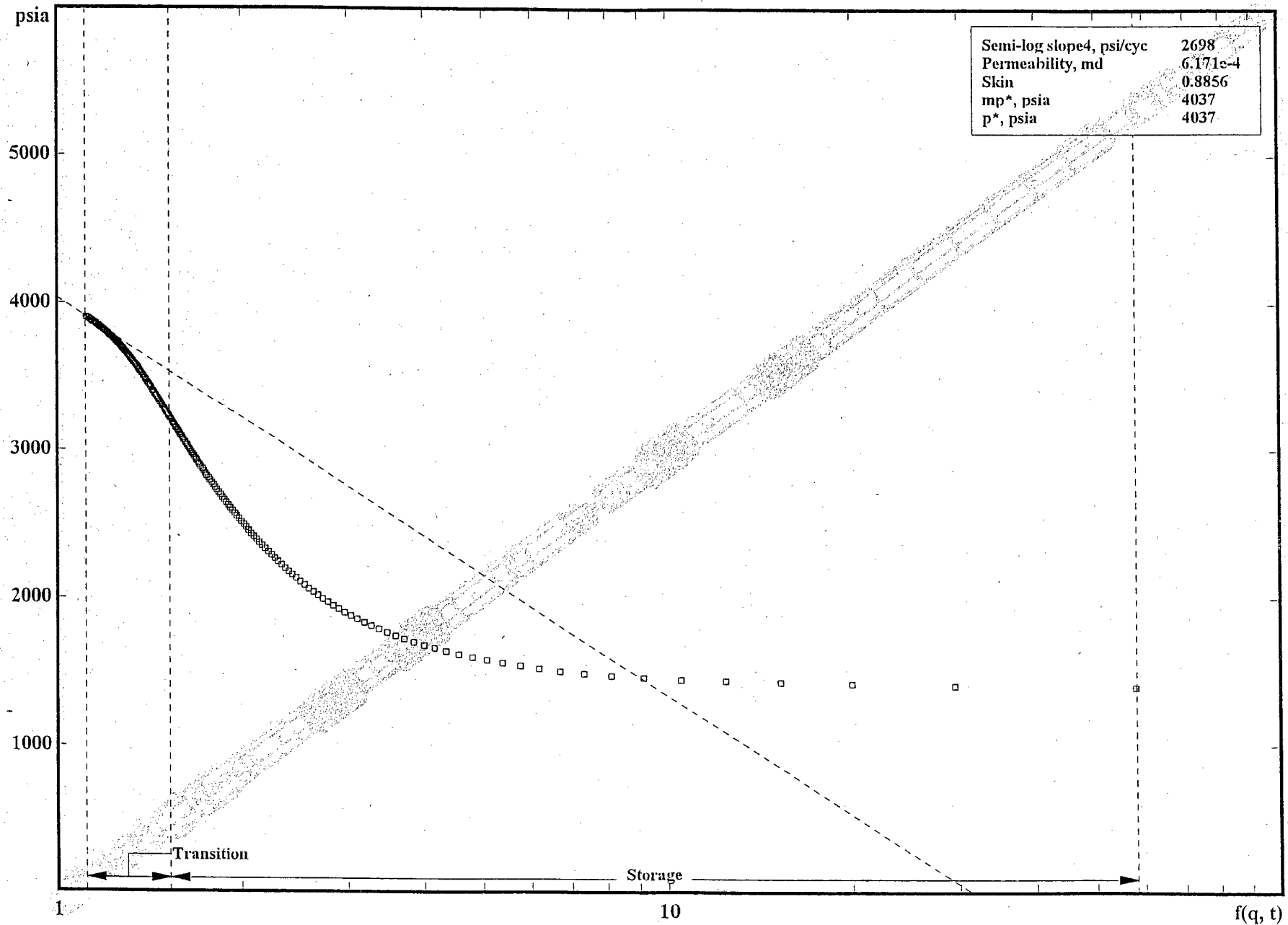


RIG
TESTERS, INC.

INITIAL SHUT-IN PERIOD DST#4

YATES ENERGY CORP. NORTH HESS FEDERAL "23" #1

Variable rate Horner plot (normalized pseudopressure & time)

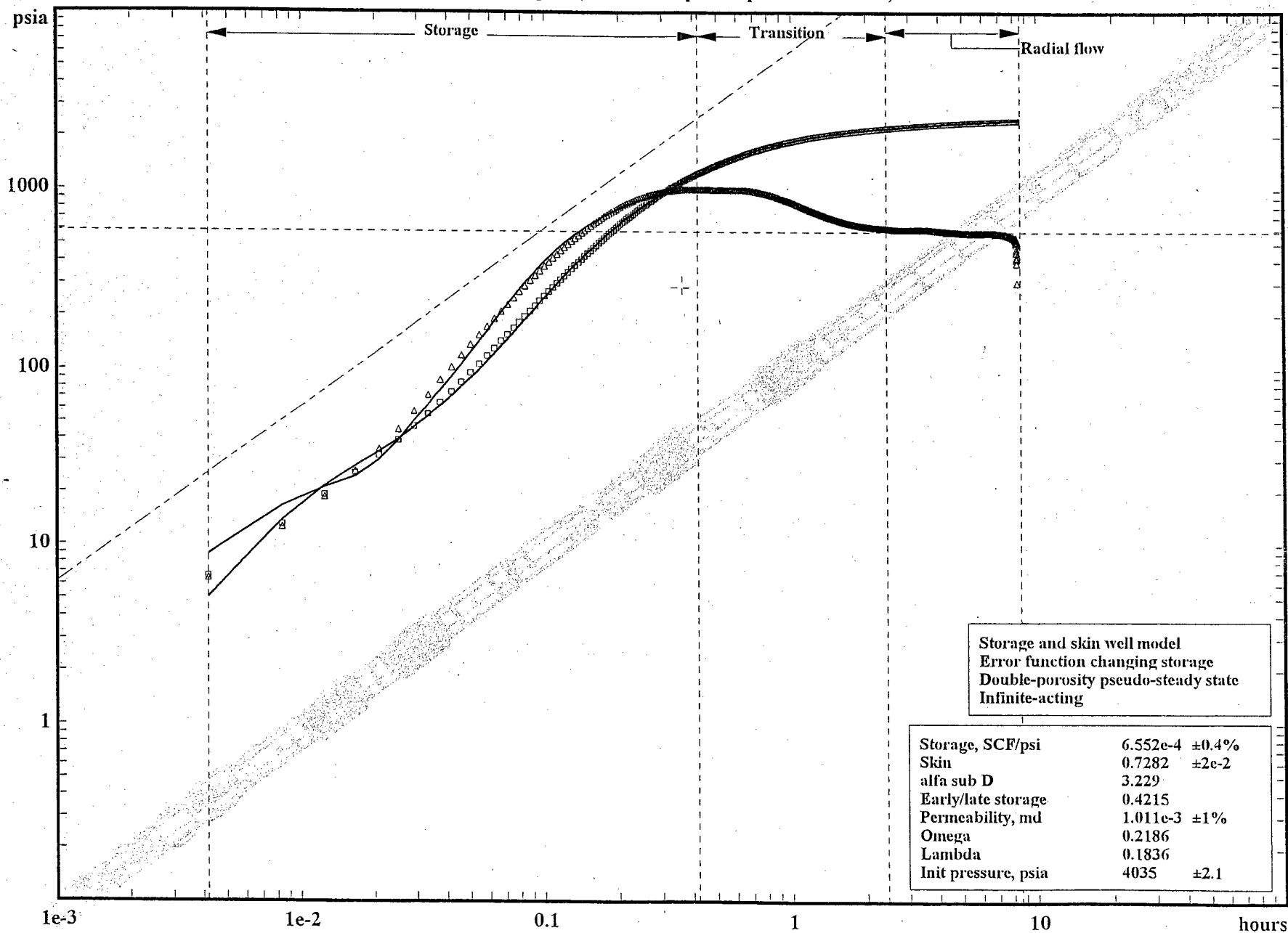


INITIAL SHUT-IN PERIOD DST#4

RIG
TESTERS, INC.

YATES ENERGY CORP. NORTH HESS FEDERAL "23" #1

Diagnostic plot (normalized pseudopressure & time)

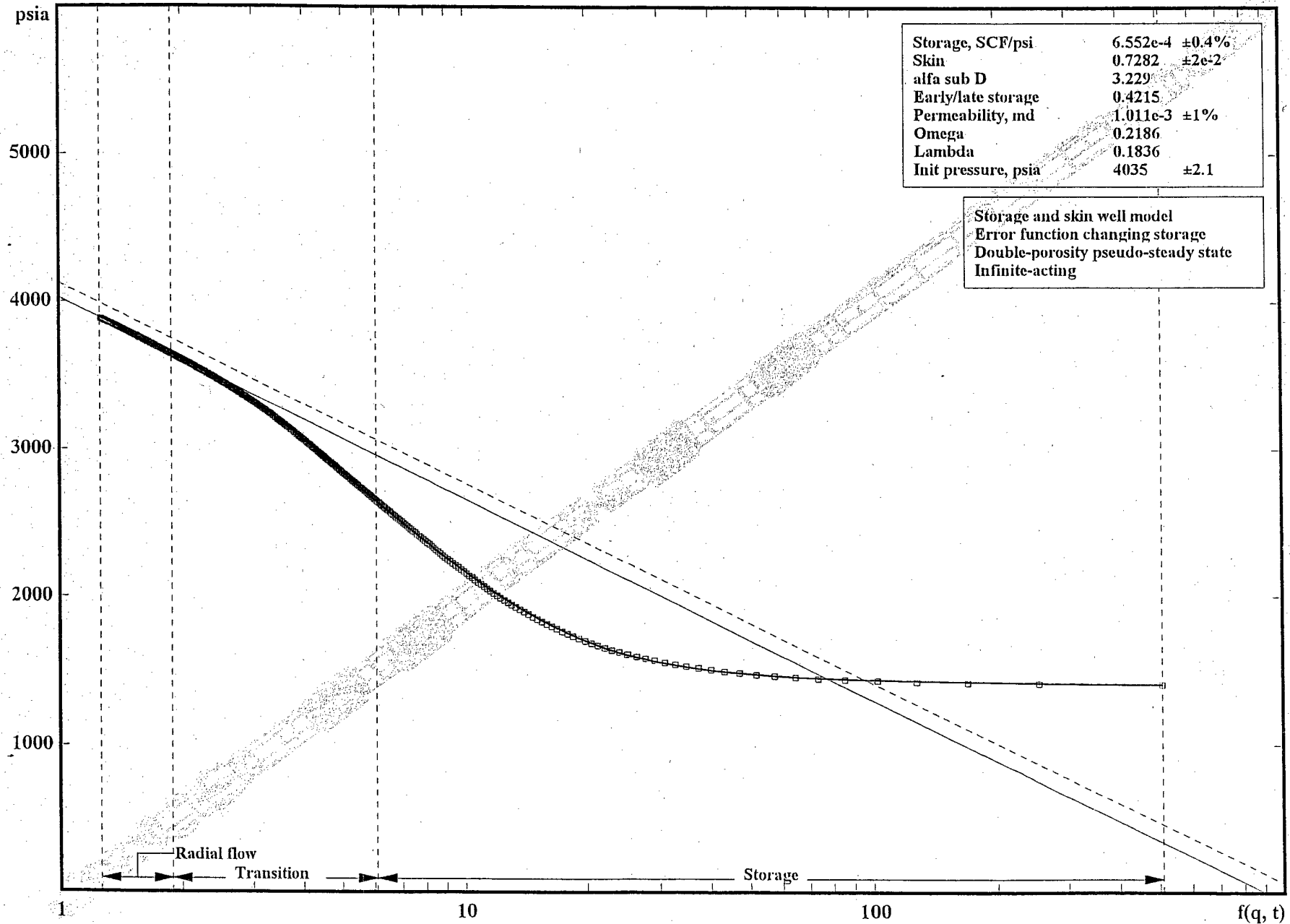


FINAL SHUT-IN PERIOD DST#4 REGRESSION VERIFIED MODEL



YATES ENERGY CORP. NORTH HESS FEDERAL "23" #1

Variable rate Horner plot (normalized pseudopressure & time)

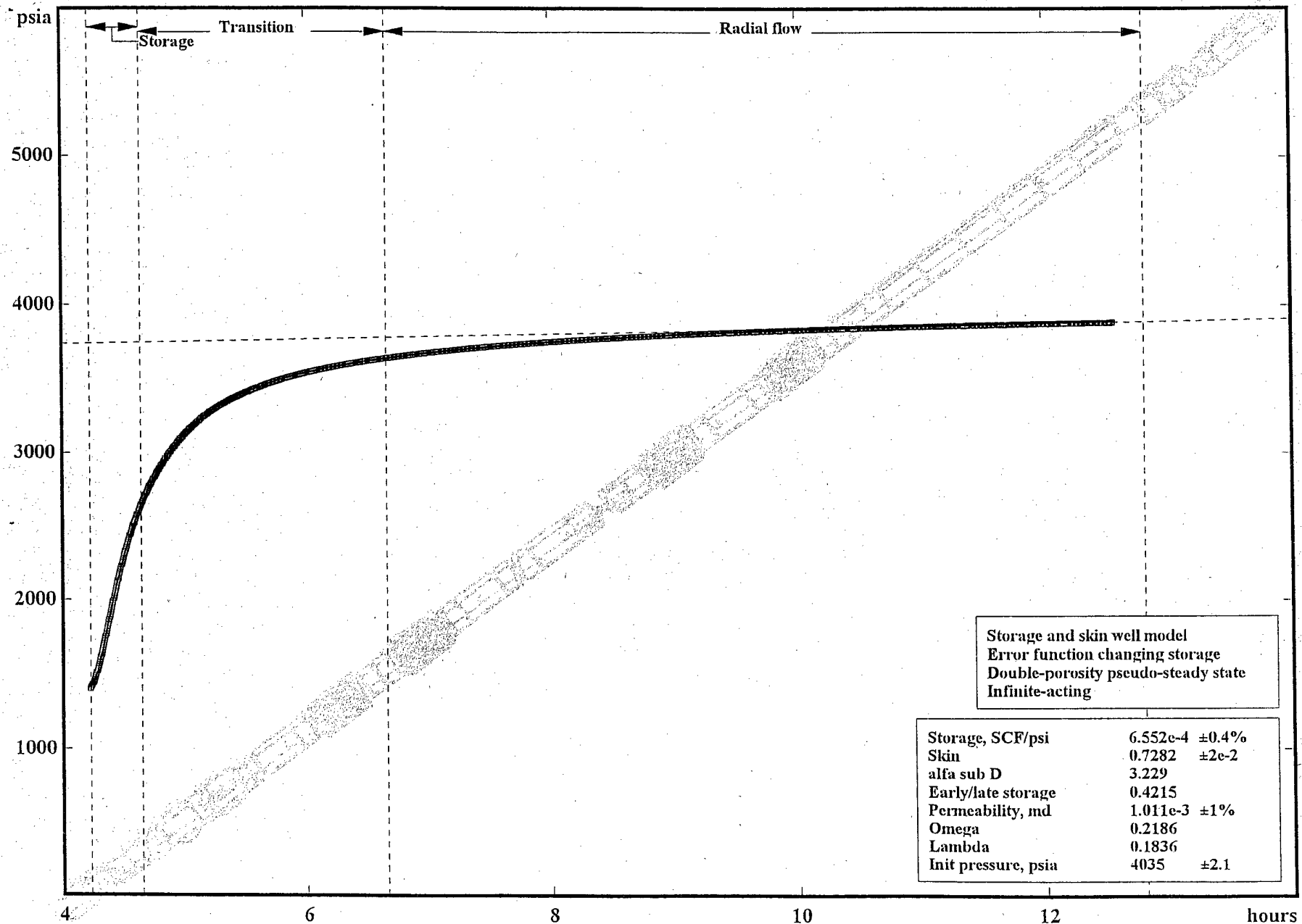


FINAL SHUT-IN PERIOD DST#4 REGRESSION VERIFIED MODEL



YATES ENERGY CORP. NORTH HESS FEDERAL "23" #1

Cartesian plot (normalized pseudopressure & time)



RIG
TESTERS, INC.

FINAL SHUT-IN PERIOD DST#4 REGRESSION VERIFIED MODEL