

# YATES PETROLEUM CORPORATION

Jasper "ARJ" Federal #2  
760' FNL and 2240' FEL  
Sec. 25-T8S-R26E  
Chaves County, New Mexico

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

San Andres	1250'
Abo	4635'
Wolfcamp	5340'
Pennsylvanian	5875'
Mississippian	6200'
Fusselman	6225'
Precambrian	6440'
TD	6500'

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

Water: 150 - 300'  
Oil or Gas: 4635', 6225', 6440'

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" 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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
12 1/4"	8 5/8"	24.0#	J55	8R	ST&C	0-900'	900'
7 7/8"	5 1/2"	15.5#	J55	8R	LT&C	0-6500'	6500'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80  
2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring an independent service to do the testing. Also, the maximum shut-in bottom hole pressure is 1100 PSI. Pressure at the surface is much less. Most of the time the Abo formation requires treatment before it flows.