YATES PETROLEUM CORPORATION
Spring Federal #5
660' FNL and 660' FEL
Section 6-T6S-R26E
Chaves County, New Mexico

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

San Andres	565'
Glorieta	1515'
Yeso	1615'
Tubb	3055'
Abo	3690'
Wolfcamp	4340'
Basement - Granite	5160'
TD	5310'

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

Water: 150'-200'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 11 3/4" casing and rated for 2000 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)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval
14 ¾	11 ¾"	42#	H-40	ST&C	0-~~900~~ 925'
11	8 5/8"*	24#	J-55	ST&C	0-1500'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5310'

*8 5/8" will only be set if lost circulation is encountered

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
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 bottom hole pressure in this field is proven to be near 1000 PSI. Pressure at the surface is much less. We feel that a 1000 PSI test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.