YATES PETROLEUM CORPORATION
Rock Ridge "AWD" State #1
1800' FNL & 1980' FWL
SENW of Section 10-T15S-R35E
Lea County, New Mexico

DRILLING PROGNOSIS

1. PRESSURE CONTROL EQUIPMENT

Once the 8 5/8" casing has been set and cemented in place, a 2000 psi pressure system will be nippled up into place. The BOPE will be tested daily as to operational. See attached 2,000 psi pressure system schematic. The maximum anticipated bottom hole pressure is 2700 psi at TD with maximum shut-in pressure anticipated is 400 psi.

2. THE PROPOSED CASING AND CEMENTING PROGRAM

Yates Petroleum Corporation proposes to test the potential of the San Andres and intermediate formations. The 12 ¼" surface hole will be drilled to approximately 400' and 400' of 8 5/8" casing will be set and cement circulated. The 7 7/8" production hole will be drilled from 400' to total depth of approximately 5400'. If determined to have commercial possibilities, approximately 5400' of 5 ½" production casing will be set and cement circulated. The well will then be perforated and stimulated as needed to gain production.

A. **Casing Program:** All New

Hole Size	Casing Size	Wt./Ft.	Grade	Joint	Depth Set
12 ¼"	8 5/8"	24	J-55	ST&C	0 – 400'
7 7/8"	5 ½"	15.5	J-55	LT&C	0-5400'

B. **Cementing Program:**

Surface Casing - Set with approximately 300 sx Class C + 2% CaCl (YLD 1.34 WT 14.8)

Production Casing-Set with approximately 700 sx Super C Modified (YLD 1.67 WT 13.0)

The above cement volumes are approximate and were calculated under the assumption that a gauge hole will be achieved. Actual cement volumes may vary due to variations in the actual hole gauge and will be determined by running a caliper log on the drilled hole.

All waiting on cement (WOC) times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.