

**YATES PETROLEUM CORPORATION**

**Darius "ADS" Federal #1**

**990' FNL and 2310' FEL**

**Section 30-T2S-R32E**

**Lea County, New Mexico**

**555**

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS:

Rustler	1060'
Base of Salt	4425'
Delaware	4668'
Cherry Canyon	5730'
Bone Spring	8560'
Avalon Sand	8650'
1st Bone Spring Sand	9650'
TD	10000'

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

Water: Approximately 150' - 250'  
Oil or Gas: 8560' and 9650'

3. PRESSURE CONTROL EQUIPMENT

Pressure Control Equipment: BOPE will be installed on the 13 3/8" casing and rated for 3M. 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 sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position 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>
17 1/2"	13 3/8"	48	J-55	8 RD	ST & C	0-650'	650'
11"	8 5/8"	32	J-55	8 RD	ST & C	0-4300'	4300'
11"	8 5/8"	32	S-80	8 RD	LT & C	4300'-4800'	500'
7 7/8"	5 1/2"	15.5	K-55	8 RD	Butt	0-1500'	1500'
7 7/8"	5 1/2"	15.5	K-55	8 RD	LT & C	1500'-6800'	5300'
7 7/8"	5 1/2"	17	K-55	8 RD	LT & C	6800'-9000'	2200'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

B. CEMENTING PROGRAM:

Surface casing: 450 sx "C" w/2% CaCl<sub>2</sub> circulate.

Intermediate Casing: 740 sx Lite and 300 sx "C" w/2% CaCl<sub>2</sub>.