

**YATES PETROLEUM CORPORATION
THYME "APY" FEDERAL #12
330' FSL AND 990' FWL
SECTION 1-T23S-R32E
LEA COUNTY, NEW MEXICO**

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

Rustler	1258'	Brushy Canyon	8550'
Top of Salt	1295'	Avalon Sand	8950'
Bottom of Salt	4710'	TD	9200'
Delaware	4980'		
Cherry Canyon	6055'		

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

Water: 250-750
Oil or Gas: 8855'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/4" 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, 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>
14 3/4"	11 3/4	42#	J55	8R	ST&C	0-1270'	1270'
11"	8 5/8	32#	J55	8R	ST&C	0-4200'	4200'
12 1/4"	8 5/8	32#	HC80	8R	ST&C	4200-4810'	610'
7 7/8"	5 1/2	17#	N80	8R	LT&C	0-2000'	2000'
7 7/8"	5 1/2	17#	J55	8R	LT&C	2000-3000'	1000'
7 7/8"	5 1/2	15.5#	J55	8R	LT&C	3000-7000'	4000'
7 7/8"	5 1/2	17#	J55	8R	LT&C	7000-8500'	1500'
7 7/8"	5 1/2	17#	N80	8R	LT&C	8500-92050'	700'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80