

Well Name: OHV #2 #1  
County & State: Eddy, New Mexico  
Proposed Depth: 8950'  
Well Type: Oil Lease NOI

Footage Location: 1980' F&L & 990' FWL  
Legal Location: Sec 11-T10N-R26E  
Main Objective: WOLF CAMP/BONESPRING  
Est. Starting Date: ASAP

|                                                    | DRILLING | COMPLETION   | TOTAL COST   |
|----------------------------------------------------|----------|--------------|--------------|
| INTANGIBLE COSTS:                                  |          |              |              |
| Move in drilling rig.....                          |          |              | \$0.00       |
| Location, Road & Damages.....                      |          |              | \$0.00       |
| Surface damage, survey & right of way              |          |              | \$0.00       |
| Drillings Daywork .....                            |          |              | \$0.00       |
| Legal Services.....                                |          | \$5,000.00   | \$5,000.00   |
| Supervision & Engineering.....                     |          | \$0.00       | \$0.00       |
| Geologist.....                                     | \$0.00   | \$0.00       | \$0.00       |
| Casing Inspection and risk 5-1/2" casing.....      |          |              | \$0.00       |
| Water (Drilling & Completion).....                 |          | \$3,000.00   | \$3,000.00   |
| Welding.....                                       |          |              | \$0.00       |
| Rental Tools & Equipment (and cleaning equip.).... |          |              | \$0.00       |
| Site.....                                          |          | \$500.00     | \$500.00     |
| Pit lining and fence.....                          |          |              | \$0.00       |
| Reverse Circulation Equip.....                     |          | \$2,800.00   | \$2,800.00   |
| Misc. Cost & Contingencies.....                    |          | \$5,000.00   | \$5,000.00   |
|                                                    |          |              | \$0.00       |
| Completion:                                        |          |              |              |
| Well Service Unit 10 days @ \$1500/day.....        |          | \$15,000.00  | \$15,000.00  |
| Cement service to place cement across Bonespring   |          | \$10,000.00  | \$10,000.00  |
| CISP, Perforating & Sand Lag.....                  |          | \$6,000.00   | \$6,000.00   |
| Tool rentals (PKR, RSP & anchors).....             |          | \$3,000.00   | \$3,000.00   |
| Acidizing: (Bonespring).....                       |          | \$6,000.00   | \$6,000.00   |
| Fracturing: (Bonespring).....                      |          | \$30,000.00  | \$30,000.00  |
| Welding.....                                       |          | \$500.00     | \$500.00     |
| Supervision & Engineering.....                     |          | \$4,000.00   | \$4,000.00   |
| Administration Drilling & Comp.....                | \$0.00   | \$0.00       | \$0.00       |
| Misc. Cost & Contingencies.....                    |          | \$5,000.00   | \$5,000.00   |
|                                                    |          |              | \$0.00       |
| Subtotal to calculate taxes.....                   | \$0.00   | \$93,500.00  | \$93,500.00  |
| Gross Receipts Taxes - 6% .....                    | \$0.00   | \$5,610.00   | \$5,610.00   |
|                                                    |          |              | \$0.00       |
| Total Intangible Costs:                            | \$0.00   | \$99,110.00  | \$99,110.00  |
| TANGIBLE COSTS:                                    |          |              |              |
| Wellheads: starting head and tree.....             |          |              | \$0.00       |
| 13-3/8" casing 990' @ \$18 per foot.....           | \$0.00   |              | \$0.00       |
| 8-5/8" casing 2350 @ \$28 per foot.....            | \$0.00   |              | \$0.00       |
| 5-1/2" casing 9600' @ \$5.25 per ft.....           |          |              | \$0.00       |
| Tubing: 9000' 2-7/8" J-55 used/tested @ \$2.25.    |          | \$20,250.00  | \$20,250.00  |
| 7/8" and 3/4" rods (used tested).....              |          | \$7,500.00   | \$7,500.00   |
| 2-7/8" X 5-1/2" TAC.....                           |          | \$400.00     | \$400.00     |
| Pumping Unit (rebuilt 320 Lufkin).....             |          | \$25,000.00  | \$25,000.00  |
| Battery and walk way.....                          |          | \$15,000.00  | \$15,000.00  |
| Flowlines, Valves & Fittings.....                  |          | \$2,500.00   | \$2,500.00   |
| 4' x 20' Heater Treater.....                       |          | \$6,000.00   | \$6,000.00   |
| Installation of Battery .....                      |          | \$5,000.00   | \$5,000.00   |
| Electricity.....                                   |          | \$0.00       | \$0.00       |
|                                                    |          |              | \$0.00       |
| Subtotal to calculate taxes.....                   | \$0.00   | \$81,850.00  | \$81,850.00  |
| Gross Receipts Taxes - 6% .....                    | \$0.00   | \$4,911.00   | \$4,911.00   |
|                                                    | \$0.00   | \$86,761.00  | \$86,761.00  |
| Total Tangible Costs:                              | \$0.00   | \$86,761.00  | \$86,761.00  |
|                                                    |          |              | \$0.00       |
| TOTAL WELL COSTS:                                  | \$0.00   | \$185,871.00 | \$185,871.00 |

It is recognized that the amounts herein are estimates only and approval of this shall extend to the actual costs incurred in the operation specified above, whether more or less than set out herein.

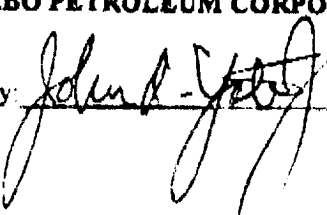
YATES PETROLEUM CORPORATION  
YATES DRILLING COMPANY

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ABO PETROLEUM CORPORATION

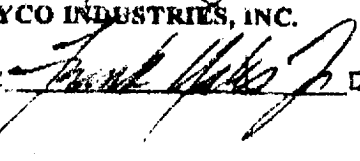
2.777780%

By:  Date: 2-21-95

By:  Date: 2-21-95

MYCO INDUSTRIES, INC.

2.777780%

By:  Date: 3-3-95