YATES PETROLEUM CORPORATION Lowe Staple AMR Federal Com. #2 Drilling Prognosis Page 2

This well was originally drilled by Ralph Lowe in July, 1963, the well was re-entered by Yates Petroleum Corporation in May of 1993, as the Lowe Staple AMR Federal Com. #1..

Yates Petroleum Corporation proposes to re-enter this shut in well. The tubing and tools will be pulled from the well and the perforations will be left open. A cast iron bridge plug will be set at 9,400' to isolate current perforations in the Morrow formation. A second cast iron bridge plug will be set at +/-7,623'. A whipstock will then be set inside of the casing on top of the cast iron bridge plug. A window will then be milled in the casing at 7.603' and the wellbore will be sidetracked out of the 7" casing. A 4 3/4" bit will be used for the horizontal lateral. A build rate of 60 degrees/100' will be used until a maximum inclination of 105 degrees is reached. The 105 degree inclination will be held to climb up to a TVD of 7,660' (7920' MD). At this point the inclination will be returned to 90 degrees (at a drop rate of 60 degrees/100'). From this point the 90 degree angle will be maintained and a lateral approximately 1,900' long will be drilled. The end of the lateral will be 7,770' TVD and 9,590' MD.

MUD PROGRAM: 0-TD Fresh Water (Weight: 8.4-9.6, Vis: 28-32).

BOPE PROGRAM: 3000 # BOPE will be nippled up on 9 5/8 in casing.