

PROPOSED DRILLING PROGRAM FOR THE
RUNNELS ASP #3

Yates Petroleum Corporation proposes to re-enter this wellbore which was originally drilled to the Wolfcamp formation by Southern Petroleum Exploration, Inc. in 1955. In 1972 Burleson Huff re-entered the wellbore and deepened it to the Morrow formation. Burleson Huff then plugged the wellbore. Yates proposes to re-enter this well, clean out to 11,100' using a 7 7/8" drill bit, set a cement plug from 10,800' to 11,000' and kickoff of the plug using a 7 7/8" drill bit and drill to the top of the Strawn formation at approximately 11,435' TVD and inclination of 74 degrees. Run 5 1/2" casing and cement with 400 sacks of cement. Will then drill out using a 4 3/4" drill bit to drill horizontally through the Strawn formation to a MD of 12,560'. The well will be completed open hole.

MUD PROGRAM: 0-11000' Cut Brine;
 11000'-11600' SaltGel/Starch/Drispac/2% KCL;
 11600'-12560' 2% KCL. Water

BOPE PROGRAM: BOPE will be nipples up on the 8 5/8" casing and tested daily for operational.