

Drilling Program  
Runnels ASP #3  
Page 2

Yates Petroleum Corporation received verbal permission from Johnny Robinson of the Hobbs NMOCD, to plug back this wellbore to a total depth of 10,600' by setting a 70 sack cement plug across the Mississippian formation from 12,365' up to 12,165' and a 135 sack cement plug across the Strawn formation 11,610' up to 11,300'. Will then set a 370 sack cement plug from 11,102' up to 10,600'. Yates then proposes to kickoff from this plug at 10,800' 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: 0-11,000' Cut Brine;  
11,000'-11,600' Salt Gel/Starch/Drispac/2% KCL;  
11,600'-12,560' 2% KCL Water

BOPE PROGRAM: A 5000 psi BOPE system will be nipped up on the 8 5/8" casing and tested daily for operational.