

Yates's No. 1 Kochia "AAM" State intersected the Strawn formation at -7573 feet. This makes the Kochia, together with V-F Petroleum's No. 1 Arco State, the highest Strawn test in the field. The No. 1 Arco State was continued to, and completed, in the Devonian on February 17, 1981, at IPP 138 BOPD plus 32 BW.

In the proposed deepening, it is anticipated that the borehole will encounter the Devonian porosity interval sufficiently structurally high to contain economic volumes of recoverable oil.

Exhibit No. 3 is a West to East cross-section through the well to be deepened, showing the structurally high position of both, Strawn and Devonian formations. Yates intends to drill deep enough to penetrate the Devonian porosity zone and to fully evaluate the remaining potential of the subject proration unit.