

DRILLING PROGRAM
C.O. Jones ATK State #2
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Yates Petroleum Corporation proposes to drill a vertical well at the proposed surface location of 380' FSL and 330' FWL of Section 11, T16S-R35E, Lea County, New Mexico to an approximate depth of 11,000'. At this point the well will be kicked off to the east approximately to the inclination of 7 to 8 degrees. This will cut a test hole through the Strawn Carbonate section (approximate top 11,380' TVD). The top of the Strawn will be cut into at approximately 380' FSL and 330' FWL of Section 11. The hole will be logged and evaluated at this time. (See Plan #1). The test hole will then be plugged back up hole to around 10,500' to 11,125'. The bend section for the horizontal extension will be started at this point. (See Plan #3) The Strawn Carbonate will be entered again at approximately 380' FSL and 330' FWL, 7 inch casing will be set at this point. A 6 1/8 inch hole will be started and brought to horizontal and proceed due east to a bottom hole location of 380' FSL and 2310' FWL. The well will be completed open hole.

See Plan #1 and Plan #3 attached.

MUD PROGRAM: 0-400' FW Gel/Paper; 400'-4750' FW going to Brine; 4750' -11,000' Cut Brine with sweep; 11,000'-11,400' Salt Gel/Starch/Drispac; 11,400'-13,400' 2% KCL Water.

BOPE PROGRAM: 5000# BOPE will be installed on the 9 5/8", no BOP on 13 3/8".