



Subject: Exploratory Drilling
 Time Period: Current Period
 Region: Southeast
 County: Not Available
 Date: 29 Oct 2012
 Company: DAN A HUGHES COMPANY

Dan A. Hughes prepares to spud Alabama wildcat north of Little Cedar Creek field

Dan A. Hughes Co is preparing to begin drilling an eastern Conecuh County wildcat in an attempt to extend Alabama's Little Cedar Creek field to the north.

From a surface location five miles east of the city of Evergreen, Dan A. Hughes' 1 Cedar Creek Land & Timber "15-2" (API 01-035-20278) is scheduled to be drilled to an unreported total depth in the Paleozoic. It is planned for a surface location in the se nw ne of section 15-5n-12e. At last report, a WT Drilling rig was preparing to spud the exploratory test.

A little less than one mile to the south is Pema Oil's 1 Pema Oil Co "22-1," which was abandoned in 1993 at a depth of 10,575 ft in the Norphlet.

The nearest Smackover oil well in Little Cedar Creek field is five and one-half miles southeast of Dan A. Hughes' new location. Sklar Exploration's 1 Craft-Cedar Creek Land & Timber "5-5" was tested in 2007 pumping 95 bbls of crude per day through perforations at 10,960-10,970 ft. The 11,200-ft well was drilled in section 5-4n-13e. Through May 2012, well output totals 8,201 bbls of crude, 5.2 million cu ft of gas and 1,111 bbls of water.

Sklar Exploration and Pruet Production operate the bulk of the Smackover wells in Conecuh County's Little Cedar Creek field. In May 2012, recovery from 77 wells totaled 191,891 bbls of crude, 301 million cu ft of gas and 3,821 bbls of water. Since 1994, field output totals nearly 16 million bbls of crude and 16.6 billion cu ft of gas.

