

OMDA-Young Oil Corp Project

OVERVIEW

On May 30, 2005, OMDA Oil & Gas, Inc. through its OMDA Oil & Gas, Inc. (Texas) Subsidiary entered into a long term development Oil & Gas play with Young Oil Corp (Young) of Knob Lick, KY. Young, the largest producer of oil and gas in the state of Tennessee currently has 46,000 acres under lease are located in North Central Tennessee in Overton, Pickett, Fentress, Morgan, Scott and Clay counties. OMDA, through its OMDA Oil & Gas, Inc. (Texas) subsidiary has purchased a 20% Gross (15% net) working interest in six wells under the agreement and has a "First right of refusal" to participate in both Oil & Gas wells to be drilled on the balance of the 46,000 acres. While covering multiple zones, virtually all the production in this area comes from zones shallower than 2,000 ft. Due to the shallow nature of these wells, each well is drilled on a 10 acre spacing unit. Of the first six wells, the agreement calls for three to be drilled primarily for Oil and three for Gas. At the time of the signing of the agreement, Young had already identified and began operations on the first two oil wells. Drilling is expected to be completed on the first two wells by mid June with testing and if warranted, completion by late June. Depending on the outcome of the first two wells, a third location for the last oil well will be chosen. The first gas location is currently being chosen and drilling is expected to commence by late June.

The first six wells are being drilled under a "Turnkey" through completion arrangement. Which means that OMDA has paid a fixed price for its 20% interest in all six wells up front, not just for the drilling, but if testing proves that the well should be completed, Young covers that cost as well. Should there be any cost overruns it will be Young's responsibility to cover it. Young owns its own drilling rigs and is responsible for operating and reporting. In order to establish a long term relationship with OMDA, Young has agreed to offer a "First Right of Refusal" on any future wells to be drilled on the 46,000 acres. OMDA has the option to participate for any percentage up to a 100% working interest. Young, in addition to any profit it may make from the Turnkey arrangement, will receive a 12.5% royalty interest in successful wells, along with a \$375 per month operating allowance on each well. Typical landholder royalty in this area is 12.5%. Thus leaving a balance of 75% Revenue Interest for the 100% Working Interest for OMDA and other participants.

ABOUT YOUNG

As mentioned above, Privately owned Young Oil is the largest and most successful Oil producer in the State of Tennessee and the Appalachian Basin. It Tennessee production puts it at just under twice the next largest producer. For the first five months of 2005, Young has completed for production 29 of 37 wells drilled. Anthony Young, CEO has been honored as Tennessee Oil Man of the Year, and Mike Branstetter, of Young Oil Corp has recently been elected to the Board of Directors of the Tennessee Oil & Gas Association (TOGA).

Along with hundreds of other success, last September, Young brought in one of the largest wells ever in Tennessee. The Lucy Newberry #11, located seven miles NE of Livingston TN, almost had a blow out. Initially Young Oil let it flow at 700 barrels per day choked back through the "blow out preventor" and then through three lines, open flowed at 72 barrels per hour, or approximately 1,728 barrels per day from the Trenton formation. The well was choked back to 200 BOD and from September through December TOGA reports for last year show cumulative production for this well at just under 24,000 barrels. While this well is certainly an anomaly, 80-100 barrel a day oil wells are not uncommon and average wells of 20-30 barrels of oil, and gas wells of 70-90mcf per day, could be expected.

DESCRIPTION AND CLIMATE

The area discussed here lies in an area of gentle, rolling hills with occasional steep dipping slopes down into narrow valleys. The area is devoted mostly to mixed farming and is well served by State and County roads. The weather is moderate, allowing for year-round operations and easy access to drill sites and areas of operation.

GEOLOGY

The geology of this part of Tennessee is affected by the Cincinnati Arch. This arch originates near Murfreesboro and extends northeasterly, across Kentucky and Ohio to terminate near Lake Erie. The Arch develops sags or saddles along the way that creates traps and mini structures for the entrapment of hydrocarbons. The formations dip to the east at about 20 to 40 feet per mile.

Regionally, the area lies within the Appalachian Syncline with the Cumberland Plateau forming a topographic feature which trends northeast-southwest in East Central Tennessee. This feature was created millions of years ago during a mountain building episode that resulted in many subsurface formations fractured and folded. Both subsurface structures and stratigraphy form trapping conditions for oil and gas deposits. Much of the production had come from the Mississippian-Fort Payne carbonate at about 400 to 600 feet in depth. The Fort Payne produces best from reefal build-ups and dolomitic sections. The deeper Devonian, Silurian and Ordovician formations produce some big wells, Both in this area and deeper into the Basin to the east. Until recently, only a limited amount of deeper drilling has been carried out in this area, so not much information is available.

The Black -Chattanooga Shale is being stimulated to the east in Morgan and Scott Counties for long lasting gas production. The deeper Knox formation, 1800 to 3000 feet, has produced throughout the Basin. The total amount of sediments in this area should reach about 5000 feet, giving some seven or eight potential pay zones.

More specifically to the current area of interest. This area is a rather large lease holding which extends over several sections of the Burrville Quadrangle.

These include all or portions of Sections 3,4,&5, of 3 South 57 East, and 23,24,&25 of 2 South, 57 East. To date most of the drilling has taken place in Sections 3 and 4. As is often the case in this region of the Cumberland Plateau hydrocarbon production has occurred from multiple zones in the Monteagle Limestone of Mississippian age, some of the wells have found gas and small amounts of oil in the Fort Payne Formation, also of Mississippian age almost all the wells have had shows oil and gas in the Devonian aged Chattanooga Shale. A few of the wells have penetrated below the Shale, and have had some gas in what is probably the Ordovician aged Sequachie Formation. Reservoir development in the Monteagle has been somewhat erratic, with most Of the better development of oolitic porosity occurring in Section 4. The Fort Payne seems to be best developed in a trend extending Southeast to Northwest across the South- western portion of Section 3 up and through the Eastern part of Section 4. If this trend continues the Southern and Western portions of Section 24 could be productive. The area East of Iron Mountain, and South of Skull/Cave Creek look to have good potential. Wells in the Northern portions of Section 24, and 25, had, oil as well as gas in the Monteagle.

This acreage block, is one of the largest left that has not been almost completely drilled up in the shallower formations. Modern Thermal Satellite Imagery leads one to believe it contains locations with the potential for production from the traditional oil and gas zones in the Monteagle and Fort Payne Formations, as well as the Chattanooga Shale and the Ordovician Formations below it. This area is served by (2) gas purchasers, and (2) oil purchasers.

SUMMARY

Should the first six well program be successful, it is OMDA's intention to not only continue to participate in future drilling for its own account, but also to co-manage with Young, outside investor participations. OMDA feels that with future of oil above \$40 a barrel and gas above \$6 an MCF, and the low cost of exploration and development in the Appalachian Basin creates an opportunity that has been overlooked by the majors in years past. With the ability for OMDA to effectively "Cherry Pick" future locations out of a potential of over 4,000 in the 46,000 acres awarded under our joint agreement, and Young's superb success ratio and knowledge of the area, the upside potential to OMDA is beyond measurement at this time.

