Grateful BOD Federal Com #2H Yates Petroleum Company 30-015-38518 Jan4, 2012 Conditions of Approval

Summary of Current Status:

- Current casing program:
 - o 11-3/4" 42# H-40 at approximately 375'
 - o 8-5/8" 32# J-55 at 3300"
 - o 5-1/2" 17# P-110 and L-80 at 12407'
- Wildcat Bone Springs

Current Sundry Requests:

Yates Petroleum is requesting to change the hole and/or casing sizes:

- 1. 14-3/4" hole x 11-3/4" surface casing grade will now be 17-1/2" x 11-3/4" H-40 or J-55.
- 2. 11-3/4"hole x 8-5/8" Intermediate casing will now be be 12-1/4" x 9-5/8" J-55 or K-55.
- 3. 5-1/2" LT&C Production casing will now be LT&C and Buttress

Conditions of Approval:

Upgrading to the larger casing sizes with the revised cementing slurries and volumes are approved. Future requests of this category must also provide a statement of the design factors for tension, collapse, and burst that are being maintained for the casing alternatives. (Onshore Order 2.III.B)

TMM 01/04/2012