N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 15 2008
OCD-ARTESIA

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: [X] DRILL [ ] REENTER	5. Lease Serial No: NM-106904
b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [X]	6. If Indian, Allottee or Tribe Name: Not Applicable
2. Name of Operator: Yates Petroleum Corporation	7. If Unit or CA Agreement, Name and No: Not Applicable
3A. Address: 105 South Fourth Street, Artesia, New Mexico 88210	8. Lease Name and Well No.: Football BCF Federal #2 H
3b. Phone No. (include area code): (575) 748-1471	9. API Well No.: 30-005-64020
4. Location of Well (Report location clearly and in accordance with any State requirements.*)	10. Field and Pool, or Exploratory: The Coyote; Wolfcamp Gas Pool
At surface: 1980' FSL and ~~150~~ 250 FEL, Unit I (NESE) (Surface Location)	11. Sec., T., R., M., or Blk, and Survey or Area
At proposed prod. Zone: 1980' FSL and 760' FWL Unit L (NWSW) (Bottom Hole Location)	Section 1, 12S-R26E
14. Distance in miles and direction from nearest town or post office*: Approximately twenty two miles (22) miles, east of Roswell, New Mexico	12. County or Parish: Chaves; 13. State: NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any): 760'	16. No. of Acres in lease: 642.4; 17. Spacing Unit dedicated to this well: S/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft: 700'	19. Proposed Depth: 5315'; 20. BLM/BIA Bond No. on file: NMB000434
21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3748' GL	22. Approximate date work will start*: ASAP; 23. Estimated duration: 30 Days

ROSWELL CONTROLLED WATER BASIN

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature: Debbie L. Caffall	Name (Printed/Typed): Debbie L. Caffall	Date: 4/1/2008
Title: Regulatory Agent/Land Department		
Approved by (Signature): /S/ Angel Mayes	Name (Printed/Typed): Angel Mayes	Date: MAY 13 2008
Title: Assistant Field Manager, Lands And Minerals	Office: RFO	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse) C-144 attached Horizontal Drilling Plan Attached

DECLARED WATER BASIN

CEMENT BEHIND THE 9 5/8" CASING MUST BE CIRCULATED. WITNESS

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

First National Bank
ARTESIA, NEW MEXICO

95-43
1122

YATES PETROLEUM CORPORATION
YATES BUILDING • ARTESIA, N.M. 88210

No. 153477

/ /

APR 01, 2008

PAY $******4000*DOLLARS*AND*00*CENTS

$ ******4,000.00

134200 BUREAU OF LAND MANAGEMENT -
ROSWELL
TO THE ORDER OF 2909 WEST SECOND STREET
ROSWELL, NM 88201-2019

Kathy H Porter

⑈153477⑈ ⑆112200439⑆ ⑈6940B810⑈

DETACH BEFORE DEPOSITING CHECK

YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET ARTESIA, N.M. 88210

No. 153477

DLC/MS

$4,000.00

RECORDING/FILING FEES
FEDERAL FILING FEE FOR APPLICATION FOR PERMIT TO DRILL
FOOTBALL BCF FEDERAL #2H
1980' FSL & ~~150'~~ 250' FEL PILOT HOLE
1980' FSL & 760' FWL BOTTOM HOLE
SECTION 1, T12S-R26E
CHAVES COUNTY, NEW MEXICO

RECEIVED
2008 APR -2 AM 7:51
BUREAU OF LAND MGMT
ROSWELL OFFICE

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

MAY 21 2008
OCD-ARTESIA

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-005-64020	97361	The Coyote; Wolfcamp Gas Pool

Property Code	Property Name	Well Number
32770	FOOTBALL "BCF" FEDERAL	2H
OGRID No.	**Operator Name**	**Elevation**
025575	YATES PETROLEUM CORP.	3748'

Surface Location

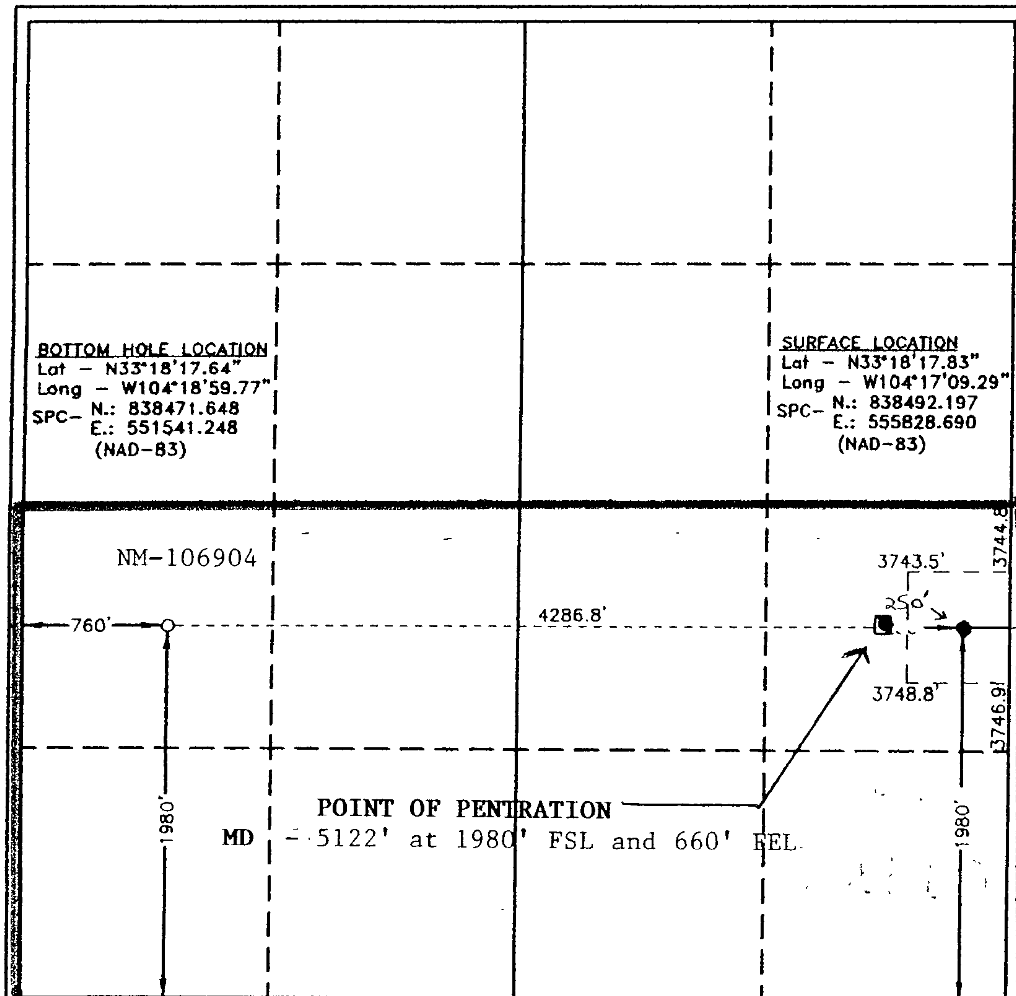
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	1	12 S	26 E		1980	SOUTH	250	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	1	12 S	26 E		1980	SOUTH	760	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320 acres S/2			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Debbie L. Caffall 5/19/2008

Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

MAY 15, 2008

Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977

W.O. No. 19655

Certificate No. Gary L. Jones 7977

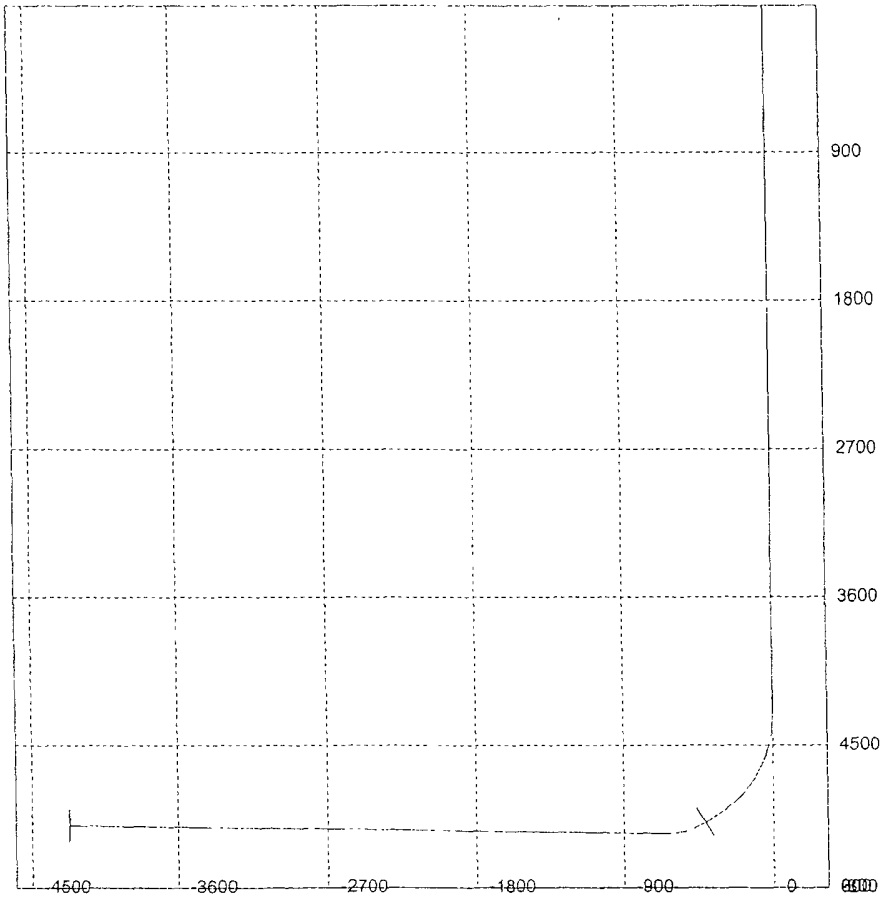
BASIN SURVEYS

MD	Inclination	Azimuth	TVD	N/S	E/W	DLS	Tool Face	Build Rate	Formation
0	0	0	0	0	0	0			
510	0	0	510	0	0	0			QUEEN
595	0	0	595	0	0	0			PENROSE
795	0	0	795	0	0	0			GRAYBURG
1,035	0	0	1,035	0	0	0			SAN ANDRES
2,225	0	0	2,225	0	0	0			GLORIETA
2,335	0	0	2,335	0	0	0			YESO
3,685	0	0	3,685	0	0	0			TUBB
4312	0	0	4312	0	0	8.02	270	GN	KOP
4325	1.04	270	4325	0	-0 12	8 02	0	HS	
4350	3 05	270	4349 98	0	-1 01	8 02	0	HS	
4375	5.05	270	4374.92	0	-2 78	8 02	0	HS	
4400	7.06	270	4399 78	0	-5 41	8 02	0	HS	
4425	9.06	270	4424.53	0	-8 92	8 02	0	HS	
4435	9.86	270	4434.39	0	-10.56	8 02	0	HS	ABO
4450	11.06	270	4449 14	0	-13 28	8.02	0	HS	
4475	13.07	270	4473.59	0	-18 51	8 02	0	HS	
4500	15.07	270	4497.84	0	-24.59	8 02	0	HS	
4525	17.08	270	4521.86	0	-31 51	8 02	0	HS	
4550	19.08	270	4545.63	0	-39 27	8 02	0	HS	
4575	21.09	270	4569 1	0	-47 85	8 02	0	HS	
4600	23.09	270	4592.27	0	-57 25	8.02	0	HS	
4625	25.1	270	4615 09	0	-67 46	8 02	0	HS	
4650	27.1	270	4637.54	0	-78.46	8 02	0	HS	
4675	29.1	270	4659 59	0	-90 23	8 02	0	HS	
4700	31.11	270	4681.22	0	-102 77	8 02	0	HS	
4725	33 11	270	4702.39	0	-116 06	8 02	0	HS	
4750	35.12	270	4723.09	0	-130 08	8 02	0	HS	
4763	36.16	270	4733.65	0	-137.65	8.02	0	HS	ABO DOLOMITE
4775	37.12	270	4743 28	0	-144 82	8 02	0	HS	
4800	39 13	270	4762 95	0	-160 25	8 02	0	HS	
4825	41.13	270	4782 06	0	-176.36	8 02	0	HS	
4850	43.14	270	4800.6	0	-193 13	8 02	0	HS	
4875	45 14	270	4818 54	0	-210 54	8 02	0	HS	
4900	47 14	270	4835 86	0	-228 57	8 02	0	HS	
4925	49 15	270	4852 54	0	-247 19	8 02	0	HS	
4950	51 15	270	4868 56	0	-266 38	8 02	0	HS	
4975	53.16	270	4883 9	0	-286 12	8 02	0	HS	
5000	55.16	270	4898 53	0	-306 39	8 02	0	HS	
5025	57 17	270	4912 45	0	-327 15	8 02	0	HS	
5045 12	58 78	270	4923 12	0	-344 21	8.02	0	HS	
5122.06	58.78	270	4963	0	-410	0			WOLFCAMP
5122.06	58 78	270	4963	0	-410	12	0	HS	
5125	59 13	270	4964 52	0	-412 52	12	0	HS	
5150	62.13	270	4976 78	0	-434 31	12	0	HS	
5175	65 13	270	4987 88	0	-456 7	12	0	HS	
5200	68.13	270	4997 79	0	-479 65	12	0	HS	
5225	71 13	270	5006 49	0	-503 09	12	0	HS	
5250	74.13	270	5013.96	0	-526 94	12	0	HS	
5275	77 13	270	5020 16	0	-551 16	12	0	HS	
5300	80 13	270	5025 08	0	-575 67	12	0	HS	
5325	83 13	270	5028.72	0	-600 4	12	0	HS	
5350	86 13	270	5031 06	0	-625 28	12	0	HS	
5375	89.13	270	5032 09	0	-650 26	12	0	HS	
5389.12	90 83	270	5032 1	0	-664 38	12	0	HS	
8995 12	90.83	270	4980	0	-4270	0			Lateral TD

Pilot hole will be drilled to 5315'. Well will then be plugged back and kicked off at approx 4312' at 8 02 degrees per 100' with an 12 1/4" hole to 5122' MD where 8 5/8" will be set. Hole will then be reduced to 7 7/8" and drilled at 12 degrees per 100' to 8995' MD Where 5 1/2" casing will be set and cemented

3D³ Directional Drilling Planner - 3D View

Company. **Yates Petroleum Corporation**
Well: **Football BCF Federal #2H**



File: C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\Horizontal\football2h.4.wpp

3D³ Directional Drilling Planner - 3D View

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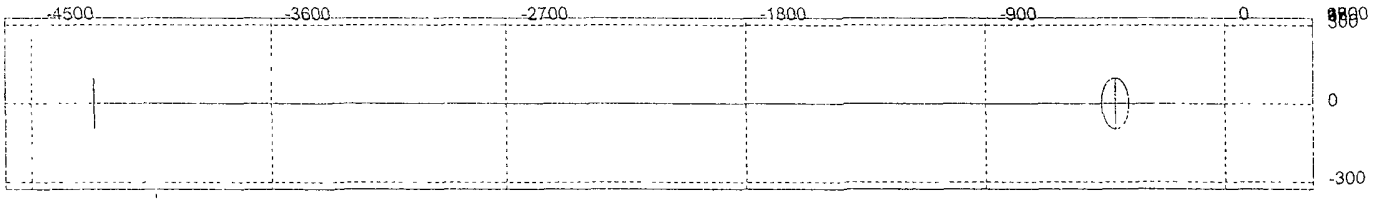
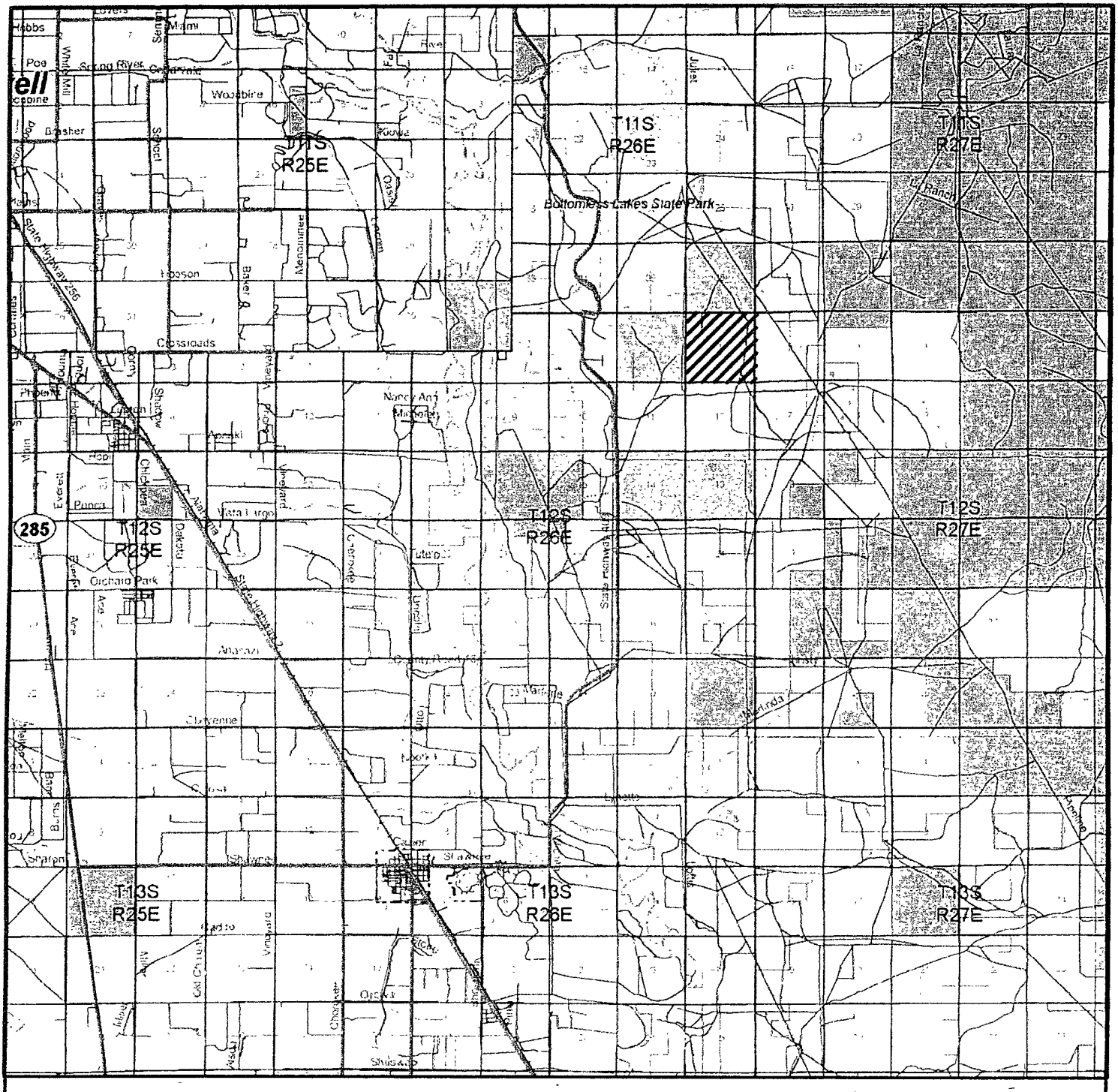


File. C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\Horizontal\football2h.4.wpp



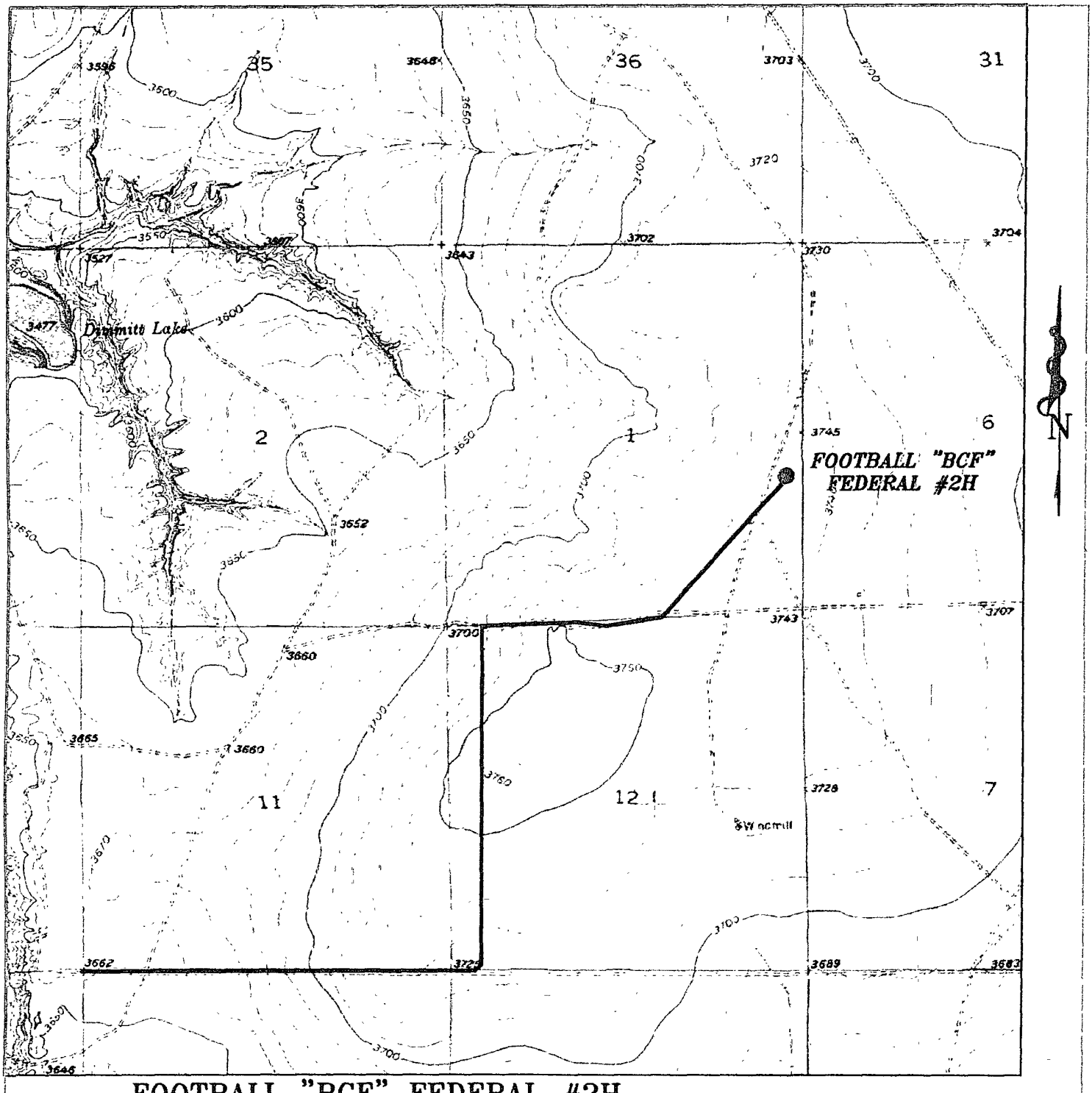
FOOTBALL "BCF" FEDERAL #2H
Located at 1980' FSL AND 250' FEL
Section 1, Township 12 South, Range 26 East,
N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19755
Survey Date:	05-15-2008
Scale:	1" = 2 MILES
Date:	05-16-2008

YATES PETROLEUM CORP.



FOOTBALL "BCF" FEDERAL #2H

Located at 1980' FSL AND 250' FEL
Section 1, Township 12 South, Range 26 East,
N.M.P.M., Chaves County, New Mexico.

Basin Surveys
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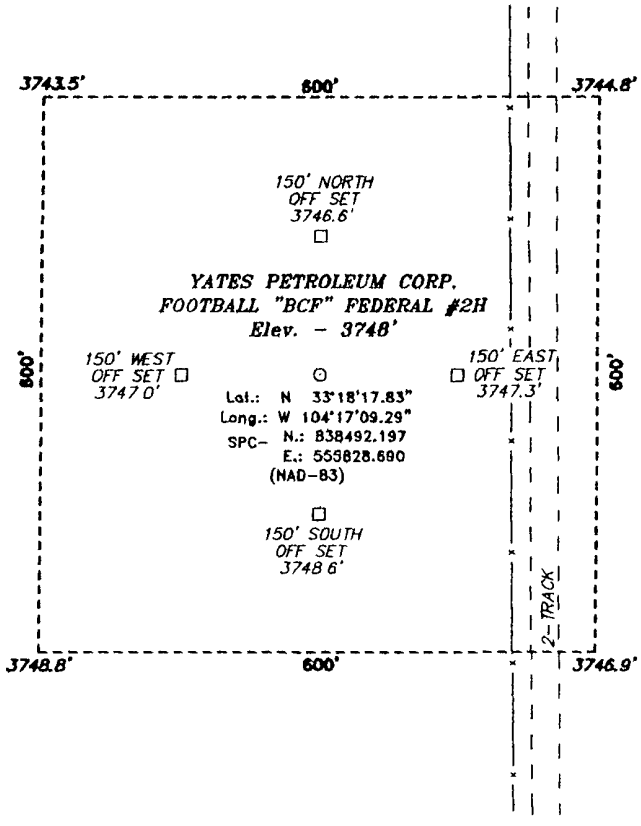
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 19755
Survey Date: 05-15-2008
Scale: 1" = 2000'
Date: 05-16-2008

YATES PETROLEUM CORP.

SECTION 1, TOWNSHIP 12 SOUTH, RANGE 26 EAST, N.M.P.M.,
CHAVES COUNTY, **NEW MEXICO.**



100 0 100 200 FEET

SCALE: 1" = 100'

YATES PETROLEUM CORP.

REF: FOOTBALL "BCF" FEDERAL #2H / WELL PAD TOPO

THE FOOTBALL "BCF" FEDERAL #2H LOCATED 1980' FROM THE SOUTH LINE AND 250' FROM THE EAST LINE OF SECTION 1, TOWNSHIP 12 SOUTH, RANGE 26 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.

BASIN SURVEYS P O BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 19755	Drawn By: J. M. SMALL		
Date: 05-16-2008	Disk: 19755W JMS	Survey Date: 05-15-2008	Sheet 1 of 1 Sheets

YATES PETROLEUM CORPORATION
Football BCF Federal #2 H 2560'
1980' FSL and ~~150~~ FEL Unit I (NESE) (SL/Pilot Hole)
1980' FSL and 760' FWL Unit L (NWSW) (Bottom Hole)
Section 1-T12S-R26E
Chaves County, New Mexico

1. The estimated tops of geologic markers are as follows:

Queen	510'
Penrose	595'
Grayburg	795'
San Andres	1035'
Glorieta	2225'
Yeso	2335'
Tubb	3685'
Abo	4435'
Abo Dolomite	4735'
Wolfcamp	4970'
Wolfcamp Lime	5100'
WC B Zone	5180'
Wolfcamp-Cisco Carbonate	5235'
TD:	5315'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

   Water: 130'
   Oil or Gas: Oil: Queen, Penrose, Grayburg, & San Andres.
   Gas: Abo Dolomite, Wolfcamp, WC B Zone, & Wolfcamp-Cisco Carbinate.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and the rated for 3000# BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

   Auxiliary Equipment:
   A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:
   A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1100'	1100'
8 3/4"	5 1/2"	17#	HCP-110	LT&C	0-9108'	9108'

***Pilot hole will be drilled to 5315'. Well will then be plugged back and kicked off at approximately 4460' at 12 degrees per 100' with an 8 ¾" hole to 5247' MD. The hole will be reduced to a 7.875" and drilled to 9108'. The 5.5" casing will be ran and cemented back to 600'.

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8

B. CEMENTING PROGRAM:
Surface Casing: 585 sx C Lite + 2% CaCl2 (YLD 2.10 WT 12.60).
Tail in with 200 sx C + 2% CaCl2 (YLD 1.32 WT 14.80).

Production Casing: 950 sx C Lite (YLD 2.05 WT 12.5).
Tail in with 700 sx acid solution (YLD 2.60 WT 11.15).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-1100'	FW Gel	8.4-8.6	32-36	N/C
1100'-1500'	FW	8.4-8.4	28-28	N/C
1500'-4350'	Cut Brine	9.3-9.5	28-28	N/C
4350'-5315'	Saltgel/Starch/4-6% KCL	9.6-9.8	45-55	N/C
***4460'-9108' Lateral Section	Saltgel/Starch/4-6% KCL	9.4-9-6	45-45	N/C

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Rig personnel will check mud hourly.

6. EVALUATION PROGRAM:
Samples: 10" samples from intermediate.
Logging: Platform Express-CNL/LDT/NGT TD to surface casing; CNL/GR TD to surface casing; DLL/MSFL TD to surface casing; BHC Sonic TD to surface casing.
Coring: None anticipated
DST's: None Anticipated
Mudlogging: Yes

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:
From: 0' TO: 1100' TVD Anticipated Max. BHP: 492 PSI
From: 1100' TO: 5315' TVD Anticipated Max. BHP: 2708 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 168 F

8. ANTICIPATED STARTING DATE:
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 40 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Football BCF Federal #2 H
1980' FSL and 150' FEL Unit I (NESE) (SL/Pilot Hole)
1980' FSL and 760' FWL Unit L (NWSW) (Bottom Hole)
Section 1-T12S-R26E
Chaves County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 22 miles east of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:
Go east of Roswell, NM on Highway 380 for approximately 11.2 miles to NM-409. Turn right (south) and continue for approximately 6.5 miles to Wichita Road. Turn left onto Wichita Road and continue south for approximately 2.1 miles. Turn left (east) onto existing lease road cattle guard w/lock (must remain closed and locked at all times) Continue east approximately 1 mile, road turns north. Turn left and continue north for approximately 1 mile. The road turns east prior to cattle guard and travels on a ranch road for approximately less than .5 miles where the new lease road will start to the north/east with fence cut/cattle guard with gate and continue travel north/east with another fence cut/cattle guard with gate and continue travel for approximately .8 of a mile to the southwest corner of the pad.

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately .8 of a mile Section 1, T12S-R26E more or less in length from the point of origin in an north/easterly direction to the southwest corner of the drilling pad.
B. The new road right of way 30 feet wide with 16 feet in width (driving surface) will be adequately drained to control runoff and soil erosion.
C. The new road will be bladed with drainage on both sides. Traffic turnouts may be needed.
D. The route of the road is visible.
E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL:

A. There is no drilling activity within a one-mile radius of the well site.
B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. There are production facilities on this lease at the present time.

B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is a producing gas well.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the reserve pits.
B. The reserve pits will be constructed and reclamation done according to NMOCD guidelines
C. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
E. Oil produced during operations will be stored in tanks until sold.
F. Current laws and regulations pertaining to the disposal of human waste will be complied with
G. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: NONE

9. WELLSITE LAYOUT:
A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, and the location of the drilling equipment, rig orientation and access road approach.
B. The reserve pits will be plastic lined. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
C. A 600' x 600' area has been staked and flagged.

10. PLANS FOR RESTORATION:

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing condition as possible.
B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
C. If the proposed well is plugged and abandoned, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be reclaimed as required by the Oil Conservation Division.

11. SURFACE OWNERSHIP:

Elliott G. McMaster and Evelyn McMaster Trust
under Trust Agreement dated December 18, 1990,
P.O. Box 176, Datil, New Mexico 87821

A Copy of the Surface Use Plan of Operations has been provided to the private surface owner of the well site location and good faith efforts are being made to obtain a surface use agreement.

Minerals: Federal Minerals, Administered by Bureau of Land Management
Roswell, New Mexico.

12. OTHER INFORMATION:

A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
B. The primary surface use is for grazing.

CERTIFICATION
YATES PETROLEUM CORPORATION
Football BCF Federal #2 H
1980' FSL and ~~150'~~ 250' FEL Unit I (NESE) (SL/Pilot Hole)
1980' FSL and 760' FWL Unit L (NWSW) (Bottom Hole)
Section 1-T12S-R26E
Chaves County, New Mexico

I hereby certify that I or the company I represent, have inspected the drill site and access route proposed herein; that the company I represent is familiar with the conditions which currently exist; that full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that the company I represent is responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 1ST day of April, 2008.

Printed Name Debbie L. Caffall

Signature Debbie L. Caffall

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 575-748-4376

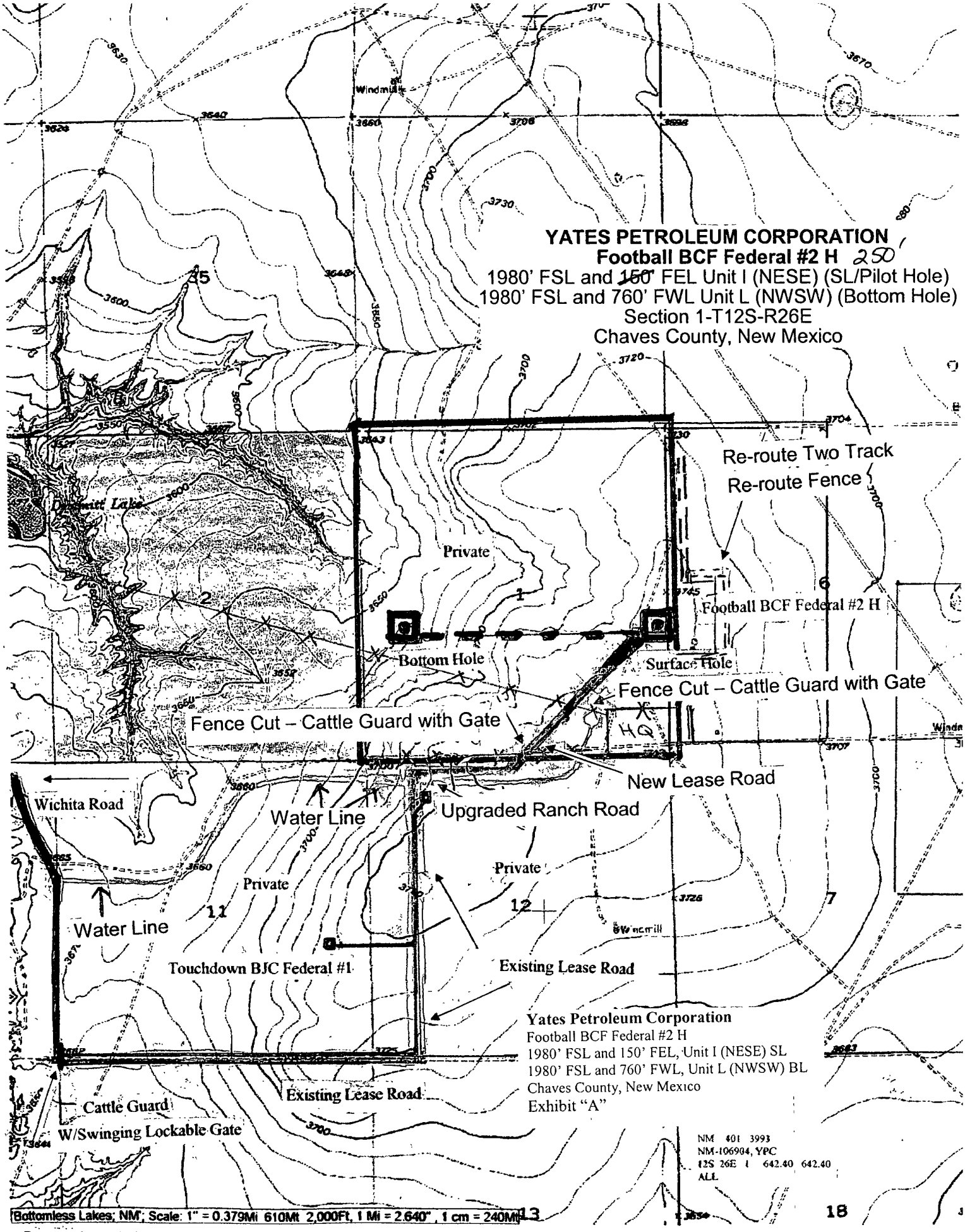
E-mail (optional) debbiec@ypcnm.com

Field Representative (if not above signatory) Tim Bussell

Address (if different from above) Same

Telephone (if different from above) 575-748-4221

E-mail (optional) _____

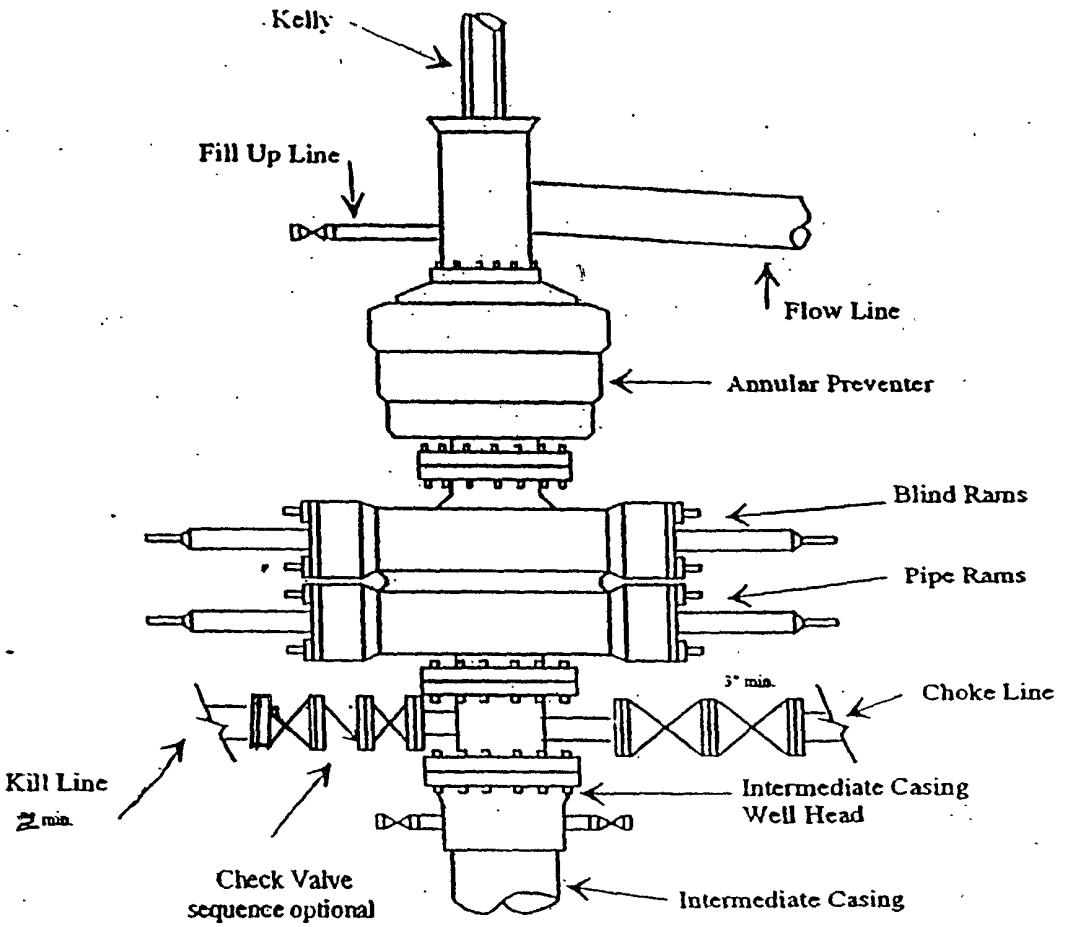


Proposed Football BCF Federal #2 H

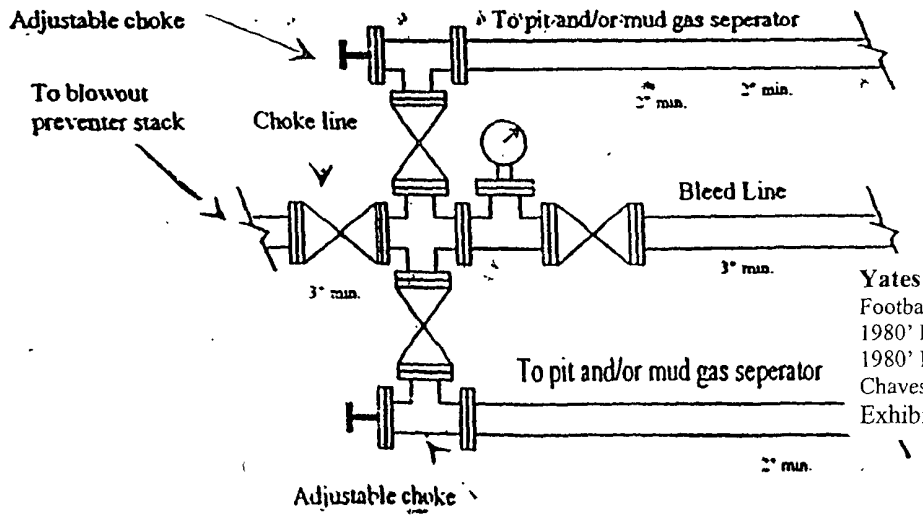
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimun features



Yates Petroleum Corporation
Football BCF Federal #2 H
1980' FSL and 150' FEL, Unit I (NESE) SL
1980' FSL and 760' FWL, Unit L (NWSW) B
Chaves County, New Mexico
Exhibit "B"

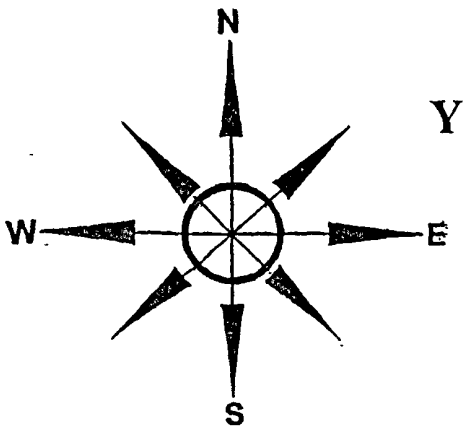
PB - L1

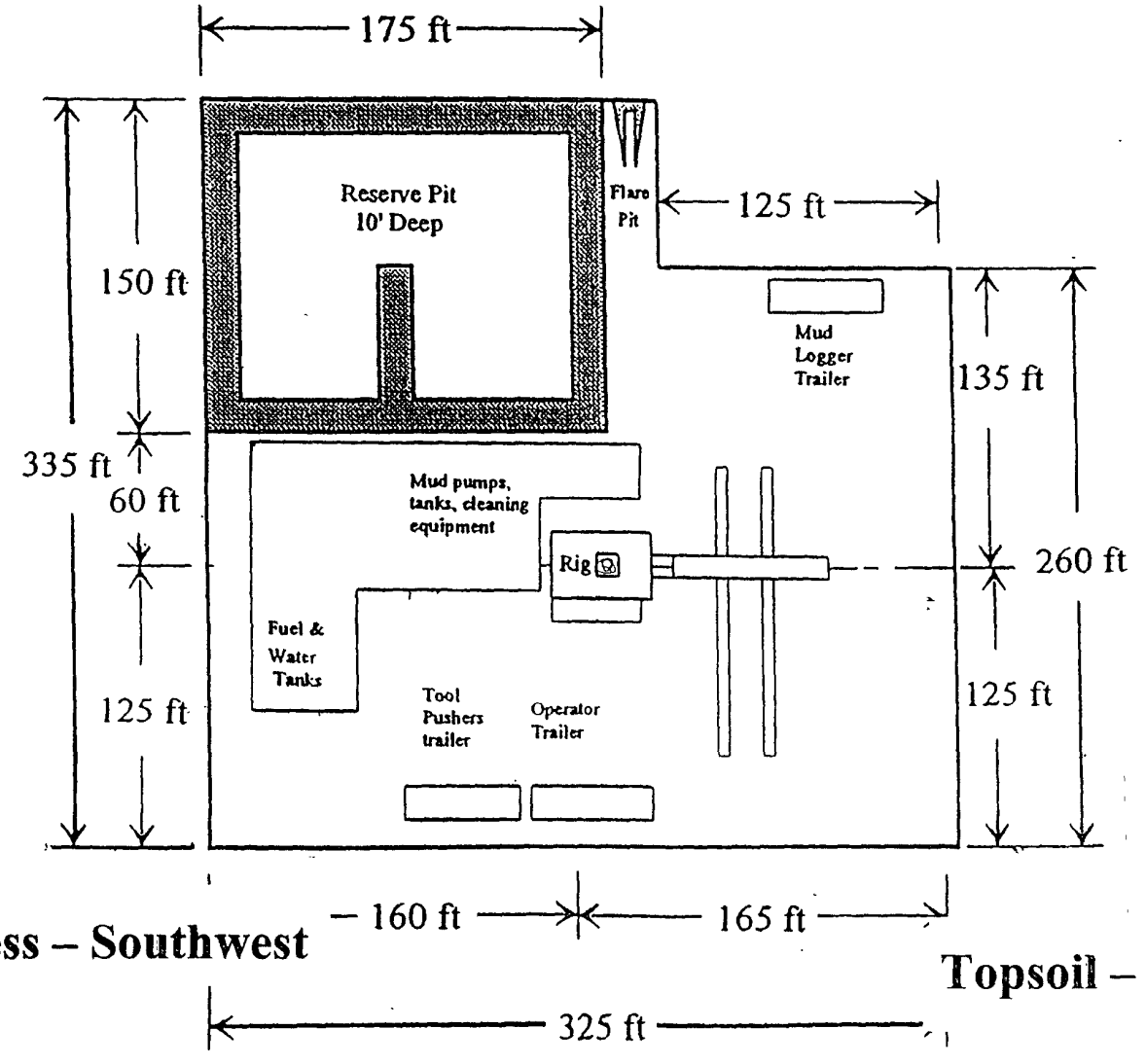
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

Not – To – Scale

Pits – North





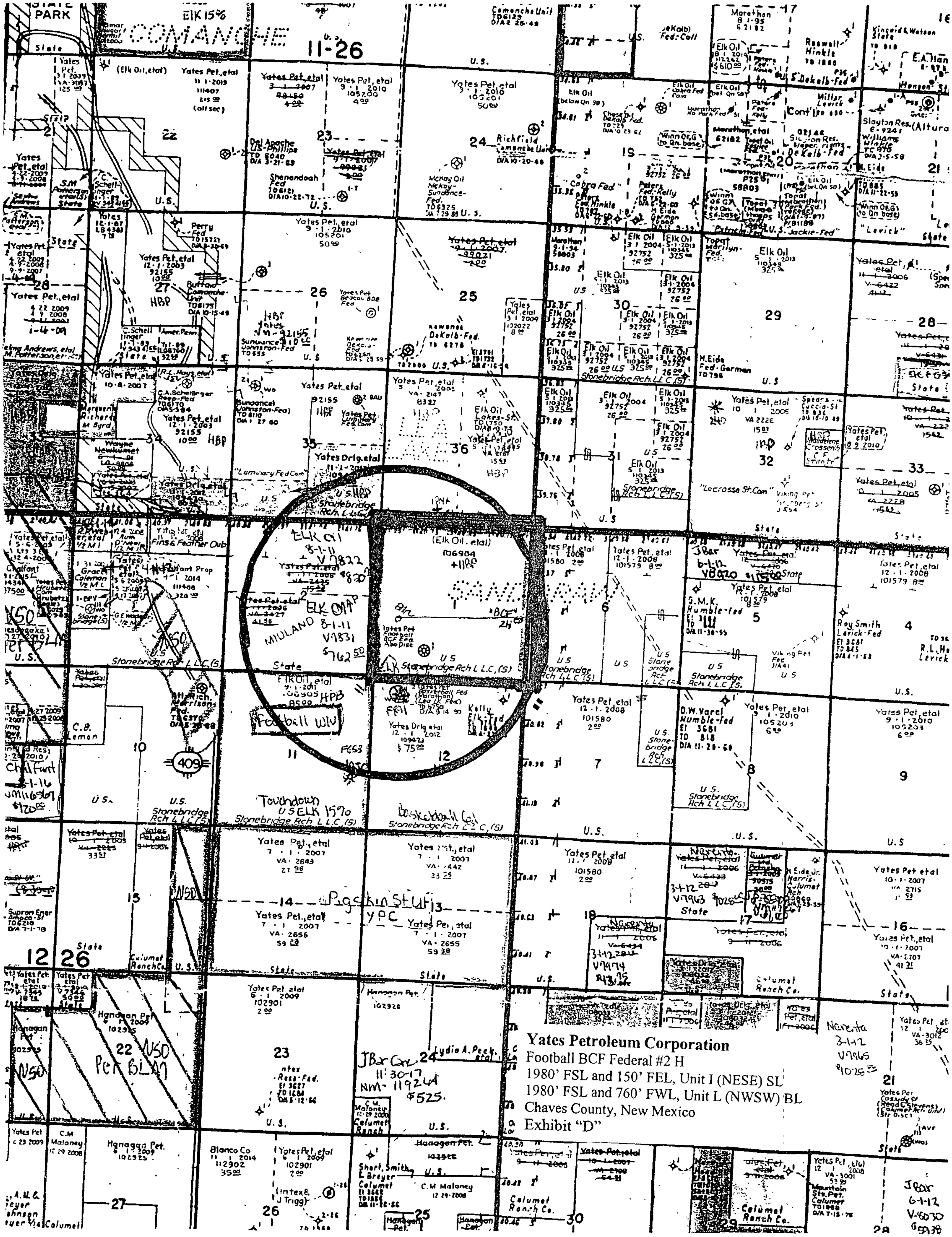
Access – Southwest

Topsoil – Southeast

Distance from Well Head to Reserve Pit will vary between rigs.

The above dimension should be a maximum.

Yates Petroleum Corporation
Football BCF Federal #2 H
1980' FSL and 150' FEL, Unit I (NESE) SL
1980' FSL and 760' FWL, Unit L (NWSW) BL
Chaves County, New Mexico
Exhibit "C"



Yates Petroleum Corporation
Football BCF Federal #2 H
1980' FSL and 150' FEL, Unit I (NESE) SL
1980' FSL and 760' FWL, Unit L (NWSW) BL
Chaves County, New Mexico
Exhibit "D"
11-26
12 26
COMANCHE
STATE PARK
Stonebridge Rch L.L.C.(S)
Yates Pet.,etal
Elk Oil
Football Wu
Touchdown
Pigskin Stuff
YPC

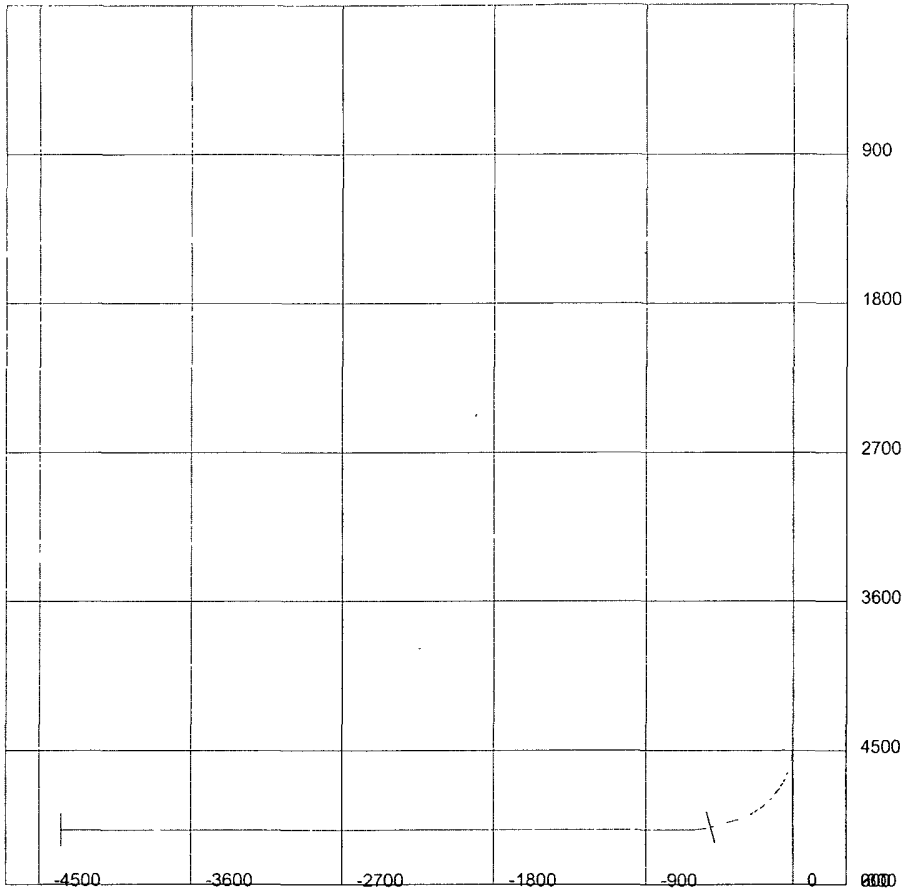
Simulated Survey - C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\Horizontal\football2h.2.wpp

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	4460.00	0.00	0.00	4460.00	0.00	0.00	12.00	270	GN
3	4475.00	1.80	270.00	4475.00	0.00	-0.24	12.00	0	HS
4	4500.00	4.80	270.00	4499.95	0.00	-1.67	12.00	0	HS
5	4525.00	7.80	270.00	4524.80	0.00	-4.42	12.00	0	HS
6	4550.00	10.80	270.00	4549.47	0.00	-8.46	12.00	0	HS
7	4575.00	13.80	270.00	4573.89	0.00	-13.78	12.00	0	HS
8	4600.00	16.80	270.00	4598.00	0.00	-20.38	12.00	0	HS
9	4625.00	19.80	270.00	4621.74	0.00	-28.23	12.00	0	HS
10	4650.00	22.80	270.00	4645.03	0.00	-37.31	12.00	0	HS
11	4675.00	25.80	270.00	4667.81	0.00	-47.59	12.00	0	HS
12	4700.00	28.80	270.00	4690.02	0.00	-59.06	12.00	0	HS
13	4725.00	31.80	270.00	4711.60	0.00	-71.67	12.00	0	HS
14	4750.00	34.80	270.00	4732.50	0.00	-85.39	12.00	0	HS
15	4775.00	37.80	270.00	4752.64	0.00	-100.19	12.00	0	HS
16	4800.00	40.80	270.00	4771.99	0.00	-116.03	12.00	0	HS
17	4825.00	43.80	270.00	4790.47	0.00	-132.85	12.00	0	HS
18	4850.00	46.80	270.00	4808.06	0.00	-150.62	12.00	0	HS
19	4875.00	49.80	270.00	4824.69	0.00	-169.28	12.00	0	HS
20	4900.00	52.80	270.00	4840.32	0.00	-188.79	12.00	0	HS
21	4925.00	55.80	270.00	4854.90	0.00	-209.09	12.00	0	HS
22	4950.00	58.80	270.00	4868.41	0.00	-230.13	12.00	0	HS
23	4975.00	61.80	270.00	4880.79	0.00	-251.84	12.00	0	HS
24	5000.00	64.80	270.00	4892.02	0.00	-274.17	12.00	0	HS
25	5025.00	67.80	270.00	4902.07	0.00	-297.06	12.00	0	HS
26	5050.00	70.80	270.00	4910.91	0.00	-320.44	12.00	0	HS
27	5075.00	73.80	270.00	4918.51	0.00	-344.26	12.00	0	HS
28	5085.07	75.01	270.00	4921.21	0.00	-353.96	12.00	0	HS
29	5246.61	75.01	270.00	4963.00	0.00	-510.00	0.00		
30	5246.61	75.01	270.00	4963.00	0.00	-510.00	12.00	0	HS
31	5250.00	75.42	270.00	4963.87	0.00	-513.28	12.00	0	HS
32	5275.00	78.42	270.00	4969.52	0.00	-537.62	12.00	0	HS
33	5300.00	81.42	270.00	4973.90	0.00	-562.23	12.00	0	HS
34	5325.00	84.42	270.00	4976.98	0.00	-587.04	12.00	0	HS
35	5350.00	87.42	270.00	4978.77	0.00	-611.97	12.00	0	HS
36	5371.44	89.99	270.00	4979.25	0.00	-633.41	12.00	0	HS

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
37	9108.03	89.99	270.00	4980.00	0.00	-4370.00	0.00		

3D³ Directional Drilling Planner - 3D View

Company: **Yates Petroleum Corporation**
Well: **Football BCF Federal #2H**



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3D³ Directional Drilling Planner - 3D View

Company: **Yates Petroleum Corporation**
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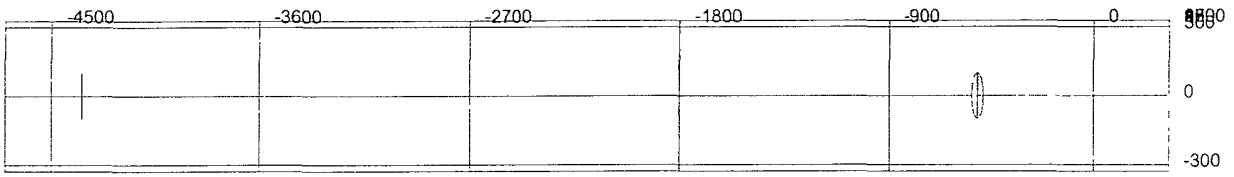

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WF

PECOS DISTRICT - RFO
CONDITIONS OF APPROVAL
5/13/08

MAY 2 1 2008
OCD-ARTESIA

OPERATORS NAME: **Yates Petroleum Corporation**
LEASE NO.: **NM-106904**
WELL NAME & NO: **Football "BCF" Federal #2H**
SURFACE HOLE FOOTAGE: **1980' FSL & 150' FEL** 250' FEL
BOTTOM HOLE LOCATION: **1980' FSL & 760' FWL**
LOCATION: **Section 1, T. 12 S., R. 26 E., NMPM**
COUNTY: **Chaves County, New Mexico**

GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

I. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD (Filing of a Sundry Notice is required for this 60 day extension).

II. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

III. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations (access road and/or well pad). Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

IV. CONSTRUCTION

A. NOTIFICATION:

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Roswell Field Office at (505) 627-0247 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved Application for Permit to Drill and Conditions of Approval on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL:

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation. The topsoil shall be stockpiled in the southeast corner of the well pad.

C. RESERVE PITS:

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 175' x 150' on the north side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT:

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Roswell Field Office at (505) 627-0236.

E. WELL PAD SURFACING:

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational need.

F. ON LEASE ACCESS ROADS:

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

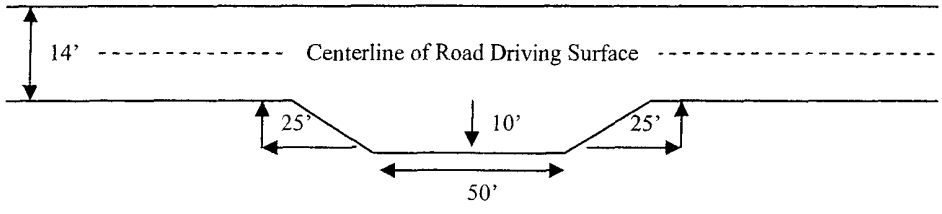
Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout – Plan View

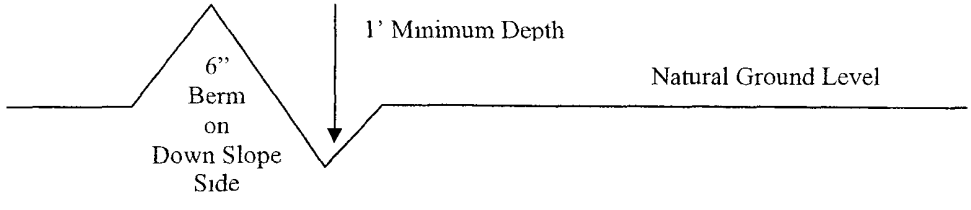


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section Of Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula For Spacing Interval Of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Cattleguards

A gate and cattleguard will be constructed and installed at the fence crossings in SW¼SW¼SE¼ Section 1, T. 12 S., R. 26 E. N.M.P.M., Chaves County, New Mexico.

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

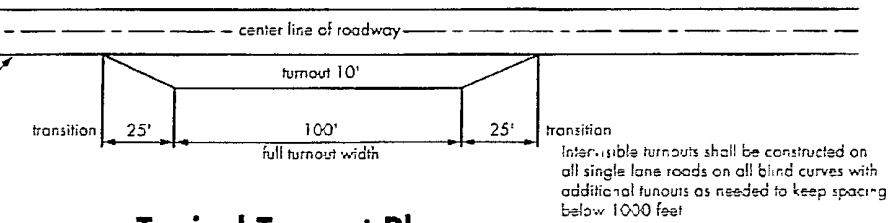
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

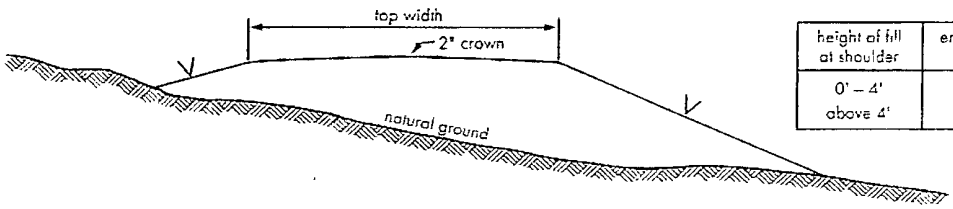
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



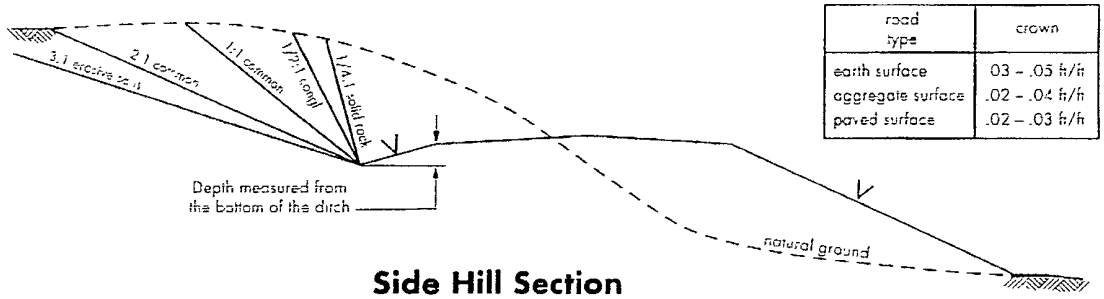
Intervisible turnouts shall be constructed on all single lane roads on all blind curves with additional turnouts as needed to keep spacing below 1000 feet

Typical Turnout Plan



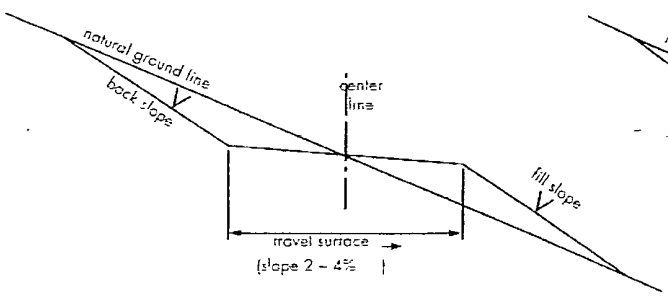
height of fill at shoulder	embankment slope
0' – 4'	3:1
above 4'	2:1

Embankment Section

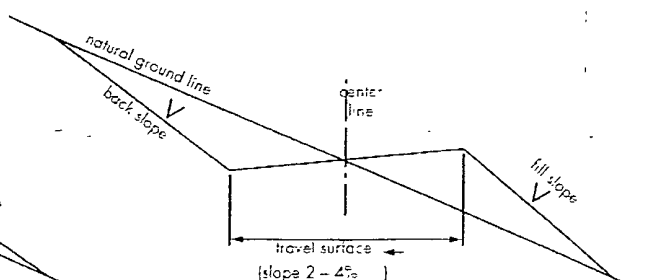


road type	crown
earth surface	.03 – .05 ft/ft
aggregate surface	.02 – .04 ft/ft
paved surface	.02 – .03 ft/ft

Side Hill Section



Typical Outsloped Section



Typical Inslope Section

V. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

1. Call the Roswell Field Office, 2909 West Second St., Roswell, NM 88201. During office hours call (575) 627-0258. After office hours call (575) 627-0205. Engineer on call phone (after hours): (575) 626-5749.

2. The Roswell Field Office is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding

b. Cementing casing: 9-5/8 inch 5-1/2 inch

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

B. CASING

1. The 9-5/8 inch surface casing shall be set at approximately 1100 feet and cemented to the surface.

a. If cement does not circulate to the surface, the Roswell Field Office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin or 500 pounds compression strength, whichever is greater. (This is to include the lead cement).

c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.

d. If cement falls back, remedial action will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is sufficient to tie back 500 feet above the uppermost perforation in the pay zone. If cement does not circulate, a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

3. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. Before drilling below the 9-5/8 inch surface casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

2. Before drilling below the 9-5/8 inch surface casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. The BOPE shall be installed before drilling below the 9-5/8 inch surface casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

a. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

b. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.

c. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

d. Testing must be done in a safe workman like manner. Hard line connections shall be required.

VI. PRODUCTION

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, Olive Drab, Munsell Soil Color Chart 18-0622 TPX.

VRM Facility Requirement

Low-profile tanks not greater than eight-feet-high shall be used.

VII. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used in road repairs, fire walls or for building other roads and locations. In addition, in order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

SEED MIXTURE

Common Name and Preferred Variety	Scientific Name	Pounds of Pure Live Seed per Acre
Blue grama	(*Bouteloua gracilis*)	4.0
Sideoats grama	(*Bouteloua curtipendula*)	1.0
Sand dropseed	(*Sporobolus cryptandrus*)	0.5
Vine mesquite	(*Panicum mesquite*)	1.0
Plains bristlegrass	(*Setaria macrostachya*)	1.0
Indian blanketflower	(*Gaillardia aristata*)	0.5
Desert or Scarlet Globemallow	(*Sphaeralcea ambigua*) or (*S. coccinea*)	1.0
Annual sunflower	(*Helianthus annuus*)	0.75
TOTAL POUNDS PURE LIVE SEED (pls) PER ACRE		9.75

Certified Weed Free Seed

If one species is not available, increase ALL others proportionately.
Use No Less than 4 species, including one forb.

No less than 9.75 pounds pls per acre shall be applied.

VIII. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the Private Surface Land Owner agreements.

EXHIBIT A

5/13/08