

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies 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 Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised June 10, 2003 WELL API NO. 30-015-35437 5. Indicate Type of Lease STATE ☒ FEE ☐ State Oil & Gas Lease No. V-3346
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WELL COMPLETION OR RECOMPLETION REPORT AND LOG											
1a. Type of Well OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER _____ b. Type of Completion: NEW ☒ WORK ☐ DEEPEN ☐ PLUG ☐ DIFF. ☐ WELL OVER BACK RESVR.			7. Lease Name or Unit Agreement Name Loving AIB State MAR 19 2008 OCD-ARTESIA								
2. Name of Operator Yates Petroleum Corporation			8. Well No. 15								
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210 (575) 748-1471			9. Pool name or Wildcat Loving; Brushy Canyon, East								
4. Well Location Unit Letter <u>K</u> : <u>1650</u> Feet From The <u>South</u> Line and <u>2310</u> Feet From The <u>West</u> Line Section <u>16</u> Township <u>23S</u> Range <u>28E</u> NMPM <u>Eddy</u> County											
10. Date Spudded RH 1/7/08 RT 1/10/08	11. Date T.D. Reached 1/19/08	12. Date Compl. (Ready to Prod.) 2/18/08	13. Elevations (DF& RKB, RT, GR, etc.) 3020' GR 3037' KB	14. Elev. Casinghead							
15. Total Depth 6300'	16. Plug Back T.D. 6258'	17. If Multiple Compl. How Many Zones?	18. Intervals Drilled By	Rotary Tools 40'-6300'	Cable Tools						
19. Producing Interval(s), of this completion - Top, Bottom, Name 5747'-6048' Delaware					20. Was Directional Survey Made Yes (Attached)						
21. Type Electric and Other Logs Run CNL, Hi-Res Laterolog Array, CBL				22. Was Well Cored No							
23. CASING RECORD (Report all strings set in well)											
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED						
20"	Conductor	40'		Redi-mix							
9-5/8"	36#	300'	14-3/4"	305 sx (circ)							
5-1/2"	15.5#	6300'	8-3/4"	1889 sx (circ)							
24. LINER RECORD											
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN							
25. TUBING RECORD											
SIZE	DEPTH SET	PACKER SET									
	2-7/8"	6189'									
26. Perforation record (interval, size, and number) 5912'-5916' (5) 5747'-5752' (6) 5948'-5958' (11) 5776'-5794' (19) 6024'-6028' (5) 5806'-5810' (5) 6044'-6048' (5)											
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table style="width:100%; border-collapse: collapse;"> <tr> <th style="width:50%; text-align: left;">DEPTH INTERVAL</th> <th style="width:50%; text-align: left;">AMOUNT AND KIND MATERIAL USED</th> </tr> <tr> <td style="border-bottom: 1px solid black;">5912'-6048'</td> <td style="border-bottom: 1px solid black;">Frac w/47,000g Silverstim LT 20# x-link and 80,000# 20/40 Expedite</td> </tr> <tr> <td style="border-bottom: 1px solid black;">5747'-5810'</td> <td style="border-bottom: 1px solid black;">Frac w/47,000g Silverstim LT and 91,000# 20/40 Expedite</td> </tr> </table>						DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED	5912'-6048'	Frac w/47,000g Silverstim LT 20# x-link and 80,000# 20/40 Expedite	5747'-5810'	Frac w/47,000g Silverstim LT and 91,000# 20/40 Expedite
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED										
5912'-6048'	Frac w/47,000g Silverstim LT 20# x-link and 80,000# 20/40 Expedite										
5747'-5810'	Frac w/47,000g Silverstim LT and 91,000# 20/40 Expedite										
28. PRODUCTION											
Date First Production 2/19/08		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing		Well Status (Prod or Shut-in) Producing							
Date of Test 2/29/08	Hours Tested 24 hrs	Choke Size NA	Prod'n For Test Period	Oil - Bbl 75	Gas - MCF 142						
Flow Tubing Press. 200 psi	Casing Pressure 100 psi	Calculated 24-Hour Rate	Oil - Bbl. 75	Gas - MCF 142	Water - Bbl. 275						
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold					Test Witnessed By Mike Farmer						
30. List Attachments Logs, Deviation Survey and Directional Survey											
31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief Signature <u>Tina Huerta</u> Printed. Name <u>Tina Huerta</u> Title <u>Regulatory Compliance Supervisor</u> Date <u>March 18, 2008</u> E-mail Address <u>tnah@ypcnm.com</u>											

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico			Northwestern New Mexico	
T. Anhy	T. Canyon		T. Ojo Alamo	T. Penn. "B"
T. Salt 2295'	T. Strawn		T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka		T. Pictured Cliffs	T. Penn. "D"
T. Yates	T. Miss		T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian		T. Menefee	T. Madison
T. Queen	T. Siluro-Devonian		T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya		T. Mancos	T. McCracken
T. San Andres	T. Simpson		T. Gallup	T. Ignacio Otzte
T. Glorieta	T. McKee		Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger		T. Dakota	
T. Blinebry	T. Castille 362'		T. Morrison	
T. Tubb	T. Delaware Sand 2550'		T. Todilto	
T. Drinkard	T. Cherry Canyon 3489'		T. Entrada	
T. Abo	T. Brushy Canyon 4534'		T. Wingate	
T. Wolfcamp	T. Bone Spring 6154'		T. Chinle	
T. Wolfcamp B Zone	T. Spear		T. Permian	
T. Cisco (Bough C)	T. Pre-Cambrian		T. Penn "A"	

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....

No. 2, from.....to.....

No. 3, from.....to.....

No. 4, from.....to.....

IMPORTANT WATER SANDS

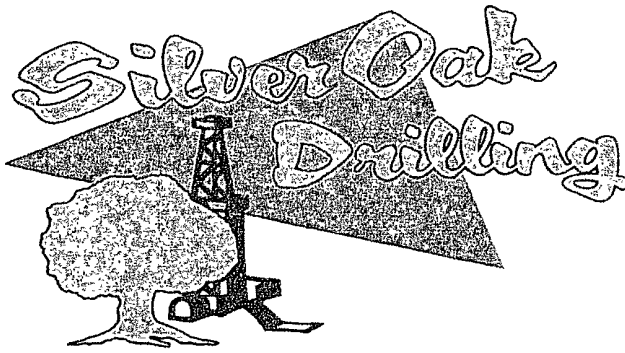
Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology

From	To	Thickness In Feet	Lithology



Artesia, NM 88211-1370
(505) 748-1288

January 30, 2008

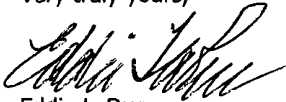
Yates Petroleum Corporation
105 S. 4th
Artesia, NM 88211-1395

RE: Loving AIB St #15
1650' FSL & 2310' FWL
Sec. 16, T23S, R28E
Eddy County, New Mexico

Dear Sir,

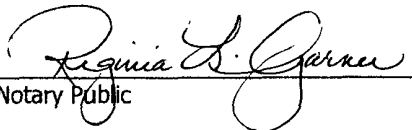
See the attached list for the Deviation Survey for the above captioned well.

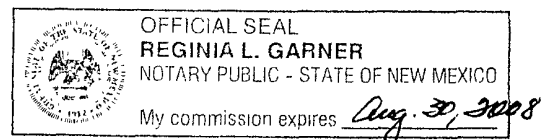
Very truly yours,


Eddie LaRue
Operations Manager

State of New Mexico }
County of Eddy }

The foregoing was acknowledged before me this 30th day of January, 2008.


Notary Public



Date	Depth	Dev	Dir	TVD
01/10/2008	119.00	0.25	0.00	160.00
01/11/2008	260.00	0.50	0.00	300.00
01/12/2008	344.00	1.49	281.04	0.00
01/12/2008	405.00	0.88	290.23	0.00
01/12/2008	497.00	0.09	178.52	0.00
01/13/2008	772.00	0.70	340.85	812.00
01/13/2008	867.00	0.09	258.68	906.00
01/13/2008	959.00	0.09	86.94	999.00
01/13/2008	1053.00	0.53	295.94	1093.00
01/13/2008	1146.00	0.88	277.57	0.00
01/13/2008	1235.00	0.44	190.20	0.00
01/13/2008	1329.00	0.53	201.72	0.00
01/13/2008	1422.00	53.00	207.44	0.00
01/14/2008	1702.00	2.02	91.51	1746.00
01/14/2008	1827.00	3.61	128.42	1871.00
01/14/2008	1920.00	2.29	108.12	1964.00
01/14/2008	1983.00	2.29	98.63	2027.00
01/14/2008	2045.00	2.29	115.94	0.00
01/14/2008	2107.00	1.67	132.29	0.00
01/14/2008	2170.00	1.93	121.30	0.00
01/14/2008	2232.00	2.02	122.27	0.00
01/14/2008	2294.00	1.23	139.15	0.00
01/14/2008	2355.00	0.62	40.00	0.00
01/15/2008	2418.00	0.70	24.98	0.00
01/15/2008	2480.00	0.26	279.59	0.00
01/15/2008	2542.00	0.44	241.98	0.00
01/15/2008	2721.00	0.25	0.00	0.00
01/15/2008	2908.00	0.25	0.00	0.00
01/16/2008	3406.00	0.75	0.00	3446.00
01/16/2008	3748.00	1.00	0.00	3788.00
01/17/2008	4028.00	1.00	0.00	4068.00
01/17/2008	4277.00	0.75	0.00	4317.00
01/17/2008	4744.00	0.50	0.00	0.00
01/18/2008	5274.00	0.50	0.00	0.00
01/18/2008	5679.00	1.25	0.00	0.00
01/19/2008	5991.00	1.25	0.00	0.00
01/19/2008	6260.00	1.50	0.00	6300.00



DIRECTIONAL SURVEY REPORT

YATES PETROLEUM

LOVING AIB STATE #15

EDDY COUNTY, NEW MEXICO

PREPARED BY: FRANCISCO SINISTERRA

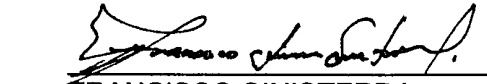
Pathfinder Energy Services, Inc.
6213 W. County Road 112 • Midland, TX • 79706
(432)681-6000

DIRECTIONAL SURVEY COMPANY REPORT:

1. NAME OF SURVEYING COMPANY: PATHFINDER ENERGY SERVICES
2. NAME OF PERSON(S) PERFORMING SURVEY:
A) MIKE EVANS
3. POSITION OF SAID PERSON(S): (A-F) SURVEYORS (FIELD ENGINEERS)
4. DATE(S) ON WHICH SURVEY WAS PERFORMED: 01/11/2008 TO 01/14/2008
5. STATE IN WHICH SURVEY WAS PERFORMED: NEW MEXICO
6. LOCATION OF WELL: EDDY COUNTY, NM
7. TYPE OF SURVEY(S) PERFORMED: MWD
8. COMPLETE IDENTIFICATION OF WELL:

YATES PETROLEUM
LOVING AIB STATE #15
EDDY COUNTY, NM
RIG: SILVER OAK #6
9. SURVEY CERTIFIED FROM: 344 TO 2573 FEET MEASURED DEPTH.

THIS IS TO VERIFY THAT ATTACHED DOCUMENTS SHOWING THE WELL TO BE DISPLACED AT 22.30 FEET ON A BEARING OF 116.62 DEGREES FROM THE CENTER OF THE ROTARY TABLE AT A PROJECTED BIT DEPTH OF 2618.00 FEET, ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



FRANCISCO SINISTERRA
M/LWD SERVICE COORDINATOR

PathFinder Energy Services, Inc.

BHL Report

Page 01/01
Tie-in Date: 01/11/2008
Date Completed: 01/14/2008

YATES PETROLEUM
LOVING AIB STATE #15
EDDY COUNTY, NM
Rig:SILVEROAK #6
PathFinder Office Supervisor: CODY MEBANE
PathFinder Field Engineers:MIKE EVANS

Survey Horiz. Reference:WELLHEAD
Ref Coordinates: LAT:32.18.9.0235 N LON:104.5.36.8975 W
GRID Reference:NAD83 new mexico east Transverse Mercator
Ref GRID Coord: X: 615412.4000 Y: 473867.2000
North Aligned To:GRID NORTH
Total Magnetic Correction: 8.10° EAST TO GRID
Vertical Section Plane: 0.00
Survey Vert. Reference:3020.00' Kelly Bushing To Ground
Altitude: 18.00' Ground To MSL

Measured Depth	2618.00	(feet)
Inclination	0.44	(deg)
Azimuth	278.63	(deg)
True Vertical Depth	2617.39	(feet)
Vertical Section	-9.99	(feet)
Survey X cord	615432.33	(feet)
Survey Y cord	473857.21	(feet)
Survey Lat	32.30247894 N	(deg)
Survey Lon	104.09351820 W	(deg)
Rectangular Corr. N/S	9.99 S	(feet)
Rectangular Corr. E/W	19.93 E	(feet)
Closure Distance	22.30	(feet)
Direction of Closure	116.62	(deg)
Dogleg Severity	0.00	(deg/100ft)

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM
 LOVING AIB STATE #15
 EDDY COUNTY, NM
 Rig:SILVEROAK #6
 PathFinder Office Supervisor: CODY MEBANE
 PathFinder Field Engineers: MIKE EVANS

Page 01/02
 Tie-in Date: 01/11/2008
 Date Completed: 01/14/2008

Survey Horiz. Reference:WELLHEAD
 Ref Coordinates: LAT:32.18.9.0235 N LON:104.5.36.8975 W
 Reference:NAD83 new mexico east Transverse Mercator
 Ref GRID Coord: X: 615412.4000 Y: 473867.2000
 North Aligned To:GRID NORTH
 Total Magnetic Correction: 8.10° EAST TO GRID
 Vertical Section Plane: 0.00
 Survey Vert. Reference:3020.00' Kelly Bushing To Ground
 Altitude: 18.00' Ground To MSL

Survey Calculations by PathCalc v1.97 using Minimum Curvature

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft) (ft)		Closure Dist (ft)	Dir (deg)	DLS (dg/100ft)
TIED INTO TOTCO SURVEY @ 300' MD.										
300.00	0.50	0.00	300.00	0.00	0.00	0.00	0.00	0.00@	0.00	0.17
THE FOLLOWING ARE PATHFINDER MWD SURVEYS.										
344.00	1.49	281.09	343.99	44.00	0.30	0.30 N	0.56 W	0.64@	298.28	3.36
405.00	0.88	290.23	404.98	61.00	0.62	0.62 N	1.78 W	1.88@	289.11	1.04
497.00	0.09	178.52	496.98	92.00	0.79	0.79 N	2.44 W	2.56@	287.91	1.00
588.00	0.26	59.87	587.98	91.00	0.82	0.82 N	2.26 W	2.40@	289.96	0.34
679.00	0.44	27.79	678.98	91.00	1.23	1.23 N	1.92 W	2.28@	302.74	0.29
772.00	0.70	340.85	771.97	93.00	2.09	2.09 N	1.94 W	2.85@	317.11	0.55
867.00	0.09	258.68	866.97	95.00	2.62	2.62 N	2.20 W	3.42@	319.95	0.73
960.00	0.09	86.94	959.97	93.00	2.61	2.61 N	2.20 W	3.41@	319.86	0.19
1054.00	0.53	295.94	1053.97	94.00	2.80	2.80 N	2.52 W	3.77@	318.07	0.65
1147.00	0.88	277.57	1146.96	93.00	3.09	3.09 N	3.61 W	4.75@	310.50	0.44
1235.00	0.44	190.21	1234.96	88.00	2.84	2.84 N	4.34 W	5.19@	303.21	1.10
1329.00	0.53	201.72	1328.95	94.00	2.08	2.08 N	4.57 W	5.02@	294.52	0.14
1422.00	0.53	207.44	1421.95	93.00	1.30	1.30 N	4.92 W	5.09@	284.81	0.06
1547.00	0.70	111.46	1546.94	125.00	0.51	0.51 N	4.48 W	4.51@	276.48	0.74
1702.00	2.02	91.51	1701.90	155.00	0.09	0.09 N	0.87 W	0.87@	275.97	0.89
1827.00	3.61	128.42	1826.75	125.00	-2.41	2.41 S	4.42 E	5.03@	118.64	1.87
1920.00	2.29	108.12	1919.63	93.00	-4.81	4.81 S	8.48 E	9.75@	119.57	1.79
1983.00	2.29	98.63	1982.58	63.00	-5.39	5.39 S	10.92 E	12.18@	116.28	0.60
2045.00	2.29	115.94	2044.53	62.00	-6.12	6.12 S	13.26 E	14.60@	114.77	1.11
2107.00	1.67	132.29	2106.49	62.00	-7.27	7.27 S	15.04 E	16.70@	115.79	1.34
2170.00	1.93	121.30	2169.46	63.00	-8.44	8.44 S	16.63 E	18.64@	116.91	0.68

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM
 LOVING AIB STATE #15
 EDDY COUNTY, NM
 RIG:SILVEROAK #6

Page 02/02

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets		Closure Dist Dir		DLS
						(ft)	(ft)	(ft)	(deg)	(dg/100ft)
2232.00	2.02	122.27	2231.43	62.00	-9.56	9.56 S	18.44 E	20.77@	117.41	0.15
2294.00	1.23	139.15	2293.40	62.00	-10.65	10.65 S	19.80 E	22.48@	118.27	1.48
2355.00	0.62	40.36	2354.40	61.00	-10.89	10.89 S	20.44 E	23.16@	118.05	2.39
2418.00	0.70	24.98	2417.39	63.00	-10.28	10.28 S	20.83 E	23.23@	116.28	0.31
2480.00	0.26	279.59	2479.39	62.00	-9.92	9.92 S	20.85 E	23.09@	115.44	1.30
2542.00	0.44	241.98	2541.39	62.00	-10.01	10.01 S	20.50 E	22.81@	116.02	0.46
2573.00	0.44	278.63	2572.39	31.00	-10.04	10.04 S	20.28 E	22.63@	116.35	0.89
STRAIGHT LINE PROJECTION TO BIT @ 2618' MD.										
2618.00	0.44	278.63	2617.39	45.00	-9.99	9.99 S	19.93 E	22.30@	116.62	0.00

PathFinder Energy Services, Inc.

Magnetic & Grid Calculations

YATES PETROLEUM
LOVING AIB STATE #15
EDDY COUNTY, NEW MEXICO
Rig: SILVER OAK 6

OFFICE
COPY

Wed Jan 09 15:10:15 2008

Coordinates

Latitude: 32.302507 N (32 deg. 18 min. 9.0235 sec.)
Longitude: 104.093583 W (-104 deg. 5 min. 36.8975 sec.)
Elevation: 3020.00 feet.
Calculation Date: Jan/09/2008

Magnetic Calculations

Model: IGRF2005
Dip Angle: 60.2616 degrees
Total Magnetic Field: 0.48973 gauss
Magnetic Declination: 8.226139 degrees
Horizontal Intensity: 0.242927 gauss
To Convert a Magnetic Dir. to a TRUE North Dir. Add 8.226139 Degs

Transverse Mercator Grid Calculations NAD83

Grid System: Transverse Mercator: new mexico east
Ellipsoid: GRS80
X: 615412.4000 feet
Y: 473867.2000 feet
True to Grid: (convergence) -0.128121 degrees
Magnetic to Grid: 8.098018 degrees
To Convert a Magnetic Dir. to a GRID dir. Add 8.098018 Degs.