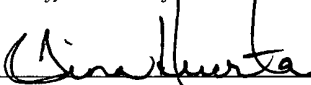


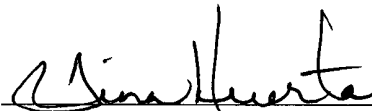
Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico 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. 30-015-35449 5. Indicate Type of Lease STATE ☒ FEE ☐ State Oil & Gas Lease No. V-3346
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 APR -7 2008 OCD-ARTESIA
2. Name of Operator Yates Petroleum Corporation		8. Well No. 16
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>L</u> : <u>1650</u> Feet From The <u>South</u> Line and <u>990</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 1/21/08 RT 1/23/08	11. Date T.D. Reached 1/30/08	12. Date Compl. (Ready to Prod.) 3/3/08
13. Elevations (DF& RKB, RT, GR, etc.) 3015'GR 3033'KB		14. Elev. Casinghead
15. Total Depth 6300'	16. Plug Back T.D. 6256'	17. If Multiple Compl. How Many Zones?
18. Intervals Drilled By 40'-6300'		Rotary Tools 40'-6300'
19. Producing Interval(s), of this completion - Top, Bottom, Name 5762'-6180' 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
20"	Conductor	40'
8-5/8"	24#	335'
5-1/2"	15.5#	6300'
24. LINER RECORD		
SIZE	TOP	BOTTOM
25. TUBING RECORD		
SIZE	DEPTH SET	PACKER SET
2-7/8"	6012'	
26. Perforation record (interval, size, and number) 6120'-6126' (7) 5762'-5766' (5) 6174'-6180' (7) 5794'-5800' (7) 5942'-5952' (11) 5818'-5822' (5) 6006'-6018' (13) 5840'-5844' (5)		
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED SEE ATTACHED SHEET		
28. PRODUCTION		
Date First Production 3/4/08		Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>) Flowing
Date of Test 3/11/08		Well Status (<i>Prod. or Shut-in</i>) Producing
Hours Tested 24 hrs	Choke Size NA	Gas - MCF 390
Flow Tubing Press. 110 psi	Oil - Bbl 167	Water - Bbl. 467
Casing Pressure 100 psi	Calculated 24-Hour Rate 167	Gas - MCF 390
Oil - Bbl 167	Water - Bbl. 467	Oil Gravity - API - (<i>Corr.</i>) NA
29. Disposition of Gas (<i>Sold, used for fuel, vented, etc.</i>) 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></u> Printed. <u>Tina Huerta</u> Title <u>Regulatory Compliance Supervisor</u> Date <u>April 4, 2008</u> E-mail Address <u>tinah@ypcnm.com</u>		

Yates Petroleum Corporation
Loving AIB State #16
Section 16-T23S-R28E
Eddy County, New Mexico
Page 3

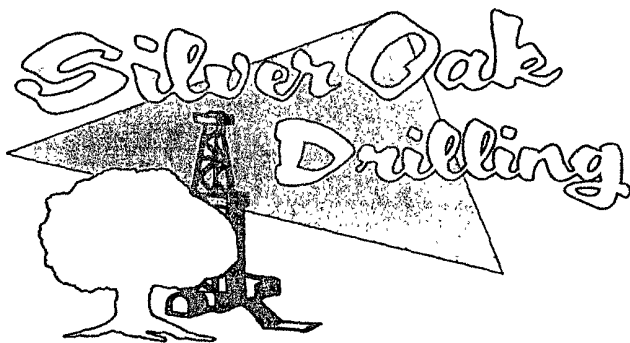
Form C-105 continued:

27. Acid, Shot, Fracture, Cement, Squeeze, Etc.

<u>Depth Interval</u>	<u>Amount and Kind Material Used</u>
6120'-6180'	Acidize w/2000g 7-1/2% IC acid and 28 balls Frac w/15,474g Silverstim LT and 21,000# 20/40 Expedite
5942'-6018'	Frac w/37,000g Silverstim LT and 81,000# 20/40 Expedite
5762'-5844'	Frac w/41,000g Silverstim LT and 91,000# 20/40 Expedite



Regulatory Compliance Supervisor
April 4, 2008



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

February 7, 2008

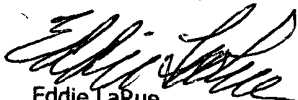
Yates Petroleum Corporation
105 S. 4th
Artesia, NM 88211-1395

RE: Loving AIB St #16
1650' FSL & 990' FWL
Sec. 16, T23S, R28E
Eddy County, New Mexico

Dear Sir,

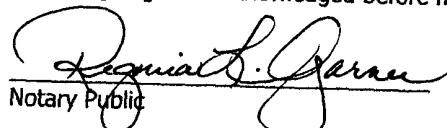
See the attached list for the Deviation Survey for the above captioned well.

Very truly yours,


Eddie LaRue
Operations Manager

State of New Mexico }
County of Eddy }

The foregoing was acknowledged before me this 7th day of February, 2008.


Notary Public



Date	Depth	Dev	Dir	TVD
01/23/2008	179.00	1.00	0.00	0.00
01/24/2008	302.00	0.50	0.00	0.00
01/25/2008	376.00	0.79	111.01	419.00
01/25/2008	467.00	0.79	85.26	510.00
01/25/2008	558.00	0.44	55.55	601.00
01/25/2008	649.00	0.44	33.69	692.00
01/25/2008	741.00	0.53	20.83	784.00
01/25/2008	834.00	0.53	27.95	0.00
01/25/2008	959.00	0.97	25.05	0.00
01/25/2008	1052.00	1.41	252.87	0.00
01/26/2008	1115.00	0.53	276.68	1158.00
01/26/2008	1208.00	0.35	293.47	1251.00
01/26/2008	1301.00	0.35	249.61	1344.00
01/26/2008	1394.00	0.18	93.52	1441.00
01/26/2008	1488.00	0.97	98.53	1592.00
01/26/2008	1643.00	1.58	97.47	0.00
01/26/2008	1705.00	1.06	133.86	0.00
01/26/2008	1768.00	0.88	117.78	0.00
01/27/2008	2080.00	0.44	156.36	2122.00
01/27/2008	2173.00	0.97	142.91	2215.00
01/27/2008	2267.00	1.67	136.06	2309.00
01/27/2008	2328.00	0.35	150.56	2371.00
01/27/2008	2422.00	0.26	358.33	2465.00
01/27/2008	2515.00	0.26	14.42	2558.00
01/27/2008	2546.00	0.35	1.24	2589.00
01/27/2008	2846.00	0.75	0.00	0.00
01/28/2008	3158.00	0.75	0.00	3198.00
01/28/2008	3407.00	0.25	0.00	3478.00
01/28/2008	3904.00	0.75	0.00	3975.00
01/28/2008	4402.00	0.50	0.00	0.00
01/29/2008	4870.00	1.00	0.00	4941.00
01/29/2008	5119.00	1.25	0.00	0.00
01/29/2008	5400.00	1.75	0.00	0.00
01/30/2008	6054.00	2.50	0.00	0.00



DIRECTIONAL SURVEY REPORT

YATES PETROLEUM

LOVING AIB STATE #16

EDDY COUNTY, NEW MEXICO

PREPARED BY: CODY MEBANE

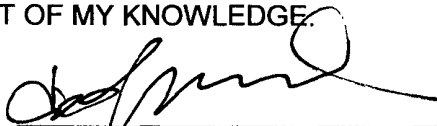
Pathfinder Energy Services, Inc.
6213 W. County Road 112 • Midland, TX • 79706
(432)681-6000

DIRECTIONAL SURVEY COMPANY REPORT:

1. NAME OF SURVEYING COMPANY: PATHFINDER ENERGY SERVICES
2. NAME OF PERSON(S) PERFORMING SURVEY:
A) WESLEY TEETER
3. POSITION OF SAID PERSON(S): (A-F) SURVEYORS (FIELD ENGINEERS)
4. DATE(S) ON WHICH SURVEY WAS PERFORMED: 01/25/2008 TO 01/27/2008
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 #16
EDDY COUNTY, NM
RIG: SILVER OAK #6
9. SURVEY CERTIFIED FROM: 376 TO 2546 FEET MEASURED DEPTH.

THIS IS TO VERIFY THAT ATTACHED DOCUMENTS SHOWING THE WELL TO BE DISPLACED, AT 11.97 FEET ON A BEARING OF 98.89 DEGREES FROM THE CENTER OF THE ROTARY TABLE AT A PROJECTED BIT DEPTH OF 2589 FEET, ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



CODY MEBANE
M/LWD SERVICE COORDINATOR

PathFinder Energy Services, Inc.

BHL Report

Page 01/01
Tie-in Date: 01/25/2008
Date Completed: 01/27/2008

YATES PETROLEUM
LOVING AIB STATE #16
EDDY COUNTY, NM
Rig:SILVEROAK #6
PathFinder Office Supervisor: CODY MEBANE
PathFinder Field Engineers:W.TEETER

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: 8.09° EAST TO GRID
Vertical Section Plane: 0.00
Survey Vert. Reference: 18.00' Rotary Bushing To Ground
Altitude:3020.00' Ground To MSL

Measured Depth	2589.00	(feet)
Inclination	0.35	(deg)
Azimuth	1.24	(deg)
True Vertical Depth	2588.81	(feet)
Vertical Section	-1.85	(feet)
Survey X cord	615424.23	(feet)
Survey Y cord	473865.35	(feet)
Survey Lat	32.30250137 N	(deg)
Survey Lon	104.09354439 W	(deg)
Rectangular Corr. N/S	1.85 S	(feet)
Rectangular Corr. E/W	11.83 E	(feet)
Closure Distance	11.97	(feet)
Direction of Closure	98.89	(deg)
Dogleg Severity	0.00	(deg/100ft)

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM
LOVING AIB STATE #16
EDDY COUNTY, NM
Rig:SILVEROAK #6
PathFinder Office Supervisor: CODY MEBANE
PathFinder Field Engineers: W.TEETER

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: 8.09° EAST TO GRID
Vertical Section Plane: 0.00
Survey Vert. Reference: 18.00' Rotary Bushing To Ground
Altitude:3020.00' Ground To MSL

Survey Calculations by PathCalc v1.97 using Minimum Curvature

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Subsea Depth (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft) (ft)		Closure Dist Dir (ft) (deg)	DLS (dg/100ft)	TEMP (F)	
TIE IN AT SURFACE.											
0.00	0.00	0.00	0.00	-18.00	0.00	0.00	0.00	0.00@ 0.00	0.00	0.00	
THE FOLLOWING ARE PATHFINDER MWD SURVEYS.											
376.00	0.79	111.01	375.99	357.99	-0.93	0.93 S	2.42 E	2.59@ 111.01	0.21	64.94	
467.00	0.79	85.26	466.98	448.98	-1.10	1.10 S	3.63 E	3.79@ 106.89	0.39	72.11	
558.00	0.44	55.55	557.97	539.97	-0.85	0.85 S	4.54 E	4.62@ 100.63	0.51	75.72	
649.00	0.44	33.67	648.97	630.97	-0.36	0.36 S	5.03 E	5.04@ 94.15	0.18	79.34	
741.00	0.53	20.83	740.97	722.97	0.33	0.33 N	5.37 E	5.38@ 86.52	0.15	82.95	
834.00	0.53	27.95	833.96	815.96	1.11	1.11 N	5.73 E	5.83@ 79.04	0.07	86.57	
959.00	0.97	25.05	958.95	940.95	2.58	2.58 N	6.45 E	6.94@ 68.20	0.35	90.18	
1052.00	1.41	252.87	1051.94	1033.94	2.95	2.95 N	5.69 E	6.41@ 62.54	2.35	97.41	
1115.00	0.53	276.68	1114.93	1096.93	2.76	2.76 N	4.66 E	5.41@ 59.34	1.51	97.41	
1208.00	0.35	293.47	1207.93	1189.93	2.92	2.92 N	3.97 E	4.93@ 53.62	0.24	97.41	
1301.00	0.35	249.61	1300.93	1282.93	2.94	2.94 N	3.44 E	4.52@ 49.52	0.28	97.41	
1394.00	0.18	93.52	1393.93	1375.93	2.83	2.83 N	3.32 E	4.36@ 49.57	0.56	97.41	
1488.00	0.97	98.53	1487.92	1469.92	2.70	2.70 N	4.26 E	5.04@ 57.58	0.84	97.41	
1550.00	0.09	78.31	1549.92	1531.92	2.63	2.63 N	4.82 E	5.49@ 61.35	1.43	97.41	
1647.00	1.58	97.47	1646.91	1628.91	2.48	2.48 N	6.22 E	6.70@ 68.30	1.54	97.41	
1705.00	1.06	133.86	1704.89	1686.89	2.00	2.00 N	7.40 E	7.67@ 74.88	1.66	97.41	
1768.00	0.88	117.78	1767.88	1749.88	1.37	1.37 N	8.25 E	8.36@ 80.56	0.52	97.41	
1830.00	0.70	81.57	1829.88	1811.88	1.20	1.20 N	9.05 E	9.13@ 82.41	0.84	97.41	
1892.00	0.97	295.93	1891.88	1873.88	1.49	1.49 N	8.95 E	9.07@ 80.55	2.58	97.41	
1955.00	0.62	284.59	1954.87	1936.87	1.81	1.81 N	8.14 E	8.34@ 77.47	0.61	97.41	
2017.00	1.23	134.92	2016.87	1998.87	1.42	1.42 N	8.29 E	8.41@ 80.25	2.89	97.41	

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM
 LOVING AIB STATE #16
 EDDY COUNTY, NM
 RIG:SILVEROAK #6

Page 02/02

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Subsea Depth (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets		Closure Dist Dir		DLS (dg/100ft)	TEMP (F)
						(ft)	(ft)	(ft)	(deg)		
2080.00	0.44	156.36	2079.86	2061.86	0.72	0.72 N	8.86 E	8.89@	85.33	1.33	97.41
2173.00	0.97	142.91	2172.85	2154.85	-0.23	0.23 S	9.48 E	9.48@	91.39	0.59	97.41
2267.00	1.67	136.06	2266.83	2248.83	-1.85	1.85 S	10.91 E	11.07@	99.63	0.76	97.41
2328.00	0.35	150.56	2327.82	2309.82	-2.65	2.65 S	11.62 E	11.92@	102.87	2.19	97.41
2422.00	0.26	358.33	2421.82	2403.82	-2.69	2.69 S	11.75 E	12.06@	102.90	0.63	101.02
2515.00	0.26	14.42	2514.81	2496.81	-2.28	2.28 S	11.80 E	12.02@	100.92	0.08	101.02
2546.00	0.35	1.24	2545.81	2527.81	-2.11	2.11 S	11.82 E	12.01@	100.14	0.37	101.02
STRAIGHT LINE PROJECTION TO BIT @ 2589' MD.											
2589.00	0.35	1.24	2588.81	2570.81	-1.85	1.85 S	11.83 E	11.97@	98.89	0.00	0.00

PathFinder Energy Services, Inc.

Magnetic & Grid Calculations

YATES PETROLEUM
LOVING AIB STATE #16
EDDY COUNTY, NEW MEXICO
Rig:SILVER OAK 6

Mon Jan 21 16:32:24 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/21/2008

Magnetic Calculations

Model:	IGRF2005
Dip Angle:	60.2609 degrees
Total Magnetic Field:	0.48970 gauss
Magnetic Declination:	8.222257 degrees
Horizontal Intensity:	0.242916 gauss

To Convert a Magnetic Dir. to a TRUE North Dir. Add 8.222257 Degr

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:	8.094136 degrees

To Convert a Magnetic Dir. to a GRID dir. Add 8.094136 Degr.