



An Operating Unit of Smith International, Inc.

DIRECTIONAL SURVEY REPORT

YATES PETROLEUM

***PETROGULF BJT FEDERAL #1H
HORIZONTAL***

EDDY COUNTY, NEW MEXICO

PREPARED BY: FRANCISCO SINISTERRA

Pathfinder Energy Services, Inc.
6213 W. Interstate 20 • Midland, TX • 79706
(432) 681-6000

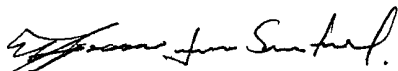
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DIRECTIONAL SURVEY COMPANY REPORT:

1. NAME OF SURVEYING COMPANY: PATHFINDER ENERGY SERVICES
2. NAME OF PERSON(S) PERFORMING SURVEY:
A) JAY FULTON
3. POSITION OF SAID PERSON(S): (A-F) SURVEYORS (FIELD ENGINEERS)
4. DATE(S) ON WHICH SURVEY WAS PERFORMED: 11/23/09 TO 12/14/09
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
PETROGULF BJT FEDERAL #1H HORIZONTAL
EDDY COUNTY, NM
RIG: SILVER OAK #10
9. SURVEY CERTIFIED FROM: 7833 TO 12629 FEET MEASURED DEPTH.

THIS IS TO VERIFY THAT ATTACHED DOCUMENTS SHOWING THE WELL TO BE DISPLACED AT 4564.58 FEET ON A BEARING OF 268.84 DEGREES FROM THE CENTER OF THE ROTARY TABLE AT A PROJECTED BIT DEPTH OF 12704 FEET, ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



FRANCISCO SINISTERRA
MWD COORDINATOR

PathFinder Energy Services, Inc.

BHL Report

Page 01/01
Tie-in Date: 11/23/2009
Date Completed: 12/14/2009

YATES PETROLEUM CORPORATION
PETROGULF BJT FEDERAL #1H - HORIZONTAL
EDDY COUNTY, NEW MEXICO
Rig:SILVER OAK #10
PathFinder Office Supervisor: FRANCISCO SINISTERRA
PathFinder Field Engineers:J.FULTON
M. SHIPP

Survey Horiz. Reference:WELLHEAD
Ref Coordinates: LAT:32.12.42.9594 N LON:103.44.28.0717 W
GRID Reference:NAD83 new mexico east Transverse Mercator
Ref GRID Coord: X: 724491.0520 Y: 441339.9000
North Aligned To:GRID NORTH
Total Magnetic Correction: 7.53° EAST TO GRID
Vertical Section Plane: 269.66
Survey Vert. Reference: 17.50' Kelly Bushing To Ground
Altitude:3591.00' Ground To MSL

Measured Depth	12704.00	(feet)
Inclination	91.28	(deg)
Azimuth	262.66	(deg)
True Vertical Depth	8311.58	(feet)
Vertical Section	4564.12	(feet)
Survey X cord	719927.40	(feet)
Survey Y cord	441247.83	(feet)
Survey Lat	32.21174833 N	(deg)
Survey Lon	103.75588792 W	(deg)
Rectangular Corr. N/S	92.07 S	(feet)
Rectangular Corr. E/W	4563.65 W	(feet)
Closure Distance	4564.58	(feet)
Direction of Closure	268.84	(deg)
Dogleg Severity	0.00	(deg/100ft)

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM CORPORATION
 PETROGULF BJT FEDERAL #1H - HORIZONTAL
 EDDY COUNTY, NEW MEXICO
 Rig:SILVER OAK #10
 PathFinder Office Supervisor: FRANCISCO SINISTERRA
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 Total Magnetic Correction: 7.53° EAST TO GRID
 Vertical Section Plane: 269.66
 Survey Vert. Reference: 17.50' Kelly Bushing To Ground
 Altitude:3591.00' Ground To MSL

Survey Calculations by RX5 V5.11i 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 Dir (ft) (deg)		DLS (dg/100ft)
TIE-IN PROVIDED BY GYRODATA DIRECTIONAL @ 7700'MD.										
7700.00	0.58	140.90	7699.24	0.00	-30.86	9.38 S	30.92 E	32.31@	106.88	0.00
THE FOLLOWING ARE PATHFINDER MWD SURVEYS.										
7833.00	5.01	251.21	7832.08	133.00	-25.77	11.77 S	25.84 E	28.40@	114.49	3.94
7865.00	9.06	253.61	7863.83	32.00	-22.02	12.94 S	22.10 E	25.61@	120.34	12.69
7897.00	12.93	255.71	7895.24	32.00	-16.13	14.53 S	16.21 E	21.77@	131.87	12.16
7928.00	16.36	258.32	7925.22	31.00	-8.48	16.27 S	8.57 E	18.39@	152.21	11.26
7960.00	19.61	261.86	7955.66	32.00	1.26	17.95 S	1.16 W	17.98@	183.69	10.71
7992.00	22.51	266.13	7985.52	32.00	12.70	19.12 S	12.59 W	22.89@	213.36	10.25
8024.00	25.76	267.77	8014.72	32.00	25.77	19.80 S	25.65 W	32.41@	232.33	10.37
8055.00	28.58	270.03	8042.30	31.00	39.92	20.06 S	39.80 W	44.57@	243.25	9.69
8088.00	31.30	271.93	8070.89	33.00	56.38	19.77 S	56.27 W	59.64@	250.64	8.73
8120.00	33.77	273.94	8097.87	32.00	73.56	18.88 S	73.45 W	75.84@	255.59	8.42
8151.00	36.05	276.10	8123.29	31.00	91.22	17.32 S	91.12 W	92.75@	259.24	8.37
8183.00	38.69	276.48	8148.72	32.00	110.51	15.19 S	110.42 W	111.46@	262.17	8.28
8215.00	41.42	276.09	8173.21	32.00	130.96	12.93 S	130.89 W	131.53@	264.36	8.57
8246.00	44.41	276.91	8195.91	31.00	151.92	10.54 S	151.86 W	152.22@	266.03	9.81
8278.00	48.01	275.29	8218.05	32.00	174.87	8.10 S	174.82 W	175.01@	267.35	11.83
8310.00	51.44	274.18	8238.73	32.00	199.18	6.09 S	199.15 W	199.24@	268.25	11.04
8341.00	56.19	272.96	8257.03	31.00	224.14	4.54 S	224.11 W	224.16@	268.84	15.65
8373.00	60.50	271.80	8273.82	32.00	251.34	3.41 S	251.32 W	251.35@	269.22	13.82
8405.00	64.19	270.92	8288.67	32.00	279.67	2.74 S	279.65 W	279.67@	269.44	11.79
8436.00	66.74	269.92	8301.54	31.00	307.86	2.54 S	307.85 W	307.86@	269.53	8.73
8468.00	69.73	269.24	8313.41	32.00	337.58	2.76 S	337.57 W	337.58@	269.53	9.55
8500.00	73.07	268.81	8323.61	32.00	367.90	3.28 S	367.89 W	367.90@	269.49	10.51
8532.00	77.38	268.79	8331.77	32.00	398.83	3.92 S	398.81 W	398.83@	269.44	13.47

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM CORPORATION
 PETROGULF BJT FEDERAL #1H - HORIZONTAL
 EDDY COUNTY, NEW MEXICO
 RIG:SILVER OAK #10

Page 02/03

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft) (ft)		Closure Dist Dir (ft) (deg)		DLS (dg/100ft)
8563.00	81.95	268.62	8337.33	31.00	429.32	4.61 S	429.30 W	429.32@	269.38	14.75
8595.00	83.80	268.02	8341.30	32.00	461.06	5.55 S	461.03 W	461.07@	269.31	6.07
8617.00	84.24	267.41	8343.59	22.00	482.93	6.42 S	482.90 W	482.94@	269.24	3.41
8649.00	85.30	267.79	8346.51	32.00	514.77	7.75 S	514.73 W	514.79@	269.14	3.52
8681.00	88.29	268.04	8348.30	32.00	546.70	8.91 S	546.66 W	546.73@	269.07	9.38
8712.00	89.87	268.69	8348.80	31.00	577.69	9.80 S	577.64 W	577.72@	269.03	5.51
8744.00	90.13	268.73	8348.80	32.00	609.68	10.52 S	609.63 W	609.72@	269.01	0.82
8839.00	90.22	268.14	8348.51	95.00	704.66	13.11 S	704.60 W	704.72@	268.93	0.63
8934.00	90.31	268.80	8348.07	95.00	799.64	15.65 S	799.56 W	799.71@	268.88	0.70
9029.00	89.69	268.42	8348.07	95.00	894.62	17.95 S	894.53 W	894.71@	268.85	0.76
9124.00	89.52	267.07	8348.72	95.00	989.57	21.69 S	989.45 W	989.69@	268.74	1.43
9219.00	90.31	266.68	8348.86	95.00	1084.45	26.87 S	1084.31 W	1084.65@	268.58	0.93
9315.00	89.96	266.15	8348.64	96.00	1180.30	32.87 S	1180.12 W	1180.58@	268.40	0.66
9410.00	91.01	266.98	8347.83	95.00	1275.15	38.57 S	1274.95 W	1275.53@	268.27	1.41
9505.00	90.75	267.51	8346.37	95.00	1370.06	43.13 S	1369.83 W	1370.51@	268.20	0.62
9600.00	91.01	268.21	8344.91	95.00	1465.00	46.68 S	1464.75 W	1465.49@	268.17	0.79
9696.00	91.10	268.32	8343.15	96.00	1560.95	49.58 S	1560.69 W	1561.48@	268.18	0.15
9790.00	90.66	268.00	8341.70	94.00	1654.91	52.60 S	1654.63 W	1655.46@	268.18	0.58
9886.00	91.28	267.35	8340.08	96.00	1750.84	56.50 S	1750.53 W	1751.45@	268.15	0.94
9981.00	92.15	267.17	8337.23	95.00	1845.71	61.04 S	1845.38 W	1846.39@	268.11	0.93
10076.00	92.42	269.61	8333.45	95.00	1940.61	63.70 S	1940.26 W	1941.31@	268.12	2.58
10171.00	92.59	268.89	8329.29	95.00	2035.51	64.94 S	2035.16 W	2036.20@	268.17	0.78
10266.00	91.98	269.54	8325.51	95.00	2130.43	66.25 S	2130.08 W	2131.11@	268.22	0.94
10361.00	92.33	269.92	8321.93	95.00	2225.36	66.69 S	2225.01 W	2226.01@	268.28	0.54
10456.00	91.63	269.76	8318.65	95.00	2320.31	66.96 S	2319.95 W	2320.92@	268.35	0.76
10551.00	91.36	270.80	8316.17	95.00	2415.27	66.49 S	2414.92 W	2415.83@	268.42	1.13
10647.00	89.43	271.60	8315.51	96.00	2511.23	64.48 S	2510.89 W	2511.71@	268.53	2.18
10742.00	89.60	271.02	8316.32	95.00	2606.18	62.31 S	2605.86 W	2606.60@	268.63	0.64

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM CORPORATION
 PETROGULF BJT FEDERAL #1H - HORIZONTAL
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 RIG:SILVER OAK #10

Page 03/03

Measured Depth (ft)	Incl (deg)	Drift Dir. (deg)	TVD (ft)	Course Length (ft)	Vertical Section (ft)	TOTAL Rectangular Offsets (ft) (ft)		Closure Dist Dir (ft) (deg)		DLS (dg/100ft)
10837.00	91.98	271.14	8315.01	95.00	2701.14	60.52 S	2700.83 W	2701.50@	268.72	2.51
10932.00	89.87	272.43	8313.47	95.00	2796.05	57.56 S	2795.76 W	2796.35@	268.82	2.60
11027.00	89.08	272.29	8314.34	95.00	2890.94	53.65 S	2890.67 W	2891.17@	268.94	0.85
11122.00	85.47	270.85	8318.86	95.00	2985.76	51.05 S	2985.51 W	2985.95@	269.02	4.09
11218.00	86.53	270.40	8325.56	96.00	3081.51	50.00 S	3081.27 W	3081.68@	269.07	1.20
11313.00	88.55	271.44	8329.63	95.00	3176.40	48.48 S	3176.17 W	3176.54@	269.13	2.39
11408.00	88.37	271.24	8332.19	95.00	3271.32	46.26 S	3271.11 W	3271.43@	269.19	0.28
11503.00	88.64	270.93	8334.66	95.00	3366.26	44.46 S	3366.06 W	3366.35@	269.24	0.43
11598.00	89.16	270.99	8336.49	95.00	3461.22	42.87 S	3461.02 W	3461.29@	269.29	0.55
11693.00	89.25	270.84	8337.81	95.00	3556.19	41.35 S	3556.00 W	3556.24@	269.33	0.18
11788.00	89.16	270.66	8339.12	95.00	3651.16	40.11 S	3650.99 W	3651.21@	269.37	0.21
11883.00	90.04	270.38	8339.79	95.00	3746.15	39.25 S	3745.98 W	3746.19@	269.40	0.97
11978.00	93.39	271.19	8336.95	95.00	3841.07	37.95 S	3840.91 W	3841.10@	269.43	3.63
12073.00	92.24	268.89	8332.28	95.00	3935.95	37.88 S	3935.79 W	3935.97@	269.45	2.70
12168.00	92.59	268.40	8328.28	95.00	4030.85	40.13 S	4030.68 W	4030.88@	269.43	0.63
12263.00	91.45	266.08	8324.93	95.00	4125.70	44.70 S	4125.50 W	4125.74@	269.38	2.72
12358.00	91.63	265.07	8322.37	95.00	4220.42	52.03 S	4220.18 W	4220.50@	269.29	1.08
12453.00	92.15	263.79	8319.24	95.00	4314.97	61.24 S	4314.68 W	4315.12@	269.19	1.45
12548.00	92.15	262.85	8315.68	95.00	4409.32	72.28 S	4408.97 W	4409.56@	269.06	0.99
12629.00	91.28	262.66	8313.25	81.00	4489.70	82.49 S	4489.28 W	4490.04@	268.95	1.10
STRAIGHT LINE PROJECTION TO BIT @ 12704' MD.										
12704.00	91.28	262.66	8311.58	75.00	4564.12	92.07 S	4563.65 W	4564.58@	268.84	0.00

PATHFINDER ENERGY SERVICES

TIE-IN SURVEY INFORMATION SHEET

CLIENT INFORMATION

CLIENT:	YATES PETROLEUM CORPORATION		
LEASE / WELL No.:	PETROGULF BLT FED	#1H	
WELL LOCATION:	EDDY COUNTY		
COUNTY / STATE / COUNTRY:	EDDY	NEW MEXICO	U.S.A.
RIG:	SILVEROAK #10		
API WELL No:	30-015-37365		
JOB No:	101009206 WT-WT		
P.O. / AFE No.	92660		
DIRECTIONAL COMPANY:	PATHFINDER ENERGY SERVICES		

WELL SITE INFORMATION

MAGNETIC DECLINATION:			
On Wall Plat:	7.53	LWD Calculated:	7.5288
		Agreed Upon:	7.53
X =	724491.052000	Feet	Y = 441339.932000
			Feet
SITE LATITUDE:	32.211933 N	SITE LONGITUDE:	103.741131 W
GRID SYSTEM:	TRUE ☐ UTM ☒ LAMBERT ☐	ZONE:	New Mexico East
PROPOSED DRIFT DIRECTION:	269.66		
KELLY BUSHING ELEVATION:	18 Feet		
ALTITUDE:	3591	Feet	WATER DEPTH:
			Feet

TIE-IN SURVEY

MEASURED DEPTH:	7700		
DRIFT ANGLE:	0.58		
DRIFT DIRECTION:	140.9		
TRUE VERTICAL DEPTH:	7699.24		
VERTICAL SECTION:	30.86		
RECTANGULAR COORDINATE (N / S) :	-9.38		
RECTANGULAR COORDINATE (E / W) :	30.92		
CLOSURE DISTANCE / DIRECTION:	32.3	106.9	
SURVEY CALCULATION METHOD:	AA ☐	MC ☒	RC ☐ BT ☐
SOURCE OF TIE-IN DATA (COMPANY):	Gyrodatta Directional Surveys		
COPY OF TIE-IN SURVEY REPORT	☒ YES ☐ NO		

WELL PLAN

KICKOFF DEPTH:	7800	TOTAL DEPTH:	12801
KICKOFF ANGLE:	0.58	MAX ANGLE:	90.68

PES Engineers: JAY FULTON *Jay Fulton*
JUAN ALCOCER *Juan Alcocer*

**Signature of both field engineers required if applicable

Directional Driller: RICHARD HILL *Richard Hill*

DATE: 11-21-09

PATHFINDER ENERGY SERVICES TIE-IN SURVEY INFORMATION SHEET

CLIENT INFORMATION

CLIENT:	YATES PETROLEUM CORPORATION		
LEASE / WELL No.:	PETROGULF BLT FED	#1H	
WELL LOCATION:	EDDY COUNTY		
COUNTY / STATE / COUNTRY:	EDDY	NEW MEXICO	U.S.A.
RIG:	SILVEROAK #10		
API WELL No:	30-015-37365		
JOB No:	101009206 WT-WT		
P.O. / AFE No.	92660		
DIRECTIONAL COMPANY:	PATHFINDER ENERGY SERVICES		

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On Wall Plat:	7.53	LWD Calculated:	7.5288
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			Feet
SITE LATITUDE:	32.211933 N	SITE LONGITUDE:	103.741131 W
GRID SYSTEM:	TRUE ☐ UTM ☒ LAMBERT ☐	ZONE:	New Mexico East
PROPOSED DRIFT DIRECTION:	269.66		
KELLY BUSHING ELEVATION:	18 Feet		
ALTITUDE:	3591	Feet	WATER DEPTH:
			Feet

TIE-IN SURVEY

MEASURED DEPTH:	7800		
DRIFT ANGLE:	0.58		
DRIFT DIRECTION:	154.73		
TRUE VERTICAL DEPTH:	7799.23		
VERTICAL SECTION:	-31.39		
RECTANGULAR COORDINATE (N / S) :	-10.23		
RECTANGULAR COORDINATE (E / W) :	31.45		
CLOSURE DISTANCE / DIRECTION:	33.07	108.02	
SURVEY CALCULATION METHOD:	AA ☐	MC ☒	RC ☐ BT ☐
SOURCE OF TIE-IN DATA (COMPANY):	Gyrodata Directional Surveys		
COPY OF TIE-IN SURVEY REPORT	☒ YES ☐ NO		

WELL PLAN

KICKOFF DEPTH:	7800	TOTAL DEPTH:	12801
KICKOFF ANGLE:	0.58	MAX ANGLE:	90.68

PES Engineers: JAY FULTON

JUAN ALCOCER

**Signature of both field engineers required if applicable

Directional Driller: RICHARD HILL

DATE: 11-21-09

PathFinder Energy Services, Inc.

Magnetic & Grid Calculations

YATES PETROLEUM
PETROGULF BJT FED #1H
EDDY COUNTY, NEWMEXICO
Rig:SILVER OAK 10

Tue Nov 03 17:56:52 2009

Coordinates

Latitude: 32.211933 N (32 deg. 12 min. 42.9597 sec.)
Longitude: 103.741131 W (-103 deg. 44 min. 28.0717 sec.)
Elevation: 3613.00 feet.
Calculation Date: Nov/03/2009

Magnetic Calculations

Model: IGRF2005
Dip Angle: 60.2035 degrees
Total Magnetic Field: 0.48780 gauss
Magnetic Declination: 7.844482 degrees
Horizontal Intensity: 0.242400 gauss
To Convert a Magnetic Dir. to a TRUE North Dir. Add 7.844482 Degs

Transverse Mercator Grid Calculations NAD83

Grid System: Transverse Mercator: new mexico east
Ellipsoid: GRS80
X: 724491.0520 feet
Y: 441339.9320 feet
True to Grid: (convergence) -0.315683 degrees
Magnetic to Grid: 7.528799 degrees
To Convert a Magnetic Dir. to a GRID dir. Add 7.528799 Degs.

PathFinder Energy Services, Inc.

Magnetic & Grid Calculations

Field
Copy

YATES PETROLEUM CORPORATION
PETROGULF BJT FED #1H
EDDY COUNTY
Rig:SILVEROAK 10

Fri Nov 06 07:01:04 2009

Coordinates

Latitude: 32.211933 N (32 deg. 12 min. 42.9597 sec.)
Longitude: 103.741131 W (-103 deg. 44 min. 28.0717 sec.)
Elevation: 3609.00 feet.
Calculation Date: Nov/06/2009

Magnetic Calculations

Model: IGRF2005
Dip Angle: 60.2034 degrees
Total Magnetic Field: 0.48780 gauss
Magnetic Declination: 7.843508 degrees
Horizontal Intensity: 0.242398 gauss

To Convert a Magnetic Dir. to a TRUE North Dir. Add 7.843508 Degs

Transverse Mercator Grid Calculations NAD83

Grid System: Transverse Mercator: new mexico east
Ellipsoid: GRS80
X: 724491.0520 feet
Y: 441339.9320 feet
True to Grid: (convergence) -0.315683 degrees
Magnetic to Grid: 7.527825 degrees

To Convert a Magnetic Dir. to a GRID dir. Add 7.527825 Degs.

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

Form C-102
Revised October 12, 2005

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name PETROGULF "BJT" FEDERAL	Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3591

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	14	24 S	31 E		660	SOUTH	330	EAST	EDDY

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
M	14	24 S	31 E		660	SOUTH	330	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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

BOTTOM HOLE LOCATION Lat - N32°12'42.93" Long - W103°45'21.90" SPC- N.: 441311.868 E.: 719867.011 (NAD-83) N. 443290.529 E. 719524.371		SURFACE LOCATION Lat - N32°12'42.96" Long - W103°44'28.07" SPC- N.: 441339.932 E.: 724491.052 (NAD-83) N. 443323.160 E. 724810.372		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 _____ Printed Name _____
N. 441970.291 E. 719532.847		N. 442002.634 E. 724817.397		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 supervision, and that the same is true and correct to the best of my belief. AUGUST 18, 2009 Date Surveyed _____ Signature & Seal of Professional Surveyor _____
PROJECT AREA PRODUCING ZONE PENETRATION POINT N. 441337.037 E. 724014.061 330' 4625.1' 3592.5' 330' 3586.0' 3586.6' N. 440650.053 E. 719541.328 N. 440665.858 E. 722183.796 N. 440682.109 E. 724824.427				W.O. No. 21634 Certificate No. Gary L. Jones 7977 BASIN SURVEYS

DISTRICT I
1625 N. French Dr., Hobbs, NM 58240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 58210

DISTRICT III
1000 Rio Brazos Rd., Acton, 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-37365	Pool Code	Pool Name Undesignated Bone Springs ✓
Property Code 37894	Property Name PETROGULF "BJT" FEDERAL	Well Number 1H
OGRIID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3591

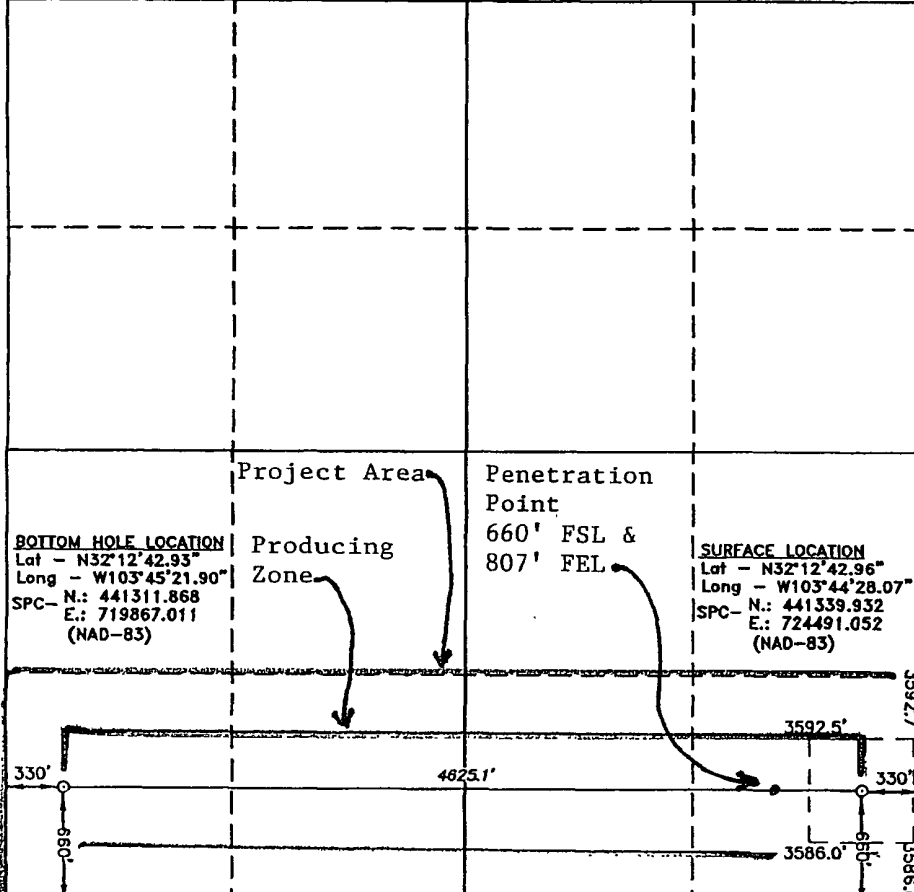
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	14	24 S	31 E		660	SOUTH	330	EAST	EDDY

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
M	14	24 S	31 E		660	SOUTH	330	WEST	EDDY
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.						

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

 BOTTOM HOLE LOCATION Lat - N32°12'42.93" Long - W103°45'21.90" SPC- N.: 441311.868 E.: 719867.011 (NAD-83) Penetration Point 660' FSL & 807' FEL SURFACE LOCATION Lat - N32°12'42.96" Long - W103°44'28.07" SPC- N.: 441339.932 E.: 724491.052 (NAD-83)				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. <i>Clifton May</i> 8/20/09 Signature Date Clifton May for Cy Cowan 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 supervision, and that the same is true and correct to the best of my belief. AUGUST 18, 2009 Date Signature <i>Gary L. Jones</i> Professional Surveyor Certificate No. 7977 BASIN SURVEYS

ATS-09-576 KM

RECEIVED
OCT 20 2009
NMOCD ARTESIA

OCD-ARTESIA
SECRETARY'S POTASH

FORM APPROVED
OMB NO. 1004-0137
Expires July 31, 2010

Form 3160-3
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

0952

1a. Type of Work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NM-116044
1b. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Yates Petroleum Corporation 025575		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 105 South Fourth Street, Artesia, NM 88210	3b. Phone No. (include area code) 505-748-1471	8. Lease Name and Well No. Petrogulf "BJT" Federal #1H
4. Location of well (Report location clearly and in accordance with any State requirements *) At surface 660' FSL & 330' FEL. UL P, SESE, Surface At proposed prod. zone 660' FSL & 330' FWL, UL M, SWSW, Bottom		9. API Well No. 30-015-37365
10. Field and Pool, or Exploratory Undesignated Bone Springs		11. Sec., T, R., M., or Blk. And Survey or Area Section 14-T24S-R31E
12. County or Parish Eddy		13. State NM
14. Elevations (Show whether DF, KDB, RT, GL, etc.) This well is approximately 29 miles east of Carlsbad, NM		
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any) 330'	16. No. of acres in lease 320.00	17. Spacing Unit dedicated to this well S2S2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft None	19. Proposed Depth 8390' VD & 12805' MD	20. BLM/ BIA Bond No. on file NATIONWIDE BOND #NMB000434
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3591' GL	22. Approximate date work will start* ASAP	23. Estimated duration
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 | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/ or plans as may be required by the BLM |

25. Signature <i>Clifton May</i>	Name (Printed/ Typed) for Cy Cowan	Date 8/20/2009
Title Land Regulatory Agent		
Approved By (Signature) <i>Linda S.C. Rundell</i>	Name (Printed/ Typed)	Date OCT 15 2009
Title STATE DIRECTOR		
Office NM STATE OFFICE		

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 operations thereon
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and 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 page 2)

Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached