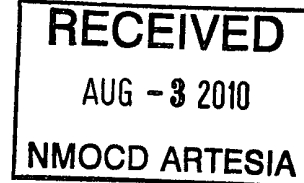




An Operating Unit of Smith International, Inc.



DIRECTIONAL SURVEY REPORT

YATES PETROLEUM
SHERPA "BOY" STATE #1H- HORIZONTAL
EDDY COUNTY, NEW MEXICO

PREPARED BY: FRANCISCO SINISTERRA

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

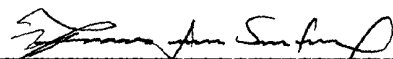
DIRECTIONAL SURVEY COMPANY REPORT:

1. NAME OF SURVEYING COMPANY: PATHFINDER ENERGY SERVICES
2. NAME OF PERSON(S) PERFORMING SURVEY:
A) PRITHWISH DAS
3. POSITION OF SAID PERSON(S): (A-F) SURVEYORS (FIELD ENGINEERS)
4. DATE(S) ON WHICH SURVEY WAS PERFORMED: 05-10-10 TO 05-18-10
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
SHERPA "BOY" STATE #1H- HORIZONTAL
EDDY COUNTY, NM
RIG: SILVER OAK #10

9. SURVEY CERTIFIED FROM: 5676 TO 10469 FEET MEASURED DEPTH.

THIS IS TO VERIFY THAT ATTACHED DOCUMENTS SHOWING THE WELL TO BE
DISPLACED AT 4588.74 FEET ON A BEARING OF 89.53 DEGREES FROM THE
CENTER OF THE ROTARY TABLE AT A PROJECTED BIT DEPTH OF 10546 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: 05/11/2010
Date Completed: 05/18/2010

YATES PETROLEUM CORPORATION
SHERPA BOY STATE #1H - HORIZONTAL
EDDY COUNTY, NM
Rig:SILVER OAK #10
PathFinder Office Supervisor: FRANCISCO SINISTERRA
PathFinder Field Engineers:P. DAS

Survey Horiz. Reference:WELLHEAD
Ref Coordinates: LAT:32.9.0.4028 N LON:104.9.5.5949 W
GRID Reference:NAD83 new mexico east Transverse Mercator
Ref GRID Coord: X: 597594.9220 Y: 418393.5820
North Aligned To:GRID NORTH
Total Magnetic Correction: 7.89° EAST TO GRID
Vertical Section Plane: 89.36
Survey Vert. Reference: 18.00' Kelly Bushing To Ground
Altitude:3113.00' Ground To MSL

Measured Depth	10546.00	(feet)
Inclination	89.87	(deg)
Azimuth	90.55	(deg)
True Vertical Depth	6266.89	(feet)
Vertical Section	4588.72	(feet)
Survey X cord	602183.49	(feet)
Survey Y cord	418430.92	(feet)
Survey Lat	32.15019236 N	(deg)
Survey Lon	104.13672739 W	(deg)
Rectangular Corr. N/S	37.35 N	(feet)
Rectangular Corr. E/W	4588.59 E	(feet)
Closure Distance	4588.74	(feet)
Direction of Closure	89.53	(deg)
Dogleg Severity	0.00	(deg/100ft)

PathFinder Energy Services, Inc.

Survey Report

Page 01/03
Tie-in Date: 05/11/2010
Date Completed: 05/18/2010

YATES PETROLEUM CORPORATION
SHERPA BOY STATE #1H - HORIZONTAL
EDDY COUNTY, NM
Rig:SILVER OAK #10
PathFinder Office Supervisor: FRANCISCO SINISTERRA
PathFinder Field Engineers: P. DAS

Survey Horiz. Reference:WELLHEAD
Ref Coordinates: LAT:32.9.0.4028 N LON:104.9.5.5949 W
GRID Reference:NAD83 new mexico east Transverse Mercator
Ref GRID Coord: X: 597594.9220 Y: 418393.5820
North Aligned To:GRID NORTH
Total Magnetic Correction: 7.89° EAST TO GRID
Vertical Section Plane: 89.36
Survey Vert. Reference: 18.00' Kelly Bushing To Ground
Altitude:3113.00' Ground To MSL

Survey Calculations by RX5 V6.03 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)
TIED INTO MS GYRO SURVEY @ 5600' MD										
5600.00	0.75	158.35	5599.59	0.00	36.46	17.84 S	36.66 E	40.77@	115.95	0.00
THE FOLLOWING ARE PATHFINDER MWD SURVEYS										
5676.00	0.97	144.87	5675.58	76.00	37.00	18.83 S	37.21 E	41.71@	116.84	0.39
5707.00	2.02	94.86	5706.57	31.00	37.69	19.09 S	37.91 E	42.44@	116.73	5.10
5739.00	5.45	80.71	5738.50	32.00	39.76	18.89 S	39.97 E	44.21@	115.30	11.02
5771.00	9.94	77.32	5770.20	32.00	43.96	18.04 S	44.17 E	47.71@	112.22	14.10
5802.00	14.68	78.37	5800.48	31.00	50.44	16.66 S	50.63 E	53.30@	108.21	15.31
5834.00	18.82	82.23	5831.12	32.00	59.55	15.14 S	59.72 E	61.61@	104.23	13.39
5866.00	20.93	84.97	5861.21	32.00	70.37	13.94 S	70.53 E	71.89@	101.18	7.21
5898.00	22.60	83.46	5890.93	32.00	82.18	12.74 S	82.33 E	83.31@	98.80	5.50
5929.00	24.80	81.45	5919.31	31.00	94.55	11.10 S	94.68 E	95.33@	96.69	7.56
5961.00	28.23	79.93	5947.94	32.00	108.67	8.78 S	108.77 E	109.13@	94.61	10.93
5993.00	32.27	81.23	5975.58	32.00	124.60	6.15 S	124.67 E	124.83@	92.82	12.79
6029.00	36.49	83.70	6005.29	36.00	144.77	3.51 S	144.82 E	144.86@	91.39	12.34
6060.00	40.36	85.08	6029.57	31.00	163.96	1.63 S	163.99 E	164.00@	90.57	12.79
6092.00	43.88	86.39	6053.30	32.00	185.38	0.05 S	185.39 E	185.39@	90.01	11.34
6123.00	47.31	88.53	6074.99	31.00	207.51	0.92 N	207.51 E	207.51@	89.75	12.11
6154.00	50.65	91.27	6095.34	31.00	230.89	0.95 N	230.89 E	230.89@	89.76	12.67
6185.00	53.99	93.41	6114.28	31.00	255.38	0.06 S	255.40 E	255.40@	90.01	12.08
6217.00	56.81	91.08	6132.45	32.00	281.68	1.09 S	281.71 E	281.72@	90.22	10.66
6248.00	60.32	89.05	6148.62	31.00	308.13	1.11 S	308.16 E	308.16@	90.21	12.62
6274.00	63.49	88.52	6160.86	26.00	331.06	0.62 S	331.09 E	331.09@	90.11	12.32
6305.00	67.18	88.62	6173.80	31.00	359.22	0.08 N	359.24 E	359.24@	89.99	11.91
6336.00	69.29	88.30	6185.29	31.00	388.01	0.86 N	388.02 E	388.02@	89.87	6.87
6368.00	73.42	88.34	6195.52	32.00	418.32	1.75 N	418.32 E	418.33@	89.76	12.91

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM CORPORATION
SHERPA BOY STATE #1H - HORIZONTAL
EDDY COUNTY, NM
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)
6399.00	77.21	87.30	6203.38	31.00	448.29	2.89 N	448.28 E	448.29@	89.63	12.65
6430.00	81.51	86.45	6209.10	31.00	478.72	4.55 N	478.70 E	478.72@	89.46	14.13
6461.00	86.44	86.31	6212.35	31.00	509.50	6.50 N	509.45 E	509.50@	89.27	15.91
6492.00	91.54	86.85	6212.90	31.00	540.44	8.35 N	540.38 E	540.45@	89.12	16.54
6524.00	93.21	86.54	6211.57	32.00	572.38	10.19 N	572.30 E	572.39@	88.98	5.31
6555.00	94.44	87.76	6209.51	31.00	603.29	11.73 N	603.19 E	603.31@	88.89	5.58
6586.00	96.02	89.35	6206.68	31.00	634.15	12.51 N	634.05 E	634.18@	88.87	7.22
6618.00	96.55	89.38	6203.18	32.00	665.96	12.86 N	665.86 E	665.98@	88.89	1.66
6649.00	96.73	89.43	6199.59	31.00	696.75	13.18 N	696.65 E	696.77@	88.92	0.60
6680.00	95.94	90.82	6196.17	31.00	727.56	13.11 N	727.46 E	727.58@	88.97	5.13
6711.00	95.06	93.24	6193.20	31.00	758.38	12.02 N	758.29 E	758.39@	89.09	8.27
6742.00	94.35	94.52	6190.66	31.00	789.18	9.93 N	789.12 E	789.18@	89.28	4.71
6773.00	92.59	96.75	6188.78	31.00	819.93	6.89 N	819.91 E	819.94@	89.52	9.15
6866.00	89.52	96.47	6187.07	93.00	912.16	3.81 S	912.26 E	912.27@	90.24	3.31
6960.00	88.72	95.05	6188.51	94.00	1005.56	13.25 S	1005.77 E	1005.86@	90.75	1.73
7053.00	86.09	94.31	6192.72	93.00	1098.06	20.83 S	1098.36 E	1098.56@	91.09	2.94
7116.00	85.30	93.36	6197.45	63.00	1160.69	25.03 S	1161.04 E	1161.31@	91.23	1.96
7210.00	85.82	89.65	6204.73	94.00	1254.32	27.49 S	1254.71 E	1255.01@	91.26	3.97
7303.00	88.11	91.13	6209.65	93.00	1347.17	28.12 S	1347.57 E	1347.86@	91.20	2.93
7396.00	88.99	91.87	6212.01	93.00	1440.07	30.56 S	1440.51 E	1440.83@	91.22	1.24
7490.00	89.87	89.71	6212.94	94.00	1534.03	31.85 S	1534.49 E	1534.82@	91.19	2.48
7583.00	90.31	87.49	6212.80	93.00	1627.02	29.58 S	1627.45 E	1627.72@	91.04	2.43
7675.00	90.48	87.92	6212.16	92.00	1718.98	25.90 S	1719.38 E	1719.57@	90.86	0.50
7769.00	89.60	87.74	6212.10	94.00	1812.94	22.34 S	1813.31 E	1813.44@	90.71	0.96
7862.00	89.52	88.67	6212.81	93.00	1905.92	19.42 S	1906.26 E	1906.36@	90.58	1.00
7956.00	88.37	88.81	6214.54	94.00	1999.90	17.36 S	2000.22 E	2000.29@	90.50	1.23
8049.00	88.20	87.76	6217.33	93.00	2092.84	14.58 S	2093.13 E	2093.18@	90.40	1.14
8143.00	88.20	88.50	6220.28	94.00	2186.77	11.51 S	2187.04 E	2187.07@	90.30	0.79

PathFinder Energy Services, Inc.

Survey Report

YATES PETROLEUM CORPORATION
SHERPA BOY STATE #1H - HORIZONTAL
EDDY COUNTY, NM
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)
8236.00	88.55	88.69	6222.92	93.00	2279.72	9.23 S	2279.97 E	2279.99@	90.23	0.43
8330.00	88.81	89.17	6225.08	94.00	2373.70	7.47 S	2373.93 E	2373.94@	90.18	0.58
8423.00	88.37	88.66	6227.37	93.00	2466.66	5.71 S	2466.88 E	2466.89@	90.13	0.72
8516.00	88.37	89.04	6230.01	93.00	2559.62	3.85 S	2559.83 E	2559.83@	90.09	0.41
8610.00	88.72	89.72	6232.40	94.00	2653.59	2.83 S	2653.79 E	2653.79@	90.06	0.81
8703.00	88.64	90.48	6234.54	93.00	2746.56	2.99 S	2746.76 E	2746.77@	90.06	0.82
8796.00	88.37	88.54	6236.97	93.00	2839.52	2.20 S	2839.72 E	2839.73@	90.04	2.11
8889.00	88.11	88.10	6239.83	93.00	2932.46	0.53 N	2932.64 E	2932.64@	89.99	0.55
8983.00	87.85	88.02	6243.14	94.00	3026.38	3.71 N	3026.53 E	3026.53@	89.93	0.29
9076.00	87.67	88.05	6246.78	93.00	3119.28	6.89 N	3119.40 E	3119.41@	89.87	0.20
9171.00	88.46	87.29	6249.98	95.00	3214.19	10.75 N	3214.27 E	3214.29@	89.81	1.15
9264.00	89.08	88.28	6251.98	93.00	3307.13	14.35 N	3307.18 E	3307.21@	89.75	1.26
9356.00	88.29	87.84	6254.09	92.00	3399.08	17.46 N	3399.10 E	3399.14@	89.71	0.98
9450.00	88.99	89.00	6256.32	94.00	3493.04	20.05 N	3493.03 E	3493.09@	89.67	1.44
9543.00	89.60	88.94	6257.47	93.00	3586.03	21.72 N	3586.01 E	3586.08@	89.65	0.66
9636.00	89.25	87.95	6258.40	93.00	3679.01	24.25 N	3678.97 E	3679.05@	89.62	1.13
9729.00	89.08	88.27	6259.75	93.00	3771.98	27.31 N	3771.91 E	3772.01@	89.59	0.39
9822.00	89.08	88.08	6261.25	93.00	3864.95	30.27 N	3864.85 E	3864.97@	89.55	0.20
9916.00	88.20	88.64	6263.48	94.00	3958.91	32.96 N	3958.78 E	3958.92@	89.52	1.11
10010.00	88.90	87.76	6265.86	94.00	4052.86	35.92 N	4052.71 E	4052.87@	89.49	1.20
10103.00	89.52	88.09	6267.14	93.00	4145.82	39.28 N	4145.64 E	4145.82@	89.46	0.75
10196.00	90.22	89.72	6267.35	93.00	4238.81	41.06 N	4238.62 E	4238.81@	89.44	1.91
10290.00	90.13	90.78	6267.06	94.00	4332.80	40.65 N	4332.61 E	4332.80@	89.46	1.13
10383.00	90.22	90.97	6266.78	93.00	4425.76	39.23 N	4425.60 E	4425.77@	89.49	0.23
10469.00	89.87	90.55	6266.71	86.00	4511.74	38.09 N	4511.59 E	4511.75@	89.52	0.64
STRAIGHT- LINE PROJECTION TO BIT @ 10546' MD (6266.89' TVD)										
10546.00	89.87	90.55	6266.89	77.00	4588.72	37.35 N	4588.59 E	4588.74@	89.53	0.00

FINDER

ENERGY SERVICES

TIE-IN SURVEY INFORMATION SHEET

CLIENT INFORMATION

CLIENT:	YATES PETROLEUM		
LEASE / WELL No.:	SHERPA BOY STATE	1H	
WELL LOCATION:	EDDY COUNTY		
COUNTY / STATE / COUNTRY:	EDDY COUNTY	NEW MEXICO	USA
RIG:	SILVER OAK #10		
API WELL No:	30-015-37591		
JOB No:	101010314-WT-WT		
P.O. / AFE No.	09-411-0		
DIRECTIONAL COMPANY:	PES		

WELL SITE INFORMATION

TOTAL MAGNETIC CORRECTION (TMC):			
On Wall Plat:	7.89	LWD Calculated:	7.8816
		Agreed Upon:	7.89
X =	597594.922000	Feet	Y = 418393.582000
			Feet
SITE LATITUDE:	32.150112 N	SITE LONGITUDE:	104.151554 W
GRID SYSTEM:	TRUE ☐ UTM ☒ LAMBERT ☐	ZONE:	NEW MEXICO EAST
PROPOSED DRIFT DIRECTION:	89.8		
KELLY BUSHING ELEVATION:	18		
ALTITUDE:	3113	Feet	WATER DEPTH:
			Feet

TIE-IN SURVEY

MEASURED DEPTH:	5600		
DRIFT ANGLE:	0.97		
DRIFT DIRECTION:	158.35		
TRUE VERTICAL DEPTH:	5599.59		
VERTICAL SECTION:	36.6		
RECTANGULAR COORDINATE (N / S) :	-17.84		
RECTANGULAR COORDINATE (E / W) :	36.66		
CLOSURE DISTANCE / DIRECTION:	89.36		
SURVEY CALCULATION METHOD:	AA ☐	MC ☒	RC ☐ BT ☐
SOURCE OF TIE-IN DATA (COMPANY):			
COPY OF TIE-IN SURVEY REPORT	☒ YES ☐ NO		

WELL PLAN

KICKOFF DEPTH:	5700	TOTAL DEPTH:	10579
KICKOFF ANGLE:	0.75	MAX ANGLE:	89

PES Engineers:

Prithavish Raj Das

**Signature of both field engineers required if applicable

Directional Driller:

W. H. Z. K.

DATE: 05/10/10