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|---|---|-------------------------------|
| 1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210 | | 2. OGRID Number 25575 |
| | | 3. API Number 30-015-38170 |
| 4. Property Code 38316 | 5. Property Name QUAIL BQL STATE COM | 6. Well No. 001H |

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|----------------|
| UL - Lot O | Section 2 | Township 26S | Range 30E | Lot Idn O | Feet From 330 | N/S Line S | Feet From 1650 | E/W Line E | County EDDY |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|----------------|

| | |
|----------------------|-------|
| WILDCAT; BONE SPRING | 96403 |
|----------------------|-------|

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|--|-----------------------------|--|-------------------------|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3220 |
| 14. Multiple N | 15. Proposed Depth 12465 | 16. Formation Bone Spring | 17. Contractor | 18. Spud Date 10/1/2010 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |
| Pit: Liner: Synthetic <input type="checkbox"/> mills thick Clay <input type="checkbox"/> Pit Volume: bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 1300 | 985 | |
| Int1 | 12.25 | 9.625 | 40 | 3950 | 1310 | |
| Prod | 8.75 | 5.5 | 17 | 12465 | 2525 | 3450 |

H2S is not anticipated.

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 3000 | 3000 | |

Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 119933

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|--------------------------------------|
| 1. API Number 30-015-38170 | 2. Pool Code 96403 | 3. Pool Name WILDCAT; BONE SPRING |
| 4. Property Code 38316 | 5. Property Name QUAIL BQL STATE COM | 6. Well No. 001H |
| 7. OGRID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | 9. Elevation 3220 |

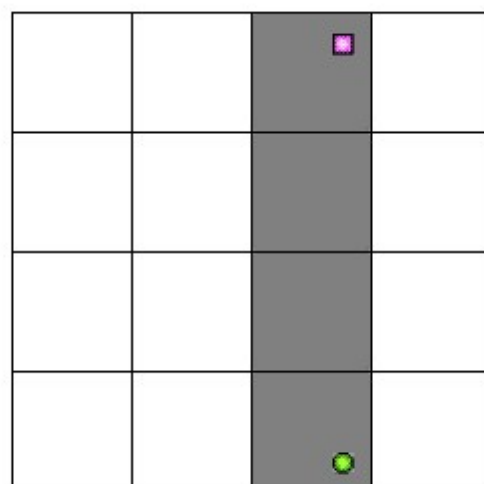
10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|----------------|
| UL - Lot O | Section 2 | Township 26S | Range 30E | Lot Idn | Feet From 330 | N/S Line S | Feet From 1650 | E/W Line E | County EDDY |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|--------------|---------------------|--------------|------------------------|------------------|---------------|-------------------|---------------|----------------|
| UL - Lot B | Section 2 | Township 26S | Range 30E | Lot Idn B | Feet From 330 | N/S Line N | Feet From 1650 | E/W Line E | County EDDY |
| 12. Dedicated Acres 160.00 | | 13. Joint or Infill | | 14. Consolidation Code | | 15. 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



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(s) or has a right to drill this well at this 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.

E-Signed By: Monti Sanders

Title:

Date: 9/9/2010

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.

Surveyed By: Gary Jones

Date of Survey: 5/4/2010

Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: QUAIL BQL STATE COM #001H

API: 30-015-38170

| Created By | Comment | Comment Date |
|------------|---|--------------|
| MSANDERS | MUD PROGRAM: 0-1300' Fresh Water; 1300'-3950' Brine; 1950'-9000' Cut Brine; 7573'-12465' Cut Brine (lateral). | 9/9/2010 |
| MSANDERS | PRESSURE CONTROL EQUIPMENT: 3000 psi system nipped up and tested on 13 3/8" and 9 5/8" casing. | 9/9/2010 |
| MSANDERS | Pilot hole drilled vertically to 9000'. Well will be plugged back with a 400'-500' kick off plug. Kick off at approximately 7573' and directionally drill 12 degrees/100' with an 8 3/4" hole to 8400' MD (8050' TVD). If hole conditions dictate, 7" casing will be set. | 9/9/2010 |
| MSANDERS | A 8 1/8" hole will then be drilled to 12465' MD (8050' TVD) where 4 1/2" casing will be set and cemented. If 7" is not set, then hole will be reduced to 8 1/2" and drilled to 12465' MD (8050' TVD) where 5 1/2" casing will be set and cemented. | 9/9/2010 |
| MSANDERS | Penetration point of producing zone will be encountered at 807' FSL and 1650' FEL, 2-26S-30E. Deepest TVD in the well is 9000' in the pilot hole. Deepest TVD in the lateral is 8050'. | 9/9/2010 |
| MSANDERS | MAXIMUM ANTICIPATED BHP: Depths are TVD 0-1300' 625 psi; 1300'-3950' 2100 psi; 3950'-9000' 4450 psi. | 9/9/2010 |
| MSANDERS | C-144 for a Closed Loop System and Drilling Plan to follow by mail. | 9/9/2010 |

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: QUAIL BQL STATE COM #001H

API: 30-015-38170

| OCD Reviewer | Condition |
|-----------------|--|
| Artesia | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |