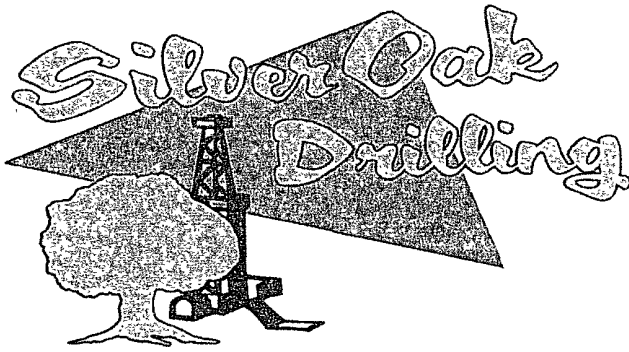




PO Box 1370
Artesia, NM 88211-1370
(505) 748-1288

30.015. 34390

January 13, 2009

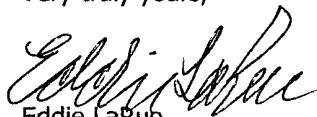
Yates Petroleum Corporation
105 S. 4th
Artesia, NM 88211-1395

RE: Pequeno Mike BLU Federal #1H
200' FSL & 200' FWL
Sec. 2, T16S, R29E
Eddy County, New Mexico

Dear Sir,

The attached is the Deviation Survey for the above captioned well.

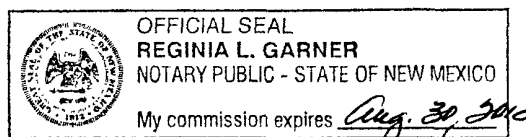
Very truly yours,


Eddie LaRue
Operations Manager

State of New Mexico }
County of Eddy }

The foregoing was acknowledged before me this 13th day of January, 2009.


Notary Public



Pequeno Mike BLU Fed #1H

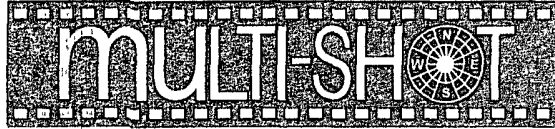
Date	Depth	Dev.	Dir.	TVD
11/12/2008	277.00	1.00		
11/13/2008	377.00	0.75		
11/15/2008	499.00	0.60	99.60	
	591.00	1.10	117.30	
	683.00	1.10	76.00	
	997.00	0.30	34.20	
11/16/2008	1,220.00	0.60	134.50	
	1,441.00	0.70	75.90	
	1,664.00	0.20	94.30	
	1,886.00	0.20	180.00	
11/17/2008	2,107.00	0.60	298.00	
	2,234.00	0.70	315.90	
11/18/2008	2,533.00	0.40	356.50	
11/20/2008	2,687.00	0.40	0.00	
	2,750.00	1.00	336.70	
	2,972.00	0.40	298.80	
11/21/2008	3,257.00	0.80	268.40	
11/22/2008	3,479.00	0.90	280.20	
	3,701.00	0.50	350.70	
	3,894.00	0.80	351.80	
11/23/2008	4,115.00	0.20	55.40	
	4,337.00	0.10	59.10	
11/24/2008	4,559.00	0.10	51.40	
	4,777.00	0.10	76.00	
11/26/2008	5,003.00	0.50	4.40	
	5,225.00	0.60	252.70	
	5,447.00	0.30	290.80	
11/27/2008	5,669.00	0.50	261.10	
	5,891.00	0.70	339.10	
11/28/2009	6,144.00	0.40	351.40	
	6,334.00	0.60	60.20	
11/29/2008	6,556.00	1.90	71.30	
11/30/2008	6,707.00	2.36	81.59	
	6,738.00	2.50	79.20	
	6,770.00	1.56	61.10	
	6,803.00	1.37	305.94	
	6,834.00	3.35	289.93	
	6,866.00	5.68	289.89	6,865.58
12/1/2008	6,897.00	8.71	287.50	6,897.33
	6,929.00	12.10	284.40	2,938.80
12/5/2008	6,708.00	2.30	294.60	6,708.00
	6,740.00	6.26	284.95	6,739.67
	6,771.00	10.10	282.01	6,770.35
12/6/2008	6,803.00	14.16	281.35	6,801.63
	6,835.00	17.61	280.10	6,832.40
	6,866.00	20.70	280.94	6,861.68
	6,898.00	24.53	282.26	6,891.00
	6,930.00	27.83	283.21	6,919.00
	6,962.00	31.60	282.25	6,947.72
	6,993.00	34.14	279.44	6,973.75
	7,024.00	36.55	277.84	6,999.04
12/7/2008	7,056.00	39.80	277.01	7,024.31
	7,088.00	43.17	276.73	7,048.41
	7,120.00	47.18.00	276.35	7,070.00
	7,151.00	49.93	276.81	7,091.00
	7,183.00	52.83	277.92	7,111.00

Pequeno Mike BLU Fed #1H

	7,215.00	55.84	277.75	7,129.87
12/8/2008	7,246.00	60.16	278.64	7,146.30
	7,277.00	62.34	279.81	7,161.00
	7,308.00	65.73	281.94	7,174.00
	7,340.00	68.12	283.12	7,187.00
	7,372.00	70.74	283.87	7,198.57
	7,303.00	73.62	284.59	7,208.06
12/9/2008	7,435.00	78.40	284.36	7,215.78
	7,467.00	83.38	284.44	7,220.85
	7,499.00	88.60	285.24	7,223.10
	7,530.00	92.49	285.71	7,222.79
	7,562.00	93.58	285.67	7,221.00
	7,594.00	93.52	285.59	7,219.00
12/10/2008	7,625.00	92.32	285.58	7,217.00
	7,657.00	92.21	285.39	7,216.64
	7,693.00	90.54	284.58	7,215.00
	7,724.00	90.31	284.47	7,215.00
	7,756.00	90.77	284.16	7,215.24
	7,788.00	91.29	284.08	7,214.67
12/11/2008	7,820.00	91.75	284.05	7,213.82
	7,851.00	92.21	283.74	7,212.75
	7,883.00	92.72	283.67	7,211.13
	7,914.00	92.43	283.40	7,209.00
	7,946.00	93.01	283.17	7,208.38
	7,978.00	92.83	283.03	
12/12/2008	8,010.00	990.77	282.98	7,205.00
	8,042.00	90.60	282.68	7,205.00
	8,073.00	90.83	282.61	7,205.00
	8,105.00	91.52	282.60	7,204.37
	8,137.00	91.29	282.59	7,203.59
	8,169.00	89.97	281.74	7,203.23
12/13/2008	8,206.00	90.03	281.51	7,203.23
	8,232.00	90.43	281.72	7,202.96
	8,263.00	90.71	281.58	7,202.78
	8,295.00	91.06	281.84	7,202.32
	8,359.00	91.63	281.86	7,200.00
	8,391.00	91.40	281.66	7,200.00
12/14/2008	8,423.00	90.60	281.38	7,199.44
	8,454.00	90.20	281.15	7,199.22
	8,486.00	89.80	280.45	7,199.22
	8,517.00	898.97	280.58	7,199.28
	8,550.00	90.26	280.75	7,199.28
	8,608.00	90.77	281.03	7,198.70
12/15/2008	8,640.00	91.00	280.43	
	8,671.00	89.86	279.23	7,197.97
	8,703.00	89.34	278.81	7,198.20
	8,735.00	88.14	278.17	7,198.90
	8,767.00	88.26	278.04	7,199.90
	8,798.00	88.43	278.02	7,200.00
	8,830.00	88.77	277.95	7,201.58
	8,862.00	88.88	278.00	7,202.24
	8,893.00	88.94	277.94	7,202.85
	8,925.00	89.11	277.74	7,203.37
	8,989.00	89.34	277.99	7,204.33
	9,020.00	89.40	277.76	7,204.62
	9,057.00	898.51	277.30	7,204.98
	9,084.00	89.51	276.80	7,205.25
	9,115.00	89.80	277.15	7,205.44

Pequeno Mike BLU Fed #1H

	9,147.00	90.03	277.05	7,205.49
	9,179.00	90.26	277.13	7,205.41
12/16/2008	9,211.00	90.37	276.34	7,205.23
	9,242.00	90.60	276.25	7,204.97
	9,274.00	90.89	276.26	7,204.55
	9,306.00	91.11	276.51	7,303.99
	9,337.00	91.06	276.57	7,203.41
	9,369.00	90.31	276.41	7,203.03
	9,401.00	90.20	276.04	7,202.88
	9,432.00	90.26	276.14	7,202.76
	9,464.00	90.60	276.75	7,202.52
	9,496.00	90.31	275.40	7,202.26
	9,527.00	90.03	274.51	7,202.16
	9,591.00	90.49	274.22	7,201.84
	9,654.00	90.66	274.35	7,201.21
	9,749.00	90.77	274.24	7,200.02
12/17/2008	9,845.00	91.17	274.11	7,198.40
	9,940.00	90.49	273.89	7,192.02
	10,035.00	90.94	274.06	7,195.84
	10,130.00	90.43	272.62	7,194.70
12/18/2008	10,225.00	90.83	272.67	7,193.66
	10,288.00	91.12	272.68	7,192.58
12/19/2008	10,320.00	91.17	272.59	7,191.00
	10,384.00	90.77	277.26	7,190.86
	10,414.00	90.20	271.73	7,190.60
	10,447.00	90.21	271.83	
12/20/2008	10,479.00	89.57	272.76	7,190.52
	10,511.00	88.88	273.20	7,190.95
	10,542.00	89.51	272.75	7,191.38
	10,574.00	88.60	273.36	7,191.91
	10,605.00	88.20	273.98	7,192.77
	10,669.00	88.09	274.25	7,194.84
	10,732.00	88.37	274.43	7,196.72
	10,796.00	88.54	274.24	7,198.52
12/21/2008	10,859.00	88.54	274.69	7,200.12
	10,890.00	88.77	274.31	7,200.85
	10,954.00	88.20	275.80	7,202.85
	11,017.00	89.23	275.79	7,203.00
	11,049.00	89.63	276.01	7,204.00
	11,112.00	90.20	276.70	7,204.00
	11,208.00	90.26	277.96	7,203.98
	11,271.00	90.20	278.19	7,203.73
12/22/2008	11,367.00	89.34	278.15	7,204.00
	11,430.00	89.46	278.19	7,204.00
	11,493.00	89.69	277.93	7,205.00
	11,557.00	89.97	278.11	7,205.00
	11,620.00	89.34	278.81	7,205.81
	11,683.00	89.11	279.07	7,206.66
12/23/2008	11,747.00	89.11	279.23	7,207.66
	11,778.00	89.23	278.94	7,208.00
	11,841.00	89.46	277.86	7,208.00
	11,937.00	90.37	278.00	7,209.00
	12,032.00	90.94	278.02	7,207.92



Guidance Services

Job Number: 0811175052397
 Company: Yates Petroleum
 Lease/Well: Pequeno Mike Blu Federal, Well #1H
 Location: Eddy County, New Mexico
 Rig Name: Silver Oak #9
 RKB: ☐
 G.L. or M.S.L.: ☐

State/Country: New Mexico/USA
 Declination: 8.07°
 Grid: East To Grid
 File name: F:\SURVEY\2008SU~1\YATESP~1\PEQUEN1H.SVY
 Date/Time: 03-Dec-08 / 14:58
 Curve Name: Surface - 6630' M.D. (gyroscopic)

WINSERVE SURVEY CALCULATIONS
 Minimum Curvature Method
 Vertical Section Plane 278.29
 Vertical Section Referenced to Wellhead
 Rectangular Coordinates Referenced to Wellhead

We hereby certify that our survey data from
~~Surface~~ MD to 6,630' MD is, to the best of
 our knowledge a true and accurate account of
 the well bore.
Dana Outter 12/2/08
 Multi-Shot Date

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
100.00	.50	173.54	100.00	-.43	.05	-.11	.44	173.54	.50
200.00	.75	167.24	199.99	-1.51	.24	-.46	1.52	170.84	.26
300.00	.50	164.94	299.99	-2.57	.50	-.87	2.61	168.96	.25
400.00	.25	143.65	399.98	-3.16	.74	-1.19	3.25	166.77	.28
500.00	.25	114.35	499.98	-3.43	1.07	-1.55	3.59	162.64	.13
600.00	.50	116.05	599.98	-3.71	1.66	-2.18	4.06	155.86	.25
700.00	.50	74.46	699.98	-3.78	2.47	-2.99	4.52	146.82	.36
800.00	.50	148.16	799.97	-4.04	3.13	-3.67	5.11	142.26	.60
900.00	.50	101.87	899.97	-4.50	3.78	-4.39	5.88	139.94	.39
1000.00	.25	95.57	999.97	-4.61	4.43	-5.04	6.39	136.16	.25

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
1100.00	.50	92.27	1099.97	-4.65	5.08	-5.70	6.88	132.46	.25
1200.00	.50	86.97	1199.96	-4.64	5.95	-6.56	7.55	127.95	.05
1300.00	.50	90.68	1299.96	-4.62	6.82	-7.42	8.24	124.12	.03
1400.00	.25	25.38	1399.96	-4.43	7.35	-7.92	8.59	121.08	.46
1500.00	.25	86.08	1499.96	-4.22	7.66	-8.19	8.75	118.84	.25
1600.00	.25	95.79	1599.96	-4.23	8.10	-8.62	9.14	117.56	.04
1700.00	.25	333.71	1699.96	-4.05	8.22	-8.72	9.16	116.25	.44
1800.00	.25	6.41	1799.95	-3.64	8.15	-8.59	8.92	114.08	.14
1900.00	.25	327.11	1899.95	-3.24	8.05	-8.44	8.68	111.92	.17
2000.00	.25	41.82	1999.95	-2.90	8.08	-8.41	8.58	109.71	.30
2100.00	.25	359.52	2099.95	-2.51	8.22	-8.50	8.60	107.00	.18
2200.00	.25	317.22	2199.95	-2.14	8.07	-8.30	8.35	104.82	.18
2300.00	.25	316.93	2299.95	-1.82	7.78	-7.96	7.99	103.15	.00
2400.00	.25	304.63	2399.95	-1.53	7.45	-7.59	7.60	101.63	.05
2500.00	.25	325.33	2499.95	-1.23	7.14	-7.25	7.25	99.77	.09
2600.00	.25	297.03	2599.95	-.95	6.83	-6.89	6.89	97.94	.12
2700.00	.50	325.74	2699.95	-.49	6.39	-6.39	6.40	94.40	.31
2800.00	.25	320.74	2799.94	.04	6.00	-5.93	6.00	89.64	.25
2900.00	.25	330.74	2899.94	.40	5.76	-5.64	5.77	86.05	.04
3000.00	.50	287.75	2999.94	.72	5.24	-5.08	5.28	82.17	.36
3100.00	.50	295.75	3099.94	1.04	4.43	-4.23	4.55	76.74	.07
3200.00	.25	281.76	3199.93	1.28	3.82	-3.60	4.03	71.52	.26
3300.00	.25	249.76	3299.93	1.25	3.40	-3.19	3.62	69.88	.14
3400.00	.50	283.76	3399.93	1.27	2.77	-2.56	3.05	65.32	.32
3500.00	.25	279.78	3499.93	1.42	2.13	-1.91	2.56	56.46	.25
3600.00	.50	309.79	3599.93	1.73	1.58	-1.32	2.35	42.46	.31
3700.00	.50	296.80	3699.92	2.21	.86	-.53	2.37	21.28	.11
3800.00	.25	306.80	3799.92	2.53	.30	.07	2.55	6.65	.26
3900.00	.25	278.80	3899.92	2.70	-.09	.48	2.70	357.99	.12
4000.00	.25	332.81	3999.92	2.93	-.41	.83	2.95	352.02	.23
4100.00	.50	313.81	4099.92	3.42	-.82	1.31	3.52	346.45	.28
4200.00	.25	339.81	4199.91	3.93	-1.21	1.77	4.11	342.82	.30

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
4300.00	.25	314.57	4299.91	4.29	-1.45	2.05	4.52	341.37	.11
4400.00	.25	228.32	4399.91	4.30	-1.76	2.36	4.64	337.67	.34
4500.00	.25	268.07	4499.91	4.14	-2.14	2.72	4.67	332.63	.17
4600.00	.25	318.83	4599.91	4.30	-2.51	3.10	4.98	329.76	.21
4700.00	.25	308.33	4699.91	4.60	-2.82	3.45	5.40	328.47	.05
4800.00	.25	313.08	4799.91	4.88	-3.15	3.82	5.81	327.16	.02
4900.00	.25	300.84	4899.91	5.14	-3.50	4.20	6.22	325.78	.05
5000.00	.25	299.59	4999.91	5.36	-3.88	4.61	6.62	324.15	.01
5100.00	.25	329.11	5099.91	5.66	-4.18	4.95	7.03	323.57	.13
5200.00	.25	275.86	5199.91	5.87	-4.51	5.31	7.40	322.48	.22
5300.00	.25	245.61	5299.90	5.80	-4.92	5.71	7.61	319.68	.13
5400.00	.25	224.37	5399.90	5.55	-5.27	6.02	7.66	316.49	.09
5500.00	.25	266.87	5499.90	5.39	-5.64	6.36	7.80	313.67	.18
5600.00	.25	232.63	5599.90	5.24	-6.03	6.73	7.99	310.98	.15
5700.00	.25	261.13	5699.90	5.08	-6.42	7.09	8.19	308.32	.12
5800.00	.50	318.89	5799.90	5.37	-6.93	7.63	8.76	307.79	.42
5900.00	.25	333.74	5899.90	5.90	-7.31	8.08	9.39	308.89	.27
6000.00	.25	339.84	5999.90	6.30	-7.48	8.31	9.78	310.08	.03
6100.00	.50	44.05	6099.89	6.81	-7.25	8.16	9.95	313.21	.45
6200.00	.50	19.15	6199.89	7.54	-6.81	7.82	10.16	317.93	.22
6300.00	.50	61.36	6299.89	8.16	-6.28	7.39	10.30	322.42	.36
6400.00	1.00	65.46	6399.88	8.73	-5.10	6.31	10.12	329.70	.50
6500.00	1.25	63.18	6499.86	9.59	-3.34	4.68	10.15	340.81	.25
6600.00	2.00	64.48	6599.82	10.83	-.79	2.34	10.86	355.84	.75
Last Survey Depth Recorded									
6630.00	2.00	65.69	6629.80	11.27	.16	1.47	11.27	.82	.14