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Form 3160-4
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FEB 19 2010
HOBBSOCD

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

| | | |
|--|---|--|
| 1a Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other | | 5 Lease Serial No NM-121957 |
| b Type of Completion <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff Resvr, Other | | 6 If Indian, Allottee or Tribe Name N/A |
| 2 Name of Operator Yates Petroleum Corporation | | 7 Unit or CA Agreement Name and No N/A |
| 3 Address 105 S. 4th St., Artesia, NM 88210 | 3a Phone No (include area code) (575) 748-1471 | 8 Lease Name and Well No Capella BOP-Federal 1 |
| 4 Location of Well (Report location clearly and in accordance with Federal requirements)* At surface 330' FSL & 330' FWL (Unit M, SWSW) ✓ At top prod Interval reported below At total depth | | 9 API Well No 30-025-39528 ✓ |
| 14 Date Spudded 10/14/09 RH 10/16/09 RT | | 10 Field and Pool, or Exploratory Lost Tank Delaware |
| 15 Date T.D Reached 10/28/09 | 16 Date Completed <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod 12/25/09 | 11 Sec, T, R, M, on Block and Survey or Area Sec 9-T21S-R32E ✓ |
| 17 Elevations (DF, RKB, RT, GL)* 3713' GL | | 12 County or Parish Lea |
| 18 Total Depth MD 8765' TVD | | 13 State NM ✓ |
| 19 Plug Back T D MD 8715' TVD NA | 20 Depth Bridge Plug Set MD NA TVD NA | |

| | | | |
|--|--|---|--|
| 21 Type Electric & Other Mechanical Logs Run (Submit copy of each) GR/CBL/CCL, Micro-CFL/GR, GR, CNL | | 22 Was Well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Submit copy) | |
|--|--|---|--|

| Hole Size | Size/Grade | Wt.(#/ft.) | Top (MD) | Bottom (MD) | State Cementer Depth | No of Sks & Type of Cement | Slurry Vol (BBL) | Cement Top* | Amount Pulled |
|-----------|------------|------------|----------|-------------|----------------------|----------------------------|------------------|-------------|---------------|
| 26" | 20" | Cond | Surface | 40' | | Redi-Mix | | Surface | |
| 17-1/2" | 13-3/8" | 48# | Surface | 1230' | | 950 sx | | Surface | |
| 11" | 8-5/8" | 32# | Surface | 4355' | | 1300 sx | | Surface | |
| 7-7/8" | 5-1/2" | 15.5 & 17# | Surface | 8765' | | 1200 sx | | Surface | |

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|--------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2-7/8" | 6595' | | | | | | | |

| 25 Producing Intervals | | | 26 Perforation Record | | | |
|------------------------|-------|--------|-----------------------|------|----------|-------------|
| Formation | Top | Bottom | Perforated Interval | Size | No Holes | Perf Status |
| A) Delaware | 6702' | 8546' | | | | |
| B) | | | | | | |
| C) | | | | | | |
| D) | | | | | | |

| 27 Acid, Fracture, Treatment, Cement Squeeze, Etc | |
|---|-----------------------------|
| Depth Interval | Amount and Type of Material |
| | |
| | |
| | |
| | |

| 28 Production - Interval A | | | | | | | | | |
|----------------------------|-------------------|--------------|-----------------|---------|---------|-----------|----------------------|-------------|-------------------|
| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr API | Gas Gravity | Production Method |
| 12/26/09 | 1/10/10 | 24 | → | 109 | 190 | 502 | NA | NA | Pumping |
| Choke Size | Tbg Press Flwg SI | Csg Press | 24 Hr Rate | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |
| NA | 150 psi | 110 psi | → | 109 | 190 | 502 | NA | Producing | |

| 28a Production-Interval B | | | | | | | | | |
|---------------------------|-------------------|--------------|-----------------|---------|---------|-----------|----------------------|-------------|-------------------|
| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr API | Gas Gravity | Production Method |
| | | | → | | | | | | |
| Choke Size | Tbg Press Flwg SI | Csg Press | 24 Hr Rate | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |
| | | | → | | | | | | |

ACCEPTED FOR RECORD

FEB 16 2010

/s/ Chris Walls

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

*(See instructions and spaces for additional data on page 2)

FEB 22 2010

| 28b. Production-Interval C | | | | | | | | | |
|----------------------------|----------------------|--------------|----------------------|---------|---------|-----------|-------------------------|-------------|-------------------|
| Date First Produced | Test Date | Hours Tested | Test Production → | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr API | Gas Gravity | Production Method |
| Choke Size | Tbg Press Flwg SI | Csg Press | 24 Hr Rate → | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |

| 28c. Production-Interval D | | | | | | | | | |
|----------------------------|----------------------|--------------|----------------------|---------|---------|-----------|-------------------------|-------------|-------------------|
| Date First Produced | Test Date | Hours Tested | Test Production → | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr API | Gas Gravity | Production Method |
| Choke Size | Tbg Press Flwg SI | Csg Press | 24 Hr Rate → | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |

29. Disposition of Gas (Solid, used for fuel, vented, etc.)

Sold

| 30. Summary of Porous Zones (Include Aquifers) | | | | 31. Formation (Log) Markers | |
|--|--|--|--|-----------------------------|--|
| Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries | | | | | |

| Formation | Top | Bottom | Descriptions, Contents, etc | Name | Top |
|-----------|-----|--------|-----------------------------|---------------|------------|
| | | | | | Meas Depth |
| | | | | Rustler | 1035' |
| | | | | Bell Canyon | 4856' |
| | | | | Cherry Canyon | 5478' |
| | | | | Brushy Canyon | 6806' |
| | | | | Bone Springs | 8558' |

32. Additional remarks (include plugging procedure)

33. Indicate which items have been attached by placing a check in the appropriate boxes

- ☒ Electrical/Mechanical Logs (1 full set req'd)
 ☐ Geologic Report
 ☐ DST Report
 ☒ Directional Survey
☐ Sundry Notice for plugging and cement verification
☐ Core Analysis
☒ Other
 Deviation Survey

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Allison Barton Title Regulatory Compliance Technician
 Signature Allison Barton Date 1/14/10

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

(Continued on page 3)

(Form 3160-4, page 2)

Yates Petroleum Corporation
Capela BOP Federal 1
Section 9-T21S-R32E
Lea County, New Mexico
Dated 1/14/10
Page 3

Form 3160-4 continued:

26. Perforation Record

| Perforated Interval | Size | No. Holes | Perf. Status |
|---------------------|------|-----------|--------------|
| 8540-8546' | | 7 | Producing |
| 8492-8504' | | 13 | Producing |
| 8414-8418' | | 8 | Producing |
| 8400-8404' | | 8 | Producing |
| 8002-8004' | | 4 | Producing |
| 7706-7710' | | 5 | Producing |
| 7624-7636' | | 13 | Producing |
| 7192-7202' | | 11 | Producing |
| 7150-7170' | | 21 | Producing |
| 6702-6714' | | 13 | Producing |

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

| Depth Interval | Amount and Type of Material |
|----------------|--|
| 8492-8546' | Acidized w/1000 gal 7-1/2% HCl acid & 35 balls |
| 8400-8418' | Acidized w/1000 gal 7-1/2% HCl acid & 30 balls |
| 8400-8418' | Squeezed w/150 sx CI H cement |
| 8492-8546' | Fraced w/25# Borate XL, 961 bbls fluid & 70,100# 20/40 RCS |
| 8002-8004' | Acidized w/250 gal 7-1/2% HCl acid |
| 7624-7710' | Acidized w/2000 gal 7-1/2% HCl acid & 30 balls |
| 7150-7202' | Acidized w/2000 gal 7-1/2% HCl acid & 50 balls |
| 7150-7202' | Frac w/25# Borate XL, 780 bbls fluid & 53,886# 20/40 RCS |
| 6702-6714' | Frac w/25# Borate XL, 556 bbls fluid & 27,208# 20/40 RCS |


Allison Barton
Regulatory Compliance Technician