

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCB guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCB-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by dusty bean		Approved By: Bryan Arrant	
Title: Regulatory Tech		Approved Date: 4/19/2006	Expiration Date: 4/19/2007
Email Address: dustyb@ypcnm.com			
Date: 4/19/2006	Phone: 505-748-4364	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 27317

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34791	2. Pool Code	3. Pool Name Chester
4. Property Code 33226	5. Property Name CLARENCE BCU	6. Well No. 007
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3336

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	3	16S	26E	B	3200	N	1470	E	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		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

	<p align="center">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: dusty bean Title: Regulatory Tech Date: 4/19/2006</p>
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Herschel Jones Date of Survey: 3/30/2006 Certificate Number: 3640</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CLARENCE BCU #007

API: 30-015-34791

Created By	Comment	Comment Date
dustyb	Mud Program: 0-400' FW GEL; 400'-1200' Fresh Water; 1200'-7200' Cut Brine; 7200'-7800' Salt Gel/Starch/4%-6% KCL.	4/12/2006
dustyb	BOPE PROGRAM: A 5000# BOPE will be installed on the 9 5/8" casing and tested daily.	4/12/2006
dustyb	Sources at YPC have relayed information to me there will not be enough H2S found from the surface to the Chester formation to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	4/12/2006
dustyb	The closest dwelling to this well is approximately two (2) miles from any dwelling in any direction.	4/13/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CLARENCE BCU #007

API: 30-015-34791

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Please notify OCD time of spud and time to witness the cementing the surface and intermediate casing.
BArrant	As noted operator is to drill with 'fresh water' mud down to the setting depth of the intermediate casing.