

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-37932
4. Property Code 38203	5. Property Name HERRADURA UNIT	6. Well No. 001H

7. Surface Location

UL - Lot A	Section 16	Township 24S	Range 25E	Lot Idn A	Feet From 330	N/S Line N	Feet From 760	E/W Line E	County EDDY
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8. Pool Information

SAN LORENZO: BONE SPRING	53600
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4130
14. Multiple N	15. Proposed Depth 10405	16. Formation 1st Bone Spring Sand	17. Contractor	18. Spud Date 6/15/2010
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls 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"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	550	575	0
Int1	12.25	9.625	36	2800	975	0
Prod	7.875	5.5	17	10405	2150	2300

Casing/Cement Program: Additional Comments

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	300	

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 NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Monti Sanders		Approved By: Randy Dade	
Title:		Title: District Supervisor	
Email Address: montis@yatespetroleum.com		Approved Date: 6/18/2010 Expiration Date: 6/18/2012	
Date: 6/8/2010 Phone: 575-748-4244			

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 115118

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-37932	2. Pool Code 53600	3. Pool Name SAN LORENZO;BONE SPRING
4. Property Code 38203	5. Property Name HERRADURA UNIT	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4130




10. Surface Location

UL - Lot A	Section 16	Township 24S	Range 25E	Lot Idn	Feet From 330	N/S Line N	Feet From 760	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot A	Section 9	Township 24S	Range 25E	Lot Idn A	Feet From 660	N/S Line N	Feet From 660	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

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<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: Gary Jones Date of Survey: 5/28/2010 Certificate Number: 7977</p>																	

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HERRADURA UNIT #001H

API: 30-015-37932

Created By	Comment	Comment Date
MSANDERS	Pilot hole drilled vertically to 6500'. Well will be plugged back with 400'-500' kick off plug at approx. 5127' and directionally drilled at 10 degrees per 100' with a 8 3/4" hole to 6200' MD (5700' TVD). If hole conditions dictate, 7" casing will be set.	6/7/2010
MSANDERS	A 6 1/8" hole will then be drilled to 10,405' MD (5700' TVD) where 4 1/2" casing will be set and cemented. If 7" is not set, then hole size will be reduced to 7 7/8" and drilled to 10,405' MD (5700' TVD) where 5 1/2" casing will be set and cemented.	6/7/2010
MSANDERS	Penetration point of producing zone will be encountered at 330' FSL and 747' FEL, 9-24S-25E. Deepest TVD in the well in 6500' in the pilot hole. Deepest TVD in the lateral will be 5700'.	6/7/2010
MSANDERS	MUD PROGRAM: 0-550' Fresh Water; 550'-2800' Brine Water; 2800'-6500' Cut Brine (to TD of pilot hole); 5127'-10405' Cut Brine (lateral).	6/7/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipped up on 13 3/8" and 9 5/8" casing.	6/7/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-550 252 psi; 550-2800 1369 psi; 2800-6500 3143 psi.	6/7/2010
MSANDERS	H2S Contingency Plan, C-144 for a Closed Loop System, Contingency Casing Design and Drilling Plan to follow by mail.	6/7/2010