

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 NMOC guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
		Approved By: Paul Kautz	
Printed Name: Electronically filed by Monti Sanders		Title: Geologist	
Title:		Approved Date: 6/21/2010	Expiration Date: 6/21/2012
Email Address: montis@yatespetroleum.com			
Date: 6/17/2010	Phone: 575-748-4244	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 116012

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-39802	2. Pool Code 51020	3. Pool Name RED HILLS;BONE SPRING
4. Property Code 38207	5. Property Name ANDELE BQE STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3354

**10. Surface Location**

UL - Lot M	Section 16	Township 25S	Range 34E	Lot Idn	Feet From 330	N/S Line S	Feet From 660	E/W Line W	County LEA
---------------	---------------	-----------------	--------------	---------	------------------	---------------	------------------	---------------	---------------

**11. Bottom Hole Location If Different From Surface**

11. Bottom Hole Location If Different From Surface									
UL - Lot L	Section 16	Township 25S	Range 34E	Lot Idn L	Feet From 2130	N/S Line S	Feet From 660	E/W Line W	County LEA
12. Dedicated Acres 80.00		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"><b>OPERATOR CERTIFICATION</b></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: Monti Sanders          Title:          Date: 6/17/2010</p>		
	<p align="center"><b>SURVEYOR CERTIFICATION</b></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: 6/5/2010          Certificate Number: 7977</p>		

## Permit Comments

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** ANDELE BQE STATE #001H

**API:** 30-025-39802

Created By	Comment	Comment Date
MSANDERS	Well will be drilled vertically to 9073'. Well will then be kicked off with bent motor at 9073' directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 9900' MD (9550' TVD). Hole will be reduced to 7 7/8" and drilled to 11145' MD (9550' TVD) where 5 1/2" casing will be set and cemented.	6/16/2010
MSANDERS	Penetration point of producing zone will be encountered at 807' FSL and 660' FWL, 16-25S-34E. Deepest TVD in the well will be 9550' in the lateral.	6/16/2010
MSANDERS	MUD PROGRAM: 0-950' Fresh Water; 950'-4300' Brine Water; 4300'-9073' Cut Brine; 9073'-11145' Cut Brine (lateral).	6/16/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipples up on 13 3/8" and 9 5/8" casing.	6/16/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-950 454 psi; 950-4300 2281 psi; 4300-9550 4519 psi.	6/16/2010
MSANDERS	C-144 for a Closed Loop System and Drilling Planner to follow by mail.	6/16/2010
DMULL	Rejecting intent to drill. Sending back to operator for corrections.	6/17/2010



# Permit Conditions of Approval

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** ANDELE BQE STATE #001H

**API:** 30-025-39802

OCD Reviewer	Condition
pkautz	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