State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

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

YATES PETRO	or Name and Address LEUM CORPORATION	2. OGRID Number 25575
2000 2000	5 S 4TH ST SIA , NM 88210	3. API Number 30-025-39802
4. Property Code 38207	5. Property Name ANDELE BQE STATE	6. Weti No. 001H

7. Surface Location

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

8. Pool Information

RED HILLS:BONE SPRING	THE RESERVE OF THE PARTY OF THE	51020

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3354	
14. Multiple 15. Proposed Depth N 11145		16. Formation Bone Spring			
Depth to Ground	water	Distance from nearest fr	esh water well	Distance to nearest surface water	
Pit: Liner: Synthetic Closed Loop Syste	mils thick	Clay Pit Volume:	bbls Drilling Method: Fresh Water X Brine	Diesel/Oil-based Gas/Air	

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	950	760	0
Int1	12.25	9.625	40	4300	1425	0
Prod	7.875	5.5	17	11145	1850	3800

Casing/Cement Program: Additional Comments

H2S is not anticipated for this well.

Proposed Blowout Prevention Program

		8	
Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

of my knowledge and belief.	ation given above is true and complete to the best lling pit will be constructed according to	OIL CONSERVATION DIVISION		
	neral permit , or an (attached) alternative	Approved By: Paul Kautz		
Printed Name: Electronic	ally 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 Atta	ched	

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

Form C-102 Permit 116012

Energy, Minerals and Natural Resources Oil Conservation Division

1220 S. St Francis Dr. Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-39802	2. Pool Code 3. Pool Name 51020 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		

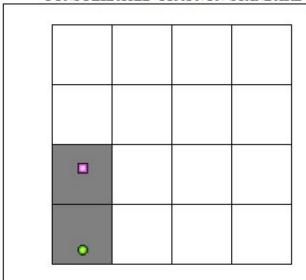
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	16	25S	34E	1.	330	S	660	W	LEA

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
L	16	25S	34E	L	2130	S	660	W	LEA
2.50	cated Acres	13. J	oint 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



OPERATOR CERTIFICATION

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.

E-Signed By: Monti Sanders

Title:

Date: 6/17/2010

SURVEYOR CERTIFICATION

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.

Surveyed By: Gary Jones Date of Survey: 6/5/2010 Certificate Number: 7977

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 nippled 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