

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: 12/30/2010	Expiration Date: 12/30/2012
Email Address: montis@yatespetroleum.com			
Date: 12/27/2010	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 124913

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-40001	2. Pool Code 96403	3. Pool Name WILDCAT;BONE SPRING
4. Property Code 38431	5. Property Name ZAPATA BQZ STATE COM	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3256

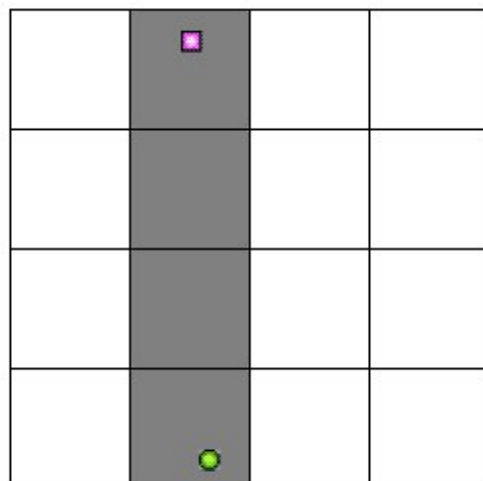
**10. Surface Location**

UL - Lot N	Section 2	Township 26S	Range 32E	Lot Idn	Feet From 330	N/S Line S	Feet From 2180	E/W Line W	County LEA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot C	Section 2	Township 26S	Range 32E	Lot Idn C	Feet From 330	N/S Line N	Feet From 1980	E/W Line W	County LEA
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**



**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: 12/27/2010

**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: 12/12/2010

Certificate Number: 7977



# Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: ZAPATA BQZ STATE COM #001H

API: 30-025-40001

Created By	Comment	Comment Date
MSANDERS	Well will be drilled vertically to 9373'. Well will then be kicked off at 9373' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 10200 MD (9850' TVD). If hole conditions dictate, 7" casing will be set. A 6 1/8" hole will then be drilled to 14269' MD (9850' TVD) where 4 1/2" casing will be set and cemented.	12/22/2010
MSANDERS	If 7" is not set, then hole size will be reduced to 8 1/2" and drilled to 14269' MD (9850' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 807' FSL & 2159' FWL, 2-26S-32E. Deepest TVD in the well is 9850' in the lateral.	12/22/2010
MSANDERS	PRODUCTION CEMENT: Stage 1 from 8900'-14269' cement w/1150 sx Pecos Valley Lite (yld 1.83 wt 13) TOC=8900'. Stage 2 from 7000'-8900' cement w/700 sx Pecos Valley Lite (yld 1.41 wt 13) TOC=7000'. Stage 3 from 4250'-7000' lead w/500 sx Lite Crete (yld 2.66 wt 9.9), tail in w/100sx Pecos Valley Lite (yld 1.34 wt 14.8) TOC=4250'.	12/27/2010
MSANDERS	MUD PROGRAM: 0-750' Fresh Water; 750'-4750' Brine Water; 4750'-9373 Cut Brine; 9373'-14269' Cut Brine (lateral).	12/27/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipples up on 13 3/8" and 9 5/8" casing.	12/27/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-750 359 psi; 750-4750 2519 psi; 4750-9850 4712 psi; Depths are TVD.	12/27/2010
MSANDERS	C-144 for Closed Loop System, Contingency Casing Design and Drilling Plan to follow by mail.	12/27/2010
pkautz	Land S/S	12/28/2010

# Permit Conditions of Approval

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** ZAPATA BQZ STATE COM #001H

**API:** 30-025-40001

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