### State of New Mexico

Form C-101 Permit 124913

## 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 PETR	stor Name and Address DLEUM CORPORATION	OGRID Number     25575		
2000	05 S 4TH ST ESIA , NM 88210	3. API Number 30-025-40001		
4. Property Code 38431	5. Property Name ZAPATA BQZ STATE COM	6. Wett No. 001H		

#### 7. Surface Location

UL - Lo	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	2	26S	32E	N	330	S	2180	W	LEA

#### 8. Pool Information

WILDCAT;BONE SPRING 96403

#### Additional Well Information

9. Work Type New Well	10. Wett Ty OIL	ype	11. Cable/Rotary	12. Lesse Type State	13. Ground Level Elevation 3256	
14. Multiple N			16. Formation Bone Spring	18. Spud Date 1/15/2011		
Depth to Ground	water		Distance from nearest fr	esh water well	Distance to nearest surface water	
Pit: Liner: Synthetic Closed Loop Syste		ils 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	750	600	
Int1	12.25	9.625	40	4750	1550	
Prod	7.875	5.5	17	14269	2450	4250

#### 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.	given above is true and complete to the best pit will be constructed according to	OIL CONSERVATION DIVISION			
	permit , or an (attached) alternative	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@yate	spetroleum.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 I

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 124913

# 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	2. Pool Code	3.	Pool Name	
30-025-40001	96403	WILDCAT	F;BONE SPRING	
4. Property Code	5. Property N	lame	6. Well No.	
38431	ZAPATA BQZ ST	ATE COM	001H	
7. OGRID No.	8. Operator Name		9. Elevation	
25575	YATES PETROLEUM CORPORATION 3256			

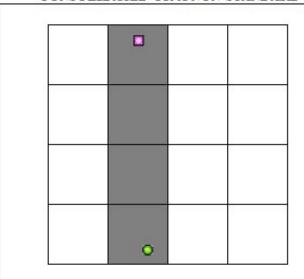
#### 10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	2	26S	32E	1.4.	330	S	2180	W	LEA

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

UL - Lot	Section 2	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C		26S	32E	C	330	N	1980	W	LEA
V	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: 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' oement w/1150 sx Pecos Valley Lite (yld 1.83 wt 13) TOC=8900'. Stage 2 from 7000'-8900' oement 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 nippled 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, Contigency 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