

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 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-101
August 1, 2011
Permit 138903

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 30-025-40314
4. Property Code 35240	5. Property Name YARROW BHY STATE	6. Well No. 003H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	32	23S	33E	B	330	N	2280	E	LEA

8. Pool Information

BRINNINSTOOL;DELAWARE	96193
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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 3668
14. Multiple N	15. Proposed Depth 13470	16. Formation Brushy Canyon	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

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	700	550	0
Int1	12.25	9.625	36	5150	1650	0
Prod	8.75	5.5	17	13470	1295	6000
Prod	8.75	5.5	17	6000	450	4650

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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: Paul Kautz
Title:	Title: Geologist
Email Address: montis@yatespetroleum.com	Approved Date: 10/24/2011 Expiration Date: 10/24/2013
Date: 10/19/2011 Phone: 575-748-4244	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 138903

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40314	2. Pool Code 96193	3. Pool Name BRINNINSTOOL;DELAWARE
4. Property Code 35240	5. Property Name YARROW BHY STATE	6. Well No. 003H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3668

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	32	23S	33E		330	N	2280	E	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
O	32	23S	33E	O	330	S	1980	E	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

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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: YARROW BHY STATE #003H

API: 30-025-40314

Created By	Comment	Comment Date
clif	Pressure Control Equipment: 3000 psi system will be nipped up and tested on 9 5/8" casing. Maximum Anticipated BHP: 0'-700' 320 PSI, 700'-5200' 2700 PSI, 5200'-8900' 4300 PSI.	10/19/2011
clif	C-144 for a Closed Loop System, and Drilling Plan to follow by mail.	10/19/2011
clif	Well will be drilled vertically to 8,942'. At 8,942' well will be kicked off and directionally drilled at 12.00 degrees per 100' with a 8 3/4" hole to 13,470' MD 8,970' TVD where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 600' FNL and 2,000' FEL, Section 32 Township 23S, Range 33E. Deepest TVD in the well is 8,970' in the lateral. No Pilot Hole.	10/19/2011
pkautz	Land s/S	10/19/2011
DMULL	OCD Hobbs office has received form C-144CLEZ> OCD Permit Number P1-03826.	10/21/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: YARROW BHY STATE #003H

API: 30-025-40314

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