

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 154920

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 30-015-40731
4. Property Code 38544	5. Property Name ANTHILL AAK STATE COM	6. Well No. 004H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	2	20S	29E	P	435	S	330	E	EDDY

8. Pool Information

PARKWAY;BONE SPRING	49622
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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 3296
14. Multiple N	15. Proposed Depth 12714	16. Formation 2nd Bone Spring Sand	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	400	415	0
Int1	12.25	9.625	36	2700	905	0
Prod	8.5	5.5	17	8550	420	6400
Prod	8.75	5.5	17	7800	775	2200

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	
DoubleRam	5000	5000	

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 LORI FLORES	Approved By: Randy Dade
Title: Land Regulatory Technician	Title: District Supervisor
Email Address: lorif@yatespetroleum.com	Approved Date: 9/25/2012 Expiration Date: 9/25/2014
Date: 9/13/2012 Phone: 575-748-4448	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 154920

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40731	2. Pool Code 49622	3. Pool Name PARKWAY;BONE SPRING
4. Property Code 38544	5. Property Name ANTHILL AAK STATE COM	6. Well No. 004H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3296

10. Surface Location

UL - Lot P	Section 2	Township 20S	Range 29E	Lot Idn	Feet From 435	N/S Line S	Feet From 330	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot M	Section 2	Township 20S	Range 29E	Lot Idn M	Feet From 435	N/S Line S	Feet From 330	E/W Line W	County EDDY
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

<table border="1" style="width: 100%; height: 150px; border-collapse: collapse;"> <tr><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr style="background-color: #cccccc;"><td style="height: 40px; text-align: center; vertical-align: middle;">■</td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px; text-align: center; vertical-align: middle;">●</td></tr> </table>													■			●	<p style="text-align: center;">OPERATOR CERTIFICATION</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: LORI FLORES Title: Land Regulatory Technician Date: 9/13/2012</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</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: 8/8/2012 Certificate Number: 7977</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: ANTHILL AAK STATE COM #004H

API: 30-015-40731

Created By	Comment	Comment Date
THAHN	C-102, C-144 and horizontal drilling plans are to follow in hard copy.	9/13/2012
THAHN	H2S is not anticipated.	9/13/2012
THAHN	Samples will be taken every 30' to 2700', then every 10' from 2700' to the TD.	9/13/2012
THAHN	Maximum anticipated BHP: (Depths are TVD) 0'-400' is 191 PSI, 400'-2700' is 1432 PSI, and 2700'-8290' is 3966 PSI.	9/13/2012
THAHN	Well will be drilled vertically to 7813' and then kicked off and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 8576' MD (8290' TVD). Well will then be reduced to 8.5" hole and drilled to 12714' MD (8174' TVD) where 5.5" casing will be ran with a packer/port system in the lateral and cemented from approximately 8550' to 2200'. Penetration point of the producing zone will be encountered at 435' FSL & 821' FEL, in Section 2 of T20S-R29E. Deepest TVD in the well is 8290' in the lateral.	9/13/2012
CSHAPARD	Land s/S	9/21/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: ANTHILL AAK STATE COM #004H

API: 30-015-40731

OCD Reviewer	Condition
CSHAPARD	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