<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

State of New Mexico

Form C-101 Permit 108693

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 PETE	erator Name and Address ROLEUM CORPORATION	2. OGRID Number 25575	
	105 S 4TH ST FESIA , NM 88210	3. API Number 30-025-39660	
4. Property Code 38016	5. Property Name PRESIDENTE BPD STATE COM	6. Wett No. 001H	

7. Surface Location

8	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
	D	32	25S	32E	D	330	N	660	W	LEA

8. Pool Information

WILDCAT BONE SPRING

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3335
14. Multiple N	15. Proposed Depth 13885	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground	water	Distance from nearest fresh	water well	Distance to nearest surface water
Pit: Liner: Synthetic Closed Loop Syste	mils thic	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	1050	800	
Int1	12.25	9.625	40	4300	1425	
Prod	8.75	5.5	17	13885	2700	3900

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	

I hereby certify that the information given above is true an of my knowledge and belief. I further certify that the drilling pit will be constructe	OIL CONSERVATION DIVISION
NMOCD guidelines , a general permit , or an (att OCD-approved plan .	
Printed Name: Electronically filed by Monti Sar	Title: Geologist
Title:	Approved Date: 2/4/2010 Expiration Date: 2/4/2012
Email Address: montis@yatespetroleum.com	
Date: 1/29/2010 Phone: 575-74	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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-39660	55.55.55.55.55.55.55.55.55.55.55.55.55.		Pool Name T BONE SPRING	
4. Property Code 38016	5. Property Name PRESIDENTE BPD STATE COM		6. Well No. 001H	
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION		9. Elevation 3335	

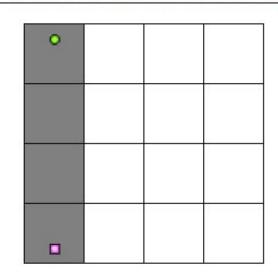
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	32	25S	32E	II. In our or or	330	N	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
M	32	25S	32E	M	330	S	660	W	LEA
200000000000000000000000000000000000000	12. Dedicated Acres 13. Joint or Infit1 160.00		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

Form C-102

Permit 108693

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: 1/29/2010

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: 1/14/2010 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575 Well: PRESIDENTE BPD STATE COM #001H

API: 30-025-39660

Created By	Comment	Comment Date			
MSANDERS	Pilot hole drilled vertically to 9700°. Well will be plugged back with a 400°-550° kick off plug, then kicked off at approx. 8993° and directionally drilled at 12 degrees per 100° with a 7 7/8° hole to 13885° MD (9470° TVD) whree 5 1/2° casing will be set and cemented.	1/29/2010			
MSANDERS	Penetration point of producing zone will be encountered at 807' FNL and 660' FWL, 32-25S- 32E. Deepest TVD in the well is 9700' in the pilot hole. Deepest TVD in the lateral will be 9470'.				
MSANDERS	MUD PROGRAM: 0-1050' Fresh Water; 1050'-4300' Brine Water; 4300'-9700' Cut Brine; 8993'-13885' Cut Brine (lateral).	1/29/2010			
MSANDERS	BOPE PROGRAM: 3000 psi system nippled up on 13 3/8" and 9 5/8" casing. MAXIMUM ANTICIPATED BHP: 0-1050' 502 psi; 1050'-4300' 2281 psi; 4300'-9700' 4640 psi. Depths are TVD.	1/29/2010			
MSANDERS	C-144 for Closed Loop System and Directional Drilling Planner to follow by mail.	1/29/2010			
DMULL	OCD Hobbs has received form C-144 "Pit Registration". OCD Permit Number P1-01710.	2/3/2010			

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575 Well: PRESIDENTE BPD STATE COM #001H

API: 30-025-39660

OCD Reviewer	Condition
DMULL	Will require a directional survey with the C-104