

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-38550
4. Property Code 28584	5. Property Name GRANDE MIKE AZK STATE	6. Well No. 003H

UL - Lot D	Section 2	Township 16S	Range 29E	Lot Idn 5	Feet From 3050	N/S Line N	Feet From 200	E/W Line W	County EDDY
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WC:COUNTY LINE TANK:WOLFCAMP (O)	97712
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9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3749
14. Multiple N	15. Proposed Depth 11827	16. Formation Wolfcamp	17. Contractor	18. Spud Date 4/1/2011
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> miles thick Clay <input type="checkbox"/> Pit Volume: bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	415	
Int1	12.25	9.625	36	2600	900	
Prod	8.75	5.5	17	11827	700	2100

H2S is not anticipated for this well.

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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 128388

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-38550	2. Pool Code 97712	3. Pool Name WC;COUNTY LINE TANK;WOLFCAMP (O)
4. Property Code 28584	5. Property Name GRANDE MIKE AZK STATE	6. Well No. 003H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3749

10. Surface Location

UL - Lot D	Section 2	Township 16S	Range 29E	Lot Idn 12	Feet From 3050	N/S Line N	Feet From 200	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

11. Bottom Hole Location If Different From Surface									
UL - Lot A	Section 2	Township 16S	Range 29E	Lot Idn 9	Feet From 3550	N/S Line N	Feet From 330	E/W Line E	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

	<p 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: Monti Sanders Title: Date: 3/8/2011</p>
	<p 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: 11/10/2010 Certificate Number: 7977</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: GRANDE MIKE AZK STATE #003H

API: 30-015-38550

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-400' Fresh Water; 400'-2600' Brine Water; 2600'-5900' Cut Brine; 5900'-7450' Cut Brine; 6760'-11827' Cut Brine (Lateral).	3/8/2011
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipped up and tested on 13 3/8" and 9 5/8" casing. MAXIMUM ANTICIPATED BHP: 0-400' 190 psi; 400'-2600' 1010 psi; 2600'-7450' 3565 psi. Depths are TVD.	3/8/2011
MSANDERS	Pilot hole drilled to 7450'. Well will then be plugged back with a 500' kick off plug and kicked off at approx. 6760' and directionally drilled at 12 degrees per 100' with a 8 1/2" hole to 11827' MD (7310' TVD), where 5 1/2" casing with packer port completion system will be set and cemented utilizing a Halliburton FO tool, once drilling rig moves out.	3/8/2011
MSANDERS	Bottom of cement for production casing will be 660' and top of cement will be 2100'. Penetration point for producing zone will be encountered at 3098' FNL and 667' FWL, 2-16S-29E. Deepest TVD in the well is 7450' in the pilot hole. Deepest TVD in the lateral is 7310'.	3/8/2011
MSANDERS	C-144 for a Closed Loop System and Directional Drilling Plan to follow by mail.	3/8/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: GRANDE MIKE AZK STATE #003H

API: 30-015-38550

OCD Reviewer	Condition
Artesia	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