

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101  
Revised December 16, 2011

Energy Minerals and Natural Resources

Oil Conservation Division

Permit

1220 South St. Francis Dr.

Santa Fe, NM 87505

**HOBBS OCD**  
**NOV 30 2012**

**RECEIVED**

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210		<sup>2</sup> OGRID Number 025575
<sup>4</sup> Property Code 35240		<sup>3</sup> Property Name Yarrow BHY State
		<sup>5</sup> API Number 30-025-40878
		<sup>6</sup> Well No 2

**7 Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	32	23S	33E		2310	North	330	East	Lea

**8 Pool Information**

Triple X; Bone Spring	59900
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**Additional Well Information**

<sup>9</sup> Work Type N	<sup>10</sup> Well Type Oil	<sup>11</sup> Cable/Rotary	<sup>12</sup> Lease Type S	<sup>13</sup> Ground Level Elevation 3670'
<sup>14</sup> Multiple N	<sup>15</sup> Proposed Depth 9140'	<sup>16</sup> Formation Bone Spring	<sup>17</sup> Contractor	<sup>18</sup> Spud Date ASAP
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 Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5"	13.375"	48#	700'	700	0
Intl	11"	8.625"	32#	5150'	1250	0
Prod	7.875"	5.5"	17#	9140'	1700	0

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill/test the Bone Spring and intermediate formations. Approximately 700' of surface casing will be set/cement circulated. Intermediate casing will be set at 5150', cement circulated to surface. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production.  
MUD PROGRAM: 0-700' FW/Spud Mud; 700'-1270' Fresh Water; 1270'-5150' Brine; 5150'-9000' FW/ Cut Brine; 9000'-TD Cut Brine.  
H2S is not anticipated.  
C-144 Attached.  
C-102 Attached.  
Previously Approved.

**Permit Expires 2 Years From Approval Date Unless Drilling Underway**

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	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 , a general permit , or an (attached) alternative OCD-approved plan .

Signature: *Lori Flores*  
Printed name: Lori Flores  
Title: Land Regulatory Technician  
E-mail Address: lorif@yatespetroleum.com  
Date: 11/27/2012 Phone: 575-748-4448

<b>OIL CONSERVATION DIVISION</b>	
Approved By: <i>[Signature]</i>	
Title: <b>Petroleum Engineer</b>	
Approved Date: <b>DEC 11 2012</b>	Expiration Date:
Conditions of Approval Attached	

DISTRICT I  
1888 N. French Dr., Hobbs, NM 88240

DISTRICT II  
811 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brava Rd., Artesia, NM 87410

DISTRICT IV  
2940 South Pacheco, Santa Fe, NM 87506

HOBBS OGD

NOV 30 2012

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form L-106  
Revised March 17, 1989  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

RECEIVED WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-40878	Pool Code 59900	Pool Name Triple X; Bone Spring
Property Code 35240	Property Name YARROW "BHY" STATE	Well Number 2
OCED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3670

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	32	23S	33E		2310	NORTH	330	EAST	LEA

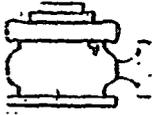
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40 SENE	Joint or Infill	Consolidation Code	Order No.
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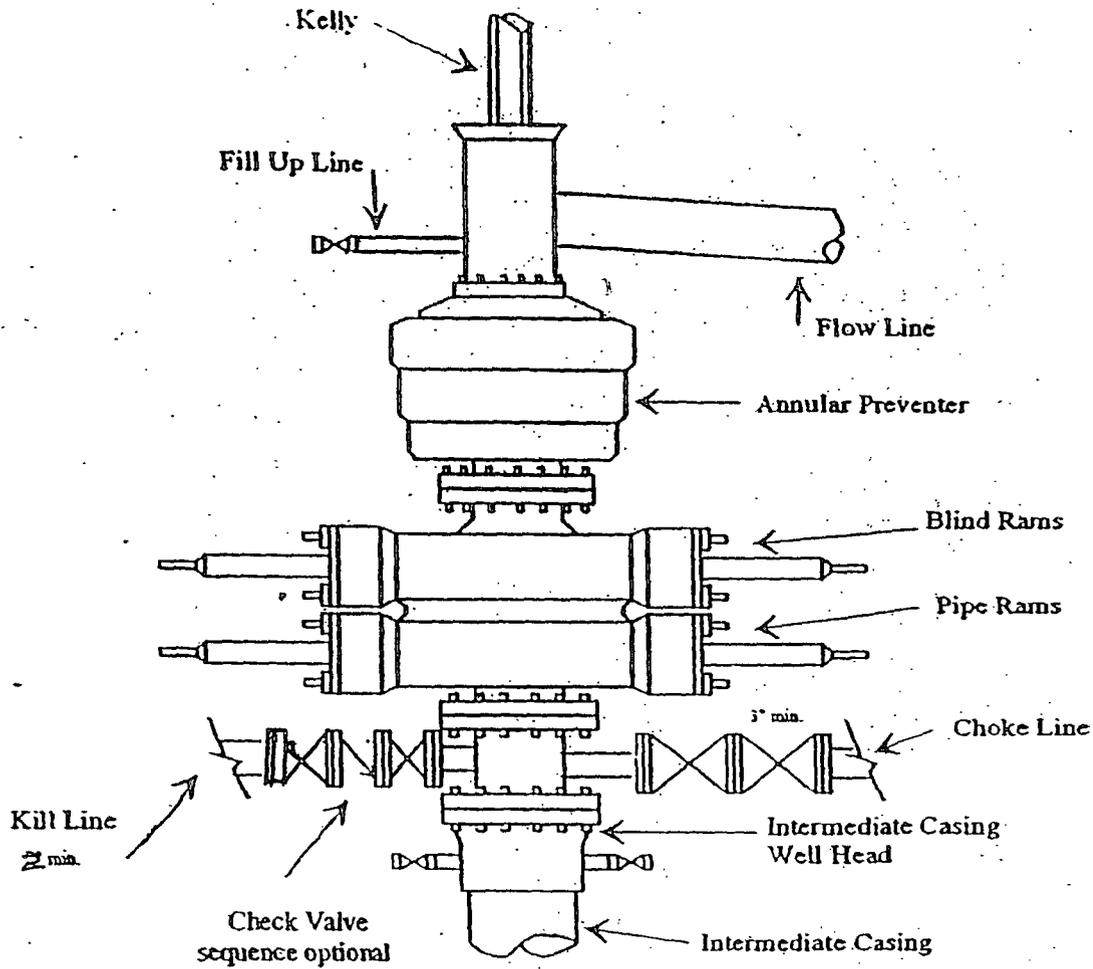
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Clyde R. May</i> Signature</p> <p>Printed Name</p> <p>Title</p> <p>Date</p>	
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>11/08/2005 Date Surveyed</p> <p><i>HERSCHEL JONES</i> Signature of Registered Professional Surveyor</p> <p><b>HERSCHEL JONES</b> REGISTERED PROFESSIONAL SURVEYOR NEW MEXICO 3640</p> <p>Certifying for Herschel Jones RLS 3640 YARROW 2 GENERAL SURVEYING COMPANY</p>	
	<p>0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'</p>	
	<p>0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'</p>	



Yates Petroleum Corporation  
Typical 3,000 psi Pressure System  
Schematic  
Annular with Double Ram Preventer Stack

BOP-3



Typical 3,000 psi choke manifold assembly with at least these minimum features

