

**State of New Mexico**  
**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**

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-36315
4. Property Code 37157	5. Property Name TOMBSTONE BMB STATE	6. Well No. 001

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	12	25S	29E	D	660	N	330	W	EDDY

**8. Pool Information**

PIERCE CROSSING, BONE SPRING, EAST	96473
------------------------------------	-------

**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3085
14. Multiple N	15. Proposed Depth 9200	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground water 50		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input type="checkbox"/> mils thick    Clay <input checked="" type="checkbox"/> Pit Volume: 24000    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"/>				

**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	600	625	
Int1	11	8.625	32	3150	875	
Prod	7.875	5.5	17	9200	1275	2650

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposed to drill and test the Delaware and intermediate formations. Approximately 600' of surface casing will be set and cement circulated to surface. Yates will run intermediate casing to approximately 3150' and cement circulated to surface. If commercial, production casing will be ran to TD and cemented in two stages with the top of cement being approximately 2650'.

**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 checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Monti Sanders Title: Email Address: montis@ypcnn.com Date: 5/7/2008      Phone: 575-748-4244	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Tim Gum	
	Title: District Supervisor	
	Approved Date: 5/12/2008	Expiration Date: 5/12/2010

**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 74592

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-36315	2. Pool Code 96473	3. Pool Name PIERCE CROSSING; BONE SPRING, EAST
4. Property Code 37157	5. Property Name TOMBSTONE BMB STATE	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3085

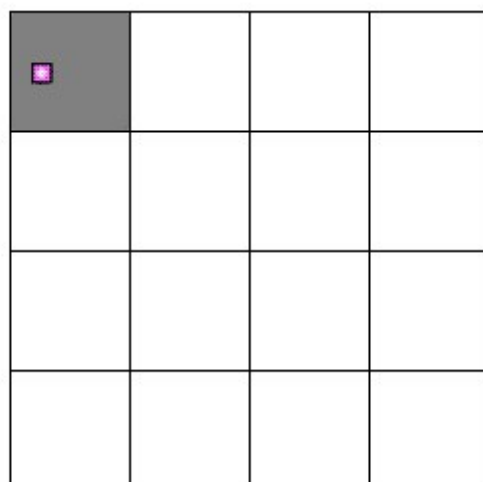
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	12	25S	29E		660	N	330	W	EDDY

**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
12. Dedicated Acres 40.00		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**



**OPERATOR CERTIFICATION**

*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: 5/7/2008

**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 L. Jones

Date of Survey: 5/5/2008

Certificate Number: 7977

## Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: TOMBSTONE BMB STATE #001

API: 30-015-36315

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-600' with Fresh Water; 600'-3150' with Brine Water; 3150'-9200' with Fresh Water.	5/7/2008
MSANDERS	BOPE PROGRAM: A 3000# system will be nipped up on the 8 5/8" casing and tested daily for operational.	5/7/2008
MSANDERS	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the Surface to the Bone Spring formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	5/7/2008