

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-05-64037
4. Property Code 37258	5. Property Name KRAKATOA BMK STATE	6. Well No. 001

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	36	12S	27E	M	810	S	810	W	CHAVES

WC:DEVONIAN (GAS)DO NOT USE	96061
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9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3706
14. Multiple N	15. Proposed Depth 7850	16. Formation Devonian	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls 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	12.25	8.625	24	1400	650	
Prod	7.875	5.5	17	7850	1275	

Yates Petroleum Corporation plans to drill and test the Devonian and Intermediate formations. Surface casing will be set at 1400' and cemented to surface. Should the well be determined to be commercial, production casing will be set at 7850' and cemented back to approximately 900', perforated and stimulated as needed to gain production.

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 NMOC 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 Monti Sanders		Approved By: Tim Gum	
Title:		Title: District Supervisor	
Email Address: montis@ypcnm.com		Approved Date: 7/21/2008   Expiration Date: 7/21/2010	
Date: 7/17/2008	Phone: 575-748-4244	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 78642

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-05-64037	2. Pool Code 96061	3. Pool Name WC DEVONIAN (GAS) DO NOT USE
4. Property Code 37258	5. Property Name KRAKATOA BMK STATE	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3706

**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	36	12S	27E		810	S	810	W	CHAVES

**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**

	<p align="center"><b>OPERATOR CERTIFICATION</b></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: 7/17/2008</p>		
	<p align="center"><b>SURVEYOR CERTIFICATION</b></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: Ronald Edison          Date of Survey: 7/3/2008          Certificate Number: 3239</p>		

## Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: KRAKATOA BMK STATE #001

API: 30-05-64037

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-1400' with Fresh Water Gel; 1400' to 4800' with Cut Brine; 4800'-7850' with Starch/Salt Gel/4.6%KCL.	7/14/2008
MSANDERS	BOP PROGRAM: 3000 psi system will be nipped up on the 8 5/8" casing and tested.	7/14/2008
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 Devonian formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	7/14/2008
MSANDERS	C-144 will be faxed and hard copy to follow by mail.	7/14/2008

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: KRAKATOA BMK STATE #001

API: 30-05-64037

OCD Reviewer	Condition
kmwilson	NOTE: NEW P IT RULE 19.15.17 NMAC PART 17 A form C-144 must be approved before drilling operations.