State of New Mexico

Form C-101 Permit 107136

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-EN	TER, DEEPEN, PLUGBACK, OR ADD A ZONE
--	--------------------------------------

YATES PETR	stor Name and Address DLEUM CORPORATION	2. OGRID Number 25575		
105 S 4TH ST		3. API Number		
ARTESIA , NM 88210		30-015-37495		
4. Property Code	5. Property Name	6. Well No.		
37990	TORPEDO "BOW" ST. COM.	01 H		

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	11	25S	27E	P	660	S	330	W	EDDY

8. Pool Information

WILDCAT 0

Additional Well Information

9. Work Type New Well				11. Cable/Rotary 12. Lease Ty State			13. Ground Level Elevation 3170
14. Multiple N	iple 15. Proposed Depth 11395		16. Formation 1st Bone Spring Sand		17. Contractor	18. Spud Date	
Depth to Ground	water		D	istance from nearest	fresh water we	ett .	Distance to nearest surface water
Pit: Liner: Synthetic Closed Loop System	m 「	mils thick	Clay	Pit Volume:		Orilling 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	400	425	0
Int1	12.25	9.625	36	2400	825	0
Prod	8.75	5.5	17	11395	2075	1900

Casing/Cement Program: Additional Comments

H2S is not anticipated.

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	OIL CONSERVATION DIVISION Approved By: Jacqueta Reeves			
NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .				
Printed Name: Electronically filed by Monti Sanders	Title: District Geologist			
Title:	Approved Date: 1/14/2010	Expiration Date: 1/14/2012		
Email Address: montis@yatespetroleum.com				
Date: 12/29/2009 Phone: 575-748-4244				

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

District I

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 30-015-37495	2. Pool Code	3. Pool Name WILDCAT					
4. Property Code 37990	5. Property Name TORPEDO "BOW" ST. (6. Well No. COM. 01 H					
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORP	9. Elevation ORATION 3170					

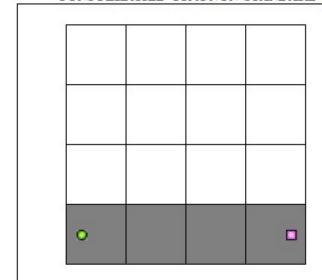
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	11	25S	27E	1.4	660	S	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
P	11	25S	27E	P	660	S	330	E	EDDY
7.1.11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	cated Acres	13. J	oint 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

Form C-102

Permit 107136

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: 12/29/2009

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: 12/10/2009 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575 Well: TORPEDO "BOW" ST. COM. #01 H

API: 30-015-37495

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-400' Fresh Water; 400'-2400' Brine Water; 2400'-8500' Cut Brine; 6503'- 11393' Cut Brine (lateral).	12/29/2009
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nippled up on 13 3/8" casing. MAXIMUM ANTICIPATED BHP: 0-400 191 psi; 400-2400 1248 psi; 2400-8500 4199 psi. Depths are TVD.	12/29/2009
MSANDERS	Pilot hole drilled vertically to 8500°. Well will be plugged back with 180° plug on bottom and 400°-500° kick off plug at approximately 6503° and directionally drilled at 12 degrees per 100° with an 8 3/4" hole to 7253' MD (6980° TVD).	12/29/2009
MSANDERS	If hole conditions dictate, 7" casing will be set. A 6 1/8" hole will then be drilled to 11395' MD(6980' TVD) where 4 1/2" casing will be set and cemented. If 7" is not set, then hole size will be reduced to 7 7/8" and drilled to 11395' MD (6980' TVD) where 5 1/2" casing will be set and cemented.	12/29/2009
MSANDERS	Penetration point of porducing zone will be encountered at 660' FSL and 808' FWL, 11-25S- 27E. Deepest TVD in the well is 8500' in the pilot hole. Deepest TVD in the lateral will be 6980'.	12/29/2009
MSANDERS	C-144, Casing Design Plan and Directional Drilling Plan to follow by mail.	12/29/2009