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
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YATES PETRO	tor Name and Address DLEUM CORPORATION	OGRID Number 25575	
105 S 4TH ST		3. API Number	
ARTESIA , NM 88210		30-015-37550	
4. Property Code	5. Property Name	6. Wett No.	
38014	SPANIEL BPB STATE COM	001H	

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	16	26S	25E	P	1250	S	200	E	EDDY

8. Pool Information

Avalon Shale 0

Additional Well Information

9. Work Type New Well			11. Cable/Rotary	13. Ground Level Elevation 3667	
14. Multiple N	15. Proposed : 9432	300000	16. Formation Bone Spring	17. Contractor	18. Spud Date 2/1/2010
Depth to Ground	water	I	Distance from nearest fre	sh water well	Distance to nearest surface water
Pit: Liner: Synthetic Closed Loop Syste		s thick Clay	Pit Volume:	bbls Drilling 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	14.75	11.75	42	350	450	0
Int1	11	8.625	32	1400	550	0
Prod	7.875	5.5	17	9432	2100	1900

Casing/Cement Program: Additional Comments

H2S is not anticipated for this well.

Proposed Blowout Prevention Program

		8	
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: 2/3/2010	Expiration Date: 2/3/2012			
Email Address: montis@yatespetroleum.com	[]				
Date: 1/14/2010 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

Form C-102 Permit 107968

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 30-015-37550	2. Pool Code	Pool Name Avalon Shale		
4. Property Code	5. Property Na		6. Well No.	
38014	SPANIEL BPB STA		001H	
7. OGRID No.	8. Operator Na		9. Elevation	
25575	YATES PETROLEUM C		3667	

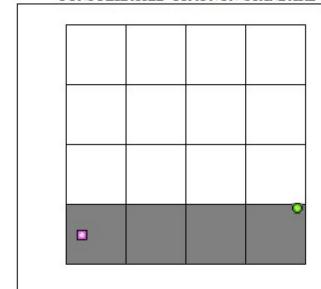
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	16	26S	25E	In the second of	1250	S	200	E	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
	16	26S	25E	M	660	S	330	W	EDDY
7	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

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: 1/14/2010

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: 1/9/2010 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575 Well: SPANIEL BPB STATE COM #001H

API: 30-015-37550

Created By	Comment	Comment Date
MSANDERS	Pilot hole drilled vertically to 7000". Well will be plugged back with a 400"-500" kick off plug, then kicked off at approximately 4373" and directionally drilled at 12 degrees per 100" with a 7 7/8" hole to 9432" MD (4850" TVD) where 5 1/2" casing will be set and cemented.	1/14/2010
MSANDERS	Penetration point of producing zone will be encountered at 1191' FSL and 674' FEL, 16- 26S-25E. Deepest TVD in the well is 7000' in the pilot hole. Deepest TVD in the lateral will be 4850'.	1/14/2010
MSANDERS	MUD PROGRAM: 0-350' Fresh Water; 350'-1400' Brine Water; 1400'-7000' Cut Brine (to TD of pilot hole); 4373'-9432' Cut Brine (lateral).	1/14/2010
MSANDERS	BOPE PROGRAM: 3000 psi system nippled up on 11 3/4" and 8 5/8" casing. MAXIMUM ANTICIPATED BHP: 0-350' 158 psi; 350'-1400' 743 psi; 1400'-7000' 3385 psi. Depths are TVD.	1/14/2010
MSANDERS	C-144 for Closed Loop System, Casing Design and Directional Drilling Plan to follow by mail.	1/14/2010