State of New Mexico

Form C-101 Permit 111205

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

YATES PETRO	tor Name and Address DLEUM CORPORATION	OGRID Number 25575	
105 S 4TH ST		3. API Number	
ARTESIA , NM 88210		30-025-39716	
4. Property Code	5. Property Name	6. Wett No.	
38003	RED RAIDER BKS STATE	002H	

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
В	25	24S	33E	В	330	N	2180	E	LEA

8. Pool Information

RED HILLS;BONE SPRING, NORTH 96434

Additional Well Information

9. Work Type	10. Well Type	Γype 11. Cable/Rotary 12. Lease Type State		13. Ground Level Elevation		
New Well	OIL			3566		
14. Multiple	15. Proposed Depth	16. Formation	17. Contractor	18. Spud Date		
N	13815	Bone Spring		3/31/2010		
Depth to Ground	water	Distance from nearest fre	ish water well	Distance to nearest surface water		
Pit: Liner: Synthetic Closed Loop Syste	mils 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	17.5	13.375	48	1200	900	0
Int1	12.25	9.625	40	4300	1425	0
Prod	7.875	5.5	17	13815	2350	3800

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 b of my knowledge and belief. I further certify that the drilling pit will be constructed according to	OIL CONSERVATION DIVISION				
NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .	Approved By: Paul Kautz				
Printed Name: Electronically filed by Monti Sanders	Title: Geologist				
Title:	Approved Date: 3/23/2010 Expiration Date: 3/23/2012				
Email Address: montis@yatespetroleum.com	(17)				
Date: 3/19/2010 Phone: 575-748-4244					

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

Permit 111205

Form C-102

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

**	LDD DO CHILLON IN D HO	W. TOL DEDICHTION	
1. API Number	2. Pool Code	3.	Pool Name
30-025-39716	96434	RED HILLS;BC	NE SPRING, NORTH
4. Property Code	5. Propert	ty Name	6. Well No.
38003	RED RAIDER BKS STATE		002H
7. OGRID No.	8. Operati	or Name	9. Elevation
25575	YATES PETROLEUN	M CORPORATION	3566

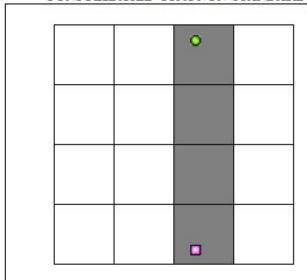
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
В	25	24S	33E	In the second of	330	N	2180	E	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section 25	Township 24S	Range 33E	Lot Idn	Feet From 330	N/S Line	Feet From 2180	E/W Line F	County
2.5.20	cated Acres	200	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: 3/19/2010

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: 3/18/2010 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575 Well: RED RAIDER BKS STATE #002H

API: 30-025-39716

Created By	Comment	Comment Date
MSANDERS	Drill vertically to 8923'. Well will then be kicked off at 8923' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 9673' MD (9400' TVD). Hole size will then be reduced to 7 7/8" and drilled to 13815' MD (9400 TVD)where 5 1/2" casing will be sent and cemented.	3/19/2010
MSANDERS	Penetration point of producing zone will be encountered at 807' FNL and 2180' FEL, 25- 24S-33E. Deepest TVD in the well is 9400' in the lateral.	3/19/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-1200 574 psi; 1200-4300 2281 psi; 4300-9400 4399 psi.	3/19/2010
MSANDERS	MUD PROGRAM: 0-1000' Fresh Water; 1000'-4300' Brine Water; 4300'-8923' Cut Brine; 8923'-13815' Cut Brine (lateral).	3/19/2010
MSANDERS	C-144 for Closed Loop System and Directional Drilling Planner to follow by mail.	3/19/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi nippled up on 13 3/8" and 9 5/8" casing.	3/19/2010
DMULL	OCD Hobbs has received form C-144 "Pit Registration". OCD Permit Number P1-01879.	3/23/2010