State of New Mexico

Form C-101 Permit 113667

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
THE LECTION OF COL	I LILITIE I O DITTLE	. I'LL LIVILLIA		I LUCUDITUE.	OIL LIDD II DOLL

YATES PETRO	tor Name and Address DLEUM CORPORATION	2. OGRID Number 25575	
2000	05 S 4TH ST ESIA , NM 88210	3. API Number 30-015-37849	
4. Property Code 38165	5. Property Name HERRADURA BQB STATE	6. Well No. 001H	

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
В	4	24S	25E	2	510	N	1930	E	EDDY

8. Pool Information

WILDCAT; GROUP 1	96032
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Additional Well Information

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9. Work Type New Well	10. Wett Ty OIL	ype	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3734	
14. Multiple N	15. Proposed 9455	1305 1000	16. Formation Bone Spring	17. Contractor	18. Spud Date 6/1/2010	
Depth to Ground	water	1	Distance from nearest fr	esh water well	Distance to nearest surface water	
Pit: Liner: Synthetic Closed Loop Syste		ls 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	450	475	0
Int1	12.25	9.625	36	2550	875	0
Prod	8.75	5.5	17	9455	1920	2050

Casing/Cement Program: Additional Comments

H2S is not anticipated for this well.

Proposed Blowout Prevention Program

0 27			602
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				
NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .	Approved By: Randy Dade				
Printed Name: Electronically filed by Monti Sanders	Title: District Supervisor				
Title:	Approved Date: 5/27/2010	Expiration Date: 5/27/2012			
Email Address: montis@yatespetroleum.com	[17]				
Date: 5/14/2010 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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	2. Pool Code	3.	Poot Name
30-015-37849	96032	WILDCAT; GROUP 1	
4. Property Code	5. Property N	ame	6. Well No.
38165	HERRADURA BO	B STATE	001H
7. OGRID No.	8. Operator N	ame	9. Elevation
25575	YATES PETROLEUM O	ORPORATION	3734

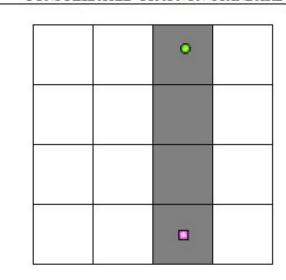
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
В	4	24S	25E	In the second of	510	N	1930	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
O	4	24S	25E	O	660	S	1980	E	EDDY
	cated Acres 0.65	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 113667

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: 5/14/2010

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: 5/8/2010 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575 Well: HERRADURA BQB STATE #001H API: 30-015-37849

Created By	Comment	Comment Date
MSANDERS	Pilot hole drilled vertically to 6200°. Well will be plugged back with 400°-500° kick off plug at approx. 5073° and directionally drilled at 12 degrees per 100° with a 8 3/4" hole to 5823° MD (5550° TVD). If hole conditions dictate, 7" casing will be set.	5/14/2010
MSANDERS	A 6 1/8" hole will then be drilled to 9455' MD (5550' TVD)where 4 1/2" casing will be set and oemented. If 7" is not set, then hole size will be reduced to 7 7/8" and drilled to 9455' MD (5550' TVD) where 5 1/2" casing will be set and oemented.	5/14/2010
MSANDERS	Penetration point of producing zone will be encountered at 987' FNL and 1936' FEL, 4-24S-25E. Deepest TVD in the well is 6200' in the pilot hole. Deepest TVD in the lateral will be 5550'.	5/14/2010
MSANDERS	MUD PROGRAM: 0-450' Fresh Water; 450'-2550' Brine Water; 2550'-8200' Cut Brine (to TD of pilot hole); 5073'-9455' Cut Brine (lateral)	5/14/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system will be nippled up on 13 3/8" and 9 5/8" casing.	5/14/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-450 206 psi; 450-2550 1246 psi; 2550-6200 3031 psi.	5/14/2010
MSANDERS	C-144 for a Closed Loop System, Contigency Casing Design Plan and Drilling Plan to follow by mail.	5/14/2010