

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-37933
4. Property Code 38203	5. Property Name HERRADURA UNIT	6. Well No. 002H

UL - Lot P	Section 2	Township 24S	Range 25E	Lot Idn P	Feet From 330	N/S Line S	Feet From 330	E/W Line E	County EDDY
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SAN LORENZO:BONE SPRING, NORTH	53610
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9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4039
14. Multiple N	15. Proposed Depth 10478	16. Formation 1st Bone Spring Sand	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"/> mills 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	17.5	13.375	40	550	575	0
Int1	12.25	9.625	36	2800	975	0
Prod	7.875	5.5	17	10478	2050	2050

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Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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 115054

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-37933	2. Pool Code 53610	3. Pool Name SAN LORENZO;BONE SPRING, NORTH
4. Property Code 38203	5. Property Name HERRADURA UNIT	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4039

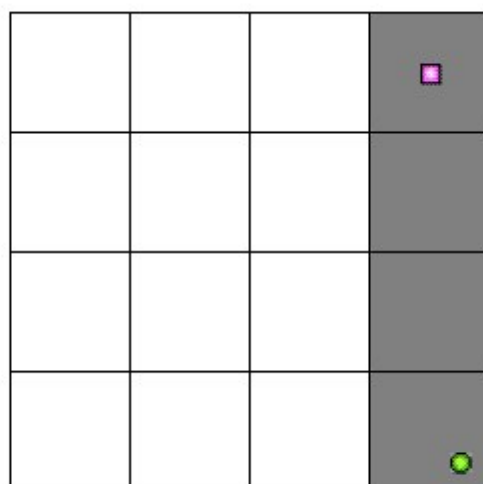
**10. Surface Location**

UL - Lot P	Section 2	Township 24S	Range 25E	Lot Idn	Feet From 330	N/S Line S	Feet From 330	E/W Line E	County EDDY
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**11. Bottom Hole Location If Different From Surface**

UL - Lot A	Section 2	Township 24S	Range 25E	Lot Idn 1	Feet From 660	N/S Line N	Feet From 660	E/W Line E	County EDDY
12. Dedicated Acres 160.35		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**



**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: 6/4/2010

**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: 5/28/2010

Certificate Number: 7977

# Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HERRADURA UNIT #002H

API: 30-015-37933

Created By	Comment	Comment Date
MSANDERS	H2S is possible for this well, H2S Contingency Plan to follow by mail.	6/4/2010
MSANDERS	MUD PROGRAM: 0-550' Fresh Water; 550'-2800' Brine Water; 2800'-6700' Cut Brine (to TD of pilot hole); 5903'-10478' Cut Brine (lateral).	6/4/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000# psi system nipples up on 13 3/8" and 9 5/8" casing.	6/4/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-550 252 psi; 550-2800 1369 psi; 2800-6700 3240 psi. Depths are TVD.	6/4/2010
MSANDERS	Pilot hole drilled vertically to 6700'. Well will be plugged back with 400'-500' kick off plug at approx. 5903' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 6700' MD (6380' TVD). If hole conditions dictate, 7" casing will be set.	6/4/2010
MSANDERS	A 6 1/8" hole will then be drilled to 10,478' MD (6380' 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 10,478' MD (6380' TVD) where 5 1/2" casing will be set and cemented.	6/4/2010
MSANDERS	Penetration point of producing zone will be encountered at 807' FSL and 367' FEL, 2-24S-25E. Deepest TVD in the well is 6700' in the pilot hole. Deepest TVD in the lateral will be 6380'.	6/4/2010
MSANDERS	C-144 for a closed loop system, Contingency Casing Design and Drilling Plan to follow by mail.	6/4/2010



# Permit Conditions of Approval

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** HERRADURA UNIT #002H

**API:** 30-015-37933

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string