

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

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA, NM 88210		2. OGRID Number 25575
		3. API Number 30-015-37941
4. Property Code 38215	5. Property Name LECHUZA BQC STATE	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	36	26S	28E	A	535	N	330	E	EDDY

8. Pool Information

WILDCAT; BONE SPRING	96403
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 2950
14. Multiple N	15. Proposed Depth 7500	16. Formation Bone Spring	17. Contractor	18. Spud Date 6/25/2010
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> miles 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"/>				

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	400	0
Int1	12.25	9.625	36	2050	750	0
Prod	8.75	5.5	17	7500	850	1550

Casing/Cement Program: Additional Comments

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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 NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Monti Sanders	Approved By: Randy Dade
Title:	Title: District Supervisor
Email Address: montis@yatespetroleum.com	Approved Date: 6/24/2010 Expiration Date: 6/24/2012
Date: 6/22/2010 Phone: 575-748-4244	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

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Form C-102
Permit 116276

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-37941	2. Pool Code 96403	3. Pool Name WILDCAT; BONE SPRING
4. Property Code 38215	5. Property Name LECHUZA BQC STATE	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 2950

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	36	26S	28E		535	N	330	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
12. Dedicated Acres 40.00		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

<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: Monti Sanders Title: Date: 6/22/2010</p>	<p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Gary Jones Date of Survey: 5/19/2010 Certificate Number: 7977</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LECHUZA BQC STATE #001

API: 30-015-37941

Created By	Comment	Comment Date
MSANDERS	State Lease VB-0679 expiring 7/1/10.	6/22/2010
MSANDERS	MUD PROGRAM: 0-400' Fresh Water; 400'-2050' Brine Water; 2050'-7500' Cut Brine.	6/22/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipples up on 13 3/8" and 9 5/8" casing.	6/22/2010
MSANDERS	C-144 for a Closed Loop System to follow by mail.	6/22/2010

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LECHUZA BQC STATE #001

API: 30-015-37941

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