

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 30-015-37942
4. Property Code 38216	5. Property Name CHAMAELEON BIN STATE COM	6. Well No. 001H

7. Surface Location

UL - Lot B	Section 25	Township 26S	Range 27E	Lot Idn B	Feet From 200	N/S Line N	Feet From 1980	E/W Line E	County EDDY
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8. Pool Information

HAY HALLOW: BONE SPRING	30215
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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 3100
14. Multiple N	15. Proposed Depth 13164	16. Formation Bone Spring	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"/>				

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	2200	775	0
Prod	8.75	5.5	17	13164	3300	5500

Casing/Cement Program: Additional Comments

H2S is not anticipated for this well.

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: 6/21/2010 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

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 116238

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-37942	2. Pool Code 30215	3. Pool Name HAY HALLOW;BONE SPRING
4. Property Code 38216	5. Property Name CHAMAELEON BIN STATE COM	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3100

10. Surface Location

UL - Lot B	Section 25	Township 26S	Range 27E	Lot Idn	Feet From 200	N/S Line N	Feet From 1980	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot G	Section 36	Township 26S	Range 27E	Lot Idn 2	Feet From 330	N/S Line S	Feet From 1980	E/W Line E	County EDDY
12. Dedicated Acres 224.07		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 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: 6/21/2010</p>
	<p 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: 5/24/2010 Certificate Number: 7977</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CHAMAELEON BIN STATE COM #001H

API: 30-015-37942

Created By	Comment	Comment Date
MSANDERS	Pilot hole drilled vertically to 7150'. Well will be plugged back with a 400'-500' kick off, then kicked off at approximately 5973' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 6800' MD (6450' TVD). If hole conditions dictate, 7" casing will be set.	6/21/2010
MSANDERS	A 6 1/8" hole will then be drilled to 13,164' MD(6450' TVD) where 4 1/2" casing will be set and cemented. If 7" is not set, then hole size will be reduced to 8 1/2" and drilled to 13,164' MD (6450' TVD) where 5 1/2" casing will be set and cemented.	6/21/2010
MSANDERS	Penetration point of producing zone will be encountered at 677' FNL and 1980' FEL, 25-26S-27E. Deepest TVD in the well is 7150' in the pilot hole. Deepest TVD in the lateral will be 6450'.	6/21/2010
MSANDERS	MUD PROGRAM: 0-400' Fresh Water; 400'-2200' Brine Water; 2200'-7150' Cut Brine (to TD of pilot hole); 5973'-13164' Cut Brine (lateral).	6/21/2010
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipped up on 13 3/8" and 9 5/8" casing.	6/21/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-400 191 psi; 400-2200 1167 psi; 2200-7150 3383 psi.	6/21/2010
MSANDERS	C-144 for a Closed Loop System and Drilling Plan to follow by mail.	6/21/2010

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CHAMAELEON BIN STATE COM #001H

API: 30-015-37942

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