State of New Mexico

Form C-101 Permit 126821

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

	stor Name and Address OLEUM CORPORATION	2. OGRID Number	
105 S 4TH ST ARTESIA , NM 88210	05 S 4TH ST	25575 3. API Number 30-025-40054	
4. Property Code 38470	5. Property Name BASILISK BQS STATE COM	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
N	36	24S	32E	N	330	S	1980	W	LEA

8. Pool Information

WILDCAT G-06 \$253201N;BONE SPRING 97784

Additional Well Information

9. Work Type New Well	10. Wett Type OIL	11. Cable/Rotary	12. Lesse Type State	13. Ground Level Elevation 3557
14. Multiple N	15. Proposed Dept 13635	16. Formation Bone Spring	17. Contractor	18. Spud Date 2/15/2011
Depth to Ground	water	Distance from nearest fresh water	r well	Distance to nearest surface water
Liner: Synthetic Closed Loop Syste	mils thi	k Clay Pit Volume: bbl	s Drilling Method:	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	825	650	0
Int1	12.25	9.625	40	4650	1525	0
Prod	8.5	5.5	20	13635	2050	4150

Casing/Cement Program: Additional Comments

H2S is not anticipated for this well.

Proposed Blowout Prevention Program

S			602
Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

of my knowledge and belief.	mation given above is true and complete to the best rilling pit will be constructed according to	OIL CONSERVATION DIVISION		
	general permit or an (attached) alternative	Approved By: Paul Kautz		
Printed Name: Electron	rically filed by Monti Sanders	Title: Geologist		
Title:	50 50 50 50 50 50 50 50 50 50 50 50 50 5	Approved Date: 2/11/2011	Expiration Date: 2/11/2013	
Email Address: montis	@yatespetroleum.com			
Date: 2/7/2011	Phone: 575-748-4244	Conditions of Approval Atta	ched	

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

District I

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

Form C-102 Permit 126821

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

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3.	Poot Name	
30-025-40054	97784 WILDCAT G-06 S		\$253201N;BONE SPRING	
4. Property Code	5. Property Name		6. Well No.	
38470	BASILISK BQS STATE COM		001H	
7. OGRID No.	8. Operator Name		9. Elevation	
25575	YATES PETROLEU	M CORPORATION	3557	

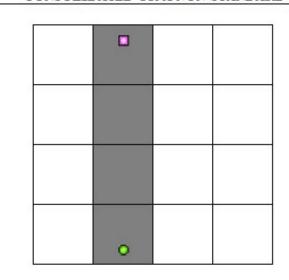
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	36	24S	32E	1.4.	330	S	1980	W	LEA

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
С	36	24S	32E	С	330	N	1980	W	LEA
12. Dedicated Acres 160.00		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

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: 2/7/2011

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: 11/24/2010 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575
Well: BASILISK BQS STATE COM #001H
API: 30-025-40054

Created By	Comment	Comment Date
MSANDERS	Drill vertically to 8743'. Well will then be kicked off at 8743' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 9500' MD (9220' TVD). Hole size will then be reduced to 8 1/2" and drilled to 13,635' MD (9220' TVD) where 5 1/2" casing will be set and cemented.	2/7/2011
MSANDERS	Penetration point of producing zone will be encountered at 807' FSL and 1980' FWL, 36- 24S-32E. Deepest TVD in the well is 9220' in the lateral. End of lateral TVD = 9220' and MD = 13,635'.	2/7/2011
MSANDERS	MUD PROGRAM: 0-825' Fresh Water; 825'-4650' Brine Water; 4650'-8743' Cut Brine; 8743'-13635' Cut Brine (lateral).	2/7/2011
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nippled up 13 3/8" and 9 5/8" casing. MAXIMUM ANTICIPATED BHP: 0-825' 395 psi; 825'-4650' 2466 psi; 4650'-9220' 4315 psi.	2/7/2011
MSANDERS	C-144 for a Closed Loop System and Drilling Plan to follow by mail.	2/7/2011
DMULL	OCD Hobbs office has received form C-144CLEZ. OCD Permit Number P1-02899.	2/11/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575
Well: BASILISK BQS STATE COM #001H
API: 30-025-40054

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
pkautz	Surface casing must be set 25' below top Rustler Anhydrite