State of New Mexico

Form C-101 Permit 127977

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

	tor Name and Address DLEUM CORPORATION	OGRID Number 25575
2000	05 S 4TH ST SSIA , NM 88210	3. API Number 30-025-40073
4. Property Code 38511	5. Property Name GAMBLER STATE UNIT	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
0	32	118	32E	0	750	S	1500	E	LEA

8. Pool Information

WILDCAT;MISSISSIPPIAN (GAS)	97791
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Additional Well Information

	262		Traditional II car raterial	uvion		
9. Work Type New Well	V5X598	di Type AS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4401 18. Spud Date 3/5/2011	
14. Multiple N	20.000	osed Depth 1350	16. Formation Mississippi Limestone	17. Contractor		
Depth to Ground	water		Distance from nearest fresh water	well	Distance to nearest surface water	
t: Liner: Synthetic Closed Loop Syste	m [mils thick	Clay Pit Volume: bbls	Dritting 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	14.75	11.75	42	400	275	0
Int1	11	8.625	32	3650	1050	0
Prod	7.875	5.5	17	11350	1075	3150

Casing/Cement Program: Additional Comments

H2S is not anticipated for this well.

Proposed Blowout Prevention Program

		8	
Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

of my knowledge and belief.	on given above is true and complete to the best	OIL CONSERVATION DIVISION				
	ral permit , or an (attached) alternative	Approved By: Paul Kautz				
Printed Name: Electronical	ly filed by Monti Sanders	Title: Geologist				
Title:	**************************************	Approved Date: 3/2/2011	Expiration Date: 3/2/2013			
Email Address: montis@y	atespetroleum.com					
Date: 2/28/2011	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

Form C-102 Permit 127977

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	55.7 (51.7 (Pool Name
30-025-40073			ISSISSIPPIAN (GAS)
4. Property Code	5. Property Name		6. Well No.
38511	GAMBLER STATE UNIT		001
7. OGRID No.	8. Operato	9. Elevation	
25575	YATES PETROLEUN	4401	

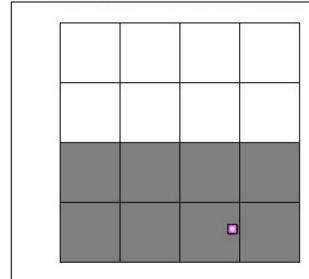
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
0	32	118	32E	1,44	750	S	1500	E	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot	Idn	Feet From	N/S L	ine	Feet From	E/W Line	County
	cated Acres	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: 2/28/2011

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: 2/14/2011 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575 Well: GAMBLER STATE UNIT #001

API: 30-025-40073

Created By	Comment	Comment Date
MSANDERS	Well drilled vertically to 11350'. Well will be evaluated & if comercial 5 1/2" casing will be ran & cemented.	2/25/2011
MSANDERS	MUD PROGRAM: 0-400' Fresh Water; 400'-1400' Fresh Water; 1400'-3650' Red Bed Mud; 3650'-7200' Cut Brine; 7200'-10500' Salt Gel & Starch; 10500'-11350' Salt Gel & Starch.	2/25/2011
MSANDERS	PRESSUE CONTROL EQUIPMENT: 3000 psi system nippled up on 11 3/4" and 8 5/8" casing. MAXIMUM ANTICIPATED BHP: 0-400' 191 psi; 400'-3650' 2100 psi; 3650'-11350' 4300 psi. Depths are TVD.	2/25/2011
MSANDERS	C-144 for a Closed Loop System to follow by mail.	2/25/2011
pkautz	Land S/S	3/1/2011
DMULL	OCD HOBBS OFFICE HAS RECD FORM C-144 CLEZ.OCD PERMIT # P1-02988	3/2/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575 Well: GAMBLER STATE UNIT #001

API: 30-025-40073

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