

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 30-015-38577
4. Property Code 28584	5. Property Name GRANDE MIKE AZK STATE	6. Well No. 004H

7. Surface Location

UL - Lot E	Section 2	Township 16S	Range 29E	Lot Idn 13	Feet From 2200	N/S Line N	Feet From 200	E/W Line W	County EDDY
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8. Pool Information

WC:COUNTY LINE TANK:WOLFCAMP (O)	97712
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Additional Well Information

Additional Well Information				
9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3741
14. Multiple N	15. Proposed Depth 11776	16. Formation Wolfcamp	17. Contractor	18. Spud Date 4/1/2011
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: <input type="checkbox"/> Linear: Synthetic <input type="checkbox"/> <input type="checkbox"/> Closed Loop System <input type="checkbox"/>		_____ mils thick Clay <input type="checkbox"/>	Pit Volume: _____ bbls Drilling Method: Fresh Water <input type="checkbox"/> Brine <input checked="" 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	
Int1	12.25	9.625	40	100	0	
Int1	12.25	9.625	36	2600	950	
Prod	8.5	5.5	17	11776	0	
Prod	8.75	5.5	17	7240	540	2150

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: 3/23/2011 Expiration Date: 3/23/2013	
Date: 3/22/2011 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
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 129077

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-38577	2. Pool Code 97712	3. Pool Name WC;COUNTY LINE TANK;WOLFCAMP (O)
4. Property Code 28584	5. Property Name GRANDE MIKE AZK STATE	6. Well No. 004H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3741

10. Surface Location

UL - Lot E	Section 2	Township 16S	Range 29E	Lot Idn 5	Feet From 2200	N/S Line N	Feet From 200	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot H	Section 2	Township 16S	Range 29E	Lot Idn 16	Feet From 2260	N/S Line N	Feet From 330	E/W Line E	County EDDY
12. Dedicated Acres 160.00		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 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: 3/22/2011</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: 11/10/2010 Certificate Number: 7977</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: GRANDE MIKE AZK STATE #004H

API: 30-015-38577

Created By	Comment	Comment Date
MSANDERS	Well drilled vertically to 6750'. Kick off at 6756' at 12 degrees per 100', curve landed at 7499' MD (7227' TVD) and drilled laterally to 11776' MD (7301' TVD).	3/22/2011
MSANDERS	Penetration point will be encountered approximately 2206' FNL and 670' FWL, 2-16S-29E.	3/22/2011
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipped up on 13 3/8" and 9 5/8" casing. MAXIMUM ANTICIPATED BHP: 0-400' 191 psi; 400'-2600' 1400 psi; 2600'-7300' 3490 psi. Depths are TVD.	3/22/2011
Artesia	Land S/S	3/23/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: GRANDE MIKE AZK STATE #004H

API: 30-015-38577

OCD Reviewer	Condition
Artesia	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