

## 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 30-015-38957
4. Property Code 38570	5. Property Name QUALIFIER BQP STATE	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
M	32	17S	30E	M	660	S	330	W	EDDY

## 8. Pool Information

SAND TANK: BONE SPRING	96832
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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 3546
14. Multiple N	15. Proposed Depth 10560	16. Formation Bone Spring	17. Contractor	18. Spud Date 4/10/2011
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Linear: Synthetic <input type="checkbox"/> mls 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	425	0
Int1	12.25	9.625	36	1000	425	0
Prod	7.875	5.5	17	10560	750	6000
Prod	8.75	5.5	17	7762	733	500

**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: 4/15/2011      Expiration Date: 4/15/2013	
Date: 4/15/2011      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 129697

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-38957	2. Pool Code 96832	3. Pool Name SAND TANK; BONE SPRING
4. Property Code 38570	5. Property Name QUALIFIER BQP STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3546

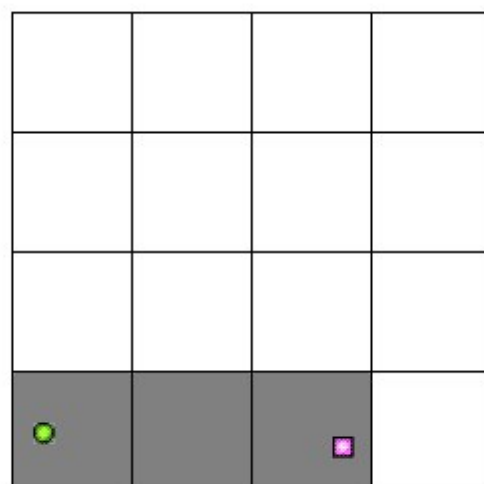
**10. Surface Location**

UL - Lot M	Section 32	Township 17S	Range 30E	Lot Idn	Feet From 660	N/S Line S	Feet From 330	E/W Line W	County EDDY
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**11. Bottom Hole Location If Different From Surface**

UL - Lot O	Section 32	Township 17S	Range 30E	Lot Idn O	Feet From 500	N/S Line S	Feet From 1650	E/W Line E	County EDDY
12. Dedicated Acres 120.00		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**



**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: 4/15/2011

**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: 3/23/2011

Certificate Number: 7977

## Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: QUALIFIER BQP STATE #001H

API: 30-015-38957

Created By	Comment	Comment Date
MSANDERS	Well drilled vertically to 7012', then kicked off @ 12 degrees per 100 feet and landed @ 7762' MD (7490 TVD) and drilled laterally to 10560 MD (7490 TVD). 5 1/2" casing will be ran. Penetration point 807' FWL and 640' FSL.	4/4/2011
MSANDERS	MUD PROGRAM: 0-400' Fresh Water; 400'-1000' Brine Water; 1000'-7012' Cut Brine; 7012'-10560' Cut Brine.	4/4/2011
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'-4000' 2100 psi; 4000'-9210' 4300 psi.	4/4/2011
MSANDERS	C-144 for a Closed Loop System and Directional Drilling Plan to follow by mail.	4/4/2011
Artesia	Land S/S	4/5/2011
Artesia	This APD was denied. See letter from Santa Fe dated 04/05/2011. It was denied because Yates Petroleum had one well requiring extra bonding	4/6/2011



# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: QUALIFIER BQP STATE #001H

API: 30-015-38957

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