

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 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-101
August 1, 2011
Permit 135819

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 30-015-39302
4. Property Code 38748	5. Property Name BULLION BRL 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
H	32	26S	30E	1	660	S	330	E	EDDY

8. Pool Information

WILDCAT;BONE SPRING	96403
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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 2937
14. Multiple N	15. Proposed Depth 12115	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	26	13.375	48	700	725	0
Int1	12.25	9.625	36	3300	1110	0
Prod	8.5	5.5	20	12115	2480	2800
Int2	8.75	5.5	20	8000	760	0

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	
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: 8/11/2011	Expiration Date: 8/11/2013
Date: 8/11/2011	Phone: 575-748-4244	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 135819

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-39302	2. Pool Code 96403	3. Pool Name WILDCAT;BONE SPRING
4. Property Code 38748	5. Property Name BULLION BRL STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 2937

10. Surface Location

UL - Lot H	Section 32	Township 26S	Range 30E	Lot Idn 1	Feet From 660	N/S Line S	Feet From 330	E/W Line E	County EDDY
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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
E	32	26S	30E	4	660	S	330	W	EDDY
12. Dedicated Acres 98.16		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: 8/11/2011</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 L. Jones Date of Survey: 5/4/2011 Certificate Number: 7977</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BULLION BRL STATE #001H

API: 30-015-39302

Created By	Comment	Comment Date
clif	H2S is not anticipated on this well.	8/10/2011
clif	Pressure Control equipment: 2M system NU on the 13 3/8" and 3M system NU on the 9 5/8" casing. Maximum Anticipated BHP (depths are TVD) 0-700' 335 PSI 400'-2600' 1750 PSI 2600'-7650' 3700 PSI	8/10/2011
clif	Well will be drilled vertically to 7173'. Kicked off at 7173' and directionally drilled at 12° per 100' with a 8 3/4" bit to 8000' MD (7650' TVD). If hole condition dictate 7" casing will be set. A 6 1/8" hole would then be drilled to 12115' MD (7650' TVD) where 4 1/2" casing would be set and cemented. If 7" is not set, then hole size will be reduced to 8 1/2" and drilled to 12115' MD (7650' TVD) where 5 1/2" casing will be set and cemented. Penetration point of the production zone will be encountered at 660' FSL & 807' FEL, of Sec 32 Township 26S & Range 30E. Deepest TVD in the well is 7650' in	8/10/2011
clif	C-144 for a closed loop system, contingency casing plan and drilling plan to follow by mail.	8/10/2011
Artesia	Land S/S	8/11/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BULLION BRL STATE #001H

API: 30-015-39302

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