

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 146992

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 30-015-40161
4. Property Code 39163	5. Property Name KENT BSK	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
P	20	18S	26E	P	400	S	330	E	EDDY

8. Pool Information

PENASCO DRAW; SAN ANDRES-YESO	50270
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3418
14. Multiple N	15. Proposed Depth 7055	16. Formation Yeso Formation	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	14.75	9.625	36		745	0
Prod	8.75	7	26	2770	360	0
Prod	8.5	5.5	17	7055	0	0

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 LORI FLORES	Approved By: Randy Dade
Title:	Title: District Supervisor
Email Address: lorif@yatespetroleum.com	Approved Date: 4/16/2012 Expiration Date: 4/16/2014
Date: 4/11/2012 Phone: 575-748-4448	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 146992

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40161	2. Pool Code 50270	3. Pool Name PENASCO DRAW; SAN ANDRES-YESO
4. Property Code 39163	5. Property Name KENT BSK	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3418

10. Surface Location

UL - Lot P	Section 20	Township 18S	Range 26E	Lot Idn	Feet From 400	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

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UL - Lot M	Section 20	Township 18S	Range 26E	Lot Idn M	Feet From 400	N/S Line S	Feet From 330	E/W Line W	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

<table border="1" style="width: 100%; height: 150px; border-collapse: collapse;"> <tr><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr style="background-color: #cccccc;"><td style="height: 40px; text-align: center; vertical-align: middle;">■</td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px; text-align: center; vertical-align: middle;">●</td></tr> </table>													■			●	<p style="text-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: LORI FLORES Title: Date: 4/11/2012</p> <hr/> <p style="text-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: 3/5/2012 Certificate Number: 7977</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: KENT BSK #001

API: 30-015-40161

Created By	Comment	Comment Date
clif	H2S is not anticipated.	4/11/2012
clif	C-144 and C-102 will follow by mail.	4/11/2012
clif	30" samples to 1000'. Mudloggers will take 10" samples from 1000' to TD.	4/11/2012
clif	Maximum anticipated BHP will be: 0' to 1000'--478 psi; 1000' to 2550'--1220 psi; 2550' to 3000'--1435 psi	4/11/2012
clif	Pilot hole will be drilled to 3000'. The well will then have a 200' cement isolation plug and at KOP with a 500'-600' cement kick off plug. Well will then be kicked off at approximately 2073' and directionally drilled at 12 degrees per 100' with a 8.75" hole to 2823' MD (2550' TVD). The hole size will then be reduced to 8.50" and drilled to 7055' MD (2550' TVD) where 7" casing will be set at approximately 2250' MD and 5.5" casing to TD at 7055' MD. Production string will be cemented through a DV tool set at approximately 2770' MD to surface and packers and ports system will be utilized in t	4/11/2012
clif	NEED TO FINISH COMMENT: Packers and ports system will be used in the lateral. Penetration point of the producing zone will be 404' FSL and 807' FEL, Section 20-18S-26E. Deepest TVD in the well will be 3000' in the pilot hole. Deepest TVD in the lateral will be 2550'.	4/11/2012
CSHAPARD	Land p/P	4/13/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: KENT BSK #001

API: 30-015-40161

OCD Reviewer	Condition
CSHAPARD	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