

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 148505

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 30-025-40566
4. Property Code 39211	5. Property Name PIRATE BRY 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
O	16	24S	34E	O	460	S	1650	E	LEA

8. Pool Information

RED HILLS;BONE SPRING, NORTH	96434
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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 3527
14. Multiple N	15. Proposed Depth 13914	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	17.5	13.375	48	1100	415	0
Int1	12.25	9.625	40	5400	1810	0
Prod	8.75	5.5	20	13914	1860	4900

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	
DoubleRam	5000	5000	

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	
	Approved By: Paul Kautz	
Printed Name: Electronically filed by LORI FLORES	Title: Geologist	
Title: Land Regulatory Technician	Approved Date: 5/11/2012	Expiration Date: 5/11/2014
Email Address: lorif@yatespetroleum.com		
Date: 5/10/2012	Phone: 575-748-4448	Conditions of Approval Attached

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Form C-102
 August 1, 2011
 Permit 148505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40566	2. Pool Code 96434	3. Pool Name RED HILLS;BONE SPRING, NORTH
4. Property Code 39211	5. Property Name PIRATE BRY STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3527

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	16	24S	34E		460	S	1650	E	LEA

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
B	16	24S	34E	B	350	N	1980	E	LEA
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%; border-collapse: collapse; text-align: center;"> <tr><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px; background-color: #cccccc;">■</td><td style="width: 25%; height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="background-color: #cccccc;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="background-color: #cccccc;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="background-color: #cccccc;">●</td><td style="height: 40px;"></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: Land Regulatory Technician Date: 5/10/2012</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: 3/14/2012 Certificate Number: 7977</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: PIRATE BRY STATE #001H

API: 30-025-40566

Created By	Comment	Comment Date
CMAY	Well will be drilled vertically to 9149'. Well will be kicked off at approximately 9149' and directionally drilled at 12 degrees per 100' with an 8.75" hole to 9902' MD (9627' TVD). Hole size will be reduced to 8.5" and drilled to 13914' MD (9600' TVD) where 5.5" casing will be set and cemented.	5/10/2012
CMAY	Penetration point of the producing zone will be encountered at 939' FSL & 1690' FEL.	5/10/2012
CMAY	A 3000 psi BOP system will be nipple up and tested on the 13.375" casing and a 5000 psi system will be nipped up and tested on the 9.625" casing.	5/10/2012
CMAY	C-144 and C-102 to follow by mail.	5/10/2012
CMAY	H2S is not anticipated.	5/10/2012
CMAY	Samples will be taken every 10' to TD. Mudloggers will be used out from under the intermediate casing.	5/10/2012
CMAY	Maximum anticipated bottom hole pressure are at TVD. 0-400' is 191 PSI; 400'-5400' is 2864 PSI; 5400'-9627' is 4606 PSI	5/10/2012
CMAY	Logging will be Platform Hals, CMR.	5/10/2012
pkautz	Land s/S	5/10/2012
CHERRERA	OCD RECEIVED FORM C144 CLEZ. OCD PERMIT# P1-04574	5/11/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: PIRATE BRY STATE #001H

API: 30-025-40566

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