

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 148694

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 30-025-40576
4. Property Code 39221	5. Property Name SEPTEMBER GRASS BSG STATE COM	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
J	5	21S	34E	J	2480	S	1955	E	LEA

8. Pool Information

BERRY;BONE SPRING, NORTH	5535
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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 3714
14. Multiple N	15. Proposed Depth 15388	16. Formation 2nd Bone Spring Sand	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	550	445	0
Int1	12.25	9.625	36	3100	1205	0
Int2	12.25	9.625	40	5930	670	4000
Prod	8.75	5.5	17	15388	1400	9000
Prod	8.75	5.5	17	10325	645	5400

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
Printed Name: Electronically filed by LORI FLORES	Approved By: Paul Kautz
Title: Land Regulatory Technician	Title: Geologist
Email Address: lorif@yatespetroleum.com	Approved Date: 5/18/2012 Expiration Date: 5/18/2014
Date: 5/14/2012 Phone: 575-748-4448	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 148694

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40576	2. Pool Code 5535	3. Pool Name BERRY;BONE SPRING, NORTH
4. Property Code 39221	5. Property Name SEPTEMBER GRASS BSG STATE COM	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3714

10. Surface Location

UL - Lot J	Section 5	Township 21S	Range 34E	Lot Idn	Feet From 2480	N/S Line S	Feet From 1955	E/W Line E	County LEA
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11. Bottom Hole Location If Different From Surface

11. Bottom Hole Location If Different From Surface									
UL - Lot B	Section 5	Township 21S	Range 34E	Lot Idn 7	Feet From 2310	N/S Line N	Feet From 1980	E/W Line E	County 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

<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: 5/14/2012</p>	<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: 4/14/2012 Certificate Number: 7977</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575
Well: SEPTEMBER GRASS BSG STATE COM #001H
API: 30-025-40576

Created By	Comment	Comment Date
THAHN	C-144, C-102 and horizontal drilling plan to follow by mail.	5/14/2012
THAHN	H2S is not anticipated.	5/14/2012
THAHN	Samples will be taken every 30' to 4500' then every 10' to TD.	5/14/2012
THAHN	Maximum anticipated BHP (Depths are TVD), 0'-550' is 263 PSI, 550'-5930' is 3103 PSI, and 5930'-10804' is 5198 PSI.	5/14/2012
THAHN	Well will be drilled vertically to 10327' then will be kicked off at approximately 10327' and directionally drilled at 12 degrees per 100' with a 8.75" hole to 11077' MD (10804' TVD). Hole size will then be reduced to 8.5" and drilled to 15388' MD (10804' TVD) where 5.5" casing will be set and cemented. Penetration point of producing zone will be encountered at 2003' FSL and 1953' FEL, Section 5 T21S-R34E. Deepest TVD in the well is 10804' in the lateral.	5/14/2012
pkautz	Land s/S	5/15/2012
CHERRERA	OCD RECEIVED FORM C144 CLEZ. OCD PERMIT # P1-04605.	5/18/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SEPTEMBER GRASS BSG STATE COM #001H

API: 30-025-40576

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