

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 148986

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 30-025-40638
4. Property Code 39234	5. Property Name SABLE BSA STATE #1H	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	9	23S	34E	M	660	S	330	W	LEA

8. Pool Information

ANTELOPE RIDGE;BONE SPRING, NW	2207
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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 3423
14. Multiple N	15. Proposed Depth 12090	16. Formation 2nd Bone Spring Sand	17. Contractor	18. Spud Date 8/31/2012
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	400	415	0
Int1	12.25	9.625	43.5	7180	1220	0
Prod	8.5	5.5	17	12090	940	6680

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: Paul Kautz
Title: Land Regulatory Technician	Title: Geologist
Email Address: lorif@yatespetroleum.com	Approved Date: 6/22/2012 Expiration Date: 6/22/2014
Date: 6/14/2012 Phone: 575-748-4448	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 148986

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40638	2. Pool Code 2207	3. Pool Name ANTELOPE RIDGE;BONE SPRING, NW
4. Property Code 39234	5. Property Name SABLE BSA STATE #1H	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3423

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	9	23S	34E		660	S	330	W	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
N	9	23S	34E	N	660	S	2310	W	LEA
12. Dedicated Acres 80.00		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><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></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: 6/14/2012</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: 12/29/2011 Certificate Number: 7977</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SABLE BSA STATE #1H #001H

API: 30-025-40638

Created By	Comment	Comment Date
Cy Cowan	C-144, C-102 to follow by mail.	5/21/2012
Cy Cowan	H2s not anticipated.	5/21/2012
Cy Cowan	Samples every 10'surface to TD.	5/21/2012
Cy Cowan	Max. anticipated bottom hole pressure 0-400' 191 PSI, 400'-7180' 3808 PSI, 7180'-10317' 4938 PSI.	5/21/2012
pkautz	Non-Standard project area	5/21/2012
pkautz	Land s/S	5/21/2012
pkautz	email sent to Cy Cowan concern non-standard project area.	5/21/2012
pkautz	rejected to allow operator make changes	6/13/2012
CMAY	The bottom hole has been changed to 660' FSL & 2310' FWL.	6/14/2012
CMAY	well will be drilled vertically to 9840' and kicked off at this point and drilled at a 12 degrees per 100' with a 8 1/2" hole 12090' MD(10300' TVD)where 5 1/2" casing will be set and cemented. Penetration of the producing zone will be encountered at 664' FSL & 810' FWL. Deepest TVD in the well is 10315' in lateral.	6/14/2012
CHERRERA	OCD RECEIVED FORM C144 CLEZ. OCD PERMIT# P1-04811	6/22/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SABLE BSA STATE #1H #001H

API: 30-025-40638

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