

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 150558

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 30-015-40524
4. Property Code 12615	5. Property Name OLSEN MY	6. Well No. 003H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	33	18S	26E	A	330	N	660	E	EDDY

8. Pool Information

ATOKA;GLORIETA-YESO	3250
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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 3377
14. Multiple N	15. Proposed Depth 7261	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	1100	815	0
Prod	8.75	7	26	2550	500	0
Prod	8.5	5.5	17	7261	900	0

Casing/Cement Program: Additional Comments

See coments for more information. 7" casing will be ran to 2550' MD and 5.5" casing will be ran from 2550'MD to TD at 7261' MD. will be cemented to surface. A packers and ports system will be utilized in the lateral.

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: Land Regulatory Technician	Title: District Supervisor
Email Address: lorif@yatespetroleum.com	Approved Date: 7/26/2012 Expiration Date: 7/26/2014
Date: 7/25/2012 Phone: 575-748-4448	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 150558

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40524	2. Pool Code 3250	3. Pool Name ATOKA, GLORIETA-YESO
4. Property Code 12615	5. Property Name OLSEN MY	6. Well No. 003H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3377

10. Surface Location

UL - Lot A	Section 33	Township 18S	Range 26E	Lot Idn	Feet From 330	N/S Line N	Feet From 660	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

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UL - Lot P	Section 33	Township 18S	Range 26E	Lot Idn P	Feet From 330	N/S Line S	Feet From 660	E/W Line E	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%; border-collapse: collapse; height: 200px;"> <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; text-align: center; vertical-align: middle;"></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; 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: Land Regulatory Technician Date: 7/25/2012</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: 4/21/2012 Certificate Number: 7977</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: OLSEN MY #003H

API: 30-015-40524

Created By	Comment	Comment Date
CMAY	30' samples to 1000'. 10' samples from 1000' to TD. Logging horizontal -MWD-GR. No DST's or Coring to be done. There will be mudloggers on from 1000' to TD.	6/19/2012
CMAY	H2S is anticipated. H2S plan will be sent by mail.	6/19/2012
CMAY	Maximum Anticipated BHP: 0 to 1000': 526 PSI. 1000' to 2850': 1363 PSI Depths are TVD.	6/19/2012
CMAY	This well will be drilled vertically to 2373' where it will be kicked off and drilled directionally at 12 degrees per 100' with a 8.75" hole to 3123'MD(2850' TVD). The hole size will be reduced to 8.5" and drilled to 7261'MD(2850" TVD) where 7" casing will be set at 2550'MD and 5.5" casing from 2550' to TD at 7261' MD. Production casing will be cemented to surface and a packers and ports system will be used in the lateral. Penetration point of the producing zone will be encounter at 807' FNL & 662' FEL, Sec. 33-18S-26E. Deepest TVD in the well is 2850' in the lateral.	6/19/2012
CMAY	The C-144 will be mailed to OCD.	6/19/2012
CSHAPARD	Land p/P	7/25/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: OLSEN MY #003H

API: 30-015-40524

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