

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 154807

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 30-015-40680
4. Property Code 38958	5. Property Name CANYON BJK STATE COM	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
K	6	25S	30E	K	1650	S	2280	W	EDDY

8. Pool Information

PIERCE CROSSING; BONE SPRING, EAST	96473
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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 3163
14. Multiple N	15. Proposed Depth 13637	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	650	515	0
Int1	12.25	9.625	36	4800	1560	0
Prod	8.5	5.5	17	13637	1170	8500
Prod	8.75	5.5	17	8700	775	4300

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"/> . Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 9/12/2012	OIL CONSERVATION DIVISION Approved By: Randy Dade Title: District Supervisor Approved Date: 9/13/2012 Expiration Date: 9/13/2014 Conditions of Approval Attached
Phone: 575-748-4448	

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Form C-102
August 1, 2011
Permit 154807

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40680	2. Pool Code 96473	3. Pool Name PIERCE CROSSING; BONE SPRING, EAST
4. Property Code 38958	5. Property Name CANYON BJK STATE COM	6. Well No. 003H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3163

10. Surface Location

UL - Lot K	Section 6	Township 25S	Range 30E	Lot Idn	Feet From 1650	N/S Line S	Feet From 2280	E/W Line W	County EDDY
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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
J	1	25S	29E	J	1670	S	2310	E	EDDY
12. Dedicated Acres 160.34		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: 9/12/2012</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: Chad Harcrow Date of Survey: 8/16/2012 Certificate Number: 17777</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CANYON BJK STATE COM #003H

API: 30-015-40680

Created By	Comment	Comment Date
THAHN	C-102, C-144 to follow by mail.	9/12/2012
THAHN	H2S is not anticipated.	9/12/2012
THAHN	Maximum Anticipated BHP: (Depths are TVD) 0'-650' is 311 PSI, 650'-4800' is 2546 PSI, and 4800'-9252' is 4426 PSI.	9/12/2012
THAHN	Samples will be taken every 30' to 4400', and then samples will be taken every 10' from 4400' to the TD.	9/12/2012
THAHN	Well will be drilled vertically to 8775' and then be kicked off and drilled directionally with an 8.75" hole to 9532' TD (9252' TVD). Hole will then be reduced to an 8.5" hole and drilled to 13637' TD (9190' TVD) where 5.5" casing will be set and cemented in two stages with a DV tool at approximately 8500'. Penetration point of the producing zone will be 1649' FSL & 1795' FWL in Section 6 of T25S-R30E. Deepest TVD in the lateral will be 9252'.	9/12/2012
CSHAPARD	Land s/S	9/13/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CANYON BJK STATE COM #003H

API: 30-015-40680

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