

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 Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised December 16, 2011

RECEIVED
APR 17 2012
NMOCD ARTESIA

Permit

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, NM 88210		² OGRID Number 25575
		³ API Number 30-015-40186
⁴ Property Code 17654	⁵ Property Name Southland Royalty APM State	⁶ Well No 5-H

7 Surface Location

UL - Lot M	Section 24	Township 19S	Range 29E	Lot Idn M	Feet from 200	N/S Line South	Feet From 500	E/W Line West	County Eddy
---------------	---------------	-----------------	--------------	--------------	------------------	-------------------	------------------	------------------	----------------

8 Pool Information

Turkey TRACK; Bone Spring								60660
---------------------------	--	--	--	--	--	--	--	-------

Additional Well Information

⁹ Work Type New Well	¹⁰ Well Type Oil	¹¹ Cable/Rotary Rotary	¹² Lease Type State	¹³ Ground Level Elevation 3327'
¹⁴ Multiple No	¹⁵ Proposed Depth 12641'	¹⁶ Formation Bone Spring	¹⁷ Contractor Undesignated	¹⁸ Spud Date 1/1/12
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 Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17.5	13.375"	48	350'	365	0
Intermediate	12.25	9.625"	40	3500'	1175	0
Production	8.5	5.5"	17	12641'	0	
Production	8.75	5.5"	17	7600'	1530	0

Casing/Cement Program: Additional Comments

--

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	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 , a general permit , or an (attached) alternative OCD-approved plan .

Signature

Cy Cowan

Printed name.

Cy Cowan

Title.

Land Regulatory Agent

E-mail Address

Cy@Yates Petroleum com

Date

4/16/12

Phone

575-748-4372

OIL CONSERVATION DIVISION

Approved By.

T. C. Shepard

Title

Geologist

Approved Date

4/17/2012

Expiration Date

4/17/2014

Conditions of Approval Attached

Southland Royalty APM State #5H

Contingency Casing Design

If hole conditions dictate, 7" casing will be set at 8,400' MD (8,090' TVD). A 6 1/8" hole will then be drilled to 12,641' MD (8,090' TVD) where a 4 1/2" liner will be set with a packer/port system.

2nd Intermediate

0 ft to 8,400 ft		Make up Torque ft-lbs			Total ft =	8,400
O.D.	Weight	Grade	Threads	opt.	min.	mx.
7 inches	26 #/ft	L-80	LT&C	5110	3830	6390
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift
5,410 psi	7,240 psi	511,000 #		604,000 #		6.151

DV tool placed at 4000'

Stage I: Cemented w/950sx PVL (YLD 1.41 Wt 13) TOC= 4000'

Stage II: Lead w/400sx Lite Crete (YLD 2.66 Wt 9.9), tail w/125sx PVL (YLD 1.41 Wt 13) TOC= 0'

Production

7,500 ft to 12,641 ft		Make up Torque ft-lbs			Total ft =	5,141
O.D.	Weight	Grade	Threads	opt.	min.	mx.
4.5 inches	11.6 #/ft	HCP-110	LT&C	3020	2270	3780
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift
8,650 psi	10,690 psi	279,000 #		367,000 #		3.875

4 1/2" liner will have a packer/port system in the lateral. No cement.

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-40186	Pool Code 60660	Pool Name TURKEY TRACK; B.S.
Property Code 17654	Property Name SOUTHLAND ROYALTY "APM" STATE	Well Number 5H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3327'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	24	19 S	29 E		200	SOUTH	500	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	19 S	29 E		330	NORTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

PROPOSED BOTTOM HOLE LOCATION
Lat - N 32°39'08.64"
Long - W 104°02'05.23"
NMSPC- N 601203.369
E 633222.387
(NAD-83)

Project Area

Producing Zone

Penetration Point 677' FSL & 515' FWL

SURFACE LOCATION
Lat - N 32°38'21.61"
Long - W 104°02'07.15"
NMSPC- N 596449.575
E 633071.686
(NAD-83)

OPERATOR CERTIFICATION

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 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.

Monti Sanders 12/12/11
Signature Date

Monti Sanders
Printed Name

montis@yatespetroleum.com
Email Address

SURVEYOR CERTIFICATION

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.

Date Surveyed _____
Signature & Seal of Professional Surveyor

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 24888

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SOUTHLAND ROYALTY APM STATE #05-H

API:

Created By	Comment	Comment Date
clif	Well will be drilled vertically to 7833'. The well will then be kicked off and directionally drilled ar 12 degrees per 100' with a 8 3/4" hole to 8583' MD (8310' TVD). If hole conditions dictate, 7" will be set and cemented. A 6 1/8" hole will then be drilled to 12641' MD (8090' TVD) and a 4 1/2" liner will be set with a packer/port system. If 7" is not set the hole will be reduced to 8 1/2" and drilled to 12641' MD (8310' TVD) where 5 1/2" casing will be set with Packers Plus packer/system in lateral	12/12/2011
clif	A SF cementer tool will be set above the curve. Cement will be placed from FS cementer tool to surface. Penetration point of the producing zone will be encountered at 677' FSL & 515' FWL, Section 24-19S-29E. Deepest TVD in the well will be 8090' in the lateral	12/12/2011
clif	Pressure control equipment will be a 3000# BOP system will be nipped up and tested on the 13 3/8" and 9 5/8". Maximum anticipated bottom hole pressure are: 0-350' 170 psi; 350'-3500' 1860 psi; 3500'-8090' 3870psi. Depths are TVD.	12/12/2011
clif	C-144 for closed Loop System, Contingency Casing Plan and Drilling Plan to follow by mail.	12/12/2011

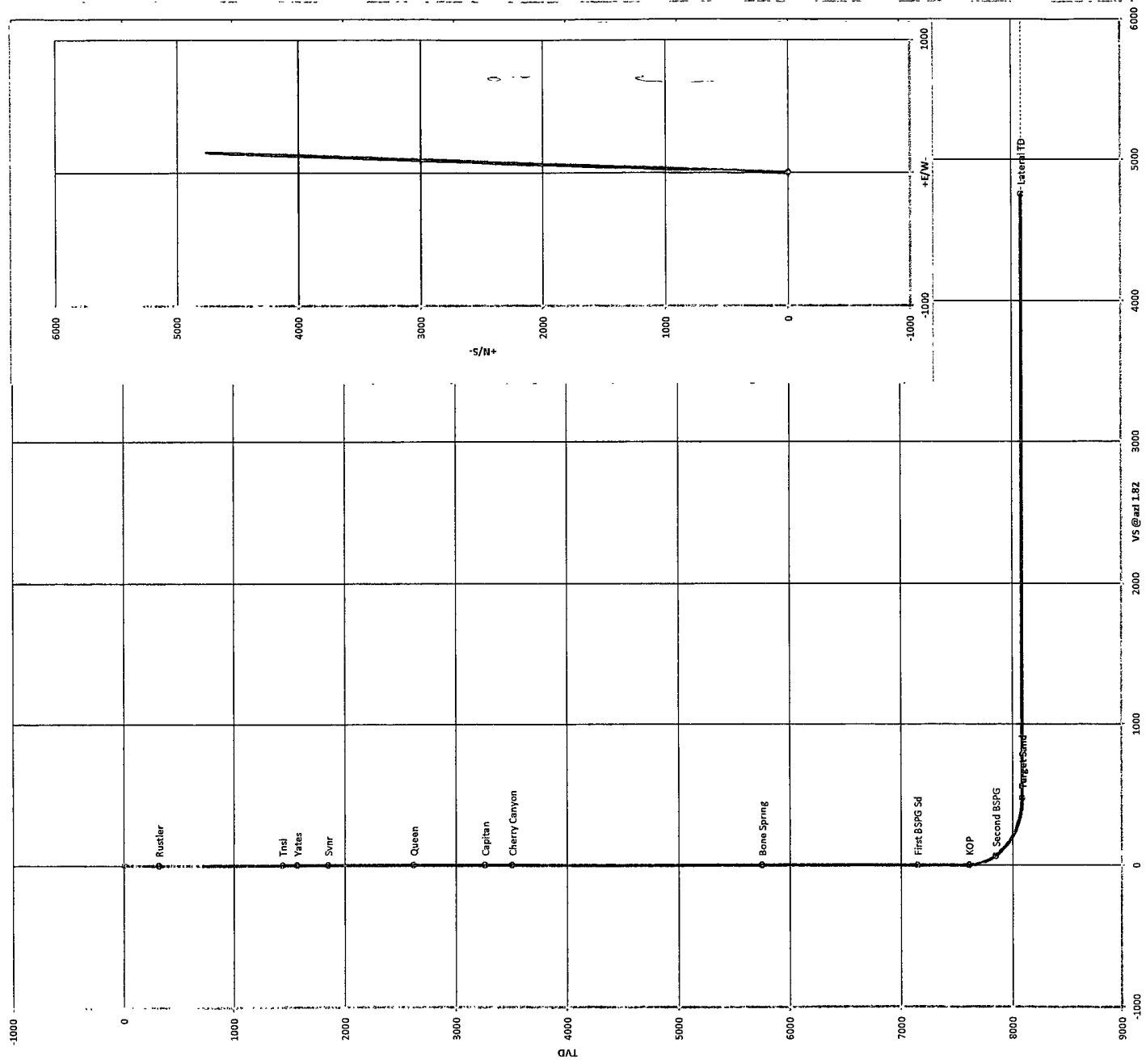
Cy Yates Petroleum has obtained and agreement with Intrepid 4/16/12
 Potash New Mexico LL to conduct drilling operations with
 in the included described lands.

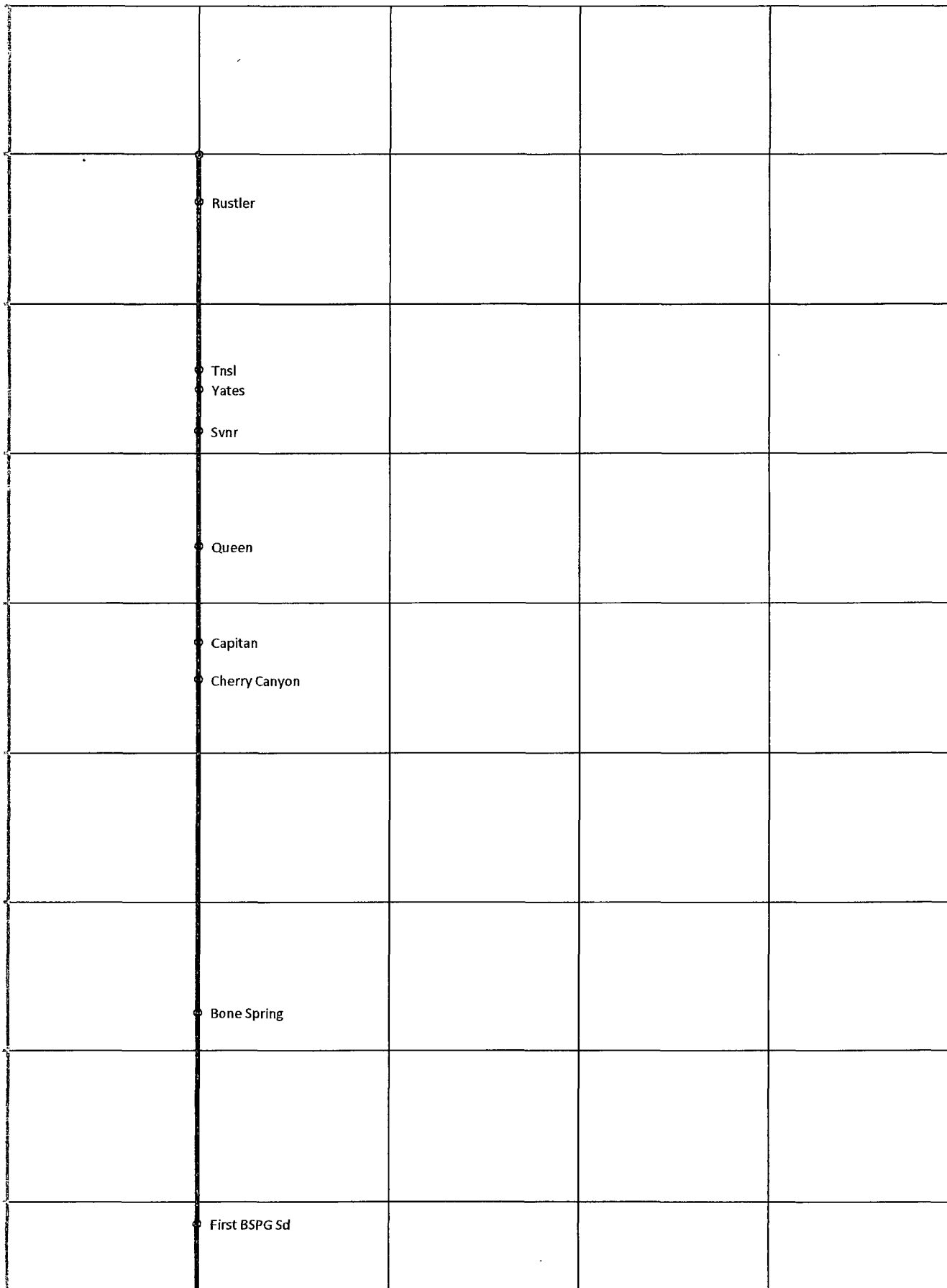
Southland Royalty St

Co:	Yates Petroleum Corporation	Units:	Feet, ° 7100ft	VS Az:	1.82	Method:	Minimum Curvature
Drillers:	0	Elevation:		Map System:	NAD83, St. Plane, Wyoming West		
Well Name:	Southland Royalty "APM" State 5H	Northing:		Latitude:			
Location:	Section 24, 19S-29E	Easting:		Longitude:			

Yates Petroleum Corporation: Southland Royalty St. 5H

No.	MD	CL	Inc.	Azi	TVD	VS	N/S	EW	BR	WR	DLS	Comments
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1	319.99	319.99	0.00	0.00	319.99	0.00	0.00	0.00	0.00	0.00	0.00	Rustler
2	1440.00	1120.00	0.00	0.00	1440.00	0.00	0.00	0.00	0.00	0.00	0.00	Tnsl
3	1570.01	130.01	0.00	0.00	1570.01	0.00	0.00	0.00	0.00	0.00	0.00	Yates
4	1849.99	279.98	0.00	0.00	1849.99	0.00	0.00	0.00	0.00	0.00	0.00	Svr
5	2619.99	770.00	0.00	0.00	2619.99	0.00	0.00	0.00	0.00	0.00	0.00	Queen
6	3259.99	640.00	0.00	0.00	3259.99	0.00	0.00	0.00	0.00	0.00	0.00	Capitan
7	3510.00	250.01	0.00	0.00	3510.00	0.00	0.00	0.00	0.00	0.00	0.00	Cherry Canyon
8	5750.00	2240.00	0.00	0.00	5750.00	0.01	0.01	0.00	0.00	0.00	0.00	Bone Spring
9	7149.99	1399.98	0.00	0.00	7149.99	0.01	0.01	0.00	0.00	0.00	0.00	First BSPG Sd
10	7612.54	462.55	0.00	1.82	7612.54	0.01	0.01	0.00	0.00	0.02	0.00	KOP
11	7700.00	87.46	10.50	1.82	7699.51	8.00	7.99	0.25	12.00	0.00	12.00	
12	7800.00	100.00	22.50	1.82	7795.22	36.34	36.32	1.15	12.00	0.00	12.00	
13	7861.07	61.07	29.83	1.82	7849.99	63.25	63.21	2.00	12.00	0.00	12.00	Second BSPG
14	7900.00	38.93	34.50	1.82	7882.94	83.96	83.92	2.66	12.00	0.00	12.00	
15	8000.00	100.00	46.50	1.82	7958.85	148.79	148.71	4.71	12.00	0.00	12.00	
16	8100.00	100.00	58.50	1.82	8019.62	227.97	227.86	7.22	12.00	0.00	12.00	
17	8200.00	100.00	70.50	1.82	8062.60	318.06	317.90	10.08	12.00	0.00	12.00	
18	8300.00	100.00	82.50	1.82	8085.91	415.12	414.91	13.15	12.00	0.00	12.00	
19	8362.53	62.53	90.00	1.82	8090.00	477.47	477.23	15.13	12.00	0.00	12.00	Target Sand
20	12641.25	4278.71	90.00	1.82	8090.01	4756.19	4753.80	150.70	0.00	0.00	0.00	Lateral TD





○ Rustler

○ Tnsl

○ Yates

○ Svr

○ Queen

○ Capitan

○ Cherry Canyon

○ Bone Spring

○ First BSPG Sd

Yates Petroleum Corporation Closed Loop System

Equipment Design Plan

Closed Loop System will consist of:

1 – double panel shale shaker

1 – (minimum) Centrifuge, certain wells and flow rates may require 2 centrifuges

On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System

1 – minimum centrifugal pump to transfer fluids

2- 500 bbl. FW Tanks

1 – 500 bbl. BW Tank

1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.

1 Set of rail cars / catch bins

Certain wells will use an ASC Auger Tank

Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors' personnel.

Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, Lea Land Farm, CRI or Sundance Services Inc.