

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

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 30-05-29036
4. Property Code 37102	5. Property Name BOOMERANG STATE UNIT	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	26	08S	33E	I	1650	S	990	E	CHAVES

8. Pool Information

TOBAC;UPPER PENN	59350
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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 4341
14. Multiple N	15. Proposed Depth 9750	16. Formation Bough	17. Contractor	18. Spud Date
Depth to Ground water 40		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	400	250	
Int1	11	8.625	32	3900	1050	
Prod	7.875	7	17	9750	600	7000

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Bough C/intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 3900', cement circulated to surface. If commercial, production casing will be ran, cemented, perforated, and stimulated as need to gain production.

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 checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Monti Sanders	Approved By: Paul Kautz
Title:	Title: Geologist
Email Address: montis@ypcnm.com	Approved Date: 4/14/2008 Expiration Date: 4/14/2010
Date: 4/10/2008 Phone: 575-748-4244	Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 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

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Santa Fe, NM 87505

Form C-102
 Permit 71615

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-05-29036	2. Pool Code 59350	3. Pool Name TOBAC;UPPER PENN
4. Property Code 37102	5. Property Name BOOMERANG STATE UNIT	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4341

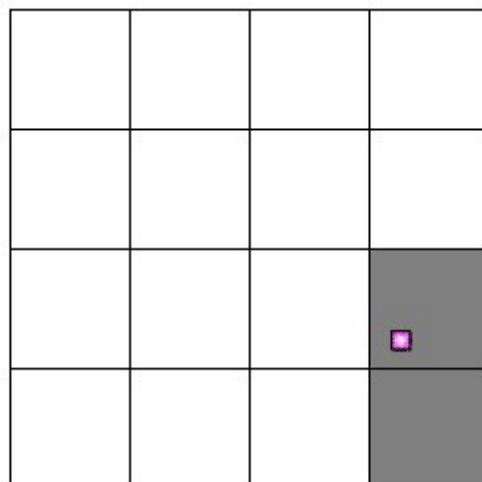
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	26	08S	33E		1650	S	990	E	CHAVES

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
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



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(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.

E-Signed By: Monti Sanders
 Title:
 Date: 4/10/2008

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.

Surveyed By: Ronald Eidson
 Date of Survey: 4/2/2008
 Certificate Number: 3239

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BOOMERANG STATE UNIT #001

API: 30-05-29036

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-400' FW Gel; 400'-2040' FW; 2040'-3900' Red Bed Mud/Oil; 3900'-7400' Cut Brine; 7400'-9750' SW Gel/Starch.	3/18/2008
MSANDERS	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the Surface to the Wolfcamp formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	3/18/2008
MSANDERS	BOPE PROGRAM: A 3000# BOPE will be installed on the 8.625" casing and tested daily for operational.	3/18/2008
MSANDERS	Correction: Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the Surface to the Bough formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	4/10/2008
pkautz	Tobac;Upper Penn requires 180 acres dedicated with well located within 150 center of Q/Q	4/10/2008
pkautz	CORRECTION to previous comment Tobac;Upper Penn requires 80 acre spacing	4/11/2008
pkautz	Since well is not located within 150' of the center of the Q/Q will either need an NSL or move the location to a standard location	4/11/2008
DMULL	Per Cliff May with Yates, proration unit is 80 acres, E/2SE/4.	4/11/2008
DMULL	Approval to drill but cannot produce until the Non-Standard Location is approved by the OCD in Santa Fe.	4/14/2008

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BOOMERANG STATE UNIT #001

API: 30-05-29036

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
DMULL	Will require administrative order for non-standard location
DMULL	Approval to drill, with condition the operator cannot produce until the Non-Standard Location is approved by the OCD in Santa Fe.