

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-38401
4. Property Code 38450	5. Property Name GEM DANDY BCG STATE	6. Well No. 003H

UL - Lot E	Section 35	Township 16S	Range 27E	Lot Idn E	Feet From 1447	N/S Line N	Feet From 470	E/W Line W	County EDDY
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EMPIRE: WOLFCAMP, NORTHWEST	97286
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9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3424
14. Multiple N	15. Proposed Depth 10407	16. Formation Wolfcamp	17. Contractor	18. Spud Date 2/1/2011
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mills thick Clay <input type="checkbox"/> Pit Volume: 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"/>				

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	425	
Int1	12.25	9.625	36	1550	550	
Prod	8.75	4.5	11.6	10407	775	1550

H2S is not anticipated for this well.

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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

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

Form C-102
 Permit 125342

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-38401	2. Pool Code 97286	3. Pool Name EMPIRE; WOLFCAMP, NORTHWEST
4. Property Code 38450	5. Property Name GEM DANDY BCG STATE	6. Well No. 003H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3424

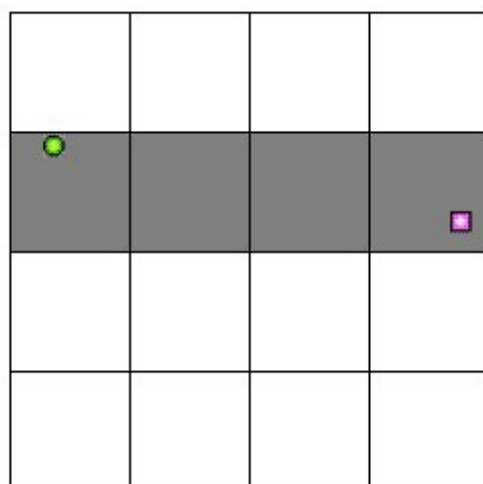
10. Surface Location

UL - Lot E	Section 35	Township 16S	Range 27E	Lot Idn	Feet From 1447	N/S Line N	Feet From 470	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot E	Section 35	Township 16S	Range 27E	Lot Idn E	Feet From 2280	N/S Line N	Feet From 330	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



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: 1/6/2011

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: Gary Jones

Date of Survey: 11/24/2010

Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: GEM DANDY BCG STATE #003H

API: 30-015-38401

Created By	Comment	Comment Date
MSANDERS	Pilot hole will be drilled to 6300'. Well will be plugged back to approx. 5550' with a 500'-600' kick off plug, then 7" casing will be set at 5550' and cemented.	1/6/2011
MSANDERS	Well will be kicked off at 5662' at 12 degrees per 100' with a 6 1/8" hole to 10407' MD with a TVD of 6220' where 4 1/2" Peak Completion Liner Assembly will be set and will NOT be cemented.	1/6/2011
MSANDERS	Penetration point of producing formation encountered at 1546' FNL and 927' FWL, 35-16S-27E. Deepest TVD of the well will be in the pilot hole @ 6300'. Deepest TVD in the lateral will be 6220'.	1/6/2011
MSANDERS	MUD PROGRAM: 0-400' Fresh Water Gel; 400'-1550' Brine Water; 1550'-4800' Cut Brine; 4800'-6300' Cut Brine; 6662'-10407' Cut Brine (Lateral).	1/6/2011
MSANDERS	PRESSURE CONTROL EQUIPMENT: 3000 psi system nipped up and tested on 13 3/8" and 9 5/8" casing.	1/6/2011
MSANDERS	MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD: 0-400' 190 psi; 400'-1550' 825 psi; 1550'-6300' 3015 psi.	1/6/2011
MSANDERS	C-144 for a Closed Loop System and Drilling Plan to follow by mail.	1/6/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: GEM DANDY BCG STATE #003H

API: 30-015-38401

OCD Reviewer	Condition
Artesia	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