

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 137810

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 30-025-40303
4. Property Code 38835	5. Property Name NAGUSS BRN STATE COM	6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	30	21S	34E	4	660	S	330	W	LEA

8. Pool Information

WILDCAT;BONE SPRING	96403
---------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable Rotary	12. Lease Type State	13. Ground Level Elevation 3672
14. Multiple N	15. Proposed Depth 15355	16. Formation 2nd Bone Spring Sand	17. Contractor	18. Spud Date 9/28/2011
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	1500	420	0
Int1	12.25	9.625	40	5350	1745	0
Prod	8.5	5.5	17	15355	2215	6600
Prod	8.75	5.5	17	6600	475	4850

Casing/Cement Program: Additional Comments

--

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 Monti Sanders	Approved By: Paul Kautz
Title:	Title: Geologist
Email Address: montis@yatespetroleum.com	Approved Date: 9/27/2011 Expiration Date: 9/27/2013
Date: 9/23/2011 Phone: 575-748-4244	Conditions of Approval Attached

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-102
August 1, 2011
Permit 137810

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40303	2. Pool Code 96403	3. Pool Name WILDCAT;BONE SPRING
4. Property Code 38835	5. Property Name NAGUSS BRN STATE COM	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3672

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	30	21S	34E	4	660	S	330	W	LEA

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
P	30	21S	34E	P	660	S	330	E	LEA
12. Dedicated Acres 158.87		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%; height: 150px;"> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td></tr> <tr><td style="background-color: gray; text-align: center;">●</td><td></td><td></td><td style="background-color: gray; text-align: center;">■</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: Monti Sanders Title: Date: 9/23/2011</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: 9/14/2011 Certificate Number: 7977</p>
●			■														

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: NAGUSS BRN STATE COM #001H

API: 30-025-40303

Created By	Comment	Comment Date
clif	Pilot hole drilled vertically to 11,300'. Well will be plugged with a 400'-500' kick off plug, then kicked off at approximately 10,502' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 11,255' MD (10797' TVD). Hole will then be reduced to 8 1/2" and drilled to 15,355' MD (10,952' TVD) where 5 1/2" casing will be run and cement in place. Penetration point of producing zone will be encountered at 66' FSL and 810' FWL, 30-T21S-R34E. Deepest TVD in the well is 11,300' in the pilot hole, deepest TVD in the lateral will be 10,979'.	9/22/2011
clif	Maximum anticipated BHP: 0'-500' is 240 PSI, 500'-5350' is 2840 PSI, 5350'-11300' is 5465'	9/22/2011
clif	H2S is not anticipated.	9/22/2011
clif	Pressure control equipment: 3000 PSI system nipped up and tested on 13 3/8" casing, and 5M system on 9 5/8" casing.	9/22/2011
clif	C-144 and drilling plan to follow by mail.	9/22/2011
clif	Mud Program: 0'-500' Fresh Water, 500'-3600' Brine Water, 3600'-5350' Fresh Water, 5350'-11300' Cut Brine, 10502'-15355' Cut Brine (lateral section).	9/22/2011
pkautz	Land s/S	9/26/2011
DMULL	OCD Hobbs office has received form C-144CLEZ. OCD Permit Number P1-03754.	9/27/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: NAGUSS BRN STATE COM #001H

API: 30-025-40303

OCD Reviewer	Condition
pkautz	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
pkautz	Must set surface 25 feet below top Rustler Anhydrite