

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 140532

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 30-015-39673
4. Property Code 38934	5. Property Name STEELERS BRS STATE	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
P	24	20S	27E	P	660	S	200	E	EDDY

8. Pool Information

PENLON; BONE SPRING, EAST	96213
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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 3341
14. Multiple N	15. Proposed Depth 10901	16. Formation Bone Spring	17. Contractor	18. Spud Date 12/1/2011
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	550	560	0
Int1	12.25	9.625	36	2850	1090	0
Prod	8.75	5.5	20	10901	0	0
Prod	8.75	5.5	17	5800	915	2350

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
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"/> .	OIL CONSERVATION DIVISION	
	Approved By: Randy Dade	
	Title: District Supervisor	
	Approved Date: 11/22/2011	Expiration Date: 11/22/2013
	Email Address: montis@yatespetroleum.com	
Date: 11/21/2011	Phone: 575-748-4244	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 140532

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-39673	2. Pool Code 96213	3. Pool Name PENLON; BONE SPRING, EAST
4. Property Code 38934	5. Property Name STEELERS BRS STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3341

10. Surface Location

UL - Lot P	Section 24	Township 20S	Range 27E	Lot Idn	Feet From 660	N/S Line S	Feet From 200	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot M	Section 24	Township 20S	Range 27E	Lot Idn M	Feet From 660	N/S Line S	Feet From 330	E/W Line W	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

<table border="1" style="width: 100%; height: 150px; border-collapse: collapse;"> <tr><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr style="background-color: #cccccc;"><td style="height: 40px; text-align: center; vertical-align: middle;">■</td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px; text-align: center; vertical-align: middle;">●</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: 11/21/2011</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: 10/25/2011 Certificate Number: 7977</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: STEELERS BRS STATE #001H

API: 30-015-39673

Created By	Comment	Comment Date
MSANDERS	Well drilled vertically to 5891'. Well will then be kicked off and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 6639' MD (6369' TVD), lateral will then be drilled to 10901' MD (6387' TVD) where 5 1/2" casing will be run and cemented.	11/21/2011
MSANDERS	Penetration point of the producing zone will be encountered at 656' FSL and 675' FEL, Sec. 24, 20S-27E. Deepest TVD in the well is 6387' in the lateral. Packer port system run in lateral to top of curve 10901'-5891' and cemented from 5900' to 2350' thru DV tool or SF cementer.	11/21/2011
MSANDERS	PRESSURE CONTROL EQUIPMENT: a 5M system will be nipped up and tested on 13 3/8" casing, 5K well head on 9 5/8".	11/21/2011
MSANDERS	H2S is not anticipated for this well.	11/21/2011
MSANDERS	C-144 for a Closed Loop System to follow by mail.	11/21/2011
CSHAPARD	Land s/s	11/22/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: STEELERS BRS STATE #001H

API: 30-015-39673

OCD Reviewer	Condition
CSHAPARD	Will require administrative order for non-standard location
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