

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 141107

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 30-015-39749
4. Property Code 17654	5. Property Name SOUTHLAND ROYALTY APM STATE	6. Well No. 002H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	24	19S	29E	P	200	S	510	E	EDDY

8. Pool Information

PIERCE CROSSING; BONE SPRING, EAST	96473
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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 3356
14. Multiple N	15. Proposed Depth 12854	16. Formation Bone Spring	17. Contractor	18. Spud Date 1/1/2012
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	350	365	0
Int1	12.25	9.625	40	3700	1033	0
Prod	8.5	5.5	17	12854	0	0
Prod	8.75	5.5	17	8583	2020	0

Casing/Cement Program: Additional Comments

H2S is not anticipated.

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: Randy Dade
Title:	Title: District Supervisor
Email Address: montis@yatespetroleum.com	Approved Date: 12/8/2011 Expiration Date: 12/8/2013
Date: 12/7/2011 Phone: 575-748-4244	Conditions of Approval Attached

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Form C-102
August 1, 2011
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-39749	2. Pool Code 96473	3. Pool Name PIERCE CROSSING; BONE SPRING, EAST
4. Property Code 17654	5. Property Name SOUTHLAND ROYALTY APM STATE	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3356

10. Surface Location

UL - Lot P	Section 24	Township 19S	Range 29E	Lot Idn	Feet From 200	N/S Line S	Feet From 510	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

11. Bottom Hole Location If Different From Surface									
UL - Lot A	Section 24	Township 19S	Range 29E	Lot Idn A	Feet From 330	N/S Line N	Feet From 660	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>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>	
	E-Signed By: Monti Sanders Title: Date: 12/7/2011	
	SURVEYOR CERTIFICATION	
<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>		
Surveyed By: Gary Jones Date of Survey: 9/2/2011 Certificate Number: 7977		

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SOUTHLAND ROYALTY APM STATE #002H

API: 30-015-39749

Created By	Comment	Comment Date
MSANDERS	Well will be drilled vertically to 7833'. Well will then be kicked off at 7833' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 8583' MD (8310' TVD). If hole conditions dictate, 7" casing will be set and cemented. A 6 1/8" hole will then be drilled to 12854' MD (8310' TVD) and a 4 1/2" liner will be set with packer/port system. If 7" is not set then hole will be reduced to 8 1/2" and drilled to 12854' MD (8310' TVD) where 5 1/2" casing will be set with Packer's Plus packer/port system in the lateral.	12/7/2011
MSANDERS	A SF cementer tool will be set above the curve. Cement will be placed from SF cementer to surface. Penetration point of the producing zone will be encountered at 677' FSL and 526' FEL, 24-19S-29E. Deepest TVD in the well will be 8310' in the lateral.	12/7/2011
MSANDERS	PRESSURE CONTROL EQUIPMENT: A 3000# psi system will be nipped up and tested on 13 3/8" and 9 5/8" casing. MAXIMUM ANTICIPATED BHP: 0-350' 170 psi; 350'-3700' 1962 psi; 3500'-8310' 3976 psi. Depths are TVD.	12/7/2011
MSANDERS	C-144 for Closed Loop System, Contingency Casing Design and Drilling Plan to follow by mail.	12/7/2011
CSHAPARD	Land s/S	12/7/2011

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SOUTHLAND ROYALTY APM STATE #002H

API: 30-015-39749

OCD Reviewer	Condition
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