

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 141280

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 30-015-39858
4. Property Code 17654	5. Property Name SOUTHLAND ROYALTY APM STATE	6. Well No. 003H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	24	19S	29E	O	200	S	1800	E	EDDY

8. Pool Information

TURKEY TRACK; BONE SPRING	60660
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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 3363
14. Multiple N	15. Proposed Depth 12858	16. Formation 2nd Bone Spring Sand	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	1235	0
Prod	8.5	5.5	17	12858	0	
Prod	8.75	5.5	17	7800	2020	0

Casing/Cement Program: Additional Comments

No H2S is 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: 1/31/2012 Expiration Date: 1/31/2014
Date: 12/12/2011 Phone: 575-748-4244	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 141280

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-39858	2. Pool Code 60660	3. Pool Name TURKEY TRACK; BONE SPRING
4. Property Code 17654	5. Property Name SOUTHLAND ROYALTY APM STATE	6. Well No. 003H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3363

10. Surface Location

UL - Lot O	Section 24	Township 19S	Range 29E	Lot Idn	Feet From 200	N/S Line S	Feet From 1800	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

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UL - Lot B	Section 24	Township 19S	Range 29E	Lot Idn B	Feet From 330	N/S Line N	Feet From 1980	E/W Line E	County EDDY
12. Dedicated Acres 0.00		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

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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SOUTHLAND ROYALTY APM STATE #003H

API: 30-015-39858

Created By	Comment	Comment Date
clif	Well will be drilled vertically to 7833'. Well will then be kicked off at 7833' and directional drilled at 12 degrees per 100' with a 8 3/4" hole to 8,583' MD (8310' TVD). If hole conditions dictate, 7" casing will be set and cemented. A 6 1/8" hole will then be drilled to 12858' MD (8310' TVD) and a 4 1/2" liner will be set with a packer/port system. If 7" is not set then the hole size will be reduced to 8 1/2" and drilled to 12858' MD (8310' TVD) where 5 1/2" casing will be set with a Packer's Plus packer/port system in the lateral. A SF cementer tool will be set above the curve. Cemen	12/12/2011
clif	Cement will be placed from SF cementer tool to surface. Penetration of producing zone will be encountered at 677' FSL & 1819' FEL, Section 24-19S-29E. The deepest TVD in the well will be 8310' in the lateral.	12/12/2011
clif	Pressure control equipment will be a 3000# BOP installed on the 13 3/8" casing and then on the 9 5/8" casing. Maximum bottom hole pressure are: 0'-350' 170 psi; 350'-3700' 1962 psi; 3700'-8310' 3976 psi.	12/12/2011
clif	C-144 for Closed Loop System, Contengency Casing Design and Drilling Plan to follow by mail.	12/12/2011
CSHAPARD	Land s/S	1/27/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: SOUTHLAND ROYALTY APM STATE #003H

API: 30-015-39858

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