

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 152496

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 30-015-40537
4. Property Code 38203	5. Property Name HERRADURA UNIT	6. Well No. 004H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	4	24S	25E	2	510	N	1910	E	EDDY

8. Pool Information

MOSLEY CANYON; BONE SPRING (G)	97174
--------------------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3735
14. Multiple N	15. Proposed Depth 10239	16. Formation Bone Spring	17. Contractor	18. Spud Date
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	13.325	48	500	520	0
Int1	12.25	9.625	36	2650	890	0
Prod	8.5	5.5	17	10239	1645	2150

Casing/Cement Program: Additional Comments

--

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	
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
Printed Name: Electronically filed by LORI FLORES	Approved By: Randy Dade
Title: Land Regulatory Technician	Title: District Supervisor
Email Address: lorif@yatespetroleum.com	Approved Date: 8/1/2012 Expiration Date: 8/1/2014
Date: 7/24/2012 Phone: 575-748-4448	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 152496

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40537	2. Pool Code 97174	3. Pool Name MOSLEY CANYON; BONE SPRING (G)
4. Property Code 38203	5. Property Name HERRADURA UNIT	6. Well No. 004H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3735

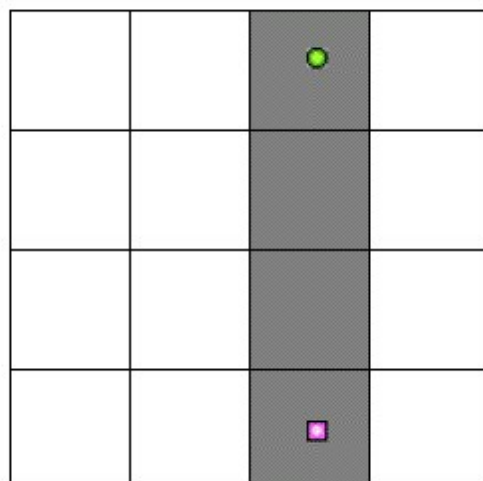
10. Surface Location

UL - Lot B	Section 4	Township 24S	Range 25E	Lot Idn 2	Feet From 510	N/S Line N	Feet From 1910	E/W Line E	County EDDY
---------------	--------------	-----------------	--------------	--------------	------------------	---------------	-------------------	---------------	----------------

11. Bottom Hole Location If Different From Surface

11. Bottom Hole Location If Different From Surface									
UL - Lot O	Section 4	Township 24S	Range 25E	Lot Idn O	Feet From 660	N/S Line S	Feet From 1910	E/W Line E	County EDDY
12. Dedicated Acres 160.65		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: LORI FLORES
Title: Land Regulatory Technician
Date: 7/24/2012

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: 7/13/2012
Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HERRADURA UNIT #004H

API: 30-015-40537

Created By	Comment	Comment Date
CMAY	This well will be drilled vertically to 5855' and directionally drilled at 12 degrees per 100' with an 8.75" hole to 6597' MD (6333' TVD). Well will then be reduced to an 8.50" hole and drilled to 10239' MD (6395' TVD) where 5.50" casing will be ran and cemented from TD to 2150'. Penetration point of the producing zone will be encountered at 979' FNL & 1913' FEL. Deepest TVD in this well is 6395' in the lateral.	7/24/2012
CMAY	C-144 and C-102 to follow by mail.	7/24/2012
CMAY	H2S is not anticipated in this well.	7/24/2012
CMAY	No Schlumber log to be ran. Will use Herradura Unit #3 logs as the pilot hole logs.	7/24/2012
CMAY	Mudloggers will be on this hole when the depth of 2000' is reached. 10' samples will be taken to TD.	7/24/2012
CMAY	A 3000 psi BOP will be nipped up on the 13.325" casing and tested. A 5000 psi BOP will be nipped up on the 9.625" casing and tested.	7/24/2012
CMAY	Anticipated bottom hole pressures are: 0' to 500' are 239 psi; 500' to 2650' are 1268 psi; 2650' to 6395' are 3059 psi.	7/24/2012
CSHAPARD	Land s/S	7/31/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HERRADURA UNIT #004H

API: 30-015-40537

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