

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 159171

NMCD ARTESIA
 DEC 17 2012
 FILED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-41470
4. Property Code 35384	5. Property Name DOC BHU 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
O	5	25S	30E	O	330	S	1930	E	EDDY

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	5	25S	30E	J	2310	S	1980	E	Eddy

9. Pool Information

Pierce Crossing, Bone Spring, ~~North~~ **EAST** 96473

Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3226
16. Multiple N	17. Proposed Depth 9626	18. Formation Bone Spring	19. Contractor	20. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

21. 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	650	525	0
Int1	12.25	9.625	40	3550	950	0
Int2	8.75	7	26	8123	1110	3000
Prod	7.875	5.5	17	9626	1500	6800

Casing/Cement Program: Additional Comments

H2S is not anticipated for this well. Pressure Control Equipment: 3000 psi system nipped up on 13 3/8" and 9 5/8" casing. Maximum anticipated BHP: 0-650' 311 PSI, 650'-3550' 1883 PSI, 3550'-7850' 3796 PSI - Depths are TVD.

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

OIL CONSERVATION DIVISION

I further certify I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> if applicable.		Approved By:	
Signature: <i>Lori Flores</i>		<i>R. Wade</i>	
Printed Name: <i>Lori Flores</i>		Title: <i>Dist 11 Supervisor</i>	
Title: <i>Land Regulatory Agent</i>		Approved Date: <i>6/25/13</i> Expiration Date: <i>6/25/15</i>	
Email Address: <i>lorif@yatespetroleum.com</i>			
Date: <i>12/17/12</i> Phone: <i>575-748-4448</i>			

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 96448 96473		³ Pool Name PIERCE CROSSING, BONE SPRING, NORTH EAST	
⁴ Property Code 35384		⁵ Property Name DOC BHU STATE			⁶ Well Number 2H
⁷ OGRID No. 25575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3226

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	5	25S	30E		330	South	1930	East	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	5	25S	30E		2310	South	1980	East	Eddy

¹² Dedicated Acres 80.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

16				<p>17 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 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.</p> <p><u>Lori Flores</u> 12/14/12 Signature Date</p> <p>Lori Flores Printed Name</p> <p>lorif@yatespetroleum.com E-mail Address</p>
	BHL 2310' FSL & 1980' FEL		<p>Project Area</p> <p>Producing Zone</p> <p>Penetration Point</p>	<p>18 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.</p> <p>SEE ORIGINAL PLAT ATTACHED Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	SHL 330' FSL & 1930' FEL			<p>807' FSL & 1942' FEL</p> <p>Certificate Number</p>

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1901 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
100 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 96448	Pool Name PIERCE CROSSING, BONE SPRING, NORTH
Property Code 35384	Property Name DOC "BHU" STATE	Well Number 2H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3226'

Surface Location

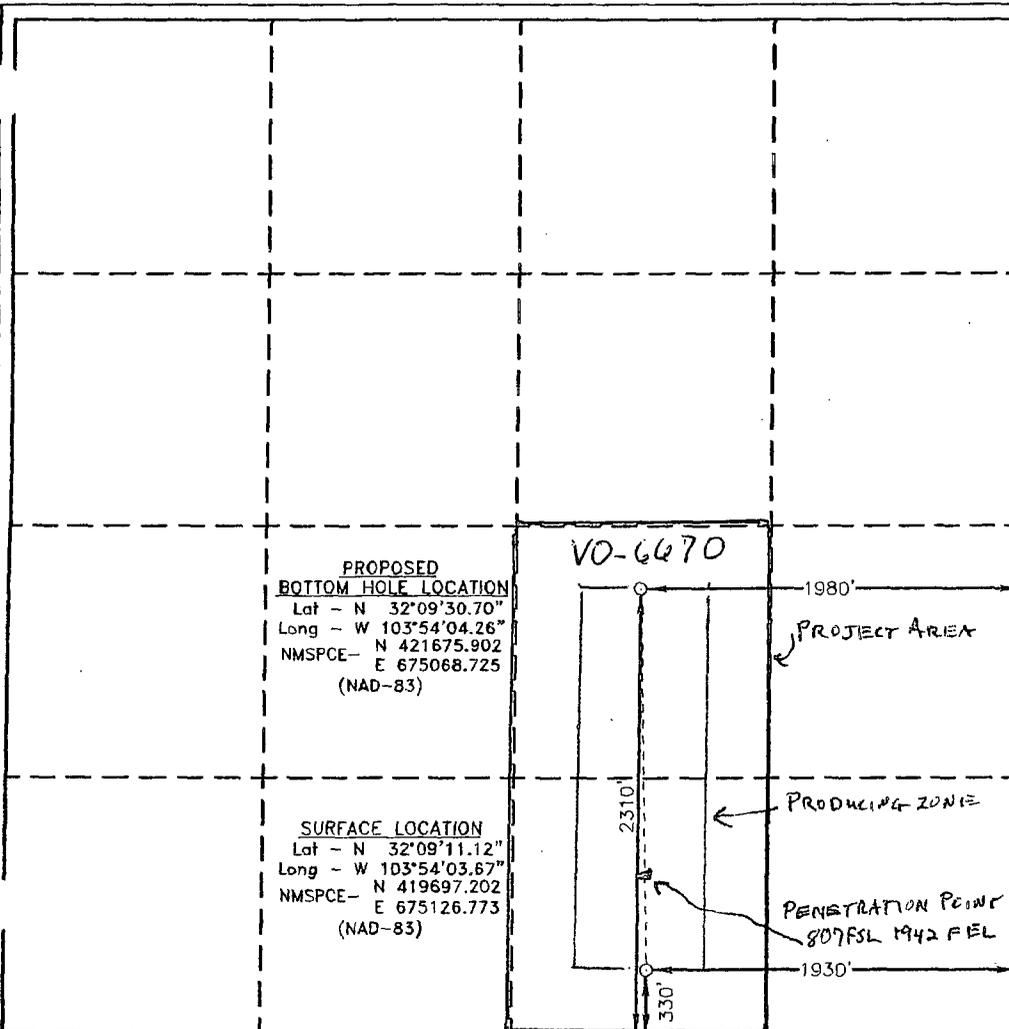
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	5	25 S	30 E		330	SOUTH	1930	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	5	25 S	30 E		2310	SOUTH	1980	EAST	EDDY

Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
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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 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.

Clifton May 11/30/09
Signature Date

CLIFTON MAY
Printed Name

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.

NOVEMBER 12 2009
Date Surveyed
Signature & Seal of Professional Surveyor
GARY L. JONES
7977
CERTIFIED PROFESSIONAL LAND SURVEYOR
NEW MEXICO
W. 11/2/1943

Certificate No. Gary L. Jones 7977

Basin Surveys

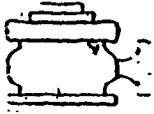
Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: DOC BHU STATE #002H

API:

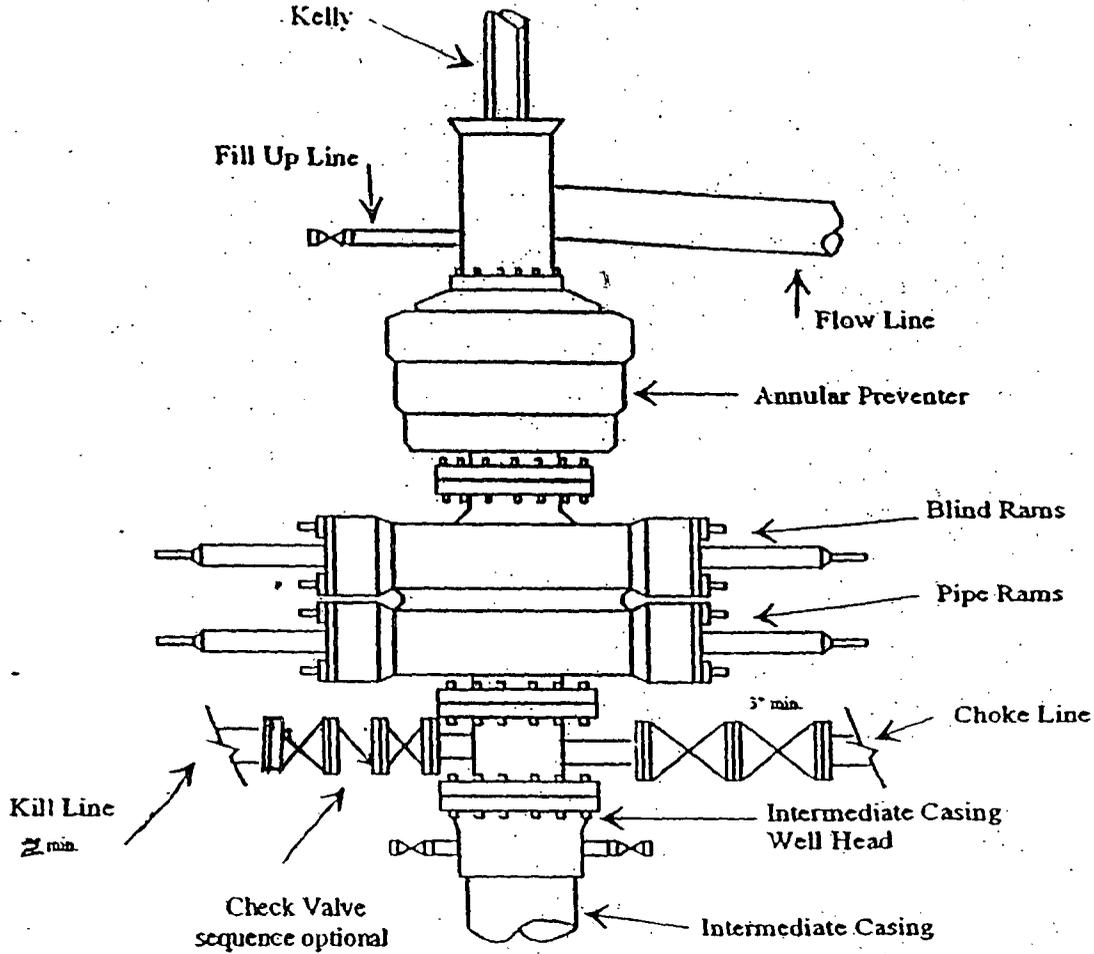
Created By	Comment	Comment Date
LFLORES	Well will be drilled vertically to 7373'. At 7373' well will be kicked off at 12 degrees per 100' with an 8 3/4" hole to 8123' MD (7,850'TVD). If hole conditions dictate, 7" casing will be set. A 6 1/8" hole will then be drilled to 9,626' MD (7,850'TVD) where 4 1/2" casing will be set and cemented.	12/11/2012
LFLORES	If 7" is not set, then hole size will be reduced to 7 7/8" and drilled to 9,626'MD (7,850'TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be at 807'FSL and 1942'FEL, 5-25S-30E. Deepest TVD in the well is 7,850' in the lateral.	12/11/2012
LFLORES	MUD PROGRAM: 0-650' Fresh Water; 650'-3550' Brine Water; 3550'-7373' Cut Brine; 7373'-9626' Cut Brine(lateral).	12/11/2012
LFLORES	C-144 for a Closed Loop System to follow by mail.	12/11/2012
LFLORES	Contingency Casing Design and Directional Drilling Plan to follow by mail.	12/11/2012
LFLORES	Previously approved.	12/11/2012



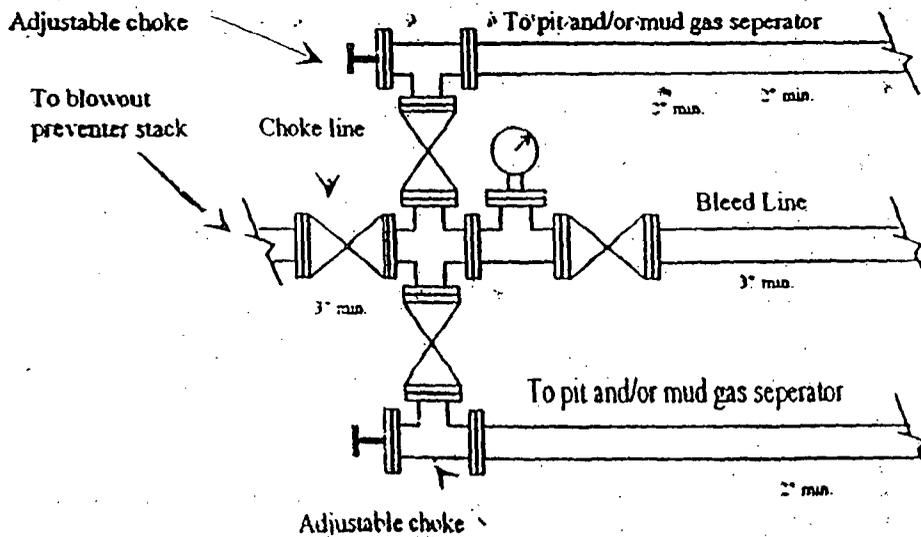
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



Doc BHU State #2H

Contingency Casing Design

If hole conditions dictate, 7" casing will be set at 8,123' MD (7,850' TVD). A 6 1/8" hole will then be drilled to 9,626' MD (7,850' TVD) where 4 1/2" casing will be set and cemented with one stage up to dv tool. After completion procedures, the 4 1/2" casing will be cut and pulled at 7300'.

2nd Intermediate

0 ft to 100 ft		Make up Torque ft-lbs			Total ft = 100	
O.D.	Weight	Grade	Threads	opt.	min.	mx.
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift
4,320 psi	4,980 psi	367,000 #		415,000 #		6.151

100 ft to 5,700 ft		Make up Torque ft-lbs			Total ft = 5,600	
O.D.	Weight	Grade	Threads	opt.	min.	mx.
7 inches	23 #/ft	J-55	LT&C	3130	2350	3930
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift
3,270 psi	4,360 psi	313,000 #		366,000 #		6.25

5,700 ft to 8,123 ft		Make up Torque ft-lbs			Total ft = 2,423	
O.D.	Weight	Grade	Threads	opt.	min.	mx.
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift
4,320 psi	4,980 psi	367,000 #		415,000 #		6.151

DV tool placed at 6800'

Stage I: Cemented w/300sx PVL (YLD 1.41 Wt 13) TOC= 6800'

Stage II: Cemented w/810sx PVL (YLD 1.41 Wt 13) TOC= 3000'

Production

0 ft to 9,626 ft		Make up Torque ft-lbs			Total ft = 9,626	
O.D.	Weight	Grade	Threads	opt.	min.	mx.
4.5 inches	11.6 #/ft	RCP-110	LT&C	3020	2270	3780
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift
8,660 psi	10,690 psi	279,000 #		367,000 #		3.875

DV tool placed at approx. 7300' and cemented with one stage up to dv tool. After completion procedures, the 4 1/2" casing will be cut and pulled at 7300'.

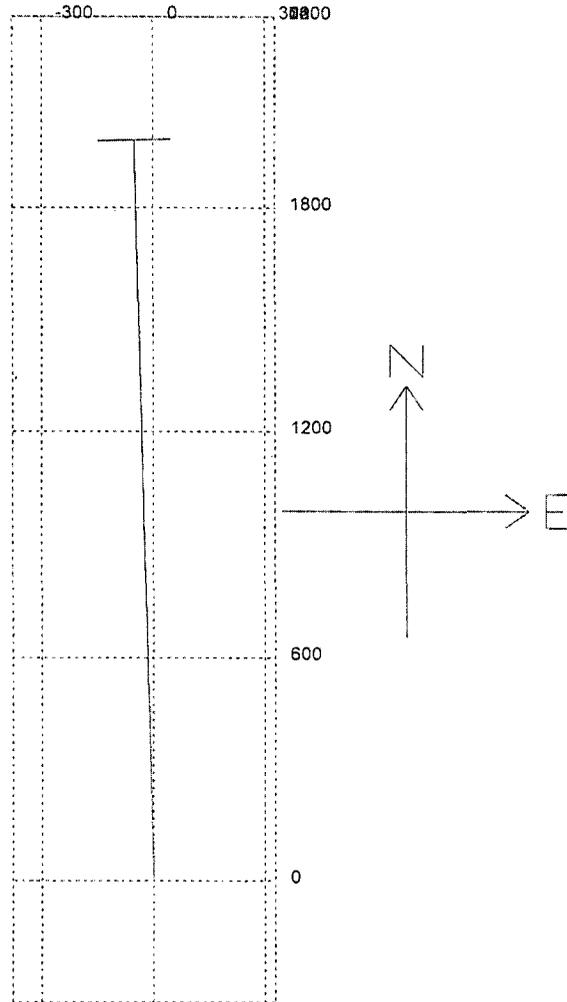
Cemented w/310sx PVL (YLD 1.41 Wt 13) TOC= 7300'

M.D.	Inclination	Azimuth	T.V.D.	N/S	E/W	DIPS	Toolface	Ref. (HS/GN)	
0	0	0	0	0	0	0			
312	0	0	625	0	0	0			RUSTLER
650	0	0	695	0	0	0			TOP OF SALT
2,750	0	0	3,455	0	0	0			BASE OF SALT
2,990	0	0	4,065	0	0	0			BELL CANYON
3,820	0	0	5,430	0	0	0			CHERRY CANYON
5,050	0	0	6,670	0	0	0			BRUSHY CANYON
6,320	0	0	7,240	0	0	0			BRUSHY CANYON MARKER
7373	0	0	7373	0	0	12	359	GN	KOP
7375	0.24	358.55	7375	0	0	12	360	HS	
7400	3.24	358.55	7399.99	0.76	-0.02	12	0	HS	
7425	6.24	358.55	7425	2.83	-0.07	12	0	HS	BONE SPRINGS
7450	9.24	358.55	7449.67	6.19	-0.16	12	360	HS	
7475	12.24	358.55	7474.23	10.85	-0.27	12	360	HS	
7500	15.24	358.55	7498.51	16.79	-0.42	12	360	HS	
7525	18.24	358.55	7522.45	23.98	-0.61	12	360	HS	
7550	21.24	358.55	7545.97	32.42	-0.82	12	360	HS	
7575	24.24	358.55	7569.03	42.08	-1.06	12	360	HS	
7600	27.24	358.55	7591.54	52.93	-1.34	12	360	HS	
7625	30.24	358.55	7613.46	64.95	-1.64	12	0	HS	
7650	33.24	358.55	7634.72	78.1	-1.97	12	0	HS	
7675	36.24	358.55	7655.26	92.34	-2.33	12	360	HS	
7700	39.24	358.55	7675.03	107.63	-2.72	12	0	HS	
7725	42.24	358.55	7693.97	123.94	-3.13	12	0	HS	
7750	45.24	358.55	7712.03	141.22	-3.57	12	360	HS	
7775	48.24	358.55	7729.16	159.42	-4.03	12	0	HS	
7800	51.24	358.55	7745.32	178.48	-4.51	12	0	HS	
7825	54.24	358.55	7760.45	198.37	-5.01	12	0	HS	
7850	57.24	358.55	7774.52	219.03	-5.53	12	0	HS	
7875	60.24	358.55	7787.49	240.39	-6.07	12	360	HS	
7900	63.24	358.55	7799.33	262.4	-6.63	12	0	HS	
7925	66.24	358.55	7810	285	-7.2	12	360	HS	
7950	69.24	358.55	7819.47	308.12	-7.78	12	0	HS	
7975	72.24	358.55	7827.71	331.72	-8.38	12	360	HS	
8000	75.24	358.55	7834.71	355.71	-8.98	12	360	HS	
8025	78.24	358.55	7840.45	380.03	-9.6	12	360	HS	
8050	81.24	358.55	7844.9	404.62	-10.22	12	0	HS	
8075	84.24	358.55	7848.06	429.41	-10.84	12	0	HS	
8100	87.24	358.55	7849.91	454.33	-11.47	12	0	HS	
8123.15	90:02	358:55	7850.47	477.46	-12:06	12	0	HS	BONE SPRINGS PAY
9626.17	90:02	358:55	7850	1980	50	0			LATERAL TD

Well will be drilled vertically to 7373'. At 7373' well will be kicked off at 12 degrees per 100' with an 8 3/4" hole to 8123' MD (7,850' TVD). If hole conditions dictate, 7" casing will be set. A 6 1/8" hole will then be drilled to 9,626' MD (7,850' TVD) where 4 1/2" casing will be set and cemented. If 7" is not set, then hole size will be reduced to 7 7/8" and drilled to 9,626' MD (7,850' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be at 807' FSL and 1942' FEL, 5-25S-30E. Deepest TVD in the well is 7850' in the lateral.

3D³ Directional Drilling Planner - 3D View

Company: Yates Petroleum Corporation
Well: Doc BHU State #2H



3D³ Directional Drilling Planner - 3D View

Company: Yates Petroleum Corporation
Well: Doc BHU State #2H

