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District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

FEB 23 2011

HOBBSOCD

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
June 16, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,
PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address Yates Petroleum Corporation 105 South 4 th Street Artesia, NM 88210		² OGRID Number 025575
		³ API Number 30 - 025-40094
³ Property Code 24779	⁵ Property Name Carper McAlester ATE State	
		⁶ Well No. 3
⁹ Proposed Pool 1 Eight Mile Draw; Perno Upper Penn		¹⁰ Proposed Pool 2

7 Surface Location

UL or lot no. B	Section 25	Township 11S	Range 34E	Lot Idn	Feet from the 600	North/South line N	Feet from the 2310	East/West line E	County Lea
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8 Proposed 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
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Additional Well Information

¹¹ Work Type Code New Well	¹² Well Type Code Oil	¹³ Cable/Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4153'
¹⁶ Multiple N	¹⁷ Proposed Depth 9380'	¹⁸ Formation Wolfcamp	¹⁹ Contractor	²⁰ Spud Date ASAP

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14.75	11.75"	42#	400'	250	**
11	8.625"	32#	4200'	1110	**
7.875	5.5"	17#	9380'	450	7300

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation proposes to drill and test the Wolfcamp/Intermediate formations. Approximately 400' of surface casing will be set/cement circulated to shut off gravel and cavings. Intermediate casing will be set at 4200', cement circulated to surface.. If commercial, production casing will be ran and cemented, perforated, and stimulated as needed for production.

BOPE PROGRAM: A 3000# Double Ram BOPE will be installed on the 8 5/8" casing and tested daily for operational.

MUD PROGRAM: 0-400' FW/ Gel; 400'-2170' Fresh Water; 2170'-4200' Red Bed Mud/Oil; 4200'-7700' Cut Brine; 7700'-9380' SW Gel/Starch.

H2S is not anticipated.

C-102 Attached.

A Closed Loop System will be used, C-144 Attached.

Previously Approved (3002538819)

**Permit Expires 2 Years From Approval
Date Unless Drilling Underway**

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

Signature:

Monti Sanders

Printed name:

Monti Sanders

Title:

Land Regulatory Technician

E-mail Address:

montis@yatespetroleum.com

Date:

2/22/11

Phone:

575-748-4244

OIL CONSERVATION DIVISION

Approved by:

[Signature]

Title:

REGULATORY ENGINEER

Approval Date:

MAR 24 2011

Expiration Date:

Conditions of Approval Attached ☐

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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 July 16, 2010

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40094		² Pool Code 214810		³ Pool Name Eight Mile Draw; Permo Upper Penn	
⁴ Property Code 24719		⁵ Property Name Carper McAlester ATE State			⁶ Well Number 3
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 4153'

¹⁰ Surface Location

UL or lot no. B	Section 25	Township 11S	Range 34E	Lot Idn	Feet from the 600	North/South line North	Feet from the 2310	East/West line East	County Lea
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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
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¹² Dedicated Acres 40	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 	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. <i>Monti Sanders</i> 2/21/11 Signature Date Monti Sanders Printed Name montis@yatespetroleum.com E-mail Address	
	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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

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State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wolfcamp
Property Code	Property Name CARPER McALESTER "ATE" STATE	Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 4153'

Surface Location

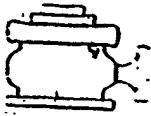
UL or lot No. B	Section 25	Township 11 S	Range 34 E	Lot Idn	Feet from the 600	North/South line NORTH	Feet from the 2310	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40 acres NWNE		Joint or Infill	Consolidation Code	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

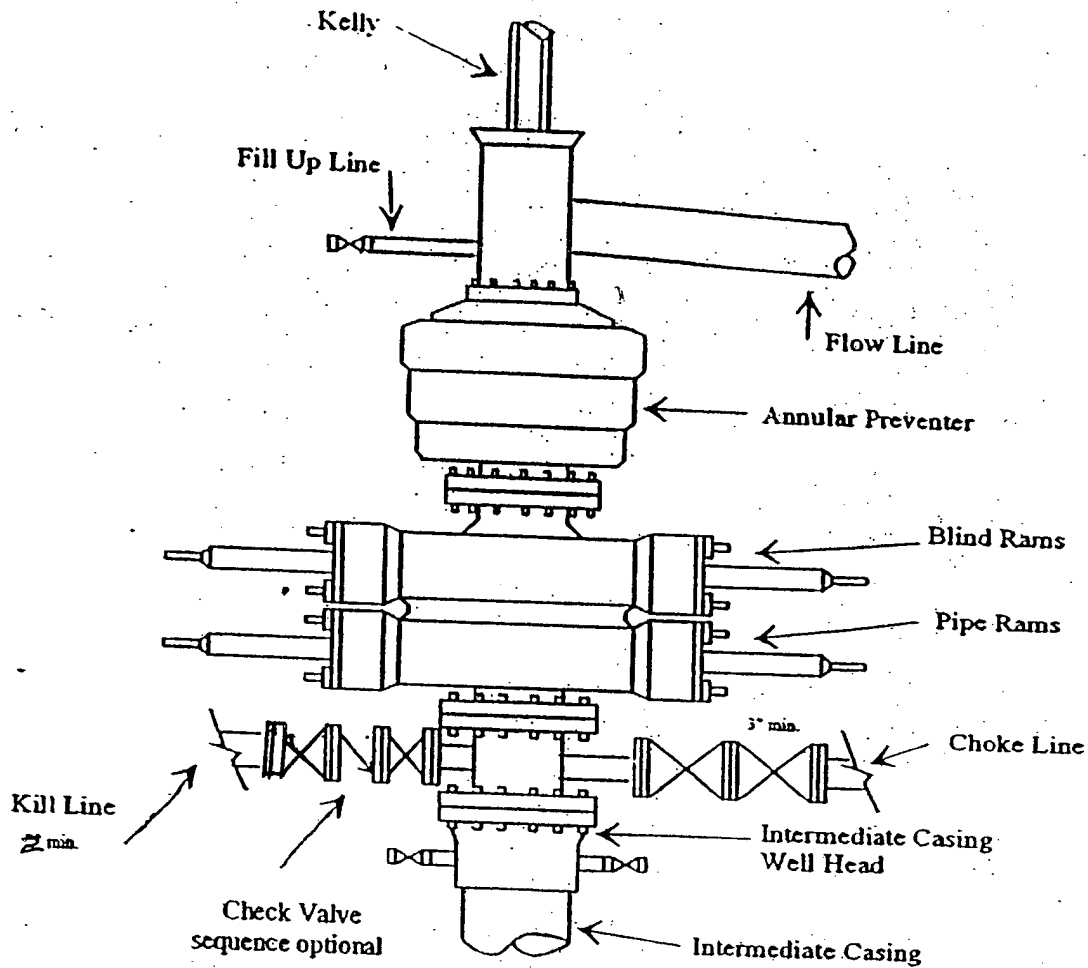
<div>SURFACE LOCATION Lat - N33°20'32.58" Long - W103°27'46.90" SPC- N.: 853218.368 E.: 807121.774 (NAD-83)</div> <div>VO-5490</div>	<div>600'</div> <div>2310'</div>	
OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location 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. <div>Debbie L. Caffall 3/2/2008</div> <div>Signature _____ Date _____</div> <div>Debbie L. Caffall</div> <div>Printed Name _____</div>		
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. <div>MARCH 18, 2008</div> <div>Date Surveyed _____</div> <div>Signature & Seal of Professional Surveyor</div> <div>W.G. Jones 7977</div> <div>Certificate No. Gary L. Jones 7977</div> <div>BASIN SURVEYS</div>		



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

