

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 159538

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
4. Property Code 39118		3. API Number 30-025-40891
5. Property Name HEMLOCK BSH 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
D	32	23S	33E	D	200	N	630	W	LEA

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	32	23S	33E	M	330	S	660	W	Lea

9. Pool Information

TRIPLE X;BONE SPRING	59900
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3671
16. Multiple N	17. Proposed Depth 15695	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 1/15/2013
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	515	0
Int1	12.25	9.625	36	5200	1680	0
Prod	8.5	5.5	17	15695	1705	7500
Prod	8.75	5.5	17	10600	540	4700

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	
DoubleRam	5000	5000	

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature:	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 12/17/2012	Approved By: Paul Kautz Title: Geologist Approved Date: 12/20/2012 Expiration Date: 12/20/2014 Conditions of Approval Attached
Phone: 575-748-4448	

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Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 159538

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40891	2. Pool Code 59900	3. Pool Name TRIPLE X,BONE SPRING
4. Property Code 39118	5. Property Name HEMLOCK BSH STATE	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3671

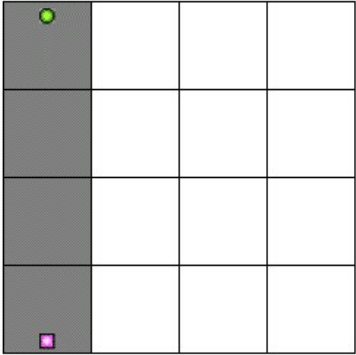
10. Surface Location

UL - Lot D	Section 32	Township 23S	Range 33E	Lot Idn D	Feet From 200	N/S Line N	Feet From 630	E/W Line W	County LEA
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11. Bottom Hole Location If Different From Surface

UL - Lot D	Section 32	Township 22S	Range 33E	Lot Idn D	Feet From 200	N/S Line S	Feet From 630	E/W Line W	County LEA
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

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><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></p> <p>E-Signed By: LORI FLORES Title: Land Regulatory Technician Date: 12/17/2012</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><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></p> <p>Surveyed By: Gary Jones Date of Survey: 11/13/2012 Certificate Number: 7977</p>
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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HEMLOCK BSH STATE #002H

API: 30-025-40891

Created By	Comment	Comment Date
THAHN	C-102, C-144 and drilling plan are to follow by mail.	12/17/2012
THAHN	H2S is not anticipated.	12/17/2012
THAHN	Samples will be taken every 30' to 5200' and every 10' from 5200' to TD.	12/17/2012
THAHN	Mudlogging will be on after surface casing to TD.	12/17/2012
THAHN	Maximum anticipated bottom hole pressure: (Depths are TVD) 0' - 650' is 311 PSI, 650' - 5200' is 2758 PSI, and 5200' - 11170' is 5228 PSI.	12/17/2012
THAHN	Well will be drilled vertically to 10670' and then kicked off at 10670' and drilled directionally at 12 degrees per 100' with an 8.75" hole to 11418' (11148' TVD). Hole will then be reduced to 8.5" and drilled to 15695' MD (11170' TVD) where 5.5" casing will be cemented and ran from TD to 4700' with a DV tool used at approximately 7500'. Penetration point of the producing zone will be encountered at 675' FNL & 636' FWL of Sec. 32, 23S-33E. Deepest TVD in the well will be 11170' in the lateral.	12/17/2012
pkautz	appears to be 2 state leases. Will need com agreement from SLO	12/18/2012
pkautz	Land s/S	12/18/2012
CHERRERA	OCD RECEIVED FORM C144 CLEZ. OCD PERMIT #P1-05537	12/19/2012

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HEMLOCK BSH STATE #002H

API: 30-025-40891

OCD Reviewer	Condition
pkautz	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