

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 179577

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 30-025-41591 |
| 4. Property Code 37947 | 5. Property Name Caravan State Unit | 6. Well No. 005H |

7. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|-----------------|---------------|------------------|---------------|---------------|
| UL - Lot A | Section 32 | Township 24S | Range 33E | Lot Idn | Feet From 70 | N/S Line N | Feet From 400 | E/W Line E | County Lea |
|---------------|---------------|-----------------|--------------|---------|-----------------|---------------|------------------|---------------|---------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|
| UL - Lot P | Section 32 | Township 24S | Range 33E | Lot Idn P | Feet From 330 | N/S Line S | Feet From 400 | E/W Line E | County Lea |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|

9. Pool Information

| | |
|-------------------------------|-------|
| TRISTE DRAW;BONE SPRING, EAST | 96682 |
|-------------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3494 |
| 16. Multiple N | 17. Proposed Depth 15753 | 18. Formation 2nd Bone Spring Sand | 19. Contractor | 20. Spud Date 3/18/2014 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 1185 | 1190 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 5200 | 1600 | 0 |
| Prod | 8.75 | 5.5 | 17 | 15753 | 1965 | 4700 |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000 | 3000 | |
| Double Ram | 5000 | 5000 | |

| | |
|--|---|
| <p>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.</p> <p>Signature:</p> <p>Printed Name: Electronically filed by LORI FLORES</p> <p>Title: Land Regulatory Technician</p> <p>Email Address: lorif@yatespetroleum.com</p> <p>Date: 1/8/2014</p> | <p>OIL CONSERVATION DIVISION</p> <p>Approved By: Paul Kautz</p> <p>Title: Geologist</p> <p>Approved Date: 1/8/2014</p> <p>Expiration Date: 1/8/2016</p> <p>Conditions of Approval Attached</p> |
|--|---|

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Form C-102
August 1, 2011

Permit 179577

**State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505**

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|---|
| 1. API Number 30-025-41591 | 2. Pool Code 96682 | 3. Pool Name TRISTE DRAW;BONE SPRING, EAST |
| 4. Property Code 37947 | 5. Property Name Caravan State Unit | 6. Well No. 005H |
| 7. OGRID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | 9. Elevation 3494 |



10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|-----------------|---------------|------------------|---------------|---------------|
| UL - Lot A | Section 32 | Township 24S | Range 33E | Lot Idn | Feet From 70 | N/S Line N | Feet From 400 | E/W Line E | County Lea |
|---------------|---------------|-----------------|--------------|---------|-----------------|---------------|------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------|-----------------|---------------------|---------|------------------------|---------------|------------------|---------------|---------------|
| UL - Lot P | Section 32 | Township 24S | Range 33E | Lot Idn | Feet From 330 | N/S Line S | Feet From 400 | E/W Line E | 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

| | | | |
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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: **1/8/2014**

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: **11/1/2013**
 Certificate Number: **7977**

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Form APD Comments

Permit 179577

PERMIT COMMENTS

| | |
|--|-----------------------------------|
| Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210 | API Number: 30-025-41591 |
| | Well: Caravan State Unit #005H |

| Created By | Comment | Comment Date |
|------------|--|--------------|
| CMAY | Well will be drilled to 10602'. Well will then be kicked off at approx. 10602' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 11356' MD (11080' TVD) where hole size will then be reduced to 8 1/2" and drilled to 15753' MD (11050' TVD) where 5 1/2" casing will be set and cemented 500' into previous casing string. Production casing will be cemented in two stages with a DV/Packer stage tool at approx. 7500' (cement volumes will be adjusted per tool placement). Penetration point of the producing zone will be encountered at 551' FNL and 400' FEL, 32-24S-33E. Deepest TVD is 1 | 1/8/2014 |
| CMAY | MAXIMUM ANTICIPATED BHP: 0'-1185' 557 PSI 1185'-5200' 2705 PSI 5200'-11080' 5291 PSI. | 1/8/2014 |
| CMAY | H2S is not anticipated. | 1/8/2014 |
| CMAY | PRESSURE CONTROL EQUIPMENT: A 3000 psi system will be nipped up and tested on 13 3/8" casing and a 5M on 9 5/8" casing.. | 1/8/2014 |
| CMAY | Mud Level Monitoring: After surface casing is set an electronic PVT system will be installed as our primary mud level monitoring system. A secondary system will also be implemented as to ensure the PVT system is functioning properly. The secondary system will be comprised of the derrick hand checking the fluid level in the pits periodically using a nut on the end of a rope hanging just above the fluid level in the pit. | 1/8/2014 |
| CMAY | Samples: 30' Samples to 5200'. 10' samples 5200' to TD Logging: SCH: PLATFORM EXPRESS-CURVE CNL/LDT/NGT-CURVE TO INTERM CSG CNL/GR-CURVE-SURFACE CSG DLL-MSFL-CURVE-SURF CSG HORIZONTAL-MWD-GR-HORIZONTAL Mudlogging: 2000' to TD | 1/8/2014 |
| CMAY | A copy of the C-102 and Horizontal information will be sent by mail to OCD. | 1/8/2014 |
| pkautz | Land s/s | 1/8/2014 |

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Form APD Conditions

Permit 179577

PERMIT CONDITIONS OF APPROVAL

| | |
|---|-----------------------------------|
| Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210 | API Number: 30-025-41591 |
| | Well: Caravan State Unit #005H |

| OCD Reviewer | Condition |
|--------------|--|
| pkautz | 1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing -- |
| pkautz | Will require a directional survey with the C-104 |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |