

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8181 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 180587

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 40365 | | 3. API Number 30-015-42013 |
| 5. Property Name Hub BUB | | 6. Well No. 001H |

7. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot D | Section 21 | Township 18S | Range 26E | Lot Idn | Feet From 450 | N/S Line N | Feet From 220 | E/W Line W | County Eddy |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|------------------|---------------|----------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot A | Section 21 | Township 18S | Range 26E | Lot Idn A | Feet From 400 | N/S Line N | Feet From 330 | E/W Line E | County Eddy |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|

9. Pool Information

| | |
|---------------------|------|
| ATOKA;GLORIETA-YESO | 3250 |
|---------------------|------|

Additional Well Information

| | | | | |
|---------------------------|----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3392 |
| 16. Multiple N | 17. Proposed Depth 7110 | 18. Formation Yeso Formation | 19. Contractor | 20. Spud Date |
| 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 | 14.75 | 9.625 | 36 | 1400 | 1025 | 0 |
| Prod | 8.75 | 5.5 | 17 | 2873 | 360 | 0 |
| Prod | 8.5 | 5.5 | 17 | 7110 | 865 | 2873 |

Casing/Cement Program: Additional Comments

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

22. Proposed Blowout Prevention Program

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

| | |
|--|--|
| 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 | Approved By: Randy Dade |
| Title: Land Regulatory Technician | Title: District Supervisor |
| Email Address: lorif@yatespetroleum.com | Approved Date: 1/29/2014 Expiration Date: 1/29/2016 |
| Date: 1/28/2014 Phone: 575-748-4448 | Conditions of Approval Attached |

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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 180587

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|-------------------------------------|
| 1. API Number 30-015-42013 | 2. Pool Code 3250 | 3. Pool Name ATOKA;GLORIETA-YESO |
| 4. Property Code 40365 | 5. Property Name Hub BUB | 6. Well No. 001H |
| 7. OGRID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | 9. Elevation 3392 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot D | Section 21 | Township 18S | Range 26E | Lot Idn | Feet From 450 | N/S Line N | Feet From 220 | E/W Line W | County Eddy |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|------------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|------------------------|---------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot A | Section 21 | Township 18S | Range 26E | Lot Idn | Feet From 400 | N/S Line N | Feet From 330 | E/W Line E | County Eddy |
| 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

| | |
|---|---|
| <div style="border: 1px solid black; width: 100px; height: 100px; margin: 5px; position: relative;"> </div> | <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: 1/28/2014</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: 11/13/2013 Certificate Number: 7977</p> |
|---|---|

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 APD Comments

Permit 180587

PERMIT COMMENTS

| | |
|---|-----------------------------|
| Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210 | API Number: 30-015-42013 |
| | Well: Hub BUB #001H |

| Created By | Comment | Comment Date |
|------------|---|--------------|
| THAHN | Samples: 30' Sample to 1400'. 10' Samples 1400'-TD Logging: NO WIRELINE LOGS MWD Gamma-turned on 500' before KOP to TD DST's: None Coring: None Mudlogging: Yes-surface to TD | 1/28/2014 |
| THAHN | MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-1400' is 670 PSI 1400'-2650' is 1268 PSI | 1/28/2014 |
| THAHN | Well will be drilled vertically to 2128' then be kicked off and directionally drilled at 12 degrees per 100' with an 8.75" hole to 2873' MD (2605' TVD). Hole size will then be reduced to 8.5" and drilled to 7110' MD (2650' TVD) where 5.5" casing will be set and cemented to surface. Penetration point of producing zone will be encountered at 444' FNL and 692' FEL, 21-18S-26E. Deepest TVD is 2650' in the lateral. | 1/28/2014 |
| THAHN | C-102, and H2S plan will follow. | 1/28/2014 |
| CSHAPARD | Land p/P | 1/29/2014 |

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 APD Conditions

Permit 180587

PERMIT CONDITIONS OF APPROVAL

| | | |
|---|--|-----------------------------|
| Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210 | | API Number: 30-015-42013 |
| | | Well: Hub BUB #001H |

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