

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 181007

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 40382		3. API Number 30-025-41650
5. Property Name NERVOSA BTT STATE COM		6. Well No. 002H

7. Surface Location

UL - Lot	G	Section	24	Township	21S	Range	33E	Lot Idn	Feet From	2440	N/S Line	N	Feet From	1880	E/W Line	E	County	Lea
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8. Proposed Bottom Hole Location

UL - Lot	B	Section	13	Township	21S	Range	33E	Lot Idn	B	Feet From	330	N/S Line	N	Feet From	1700	E/W Line	E	County	Lea
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9. Pool Information

BERRY;BONE SPRING, NORTH	5535
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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 3691
16. Multiple N	17. Proposed Depth 18086	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 3/13/2014
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	54.5	1850	1350	0
Int1	12.25	9.625	40	6150	2065	0
Prod	8.75	5.5	17	18086	3100	0

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	
Double Ram	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: _____ Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 2/5/2014 Phone: 575-748-4448	OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 2/7/2014 Expiration Date: 2/7/2016 Conditions of Approval Attached
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Form C-102
August 1, 2011
Permit 181007

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-41650	2. Pool Code 5535	3. Pool Name BERRY;BONE SPRING, NORTH
4. Property Code 40382	5. Property Name NERVOSA BTT STATE COM	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3691

10. Surface Location

UL - Lot G	Section 24	Township 21S	Range 33E	Lot Idn	Feet From 2440	N/S Line N	Feet From 1880	E/W Line E	County Lea
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11. Bottom Hole Location If Different From Surface

UL - Lot B	Section 13	Township 21S	Range 33E	Lot Idn	Feet From 330	N/S Line N	Feet From 1700	E/W Line E	County Lea
12. Dedicated Acres 240.00	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

	OPERATOR CERTIFICATION		
	<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>		
	E-Signed By: LORI FLORES Title: Land Regulatory Technician Date: 2/5/2014		
	SURVEYOR CERTIFICATION		
	<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>		
Surveyed By: Gary Jones Date of Survey: 10/8/2013 Certificate Number: 7977			

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Form APD Comments

Permit 181007

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

PERMIT COMMENTS

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-41650
	Well: NERVOSA BTT STATE COM #002H

Created By	Comment	Comment Date
CMAY	Samples: 30' Sample to 4500'. 10' Samples 4500'-TD. Logging: GR NEUTRON 30 DEGREES DEVIATION TO SURFACE; DENSITY 30 DEGREES DEVIATION TO INTERMEDIATE CASING; LATEROLOG 30 DEGREES DEVIATION TO INTERMEDIATE CASING; CMR 30 DEGREES DEVIATION TO INTERMEDIATE CASING. DST's: None. Coring: None. Mudlogging: On after surface casing.	2/4/2014
CMAY	PRESSURE CONTROL EQUIPMENT: A 3000 psi system will be nipped up and tested on 13 3/8" and a 5M system on 9 5/8" casing. MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-1850' 885 PSI, 1850'-6150' 3262 PSI, 6150'-10893' 5211 PSI.	2/4/2014
CMAY	H2S is not anticipated.	2/4/2014
CMAY	Well will be drilled vertically to 10416'. Well will then be kicked off at approx. 10416' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 11169' MD (10893' TVD). Hole size will then be reduced to 8 1/2" and drilled to 18086' MD (10833' TVD) where 5 1/2" casing will be set. Production casing will be cemented to surface. Penetration point of producing zone will be encountered at 1959' FNL and 1863' FEL, 24-21S-33E. Deepest TVD is 10893' in lateral.	2/4/2014
CMAY	Please note that the surface hole is located in Section 24,21S-33E with the bottom hole being in Section 13, 21S-33E. This enables Yates to dedicate 240 acres to this well.	2/4/2014
CMAY	The C-102 and the horizontal drilling information will be sent to OCD by mail.	2/4/2014
pkautz	Land s/s	2/5/2014
DMULL	Received response from BLM & SLO. Location of this well is not in the LMR area or the Buffer Zone.	2/7/2014

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Form APD Conditions

Permit 181007

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-41650
	Well: NERVOSA BTT STATE COM #002H

OCD Reviewer	Condition
pkautz	1) SURFACE & INTERNEMATE 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	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
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
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
DMULL	Well location in the POTASH AREA. Requires response from the Bureau of Land Management and State Land Office. Notice letter advising them of this APD has been sent today by OCD Hobbs office.
DMULL	Well location in the POTASH AREA, requires operator to send plat of the area showing the potash lessees for the area within a 1 mile radius.
DMULL	Receive3d response from the BLM & SLOO. The location of this well is not in the LMR area or the Buffer Zone.