

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 181513

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 39221		3. API Number 30-025-41658
5. Property Name SEPTEMBER GRASS BSG STATE COM		6. Well No. 002H

7. Surface Location

UL - Lot	L	Section	5	Township	21S	Range	34E	Lot Idn		Feet From	2625	N/S Line	S	Feet From	760	E/W Line	W	County	Lea
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8. Proposed Bottom Hole Location

UL - Lot	E	Section	8	Township	21S	Range	34E	Lot Idn	E	Feet From	2310	N/S Line	N	Feet From	760	E/W Line	W	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 3722
16. Multiple N	17. Proposed Depth 16350	18. Formation 3rd Bone Spring Sand	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	17.5	13.375	48	1800	1315	0
Int1	12.25	9.625	36	5950	2005	0
Prod	8.5	5.5	17	16350	925	11000
Prod	8.5	5.5	17	11889	1065	5450

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	
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: _____ Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 2/13/2014	<div style="text-align: center;">OIL CONSERVATION DIVISION</div> Approved By: Paul Kautz Title: Geologist Approved Date: 2/14/2014 Expiration Date: 2/14/2016 Conditions of Approval Attached
Phone: 575-748-4448	

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Santa Fe, NM 87505**

Permit 181513

1. API Number 30-025-41658	2. Pool Code 5535	3. Pool Name BERRY;BONE SPRING, NORTH
4. Property Code 39221	5. Property Name SEPTEMBER GRASS BSG STATE COM	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3722

UL - Lot L	Section 5	Township 21S	Range 34E	Lot Idn	Feet From 2625	N/S Line S	Feet From 760	E/W Line W	County Lea
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UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	8	21S	34E		2310	N	760	W	Lea

12. Dedicated Acres 160.00	13. Joint or Infill	14. Consolidation Code	15. Order No.
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<div style="border: 1px solid black; width: 100%; height: 100%; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background-color: #f0f0f0;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-size: 24px; font-weight: bold;">1</div> </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</p> <p>Title: Land Regulatory Technician</p> <p>Date: 2/13/2014</p>
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<div style="border: 1px solid black; width: 100%; height: 100%; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background-color: #f0f0f0;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-size: 24px; font-weight: bold;">2</div> </div>	<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</p> <p>Date of Survey: 12/11/2013</p> <p>Certificate Number: 7977</p>
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Form APD Comments

Permit 181513

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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Santa Fe, NM 87505

PERMIT COMMENTS

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-41658
	Well: SEPTEMBER GRASS BSG STATE COM #002H

Created By	Comment	Comment Date
THAHN	H2S is not anticipated and has not been encountered in the area. C-102 will follow by mail.	2/13/2014
THAHN	Samples: 30' Sample to 5950'. 10' Samples 5950'-TD	2/13/2014
THAHN	Logging: GR NEUTRON-30 DEG DEV TO SURFACE CSG, DENSITY-30 DEG DEV TO INTERMEDIATE CSG, LATEROLOG-30 DEG DEV TO INTERMEDIATE CSG, CMR-30 DEG DEV TO INTERMEDIATE CSG, (SCHLUMBERGER TOOLS PLATFORM/HRLA/CMR).	2/13/2014
THAHN	MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-1800' is 861 PSI 1800'-5950' is 3156 PSI 5950'-11671' is 5583 PSI	2/13/2014
THAHN	Well will be drilled vertically to 11144' then be kicked off and directionally drilled at 12 degrees per 100' with a 8.75" hole to 11889' MD (11621' TVD). Hole size will then be reduced to 8.5" and drilled to 16350' MD (11671' TVD) where 5.5" casing will be set and cemented 500' into previous casing string. Production string will be cemented in three stages with a DV/packer stage tool at approx. 11000' and 8800' (cement volumes will be adjusted per tool placement). Penetration point of producing zone will be encountered at 2153' FSL and 760' FWL, 6-21S-34E. Deepest TVD is 11671' in the lateral	2/13/2014

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Form APD Conditions

Permit 181513

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-41658
	Well: SEPTEMBER GRASS BSG STATE COM #002H

OCD Reviewer	Condition
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	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water