

**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) 334-8178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3482

**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 209340

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|  |  |                               |
|--|--|-------------------------------|
| 1. Operator Name and Address<br>YATES PETROLEUM CORPORATION<br>105 S 4TH ST<br>ARTESIA, NM 88210 |  | 2. OGRID Number<br>25575      |
| 4. Property Code<br>315240   |  | 3. API Number<br>30-025-42773 |
| 5. Property Name<br>DRUCKER BWD STATE COM  |  | 6. Well No.<br>001H           |

**7. Surface Location**

|          |   |         |   |          |     |       |     |         |   |           |     |          |   |           |     |          |   |        |     |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|-----|----------|---|--------|-----|
| UL - Lot | P | Section | 6 | Township | 19S | Range | 36E | Lot Idn | P | Feet From | 200 | N/S Line | S | Feet From | 660 | E/W Line | E | County | Lea |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|-----|----------|---|--------|-----|

**8. Proposed Bottom Hole Location**

|          |   |         |   |          |     |       |     |         |   |           |     |          |   |           |     |          |   |        |     |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|-----|----------|---|--------|-----|
| UL - Lot | A | Section | 6 | Township | 19S | Range | 36E | Lot Idn | A | Feet From | 330 | N/S Line | N | Feet From | 660 | E/W Line | E | County | Lea |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|-----|----------|---|--------|-----|

**9. Pool Information**

|                                  |       |
|----------------------------------|-------|
| WC-025 G-07 S193513B;BONE SPRING | 97926 |
|----------------------------------|-------|

**Additional Well Information**

|                           |                             |  |                         |                                    |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type<br>New Well | 12. Well Type<br>OIL        | 13. Cable/Rotary                       | 14. Lease Type<br>State | 15. Ground Level Elevation<br>3819 |
| 16. Multiple<br>N         | 17. Proposed Depth<br>13839 | 18. Formation<br>2nd 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               | 1885          | 1385            | 0             |
| Int1 | 12.25     | 9.625       | 36               | 4650          | 1525            | 0             |
| Prod | 8.5       | 5.5         | 17               | 13839         | 1430            | 9363          |
| Prod | 8.75      | 5.5         | 17               | 9636          | 640             | 4150          |

**Casing/Cement Program: Additional Comments**

Well will be drilled vertically to approx. 8886'. Well will then be kicked off at approx. 8886' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 9636' MD (9363' TVD). Hole size will then be reduced to 8 1/2" and drilled to 13839' MD (9363' TVD) where 5 1/2" casing will be set and cemented 500' into previous casing string. Penetration point of producing zone will be encountered at 677' FSL and 660' FEL, 6-19S-36E. Deepest TVD is 9363' in the lateral.

**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.<br>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.<br><br>Signature: | <b>OIL CONSERVATION DIVISION</b>  |
| Printed Name: Electronically filed by Travis Hahn<br>Title: Land Regulatory Agent<br>Email Address: thahn@yatespetroleum.com<br>Date: 9/3/2015   | Approved By: Paul Kautz<br>Title: Geologist<br>Approved Date: 9/9/2015<br>Conditions of Approval Attached |
| Phone: 575-748-4120  | Expiration Date: 9/9/2017   |

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**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 209340

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |   |  |
|-------------------------------|---|--|
| 1. API Number<br>30-025-42773 | 2. Pool Code<br>97926                           | 3. Pool Name<br>WC-025 G-07 S193513B;BONE SPRING |
| 4. Property Code<br>315240    | 5. Property Name<br>DRUCKER BWD STATE COM       | 6. Well No.<br>001H                              |
| 7. OGRID No.<br>25575         | 8. Operator Name<br>YATES PETROLEUM CORPORATION | 9. Elevation<br>3819                             |

**10. Surface Location**

|               |              |                 |              |              |                  |               |                  |               |               |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|
| UL - Lot<br>P | Section<br>6 | Township<br>19S | Range<br>36E | Lot Idn<br>P | Feet From<br>200 | N/S Line<br>S | Feet From<br>660 | E/W Line<br>E | County<br>Lea |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|

**11. Bottom Hole Location If Different From Surface**

|                               |                     |                 |                        |         |                  |               |                  |               |               |
|-------------------------------|---------------------|-----------------|------------------------|---------|------------------|---------------|------------------|---------------|---------------|
| UL - Lot<br>A                 | Section<br>6        | Township<br>19S | Range<br>36E           | Lot Idn | Feet From<br>330 | N/S Line<br>N | Feet From<br>660 | E/W Line<br>E | County<br>Lea |
| 12. Dedicated Acres<br>159.65 | 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**

|   |  |  |   |   |  |  |  |  |  |  |  |  |  |  |  |   |  |
|---|--|--|---|---|--|--|--|--|--|--|--|--|--|--|--|---|--|
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px; background-color: #cccccc; text-align: center;">■</td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px; background-color: #cccccc;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px; background-color: #cccccc;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px; background-color: #cccccc; text-align: center;">●</td></tr> </table> |  |  |   | ■ |  |  |  |  |  |  |  |  |  |  |  | ● | <p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></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:      Travis Hahn<br/>Title:                Land Regulatory Agent<br/>Date:                9/3/2015</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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<br/>Date of Survey:     8/11/2015<br/>Certificate Number: 7977</p> |
|   |  |  | ■ |   |  |  |  |  |  |  |  |  |  |  |  |   |  |
|   |  |  |   |   |  |  |  |  |  |  |  |  |  |  |  |   |  |
|   |  |  |   |   |  |  |  |  |  |  |  |  |  |  |  |   |  |
|   |  |  | ● |   |  |  |  |  |  |  |  |  |  |  |  |   |  |

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Form APD Comments

Permit 209340

**PERMIT COMMENTS**

|   |                                      |
|---|--------------------------------------|
| Operator Name and Address:<br>YATES PETROLEUM CORPORATION [25575]<br>105 S 4TH ST<br>ARTESIA , NM 88210 | API Number:<br>30-025-42773          |
|   | Well:<br>DRUCKER BWD STATE COM #001H |

| Created By | Comment   | Comment Date |
|------------|---|--------------|
| CHRISG     | Samples; 10' samples surface to TD; Logging: GR NEUTRON 30 DEG DEV TO SURF DENSITY 30 DEG DEV TO INTERM CSG LATERLOG 30 DEG DEV TO INTERM CSG CMR 30 DEG DEV TO INTERM CSG (SCHLUMBERGER TOOLS PLATFORM/HRLA/CMR) FMI/DIPOLE SONIC OVER BONE SPRING POSSIBLE; Mudlogging: On Below Surface Casing;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 insure the PVT system is functioning properly. The secondary system will be comprised of the derrick hand checking the fluid | 9/3/2015     |
| CHRISG     | The secondary system will be comprised of the derrick hand checking the fluid level in the pit. PRESSURE CONTROL EQUIPMENT: A 3000 psi system will be nipped up and tested on 13 3/8" and a 5M on 9 5/8" casing.; MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-1885' 902 PSI 1885'-4650' 2466 PSI 4650'-9363' 4479 PSI  | 9/3/2015     |
| CHRISG     | EOC= 9363' TVD; EOL= 9363' TVD; H2S is not anticipated. C-102 to follow.  | 9/3/2015     |
| CHRISG     | EOC= 9363' TVD; EOL= 9363' TVD; H2S is not anticipated. C-102 to follow.  | 9/3/2015     |
| CHRISG     | Drilling plan to follow   | 9/3/2015     |



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Form APD Conditions

Permit 209340

**PERMIT CONDITIONS OF APPROVAL**

|  |                                      |
|--|--------------------------------------|
| Operator Name and Address:<br>YATES PETROLEUM CORPORATION [25575]<br>105 S 4TH ST<br>ARTESIA, NM 88210 | API Number:<br>30-025-42773          |
|  | Well:<br>DRUCKER BWD STATE COM #001H |

| OCD Reviewer | Condition  |
|--------------|--|
| pkautz       | Will require a directional survey with the C-104   |
| 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       | Pit construction and closure must satisfy all requirements of your approved plan.  |
| pkautz       | If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well.  |
| pkautz       | 1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --   |
| pkautz       | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement   |
| pkautz       | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water   |
| pkautz       | Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186  |
| pkautz       | 1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |