Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

WELL API NO.
30-005-64213

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
White

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

8. Well Number
004

2. Name of Operator
Yates Industries LLC

9. OGRID Number
372658

3. Address of Operator
403 W San Francis Street Santa Fe NM 87501

10. Pool name or Wildcat
Racetrack; Devonian

4. Well Location
Unit Letter: H 2540 feet from the NORTH line and 1220 feet from the EAST line
Section 13 Township 10 S Range 27 E NMPM Chaves County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3798' KB

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER: Add Perforations within the same zone	☒			OTHER:	☐		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1. MIRU WSU. POOH with rods and pump.
2. Knock out CIBP at 6711'.
3. Clean out wellbore as low as possible down to ~6754'.
4. If wellbore is clear, perf 6744'-6748'.
5. RIH with packer and set at ~6690' to isolate perfs above at 6593'-6666'.
6. Acidize perfs 6718'-6748' with ~1200 gals 15% HCl.
7. Swab test perfs to determine feed-in rate and fluid content.
8. POOH with packer.
9. Perf 6576'-6588'.
10. Set RBP at ~6590' to isolate perfs below.
11. Set packer at ~6550'.
12. Acidize new perfs 6576'-6588' with ~1200 gals 15% HCl.
13. Swab test new perfs to determine feed-in rate and fluid content.
14. POOH with packer and RBP.
15. RBIH with pump and rods. RDMO WSU. RWTP with open perfs 6576'-6748'.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Cory Walk TITLE CONSULTANT DATE 10-20-21

Type or print name Cory Walk E-mail address: cory@permitswest.com PHONE: 505 466-8120

For State Use Only

APPROVED BY:_____ TITLE_____ DATE_____

Conditions of Approval (if any):

ROCKCREEK ENERGY

White #4

Race Track Field

Fusselman Completion

API: 30-005-64213

2540' FNL & 1220' FEL Lot H, Section 13 T10S-R27E

Chavez County, NM

RCE WI: 66.15%;
NRI: 51.0434%

Spud: 12/10/2014
RR: 1/03/2015
Completed:
Diagram Revised: 02/02/18

KB=12'

753' 13 3/8" 48#, J-55 cmt w/ 375 sx 14.8 ppg'

1,604' 8 5/8" 24#, 38 jts J-55 cmt w/390 sx 12.8 # & tailed w/ 590 sx 14.8 ppg

PU Trinity 640-168D, set in 144" stroke, 4.7 spm
W/ Arrow A62e-gas engine

Short jt @ 6,436-58' CBL 1/21/2015

6,753' 5-1/2" 15.5#, J-55 160 JT's new Casing 200 sx 12 ppg, tailed w/ 700 sx 14.8 ppg'; TOC: 3,620' +/- CBL

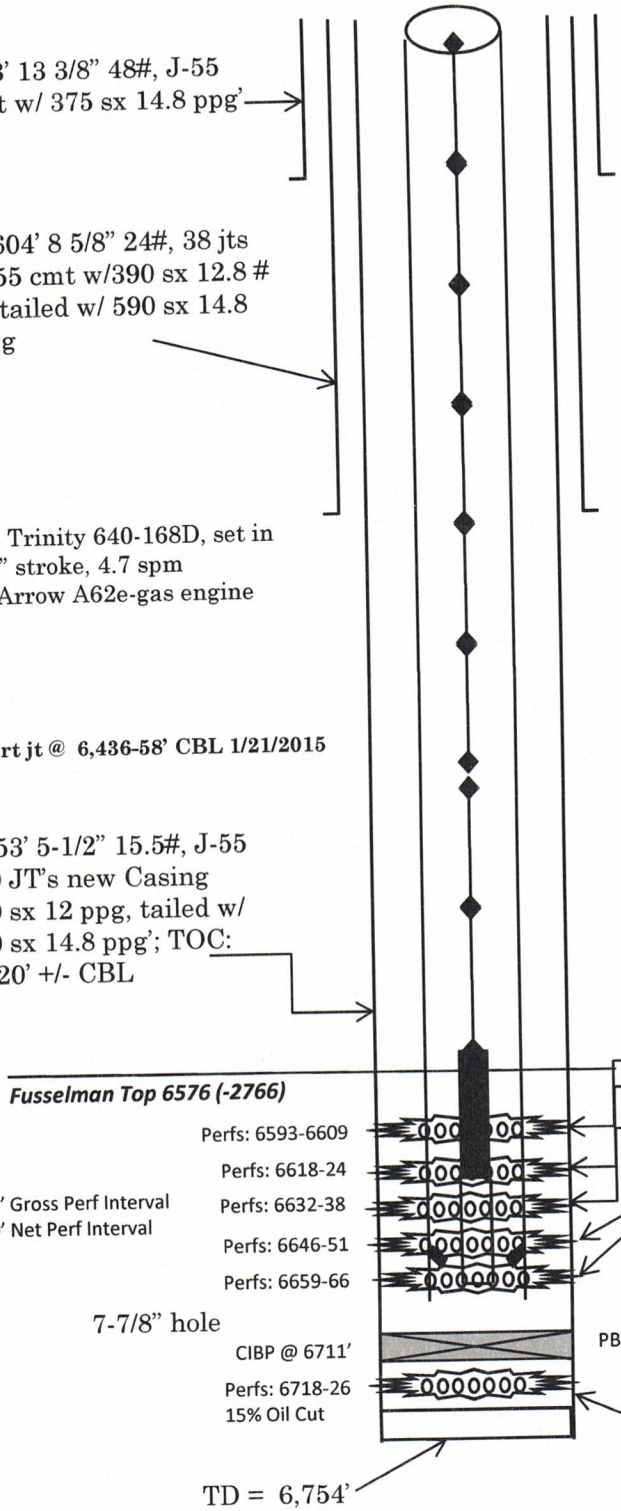
Tubing String Detail (02/02/18):

12' & 2' sub	14.00'
114 jts 2 7/8" J55 6.5# tbg	3,716.40'
85 jts 27/8" L-80 wt bnd	2,778.65'
1-TAC 5.5" x 2.5"	2.60'
4 jts 27/8" L-80 wt bnd	130.76'
1-SN 2.5" API STD	1.10'
1-Perforated Sub 2 7/8"	4.00'
1- Mud Anchor 2 7/8"	31.64'
Top of TAC @	6,503.60
Bottom of SN @	6,635.77'
Bottom of Mud Anchor @	6,671.41'

Rod String Detail (04/05/16):

1- PR w/1 ½"x 30' SM PR w/4' bare	30.00'
93-1"x25' Grade D Rods	2,325.00'
101-7/8"x25' Grade D Rods	2,522.50'
1- 3/4" x 7/8" x-over w/ molded guide	2.50'
38- ¾" x 25' Grade D Rods	950.00'
19 - ¾" x 25' Grade D Guided Rods	475.00'
10 – K-Bars 1 ½"x 25'	250.00'
11 – Guided subs ¾" x 30" molded*	27.50'
1- Pump 2.5"x 2.00"x 24'-4'-0 RWBC	25.00'

*Molded full flow subs are in between each K-Bar
40 - ¾" couplings are ToughMet Couplings (all non-guided rods and 2 guided rods)
Bottom 40 7/8" couplings are ToughMet Couplings



Perfed: 6593'-6609', 6618'-24' & 6632'-38' w/ 4JSPF
Acidized w/ 1200 gals 15% HCL
FE 15-30 BFPH, **final oil cut 95%**
Still recovering some load wtr

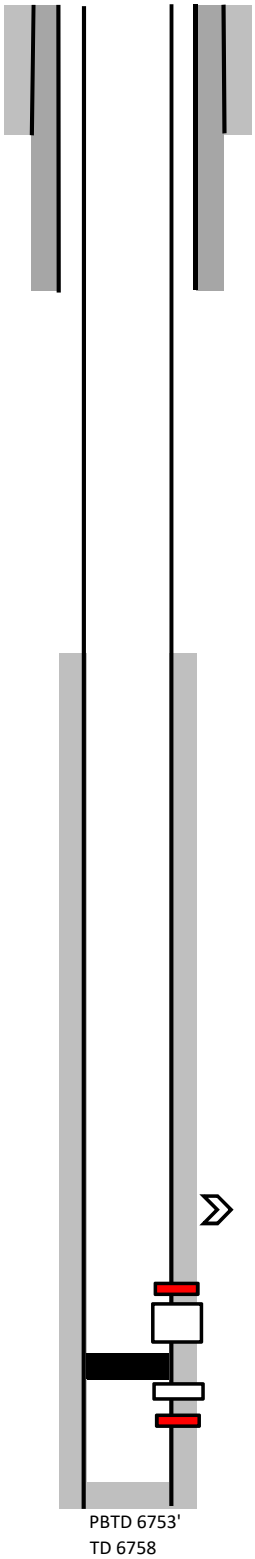
Perfed: 6646'-51' & 6659'-66' w/ 4JSPF
Acidized w/ 1000 gals 15% HCL
FE 10-20 BFPH, **final oil cut 85-95%**
Still recovering some load wtr

Perfed: 6718-26 w/ 4JSPF Swb tstd, **final oil cut 15%**; no stimulation

WELLBORE DIAGRAM

White #4
Section 13, T10S, R27E: 2540' FNL & 1220 FEL
API# 30-005-64213

Updated 9/24/2021



13 3/8" 48# @ 753'
375 sx

8 5/8" 24# @ 1604'
980 sx

TOC 3620' (CBL)

Short joint 6436-58

Proposed Perfs: 6576-6588
Perfs: 6593-6666

CIBP @ 6711
Perfs: 6718-26
Proposed Perfs: 6744-48

5 1/2" 15.5# J-55@ 6753
900 sx TOC 3620'

PBTD 6753'
TD 6758

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: YATES INDUSTRIES LLC **OGRID:** 372658 **Date:** 11 / 30 / 2021

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
WHITE #004	30-005-64213	H-13-10S-27E	2540 FNL 1220 FEL	65	27	120

IV. Central Delivery Point Name: WHITE BATTERY [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
WHITE #004	30-005-64213	12-10-2014	12-27-2014	1-10-2022	1-24-2022	1-2-2022

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☐ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☐ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☒ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☒ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	Cory Walk
Printed Name:	Cory Walk
Title:	Agent
E-mail Address:	cory@permitswest.com
Date:	11/30/2021
Phone:	505-466-8120

OIL CONSERVATION DIVISION
(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

Natural Gas Management Plan – Attachment

VI. Separation Equipment:

Separation equipment is currently existing at the White Battery site. At the time of installation, construction engineering staff properly sized the equipment based on anticipated daily production rates to ensure adequate capacity.

VII. Operation Practices:

Yates Industries, LLC will take the following actions to comply with the regulations listed in 19.15.27.8:

A. Yates will maximize the recovery of natural gas by minimizing the waste, as defined by 19.15.2 NMAC, of natural gas through venting and flaring. Yates will ensure that all natural gas will be used to generate electricity on-site.
B. All drilling operations will be equipped with a rig flare located at least 100’ from the nearest surface hole. Rig flare will be utilized to combust any natural gas that is brought to surface during normal drilling operations. In the case of emergency venting or flaring the volumes will be estimated and reported appropriately.
C. During completion operations any natural gas brought to surface will be flared. Immediately following the finish of completion operations, all well flowback will be directed to permanent separation equipment. Produced natural gas from separation equipment will be used for on-site electricity generation. It is not anticipated that gas will not meet pipeline standards. However, if natural gas does not meet quality specifications, Yates will flare the natural gas for 60 days or until the natural gas meets the quality specifications, whichever is sooner. Yates will ensure that the flare is sized properly and is equipped with automatic igniter or continuous pilot. The gas sample will be analyzed twice per week and the gas will be routed to the generator as soon as quality specifications are met.
D. Natural gas will not be flared with the exceptions and provisions listed in the 19.15.27.8 D.(1) through (4).
E. Yates will comply with the performance standards requirements and provisions listed in 19.15.27.8 E. (1) through (8). All equipment will be designed and sized to handle maximum anticipated pressures and throughputs to minimize the waste. The existing flare will be retrofitted with automatic igniter or continuous pilot no later than 18 months after May 25, 2021. Flares will be located at least 100' from the well and storage tanks unless otherwise approved by the division. Yates will conduct AVO inspections as described in 19.15.27.8 E (5) (a) with frequencies specified in 19.15.27.8 E (5) (b) and (c). All emergencies will be resolved as quickly and safely as feasible to minimize waste.
F. The volume of natural gas that is vented or flared as the result of malfunction or emergency during drilling and completions operations will be estimated. The volume of natural gas that is vented, flared, or beneficially used during production operations, will be measured, or estimated. If metering is not practicable due to circumstances such as low flow rate or low pressure venting and flaring, Yates will estimate the volume of vented or flared natural gas. Measuring equipment will conform to industry standards and will not be designed or equipped

with a manifold that allows the diversion of natural gas around the metering element except for the sole purpose of inspecting and servicing the measurement equipment.

VIII. Best Management Practices:

For maintenance activities involving production equipment and compression, venting will be limited to the depressurization of the subject equipment to ensure safe working conditions. For maintenance of production and compression equipment the associated producing wells will be shut in to eliminate venting. For maintenance of VRUs all gas normally routed to the VRU will be routed to flare to eliminate venting.

Section 3. Venting and Flaring Plan

Due to the minimal amount of natural gas production and the distance from potential gathering systems, Yates proposes the following plan as an alternative to venting and flaring. Yates will install a natural gas-powered electric generator at the existing White Battery (H-13-10S-27E). All natural gas produced from the White #004 will be burned to generate electricity. The electricity will then be used to run bitcoin mining computers. Yates will also tie-in to Xcel's electric grid approximately ½ mile east of the White battery to buy electricity from or sell electricity to Xcel, as needed.

District I
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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

CONDITIONS

Action 66044

CONDITIONS

Operator: YATES INDUSTRIES LLC 403 W San Francisco Street Santa Fe, NM 87501	OGRID: 372658
	Action Number: 66044
	Action Type: [C-103] NOI Workover (C-103G)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	None	4/6/2022