

DATE IN 08/05/2013	SUSPENSE	ENGINEER PRG	LOGGED IN 08/09/13	TYPE SWD	APP NO. PPAG 1323561073
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] **[NSP-Non-Standard Proration Unit]** **[SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] **[CTB-Lease Commingling]** **[PLC-Pool/Lease Commingling]**
[PC-Pool Commingling] **[OLS - Off-Lease Storage]** **[OLM-Off-Lease Measurement]**
[WFX-Waterflood Expansion] **[PMX-Pressure Maintenance Expansion]**
[SWD-Salt Water Disposal] **[IPI-Injection Pressure Increase]**
[EOR-Qualified Enhanced Oil Recovery Certification] **[PPR-Positive Production Response]**

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

Yates Pet.
API - pending
Anthill SWD #1

Devonion
New Well

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Mike Hill

Print or Type Name

Signature

Area Engineer

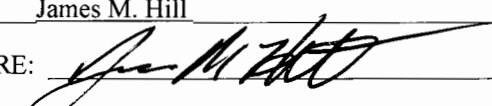
Title

8/6/13

Date

mikeh@yatespetroleum.com
 e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: Yates Petroleum Corporation
ADDRESS: 105 South 4th Street Artesia, NM 88210
CONTACT PARTY: Mike Hill PHONE: 575-748-4219
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: James M. Hill TITLE: Area Engineer
SIGNATURE:  DATE: 7-31-13
E-MAIL ADDRESS: mikeh@yatespetroleum.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Anthill SWD # 5
Unit Letter K, 1320' FSL & 1320' FWL of Sec. 2, T20S, R29E
Eddy County, New Mexico
API No. Not available, but the APD has been applied for.**

- I. **The purpose of drilling and completing this well is to make a disposal well for produced water from the Bone Springs formation. The water would be injected into the Devonian formation.**

Yates Petroleum Corporation plans to Drill a new well disposal well into the Devonian carbonate.

- II. **Operator: Yates Petroleum Corporation
 105 South Fourth Street
 Artesia, NM 88210
 James M. Hill (575) 748-4219**
- III. **Well Data: See Attachment A**
- IV. **This is not an expansion of an existing project.**
- V. **See attached map, Attachment B.**
- VI. **No well within the area of review penetrated the proposed injection zone. (See Attachment C)**
- VII. 1. **Proposed average daily injection volume approximately 5,000 BWPd. Maximum daily injection volume approximately 20,000 BWPd.**
2. **This will be a closed system.**
3. **Proposed average injection pressure –unknown.
 Proposed maximum injection pressure – 2,590 psi. ✓**
4. **Sources of injected water would be produced water from the Bone Springs formation. (Attachment D) ✓**
- VIII. 1. **The proposed injection interval is the portion of the Devonian carbonates consisting of porous dolomite at an estimated depth of +/- 12,950'.**

**Application for Authorization to Inject
Anthill SWD # 5**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 50'. There are no fresh water zones underlying the formation.**
- IX. The proposed disposal interval may be acidized with 20% HCL acid.**
- X. Logs will be filed at your office when the well is drilled.**
- XI. There is no water well within a one-mile radius of the subject location.**
- XII. Yates Petroleum Corporation has examined geologic and engineering data and has found that there is no evidence of faulting in the proposed interval. (Attachment G)**
- XIII. Proof of notice.**
 - A. Certified letters sent to the surface owner and offset operators attached (Attachment E)**
 - B. Copy of legal advertisement attached. (Attachment F)**
- XIV. Certification is signed.**

**Yates Petroleum Corporation
Anthill SWD # 5
Unit Letter K, of Sec. 2, T20S, R29E
Eddy County, New Mexico
API No. N/A**

Attachment A

III. Well Data

- A. (1.) Lease Name/Location
Anthill SWD No. 5
Unit Letter K, +/- 1320' FSL & +/- 1320' FWL
Sec. 02, T20S, R29E
Eddy County, New Mexico
- (2) Casing Strings and Hole Sizes:
20", 94# H-40 STC @ 58' w\ Redi Mix
17-1/2" X 13-3/8", 48# J-55 STC @ 400' w\ 450 sx (Circ)
12-1/4" X 9-5/8", 36# J-55 LTC @ 2,750' w\ 1,300 sx (Circ.)
8-3/4" X 7", 26 & 29# HCP-100, P-110 & L-80 LTC @ 12,950' w\ 1,300 sx (Circ.)
6-1/8", Open hole down to 13,400'.
- (3) Injection Tubing:
3 1/2" 9.3 L-80 or 2-7/8" 6.5 L-80 plastic-coated injection tubing @ +/- 12,900' ✓
- (4.) Propose to use an Arrowset or Baker plastic-coated or nickel-plated packer ✓
set at +/- 12,900' or within 100' of the top of the open hole.
- B. (1.) Injection Formation: Devonian Carbonate
- (2.) Injection Interval will be Devonian open hole section from +/- 12,950'-13,400'.
- (3.) A new drill well that will be used to dispose of Bone Springs water in the Devonian carbonate.
- (4.) None.
- (5.) Next higher (shallower) oil or gas zone within 2 miles-Morrow.
Next lower (deeper) oil or gas zone within 2 miles-None.

WELL NAME: Anthill SWD # 5

FIELD: Burton Flats

LOCATION: 1,320' FSL & 1,320' FWL of Section 02-20S-29E

Eddy Co., NM

GL: ZERO: KB:

SPUD DATE: ASAP COMPLETION DATE:

COMMENTS: This is a new well that is in the
 permitting process; no API # is yet
 assigned to this well.

CASING PROGRAM

20" 94# H-40	58'
13-3/8" 48# J-55	400'
9-5/8" 36# K-55	2,750'
(Surface)	
7" 29# HCP-110 (100') .	
7" 26# P-110 (500') .	
7" 26# L-80 (8,100') .	
7" 26# P-110 (4,250') .	12,950'
(Bottom)	
6-1/8" OH (12,950' to +/- 13,400')	+/- 13,400'

Proposed

Anticipated TOPS:

Rustler	190'
Salt	465'
Base of Salt	1,165'
Tansill	1,290'
Yates	1,400'
Seven Rivers	1,660'
Capitan	1,760'
Delaware	3,480'
Brushy Canyon	4,425'
Bone Springs	5,950'
Wolfcamp	9,430'
Strawn	10,560'
Atoka	10,965'
Morrow	11,360'
Barnett Sh.	11,945'
Miss LM	12,350'
Woodford Sh.	12,850'
Devonian	12,917'

17-1/2"
Hole

12-1/4" Hole

8-3/4" Hole

6-1/8" Open Hole

13-3/8" @ 400' w/
450 sx cmt (Circ.)

9-5/8" @ 2,750' w/
1,300 sx cmt (Circ.)

DV Tool @ +/- 7,000'

DV Tool @ +/- 12,640'

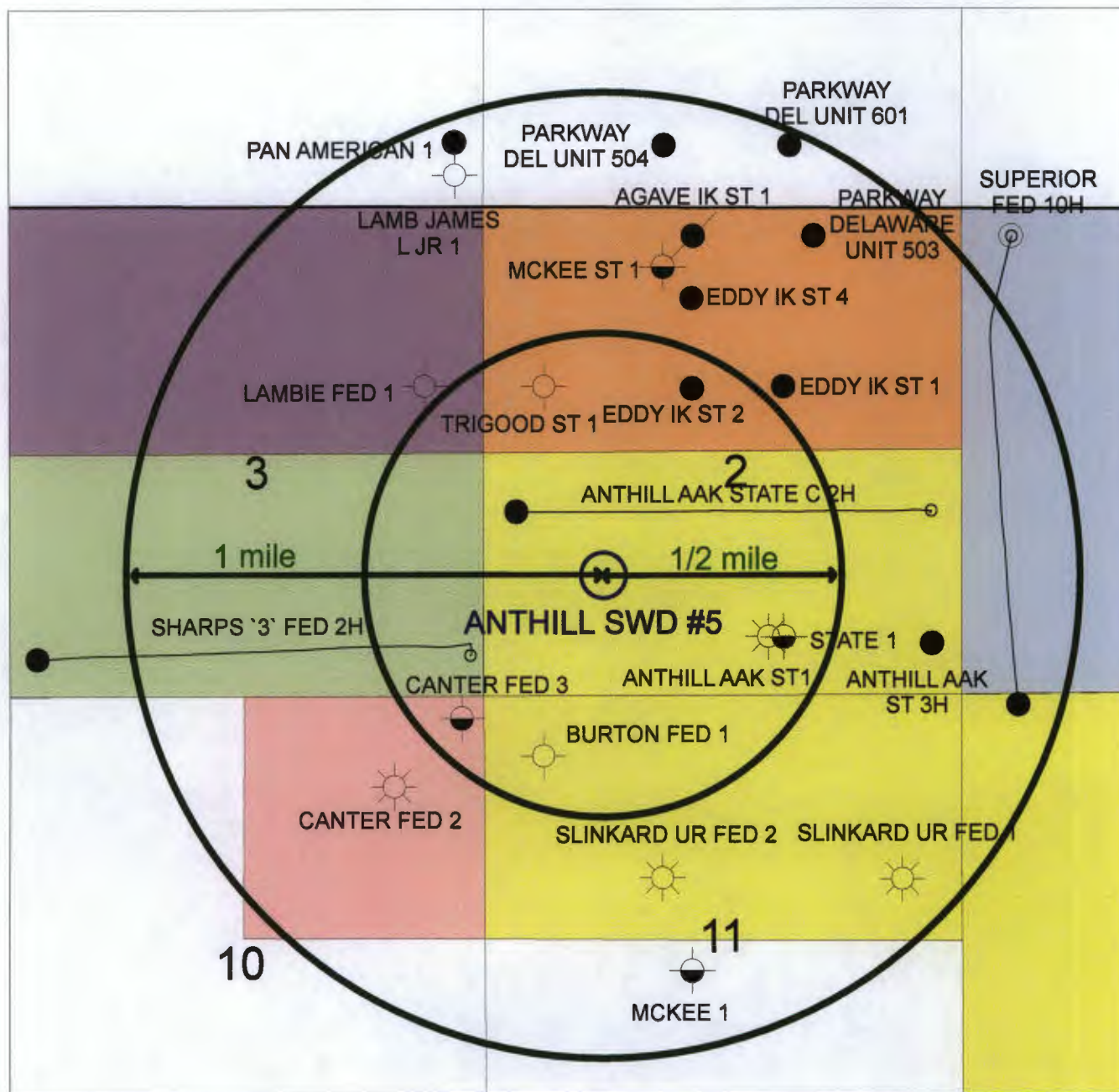
7" @ 12,950' w/ cemented in three
stages with +/- 1,300 sx (Circ.)

TD: +/- 13,400' open hole - 450'

Not to Scale


7/17/13

JM Hill

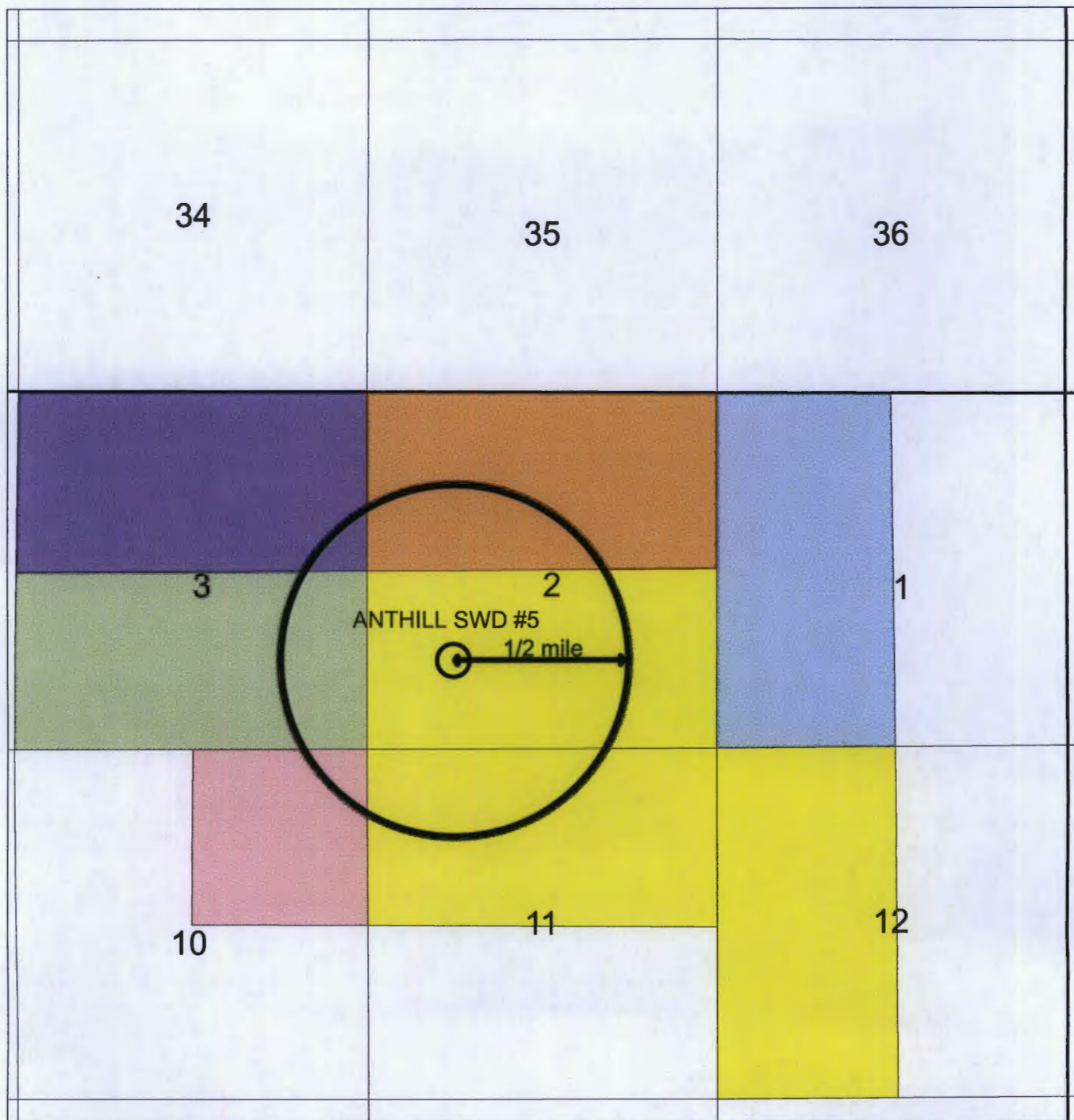


NO WELLS WITHIN THE AREA OF REVIEW PENETRATE THE PROPOSED INJECTION ZONE

- YATES PETROLEUM CORP.
- CIMAREX ENERGY
- SM ENERGY CO. & VANGUARD PERMIAN LLC
- ENDURANCE RES. LLC, MEWBOURNE OIL CO., MANZANO
- MEWBOURNE OIL CO.
- ENDURANCE RESOURCES, LLC

		
ANTHILL SWD #5 Sec. 2-20S-29E		
Author: M. Hill	Date: 18 July, 2013	Scale: 1 - 2221
MH Anthill SWD 5.gmp		

Well ID	Operator	Lease Name	Well Number
30015036150000	LAMB JAMES L JR	PAN AMERICAN	1
30015036250000	WILSON EXPL CO	STATE	1
30015036260000	MCKEE ROBERT E	MCKEE-STATE	1
30015036270000	EL PASO NAT&TEXAS CR	LAMBIE FEDERAL	1
30015036390000	GETTY OIL COMPANY	COOK & IRONSIDES	1
30015036420000	LAMB JAMES L JR	MCKEE	1
30015100020000	KINCAID&WATSON DRLG	TRIGOOD-STATE	1
30015102670004	ENDURANCE RESOURCES LLC	CANTER FEDERAL	2
30015236980001	YATES PETROLEUM CORPORATION	SLINKARD `UR` FEDER	1
30015241770000	YATES PETROLEUM CORP	BURTON FEDERAL	1
30015247220000	YATES PETROLEUM CORPORATION	SLINKARD `UR` FEDRL	2
30015249640001	YATES PETROLEUM CORPORATION	ANTHILL `AAK` STATE	1
30015260070000	SM ENERGY COMPANY	OSAGE FEDERAL	503
30015260280000	SM ENERGY COMPANY	OSAGE FEDERAL	504
30015261250002	SHACKELFORD OIL CO	EDDY `IK` STATE	1
30015261690000	ST MARY LAND & EXPLORATION COMPANY	AGAVE `IK` STATE	1
30015264330000	SM ENERGY COMPANY	FLATHEAD STATE	601
30015326680000	VANGUARD PERMIAN LIMITED LIABILITY C	EDDY IK STATE	2
30015329240000	SHACKELFORD OIL CO	EDDY IK STATE	4
30015384650100	CIMAREX ENERGY OF CO	SUPERIOR FEDERAL	10H
30015385750000	YATES PETROLEUM CORP	ANTHILL AAK STATE C	2H
30015385760000	YATES PETROLEUM CORP	ANTHILL `AAK` STATE	3H
30015397860000	SM ENERGY	OSAGE 34 FEDERAL	4H
30015398220000	MEWBOURNE OIL CO	SHARPS `3` FEDERAL	2H



- YATES PETROLEUM CORP.
- CIMAREX ENERGY
- SM ENERGY CO. & VANGUARD PERMIAN LLC
- ENDURANCE RES. LLC, MEWBOURNE OIL CO., MANZANO
- MEWBOURNE OIL CO.
- ENDURANCE RESOURCES, LLC



ANTHILL SWD #5
Sec. 2-20S-29E

Author: M. Hill	Date: 18 July, 2013
Scale: 1 - 2221	MH Anthill SWD 5 gmp

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	633649
Lease/Platform:	ANTHILL AAK ST.	Analysis ID #:	123792
Entity (or well #):	2 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	SEPARATOR		

Summary		Analysis of Sample 633649 @ 75 °F					
Sampling Date:	08/10/12	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	08/29/12	Chloride:	107910.0	3043.75	Sodium:	56217.6	2445.33
Analyst:	JENNIFER HARDELL	Bicarbonate:	122.0	2.	Magnesium:	1291.0	106.2
		Carbonate:	0.0	0.	Calcium:	9736.0	485.83
TDS (mg/l or g/m3):	179229	Sulfate:	1982.0	41.27	Strontium:	404.0	9.22
Density (g/cm3, tonne/m3):	1.126	Phosphate:			Barium:	0.4	0.01
Anion/Cation Ratio:	1	Borate:			Iron:	35.0	1.26
		Silicate:			Potassium:	1530.0	39.13
Carbon Dioxide:	250 PPM	Hydrogen Sulfide:		0	Aluminum:		
Oxygen:		pH at time of sampling:		6.7	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		6.7	Lead:		
					Manganese:	1.000	0.04
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.45	5.89	0.18	359.55	0.19	301.79	0.48	163.86	0.58	0.29	0.16
100	0	0.52	7.07	0.11	242.26	0.19	301.49	0.46	159.15	0.39	0.00	0.2
120	0	0.58	8.25	0.06	133.51	0.22	332.73	0.45	157.08	0.22	0.00	0.25
140	0	0.64	9.73	0.02	35.66	0.27	387.26	0.45	157.38	0.07	0.00	0.3

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

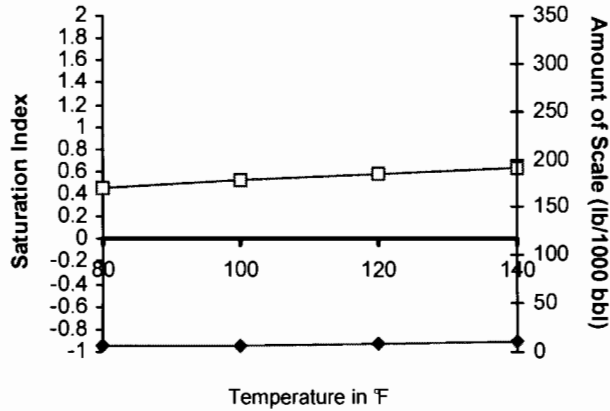
Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

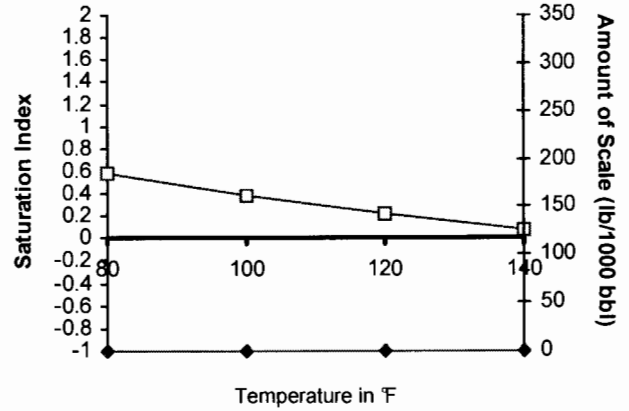
Scale Predictions from Baker Petrolite

Analysis of Sample 633649 @ 75 °F for YATES PETROLEUM INC, 08/29/12

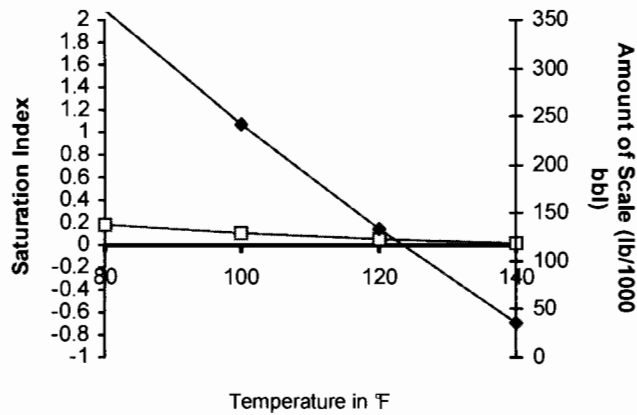
Calcite - CaCO_3



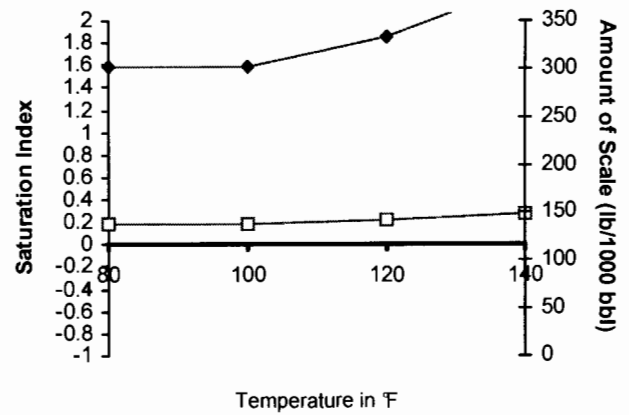
Barite - BaSO_4



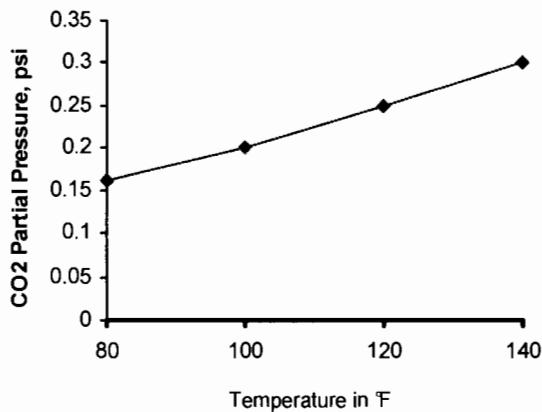
Gypsum - $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$



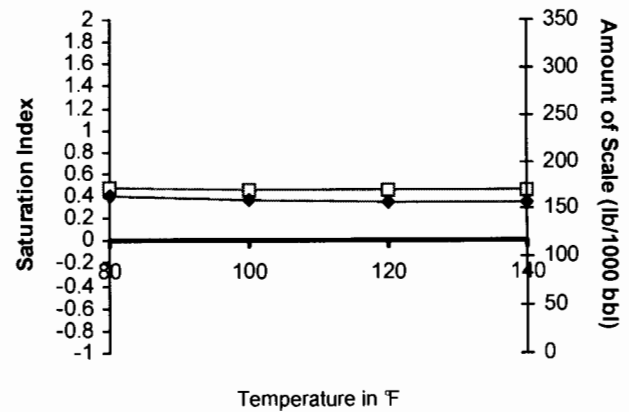
Anhydrite - CaSO_4



Carbon Dioxide Partial Pressure



Celestite - SrSO_4



Offset Operators / Mineral Owners
Anthill SWD # 5
Unit Letter K Sec. 02, T20S, R29E
Eddy County, New Mexico
API No. N/A

Cimarex Energy
600 N. Marienfeld St, Suite 600
Midland, TX 79701

SM Energy Company
3300 North A Street, Bldg 7-200
Midland, TX 79705

Vanguard Permian LLC
5847 San Felipe, Suite 3000
Houston, TX 77057

Endurance Resources LLC
15455 Dallas Parkway, Suite 600
Addison, TX 75234

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, TX 79701

Manzano
P.O. BOX 2107
ROSWELL, NM 88202-2107

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

7012 3460 0001 7466 3455

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	7.17

Total
 Randy Dade
 State of New Mexico

Sent To
 Oil Conservation Division
 Street, Apt. No.
 or PO 811 S. First St
 City, State, ZIP+4
 Artesia, NM 88210



PS Form 3800, August 2006

See Reverse for Instructions

7012 3460 0001 7466 3462

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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	7.17

Total
 Cimarex Energy
 Sent To 600 N. Marienfeld St, Suite 600
 Street, Apt. No.
 or PO Midland, TX 79701
 City, State, ZIP+4



PS Form 3800, August 2006

See Reverse for Instructions

7012 3460 0001 7466 3479

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	7.17

Total Postage
 SM Energy Company
 3300 North A Street, Bldg 7-200
 Sent To Midland, TX 79705
 Street, Apt. No.
 or PO Box No.
 City, State, ZIP+4



PS Form 3800, August 2006

See Reverse for Instructions

7012 3460 0001 7466 3486

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OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	7.17

Total
 Vanguard Permian LLC
 Sent To 5847 San Felipe, Suite 3000
 Street, Apt. No.
 or PO Box No.
 City, State, ZIP+4
 Houston, TX 77057



PS Form 3800, August 2006

See Reverse for Instructions

7012 3460 0001 7466 3516

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OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	7.17
Total Postage	

Sent To: Endurance Resources LLC
15455 Dallas Parkway, Suite 600
Addison, TX 75234

Street, Apt. No. or PO Box No.
City, State, Zi

PS Form 3800, August 2006 See Reverse for Instructions



7012 3460 0001 7466 3509

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	7.17
Total Po	

Sent To: Mewbourne Oil Company
500 W. Texas, Ste 1020
Midland, TX 79701

Street, Ap or PO Bo
City, Stat

PS Form 3800, August 2006 ctions



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MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471
www.yatespetroleum.com

JOHN A. YATES
CHAIRMAN EMERITUS

JOHN A. YATES JR.
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

July 11, 2013

Artesia Daily Press
P.O. Box 190
Artesia, New Mexico 88211-0190

Gentlemen:

Yates Petroleum Corporation desires to place a public notice in your newspaper for one day. The notice is enclosed. Please place this notice in your paper on Sunday, July 14, 2013 and forward a copy of it with your billing as soon as possible to:

Yates Petroleum Corporation
105 S 4th Street
Artesia, NM 88210
Attn: James M. Hill

If you have any questions, please contact me at 748-4219. Thank you for your cooperation in this matter.

Sincerely,

James M. Hill (Mike)
Area Engineer

Enclosure

Attachment F

Legal Notice

Yates Petroleum Corporation, 105 south Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well the Anthill SWD No. 5 located in unit letter "K" of Sec. 2, T20S, R29E in Eddy County, New Mexico, will be used for saltwater disposal. Disposal waters from the Bone Spring will be re-injected into the Devonian at a depth of approximately 12,950' with a maximum pressure of 2,590 psi and a maximum rate of 20,000 BWPD.

All interested parties opposing the aforementioned must file objections or requests for a hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505-5472, within 15 days. Additional information can be obtained by contacting James M. Hill at (575) 748-4219.

Affidavit of Publication

NO.

22653

STATE OF NEW MEXICO

County of Eddy:

Danny Scott

Danny Scott

being duly sworn, says that he is the

Publisher

of the Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/days on the same

day as follows:

First Publication

July 14, 2013

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

22nd day of

July

2013



OFFICIAL SEAL

Latisha Romine

NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires:

5/12/2015

Latisha Romine

Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

Yates Petroleum Corporation, 105 south Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well the Anthill SWD No. 5 located in unit letter "K" of Sec. 2, T20S, R29E in Eddy County, New Mexico, will be used for saltwater disposal. Disposal waters from the Bone Spring will be re-injected into the Devonian at a depth of approximately 12,950' with a maximum pressure of 2,590 psi and a maximum rate of 20,000 BWPD.

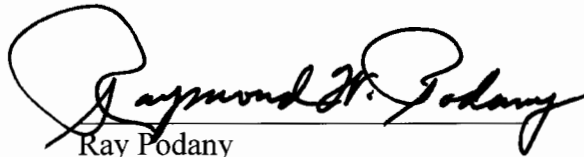
All interested parties opposing the aforementioned must file objections or requests for a hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505-5472, within 15 days. Additional information can be obtained by contacting James M. Hill at (575) 748-4219.

Published in the Artesia Daily Press, Artesia, N.M., July, 14 2013. Legal No 22653.

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Anthill SWD No. 5
Unit Letter K Sec. 2, T20S, R29E
Eddy County, New Mexico
API No. N/A

Available engineering and geological data have been examined and no evidence of open faults of hydrologic connection between the disposal zone and any underground sources of drinking water has been found.



Ray Podany
Permian Basin Geology Manager
Yates Petroleum Corporation

7-24-2013
Date

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S.P. YATES

1914-2008



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JAMES S. BROWN
CHIEF OPERATING OFFICER

July 24, 2013

New Mexico Energy & Minerals Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-5472,

Dear Mr. Philip Goetze,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) for Yates Petroleum Corporation's Anthill SWD # 5 located in Unit Letter K of Sec. 2, T20S, R29E in Eddy County, New Mexico

Yates Petroleum Corporation seeks to optimize efficiency, both economically and operationally, of its operations. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

Published legal notice ran in the July 14, 2013 edition of the Artesia Daily Press and all offset operators and other interested parties have been notified individually. The legal notice affidavit is included in this application package. This application also includes wellbore schematics, area of review maps and other required information for a complete Form C-108. This well is located on federal lands and a copy of this application has been sent to the Bureau of Land Management.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

James M. Hill (Mike)
Area Engineer

Enclosure

RECEIVED OGD
2013 AUG -5 P 2 11

**C-108 Review Checklist:**Received 08/08/2013 Add. Request: 09/09/13 Reply Date: 09/11/13 Suspended: — [Ver 8]Issued Permit: WFX / PMX / SWD Number: 1441 Permit Date: 09/11/13 Legacy Permits/Orders: NAWell No. 5 Well Name(s): Anthill SWDAPI: 30-0 Pending Spud Date: TBD New or Old: New (UIC Class II Primacy 03/07/1982)Footages 1320 FSL / 1320 FWL Lot — Unit K Sec 2 Tsp 20S Rge 29E County EddyGeneral Location: East of tailings / Clayton Basin Pool: SWD; Devonian Pool No.: 96101Operator: Yates Petroleum Corp. OGRID: 25575 Contact: Mike HillCOMPLIANCE RULE 5.9: Inactive Wells: 10 Total Wells: 2225 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? YesWell File Reviewed ☒ Current Status: New well / no APD no. / no well fileWell Diagrams: Proposed New ☒ Before Conversion ☐ After Conversion ☐ Are Elogs in Imaging?: No; CBL requestedPlanned Rehab Work to Well: None

Well Construction Details:		Sizes (in) Borehole / Pipe	Setting Depths (ft)	Stage Tool	Cement Sx or Cf	Cement Top and Determination Method
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Cond		<u>20"</u>	<u>0 to 58</u>		<u>Redmix</u>	<u>Cir to surf</u>
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Surface		<u>17 1/2 / 13 3/8</u>	<u>0 to 400</u>		<u>450</u>	<u>Cir to surf</u>
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Interm/Prod		<u>12 1/4 / 9 5/8</u>	<u>0 to 2750</u>		<u>1300</u>	<u>Cir to surf</u>
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Long St/Prod		<u>8 3/4 / 7</u>	<u>0 to 12950</u>	<u>SDV 7000</u>	<u>1,300</u>	<u>circulate / CBL</u>
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Liner		<u>—</u>	<u>—</u>	<u>SDV 12040</u>	<u>—</u>	<u>—</u>
Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> OH / PERF		<u>6 1/8 - No pipe</u>	<u>12950 to 13400</u>	<u>Inj Length 450</u>		

Injection Stratigraphic Units:	Depths (ft)	Injection or Confining Units	Tops?
Adjacent Unit: <u>Litho</u> <u>Struc.</u> <u>Por.</u>	<u>—</u>	<u>Mississippian LS</u>	<u>—</u>
Confining Unit: <u>Litho</u> <u>Struc.</u> <u>Por.</u>	<u>100 /</u>	<u>Woodford Shale</u>	<u>12830</u>
Proposed Inj Interval TOP:	<u>12950</u>	<u>Devonian fm</u>	<u>12917</u>
Proposed Inj Interval BOTTOM:	<u>13400</u>	<u>Devonian fm</u>	<u>—</u>
Confining Unit: <u>Litho</u> <u>Struc.</u> <u>Por.</u>	<u>—</u>	<u>Fusselman</u>	<u>—</u>
Adjacent Unit: <u>Litho</u> <u>Struc.</u> <u>Por.</u>	<u>—</u>	<u>Montoya</u>	<u>—</u>

Completion/Operation Details:	
Drilled TD <u>NA</u>	PBTD <u>NA</u>
New TD <u>13400</u>	New PBTD <u>NA</u>
Open Hole <input checked="" type="checkbox"/> or Perfs <input type="checkbox"/>	
Tubing Size <u>3 1/2</u>	Inter Coated? <u>Yes</u>
Proposed Packer Depth <u>12900</u>	
Min. Packer Depth <u>12850</u> (100-ft limit)	
Proposed Max. Surface Press <u>2590</u>	
Admin Inj. Press <u>2590</u> (0.2 psi per ft)	

AOR: Hydrologic and Geologic Information

POTASH: R-111-P ☐ Noticed? NA BLM Sec Ord ☐ WIPP ☐ Noticed? NA SALADO: T: — B: — CLIFF HOUSE NA

Fresh Water: FW Formation Alluvial Max Depth 30 / 5 Wells? 0 Analysis? NA Hydrologic Affirm Statement Yes

Disposal Fluid: Formation Source(s) Bone Spring producers Analysis? Yes On Lease ☒ Operator Only ☐ or Commercial ☐

Disposal Interval: Injection Rate (Avg/Max BWPD): 5000/20000 Protectable Waters: UKN CAPITAN REEF: thru adjacent Yes

H/C Potential: Producing Interval? No Formerly Producing? No Method: E Log / Mudlog / DST / Depleted / Other Unknown

AOR Wells: 1/2-M Radius Map? Yes Well List? NA Total No. Wells Penetrating Interval: 0 Horizontals? —

Penetrating Wells: No. Active Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? —

Penetrating Wells: No. P&A Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? —

NOTICE: Newspaper Date 07/14/2013 Mineral Owner NM/SLO Surface Owner SLO N Date —

RULE 26.7(A): Identified Tracts? Yes Affected Persons: Cinerax / SM Energy / Endurance / Newbourne N. Date 07/30/2013

Permit Conditions: Issues: Unknown HC potential; unknown fm water quality; final cmtAdd Permit Cond: ① mudlog for Devonian; ② salinity calc ③ CBL as part of log suite

Goetze, Phillip, EMNRD

From: Mike Hill <MikeH@yatespetroleum.com>
Sent: Tuesday, September 10, 2013 1:12 PM
To: Goetze, Phillip, EMNRD
Subject: RE: One More Question on Anthill SWD Application

Phillip,

This is state land and the BLM has not been notified there are postal green card included with the names of the people that were notified.

The reason this location was notified was that it was state land, the BLM may own offset mineral or surface, but this location was specifically

Chosen because of the state surface an mineral ownership.

Mike Hill

From: Goetze, Phillip, EMNRD [<mailto:Phillip.Goetze@state.nm.us>]
Sent: Tuesday, September 10, 2013 12:59 PM
To: Mike Hill
Subject: One More Question on Anthill SWD Application
Importance: High

Mike:

One more question: surface owner notification. The cover letter to the application states the surface owner has been notify, that both surface and subsurface are BLM. However, the MTP for this township shows Section 2 as being patented to the state (SLO) in 1964 with no reservation of mineral estate by the BLM. If you could provide some clarification on surface ownership and that the surface owner has been provided notification. This is the last item regarding the application, but the lack of notification may add additional time unless an agreement exists with the surface owner. Please call with any questions regarding this matter. PRG

Phillip R. Goetze, P.G.

Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462

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	API	Well	Type	Lease	Status	ULSTR	OCD Unit Letter	Last Production	Spud Date	Plugged On	
View	30-015-26169	AGAVE IK STATE #001	Oil	State	Expired Temporary Abandonment	3-02-20S-29E	C	11/1989			[1549 COM
View	30-015-26433	PARKWAY DELAWARE UNIT #601	Injection	State	Active	2-02-20S-29E	B	5/2013			[1549 COM
View	30-015-26125	EDDY IK STATE #001	Gas	State	Active	G-02-20S-29E	G	7/2013	1/10/1993		[2583 PERM
View	30-015-32668	EDDY IK STATE #002	Oil	State	Active	F-02-20S-29E	F	7/2013	3/10/2003		[2583 PERM
View	30-015-24964	ANTHILL AAK STATE #001	Gas	State	Active	O-02-20S-29E	O	7/2013	8/31/1984		[2557 CORI
View	30-015-38575	ANTHILL AAK STATE COM #002H	Oil	State	Active	I-02-20S-29E	I	7/2013	4/12/2012		[2557 CORI
View	30-015-38576	ANTHILL AAK STATE COM #003H	Oil	State	Active	P-02-20S-29E	P	4/2013	12/3/2012		[2557 CORI
View	30-015-40731	ANTHILL AAK STATE COM #004H	Oil	State	Active	P-02-20S-29E	P	7/2013	12/3/2012		[2557 CORI

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