

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) 748-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3480 Fax: (505) 476-3482

HOBBS OCD

State of New Mexico
Energy, Minerals and Natural Resources Department

MAY 19 2016

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised August 12, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-43255	Pool Code 2205	Pool Name Antelope Ridge; Bone Spring, North
Property Code 316241	Property Name CHINCHILLA BXC STATE	Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3364'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
0	7	23 S	35 E		50	SOUTH	1980	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
J	7	23 S	35 E		2310	SOUTH	1980	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80.00			

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

<div><p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°19'05.64" Long - W 103°24'16.68" NMSPC - N 480748.6 E 828230.2 (NAD-83)</p><p>N: 481100.9 E: 830206.5 (NAD83)</p></div> <div><p>SURFACE LOCATION Lat - N 32°18'43.28" Long - W 103°24'16.65" NMSPC - N 478489.1 E 828252.2 (NAD-83)</p><p>N: 478432.2 E: 827592.4 (NAD83)</p></div>	<div><p>OPERATOR CERTIFICATION 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 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.</p><p><i>Chris Gurule</i> 5-19-16 Signature Date</p><p>Christopher Gurule Printed Name cgurule@yatespetroleum.com Email Address</p></div> <div><p>SURVEYOR CERTIFICATION 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.</p><p>MAY 17 2016 Date Surveyed</p><p><i>[Signature]</i> Signature & Seal of Professional Surveyor</p><p>7977 Certificate No. 7977 BASIC SURVEY</p><p>0' 500' 1000' 1500' 2000' SCALE: 1" = 2000' WO Num.: 32308</p></div>
--	---

Well Name: Chinchilla BXC State #1H

Tgt N/-S: 2259.50

EOC TVD/MD: 11440.00 / 11712.54

Surface Location: Section 7 , Township 23S Range 35E

Tgt E/-W: -22.00

VS: 2259.61

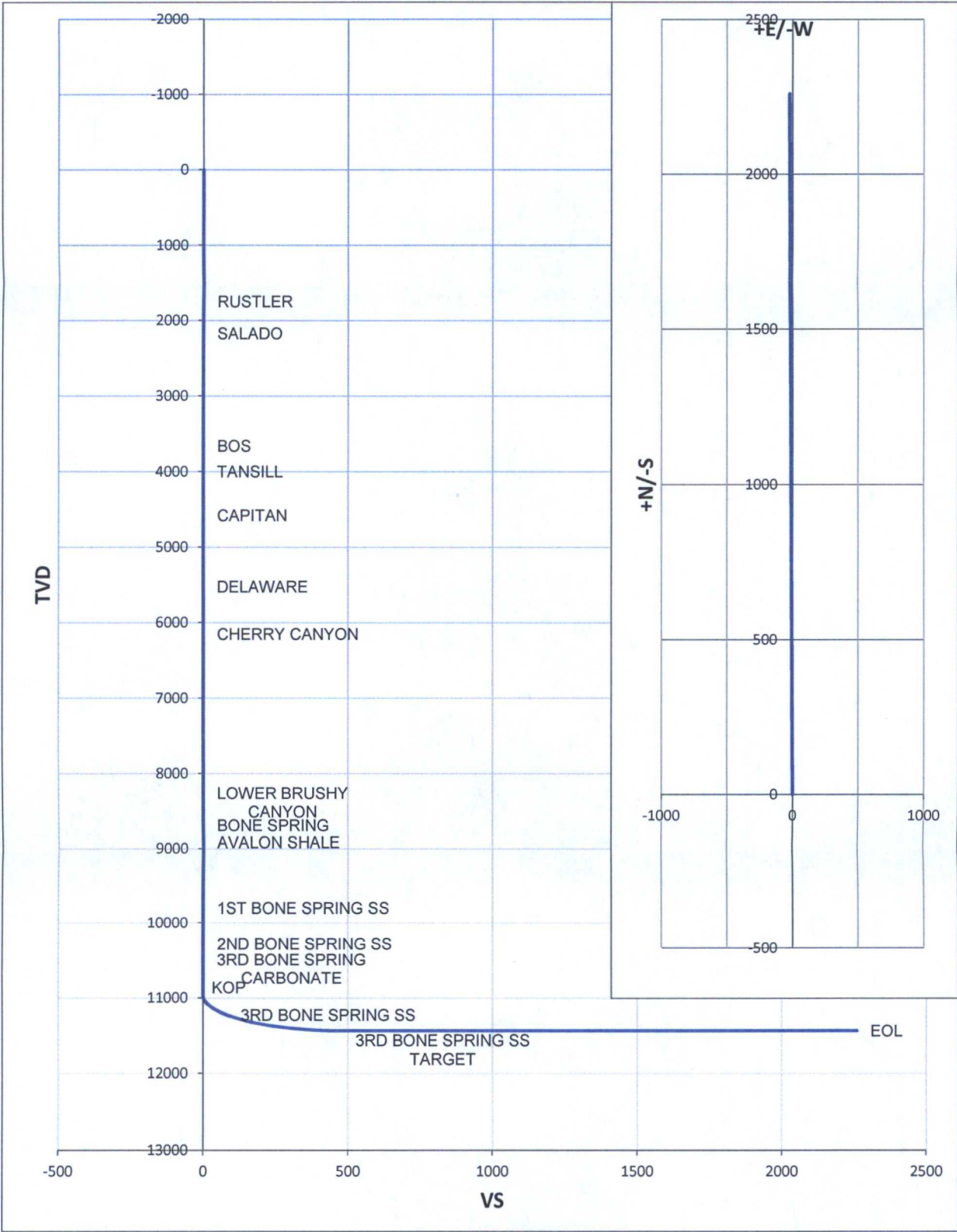
Bottom Hole Location: Section 7 , Township 23S Range 35E

VS Az: 359.44

EOL TVD/MD: 11440.00 / 13494.68

MD	Inc.	Azi.	TVD	+N/-S	+E/-W	VS	DLS	Comments
0	0	0	0	0	0	0	0	
1750.00	0.00	0.00	1750.00	0.00	0.00	0.00	0.00	RUSTLER
2170.00	0.00	0.00	2170.00	0.00	0.00	0.00	0.00	SALADO
3720.00	0.00	0.00	3720.00	0.00	0.00	0.00	0.00	BOS
4000.00	0.00	0.00	4000.00	0.00	0.00	0.00	0.00	TANSILL
4580.00	0.00	0.00	4580.00	0.00	0.00	0.00	0.00	CAPITAN
5525.00	0.00	0.00	5525.00	0.00	0.00	0.00	0.00	DELAWARE
6190.00	0.00	0.00	6190.00	0.00	0.00	0.00	0.00	CHERRY CANYON
8510.00	0.00	0.00	8510.00	0.00	0.00	0.00	0.00	LOWER BRUSHY CANYON
8750.00	0.00	0.00	8750.00	0.00	0.00	0.00	0.00	BONE SPRING
8790.00	0.00	0.00	8790.00	0.00	0.00	0.00	0.00	AVALON SHALE
9800.00	0.00	0.00	9800.00	0.00	0.00	0.00	0.00	1ST BONE SPRING SS
10320.00	0.00	0.00	10320.00	0.00	0.00	0.00	0.00	2ND BONE SPRING SS
10715.00	0.00	0.00	10715.00	0.00	0.00	0.00	0.00	3RD BONE SPRING CARBONATE
10962.54	0.00	0.00	10962.54	0.00	0.00	0.00	0.00	KOP
10975.00	1.50	359.44	10975.00	0.16	0.00	0.16	12.00	
11000.00	4.50	359.44	10999.96	1.47	-0.01	1.47	12.00	
11025.00	7.50	359.44	11024.82	4.08	-0.04	4.08	12.00	
11050.00	10.50	359.44	11049.51	7.99	-0.08	7.99	12.00	
11075.00	13.50	359.44	11073.96	13.18	-0.13	13.18	12.00	
11100.00	16.50	359.44	11098.11	19.65	-0.19	19.65	12.00	
11125.00	19.50	359.44	11121.88	27.37	-0.27	27.37	12.00	
11150.00	22.50	359.44	11145.22	36.33	-0.35	36.33	12.00	
11175.00	25.50	359.44	11168.06	46.49	-0.45	46.50	12.00	
11200.00	28.50	359.44	11190.33	57.84	-0.56	57.84	12.00	
11225.00	31.50	359.44	11211.98	70.34	-0.68	70.34	12.00	
11246.44	34.07	359.44	11230.00	81.94	-0.80	81.95	12.00	3RD BONE SPRING SS
11250.00	34.50	359.44	11232.95	83.95	-0.82	83.95	12.00	
11275.00	37.50	359.44	11253.17	98.64	-0.96	98.65	12.00	
11300.00	40.50	359.44	11272.60	114.37	-1.11	114.37	12.00	
11325.00	43.50	359.44	11291.17	131.09	-1.28	131.10	12.00	
11350.00	46.50	359.44	11308.85	148.77	-1.45	148.77	12.00	
11375.00	49.50	359.44	11325.58	167.34	-1.63	167.35	12.00	
11400.00	52.50	359.44	11341.31	186.77	-1.82	186.77	12.00	
11425.00	55.50	359.44	11356.01	206.99	-2.02	207.00	12.00	
11450.00	58.50	359.44	11369.62	227.95	-2.22	227.96	12.00	
11475.00	61.50	359.44	11382.12	249.60	-2.43	249.61	12.00	
11500.00	64.50	359.44	11393.47	271.87	-2.65	271.88	12.00	
11525.00	67.50	359.44	11403.64	294.70	-2.87	294.71	12.00	
11550.00	70.50	359.44	11412.60	318.04	-3.10	318.05	12.00	
11575.00	73.50	359.44	11420.33	341.81	-3.33	341.82	12.00	
11600.00	76.50	359.44	11426.80	365.95	-3.56	365.97	12.00	
11625.00	79.50	359.44	11432.00	390.40	-3.80	390.42	12.00	
11650.00	82.50	359.44	11435.91	415.09	-4.04	415.11	12.00	
11675.00	85.50	359.44	11438.53	439.95	-4.28	439.97	12.00	
11700.00	88.50	359.44	11439.84	464.91	-4.53	464.93	12.00	
11712.54	90.00	359.44	11440.00	477.44	-4.65	477.46	12.00	3RD BONE SPRING SS TARGET
13494.68	90.00	359.44	11440.00	2259.50	-22.00	2259.61	0.00	EOL

Chinchilla BXC State #1H



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

☒ Original

☐ Amended

Reason for Amendment: _____

Operator & OGRID No.: Yates Petroleum Corporation 025575
Date: 5/19/2016

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule 19.15.18.12.A

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
Chinchilla BXC State #1H	Pending	Sec 7-T23S-R35E	50' FSL & 1980' FEL	500 mcf/d		

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is likely to be dedicated to Energy Transfer and will likely be connected to Energy Transfer low/high pressure gathering system located in Lea County, New Mexico. It will require less than a mile of pipeline to connect the facility to low/high pressure gathering system. Yates Petroleum Corporation provides (periodically) to Energy Transfer a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Yates Petroleum Corporation and Energy Transfer have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will likely be processed at Energy Transfer Processing Plant located in Sec.XX, TWN XX, RNG XX, XXXX County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Gas Transporter system at that time. Based on current information, it is Operator's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines