

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101  
Revised December 16, 2011

Energy Minerals and Natural Resources

HOBBS OCD

Oil Conservation Division

Permit

JAN 28 2013

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

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

|   |   |   |
|---|---|---|
| <sup>1</sup> Operator Name and Address<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, NM 88210 |   | <sup>2</sup> OGRID Number<br>025575     |
|   |   | <sup>3</sup> API Number<br>30-005-21020 |
| <sup>4</sup> Property Code<br>12036   | <sup>5</sup> Property Name<br>Big Sky ABY State | <sup>6</sup> Well No.<br>1              |

<sup>7</sup> Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| M        | 26      | 8S       | 33E   |         | 660       | South    | 660       | West     | Chaves |

<sup>8</sup> Pool Information

|                      |                                  |                |
|----------------------|----------------------------------|----------------|
| Chaveroo, San Andres | WC-005 G-01 5083326M; SAN ANDRES | 98000<br>12041 |
|----------------------|----------------------------------|----------------|

Additional Well Information

|                             |                                     |  |                                 |   |
|-----------------------------|-------------------------------------|--|---------------------------------|---|
| <sup>9</sup> Work Type<br>P | <sup>10</sup> Well Type<br>O        | <sup>11</sup> Cable/Rotary<br>N/A      | <sup>12</sup> Lease Type<br>S   | <sup>13</sup> Ground Level Elevation<br>4348'GR |
| <sup>14</sup> Multiple<br>N | <sup>15</sup> Proposed Depth<br>N/A | <sup>16</sup> Formation<br>San Andres  | <sup>17</sup> Contractor<br>N/A | <sup>18</sup> Spud Date<br>N/A                  |
| Depth to Ground water       |                                     | Distance from nearest fresh water well |                                 | Distance to nearest surface water               |

<sup>19</sup> Proposed Casing and Cement Program

| Type                         | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------------------------------|-----------|-------------|------------------|---------------|-----------------|---------------|
|                              |           |             |                  |               |                 |               |
| REFER TO ORIGINAL COMPLETION |           |             |                  |               |                 |               |
|                              |           |             |                  |               |                 |               |
|                              |           |             |                  |               |                 |               |
|                              |           |             |                  |               |                 |               |

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation plans to plugback and recompleate this well as follows: NU BOP. TOH with tubing. Set a CIBP at 9235' with 35' cement on top. Perforate San Andres 4478'-4579' (79). Acidized with 15,000g 20% NEFE HCL and 140 ball sealers. Flow and swab well. TIH with production equipment and turn well to production.

Proposed Blowout Prevention Program

| Type       | Working Pressure | Test Pressure | Manufacturer                   |
|------------|------------------|---------------|--------------------------------|
| Manual BOP | 3000 psi         | 3000 psi      | Whichever company is available |

Permit Expires 2 Years From Approval  
Date Unless Drilling Underway

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

I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐. YPC uses steel tanks only.

Signature: Tina Huerta

Printed name: Tina Huerta

Title: Regulatory Reporting Supervisor

E-mail Address: tinah@yatespetroleum.com

Date: January 24, 2013

Phone: 575-748-4168

OIL CONSERVATION DIVISION

Approved By:

Title: Petroleum Engineer

Approved Date:

Expiration Date:

JAN 30 2013

Conditions of Approval Attached

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JAN 28 2013

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State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |   |  |
|---|---|--|
| <sup>1</sup> API Number<br>30-005-21020 | <sup>2</sup> Pool Code<br>98000                           | <sup>3</sup> Pool Name<br>WC-005 G-01 S083320M; SAN ANDRES |
| <sup>4</sup> Property Code<br>12036     | <sup>5</sup> Property Name<br>Big Sky ABY State           | <sup>6</sup> Well Number<br>1                              |
| <sup>7</sup> OGRID No.<br>025575        | <sup>8</sup> Operator Name<br>Yates Petroleum Corporation | <sup>9</sup> Elevation<br>4348' GR                         |

<sup>10</sup> Surface Location

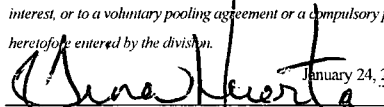
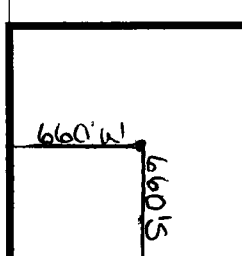
|                    |               |                |              |         |                      |                           |                      |                        |                  |
|--------------------|---------------|----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|------------------|
| UL or lot no.<br>M | Section<br>26 | Township<br>8S | Range<br>33E | Lot Idn | Feet from the<br>660 | North/South line<br>South | Feet from the<br>660 | East/West line<br>West | County<br>Chaves |
|--------------------|---------------|----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|------------------|

<sup>11</sup> Bottom Hole Location If Different From Surface

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

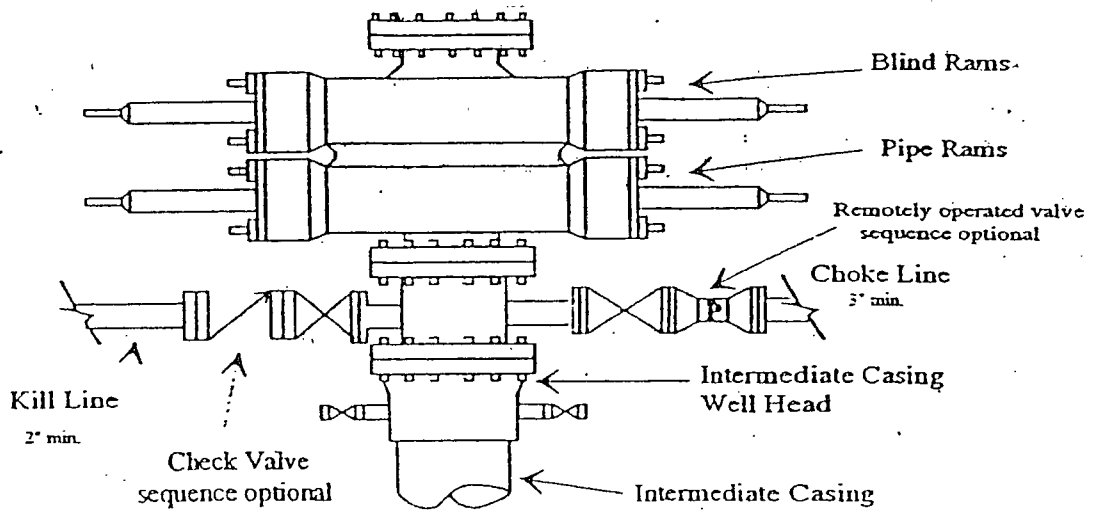
|                                     |                               |                                  |                         |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>40 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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.

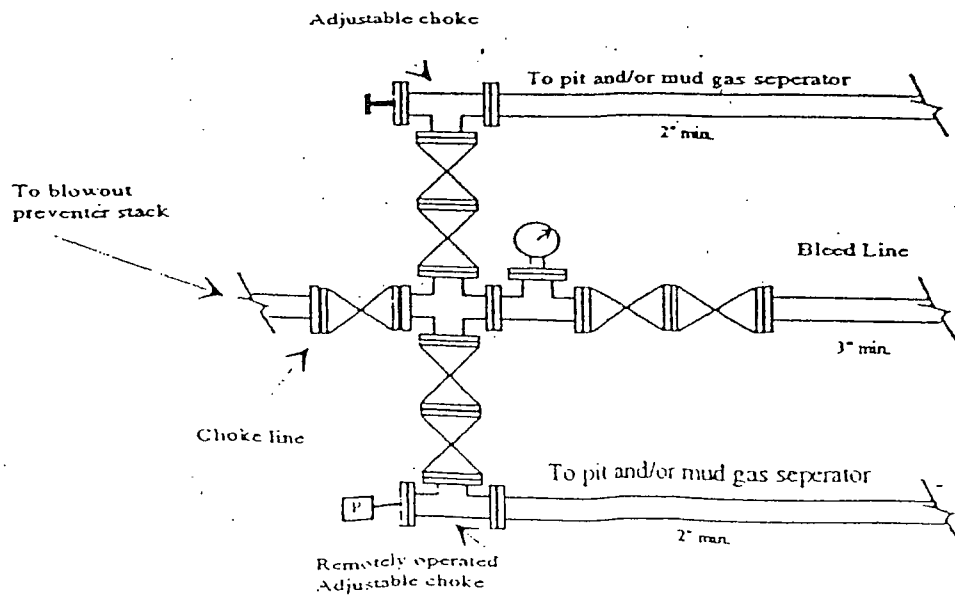
|  |  |  |  |  |
|--|--|--|--|--|
| <sup>16</sup>  |  |  |  | <p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location 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><br/>January 24, 2013<br/>Signature Date</p> <p>Tina Huerta<br/>Printed Name</p> <p>tinah@yatespetroleum.com<br/>E-mail Address</p> |
|  |  |  |  | <p><b><sup>18</sup> 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>_____<br/>Date of Survey</p> <p>_____<br/>Signature and Seal of Professional Surveyor:</p> <p>_____<br/>Certificate Number</p>   |
|  |  |  |  |  |

# Yates Petroleum Corporation

## Typical 3,000 psi Pressure System Schematic

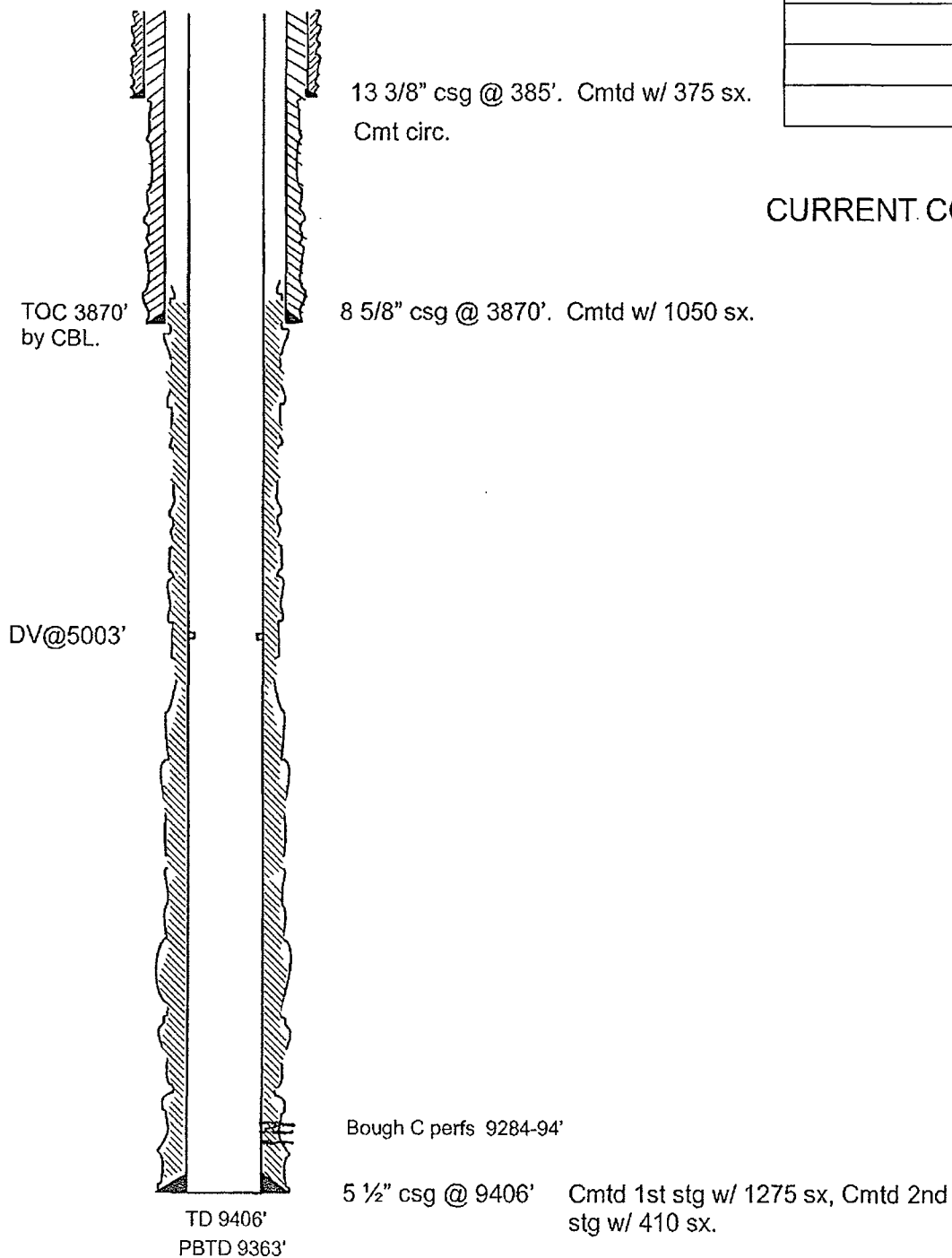


Typical 3,000 psi choke manifold assembly with at least these minimum features



|   |              |                         |                  |
|---|--------------|-------------------------|------------------|
| <b>Well Name:</b> Big Sky ABY St #1                               |              | <b>Field:</b>           |                  |
| <b>Location:</b> 660' FSL& 660' FWL Sec. 26-8S-33E, Chaves Co, NM |              |                         |                  |
| <b>GL:</b> 4348'  | <b>Zero:</b> | <b>AGL:</b>             | <b>KB:</b> 4364' |
| <b>Spud Date:</b>   |              | <b>Completion Date:</b> |                  |
| <b>Comments:</b>  |              |                         |                  |
|   |              |                         |                  |

| Casing Program       |       |
|----------------------|-------|
| Size/Wt/Grade/Conn   | Depth |
| 13 3/8" 54.5# J55    | 385'  |
| 8 5/8" 24 & 32# J55  | 3870' |
| 5 1/2" 17# J55 & N80 | 9406' |
|                      |       |
|                      |       |
|                      |       |
|                      |       |

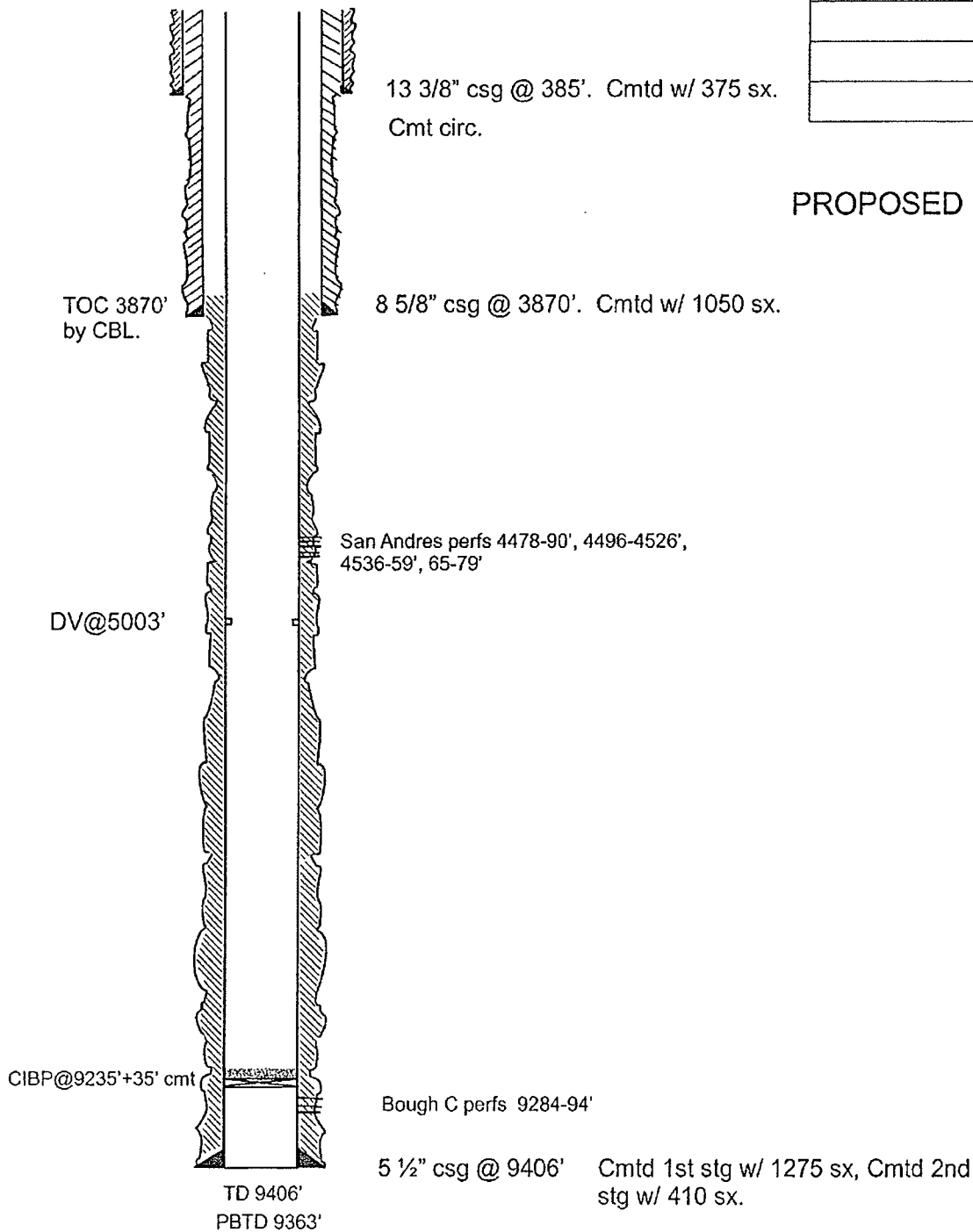


CURRENT CONFIGURATION

Date: 8/22/12 Big Sky #1

|   |              |                         |                  |
|---|--------------|-------------------------|------------------|
| <b>Well Name:</b> Big Sky ABY St #1                               |              | <b>Field:</b>           |                  |
| <b>Location:</b> 660' FSL& 660' FWL Sec. 26-8S-33E, Chaves Co, NM |              |                         |                  |
| <b>GL:</b> 4348'  | <b>Zero:</b> | <b>AGL:</b>             | <b>KB:</b> 4364' |
| <b>Spud Date:</b>   |              | <b>Completion Date:</b> |                  |
| <b>Comments:</b>  |              |                         |                  |

| Casing Program       |       |
|----------------------|-------|
| Size/Wt/Grade/Conn   | Depth |
| 13 3/8" 54.5# J55    | 385'  |
| 8 5/8" 24 & 32# J55  | 3870' |
| 5 1/2" 17# J55 & N80 | 9406' |
|                      |       |
|                      |       |
|                      |       |
|                      |       |



## PROPOSED CONFIGURATION