

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
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
HOBBS OCD Revised December 16, 2011
Permit
MAR 14 2013
RECEIVED

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

¹ Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210		² OGRID Number 025575
		³ API Number 30-025-38390
⁴ Property Code 20859	⁵ Property Name Mescalero ARL State	⁶ Well No. 3

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
N	2	10S	32E		660	South	1980	West	Lea

⁸ Pool Information

Mescalero; Upper Penn, North	45750
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Additional Well Information

⁹ Work Type P	¹⁰ Well Type O	¹¹ Cable/Rotary N/A	¹² Lease Type S	¹³ Ground Level Elevation 4280'GL
¹⁴ Multiple N	¹⁵ Proposed Depth N/A	¹⁶ Formation Mississippian	¹⁷ Contractor N/A	¹⁸ Spud Date N/A
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

¹⁹ Proposed Casing and Cement Program

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

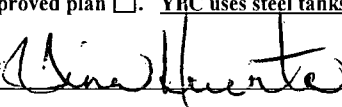

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation plans to plugback and recompleate this well as follows: NU BOP. Set a CIBP at 10,250' with 35' cement on top. Perforate Upper Penn 8643'-8972' (124). Set an RBP at 9000' and pull up and set packer at 8900'. Spot 15% NEFE HCL to packer and close bypass. Acidize interval with 2500g 15% NEFE HCL with 35 ball sealers. Move tools to straddle interval 8850'-8864' and acidize with 1000g 15% NEFE HCL with 35 ball sealers. Move tools to straddle interval 8731'-8782' and spot 5 bbls 15% NEFE HCL from 8782'. Pull up, reverse acid into tubing, set packer spot remaining acid to packer. Close bypass and acidize with 3000g 15% NEFE HCL with 60 ball sealers. Move tools to straddle interval 8643'-8653' and spot 15% NEFE HCL to packer and close bypass. Acidize with 2000g 15% NEFE HCL with 25 ball sealers. Move tools to straddle all of the Upper Penn perfs. Flow and swab to thoroughly test. TIH with production equipment and turn 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 ~~Permit~~ Underway
OIL CONSERVATION DIVISION

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 <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . <u>YHC uses steel tanks only.</u>		Approved By:	
Signature: 			
Printed name: Tina Huerta		Title: Petroleum Engineer	
Title: Regulatory Compliance Supervisor		Approved Date: 03/15/13	Expiration Date: 03/15/15
E-mail Address: tinah@yatespetroleum.com			
Date: March 13, 2013	Phone: 575-748-4168	Conditions of Approval Attached	

MAR 19 2013

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State of New Mexico

HOBBBS OIL
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

¹ API Number 30-025-38390	² Pool Code 45750	³ Pool Name Mescalero; Upper Penn, North <i>Kz</i>
⁴ Property Code 20859	⁵ Property Name Mescalero ARL State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number 3
		⁹ Elevation 4280' GR

¹⁰ Surface Location

UL or lot no. N	Section 2	Township 10S	Range 32E	Lot Idn	Feet from the 660	North/South line South	Feet from the 1980	East/West line West	County Lea
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¹¹ 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
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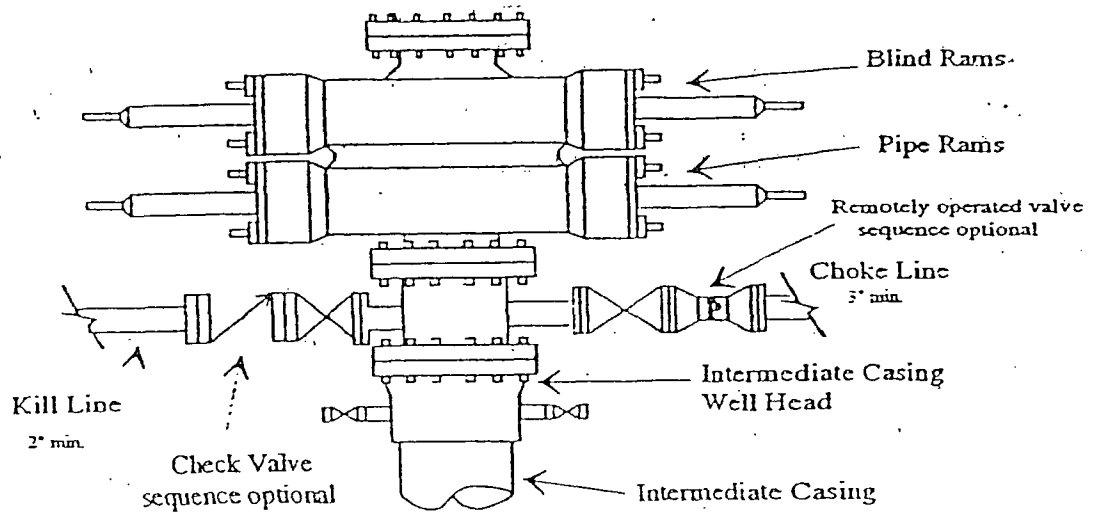
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

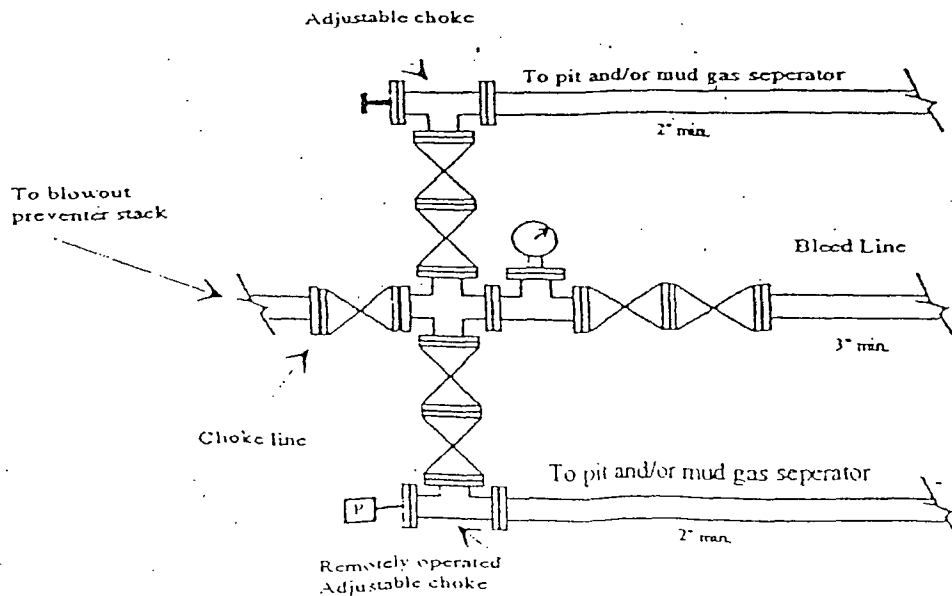
¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a 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> Signature March 13, 2013 Date Tina Huerta Printed Name tinah@yatespetroleum.com E-mail Address		
	¹⁸ SURVEYOR CERTIFICATION <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>		
	Date of Survey Signature and Seal of Professional Surveyor:		
	Certificate Number		

Yates Petroleum Corporation

Typical 3,000 psi Pressure System Schematic

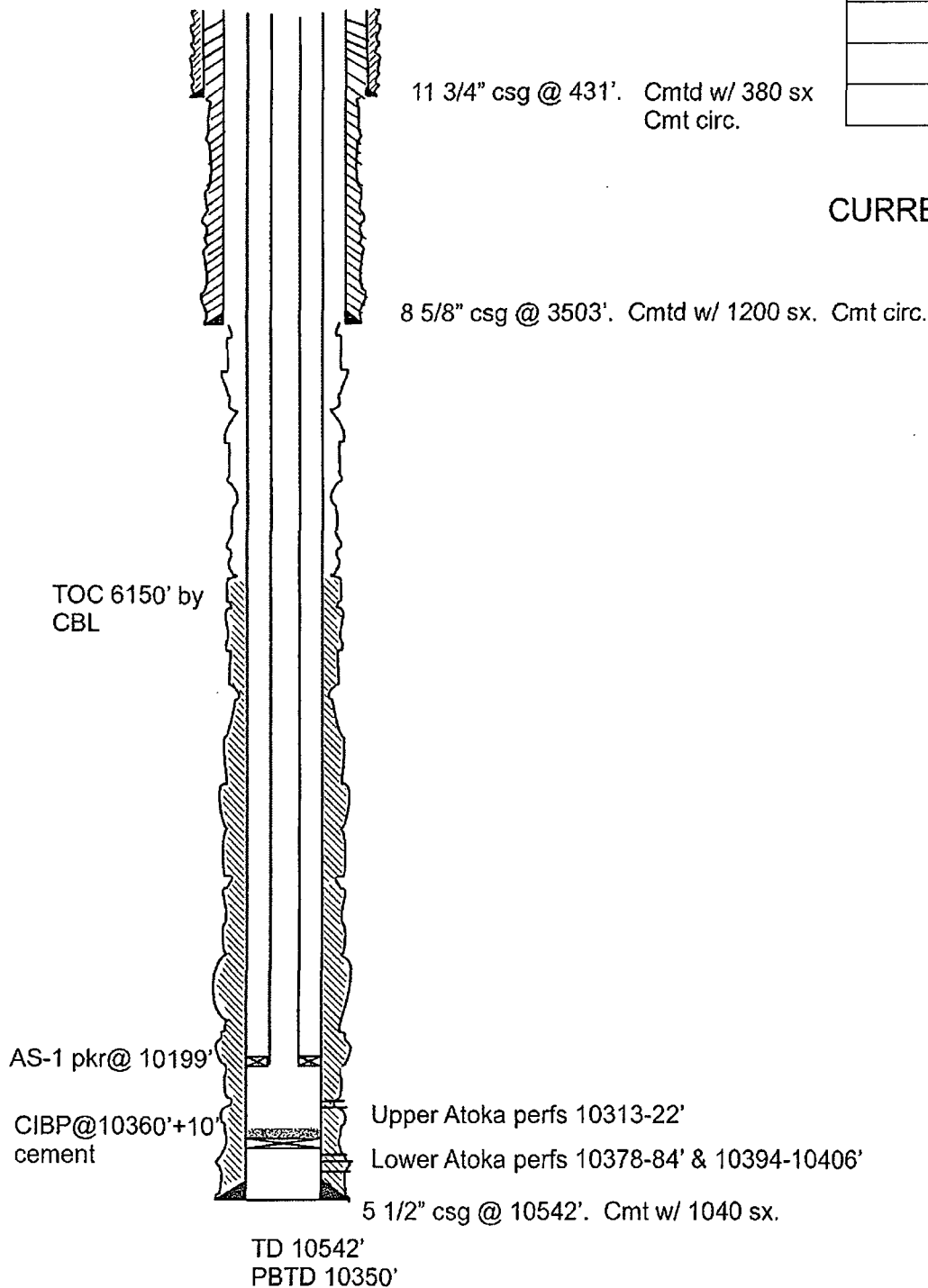


Typical 3,000 psi choke manifold assembly with at least these minimum features



Well Name:	Mescalero ARL	No. 3	Field:	
Location:	660' FSL & 1980' FWL Sec. 2-10S-32E Lea Co, NM			
GL:	4280'	Zero:	AGL:	KB: 4300'
Spud Date:	Completion Date:			
Comments:				

Casing Program	
Size/Wt/Grade/Conn	Depth
11 3/4" 42# H40	431'
8 5/8" 24 & 32# J55	3503'
5 1/2" 17# J55, L80, P110	10542'

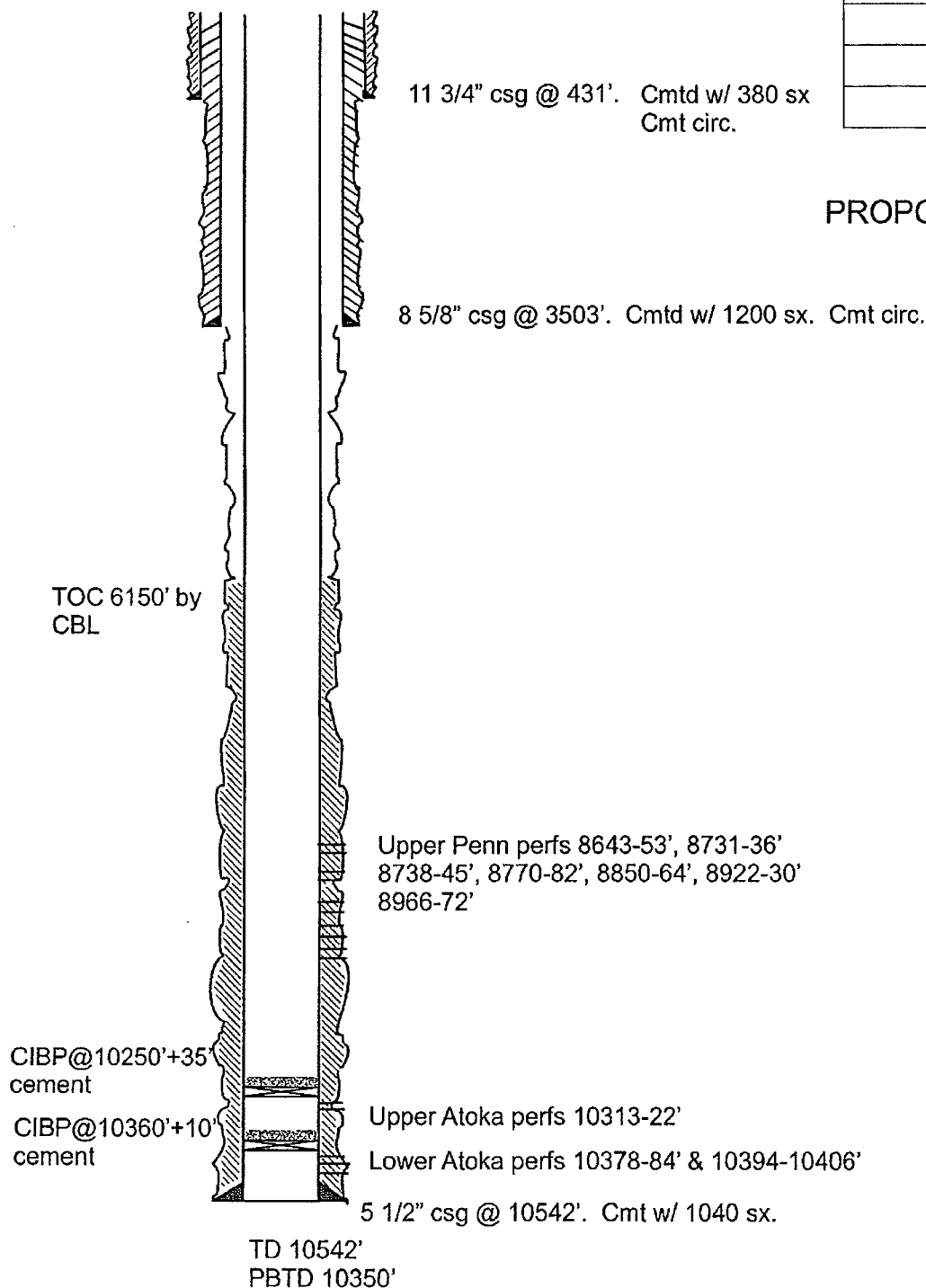


CURRENT CONFIGURATION

Date: 12/11/12 Mescalero #3

Well Name: Mescalero ARL S J No. 3		Field:	
Location: 660' FSL & 1980' FWL Sec. 2-10S-32E Lea Co, NM			
GL: 4280'	Zero:	AGL:	KB: 4300'
Spud Date:		Completion Date:	
Comments:			

Casing Program	
Size/Wt/Grade/Conn	Depth
11 3/4" 42# H40	431'
8 5/8" 24 & 32# J55	3503'
5 1/2" 17#, J55, L80, P110	10542'



PROPOSED CONFIGURATION

Date: 12/11/12 Mescalero #3a