

GUIDELINES FOR PROCESSING APD FOR WELL IN POTASH AREA -- R-111-P

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR
-- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: Yates Petroleum Corp

LEASE & WELL Nectarine B58 State Com #2

LOCATION L-24-21s-33e PROPOSED DEPTH 18554 md

DATE APD RECEIVED 2/26/2015 WAS PLAT OF AREA ATTACHED _____

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? _____

20-DAY WAITING PERIOD BEGINS _____ ENDS _____

WERE WAIVERS RECEIVED? _____

DATE SLO NOTIFIED 2/26/2015 DATE REPLY RECEIVED 3/2/2015

DATE BLM NOTIFIED 2/26/2015 DATE REPLY RECEIVED 3/2/2015

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES _____ NO X

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED _____

DATE APD APPROVED 3/2/2015 DATE APD DENIED _____

APD # 30-025-42460

MAR 06 2015



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Dave Catanach
Division Director
Oil Conservation Division



November 18, 2013

BUREAU OF LAND MANAGEMENT
ATT: James S. Rutley
620 E Greene Street
Carlsbad, NM 88220

STATE LAND OFFICE
ATT: Stephen Wust/Niranjana Khalsa
PO BOX 1148
Santa Fe, NM 87505

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: Yates Petroleum Corporation

LEASE NAME: Nectarine BSQ State Com # 2H

PROPOSED LOCATION: U/L L Sec 24 T21S R33E 2440 FNL 760 FWL

PROPOSED DEPTH: 18554' MD & 10915' TVD

Gentleman:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve that are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please Return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Paul Kautz
Hobbs District Geologist, District I

RESPONSE:

The above referenced location is in LMR (2013 year) -----Yes _____ No ✓

The above referenced location is within the Buffer Zone -----Yes _____ No ✓ 32W

Signed Terry G. Warnell

Printed Signature Terry G. Warnell

Representing SLO





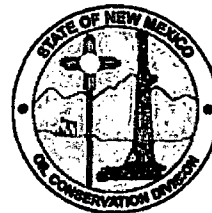
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OIL CONSERVATION DIVISION

Paul Kautz
Hobbs District Geologist, District I

RESONSE:

The above referenced location is in LMR (2015 year) _____ Yes _____ No ☒

The above referenced location is within the Buffer Zone _____ Yes _____ No ☒

Signed _____

Printed Signature JAMES S. RUTLEY

Representing US DOI BLM NM CFD SOLIDS RUTLEY

