

**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 Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-101  
August 1, 2011  
Permit 145522

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

1. Operator Name and Address <b>YATES PETROLEUM CORPORATION</b> 105 S 4TH ST ARTESIA, NM 88210		2. OGRID Number 25575
		3. API Number 30-025-40489
4. Property Code 39118	5. Property Name HEMLOCK BSH STATE	6. Well No. 001H

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	32	23S	33E	C	330	N	1980	W	LEA

**8. Pool Information**

WC-025 G-06 S233332C;BONE SPRING	97927
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**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3667
14. Multiple N	15. Proposed Depth 13646	16. Formation 3rd Bone Spring Sand	17. Contractor	18. Spud Date 6/1/2012
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 Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	700	545	0
Int1	12.25	9.625	40	5150	1740	0
Prod	8.5	5.5	20	13646	1340	7500
Prod	8.75	5.5	20	8753	550	4650

**Casing/Cement Program: Additional Comments**

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**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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"/> .	<b>OIL CONSERVATION DIVISION</b>
Printed Name: Electronically filed by Monti Sanders	Approved By: Paul Kautz
Title:	Title: Geologist
Email Address: montis@yatespetroleum.com	Approved Date: 3/15/2012   Expiration Date: 3/15/2014
Date: 3/13/2012   Phone: 575-748-4244	Conditions of Approval Attached

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

Form C-102  
August 1, 2011  
Permit 145522

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-40489	2. Pool Code 97927	3. Pool Name WC-025 G-06 S233332C;BONE SPRING
4. Property Code 39118	5. Property Name HEMLOCK BSH STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3667

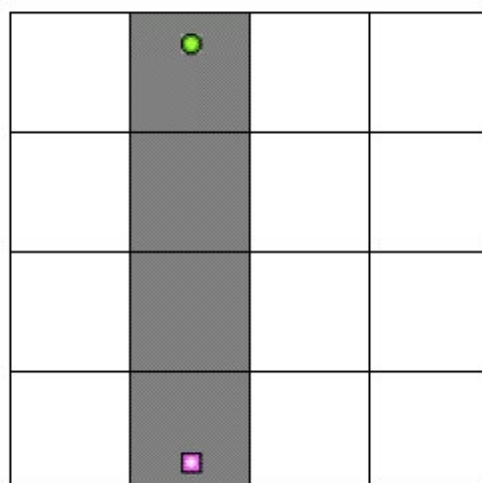
**10. Surface Location**

UL - Lot C	Section 32	Township 23S	Range 33E	Lot Idn	Feet From 330	N/S Line N	Feet From 1980	E/W Line W	County LEA
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**11. Bottom Hole Location If Different From Surface**

11. Bottom Hole Location If Different From Surface									
UL - Lot N	Section 32	Township 23S	Range 33E	Lot Idn N	Feet From 330	N/S Line S	Feet From 1980	E/W Line W	County LEA
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code			15. 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**



**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(s) 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.*

E-Signed By: Monti Sanders

Title:

Date: 3/13/2012

**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.*

Surveyed By: Gary Jones

Date of Survey: 12/22/2012

Certificate Number: 7977

## Permit Comments

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** HEMLOCK BSH STATE #001H

**API:** 30-025-40489

Created By	Comment	Comment Date
clif	C-144 and C-102 to follow by mail.	3/13/2012
clif	H2S is not anticipated.	3/13/2012
clif	Samples: 30' samples from surface to 5000', 10' samples for 5000' to TD.	3/13/2012
clif	Maximum anticipated BHP: 0'-700' is 335 PSI, 700'-5150' is 2732 PSI, 5150'-9230' is 4416 PSI.	3/13/2012
clif	Penetration point of the producing zone will be encountered at 807' FSL & 1983' FWL of Section 32, T23S-R33E.	3/13/2012
clif	Well will be drilled vertically to 8753'. Well will then be kicked off at 8753' and directionally drilled at 12 degrees per 100' with a 8.75" hole to 9503' MD (9230' TVD). If hole conditions dictate, 7" casing will be set and cemented. A 6.125" hole will then be drilled to 13646' MD (9230' MD) and 4.5" casing will be set and cemented. If 7" is not set then hole will be reduced to 8.5" and drilled to 13646' MD (9230' TVD) where 5.5" casing will be set and cemented to 500' into the intermediate casing.	3/13/2012
pkautz	Land s/S	3/14/2012
DMULL	OCD Hobbs office has received form C-144CLEZ. OCD Permit Number P1-04321.	3/15/2012



# Permit Conditions of Approval

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** HEMLOCK BSH STATE #001H

**API:** 30-025-40489

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string