

**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 173108

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

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA, NM 88210		2. OGRID Number 25575
4. Property Code 40110		3. API Number 30-025-41406
5. Property Name DATE BTB STATE COM		6. Well No. 003H

**7. Surface Location**

UL - Lot O	Section 11	Township 21S	Range 33E	Lot Idn O	Feet From 200	N/S Line S	Feet From 1880	E/W Line E	County Lea
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**8. Proposed Bottom Hole Location**

UL - Lot O	Section 14	Township 21S	Range 33E	Lot Idn O	Feet From 330	N/S Line S	Feet From 1880	E/W Line E	County Lea
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**9. Pool Information**

3rd Bone Springs Sand	5535
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**Additional Well Information**

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3796
16. Multiple N	17. Proposed Depth 16709	18. Formation 3rd Bone Spring Sand	19. Contractor	20. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits

**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	1885	1380	0
Int1	12.25	9.625	36	3900	1290	0
Int2	12.25	9.625	40	6185	785	3100
Prod	8.75	5.5	17	16709	2865	0

**Casing/Cement Program: Additional Comments**

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**22. Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	
Double Ram	5000	5000	

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable.  Signature: Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 9/10/2013	<b>OIL CONSERVATION DIVISION</b>  Approved By: Paul Kautz Title: Geologist Approved Date: 9/17/2013      Expiration Date: 9/17/2015 Conditions of Approval Attached
Phone: 575-748-4448	

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Permit 173108


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: LORI FLORES  
Title: Land Regulatory Technician  
Date: 9/10/2013

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: 7/14/2013  
Certificate Number: 7977

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Form APD Comments

Permit 173108

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

**PERMIT COMMENTS**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-41406
	Well: DATE BTB STATE COM #003H

Created By	Comment	Comment Date
THAHN	H2S is not anticipated. C-102 and drilling plan to follow by mail. Samples will be taken every 30' to 6185' and then every 10' from 6185' to TD. Logging will be done with GR Neutron, Density, Laterolog, and CMR. Mudlogging will be on after surface casing. Maximum anticipated BHP (Depths are TVD): 0'-1885' is 902 PSI, 1885'-6185' is 3281 PSI, and 6185'-11889' is 5688 PSI.	9/10/2013
THAHN	Well will be drilled vertically to 11292' and then be kicked off and directionally drilled at 12 degrees per 100' with a 8.75" hole to 12030' MD (11770' TVD). Hole size will then be reduced to 8.5" and drilled to 16709' MD (11889' TVD) where 5.5" casing will be set and cemented to the surface. Penetration point of the producing zone to be stimulated will be encountered at 330' FNL & 1880' FEL, in Section 14 T21S-R33E. Deepest TVD in the well is 11889' in the lateral.	9/10/2013
pkautz	potash area R-111-P	9/11/2013
pkautz	Land s/S	9/11/2013
DMULL	BML & SLO RESPONED THAT REFERENCED LOCATION IS NOT IN THE LMR OR BUFFER ZONE.	9/17/2013

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Form APD Conditions

Permit 173108

**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-41406
	Well: DATE BTB STATE COM #003H

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
pkautz	Surface casing must be set 25' below top Rustler Anhydrite in order to seal off protectable water and due to location within R-111-P area.