

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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 180024

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 12835		3. API Number 30-015-41969
5. Property Name Thomas AJJ		6. Well No. 007H

7. Surface Location

UL - Lot I	Section 8	Township 19S	Range 25E	Lot Idn	Feet From 1500	N/S Line S	Feet From 150	E/W Line E	County Eddy
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8. Proposed Bottom Hole Location

UL - Lot L	Section 8	Township 19S	Range 25E	Lot Idn L	Feet From 1700	N/S Line S	Feet From 330	E/W Line W	County Eddy
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9. Pool Information

PENASCO DRAW;SA-YESO (ASSOC)	50270
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3455
16. Multiple N	17. Proposed Depth 6987	18. Formation Yeso Formation	19. Contractor	20. Spud Date 3/6/2014
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	14.75	9.625	36	900	685	0
Prod	8.75	5.5	17	6987	1205	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	

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:	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by LORI FLORES	Approved By: Randy Dade
Title: Land Regulatory Technician	Title: District Supervisor
Email Address: lorif@yatespetroleum.com	Approved Date: 1/16/2014 Expiration Date: 1/16/2016
Date: 1/16/2014 Phone: 575-748-4448	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 180024

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-41969	2. Pool Code 50270	3. Pool Name PENASCO DRAW;SA-YESO (ASSOC)
4. Property Code 12835	5. Property Name Thomas AJJ	6. Well No. 007H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3455

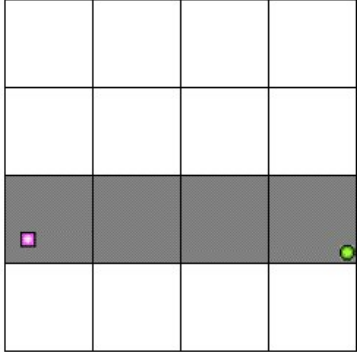
10. Surface Location

UL - Lot I	Section 8	Township 19S	Range 25E	Lot Idn	Feet From 1500	N/S Line S	Feet From 150	E/W Line E	County Eddy
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11. Bottom Hole Location If Different From Surface

UL - Lot L	Section 8	Township 19S	Range 25E	Lot Idn	Feet From 1700	N/S Line S	Feet From 330	E/W Line W	County Eddy
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

	<p style="text-align: center;">OPERATOR CERTIFICATION</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(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.</i></p> <p>E-Signed By: LORI FLORES Title: Land Regulatory Technician Date: 1/16/2014</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</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>Surveyed By: Gary Jones Date of Survey: 11/8/2013 Certificate Number: 7977</p>
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Form APD Comments

Permit 180024

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: 30-015-41969
	Well: Thomas AJJ #007H

Created By	Comment	Comment Date
CMAY	10' Samples 900'-TD. Logging: NO WIRELINE LOGS, HORIZONTAL-MWD-GR, DST's: None, Coring: None. Mudlogging: YES SURFACE TO TD	1/16/2014
CMAY	PRESSURE CONTROL EQUIPMENT: A 3000 psi system will be nipped up and tested on 9 5/8" casing. MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD: 0'-900' 407 PSI. 900'-2348' 1062 PSI.	1/16/2014
CMAY	H2S is anticipated. H2S plans will be sent to OCD by mail.	1/16/2014
CMAY	Well will be drilled vertically to 1871'. Well will then be kicked off at approx. 1871' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 2637' MD (2348' TVD). Hole size will then be reduced to 8 1/2" and drilled to 6987' MD (2200' TVD) where 5 1/2" casing will be set and cemented. Production string will be cemented to surface. Penetration point of producing zone will be encountered at 1523' FSL and 643' FEL, 8-19S-25E. Deepest TVD in the well is 2348' in the lateral hole.	1/16/2014
CMAY	CASING DESIGN FACTORS: BURST 1.0 TENSILE 1.8 COLLAPSE 1.125	1/16/2014
CMAY	The C-102 and horizontal information will be sent to OCD by mail.	1/16/2014
CSHAPARD	Land p/P	1/16/2014

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Form APD Conditions

Permit 180024

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210		API Number: 30-015-41969
		Well: Thomas AJJ #007H

OCD Reviewer	Condition
CSHAPARD	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