

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 180707

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
		3. API Number 30-025-41641
4. Property Code 37947	5. Property Name CARAVAN STATE UNIT	6. Well No. 009H

7. Surface Location

UL - Lot C	Section 33	Township 24S	Range 33E	Lot Idn	Feet From 50	N/S Line N	Feet From 1950	E/W Line W	County Lea
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8. Proposed Bottom Hole Location

UL - Lot N	Section 33	Township 24S	Range 33E	Lot Idn n	Feet From 330	N/S Line S	Feet From 1950	E/W Line W	County Lea
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9. Pool Information

TRISTE DRAW;BONE SPRING, EAST	96682
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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 3483
16. Multiple N	17. Proposed Depth 15769	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 4/15/2014
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	17.5	13.375	48	1190	895	0
Int1	12.25	9.625	40	5200	1700	0
Prod	8.75	5.5	17	15769	1420	4700

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 ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable. Signature: Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 1/30/2014	OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 1/30/2014 Expiration Date: 1/30/2016 Conditions of Approval Attached
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Form C-102
August 1, 2011
Permit 180707

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-41641	2. Pool Code 96682	3. Pool Name TRISTE DRAW;BONE SPRING, EAST
4. Property Code 37947	5. Property Name CARAVAN STATE UNIT	6. Well No. 009H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3483

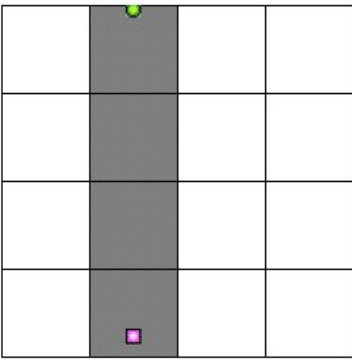
10. Surface Location

UL - Lot C	Section 33	Township 24S	Range 33E	Lot Idn	Feet From 50	N/S Line N	Feet From 1950	E/W Line W	County Lea
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11. Bottom Hole Location If Different From Surface

UL - Lot N	Section 33	Township 24S	Range 33E	Lot Idn	Feet From 330	N/S Line S	Feet From 1950	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>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> E-Signed By: LORI FLORES Title: Land Regulatory Technician Date: 1/30/2014 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> Surveyed By: gary Jones Date of Survey: 1/10/2014 Certificate Number: 7977
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Form APD Comments

Permit 180707

PERMIT COMMENTS

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-41641
	Well: CARAVAN STATE UNIT #009H

Created By	Comment	Comment Date
CMAY	Samples: 30' Samples to 5200'. 10' samples 5200' to TD. Logging: HORIZONTAL-MWD-GR-HORIZONTAL. Mudlogging: 2000' to TD.	1/30/2014
CMAY	Mud Level Monitoring: After surface casing is set an electronic PVT system will be installed as our primary mud level monitoring system. A secondary system will also be implemented as to ensure the PVT system is functioning properly. The secondary system will be comprised of the derrick hand checking the fluid level in the pits periodically using a nut on the end of a rope hanging just above the fluid level in the pit.	1/30/2014
CMAY	PRESSURE CONTROL EQUIPMENT: A 3000 psi system will be nipped up and tested on 13 3/8" casing and a 5M on 9 5/8" casing. MAXIMUM ANTICIPATED BHP: 0'-1190' 569 PSI, 1190'-5200' 2758 PSI, 5200'-11080' 5301 PSI.	1/30/2014
CMAY	H2S is not anticipated.	1/30/2014
CMAY	Well will be drilled to 10602'. Well will then be kicked off at approx. 10602' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 11356' MD (11080' TVD) where hole size will then be reduced to 8 1/2" and drilled to 15769' MD (11050' TVD) where 5 1/2" casing will be set and cemented 500' into the previous casing string. Production casing will be cemented in two stages with a DV/Packer stage tool at approx. 7500' (cement volumes will be adjusted per tool placement). Penetration point of the producing zone will be encountered at 531' FNL and 1950' FWL, 33-24S-33E. Deepest TVD	1/30/2014
CMAY	The C-102 form and Horizontal Drilling information will be mailed to OCD.	1/30/2014
pkautz	Land s/S	1/30/2014

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Form APD Conditions

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Permit 180707

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-41641
	Well: CARAVAN STATE UNIT #009H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
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	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water