

**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 181317

**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 37947		3. API Number 30-025-41655
5. Property Name CARAVAN STATE UNIT		6. Well No. 007H

**7. Surface Location**

UL - Lot	D	Section	33	Township	24S	Range	33E	Lot Idn	Feet From	50	N/S Line	N	Feet From	420	E/W Line	W	County	Lea
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**8. Proposed Bottom Hole Location**

UL - Lot	D	Section	28	Township	24S	Range	33E	Lot Idn	D	Feet From	330	N/S Line	N	Feet From	420	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 3494
16. Multiple N	17. Proposed Depth 15872	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 6/16/2014
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	1195	895	0
Int1	12.25	9.625	36	5200	1700	0
Prod	8.75	5.5	17	15872	1985	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 <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable.  Signature:	<b>OIL CONSERVATION DIVISION</b>
Printed Name: Electronically filed by LORI FLORES	Approved By: Paul Kautz
Title: Land Regulatory Technician	Title: Geologist
Email Address: lorif@yatespetroleum.com	Approved Date: 2/12/2014      Expiration Date: 2/12/2016
Date: 2/12/2014      Phone: 575-748-4448	Conditions of Approval Attached

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**Santa Fe, NM 87505**

Form C-102  
August 1, 2011  
Permit 181317

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-41655	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. 007H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3494

**10. Surface Location**

UL - Lot D	Section 33	Township 24S	Range 33E	Lot Idn	Feet From 50	N/S Line N	Feet From 420	E/W Line W	County Lea
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**11. Bottom Hole Location If Different From Surface**

UL - Lot D	Section 28	Township 24S	Range 33E	Lot Idn D	Feet From 330	N/S Line N	Feet From 420	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**

<table border="1" style="width: 100%; height: 150px; border-collapse: collapse;"> <tr><td style="width: 25%; height: 40px;"><div style="border: 1px solid black; width: 10px; height: 10px; background-color: purple; margin: 5px;"></div></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> </table>	<div style="border: 1px solid black; width: 10px; height: 10px; background-color: purple; margin: 5px;"></div>																<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></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:                2/12/2014</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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:    1/10/2014 Certificate Number: 7977</p>
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Form APD Comments

Permit 181317

**PERMIT COMMENTS**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-41655
	Well: CARAVAN STATE UNIT #007H

Created By	Comment	Comment Date
BILLM	Logging: SCH: PLATFORM EXPRESS-CURVE, CNL/LDT/NGT-CURVE TO INTERM CSG, CNL/GR-CURVE-SURFACE CSG, DLL-MSFL-CURVE-SURF CSG, HORIZONTAL-MWD-GR-HORIZONTAL.	2/12/2014
BILLM	Mudlogging: 2000' to TD. 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.	2/12/2014
BILLM	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.	2/12/2014
BILLM	MAXIMUM ANTICIPATED BHP: 0'-1195' 572 PSI, 1195'-5200' 2758 PSI, 5200'-11080' 5301 PSI.	2/12/2014
BILLM	H2s is not anticipated.	2/12/2014
BILLM	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 15626' MD (11050' TVD) where 5 1/2" casing will be set and cemented 500' into 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 431' FSL and 420' FWL, 28-24S-33E. Deepest TVD is 1	2/12/2014

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Form APD Conditions

Permit 181317

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**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-41655
	Well: CARAVAN STATE UNIT #007H

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 --