

**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) 334-8178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3482

**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 194610

**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 313823		3. API Number 30-025-42206
5. Property Name CANTILEVER BVE STATE		6. Well No. 001H

**7. Surface Location**

UL - Lot	A	Section	27	Township	22S	Range	35E	Lot Idn		Feet From	200	N/S Line	N	Feet From	410	E/W Line	E	County	Lea
----------	---	---------	----	----------	-----	-------	-----	---------	--	-----------	-----	----------	---	-----------	-----	----------	---	--------	-----

**8. Proposed Bottom Hole Location**

UL - Lot	P	Section	27	Township	22S	Range	35E	Lot Idn	P	Feet From	330	N/S Line	S	Feet From	660	E/W Line	E	County	Lea
----------	---	---------	----	----------	-----	-------	-----	---------	---	-----------	-----	----------	---	-----------	-----	----------	---	--------	-----

**9. Pool Information**

ROCK LAKE;BONE SPRING	52766
-----------------------	-------

**Additional Well Information**

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3574
16. Multiple N	17. Proposed Depth 14696	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 11/1/2014
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	1985	1450	0
Int1	12.25	9.625	36	6350	1960	0
Prod	8.5	5.5	17	14696	1455	10404
Prod	8.75	5.5	17	10404	370	5850

**Casing/Cement Program: Additional Comments**

--

**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 Travis Hahn	Approved By: Paul Kautz
Title: Land Regulatory Agent	Title: Geologist
Email Address: thahn@yatespetroleum.com	Approved Date: 10/24/2014      Expiration Date: 10/24/2016
Date: 10/24/2014      Phone: 575-748-4120	Conditions of Approval Attached

**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) 334-8178 Fax:(505) 334-8170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3482

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

Form C-102  
August 1, 2011  
Permit 194610

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-42206	2. Pool Code 52766	3. Pool Name ROCK LAKE,BONE SPRING
4. Property Code 313823	5. Property Name CANTILEVER BVE STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3574

**10. Surface Location**

UL - Lot A	Section 27	Township 22S	Range 35E	Lot Idn	Feet From 200	N/S Line N	Feet From 410	E/W Line E	County Lea
---------------	---------------	-----------------	--------------	---------	------------------	---------------	------------------	---------------	---------------

**11. Bottom Hole Location If Different From Surface**

UL - Lot P	Section 27	Township 22S	Range 35E	Lot Idn P	Feet From 330	N/S Line S	Feet From 660	E/W Line E	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%; border-collapse: collapse;"> <tr><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px; text-align: center;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px; text-align: center;"></td></tr> </table>																	<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:        Travis Hahn Title:                Land Regulatory Agent Date:                 10/24/2014</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:     10/20/2014 Certificate Number: 7977</p>

**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) 334-8178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3482

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

Form APD Comments

Permit 194610

**PERMIT COMMENTS**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-42206
	Well: CANTILEVER BVE STATE #001H

Created By	Comment	Comment Date
THAHN	Samples: 30' Sample to 6350', 10' Samples 6350'-TD. Logging: GR NEUTRON 30 DEG DEV TO SURF CSG, DENSITY 30 DEG DEV TO INTERM CSG, LATERLOG 30 DEG DEV TO INTERM CSG, CMR 30 DEG DEV TO INTERM CSG (SCHLUMBERGER TOOLS PLATFORM/HRLA/CMR). DST's: None. Coring: None. Mudlogging: On after surface casing.	10/24/2014
THAHN	MAXIMUM ANTICIPATED BHP (DEPTHS ARE TVD): 0'-1985' is 950 PSI, 1985'-6350' is 3368 PSI, 6350'-10247' is 4902 PSI.	10/24/2014
THAHN	Pilot hole will be drilled vertically to 11000'. Well will then be plugged back with a 200' isolation plug on bottom and a 500'-600' kick off plug. Well will then be kicked off at approximately 9666' and directionally drilled at 12 degrees per 100' with a 8.75" hole to 10404' MD (10143' TVD). Hole size will then be reduced to 8.5" and drilled to 14696' MD (10247' TVD) where 5.5" casing will be set. Production casing will be cemented 500' into previous casing string. Penetration point of the producing zone will be encountered at 665' FNL and 430' FEL, 29-22S-35E. Deepest TVD is 11000' in the pi	10/24/2014
THAHN	C-102 and horizontal drilling diagram will follow. H2S is not anticipated.	10/24/2014

**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) 476-3482

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

Form APD Conditions

Permit 194610

**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-42206
	Well: CANTILEVER BVE STATE #001H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
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	If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well.
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water