

**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 221062

**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 38106		3. API Number 30-015-43877
5. Property Name COHIBA BPY STATE		6. Well No. 002H

**7. Surface Location**

UL - Lot	D	Section	1	Township	25S	Range	27E	Lot Idn	4	Feet From	400	N/S Line	N	Feet From	200	E/W Line	W	County	Eddy
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**8. Proposed Bottom Hole Location**

UL - Lot	A	Section	1	Township	25S	Range	27E	Lot Idn	1	Feet From	760	N/S Line	N	Feet From	330	E/W Line	E	County	Eddy
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**9. Pool Information**

WILLOW LAKE;BONE SPRING;WEST	96415
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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 3139
16. Multiple N	17. Proposed Depth 12447	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 1/1/2017
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	400	415	0
Int1	12.25	9.625	36	2500	850	0
Prod	8.75	5.5	17	8143	580	5000
Prod	8.5	5.5	17	12447	1280	5000

**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 Travis Hahn	Approved By: Paul Kautz
Title: Land Regulatory Agent	Title: Geologist
Email Address: thahn@yatespetroleum.com	Approved Date: 8/3/2016
Date: 8/2/2016	Expiration Date: 8/3/2018
Phone: 575-748-4120	Conditions of Approval Attached

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Form C-102  
August 1, 2011  
Permit 221062

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-43877	2. Pool Code 96415	3. Pool Name WILLOW LAKE;BONE SPRING;WEST
4. Property Code 38106	5. Property Name COHIBA BPY STATE	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3139

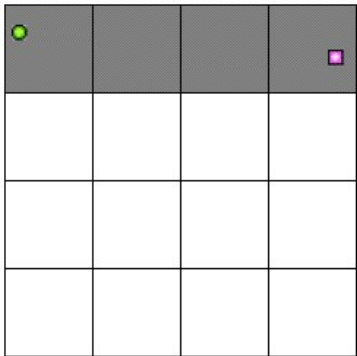
**10. Surface Location**

UL - Lot D	Section 1	Township 25S	Range 27E	Lot Idn 4	Feet From 400	N/S Line N	Feet From 200	E/W Line W	County Eddy
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**11. Bottom Hole Location If Different From Surface**

UL - Lot A	Section 1	Township 25S	Range 27E	Lot Idn 1	Feet From 760	N/S Line N	Feet From 330	E/W Line E	County Eddy
12. Dedicated Acres 159.20	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;"><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:                 8/2/2016</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:     10/23/2013 Certificate Number: 7977</p>
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Form APD Comments

Permit 221062

**PERMIT COMMENTS**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210		API Number: 30-015-43877
		Well: COHIBA BPY STATE #002H

Created By	Comment	Comment Date
Cy Cowan	30' Samples to 2500'. 10' Samples 2400' to TD.	7/20/2016
Cy Cowan	MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD. 0-400' 191PSI 400-2500' 1326 PSI 2500'-7981' 1318 PSI	7/20/2016
Cy Cowan	Logging: GR Neutron 30 deviation to surface. Neutron Density 30 degree deviation to Intermediate casing. Lateral Log 30 degrees deviation to intermediate casing. CMR 30 degrees deviation to intermediate casing. Horizontal-MWD-GR.	7/20/2016
Cy Cowan	Well will be drilled to 7404'. Well will then be kicked off at approximately 7404' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 8143' MD (7882' TVD). Hole size will then be reduced to 8 1/2" and drilled to 12447' MD (7981' TVD) where 5 1/2" casing will be set and cemented 500' into intermediate casing with a DV tool at approximately 5000' (cement volumes will be adjusted to tool placement). Penetration point of the producing zone will be encountered at 433' FNL and 655' FWL of Section 1, T25S-R27E. Deepest TVD is 7891' in the lateral.	7/20/2016
Cy Cowan	H2S is not anticipated.	7/20/2016
Cy Cowan	C-102 and horizontal drilling plan have already been submitted to your office under separate cover.	7/20/2016
kjones	Please submit a sundry with an request for an extension. Thank you. Kellie	7/21/2016

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Form APD Conditions

Permit 221062

**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210		API Number: 30-015-43877
		Well: COHIBA BPY STATE #002H
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	Must notify OCD Artesia Office if lost circulation is encountered at 575-478-1283	
pkautz	Must notify OCD Hobbs Office of any water flows in the Castile Formation at 575-370-3186. Report depth and flow rate	
pkautz	The New! Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period.	