Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-015-~~39732~~ 37932

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. VB-1238

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: Herradura Unit

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

8. Well Number: 1H

2. Name of Operator: Yates Petroleum Corporation

9. OGRID Number: 25575

3. Address of Operator: 105 S. 4th Street, Artesia, NM 88210

10. Pool name or Wildcat: Bone Springs

4. Well Location
Unit Letter A : 330 feet from the North line and 760 feet from the East line
Section 16 Township 24S Range 25E NMPM Eddy County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 4130'

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ **Depth to Groundwater** _____ **Distance from nearest fresh water well** _____ **Distance from nearest surface water** _____

Pit Liner Thickness: _____ **mil** **Below-Grade Tank: Volume** _____ **bbls; Construction Material** _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☒	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDON	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Bottom hole location for this well is Section 9, T24S-R25E, Unit A. 660' FNL and 660' FEL.

Yates Petroleum Corporation respectfully requests permission to set the intermediate casing at a new depth of 3,400' and also to drill the pilot hole to a depth of 12,400'. Attached is a casing design for the intermediate casing and a contingency casing design for 7" 2nd intermediate casing, if hole conditions dictate. If 7" is set, then 4 ½" production casing will be used for the lateral. Directional plan will remain as permitted.

Thank-you,

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE Jeremiah Mullen TITLE Well Planner DATE 11/22/10

Type or print name Jeremiah Mullen E-mail address: jmullen@yatespetroleum.com Telephone No. 575-748-4378

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

bm

Herradura Unit #1H

Intermediate

0 ft to 3,400 ft				Make up Torque ft-lbs			Total ft = 3,400
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
9.625 inches	36 #/ft	J-55	LT&C	4,530	3,400	5,660	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
2,020 psi	3,520 psi	453 ,000 #		564 ,000 #		8.765	

It is possible that 7" casing will need to be set at approx. 9100' in the vertical hole. If 7" is set, hole will be reduced to 6 1/8" and drilled to 12,400'. Well will then be kicked off with a 6 1/8" hole with a whipstock in the 7". If 7" is not set at 9100', 8 3/4" hole will be drilled to 12,400'. Well will be plugged back and kicked off at approx. 5127' and directionally drilled at 10 degrees per 100' with a 8 3/4" hole to 6200' MD (5,700' TVD). Hole size will be reduced to 7 7/8" and drilled to 10,405' MD(5,700' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 330' FSL and 747' FEL, 9-24S-25E. Deepest TVD in the well is 12,400' in the pilot hole. Deepest TVD in the lateral will be 5700'.

Contingency Casing

2nd Intermediate

0 ft to 7,100 ft				Make up Torque ft-lbs			Total ft = 7,100
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
4,320 psi	4,980 psi	367 ,000 #		415 ,000 #		6.151	

7,100 ft to 9,100 ft				Make up Torque ft-lbs			Total ft = 2,000
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	26 #/ft	L-80	LT&C	5110	3830	6390	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
5,410 psi	7,240 psi	511 ,000 #		604 ,000 #		6.151	

Production

0 ft to 10,405 ft				Make up Torque ft-lbs			Total ft = 10,405
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
4.5 inches	11.6 #/ft	HCP-110	LT&C	3020	2270	3780	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
8,650 psi	10,690 psi	279 ,000 #		367 ,000 #		3.875	