

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 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 150537

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address <b>YATES PETROLEUM CORPORATION</b> 105 S 4TH ST ARTESIA, NM 88210		2. OGRID Number 25575
		3. API Number 30-025-40639
4. Property Code 17550	5. Property Name HUNT APO STATE	6. Well No. 002

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	4	21S	34E	14	2700	S	1650	W	LEA

**8. Pool Information**

GRAMA RIDGE;BONE SPRING, NORTH	28434
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**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3707
14. Multiple N	15. Proposed Depth 15430	16. Formation 2nd Bone Spring Sand	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48		445	0
Int1	12.25	9.625	40		1980	0
Prod	8.5	5.5	17	15430	1490	8550
Prod	8.75	5.5	17	10300	590	5400

**Casing/Cement Program: Additional Comments**

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**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	<b>OIL CONSERVATION DIVISION</b>
Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 6/18/2012	Approved By: Paul Kautz Title: Geologist Approved Date: 6/26/2012    Expiration Date: 6/26/2014 Conditions of Approval Attached

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**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
August 1, 2011  
Permit 150537

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-40639	2. Pool Code 28434	3. Pool Name GRAMA RIDGE;BONE SPRING, NORTH
4. Property Code 17550	5. Property Name HUNT APO STATE	6. Well No. 002
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3707

**10. Surface Location**

UL - Lot F	Section 4	Township 21S	Range 34E	Lot Idn 14	Feet From 2700	N/S Line S	Feet From 1650	E/W Line W	County LEA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot C	Section 4	Township 21S	Range 34E	Lot Idn 6	Feet From 330	N/S Line N	Feet From 1650	E/W Line W	County LEA
12. Dedicated Acres 0.00		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**

<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: 6/18/2012</p>	<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: 5/23/2012 Certificate Number: 7977</p>
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## Permit Comments

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** HUNT APO STATE #002

**API:** 30-025-40639

Created By	Comment	Comment Date
THAHN	C-102, C-144, and horizontal drilling diagram to follow by mail.	6/18/2012
THAHN	No H2S is anticipated.	6/18/2012
THAHN	Samples will be taken every 30' to 4500' then every 10' to TD.	6/18/2012
THAHN	Maximum anticipated BHP (Depths are TVD) are 0'-550' is 263 PSI, 550'-5900' is 3129 PSI, and 5900'-10843' is 5187 PSI.	6/18/2012
THAHN	Well will be drilled vertically to 10302'. Well will then be kicked off at approximately 10302' and directionally drilled at 12 degrees per 100' with a 8.75" hole to 11045' MD (10843' TVD). Hole size will then be reduced to 8.5" and drilled to 15430' MD (108430' TVD) where 5.5" casing will be set and cemented. Penetration point of producing zone will be encountered at 3171' FSL and 1646' FWL in Section 4 of T21S-R34E. Deepest TVD in the well is 10843' in the lateral.	6/18/2012
pkautz	Land s/S	6/19/2012
CHERRERA	OCD RECEIVED FORM C144 CLEZ. OCD PERMIT #P1-04818	6/26/2012



# Permit Conditions of Approval

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** HUNT APO STATE #002

**API:** 30-025-40639

OCD Reviewer	Condition
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