

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 178859

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 |
| | | 3. API Number 30-015-41895 |
| | | 6. Well No. 005H |
| 4. Property Code 36591 | 5. Property Name JERICHO BKJ STATE COM | |

7. Surface Location

| | | | | | | | | | |
|----------------------|----------------------|------------------------|---------------------|---------|-------------------------|----------------------|------------------------|----------------------|-----------------------|
| UL - Lot P | Section 15 | Township 25S | Range 27E | Lot Idn | Feet From 660 | N/S Line S | Feet From 15 | E/W Line E | County Eddy |
|----------------------|----------------------|------------------------|---------------------|---------|-------------------------|----------------------|------------------------|----------------------|-----------------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|----------------------|----------------------|------------------------|---------------------|---------------------|-------------------------|----------------------|-------------------------|----------------------|-----------------------|
| UL - Lot M | Section 15 | Township 25S | Range 27E | Lot Idn M | Feet From 660 | N/S Line S | Feet From 330 | E/W Line W | County Eddy |
|----------------------|----------------------|------------------------|---------------------|---------------------|-------------------------|----------------------|-------------------------|----------------------|-----------------------|

9. Pool Information

| | |
|-----------------------------------|-------|
| WILDCAT G-02 S252715A;BONE SPRING | 97816 |
|-----------------------------------|-------|

Additional Well Information

| | | | | |
|----------------------------------|------------------------------------|--|--------------------------------|---|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3086 |
| 16. Multiple N | 17. Proposed Depth 12386 | 18. Formation 2nd Bone Spring Sand | 19. Contractor | 20. Spud Date |
| 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 | 2400 | 820 | 0 |
| Prod | 8.5 | 5.5 | 17 | 12386 | 1360 | 4500 |
| Prod | 8.75 | 5.5 | 17 | 7902 | 515 | 1900 |

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: Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 12/20/2013 | <p style="text-align: center;">OIL CONSERVATION DIVISION</p> Approved By: Randy Dade Title: District Supervisor Approved Date: 12/23/2013 Expiration Date: 12/23/2015 Conditions of Approval Attached |
| Phone: 575-748-4448 | |

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Form C-102
 August 1, 2011
 Permit 178859

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|---|
| 1. API Number 30-015-41895 | 2. Pool Code 97816 | 3. Pool Name WILDCAT G-02 S252715A;BONE SPRING |
| 4. Property Code 36591 | 5. Property Name JERICHO BKJ STATE COM | 6. Well No. 005H |
| 7. OGRID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | 9. Elevation 3086 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|-----------------|---------------|----------------|
| UL - Lot P | Section 15 | Township 25S | Range 27E | Lot Idn | Feet From 660 | N/S Line S | Feet From 15 | E/W Line E | County Eddy |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|-----------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|------------------------|---------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot M | Section 15 | Township 25S | Range 27E | Lot Idn | Feet From 660 | N/S Line S | Feet From 330 | E/W Line W | County Eddy |
| 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

| | | |
|---|---|--|
| <div style="border: 1px solid black; width: 100px; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background-color: white;"></div> </div> | <p align="center">OPERATOR CERTIFICATION</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: 12/20/2013</p> | |
| | <p align="center">SURVEYOR CERTIFICATION</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: 10/15/2013 Certificate Number: 7977</p> | |
| | <div style="border: 1px solid black; width: 100px; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background-color: white;"></div> </div> | |
| | <div style="border: 1px solid black; width: 100px; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background-color: white;"></div> </div> | |

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Form APD Comments

Permit 178859

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

PERMIT COMMENTS

| | |
|--|-------------------------------------|
| Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210 | API Number: 30-015-41895 |
| | Well: JERICO BKJ STATE COM #005H |

| Created By | Comment | Comment Date |
|------------|---|--------------|
| THAHN | H2S is not anticipated. C-102 and depths and chart to follow. | 12/20/2013 |
| THAHN | Samples: 30' Sample to 2400'. 10' Samples 2400'-TD | 12/20/2013 |
| THAHN | MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-400' is 191 PSI 400'-2400' is 1273 PSI 2400'-7617' is 3615 PSI | 12/20/2013 |
| THAHN | Well will be drilled to 7140' then kicked off and directionally drilled at 12 degrees per 100' with a 8.75" hole to 7902' MD (7617' TVD). Hole size will then be reduced to 8.5" and drilled to 12386' MD (7550' TVD) where 5.5" casing will be set and cemented 500' into intermediate casing with a DV tool at approx. at 4500'. Penetration point of producing zone will be encountered at 660' FSL and 505' FEL, 15-25S-27E. Deepest TVD is 7617' in the lateral. | 12/20/2013 |
| THAHN | 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 insure the PVT system is functioning properly. The secondary system will be comprised of the derrick hand checking the fluid level in the pit. | 12/20/2013 |
| CSHAPARD | Land s/S | 12/23/2013 |

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Form APD Conditions
Permit 178859

PERMIT CONDITIONS OF APPROVAL

| | | |
|---|--|-------------------------------------|
| Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210 | | API Number: 30-015-41895 |
| | | Well: JERICO BKJ STATE COM #005H |
| OCD Reviewer | Condition | |
| CSHAPARD | 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 | |