

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 221218

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 316241		3. API Number 30-025-43255
5. Property Name CHINCHILLA BXC STATE		6. Well No. 001H

7. Surface Location

UL - Lot	O	Section	7	Township	23S	Range	35E	Lot Idn	O	Feet From	50	N/S Line	S	Feet From	1980	E/W Line	E	County	Lea
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8. Proposed Bottom Hole Location

UL - Lot	J	Section	7	Township	23S	Range	35E	Lot Idn	J	Feet From	2310	N/S Line	S	Feet From	1980	E/W Line	E	County	Lea
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9. Pool Information

ANTELOPE RIDGE;BONE SPRING, NORTH	2205
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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 3364
16. Multiple N	17. Proposed Depth 13495	18. Formation 3rd 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	1775	1300	25
Int1	12.25	9.625	36	5600	1890	25
Prod	8.75	5.5	17	11713	715	5600
Prod	8.5	5.5	17	13495	525	5600

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:	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Travis Hahn	Approved By: Paul Kautz
Title: Land Regulatory Agent	Title: Geologist
Email Address: thahn@yatespetroleum.com	Approved Date: 5/19/2016 Expiration Date: 5/19/2018
Date: 5/18/2016 Phone: 575-748-4120	Conditions of Approval Attached

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Form C-102
August 1, 2011
Permit 221218

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-43255	2. Pool Code 2205	3. Pool Name ANTELOPE RIDGE;BONE SPRING, NORTH
4. Property Code 316241	5. Property Name CHINCHILLA BXC STATE	6. Well No. 001H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3364

10. Surface Location

UL - Lot O	Section 7	Township 23S	Range 35E	Lot Idn O	Feet From 50	N/S Line S	Feet From 1980	E/W Line E	County Lea
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11. Bottom Hole Location If Different From Surface

UL - Lot J	Section 7	Township 23S	Range 35E	Lot Idn J	Feet From 2310	N/S Line S	Feet From 1980	E/W Line E	County Lea
12. Dedicated Acres 80.00	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%; height: 150px; 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;"></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; background-color: #cccccc; text-align: center;">■</td><td style="height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px; background-color: #cccccc;"></td><td style="height: 30px;"></td></tr> </table>											■						<p style="text-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: Travis Hahn Title: Land Regulatory Agent Date: 5/18/2016</p> <hr/> <p style="text-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: 5/17/2016 Certificate Number: 7977</p>
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Form APD Comments

Permit 221218

PERMIT COMMENTS

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-43255
	Well: CHINCHILLA BXC STATE #001H

Created By	Comment	Comment Date
CHRISG	Samples: 30' Sample to 5600'. 10' Samples 5600'-TD Logging: HORIZONTAL-MWD-GR-CURVE & LATERAL Mudlogging: 5600' to TD Pressure Control Equipment: A 3000 psi system will be nipped up and tested on 13 3/8" and a 5M on 9 5/8" casing.	5/18/2016
CHRISG	MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-1775' 849 PSI 1775'-5600' 2970 PSI 5600'-11440' 5473 PSI H2S is not anticipated	5/18/2016
CHRISG	Well will be drilled vertically to 10963'. Well will then be kicked off at approx. 10963' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 11713' MD (11440' TVD). Hole size will then be reduced to 8 1/2" and drilled to 13495' MD (11440' TVD) where 5 1/2" casing will be set and cemented 500' into previous casing string. Penetration point of producing zone will be encountered at 527' FSL and 1980' FEL, 7-23S-35E. Deepest TVD is 11440' in lateral.	5/18/2016
CHRISG	C-102 and horizontal drilling diagram will follow by mail.	5/18/2016

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Form APD Conditions

Permit 221218

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210		API Number: 30-025-43255
		Well: CHINCHILLA BXC STATE #001H
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	
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	
pkautz	Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186	
pkautz	Must notify OCD Hobbs Office of any water flows in the Salado Formation at 575-370-3186. Report depth and flow rate	
pkautz	1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.	
pkautz	The New! Gas Capture Plan (GCP) notice is posted on the NMOCDD 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.	