

**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 227550

**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 39024		3. API Number 30-025-43453
5. Property Name UNDAUNTED BSD STATE COM		6. Well No. 002H

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	2	25S	32E	N	130	S	2310	W	Lea

**8. Proposed Bottom Hole Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	2	25S	32E	2	330	N	2310	W	Lea

**9. Pool Information**

WC-025 G-07 S243225C;LWR BONE SPRIN	97964
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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 3506
16. Multiple N	17. Proposed Depth 15506	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	905	700	0
Int1	12.25	9.625	36	4900	1605	0
Prod	8.5	5.5	17	15506	1045	11152
Prod	8.75	5.5	17	11152	610	4400

**Casing/Cement Program: Additional Comments**

Well will be drilled vertically to approximately 10398'. Well will then be kicked off and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 11152' MD (10875' TVD). Hole size will then be reduced to 8 1/2" and drilled to 15506' MD (10840' TVD) where 5 1/2" casing will be set. Production casing will be cemented 500' into previous casing string. Penetration point of producing zone will be encountered at 610' FSL and 2274' FWL, 2-25S-32E. Deepest TVD is 10875' in lateral.

**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 Title: Land Regulatory Agent Email Address: thahn@yatespetroleum.com Date: 10/18/2016	Approved By: Paul Kautz Title: Geologist Approved Date: 10/19/2016 Expiration Date: 10/19/2018 Conditions of Approval Attached

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Form C-102  
August 1, 2011  
Permit 227550

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-43453	2. Pool Code 97964	3. Pool Name WC-025 G-07 S243225C;LWR BONE SPRIN
4. Property Code 39024	5. Property Name UNDAUNTED BSD STATE COM	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3506

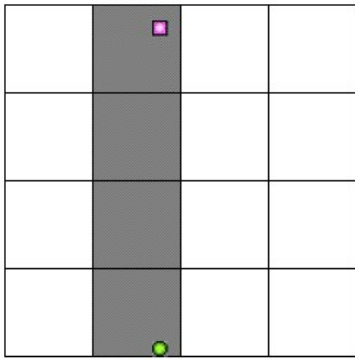
**10. Surface Location**

UL - Lot N	Section 2	Township 25S	Range 32E	Lot Idn N	Feet From 130	N/S Line S	Feet From 2310	E/W Line W	County Lea
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**11. Bottom Hole Location If Different From Surface**

UL - Lot C	Section 2	Township 25S	Range 32E	Lot Idn 2	Feet From 330	N/S Line N	Feet From 2310	E/W Line W	County Lea
12. Dedicated Acres 160.19			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:                10/18/2016</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:     8/22/2016 Certificate Number: 1311</p>
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**Santa Fe, NM 87505**

Form APD Comments

Permit 227550

**PERMIT COMMENTS**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-43453
	Well: UNDAUNTED BSD STATE COM #002H

Created By	Comment	Comment Date
thahn	H2S is not anticipated. C-102 will follow.	10/18/2016
thahn	30' samples to 4500', then 10' samples to TD. Mudlogging will be done from 2000' to TD.	10/18/2016
thahn	Maximum Anticipated BHP (Depths are TVD): 0' - 905' is 452 PSI, 905' - 4900' is 2679 PSI, 4900' - 10875' is 5222 PSI.	10/18/2016

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Form APD Conditions

Permit 227550

**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-43453
	Well: UNDAUNTED BSD STATE COM #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	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 Castile 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 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.