

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 177985

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 30-015-41839
4. Property Code 12594	5. Property Name Nickson BM	6. Well No. 007H

7. Surface Location

UL - Lot I	Section 30	Township 18S	Range 26E	Lot Idn	Feet From 1850	N/S Line S	Feet From 250	E/W Line E	County Eddy
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8. Proposed Bottom Hole Location

UL - Lot L	Section 30	Township 18S	Range 26E	Lot Idn L	Feet From 1650	N/S Line S	Feet From 330	E/W Line W	County Eddy
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9. Pool Information

PENASCO DRAW;SA-YESO (ASSOC)	50270
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3436
16. Multiple N	17. Proposed Depth 6928	18. Formation Yeso Formation	19. Contractor	20. Spud Date 1/3/2014
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	14.75	9.625	36	1000	750	0
Prod	8.75	5.5	17	6928	1195	0

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

<p>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.</p> <p>Signature:</p> <p>Printed Name: Electronically filed by LORI FLORES</p> <p>Title: Land Regulatory Technician</p> <p>Email Address: lorif@yatespetroleum.com</p> <p>Date: 12/3/2013</p>	<p>OIL CONSERVATION DIVISION</p> <p>Approved By: Randy Dade</p> <p>Title: District Supervisor</p> <p>Approved Date: 12/4/2013</p> <p>Expiration Date: 12/4/2015</p> <p>Conditions of Approval Attached</p>
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-41839	2. Pool Code 50270	3. Pool Name PENASCO DRAW;SA-YESO (ASSOC)
4. Property Code 12594	5. Property Name Nickson BM	6. Well No. 007H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3436

10. Surface Location

UL - Lot I	Section 30	Township 18S	Range 26E	Lot Idn	Feet From 1850	N/S Line S	Feet From 250	E/W Line E	County Eddy
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11. Bottom Hole Location If Different From Surface

UL - Lot L	Section 30	Township 18S	Range 26E	Lot Idn	Feet From 1650	N/S Line S	Feet From 330	E/W Line W	County EDDY
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12. Dedicated Acres 158.93	13. Joint or Infill	14. Consolidation Code	15. Order No.
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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>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: 12/3/2013</p>
	<p>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: 10/9/2013 Certificate Number: 7977</p>

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Form APD Comments

Permit 177985

PERMIT COMMENTS

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-015-41839
	Well: Nickson BM #007H

Created By	Comment	Comment Date
CMAY	Well will be drilled vertically to 2115'. Well will then be kicked off at approximately 2115' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole yp 2872' MD (2592' TVD). Hole size will then be reduced to 8 1/2" and drilled to 6928' MD (2625' TVD) where 5 1/2" casing will be set and cemented to surface. Penetration point of the producing zone will be encountered at 1828' FSL and 735' FEL, 30-18S-26E. Deepest TVD is 2592' in the lateral.	12/3/2013
CMAY	30' samples will be taken to 1000'. 10' samples will be taken to TD. Mudloggers will be on at 1000'.	12/3/2013
CMAY	A 3000 psi system will be nipped up on the 9 5/8" casing.	12/3/2013
CMAY	No H2S in this well is anticipated.	12/3/2013
CMAY	The C-102 and the horizontal information will be taken to OCD.	12/3/2013
CSHAPARD	Land p/P	12/4/2013

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PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-015-41839
	Well: Nickson BM #007H

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