

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 181014

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 38382		3. API Number 30-015-42053
5. Property Name TROJANS BQT STATE		6. Well No. 002H

7. Surface Location

UL - Lot I	Section 36	Township 25S	Range 28E	Lot Idn	Feet From 1980	N/S Line S	Feet From 200	E/W Line E	County Eddy
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8. Proposed Bottom Hole Location

UL - Lot L	Section 36	Township 25S	Range 28E	Lot Idn L	Feet From 1980	N/S Line S	Feet From 330	E/W Line W	County Eddy
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9. Pool Information

ROCK SPUR;BONE SPRING	52775
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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 2919
16. Multiple N	17. Proposed Depth 12928	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	2300	790	0
Prod	8.5	5.5	17	12928	1365	5000
Prod	8.75	5.5	17	8637	615	1800

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 ☒ and/or 19.15.14.9 (B) NMAC ☒ if applicable. Signature: _____ Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 2/5/2014	OIL CONSERVATION DIVISION Approved By: Randy Dade Title: District Supervisor Approved Date: 2/5/2014 Expiration Date: 2/5/2016 Conditions of Approval Attached
Phone: 575-748-4448	

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Oil Conservation Division
1220 S. St Francis Dr.
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Form C-102
 August 1, 2011
 Permit 181014

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-42053	2. Pool Code 52775	3. Pool Name ROCK SPUR;BONE SPRING
4. Property Code 38382	5. Property Name TROJANS BQT STATE	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 2919

10. Surface Location

UL - Lot I	Section 36	Township 25S	Range 28E	Lot Idn	Feet From 1980	N/S Line S	Feet From 200	E/W Line E	County Eddy
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11. Bottom Hole Location If Different From Surface

UL - Lot L	Section 36	Township 25S	Range 28E	Lot Idn	Feet From 1980	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

	OPERATOR CERTIFICATION <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>	
	E-Signed By: LORI FLORES Title: Land Regulatory Technician Date: 2/5/2014	
	SURVEYOR CERTIFICATION <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>	
	Surveyed By: Gary Jones Date of Survey: 12/12/2013 Certificate Number: 7977	

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Form APD Comments

Permit 181014

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: 30-015-42053
	Well: TROJANS BQT STATE #002H

Created By	Comment	Comment Date
THAHN	C-102 will follow. H2S is not anticipated and has not been encountered in the area.	2/5/2014
THAHN	Samples: 10' samples surface to TD, Logging: GR NEUTRON 30 DEG DEV. TO SURFACE NEUTRON DENSITY 30 DEG DEV. TO INTERMEDIATE CASING LATEROLOG 30 DEG DEV. TO INTERMEDIATE CASING CMR 30 DEG DEV. TO INTERMEDIATE CASING HORIZONTAL-MWD-GR, DST's: None, Coring: None, Mudlogging: 10' samples surface to TD	2/5/2014
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.	2/5/2014
THAHN	MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-400' is 191 PSI 400'-2300' is 1220 PSI 2300'-8355' is 3997 PSI	2/5/2014
THAHN	Well will be drilled vertically to 7877' then will be kicked off and directionally drilled at 12 degrees per 100' with a 8.75" hole to 8637' MD (8355' TVD). Hole size will then be reduced to 8 1/2" and drilled to 12928' MD (8265' TVD) where 5.5" casing will be set and cemented 500' into intermediate casing with a DV/Stage Packer Tool at approx. 5500' (cement volumes will be adjusted per tool placement). Penetration point of producing zone will be encountered at 1980' FSL and 487' FEL, 36-25S-28E. Deepest TVD is 8355' in lateral.	2/5/2014
CSHAPARD	Land s/S	2/5/2014

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Form APD Conditions
Permit 181014

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210		API Number: 30-015-42053
		Well: TROJANS BQT STATE #002H

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