

**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 182159

**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 39199		3. API Number 30-025-41683
5. Property Name SITKA BSI STATE COM		6. Well No. 003H

**7. Surface Location**

UL - Lot I	Section 4	Township 21S	Range 34E	Lot Idn	Feet From 2625	N/S Line S	Feet From 660	E/W Line E	County Lea
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**8. Proposed Bottom Hole Location**

UL - Lot H	Section 9	Township 21S	Range 34E	Lot Idn H	Feet From 2310	N/S Line N	Feet From 660	E/W Line E	County Lea
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**9. Pool Information**

GRAMA RIDGE;BONE SPRING, NORTH	28434
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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 3701
16. Multiple N	17. Proposed Depth 16356	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	1845	1345	0
Int1	12.25	9.625	36	6040	2030	0
Prod	8.5	5.5	17	16356	925	11000
Prod	8.75	5.5	17	11902	955	5500

**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: Printed Name: Electronically filed by LORI FLORES Title: Land Regulatory Technician Email Address: lorif@yatespetroleum.com Date: 2/25/2014	<p style="text-align: center;"><b>OIL CONSERVATION DIVISION</b></p> Approved By: Paul Kautz Title: Geologist Approved Date: 2/25/2014      Expiration Date: 2/25/2016 Conditions of Approval Attached
Phone: 575-748-4448	

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<b>OPERATOR CERTIFICATION</b>	
<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:	2/25/2014

<b>SURVEYOR CERTIFICATION</b>	
<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:	12/10/2013
Certificate Number:	7977

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Form APD Comments

Permit 182159

**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: 30-025-41683
	Well: SITKA BSI STATE COM #003H

Created By	Comment	Comment Date
THAHN	Samples: 30' Sample to 4500'. 10' Samples 4500'-TD Logging: GR NEUTRON 30 DEG DEV TO SURFACE CSG DENSITY 30 DEG DEV TO INTERMEDIATE CSG LATERLOG 30 DEG DEV TO INTERMEDIATE CSG CMR 30 DEG DEV TO INTERMEDIATE CSG (SCHLUMBERGER TOOLS PLATFORM/HRLA/CMR) DST's: None Coring: None Mudlogging: ON BELOW SURFACE CSG	2/25/2014
THAHN	C-102 will follow by mail. H2S is not anticipated for this well and has not been encountered in the area.	2/25/2014
THAHN	MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-1845' is 883 PSI 1845'-6040' is 3204 PSI 6040'-11627' is 5562 PSI	2/25/2014
THAHN	Well will be drilled vertically to 11149' then be kicked off and directionally drilled at 12 degrees per 100' with a 8.75" hole to 11902' MD (11627' TVD). Hole size will then be reduced to 8.5" and drilled to 16356' MD (11604' TVD) where 5.5" casing will be set and cemented 500' into previous casing string. Penetration point of the producing zone will be encountered at 2145' FSL and 660' FEL, 4-21S-34E. Deepest TVD is 11627' in lateral.	2/25/2014

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Form APD Conditions

Permit 182159

**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210	API Number: 30-025-41683
	Well: SITKA BSI STATE COM #003H

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	Spacing rule violation. Operator must follow up with Change of Status notification on other well to be shut in or abandoned
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water