

**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 183352

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|  |  |                               |
|--|--|-------------------------------|
| 1. Operator Name and Address<br>YATES PETROLEUM CORPORATION<br>105 S 4TH ST<br>ARTESIA, NM 88210 |  | 2. OGRID Number<br>25575      |
| 4. Property Code<br>34625  |  | 3. API Number<br>30-015-42209 |
| 5. Property Name<br>PADRON BGM STATE COM   |  | 6. Well No.<br>002H           |

**7. Surface Location**

|          |   |         |   |          |     |       |     |         |  |           |      |          |   |           |     |          |   |        |      |
|----------|---|---------|---|----------|-----|-------|-----|---------|--|-----------|------|----------|---|-----------|-----|----------|---|--------|------|
| UL - Lot | H | Section | 9 | Township | 25S | Range | 27E | Lot Idn |  | Feet From | 1980 | N/S Line | N | Feet From | 200 | E/W Line | E | County | Eddy |
|----------|---|---------|---|----------|-----|-------|-----|---------|--|-----------|------|----------|---|-----------|-----|----------|---|--------|------|

**8. Proposed Bottom Hole Location**

|          |   |         |   |          |     |       |     |         |   |           |      |          |   |           |     |          |   |        |      |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|
| UL - Lot | E | Section | 9 | Township | 25S | Range | 27E | Lot Idn | E | Feet From | 1980 | N/S Line | N | Feet From | 330 | E/W Line | W | County | Eddy |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|

**9. Pool Information**

|                                   |       |
|-----------------------------------|-------|
| WILDCAT G-02 S252715A;BONE SPRING | 97816 |
|-----------------------------------|-------|

**Additional Well Information**

|                           |                             |  |                         |                                    |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type<br>New Well | 12. Well Type<br>OIL        | 13. Cable/Rotary                       | 14. Lease Type<br>State | 15. Ground Level Elevation<br>3229 |
| 16. Multiple<br>N         | 17. Proposed Depth<br>12214 | 18. Formation<br>2nd Bone Spring Sand  | 19. Contractor          | 20. Spud Date<br>6/2/2014          |
| 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 | 17.5      | 13.375      | 48               | 400           | 415             | 0             |
| Int1 | 12.25     | 9.625       | 36               | 2400          | 820             | 0             |
| Prod | 8.75      | 5.5         | 17               | 12214         | 1845            | 1900          |

**Casing/Cement Program: Additional Comments**

|  |
|--|
|  |
|--|

**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.<br>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.<br><br>Signature: _____<br>Printed Name: Electronically filed by LORI FLORES<br>Title: Land Regulatory Technician<br>Email Address: lorif@yatespetroleum.com<br>Date: 3/19/2014      Phone: 575-748-4448 | <b>OIL CONSERVATION DIVISION</b><br><br>Approved By: Randy Dade<br>Title: District Supervisor<br>Approved Date: 3/20/2014      Expiration Date: 3/20/2016<br>Conditions of Approval Attached |
|---|--|

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**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
August 1, 2011  
Permit 183352

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |   |   |
|-------------------------------|---|---|
| 1. API Number<br>30-015-42209 | 2. Pool Code<br>97816                           | 3. Pool Name<br>WILDCAT G-02 S252715A;BONE SPRING |
| 4. Property Code<br>34625     | 5. Property Name<br>PADRON BGM STATE COM        | 6. Well No.<br>002H                               |
| 7. OGRID No.<br>25575         | 8. Operator Name<br>YATES PETROLEUM CORPORATION | 9. Elevation<br>3229                              |

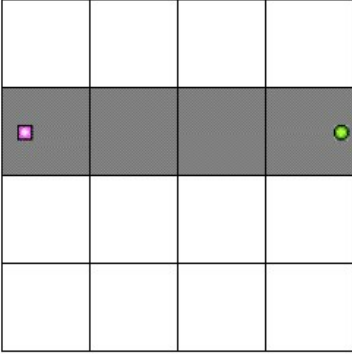
**10. Surface Location**

|               |              |                 |              |         |                   |               |                  |               |                |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot<br>H | Section<br>9 | Township<br>25S | Range<br>27E | Lot Idn | Feet From<br>1980 | N/S Line<br>N | Feet From<br>200 | E/W Line<br>E | County<br>Eddy |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|----------------|

**11. Bottom Hole Location If Different From Surface**

|                               |                     |                 |              |                        |                   |               |                  |               |                |
|-------------------------------|---------------------|-----------------|--------------|------------------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot<br>E                 | Section<br>9        | Township<br>25S | Range<br>27E | Lot Idn                | Feet From<br>1980 | N/S Line<br>N | Feet From<br>330 | E/W Line<br>W | County<br>Eddy |
| 12. Dedicated Acres<br>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**

|   |  |
|---|--|
|  | <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: LORI FLORES<br/>Title: Land Regulatory Technician<br/>Date: 3/19/2014</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<br/>Date of Survey: 10/4/2013<br/>Certificate Number: 7977</p> |
|---|--|

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Form APD Comments

Permit 183352

**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:<br>YATES PETROLEUM CORPORATION [25575]<br>105 S 4TH ST<br>ARTESIA, NM 88210 | API Number:<br>30-015-42209         |
|  | Well:<br>PADRON BGM STATE COM #002H |

| Created By | Comment   | Comment Date |
|------------|---|--------------|
| BILLM      | Logging: GR NEUTRON 30 DEG DEV. TO SURFACE DENSITY 30 DEG DEV. TO INTERMEDIATE CASING LATEROLOG 30 DEG DEV. TO INTERMEDIATE CASING CMR 30 DEG DEV. TO INTERMEDIATE CASING (SCHLUMBERGER TOOLS PLATFORM/HRLA/CMR)  | 3/19/2014    |
| BILLM      | Mudlogging: On after surface casing   | 3/19/2014    |
| BILLM      | 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.   | 3/19/2014    |
| BILLM      | 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.  | 3/19/2014    |
| BILLM      | MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD 0'-400' 191 PSI, 400'-2400' 1273 PSI, 2400'-7556' 3615 PSI.   | 3/19/2014    |
| BILLM      | H2S is not anticipated.   | 3/19/2014    |
| BILLM      | Well will be drilled to 7173'. Well will then be kicked off at approx. 7173' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 7933' MD (7650' TVD). Hole size will then be reduced to 8 1/2" and drilled to 12214' MD (7556' TVD) where 5 1/2" casing will be set and cemented 500' into intermediate casing with a DV tool at approx. at 4500'. Penetration point of producing zone will be encountered at 1980' FNL and 688' FEL, 9-25S-27E. Deepest TVD is 7650' in the lateral. | 3/19/2014    |
| BILLM      | The Form C-102 and drilling plans will be mailed in.  | 3/19/2014    |
| CSHAPARD   | Land s/s  | 3/20/2014    |

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Form APD Conditions  
Permit 183352

**PERMIT CONDITIONS OF APPROVAL**

|   |  |                                     |
|---|--|-------------------------------------|
| Operator Name and Address:<br>YATES PETROLEUM CORPORATION [25575]<br>105 S 4TH ST<br>ARTESIA , NM 88210 |  | API Number:<br>30-015-42209         |
|   |  | Well:<br>PADRON BGM STATE COM #002H |
| OCD<br>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 |                                     |