

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) 334-6178 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 183707

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 17315 | | 3. API Number 30-015-42254 |
| 5. Property Name PATRICK API | | 6. Well No. 008H |

7. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-----------------|---------------|----------------|
| UL - Lot E | Section 9 | Township 19S | Range 25E | Lot Idn | Feet From 2310 | N/S Line N | Feet From 15 | E/W Line W | County Eddy |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-----------------|---------------|----------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot H | Section 9 | Township 19S | Range 25E | Lot Idn H | Feet From 2310 | N/S Line N | Feet From 330 | E/W Line E | County Eddy |
|---------------|--------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|

9. Pool Information

| | |
|----------------------------------|---|
| North Seven Rivers Glorieta-Yeso | 0 |
|----------------------------------|---|

Additional Well Information

| | | | | |
|---------------------------|----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3541 |
| 16. Multiple N | 17. Proposed Depth 6928 | 18. Formation 2nd Bone Spring Sand | 19. Contractor | 20. Spud Date 7/1/2014 |
| 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 | 7.875 | 5.5 | 17 | 6928 | 870 | 0 |

Casing/Cement Program: Additional Comments

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

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000 | 3000 | |

| | |
|--|--|
| 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: | OIL CONSERVATION DIVISION |
| Printed Name: Electronically filed by LORI FLORES | Approved By: Randy Dade |
| Title: Land Regulatory Technician | Title: District Supervisor |
| Email Address: lorif@yatespetroleum.com | Approved Date: 3/27/2014 Expiration Date: 3/27/2016 |
| Date: 3/27/2014 Phone: 575-748-4448 | Conditions of Approval Attached |

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State of New Mexico
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Oil Conservation Division
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Form C-102
 August 1, 2011
 Permit 183707

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|--|
| 1. API Number 30-015-42254 | 2. Pool Code | 3. Pool Name North Seven Rivers Glorieta-Yeso |
| 4. Property Code 17315 | 5. Property Name PATRICK API | 6. Well No. 008H |
| 7. OGRID No. 25575 | 8. Operator Name YATES PETROLEUM CORPORATION | 9. Elevation 3541 |

10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-----------------|---------------|----------------|
| UL - Lot E | Section 9 | Township 19S | Range 25E | Lot Idn | Feet From 2310 | N/S Line N | Feet From 15 | E/W Line W | County Eddy |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-----------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|--------------|------------------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot H | Section 9 | Township 19S | Range 25E | Lot Idn | Feet From 2310 | N/S Line N | Feet From 330 | E/W Line E | 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: 3/27/2014 | |
| | 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: 2/18/2014 Certificate Number: 7977 | |

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Form APD Comments

Permit 183707

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: 30-015-42254 |
| | Well: PATRICK API #008H |

| Created By | Comment | Comment Date |
|------------|---|--------------|
| BILLM | Logging: NO LOGS HORIZONTAL-MWD-GR-turned on 500' before KOP to TD | 3/27/2014 |
| BILLM | Mudlogging: Surface to TD | 3/27/2014 |
| BILLM | PRESSURE CONTROL EQUIPMENT: A 3000 psi system will be nipped up and tested on 9 5/8" casing. | 3/27/2014 |
| BILLM | MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD: 0'-1000' 452 PSI, 1000'-2550' 1154 PSI. | 3/27/2014 |
| BILLM | H2S is anticipated. | 3/27/2014 |
| BILLM | Well will be drilled vertically to 1847'. Well will then be kicked off at approx. 1847' and directionally drilled at 12 degrees per 100' with a 7 7/8" hole to 2572' MD (2324' TVD). The lateral will be drilled with 7 7/8" hole to approx. 6928' MD (2550' TVD) where 5 1/2" casing will be set and cemented. Production string will be cemented to surface. Penetration point of producing zone will be encountered at 2310' FNL and 468' FWL, 9-19S-25E. Deepest TVD is 2550' in the lateral. | 3/27/2014 |
| BILLM | The C-102 Form and drilling plans wil be mailed in. | 3/27/2014 |
| CSHAPARD | Land p/P | 3/27/2014 |

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Form APD Conditions

Permit 183707

PERMIT CONDITIONS OF APPROVAL

| | | |
|---|--|-----------------------------|
| Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210 | | API Number: 30-015-42254 |
| | | Well: PATRICK API #008H |

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