

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) 334-8178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3482

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 195339

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 30-025-42262
5. Property Name SITKA BSI STATE COM		6. Well No. 002

7. Surface Location

UL - Lot	J	Section	4	Township	21S	Range	34E	Lot Idn		Feet From	2625	N/S Line	S	Feet From	1980	E/W Line	E	County	Lea
----------	---	---------	---	----------	-----	-------	-----	---------	--	-----------	------	----------	---	-----------	------	----------	---	--------	-----

8. Proposed Bottom Hole Location

UL - Lot	G	Section	9	Township	21S	Range	34E	Lot Idn	G	Feet From	2310	N/S Line	N	Feet From	1980	E/W Line	E	County	Lea
----------	---	---------	---	----------	-----	-------	-----	---------	---	-----------	------	----------	---	-----------	------	----------	---	--------	-----

9. Pool Information

GRAMA RIDGE;BONE SPRING, NORTH	28434
--------------------------------	-------

Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3697
16. Multiple N	17. Proposed Depth 15493	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	1840	1345	0
Int1	12.25	9.625	36	6000	2015	0
Prod	8.5	5.5	17	15493	1535	10537
Prod	8.75	5.5	17	11037	485	5500

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. 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 Travis Hahn	Approved By: Paul Kautz
Title: Land Regulatory Agent	Title: Geologist
Email Address: thahn@yatespetroleum.com	Approved Date: 11/12/2014 Expiration Date: 11/12/2016
Date: 11/11/2014 Phone: 575-748-4120	Conditions of Approval Attached

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) 334-8178 Fax:(505) 334-8170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3482

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 195339

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-42262	2. Pool Code 28434	3. Pool Name GRAMA RIDGE;BONE SPRING, NORTH
4. Property Code 39199	5. Property Name SITKA BSI STATE COM	6. Well No. 002
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3697

10. Surface Location

UL - Lot J	Section 4	Township 21S	Range 34E	Lot Idn	Feet From 2625	N/S Line S	Feet From 1980	E/W Line E	County Lea
---------------	--------------	-----------------	--------------	---------	-------------------	---------------	-------------------	---------------	---------------

11. Bottom Hole Location If Different From Surface

UL - Lot G	Section 9	Township 21S	Range 34E	Lot Idn G	Feet From 2310	N/S Line N	Feet From 1980	E/W Line E	County Lea
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

<table border="1" style="width: 100%; height: 150px; border-collapse: collapse;"> <tr><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> </table>																	<p style="text-align: center;">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: Travis Hahn Title: Land Regulatory Agent Date: 11/11/2014</p> <hr/> <p style="text-align: center;">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: 12/10/2013 Certificate Number: 7977</p>

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) 334-8178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3482

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Comments

Permit 195339

PERMIT COMMENTS

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-42262
	Well: SITKA BSI STATE COM #002

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.	11/11/2014
THAHN	MAXIMUM ANTICIPATED BHP (DEPTHS ARE TVD): 0'-1840' is 880 PSI, 1840'-6000' is 3182 PSI, 6000'-10764' is 5149 PSI.	11/11/2014
THAHN	Well will be drilled vertically to 10286' well will then be kicked off and directionally drilled at 12 degrees per 100' with a 8.75" hole to 11037' MD (10764' TVD). Hole size will then be reduced to 8.5" and drilled to 15493' MD (10760' 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 2147' FSL and 1980' FEL, 4-21S-34E. Deepest TVD is 10764' at the end of the curve, deepest TVD at end of lateral is 10760'.	11/11/2014
THAHN	H2S is not anticipated.	11/11/2014
THAHN	C-102, and horizontal drilling diagrams will follow.	11/11/2014

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) 476-3482

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Conditions

Permit 195339

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210	API Number: 30-025-42262
	Well: SITKA BSI STATE COM #002

OCD Reviewer	Condition
DMULL	Will require a directional survey with the C-104
DMULL	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	1) SURFACE & INTERNEMIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well.
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water