

**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-101  
August 1, 2011  
Permit 205392

**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>37344  |  | 3. API Number<br>30-015-43170 |
| 5. Property Name<br>HUMIDOR BML STATE COM  |  | 6. Well No.<br>004H           |

**7. Surface Location**

|          |   |         |    |          |     |       |     |         |  |           |      |          |   |           |      |          |   |        |      |
|----------|---|---------|----|----------|-----|-------|-----|---------|--|-----------|------|----------|---|-----------|------|----------|---|--------|------|
| UL - Lot | G | Section | 23 | Township | 24S | Range | 27E | Lot Idn |  | Feet From | 2575 | N/S Line | N | Feet From | 1980 | E/W Line | E | County | Eddy |
|----------|---|---------|----|----------|-----|-------|-----|---------|--|-----------|------|----------|---|-----------|------|----------|---|--------|------|

**8. Proposed Bottom Hole Location**

|          |   |         |    |          |     |       |     |         |   |           |     |          |   |           |      |          |   |        |      |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|------|
| UL - Lot | O | Section | 26 | Township | 24S | Range | 27E | Lot Idn | O | Feet From | 330 | N/S Line | S | Feet From | 1980 | E/W Line | E | County | Eddy |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|------|

**9. Pool Information**

|                              |       |
|------------------------------|-------|
| WILLOW LAKE;BONE SPRING;WEST | 96415 |
|------------------------------|-------|

**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>3168 |
| 16. Multiple<br>N         | 17. Proposed Depth<br>15732 | 18. Formation<br>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               | 740           | 580             | 0             |
| Int1 | 12.25     | 9.625       | 36               | 2500          | 850             | 0             |
| Prod | 8.5       | 5.5         | 17               | 15732         | 2025            | 8604          |
| Prod | 8.75      | 5.5         | 17               | 8604          | 695             | 2000          |

**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: | <b>OIL CONSERVATION DIVISION</b>                       |
| Printed Name: Electronically filed by Travis Hahn  | Approved By: Randy Dade                                |
| Title: Land Regulatory Agent   | Title: District Supervisor                             |
| Email Address: thahn@yatespetroleum.com  | Approved Date: 6/3/2015      Expiration Date: 6/3/2017 |
| Date: 6/3/2015      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 205392

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |   |  |
|-------------------------------|---|--|
| 1. API Number<br>30-015-43170 | 2. Pool Code<br>96415                           | 3. Pool Name<br>WILLOW LAKE;BONE SPRING;WEST |
| 4. Property Code<br>37344     | 5. Property Name<br>HUMIDOR BML STATE COM       | 6. Well No.<br>004H                          |
| 7. OGRID No.<br>25575         | 8. Operator Name<br>YATES PETROLEUM CORPORATION | 9. Elevation<br>3168                         |

**10. Surface Location**

|               |               |                 |              |         |                   |               |                   |               |                |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|----------------|
| UL - Lot<br>G | Section<br>23 | Township<br>24S | Range<br>27E | Lot Idn | Feet From<br>2575 | N/S Line<br>N | Feet From<br>1980 | E/W Line<br>E | County<br>Eddy |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|----------------|

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

|                               |                     |                        |               |         |                  |               |                   |               |                |
|-------------------------------|---------------------|------------------------|---------------|---------|------------------|---------------|-------------------|---------------|----------------|
| UL - Lot<br>O                 | Section<br>26       | Township<br>24S        | Range<br>27E  | Lot Idn | Feet From<br>330 | N/S Line<br>S | Feet From<br>1980 | E/W Line<br>E | County<br>Eddy |
| 12. Dedicated Acres<br>240.00 | 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:            Travis Hahn<br/>Title:                      Land Regulatory Agent<br/>Date:                      6/3/2015</p> |
|  | <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:        12/29/2014<br/>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 205392

**PERMIT COMMENTS**

|  |                                      |
|--|--------------------------------------|
| Operator Name and Address:<br>YATES PETROLEUM CORPORATION [25575]<br>105 S 4TH ST<br>ARTESIA, NM 88210 | API Number:<br>30-015-43170          |
|  | Well:<br>HUMIDOR BML STATE COM #004H |

| Created By | Comment   | Comment Date |
|------------|---|--------------|
| jeffg      | Samples: 10' Samples Surf-TD. Logging: SCH: PLATFORM EXPRESS CNL/LDT/NGT-30 DEG TO INTERM CSG CNL/GR-30 DEG DEV TO SURF CSG DLL/MSFL-30 DEG DEV TO SURF CSG BHC-SONIC-30 DEG DEV TO SURF CSG HORIZONTAL-MWD-GR.   | 6/3/2015     |
| jeffg      | 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.   | 6/3/2015     |
| jeffg      | MAXIMUM ANTICIPATED BHP: DEPTHS ARE TVD, 0'-740' 354 PSI, 740'-2500' 1326 PSI, 2500'-8287' 3965 PSI   | 6/3/2015     |
| jeffg      | Well will be drilled vertically to 7705'. Well will be kicked off and then drilled directionally at 10 degrees per 100' with a 8.5" hole to 8604' MD (8278' TVD). Hole size will then be reduced to 8.5" and drilled to 15732' MD (8287' TVD) where 5.5" casing will be set and cemented 500' into previous casing string. Penetration point of producing zone will be encountered at 2133' FSL and 1980' FEL, 23-24S-27E. Deepest TVD is 8287' in lateral. | 6/3/2015     |
| jeffg      | H2S is not anticipated, C-102 hard copy will follow.  | 6/3/2015     |
| rdade      | IF CLOSED LOOP IS TO BE USED, SUBMIT C-103 WITH CLOSED LOOP USAGE BEING INCORPORATED INTO DRILLING PROGRAM. IF CLOSED LOOP IS NOT BEING USED, PLEASE NOTIFY OCD OF WHAT IS TO BE USED   | 6/3/2015     |

**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 APD Conditions

Permit 205392

**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>30-015-43170          |
|   | Well:<br>HUMIDOR BML STATE COM #004H |
| OCD Reviewer  |                                      |
| Condition   |                                      |