

**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 222640

**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 12519		3. API Number 30-025-43312
5. Property Name LOTUS ALT STATE		6. Well No. 014H

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	32	22S	32E	C	330	N	2080	W	Lea

**8. Proposed Bottom Hole Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	32	22S	32E	N	330	S	1980	W	Lea

**9. Pool Information**

SAND DUNES;BONE SPRING	53800
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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 3557
16. Multiple N	17. Proposed Depth 10364	18. Formation Bone Spring	19. Contractor	20. Spud Date 1/1/2017
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	850	660	0
Int1	12.25	9.625	40	4750	1555	0
Prod	8.75	5.5	17	10364	1100	4250
Prod	8.5	5.5	17	10364	510	510

**Casing/Cement Program: Additional Comments**

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**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: Printed Name: Electronically filed by Travis Hahn Title: Land Regulatory Agent Email Address: thahn@yatespetroleum.com Date: 6/22/2016	<p style="text-align: center;"><b>OIL CONSERVATION DIVISION</b></p> Approved By: Paul Kautz Title: Geologist Approved Date: 6/23/2016 Expiration Date: 6/23/2018 Conditions of Approval Attached
Phone: 575-748-4120	

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Form C-102  
August 1, 2011  
Permit 222640

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-43312	2. Pool Code 53800	3. Pool Name SAND DUNES;BONE SPRING
4. Property Code 12519	5. Property Name LOTUS ALT STATE	6. Well No. 014H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3557

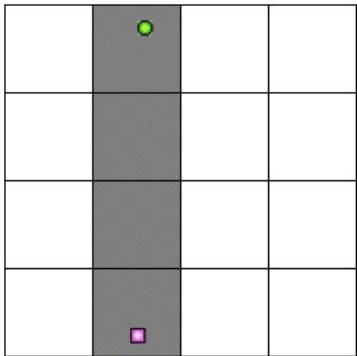
**10. Surface Location**

UL - Lot C	Section 32	Township 22S	Range 32E	Lot Idn C	Feet From 330	N/S Line N	Feet From 2080	E/W Line W	County Lea
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**11. Bottom Hole Location If Different From Surface**

UL - Lot N	Section 32	Township 22S	Range 32E	Lot Idn N	Feet From 330	N/S Line S	Feet From 1980	E/W Line W	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**

	<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 Title:                Land Regulatory Agent Date:                 6/22/2016</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 Date of Survey:     10/29/2015 Certificate Number: 7977</p>
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Form APD Comments

Permit 222640

**PERMIT COMMENTS**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA , NM 88210		API Number: 30-025-43312
		Well: LOTUS ALT STATE #014H

Created By	Comment	Comment Date
Cy Cowan	C-102 and directional drilling plan will be delivered to your office under separate cover.	6/22/2016
Cy Cowan	Samples: 10' samples surface to TD. H2s is not anticipated.	6/22/2016
Cy Cowan	Logging: CNL/LDT/NGT Curve to Intermediate Casing. CNL/GR Curve to Surface Casing. DLL-MSFL Curve to Intermediate Casing. CMR Curve to Intermediate Casing. Horizontal Lateral MWD-GR.	6/22/2016
Cy Cowan	Maximum BHP Pressures: 0-850' 407 PSI 850'-4750' 2519 PSI 4750-10364' 4958 PSI	6/22/2016
Cy Cowan	Well will be drilled vertically to 9887'. Well will then be kicked off at approximately 9887' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 10367' MD (10364' TVD). Hole size will then be reduced to 8 1/2" and drilled to 14,781' MD (10364' TVD) where 5 1/2" casing will be set and cemented 500' into previous casing string. Penetration point of the producing zone will be encountered at 807' FNL and 2073' FWL of Section 32, T22S-R32E. Deepest TVD is 10364' in the lateral.	6/22/2016

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Form APD Conditions

Permit 222640

**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: YATES PETROLEUM CORPORATION [25575] 105 S 4TH ST ARTESIA, NM 88210		API Number: 30-025-43312
		Well: LOTUS ALT STATE #014H
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	If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well.	
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --	
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	
pkautz	Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186	
pkautz	Must notify OCD Hobbs Office of any water flows in the Salado Formation at 575-370-3186. Report depth and flow rate	
pkautz	1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.	
pkautz	The New! Gas Capture Plan (GCP) notice is posted on the NMOCDD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period.	