

DATE IN 02/22/2013	SUSPENSE	ENGINEER WS	LOGGED IN 02/26/13	TYPE SWD	APP NO. PRG 1305753886
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



30-015-20942
Sun Fed no. 1
Yates Petroleum

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR
 [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☒ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

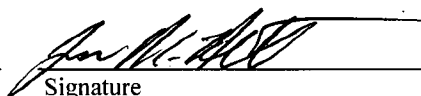
[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James M. Hill (Mike)

Print or Type Name


Signature

Area Engineer

Title

2/11/13

Date

mikeh@yatespetroleum.com
e-mail Address

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

JOHN D. PERINI
EXECUTIVE V.P. OF MONETIZATION
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

February 11, 2013

New Mexico Energy & Minerals Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-5472,

RE: Application for Authorization to Inject
Sun Federal SWD # 1
Unit Letter G, 1,980' FNL & 1,980 FEL
Sec. 33, T19S, R29E Eddy County, New Mexico
API No. 30-015-20942

Dear Mr. Jones,

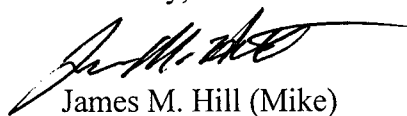
Yates Petroleum Corporation respectfully request administrative approval for authorization to inject for the Sun federal # 1 SWD referenced above. Attached, for your review, is a copy of the C-108 application.

Yates Petroleum Corporation seeks to optimize efficiency, both economically and operationally, of its operations. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

Published legal notice ran in the February 10, 2013 edition of the Artesia Daily Press and all offset operators and other interested parties have been notified individually. The legal notice affidavit is included in this application package. This application also includes wellbore schematics, area of review maps and other required information for a complete Form C-108. This well is located on federal lands and a copy of this application has been sent to the Bureau of Land Management.

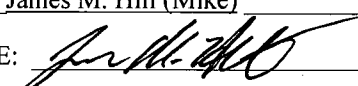
Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,


James M. Hill (Mike)
Area Engineer

Enclosures

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: Yates Petroleum Corporation
ADDRESS: 105 South 4th Street, Artesia, NM 88210
CONTACT PARTY: James M. Hill (Mike) PHONE: 575-748-4219
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: James M. Hill (Mike) TITLE: Area Engineer
SIGNATURE:  DATE: 2-11-13
E-MAIL ADDRESS: mikeh@yatespetroleum.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Sun Federal SWD No. 1
Formally (The Petroleum Corp. Sun Federal No. 1)
Unit Letter G Sec. 33, T19S, R29E
Eddy County, New Mexico
API No. 30-015-20942**

- I. The purpose of completing this well is to make a disposal well for produced water from the Bone Springs. The water would be injected into the Devonian formation.

Yates Petroleum Corporation plans to re-enter, deepen and convert this well to a water disposal well into the Devonian carbonate.

- II. Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
James M. Hill (575) 748-4219
- III. Well Data: Wellbore schematics attached
- IV. This is not an expansion of an existing project.
- V. Map is attached. There are no wells inside the ½ mile area of review.
- VI. No well within the area of review penetrated the proposed injection zone.
- VII. 1. Proposed average daily injection volume approximately 3,000 BWPD. Maximum daily injection volume approximately 25,000 BWPD.
2. This will be a closed system.
3. Proposed average injection pressure –unknown.
Proposed maximum injection pressure – 2,500 psi.
(0.2 psi/ft x 12,500')
4. Sources of injected water will be Bone Spring produced water. No compatibility problems are expected. Analysis of Bone Spring water is attached. There are no Devonian receiving formation water analyses available in this area.

**Application for Authorization to Inject
Sun Federal SWD No. 1**

-2-

- VIII. 1. The proposed injection interval is the portion of the Devonian carbonates consisting of porous dolomite at an estimated depth of +/- 12,850', open hole section from 12,500' to 13,200'.**
- 2. Any underground water sources will be shallower than the 593' based on the surface casing setting depth. There are no fresh water zones underlying the formation.**
- IX. The proposed disposal interval may be acidized with 30,000 gallons of 20% HCL acid.**
- X. Logs were filed at your office when the well was drilled. New logs will be provided after the well has been deepened.**
- XI. There is no water well within a one-mile radius of the subject location.**
- XII. Yates Petroleum Corporation has examined geologic and engineering data and has found that there is no evidence of faulting in the proposed interval.**
- XIII. Proof of notice.**
- A. Certified letters sent to the surface owner and offset operators attached (Attachment E)**
- B. Copy of legal advertisement attached.**
- XIV. Certification is signed.**

WELL NAME: Sun Federal # 1

FIELD: Burton Flats

LOCATION: 1,980' FNL & 1,980' FEL, Sec 33, T19S, R29E

Eddy Co., NM

GL: 3,298'

ZERO:

KB:

SPUD DATE: 09/13/73

COMPLETION DATE: 11/03/73

COMMENTS: API No.: 30-015-20942

P&A 'd 11-04-1973

Pulled 900' 8-5/8" casing

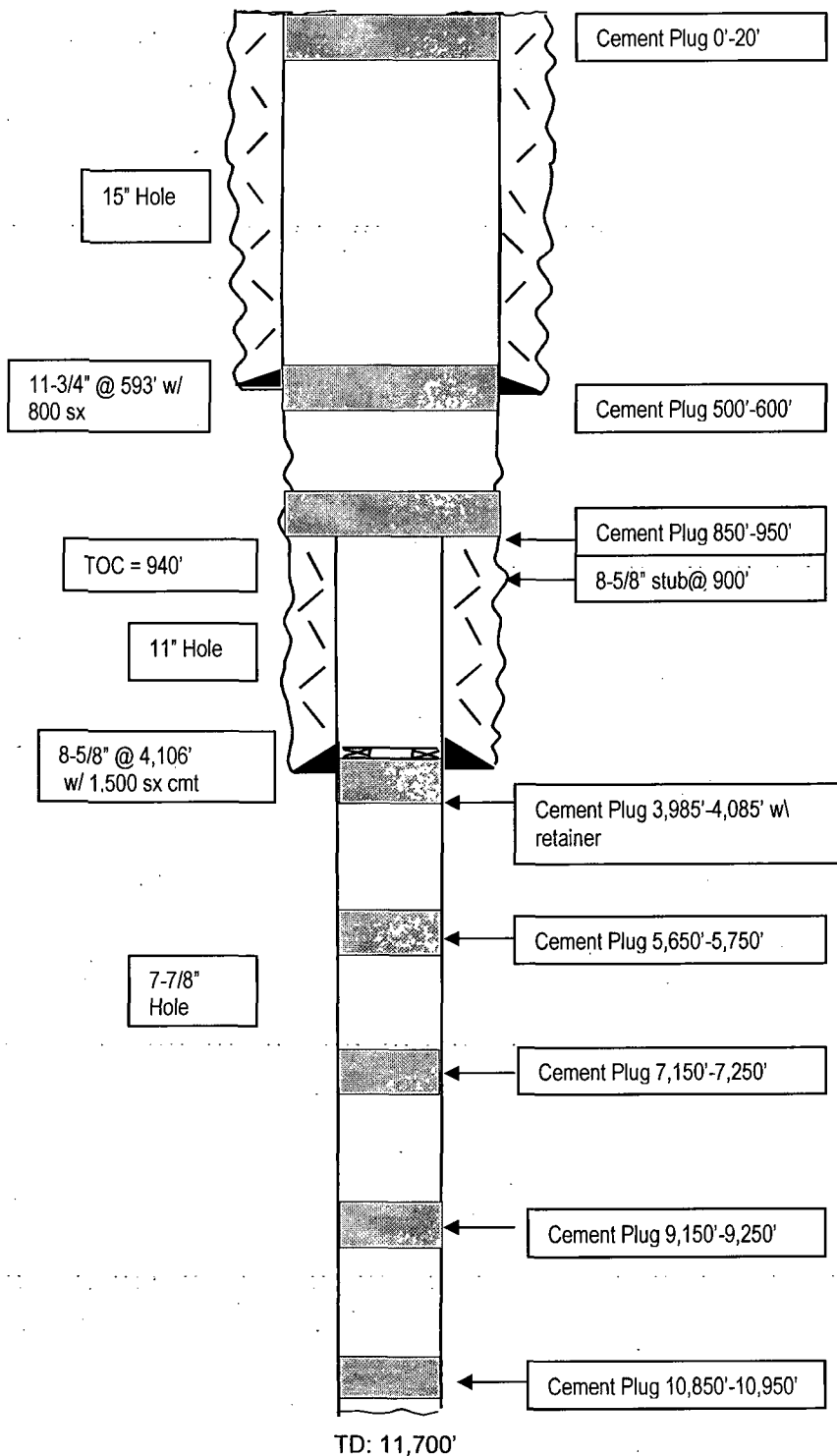
CASING PROGRAM

11-3/4" 42#/ft	593'
8-5/8" 24 & 32#/ft	4,106'
7-7/8" open hole size to TD w\ 5 cement plugs	11,700'

Current

Tops:

Delaware	3,757'
Bon Spring	5,560'
Wolfcamp	9,205'
Canyon	10,067'
Strawn	10,260'
Atoka	10,645'
Morrow	10,901'
Barnett Shale	11,541'



Not to Scale

9/10/12
JMH

WELL NAME: Sun Federal SWD # 1 **FIELD:** Burton Flats
LOCATION: 1,980' FNL & 1,980' FEL, Sec 33, T19S, R29E **Eddy Co., NM**
GL: 3,298' **ZERO:** **KB:**
SPUD DATE: 09/13/73 **COMPLETION DATE:** 11/03/73
COMMENTS: API No.: 30-015-20942

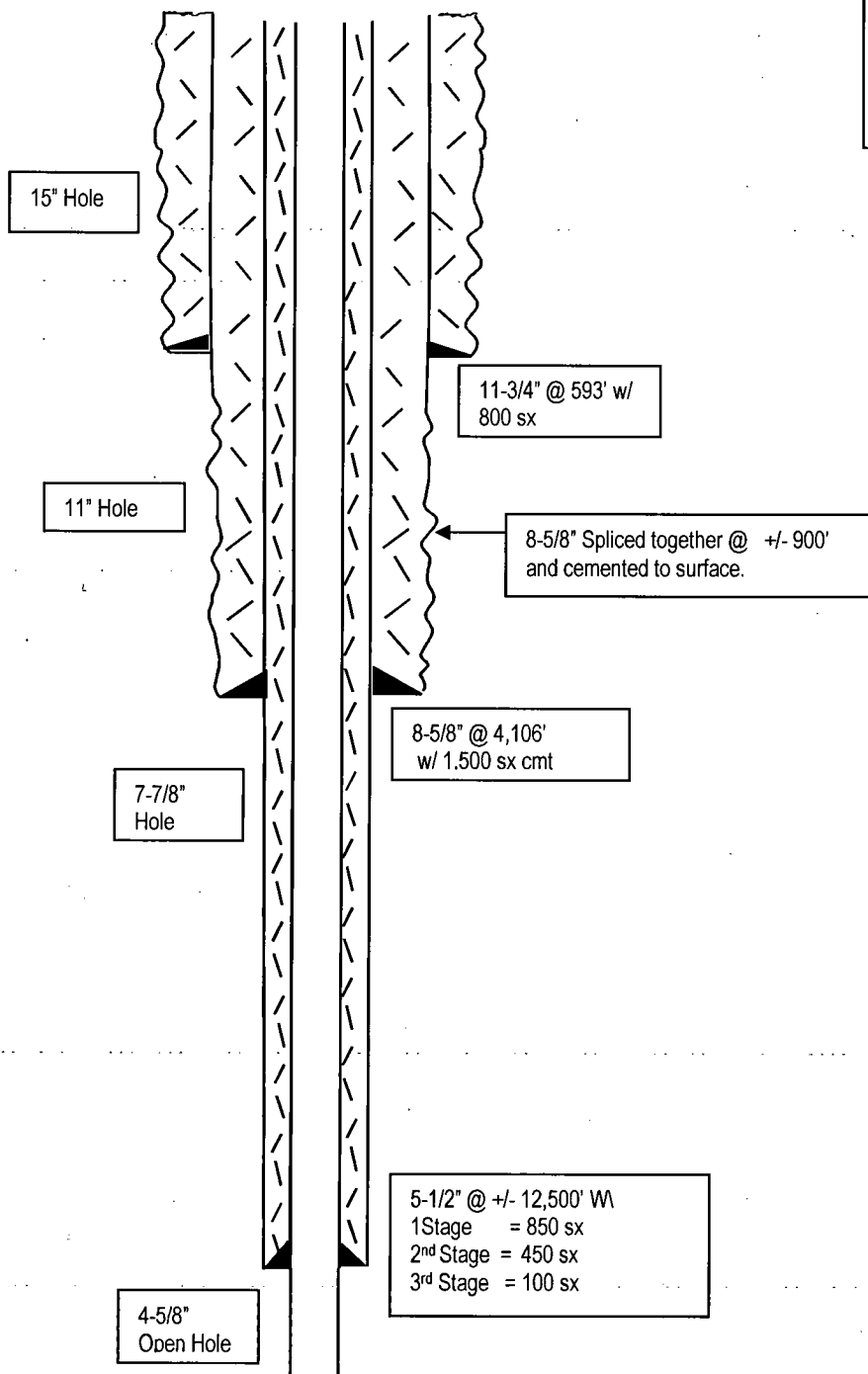
CASING PROGRAM

11-3/4" 42#/ft	593'
8-5/8" 24 & 32#/ft	4,106'
5-1/2" 20#/ft L-80	+/-12,500'
4-5/8" Open Hole	+/-13,200'

After

Tops:

Delaware	3,757'
Bon Spring	5,560'
Wolfcamp	9,205'
Canyon	10,067'
Strawn	10,260'
Atoka	10,645'
Morrow	10,901'
Barnett Shale	11,541'



TD: 13,200'

Not to Scale

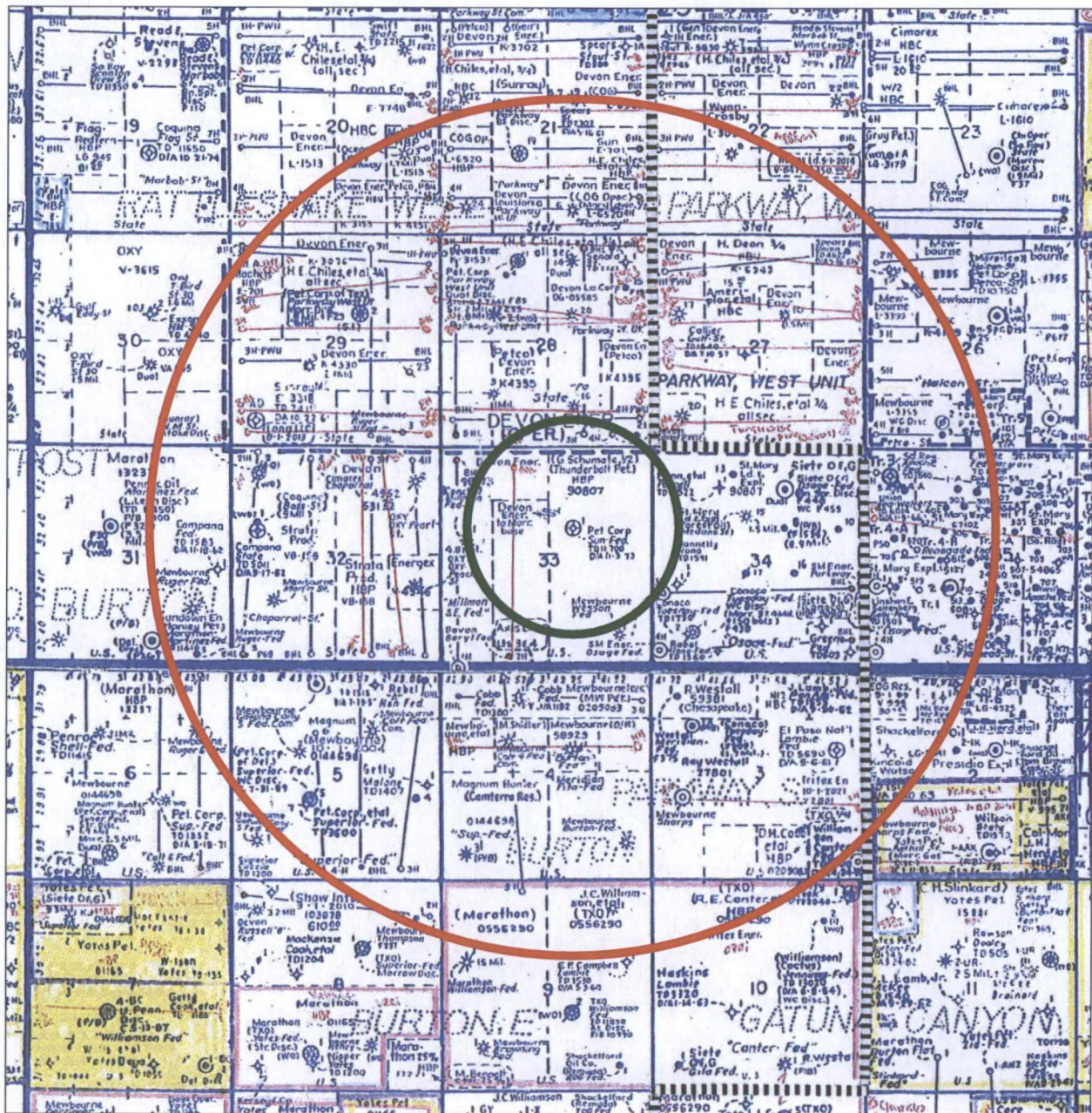
2/5/13
JMH

**Yates Petroleum Corporation
Sun Federal SWD No. 1
Unit Letter G Sec. 33, T19S, R29E
Eddy County, New Mexico
API No. 30-015-20942**

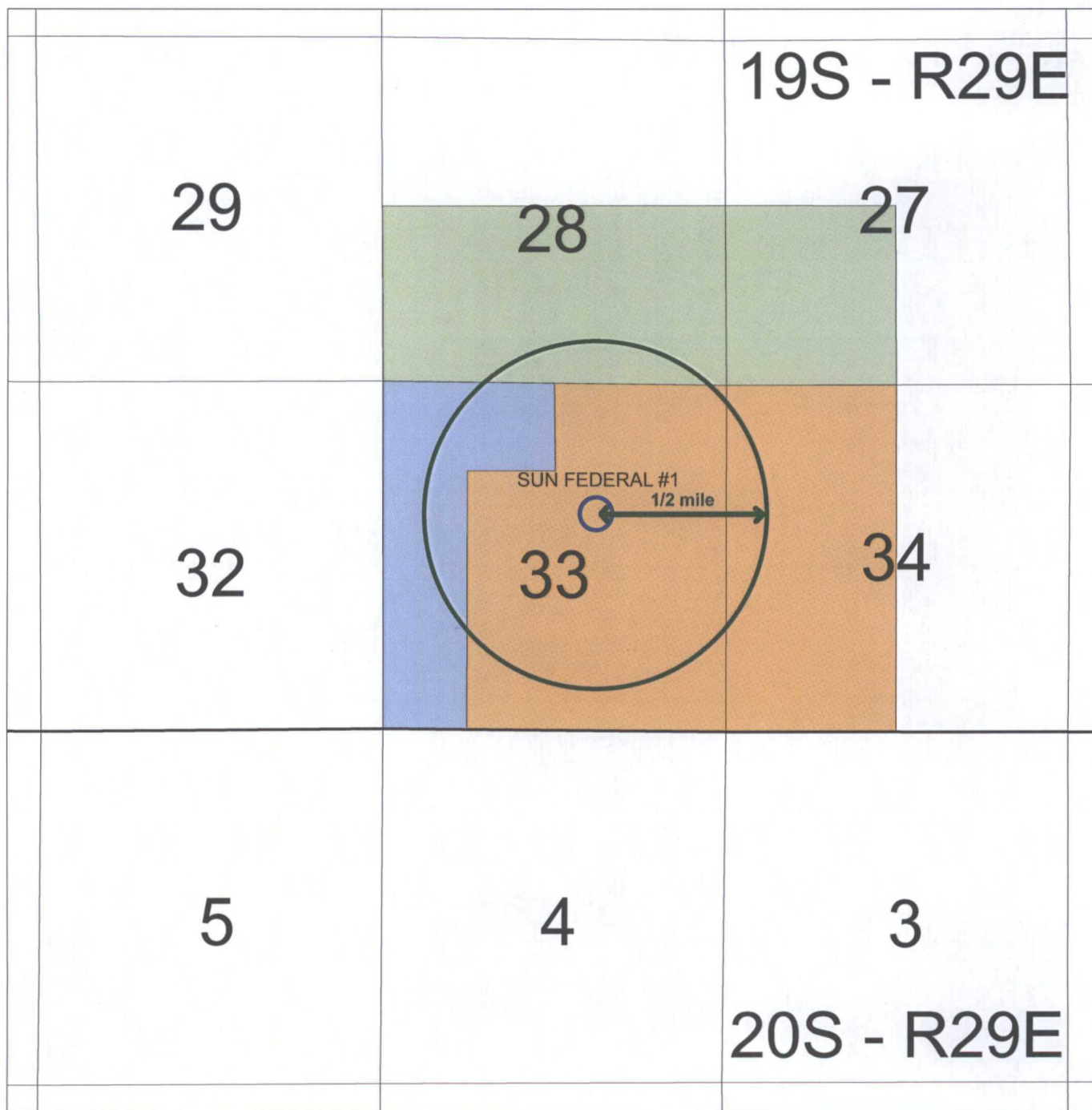
Well Data

III. Well Data

- A.**
1. Lease Name/Location
Sun Federal No. 1
Unit Letter G Sec. 33, T19S, R29E
Eddy County, New Mexico
 2. Casing Strings:
 - a. Present well condition
11-3/4", 42# H-40 ST&C @ 593' w/800 sx (1"ed to surface)
8-5/8", 24 & 32# LTC @ 4,106' w/ 1,500 sx (TOC = 940')
8-5/8" cut at 900' and pulled.
7-7/8", Open hole down to 11,700' covered by multiple plugs.
 - b. Present Status:
Plugged and Abandoned
 3. Proposed well condition:
Drill out plugs in the 9-5/8" and open hole. The well will then be deepened to the top of the Devonian. 5-1/2" 20# L-80" casing would then be set and cemented in place with the cement circulated to surface. Then +/- 700' of 4-5/8" open hole will be drilled out beneath the 5-1/2" casing. Then 2-7/8" 6.5# L80 plastic-coated injection tubing will be placed in the well.
 4. Propose to use an Arrowset or Baker plastic-coated or nickel-plated packer set at +/- 12,400' or within 100' of the top of the open hole.
- B.**
1. Injection Formation: Devonian Carbonate
 2. Injection Interval will be Devonian open hole section from +/- 12,500'-13,200'.
 3. Well was originally drilled as a Morrow test well. Well will be used to dispose of Bone Springs water in the Devonian carbonate from (+/-12,500'-13,200') when work is completed.
 5. Next higher (shallower) oil or gas zone within 2 miles-Morrow.
Next lower (deeper) oil or gas zone within 2 miles-None.

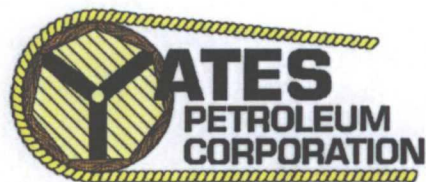


YATES PETROLEUM CORPORATION
 Sun Federal SWD #1
 1980 FNL 1890 FEL
 Section 33 T19S R29E
 API #30-015-20924



LEASES

- Tract 1
- Tract 4
- Tract 5



SUN FEDERAL #1
30-015-20942
Sec. 33 T19S R29E

Author:
M. Hill

Date:
4 February, 2013

Offset Operators
Sun Federal SWD No. 1
Unit Letter G Sec. 33, T19S, R29E
Eddy County, New Mexico
API No. 30-015-20942

Parkway West Unit

Tract's 1 & 4

Devon Energy Production Company, LP
333 W Sheridan Ave.
Oklahoma City, OK 73102

Tract 5

SM Energy Company
3300 N. A Street #7-200,
Midland, TX 79705

Mewbourne Oil Company
500 W. Texas Ave.
Midland, TX 79701

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	633649
Lease/Platform:	ANTHILL AAK ST.	Analysis ID #:	123792
Entity (or well #):	2 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	SEPARATOR		

Summary		Analysis of Sample 633649 @ 75 °F							
Sampling Date:	08/10/12	Anions		mg/l	meq/l	Cations		mg/l	meq/l
Analysis Date:	08/29/12	Chloride:	107910.0		3043.75	Sodium:	56217.6		2445.33
Analyst:	JENNIFER HARDELL	Bicarbonate:	122.0		2.	Magnesium:	1291.0		106.2
		Carbonate:	0.0		0.	Calcium:	9736.0		485.83
TDS (mg/l or g/m3):	179229	Sulfate:	1982.0		41.27	Strontium:	404.0		9.22
Density (g/cm3, tonne/m3):	1.126	Phosphate:				Barium:	0.4		0.01
Anion/Cation Ratio:	1	Borate:				Iron:	35.0		1.26
		Silicate:				Potassium:	1530.0		39.13
						Aluminum:			
Carbon Dioxide:	250 PPM	Hydrogen Sulfide:			0	Chromium:			
Oxygen:		pH at time of sampling:			6.7	Copper:			
Comments:		pH at time of analysis:				Lead:			
		pH used in Calculation:			6.7	Manganese:	1.000		0.04
						Nickel:			

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.45	5.89	0.18	359.55	0.19	301.79	0.48	163.86	0.58	0.29	0.16
100	0	0.52	7.07	0.11	242.26	0.19	301.49	0.46	159.15	0.39	0.00	0.2
120	0	0.58	8.25	0.06	133.51	0.22	332.73	0.45	157.08	0.22	0.00	0.25
140	0	0.64	9.73	0.02	35.66	0.27	387.26	0.45	157.38	0.07	0.00	0.3

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

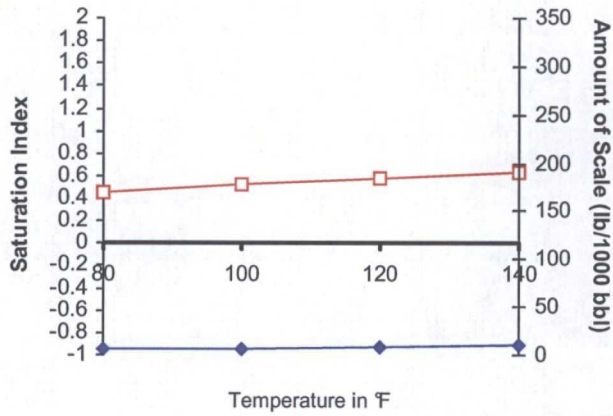
Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

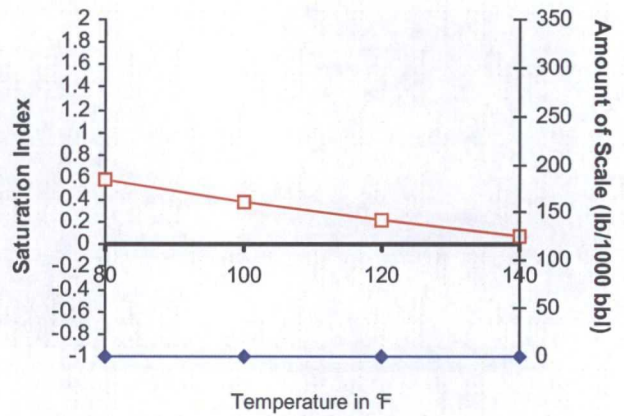
Scale Predictions from Baker Petrolite

Analysis of Sample 633649 @ 75 °F for YATES PETROLEUM INC, 08/29/12

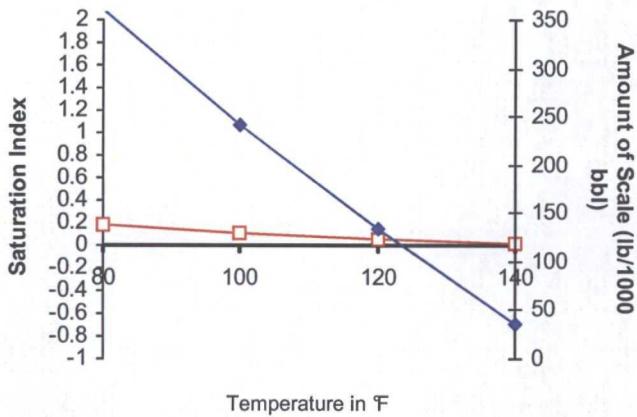
Calcite - CaCO_3



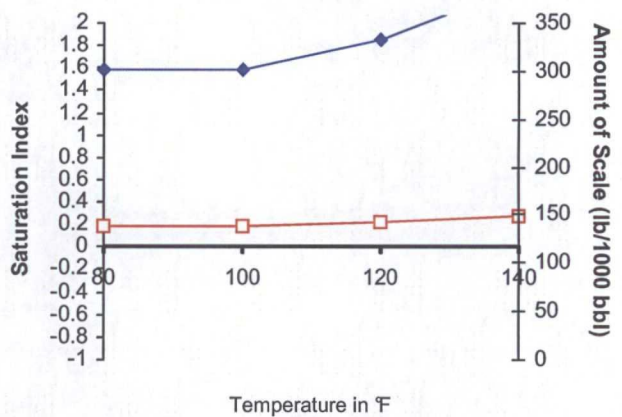
Barite - BaSO_4



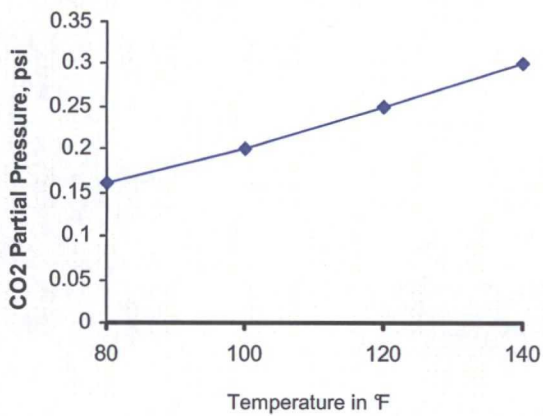
Gypsum - $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$



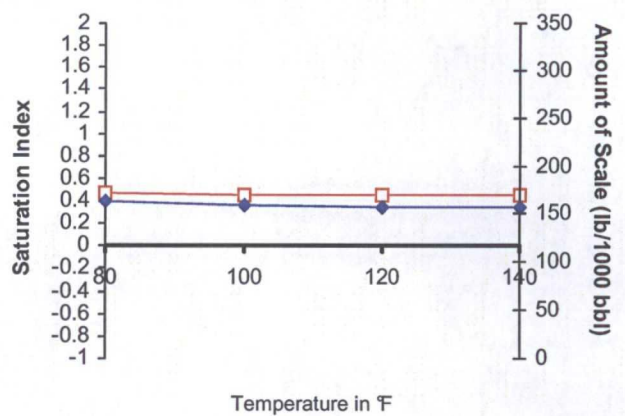
Anhydrite - CaSO_4



Carbon Dioxide Partial Pressure



Celestite - SrSO_4



February 5, 2013

Artesia Daily Press
P.O. Box 190
Artesia, New Mexico 88211-0190

Gentlemen:

Yates Petroleum Corporation desires to place a public notice in your newspaper for one day. The notice is enclosed. Please place this notice in your paper on Sunday, February 10, 2013 and forward a copy of it with your billing as soon as possible to:

Yates Petroleum Corporation
105 S 4th Street
Artesia, NM 88210
Attn: James M. Hill

If you have any questions, please contact me at 748-4219. Thank you for your cooperation in this matter.

Sincerely,

James M. Hill (Mike)
Area Engineer

Enclosures

Affidavit of Publication

NO. 22451

STATE OF NEW MEXICO

County of Eddy:

Danny Scott

being duly sworn, says that he is the

Publisher

of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutive weeks/days on the same

day as follows:

First Publication

February 10, 2013

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

11th day of February 2013



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2015

Latisha Romine

Latisha Romine
Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

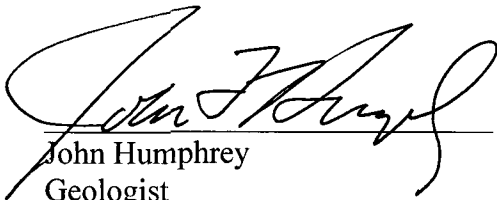
Yates Petroleum Corporation, 105 south Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well the Sun Federal SWD No. 1 located in Unit Letter G of Sec. 33, T19S, R29E in Eddy County, New Mexico, it will be used for saltwater disposal. Disposal waters from the Bone Spring will be re-injected into the Devonian formation at a depth of approximately 12,500' with a maximum pressure of 2,500 psi and a maximum rate of 15,000 BWPD.

All interested parties opposing the aforementioned must file objections or requests for a hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505-5472, within 15 days. Additional information can be obtained by contacting James M. Hill at (575) 748-4219.

Published in the Artesia Daily Press, Artesia, N.M., Feb. 10, 2013. Legal No 22451.

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Sun Federal SWD No. 1
Unit Letter G Sec. 33, T19S, R29E
Eddy County, New Mexico
API No. 30-015-20942

Available engineering and geological data have been examined and no evidence of open faults of hydrologic connection between the disposal zone and any underground sources of drinking water has been found.


John Humphrey
Geologist
Yates Petroleum Corporation

2/14/13
Date

7012 3460 0001 7446 3189

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.17

Sent To
 Devon Energy Production Company
 333 W. Sheridan Ave.
 Oklahoma City, OK 73102

PS Form 3800, June 2004

7012 3460 0001 7446 3589

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Total Postage & Fees	\$ 7.17

Sent To
 BLM
 Carlsbad Field Office
 620 E. Greene Street
 Carlsbad, NM 88220-6292

PS Form 3800, June 2004

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Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.17

Sent To
 Mewbourne Oil Company
 500 W. Texas Ave.
 Midland, TX 79701

PS Form 3800, June 2004

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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.17

Sent To
 SM Energy Company
 3300 N. A Street #7-200,
 Midland, TX 79705

PS Form 3800, June 2004

7012 3460 0001 7446 3547

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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.17

Sent To
 State of New Mexico
 OCD
 811 S. First Street
 Artesia, NM 88210

PS Form 3800, June 2004

Injection Permit Checklist: Received 2/22/13 First Email Date: Final Reply Date: Final Notice Date: 2/15/13

Issued Permit: Type: WFX/PMX/8WD Number: 1410 Permit Date: 3/23/13 Legacy Permit: —

Wells 1 Well Name(s): Sun Federal SWD #1

API Num: 30-015-20942 Spud Date: 9/13/73 New/Old: 0 (UIC CI II Primacy March 7, 1982)

Footages 1980 FNL/1980 FEL Lot Unit G Sec 33 Tsp 19S Rge 29E County EDDY

General Location or Pool Area: Burke Flats

Operator: Yates Petroleum Corporation Contact: MIKE HILL

OGRID: 25575 RULE 5.9 Compliance (Wells) 8/22/07 (Finan Assur) OK IS 5.9 OK? OK

Well File Reviewed ✓ Current Status: PSA Review attempt

Planned Work to Well: Re-Enter / Deepen / Convert

Diagrams: Before Conversion ✓ After Conversion ✓ Are Elogs in Imaging? no + New LOGS for Drilling

Well Details:	Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement 3x or Cf	Cement Top and Determination Method
Planned <u>✓</u> or Existing <u>✓</u> Surface	<u>15 - 11 3/4</u>	<u>593'</u>	<u>—</u>	<u>500 SK</u>	<u>CIRC</u>
Planned <u>✓</u> or Existing <u>✓</u> Interm	<u>11 - 8 5/8</u>	<u>4106'</u>	<u>1706'</u>	<u>920/1500 SK</u>	<u>Pulled @ 900'</u>
Planned <u>✓</u> or Existing <u>✓</u> LongSt	<u>7 7/8 5 1/2</u>	<u>~12500</u>	<u>yes</u>	<u>850/450/100</u>	<u>(will run 900' 3 CM)</u>
Planned <u>✓</u> or Existing <u>✓</u> Liner	<u>4 5/8</u>	<u>(OLD TD = 11700')</u>	<u>—</u>	<u>—</u>	<u>—</u>
Planned <u>✓</u> or Existing <u>✓</u> OpenHole	<u>4 5/8</u>	<u>12500 - 13200</u>	<u>—</u>	<u>—</u>	<u>—</u>

Depths/Formations:	Depths, Ft.	Formation	Tops?
<u>2 sand layer</u> Above	<u>11541</u>	<u>Bentonite</u>	<u>✓</u>
Above	<u>~12500</u>	<u>Dev</u>	<u>✓</u>
Proposed Interval TOP:	<u>12500</u>	<u>DEVONIAN</u>	
Proposed Interval BOTTOM:	<u>13200</u>		
Below			
Below			

Capitan Reef? (in thru) ✓ Rotash? Noticed? [WIPP? Noticed?] Salado Top Bot Cliff House? —

Fresh Water: MaxDepth: 593 FW Formation — Wells? None Analysis? — Affirmative Statement ✓

Disposal Fluid: Formation Source(s) B.S. On Lease — Only from Operator — or Commercial —

Disposal Interval: Protectable Waters? NO H/C Potential: Log — /Mudlog — /DST — /Tested — /Depleted — Other —

Notice: Newspaper Date 2/10/13 Mineral Owner — Surface Owner BLM N. Date 2/15/13

RULE 26.7(A) Identified Tracts? ✓ Affected Persons: Devon/SM/Member N. Date 2/15/13

AOR: Maps? ✓ Well List? ✓ Producing in Interval? NO Formerly Produced in Interval? NO

Penetrating.....No. Active Wells 0 Num Repairs? 0 on which well(s)? —

Penetrating.....No. P&Aed Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? —

Permit Conditions: Send in OLD LOGS + New MUDLOG / LOGS over DEV

Issues: Send in FM TOPS DEV/SIL/ORD after DRILLOUT

Issues:

Issues: