

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

HOBBS OCD

FEB 05 2014

RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address HARVEY E. YATES Co P.O BOX 1933 ROSWELL N.M 88202		2. OGRID Number 10179
3. Property Code 39629 40385		4. API Number 30-025-41678
5. Property Name AIRSTRIIP 31 STATE COM		6. Well No. 2H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
M	31	18 S	35 E	4	150'	SOUTH	330'	WEST	LEA

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	31	18 S	35 E	1	330'	NORTH	710'	WEST	LEA

9. Pool Information

Pool Name AIRSTRIIP, BONE SPRING	Pool Code 960
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Additional Well Information

11. Work Type NEW DRUG	12. Well Type OIL	13. Cable/Rotary ROTARY	14. Lease Type STATE	15. Ground Level Elevation 3948'
16. Multiple N	17. Proposed Depth TVD 10,980' / MD 15,185'	18. Formation 3rd BONE SPRING	19. Contractor	20. Spud Date 5/15/14
Depth to Ground water 60'		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	43#	1945	1600	SURF
INT	12.25	9.625	36#	3840	1100	SURF
PROD	8.75	5.5	17#	15,185	2700	2950

Casing/Cement Program: Additional Comments

Plan to drill 17 1/2" to 1945' uses fresh water, run 13 3/8" 54.5# J-55 csg and cmt back to surf. Drill 12 1/4" hole to 3840' with brine, run 9 5/8" 36# J-55 csg and cmt back to surf. Drill 7 7/8" curve and lateral with cut brine to MD depth of approx. 15,185. Run 5 1/2" 17# P110 csg and cmt and cmt back to 3600' in two stage. Set DVtool @ 9950' +/-

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure
DOUBLE RAM	5000PSI	3000PSI

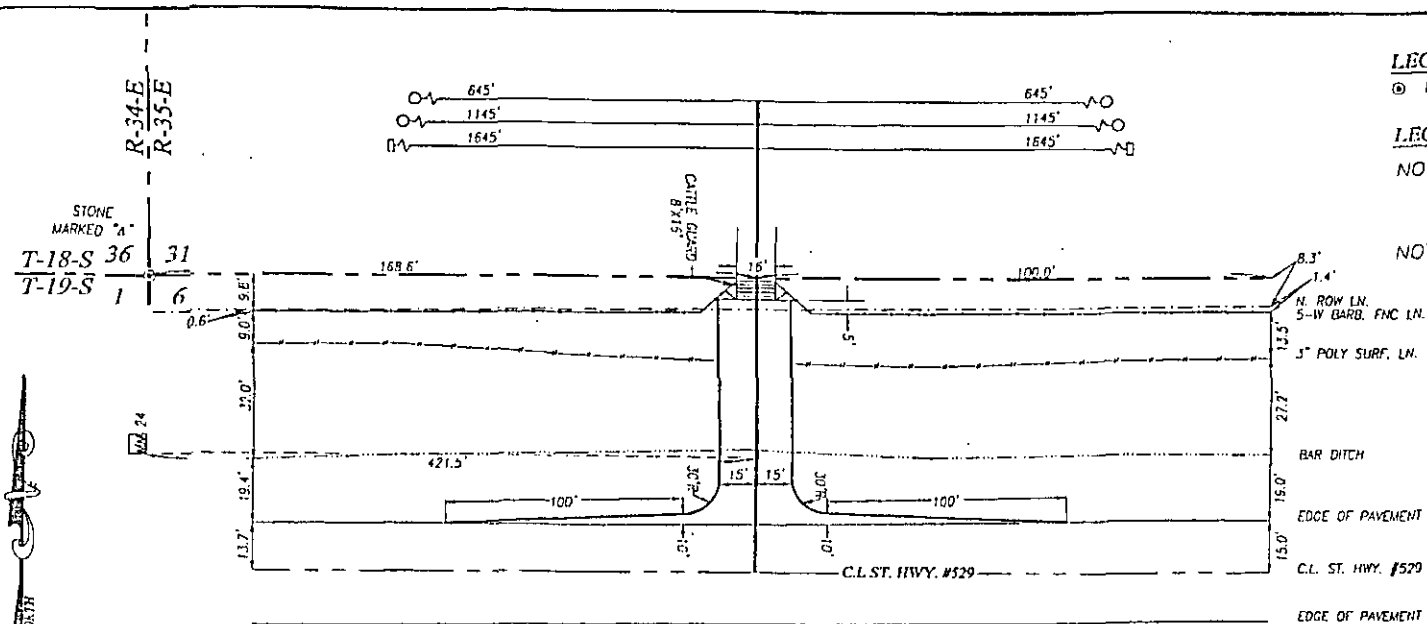
NMOCD Case No. 15363
Hearing: SEP 29, 2015

Jalapeno EX 14

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> if applicable. Signature: <i>Keith Cannon</i>		OIL CONSERVATION DIVISION	
Printed name: Keith Cannon		Approved By: <i>[Signature]</i>	
Title: Drilling Superintendent		Title: <i>Petroleum Engineer</i>	
E-mail Address: kcannon@heycenergy.com		Approved Date: 02/26/14 Expiration Date: 02/26/16	
Date: 1-31-14/	Phone: 575-623-6601	Conditions of Approval Attached	

FEB 27 2014

PM



LEGEND

⊙ DENOTES FOUND CORNER AS NOTED

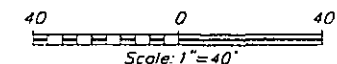
LEGEND

NOTE: Warning Signs Will Be Placed 1500 Feet in Both Directions During Construction.

NOTE: □ = Shoulder Work Ahead
○ = Be Prepared To Stop
○ = Flagman Ahead

"SHOULDER WORK AHEAD and BE PREPARED TO STOP" signs shall remain in place from the time construction starts until it is completed.

"FLAGMAN AHEAD" signs will be in place during the hours construction men and equipment are working. A flagman will be on duty all the time that construction men and/or equipment are working. Signs will be 48"x48" in size. Color will be black on orange and will meet the reflective quality specified in the New Mexico State Highway & Transportation Standard Specifications.



HARVEY E. YATES

A PROPOSED ROAD TURN OUT
ON ST. HIGHWAY #529

LOCATED IN SECTION 31,
TOWNSHIP 18 SOUTH, RANGE 35 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz

Survey Date: 12/16/13	CAD Date: 1/6/14	Drawn By: ACK
W.O. No.: 13111419	Rev.:	Rel. W.O.:
		Sheet 1 of 1

FOR GRAPHING

COUNTY: LES
STATE: NM
FORMATION: Bone Spring 3rd Sd
MAXIMUM ROB: 10 DEGREES FT
FORMATION DIP: -1 DEGREE
DIRECTION: 150 AZIMUTH
DECLINATION: N9E DEGREES
STARTING PT: 0001 DEGREE
AT 1900 FEET

TARGET DEPTH: 10510 FT TVD @TD
TARGET ANGLE: 3.7 DEGREES
PLANNED HZ LENGTH: 4800 FT
PLANNED KOP: 10080 FT TVD

BEGINNING SURVEY

COMPANY: 0 SURVEY TYPE: 0

	DEPTH	FROM	0 FT			
		TO	0 FT			
	HD	INCL	AZIMUTH	1VD	COORDINATES	VERT. SEC
	(FT)	(DEG)	(DEG)	(FT)	(NARS)	(E/NARS)
TIE IN POINT	3840 00	0 23	150 00	3839 99	-0 01	0 01

MEASURED DEPTH (ft)	INCL ANGLE (degrees)	H/E AZIMUTH (degrees)	COURSE LENGTH (ft)	T.V.D. (ft)	TOTAL VERT.BEC (ft)	COORDINATES (N+Y- ft)	(E+W- ft)	CLOSURE DISTANCE (ft)	DOOGLE SEVERITY (deg/100)	BUILD RATE (deg/100)
4000.0	0.25	120.0	160.0	4000.0	-0.4	-0.5	0.5	0.7	0.1	0.0
4500.0	0.30	110.0	500.0	4500.0	-1.3	-1.5	2.0	3.0	0.0	0.0
5000.0	0.35	100.0	500.0	5000.0	-1.9	-2.2	3.4	5.8	0.0	0.0
5500.0	0.40	90.0	500.0	5500.0	-1.9	-7.5	8.6	9.0	0.0	0.0
6000.0	0.45	80.0	500.0	6000.0	-1.4	-2.2	12.3	12.5	0.0	0.0
6500.0	0.50	70.0	500.0	6499.9	-0.1	-1.1	16.3	16.4	0.0	0.0
7000.0	0.55	60.0	500.0	6999.9	2.1	0.8	20.5	20.5	0.0	0.0
7500.0	0.60	50.0	500.0	7499.9	5.3	3.7	24.6	24.9	0.0	0.0
8000.0	0.65	40.0	500.0	7999.9	9.4	7.5	28.4	29.4	0.0	0.0
8500.0	0.70	30.0	500.0	8499.8	14.4	12.4	31.8	34.1	0.0	0.0
9000.0	0.75	20.0	500.0	8999.8	20.3	18.1	34.5	38.9	0.0	0.0
9500.0	0.80	10.0	500.0	9499.7	28.9	24.6	35.2	43.8	0.0	0.0
10000.0	0.85	3.7	500.0	9999.7	34.1	31.8	37.1	48.5	0.0	0.0
10500.0	0.9	3.7	80.0	10079.7	35.3	33.0	37.2	49.7	0.1	0.1
10180.0	10.0	3.7	100.0	10179.1	44.8	42.4	37.8	56.8	9.1	9.1
10280.0	20.0	3.7	100.0	10275.6	70.6	60.2	39.4	78.5	10.0	10.0
10380.0	30.0	3.7	100.0	10308.1	112.9	88.4	42.2	118.1	10.0	10.0

HEYCO
Attn: Dip 31 State Com #2H

MEASUREMENT	HCL	H/E	COURSE	TOTAL	COORDINATES	CLOSURE	DOGTES	BUILD		
DEPTH	ANGLE	AZIMUTH	LENGTH	T.V.D.	VERT.SIC	(N/S)	(E/W)	(F)	SEVERITY	RATE
(ft)	(degrees)	(degrees)	(ft)	(ft)	(ft)	(ft)	(ft)	(ft)	(deg/100)	(deg/100)
10490.0	40.0	3.7	100.0	10447.9	170.1	167.5	45.9	173.7	10.0	10.0
10580.0	50.0	3.7	100.0	10518.5	240.8	238.0	50.4	243.0	10.0	10.0
10690.0	60.0	3.7	100.0	10575.8	322.5	319.6	55.7	324.5	10.0	10.0
10780.0	70.0	3.7	100.0	10618.0	413.1	410.0	61.5	414.6	10.0	10.0
10880.0	80.0	3.7	100.0	10643.9	509.8	506.2	67.8	510.8	10.0	10.0
10980.0	90.0	3.7	100.0	10652.8	609.0	605.5	74.2	610.1	10.0	10.0
11250.0	92.0	3.7	279.0	10647.9	879.0	874.9	91.0	879.7	0.7	0.7
11500.0	92.0	3.7	250.0	10639.1	1128.8	1124.2	107.7	1129.4	0.0	0.0
12000.0	92.0	3.7	500.0	10627.6	1628.5	1622.9	140.0	1628.9	0.0	0.0
12500.0	92.0	3.7	500.0	10604.1	2128.2	2121.5	172.2	2128.5	0.0	0.0
13080.0	92.0	3.7	500.0	10586.8	2627.9	2620.2	204.4	2628.2	0.0	0.0
13500.0	92.0	3.7	500.0	10589.1	3127.6	3118.8	236.7	3127.8	0.0	0.0
14000.0	92.0	3.7	500.0	10551.6	3627.3	3617.5	269.0	3627.5	0.0	0.0
14500.0	92.0	3.7	500.0	10534.1	4127.0	4116.1	301.2	4127.2	0.0	0.0
15000.0	92.0	3.7	500.0	10510.7	4626.7	4614.8	333.4	4626.8	0.0	0.0
15185.0	92.0	3.7	185.0	10510.2	4811.6	4799.3	345.4	4811.7	0.0	0.0

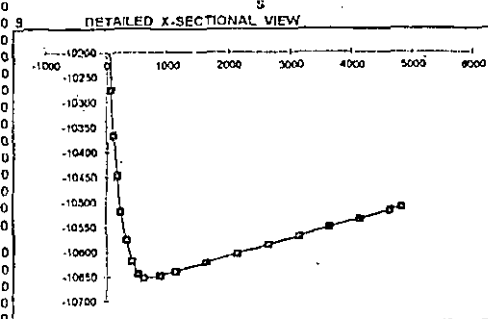
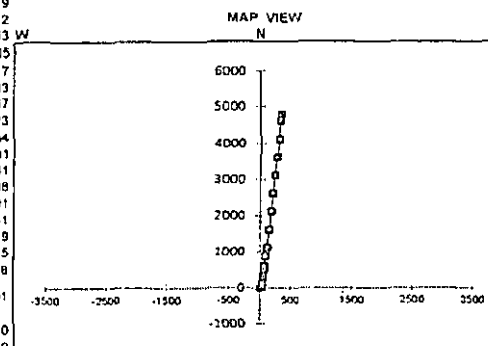
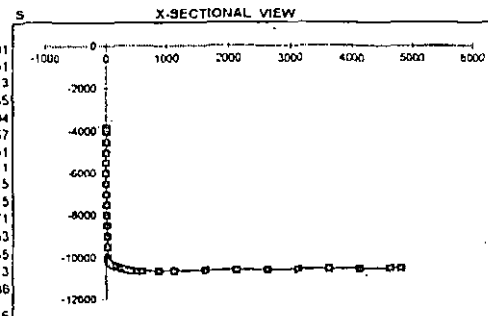
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EXHIBIT "D" LOCATION DIAGRAM

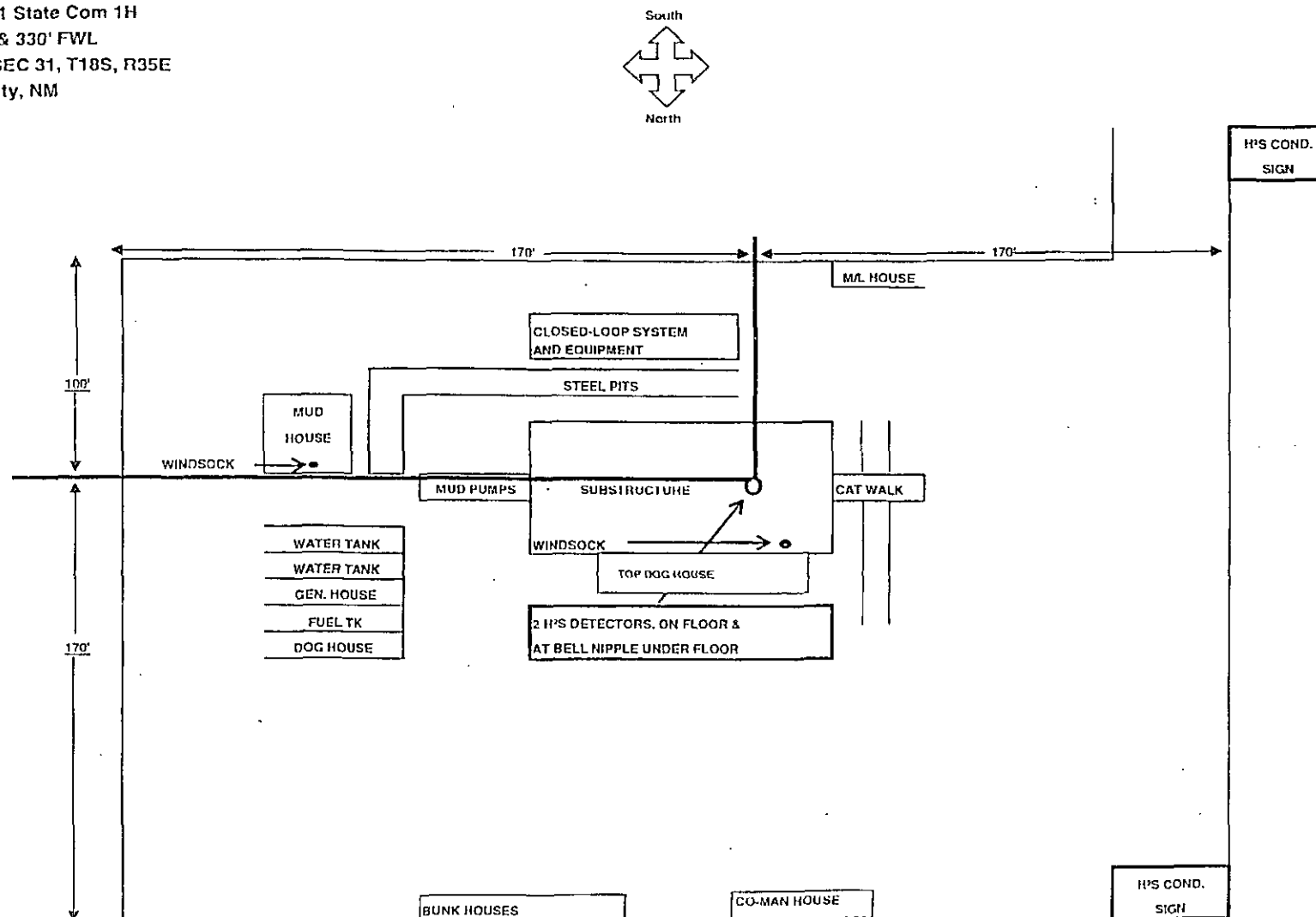
Harvey E. Yates

Airstrip 31 State Com 1H

150' FSL & 330' FWL

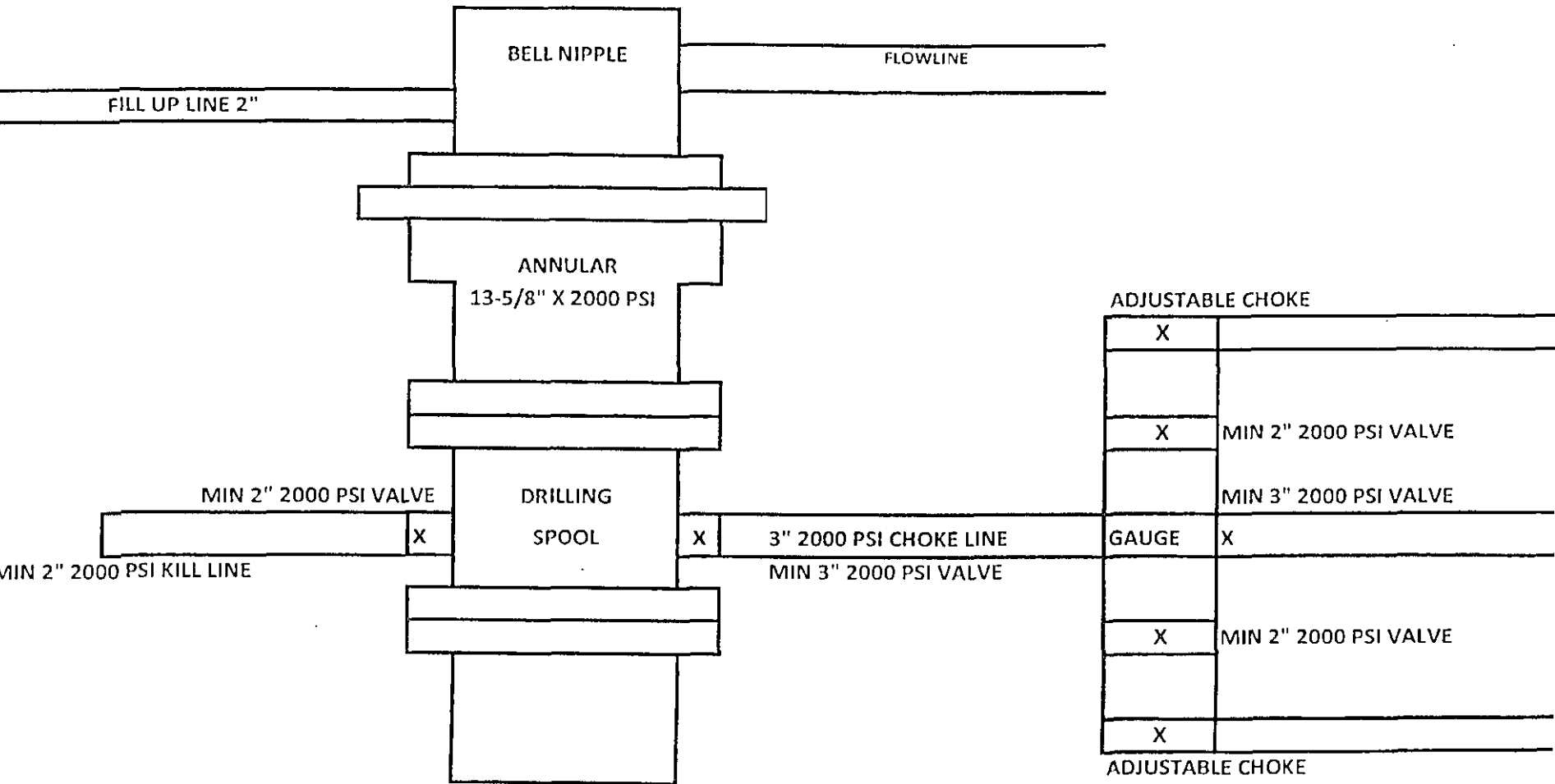
UNIT M, SEC 31, T18S, R35E

Lea County, NM



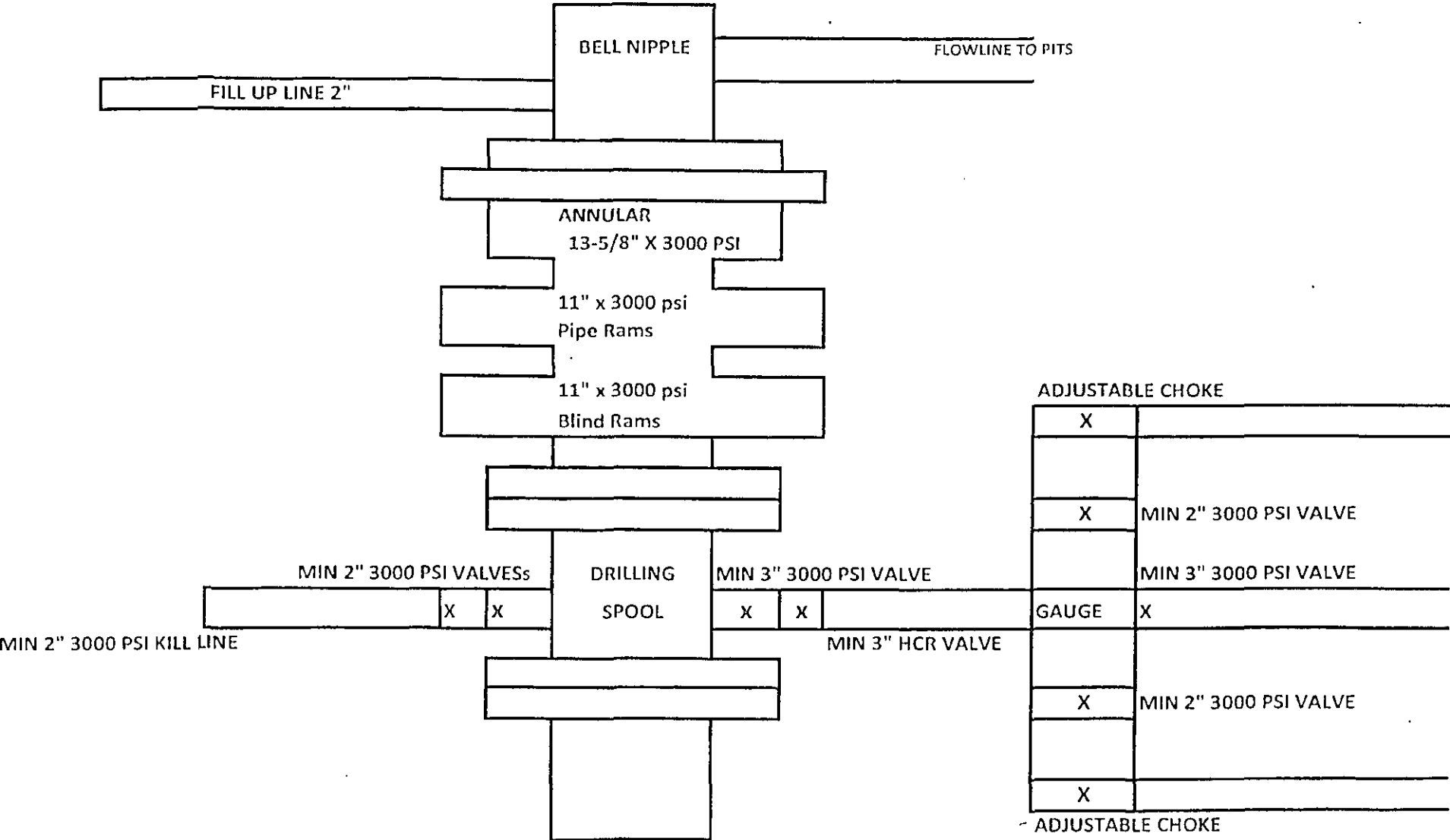
Well: Airstp 31 State Com 2H
150' FSL & 330' FWL, Sec 31, T18S, R35E
LEA County New Mexico

Harvey E. Yates
BOP Scematic 12.25" hole

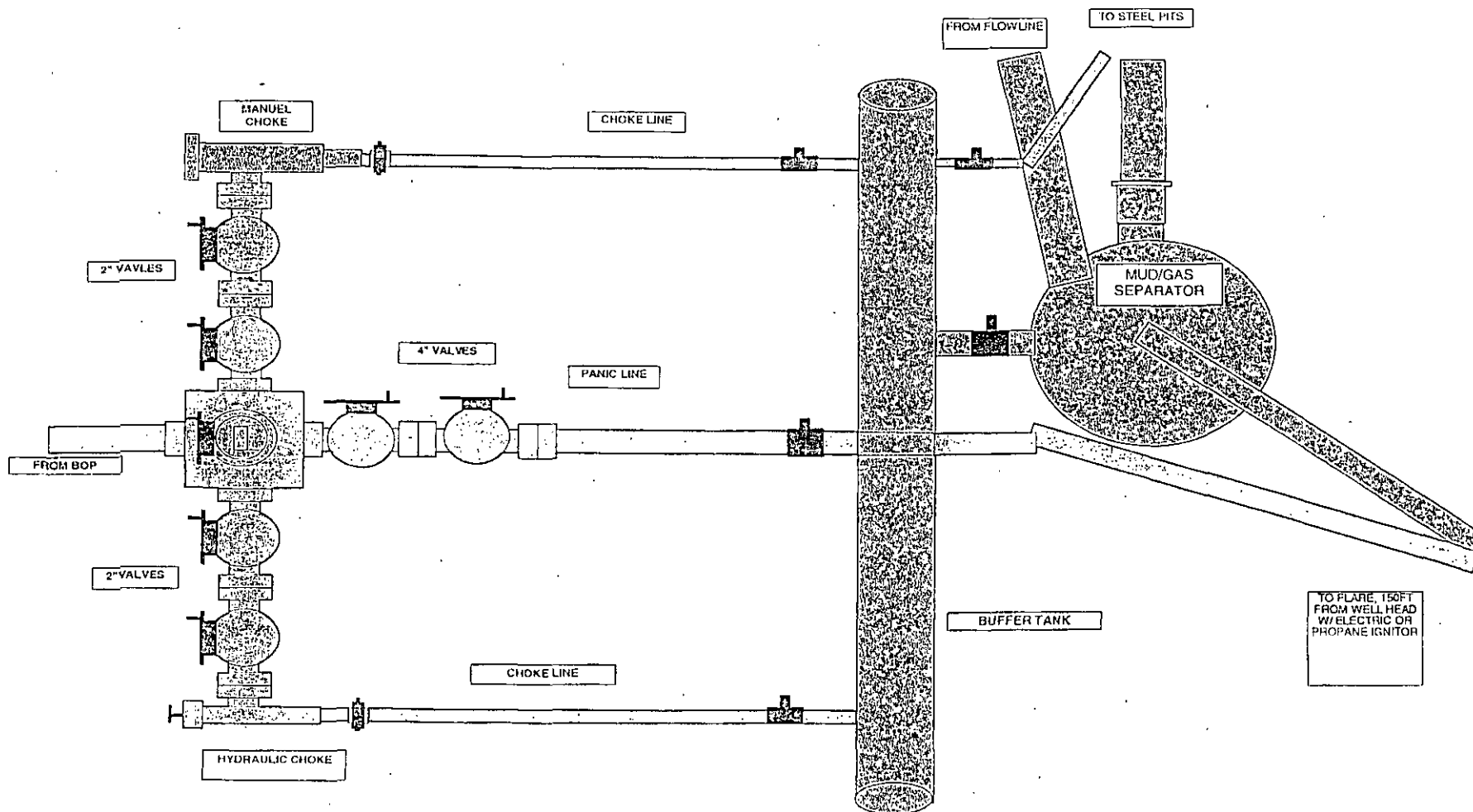


Well AIRSTRIP 31 STATE COM 2H
150' FSL, 330 FWL, Sec. 31, T18S, R35E
LEA County New Mexico

Harvey E. Yates
BOP Scematic 8.75" hole



AIRSTrip 31 STATE COM #2H
3000 psi BOP Manifold System



HARVEY E. YATES
P.O. BOX 1936
ROSWELL N.M. 88202
(575) 623-6601 (Office)
(575) 624-5321 (Fax)

1/31/2014

Mr. Paul Kautz
District 1 Geologist
New Mexico Oil and Gas Division
1625 N. French Drive
Hobbs N.M 88240

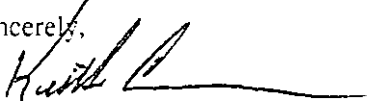
Re: AIRSTRIP 31 STATE COM 2H
150' FSL & 330' FWL
Unit Letter M, Sec. 31, T18S, R35E
LEA, NM
Rule 118 H2S Exposure

Dear MR Kautz

Harvey E. Yates, have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Keith Cannon", followed by a horizontal line.

Keith Cannon
Drilling Superintendent

Hydrogen Sulfide Drilling Operations Plan
Harvey E. Yates
Airstrip 31 State Com 2H
UNIT M, Sec 31, T18S, R35E
150' FSL & 330' FWL
Lea Co. N.M.

1. Company and contract personnel admitted on location should be trained by a qualified H₂S safety instructor to the recognize and handle following:
 - A. Characteristics of H₂S gas
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems
 - D. Principle and operation of H₂S detectors, warning system and briefing knowledge
 - E. Evacuation procedure, routes and first aid support
 - F. Proper use of 30 minutes Pressure-on-Demand Air Pack
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse
3. Windsock and/or Wind Streamers
 - A. Windsock at mud pit area (high enough to be visible)
 - B. Windsock at briefing area (high enough to be visible)
 - C. Windsock at location entrance
4. Condition Flags and Signs
 - A. H₂S warning signs on lease access road into location
 - B. Flags displayed on sign at location entrance
 1. Green flag indicates "Normal Safe Conditions"
 2. Yellow Flag indicates "Potential Pressure and Danger"
 3. Red Flag indicates "Danger - H₂S Present in High Concentrations" *admit only emergency personnel*
5. Well Control Equipment
 - A. See Exhibit #5.
6. Communication
 - A. While working under masks chalkboards will be used for communication
 - B. Hand signals will be used where chalk board is inappropriate
 - C. Two -way radios or cell phones used to communicate off location or minimally in Drilling Foreman's trailer or living quarters
7. Drillstem Testing
 - A. Exhausts watered
 - B. Flare line equipped with electric Igniter/propane pilot light in case gas reaches surface
 - C. If location near dwelling closed DST will be performed
8. Drilling Supervisor required to be familiar with effects of H₂S on tubular goods/mechanical equipment
9. If H₂S encountered, mud system shall be addressed to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers, if necessary.

PUBLIC PROTECTION PLAN FOR EMERGENCY CONTACTS

HARVEY E. YATES

(575) 623-6601

Company Personnel

Lanny Overby	Prod. Enrineer	575-623-6601 575-317-5059
Keith Cannon	Drilling Supt.	575-623-6601 575-626-1936

ARTESIA N.M.

Ambulance	911
State Police	575-746-5000
City Police	575-746-5000
Sheriff's Office	575-746-9888
Fire Department	575-746-5050 or 575-746-5051
N.M.O.C.D	575-748-1283

CARLSBAD N.M.

Ambulance	911
State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	575-885-3125 or 575-885-2111
Carlsbad BLM	575-887-6544

HOBBS N.M.

Ambulance	911
State Police	575-392-5588
City Police	575-397-9265
Sheriff's Office	575-396-3611
Fire Department	575-397-9308
N.M.O.C.D	575-393-6161
Hobbs BLM	575-393-3612

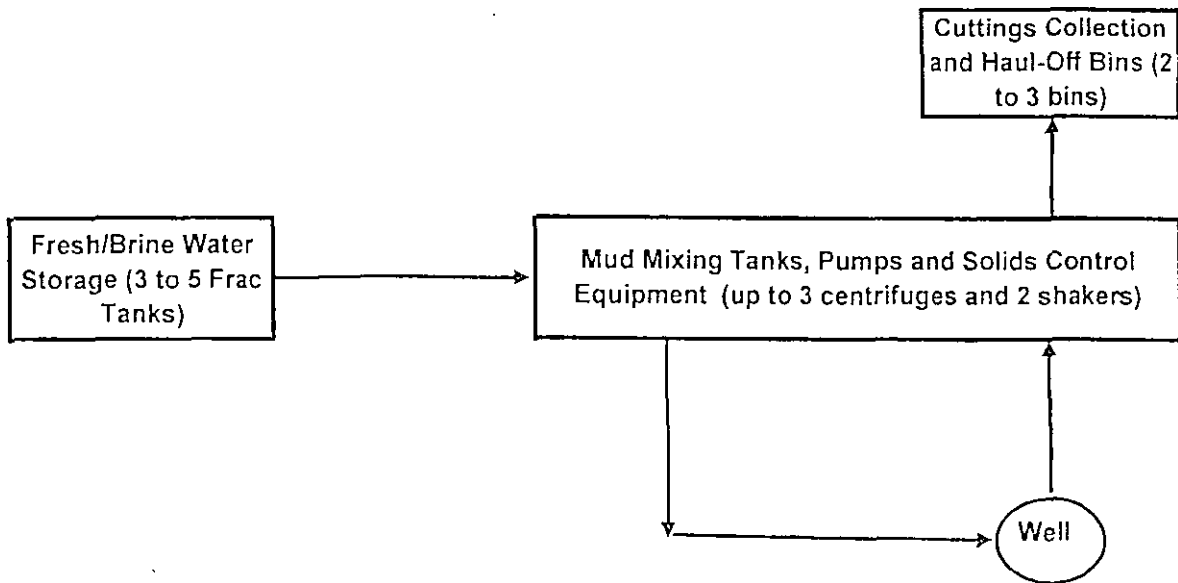
Flight for Life (Lubbock Tx)	806-743-9911
Aerocare (Lubbock Tx)	806-747-8923
Med flight air Ambulance (Albuq NM)	505-842-4433
SB air Med Services (Albuq NM)	505-842-4949

Boots & Coots IWC	800-256-9688 or 281-931-8884
Cudd Pressure Control	915-699-0139 or 915-563-3356
BJ Services (Artesia NM)	575-746-3569
(Hobbs NM)	575-392-5556

New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
24 Hour	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635

CLOSED-LOOP SYSTEM

Design Plan:



Operating and Maintenance Plan:

During drilling operations, third party service companies will utilize solids control equipment to remove cuttings from the drilling fluid and collect it in haul-off bins. Equipment will be closely monitored at all times while drilling by the derrick man and the service company employees.

Closure Plan:

During drilling operations, third party service companies will haul-off drill solids and fluids to an approved disposal facility. At the end of the well, all closed loop equipment will be removed from the location.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

DISTRICT III
1000 Rio Hrazas Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

HOBBS OCD

FEB 05 2014

RECEIVED

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41678	Pool Code 960	Pool Name Scharb, Banc Spring
Property Code 39689 40385	Property Name AIRSTRIP 31 STATE COM	Well Number 2H
GRID No. 10179	Operator Name HARVEY E. YATES	Elevation 3948'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	31	18-S	35-E		150	SOUTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	31	18-S	35-E		330	NORTH	710	WEST	LEA

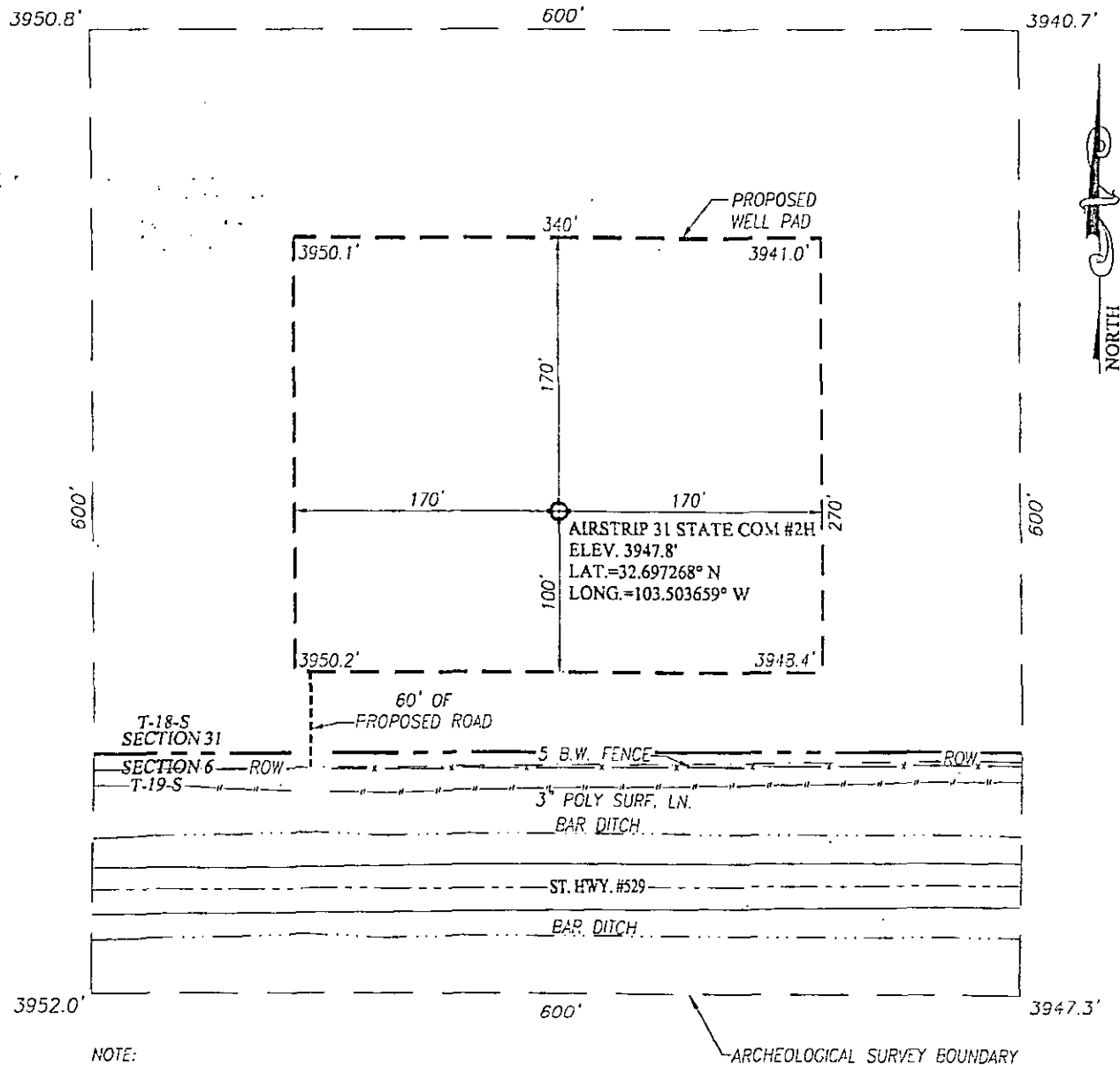
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=618375.6 N X=755233.1 E</p> <p>LAT.=32.697268' N LONG.=103.503659' W</p> <p>BOTTOM HOLE LOCATION Y=623189.9 N X=755567.3 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Keith Cannon</i> 1-31-14 Signature Date <i>Keith Cannon</i> Printed Name <i>keithcannon@hcxenergy.com</i> E-mail Address</p>
	<p>CORNER COORDINATES TABLE</p> <p>A - Y=623518.7 N, X=754854.3 E B - Y=623520.7 N, X=756135.3 E C - Y=618228.9 N, X=756188.8 E D - Y=618224.3 N, X=754904.6 E</p>	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 16, 2013</p> <p>Date of Survey Signature & Seal of Professional Surveyor: <i>GARY G. EIDSON</i> GARY G. EIDSON 12641 RONALD J. EIDSON 3239 ACK JWSC W.O.: 13.11.1419</p>
	<p>DETAIL</p>	

FEB 27 2014

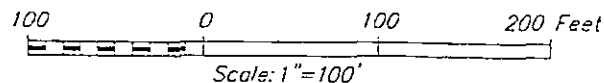
P.W.



NOTE:
SEE "LOCATION VERIFICATION MAP"
FOR PROPOSED ROAD LOCATION.

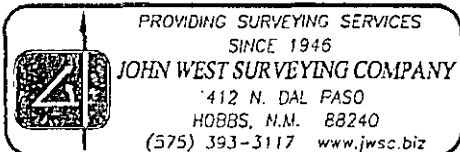
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF US HWY 62-180 AND
ST. HWY #529, GO WEST ON ST. HWY #529 FOR
APPROX. 7.1 MILES. THE LOCATION IS NORTH OF
RIGHT OF WAY FENCE APPROX. 160 FEET.



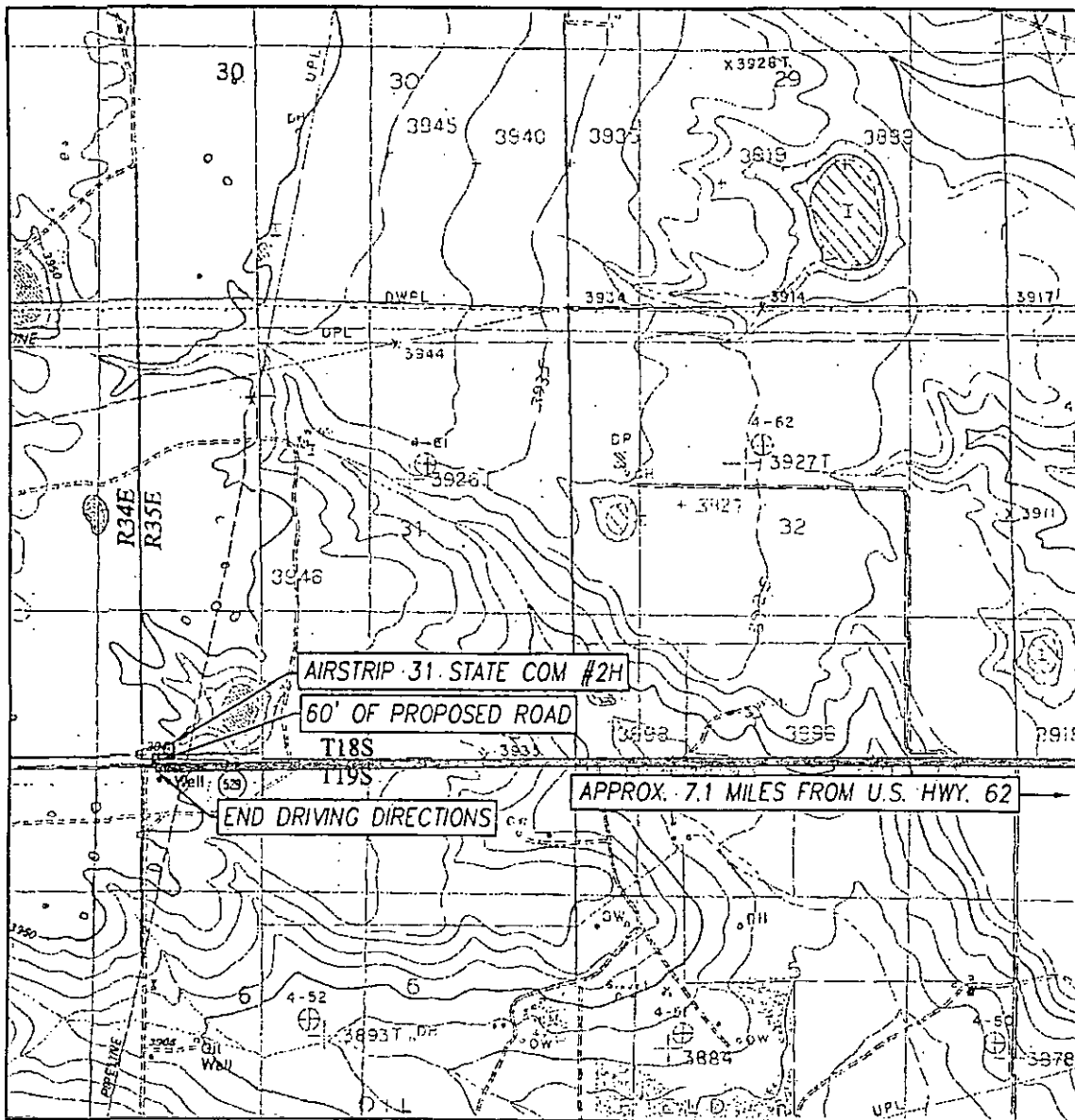
HARVEY E. YATES

AIRSTRIP 31 STATE COM #2H WELL
LOCATED 150 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE WEST LINE OF SECTION 31,
TOWNSHIP 18 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



Survey Date: 12/16/13	CAD Date: 1/6/13	Drawn By: ACK
W.O. No.: 13111419	Rev: .	Rel. W.O.: Sheet 1 of 1

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 31 TWP. 18-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 150' FSL & 330' FWL

ELEVATION 3948'

OPERATOR HARVEY E. YATES

LEASE AIRSTRIP 31 STATE COM

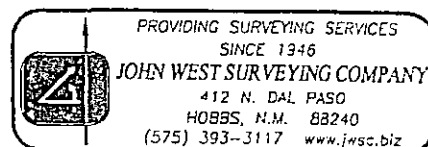
U.S.C.S. TOPOGRAPHIC MAP

IRON HOUSE DRAW, N.M.

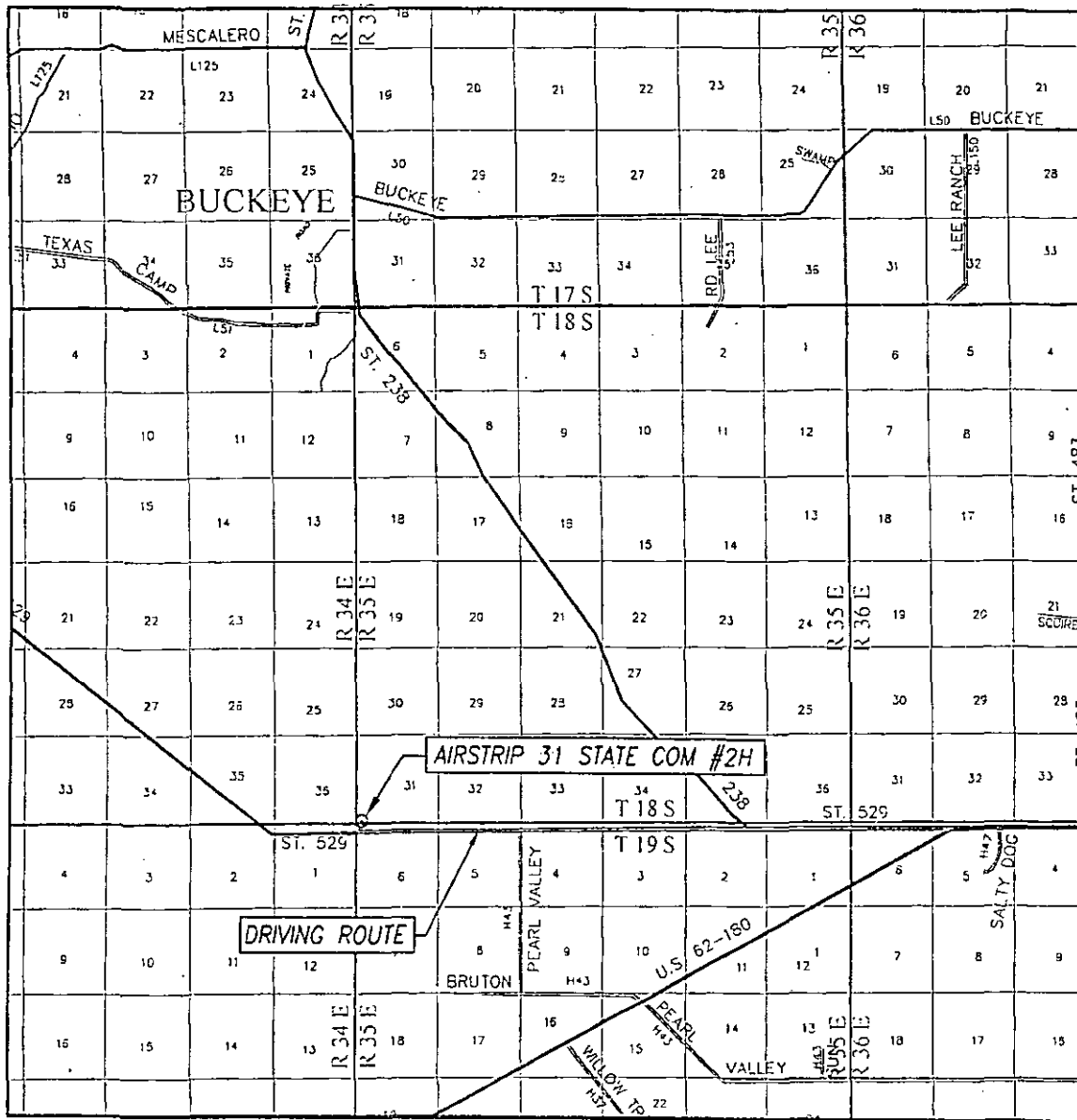
CONTOUR INTERVAL:
IRON HOUSE DRAW, N.M. - 10'
IRON HOUSE WELL, N.M. - 10'

DIRECTIONS TO AIRSTRIP 31 STATE COM #2H:

FROM THE INTERSECTION OF US HWY 62-180 AND ST. HWY #529,
GO WEST ON ST. HWY #529 FOR APPROX. 7.1 MILES. THE LOCATION
IS NORTH OF RIGHT OF WAY FENCE APPROX. 160 FEET.



VICINITY MAP



SCALE: 1" = 2 MILES

DRIVING ROUTE: SEE LOCATION VERIFICATION MAP

SEC. 31 TWP. 18-S RGE. 35-E

SURVEY N.M.P.M.


COUNTY LEA STATE NEW MEXICO

DESCRIPTION 150' FSL & 330' FWL

ELEVATION 3948'

OPERATOR HARVEY E. YATES

LEASE AIRSTRIP 31 STATE COM



PROVIDING SURVEYING SERVICES
SINCE 1945
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz

2/24/2015

C-145

Form C-145
August 1, 2011

Permit 198879

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**

Change of Operator

HOBBS OCD

MAR 12 2015

RECEIVED

Previous Operator Information

OGRID: 10179
Name: HARVEY E YATES CO
Address: PO BOX 1933
City, State, Zip: ROSWELL, NM 88202

New Operator Information

Effective Date: Effective on the date of approval by the OCD
OGRID: 228937
Name: MATADOR PRODUCTION COMPANY
Address: One Lincoln Centre
5400 LBJ Freeway, Ste 1500
City, State, Zip: Dallas, TX 75240

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, MATADOR PRODUCTION COMPANY certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(I) NMAC.

MATADOR PRODUCTION COMPANY understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, MATADOR PRODUCTION COMPANY agrees to the following statements:

1. I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See 19.15.9.9.B NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See 19.15.9.9.C(2) NMAC.
3. I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See 19.15.7.24.C NMAC.
4. I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed on approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance, even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See 19.15.8.9.C NMAC. I understand that I can check my compliance with the single-well financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. I am responsible for reporting releases as defined by 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record.
7. I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits. See 19.15.26.8 NMAC.
8. For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See 19.15.9.8.C NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See 19.15.9.9.B NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.

C-145

New Operator

Signature: Matt H

Printed Name: Matthew V. Hairford

Title: President

Date: 3/2/15 Phone: 972-371-5200

NMOCD Approval

Electronic Signature: Randy Dade, District 2

Date: March 12, 2015

District I
 1225 N. French Dr., Hobbs, NM 88240
 Phone:(575) 363-6151 Fax:(575) 253-6729
District II
 911 S. First St., Artesia, NM 88210
 Phone:(575) 743-1233 Fax:(575) 743-6729
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6179
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 475-3470 Fax:(505) 475-3482

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

Comments
 Permit 192879

CHANGEOP COMMENTS

Operator: HARVEY E YATES CO PO BOX 1933 ROSWELL, NM 88202	OCRID:	10179
	Permit Number:	192879
	Permit Type:	ChangeOp

Comments

Created By	Comment	Comment Date
tlrk	Will be effective on March 1, 2015	1/27/2015

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Arizos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

HOBBS OCD State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

MAY 18 2015
RECEIVED
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-41678
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Matador Production Company		6. State Oil & Gas Lease No.
3. Address of Operator PO BOX 1936 ROSWELL NM 88202-1936 575/623-6601		7. Lease Name or Unit Agreement Name Airstrip 31 State Com
4. Well Location Unit Letter <u>M</u> : <u>150'</u> feet from the <u>SOUTH</u> line and <u>330</u> feet from the <u>West</u> line Section <u>31</u> Township <u>18S</u> Range <u>35E</u> NMPM County <u>Lea</u>		8. Well Number #2H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3953'		9. OGRID Number 228937
Pit or Below-grade Tank Application <input type="checkbox"/> For Closure <input type="checkbox"/>		10. Pool name or Wildcat Airstrip; Bone Springs
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: Well Name Change <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
--	---

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Change of Well name to - Airstrip 31 18 35 RN State Com #201H

E-PERMITTING INT to PA _____
P&A NR _____ P&A R _____
DHC COMP _____ CHG Well Name Ke
CSNG _____ CHG Loc _____
TA _____ RBDMS _____ CHG Pool Ke

OPER. OGRID NO. 228937
PROPERTY NO. 314818
POOL CODE _____
EFF. DATE 5/1/2015
API NO. 30-025-41678

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Angela Gist TITLE PRODUCTION ANALYST DATE 5/12/2015

Type or print name
For State Use Only

E-mail address: link@matadorresources.com Telephone No. 575.623.6601

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 05/21/15
Conditions of Approval (if any):

MAY 21 2015

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87412
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

HOBBS OCD

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

MAY 18 2015

RECEIVED

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-41678
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Matador Production Company		6. State Oil & Gas Lease No.
3. Address of Operator PO BOX 1936 ROSWELL NM 88202-1936 575/623-6601		7. Lease Name or Unit Agreement Name Airstrip 31 18 35 RN State Com
4. Well Location Unit Letter <u>M</u> : <u>150'</u> feet from the <u>SOUTH</u> line and <u>330</u> feet from the <u>West</u> line Section <u>31</u> Township <u>18S</u> Range <u>35E</u> NMPM County <u>Lea</u>		8. Well Number #201H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3953'		9. OGRID Number 228937
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat Airstrip; Bone Springs
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil _____ Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input checked="" type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Change of formation <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Note: change of formation being Airstrip; Wolfcamp (970) See attached C-102.

OPER. OGRID NO. 228937
PROPERTY NO. 314818
POOL CODE 970
EFF. DATE 5/1/2015
WELL NO. 30-025-41678

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Larry H. Sie TITLE PRODUCTION ANALYST DATE 5/12/2015

Type or print name
For State Use Only

E-mail address: tlink@matadorresources.com Telephone No. 575.623.6601

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 05/12/15

Conditions of Approval (if any):

MAY 21 2015

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number 30-025-41678		² Pool Code 970		³ Pool Name Airstrip; Wolfcamp	
⁴ Property Code 314251		⁵ Property Name Airstrip 31 18 35 RN State Com			⁶ Well Number 201H
⁷ OGRID No. 228937		⁸ Operator Name Matador Production Company			⁹ Elevation 3953'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A1	31	18S	35E		150'	South	330'	West	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	31	18S	35E		330'	North	710'	West	Lea
¹² Dedicated Acres 160		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>Airstrip 31 18 35 RN State Com 201H</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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 surface mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with the owner of such a mineral or working interest, or a lease, royalty, pooling agreement or a compulsory pooling order heretofore entered in the division.</p> <p><i>Tammy R. Link</i> Signature Date 5/12/15</p> <p>Printed Name: Tammy R. Link</p>
		<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>
		<p>Certificate Number</p>

MAY 21 2015