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
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
DEC 18 2012
NMOCD ARTESIA

Form C-101
Revised December 16, 2011

Permit

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

[1] Operator Name and Address	[2] OGRID Number
Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210	025575
	[3] API Number 30-015-36070

[4] Property Code	[5] Property Name	[6] Well No.
36967	Thurman Draw Unit	1H

[7] Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	16	26S	23E		1200	North	1850	West	Eddy

[8] Pool Information

Wildcat; Delaware	97821

Additional Well Information

[9] Work Type	[10] Well Type	[11] Cable/Rotary	[12] Lease Type	[13] Ground Level Elevation
P	O	N/A	S	4341'GL
[14] Multiple	**[15] Proposed Depth**	**[16] Formation**	**[17] Contractor**	**[18] Spud Date**
N	N/A	Delaware	N/A	N/A

Depth to Ground water	Distance from nearest fresh water well	Distance to nearest surface water

[19] Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
REFER TO ORIGINAL COMPLETION						

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation plans to plugback and recomplete well as attached.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Manual BOP	3000 psi	3000 psi	Whichever company is available

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐. YPC uses steel tanks only.

Signature: Tina Huerta

Printed name: Tina Huerta

Title: Regulatory Reporting Supervisor

E-mail Address: tinah@yatespetroleum.com

Date: December 13, 2012 Phone: 575-748-4168

OIL CONSERVATION DIVISION

Approved By: JL Shepard

Title: Geologist

Approved Date: 12/19/2012 Expiration Date: 12/19/2014

Conditions of Approval Attached

1. MIRU any safety equipment as needed. POOH with production equipment if any exist.
2. Set an RBP at 3600' and dump 5 sx of frac sand on top. Perforate Delaware 3420'-3435' (16).
3. Pump a 1000g NEFE 7-1/2% HCL acid job with a sand surfactant package. Swab test and evaluate.
4. Fracture the Delaware sands at 45 BPM Via the 5.5' casing sting, using the following schedule.

Treating Schedule

Stage Number	gal	Prop Conc lb/gal	lbs Proppant Stage	Cumulative	Proppant Type
1	12500.	0.00	0.	0.	----
2	6000.	1.00	6000.	6000.	16/30 Ottawa
3	12000.	2.00	24000.	30000.	16/30 Ottawa
4	8666.	3.00	25998.	55998.	16/30 RCS
5	6000.	4.00	24000.	79998.	16/30 RCS
6	+/-3336.	0.00	0.	0.	----

Estimated Surface Treating Pressure @ 45 BPM = 2,568 psig.

Fluid Specifications: A 20# Borate Crosslinked Guar gel, with a sand surfactant package, 1 gpt migrating clay control additive. Design breakers for 50% retained viscosity for 2 hours with a complete break in 4 hours. Use encapsulated enzyme breaker and liquid enzyme breaker to achieve a 4-hour break. The liquid breaker must be pumped into the downhole side of the blender so that when the tub is bypassed breaker will still be going into the system. When the sand starts to fall off go to bypass and flush. Under flush the well 2-3 bbl short of the top perf. Use 16/30 white sand and 16/30 curable resin coated sand and the appropriate acticator. Use a bottom hole temperature of 96 degrees F. for the break test.

YPC to furnish: 3 clean frac tanks with 425 BBL of 2% KCL water in each.

Service company to provide: computer van with **job reports**, weight tickets, on location and QC lab van.

5. Shut the well in for 8 hours to allow the gel to break and the sand to cure.
6. Set solid composite bridge plug at 3370'. Perforate Delaware 3008'-3198' (51).
7. Straddle 3168' – 3198' and pump a 1000g 7-1/2% NEFE HCL acid job with a sand surfactant package. Swab test and evaluate. Straddle 3008' – 3038' and pump a 1000g 7-1/2% NEFE HCL acid job with a sand surfactant package. Swab test.
8. After the testing is completed fracture Delaware sands at 100 BPM Via the 5.5' casing sting, using the following schedule.

Treating Schedule

Stage Number	gal	Prop Conc lb/gal	lbs Proppant Stage	Cumulative	Proppant Type
1	38000.	0.00	0.	0.	----
2	18000.	1.00	18000.	18000.	16/30 Ottawa
3	38000.	2.00	76000.	94000.	16/30 Ottawa
4	4000.	3.00	12000.	106000.	16/30 Ottawa
5	23000.	3.00	69000.	175000.	16/30 RCS
6	20000.	4.00	80000.	225000.	16/30 RCS
7	+/-2924.	0.00	0.	0.	----

Estimated Surface Treating Pressure @ 100 BPM = 3,327 psig.

Fluid Specifications: A 20# Borate Crosslinked Guar gel, with a sand surfactant package, 1 gpt migrating clay control additive. Design breakers for 50% retained viscosity for 2 hours with a complete break in 4 hours. Use encapsulated enzyme breaker and liquid enzyme breaker to achieve a 4-hour break. The liquid breaker must be pumped into the downhole side of the blender so that when the tub is bypassed breaker will

still be going into the system. When the sand starts to fall off go to bypass and flush. Under flush the well 2-3 bbl short of the top perf. Use 16/30 white sand and 16/30 curable resin coated sand and the appropriate acticator. Use a bottom hole temperature of 93 degrees F. for the break test.

YPC to furnish: 8 clean frac tanks with 480 BBL of 2% KCL water in each.

Service company to provide: computer van with **job reports**, weight tickets, on location and QC lab van.

9. Shut the well in for 8 hours to allow the gel to break and the sand to cure.
10. Flow the well back and allow it to die. TIH with bit to drill out the composite BP at 3370' and then clean out to the RBP at 3600'. POOH. RIH with production equipment and put the well on pump.
11. Turn the well over to the production department.

WELL NAME: Thurman Draw Unit #1H **FIELD:** Wildcat; Bone Spring (Gas)

LOCATION: Unit C, (Surf) 1200'FNL and 1850'FWL, Section 16-26S-23E Eddy County

GL: 4,341' **ZERO:** **KB:**

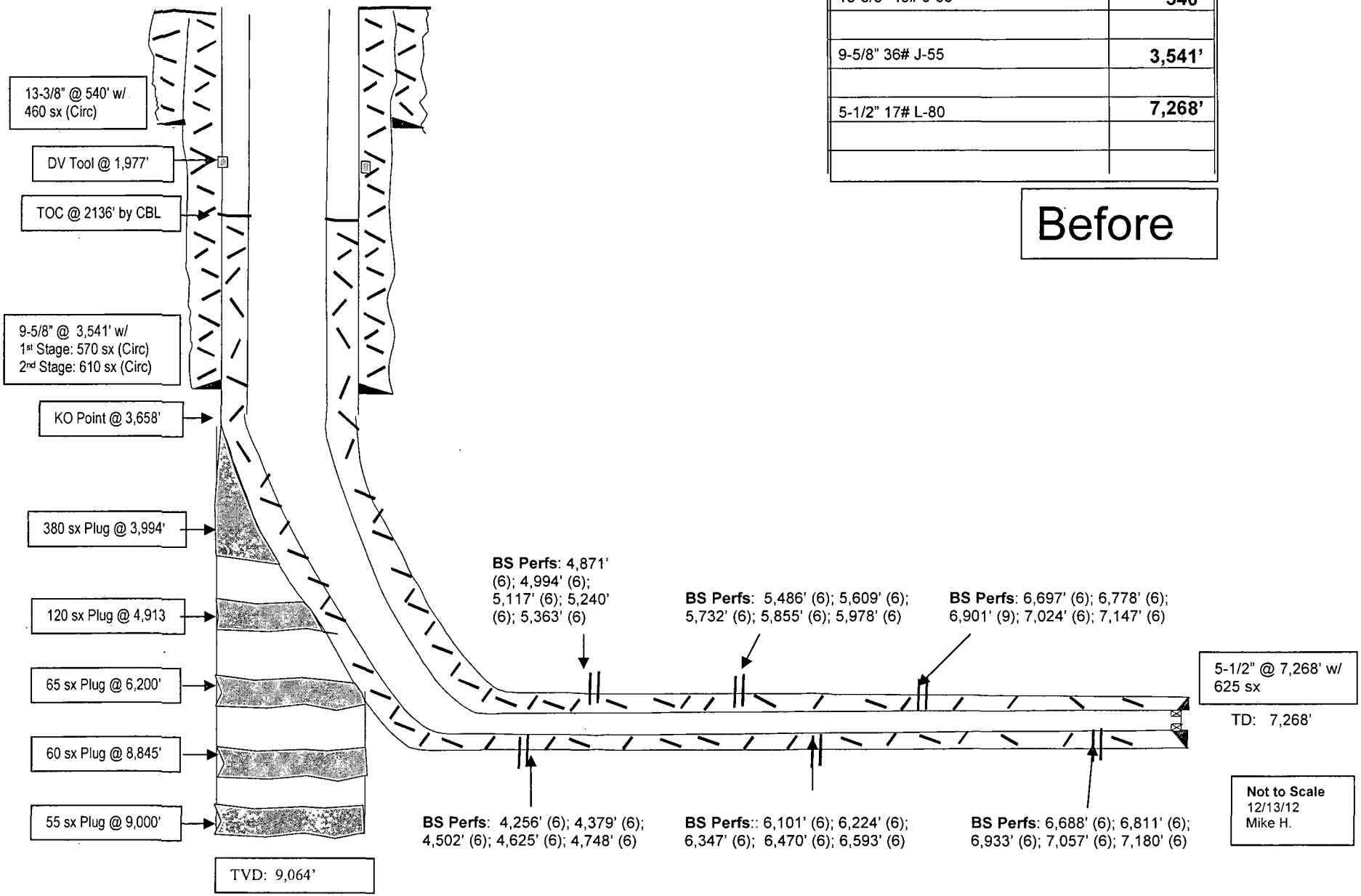
SPUD DATE: 7/27/10 **COMPLETION DATE:**

COMMENTS: BHL 4649'FNL & 1729'FWL API No: 30-015-36070

CASING PROGRAM

13-3/8" 48# J-55	**540'**
9-5/8" 36# J-55	**3,541'**
5-1/2" 17# L-80	**7,268'**

Before



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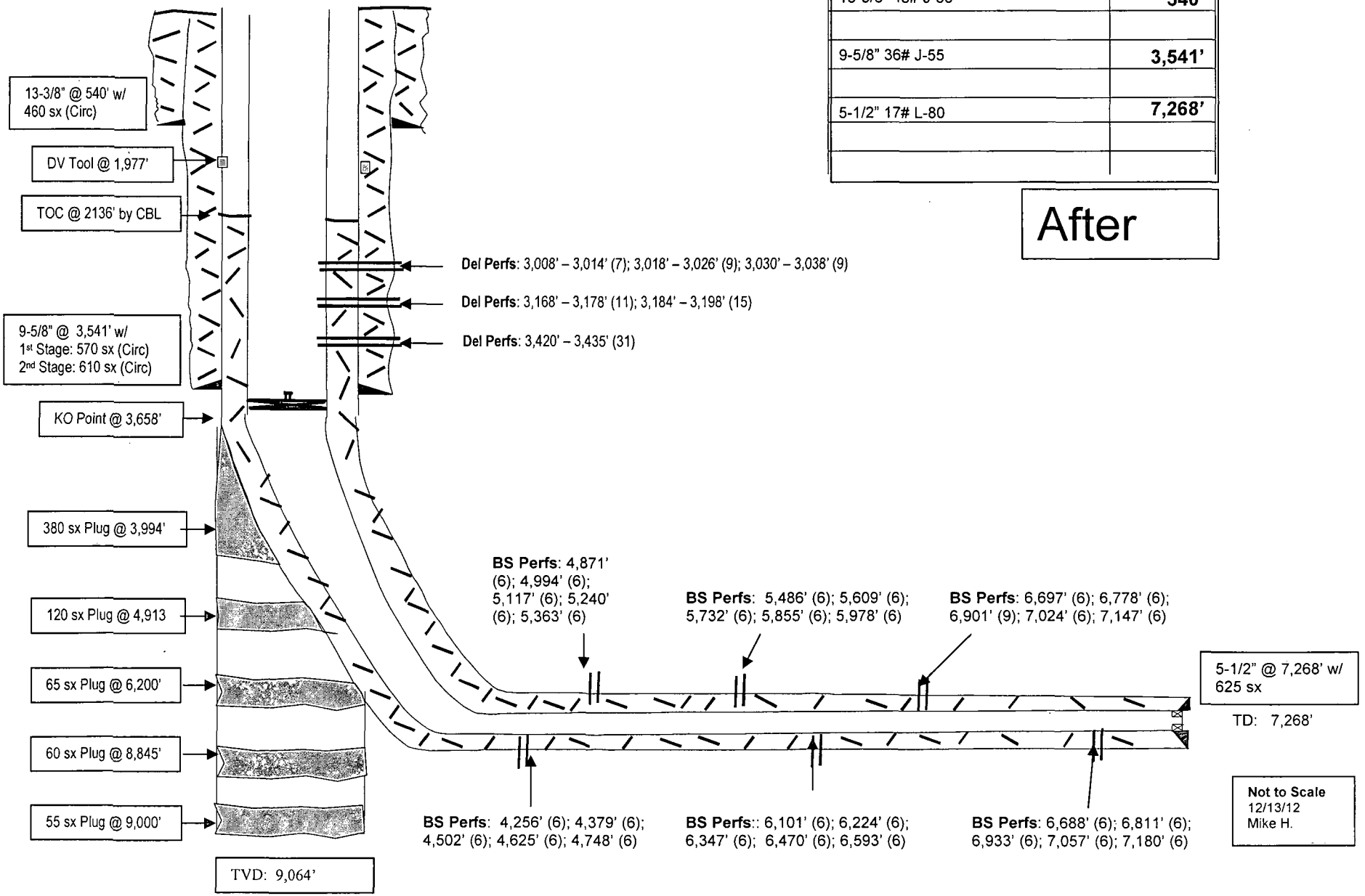
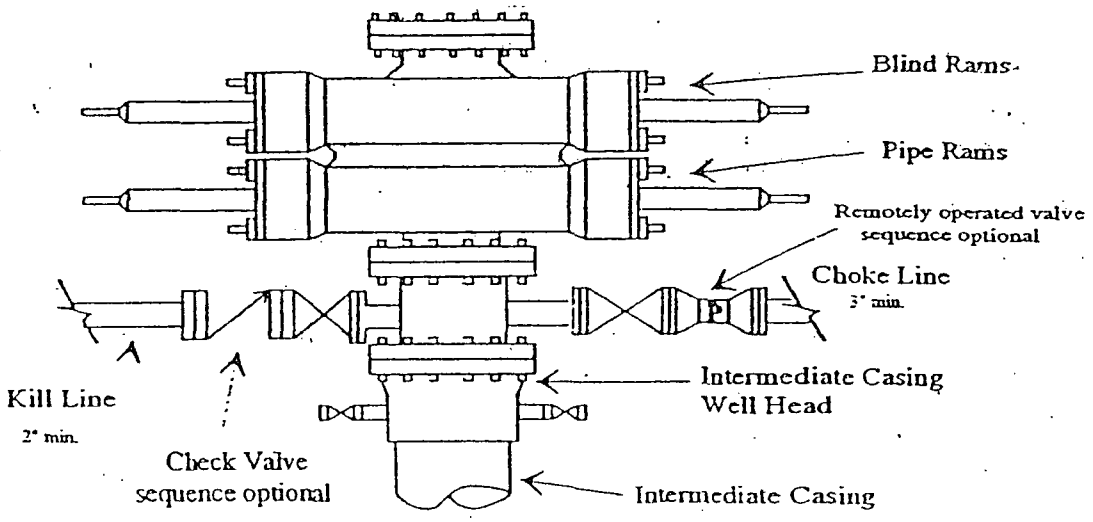


Yates Petroleum Corporation

Typical 3,000 psi Pressure System Schematic



Typical 3,000 psi choke manifold assembly with at least these minimun features