

District I
1625 N French Dr , Hobbs, NM 88240
Phone (575) 375-6161 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

Form C-101
Revised December 16, 2011

HOBBS OCD

Permit

MAY 25 2012

RECEIVED

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

¹ Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210		² OGRID Number 025575
		³ API Number 30-025-37700
⁴ Property Code 36550	⁵ Property Name Big Hat BKK State	⁶ Well No 7

⁷ Surface Location

UL - Lot C	Section 11	Township 16S	Range 33E	Lot Idn	Feet from 800	N/S Line North	Feet From 1980	E/W Line West	County Lea
---------------	---------------	-----------------	--------------	---------	------------------	-------------------	-------------------	------------------	---------------

⁸ Pool Information

Hume, Queen, West	33560
-------------------	-------

Additional Well Information

⁹ Work Type P	¹⁰ Well Type O	¹¹ Cable/Rotary N/A	¹² Lease Type S	¹³ Ground Level Elevation 4200'GL
¹⁴ Multiple N	¹⁵ Proposed Depth N/A	¹⁶ Formation Austin	¹⁷ Contractor N/A	¹⁸ Spud Date 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 recomple this well as follows TOH with tubing and packer Set a CIBP at 10,900' with 35' cement on top Cut casing at 8000' TOH with casing. If casing cannot be pulled at 8000', attempt to cut at 7000' and 6500' Spot a 30 sx cement plug 8050'-7950'. WOC and tag Spot a 70 sx cement plug 6100'-5900' WOC and tag. Perforate Queen 3898'-3924' (52) Acidized with 2500g 15% NEFE HCL and 100 ball sealers. If a frac is warranted, TOH with tubing and packer Set packer at 3850' and pump frac (frac details attached) If this zone is not economically productive, TOH with tubing and packer. Perforate Queen 3617'-3646' (58) Acidize with 2500g 15% NEFE HCL and 115 ball sealers If a frac is warranted, TOH with tubing and packer Set packer at 3580' and pump frac (frac details attached). Allow sand to bond Flow well to recover frac load TIH with appropriate production string and turn well over to production Wellbore schematics attached

Proposed Blowout Prevention Program

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

Permit Expires 2 Years From Approval
Date Unless Drilling Underway
PLUGBACK

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 NMOC guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . YPC uses steel tanks only.		OIL CONSERVATION DIVISION	
Signature: Tina Huerta		Approved By	
Printed name: Tina Huerta		Title	
Title: Regulatory Reporting Supervisor		Approved Date	
E-mail Address: tinah@yatespetroleum.com		Expiration Date	
Date: May 24, 2012		MAY 31 2012	
Phone: 575-748-4168		Conditions of Approval Attached	

MAY 31 2012

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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

MAY 25 2012

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

¹ API Number 30-025-37700	² Pool Code 33560	³ Pool Name Hume; Queen, West
⁴ Property Code 36550	⁵ Property Name Big Hat BKK State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number 7
		⁹ Elevation 4200'GR

¹⁰ Surface Location

UL or lot no. C	Section 11	Township 16S	Range 33E	Lot Idn	Feet from the 800	North/South line North	Feet from the 1980	East/West line West	County Lea
--------------------	---------------	-----------------	--------------	---------	----------------------	---------------------------	-----------------------	------------------------	---------------

¹¹ Bottom Hole Location If Different From Surface

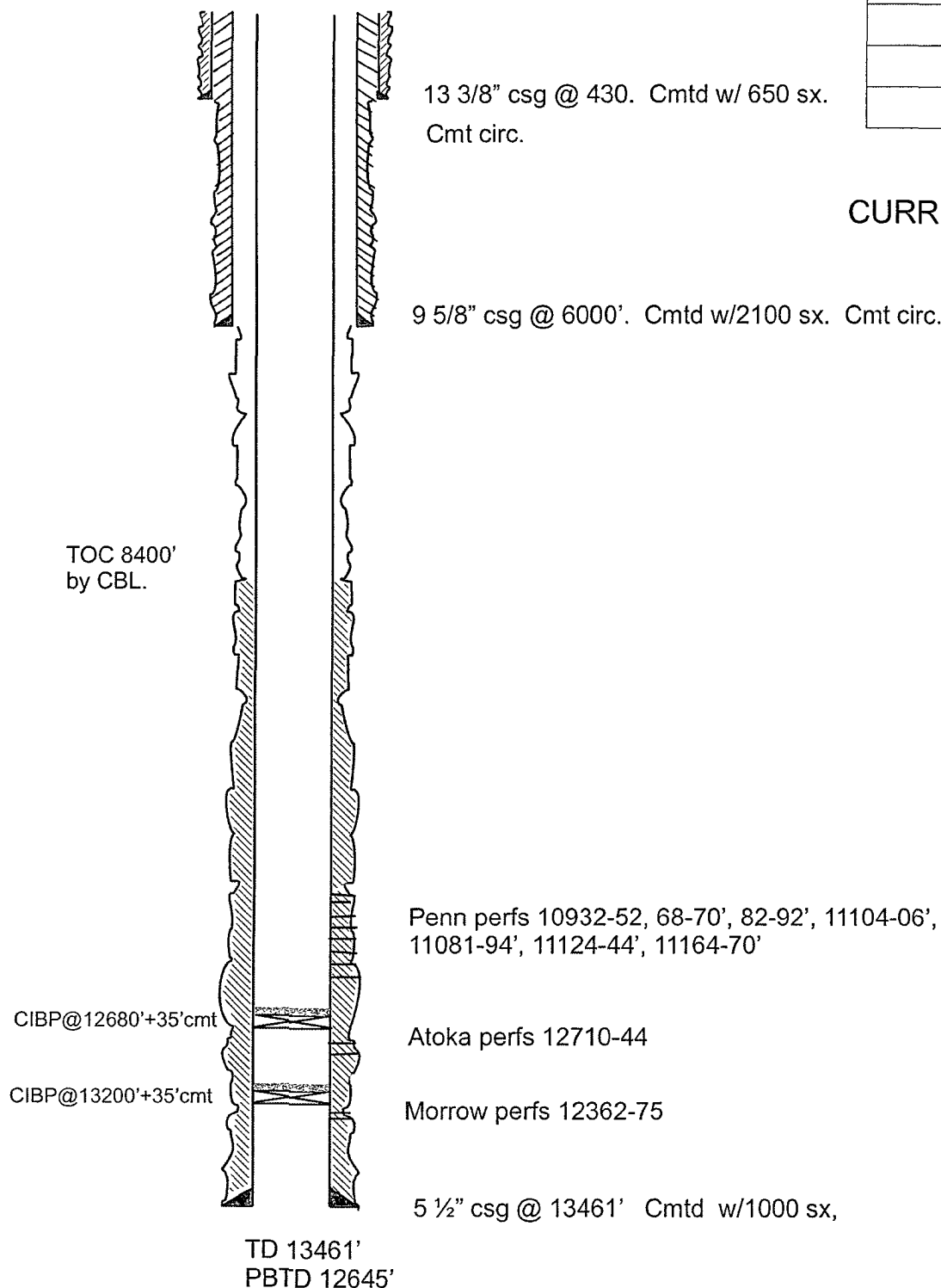
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.					

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.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION 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 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 Signature Date May 24, 2012 Tina Huerta Printed Name ttnah@yatespetroleum.com E-mail Address	
	¹⁸ SURVEYOR CERTIFICATION 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 Date of Survey Signature and Seal of Professional Surveyor	
	Certificate Number	

Well Name:	Big Hat BKK Sta #7	Field:	
Location:	800' FNL & 1980' FWL Sec.11-16S-33E Lea Co, NM		
GL:	4200'	Zero:	AGL: KB: 4219'
Spud Date:	Completion Date:		
Comments:			

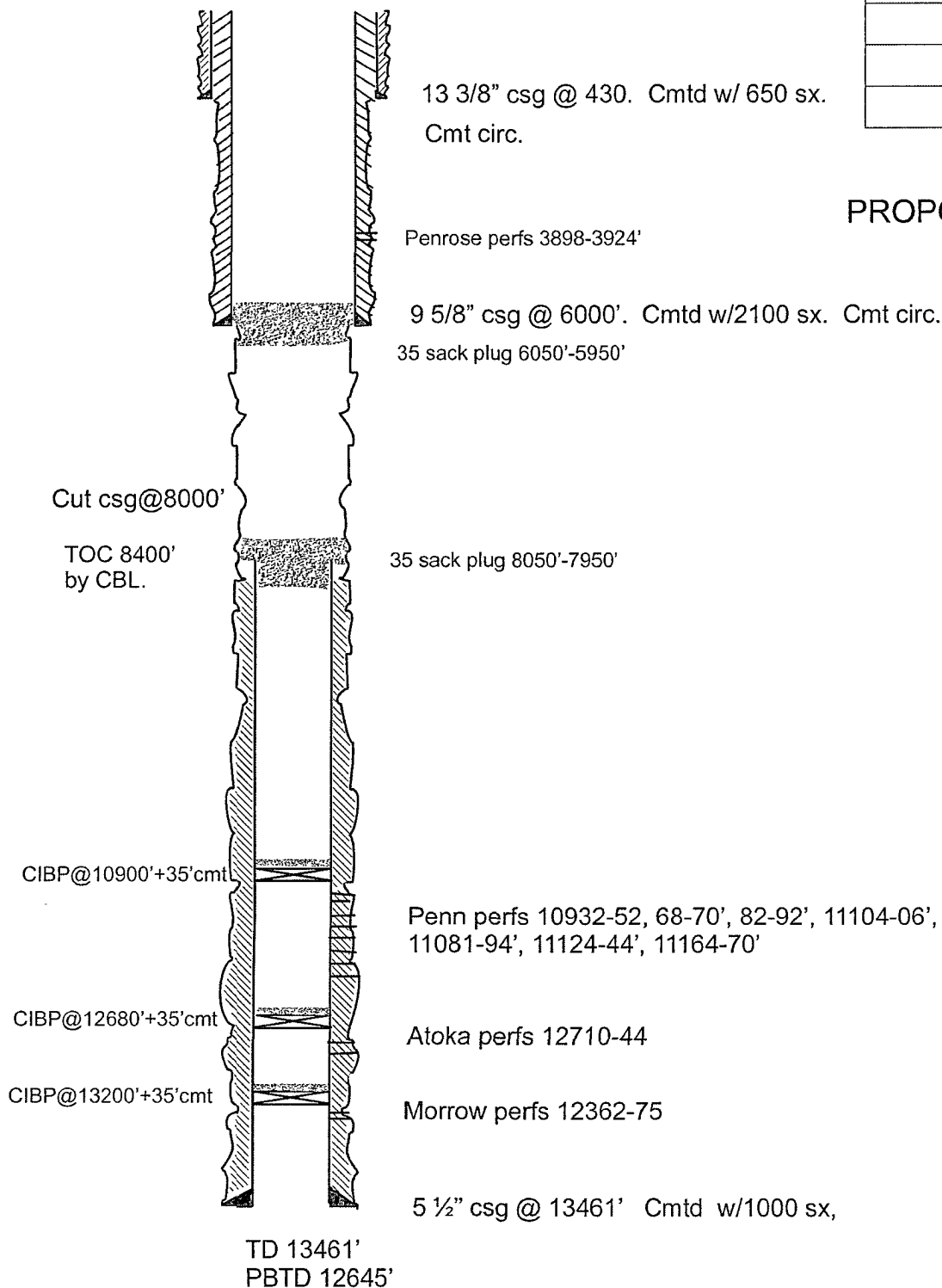
Casing Program	
Size/Wt/Grade/Conn	Depth
13 3/8" 48# H40	430'
9 5/8" 36&40#J55&HCK55	6000'
5 1/2" 17# J55 & P110	13461'



CURRENT CONFIGURATION

Well Name: Big Hat BKK Str #7		Field:	
Location: 800' FNL & 1980' FWL Sec.11-16S-33E Lea Co, NM			
GL: 4200'	Zero:	AGL:	KB: 4219'
Spud Date:		Completion Date:	
Comments:			

Casing Program	
Size/Wt/Grade/Conn	Depth
13 3/8" 48# H40	430'
9 5/8" 36&40#J55&HCK55	6000'
5 1/2" 17# J55 & P110	13461'



PROPOSED CONFIGURATION

4.) Rig up a wireline company. RIH with casing guns and perforate the Penrose sand (Hume West Queen) with casing guns loaded with premium charges, 2 SPF, 90° phasing in the following interval:

3898' – 3924' (52 holes)

Rig down wireline.

5.) TIH with tubing and packer. Acidize interval with 2500 gallons of 15% NEFE HCl and 100 ball sealers. Flow and swab back load and report results.

6.) If a frac is warranted, TOH with tubing and packer. Pick up 3½" tubing and packer and TIH. Set packer at 3850'. If Penrose is not economically productive, go to Step 10.

7.) Rig up a pumping service company. Frac the Penrose down 3½" tubing with 58500 gallons of slick water and 28500 pounds of brown sand and 25500# of Value bond (or equivalent) at 60 BPM, expected TP 4500 psi, Max TP 7000 psi.

Stage	Fluid	Sand Conc.	Lbs of Sand	Cum # sand
Pad	18000g	Slick water	None	0
0.5#	8550g	Slick water	0.5 4275	4275
1.0#	9150g	Slick water	1.0 9150	13425
1.5#	10050g	Slick water	1.5 15075	28500
2.0#	12750g	Slick water	2.0 25500	54000
58500 gallons		54000#		

Shut well in. Rig down service company. Shut in overnight to allow sand to bond.

8.) Flow well to recover frac load.

9.) TIH with appropriate production string. TOTP.

10.) TOH with tubing and packer.

11.) Rig up a wireline company. RIH with casing guns and perforate the Queen sand (Hume West Queen) with casing guns loaded with premium charges, 2 SPF, 90° phasing in the following interval:

3617' – 3646' (58 holes)

Rig down wireline.

12.) TIH with tubing and packer. Acidize interval with 2500 gallons of 15% NEFE HCl and 115 ball sealers. Flow and swab back load and report results.

13.) If a frac is warranted, TOH with tubing and packer. Pick up 3½" tubing and packer and TIH. Set packer at 3580'.

14.) Rig up a pumping service company. Frac the Queen down 3½" tubing with 58500 gallons of slick water and 28500 pounds of brown sand and 25500# of Value bond (or equivalent) at 60 BPM, expected TP 4500 psi, Max TP 7000 psi.

Stage	Fluid	Sand Conc.	Lbs of Sand	Cum # sand
Pad	18000g	Slick water	None 0	20/40 brown 0
0.5#	8550g	Slick water	0.5 4275	20/40 brown 4275
1.0#	9150g	Slick water	1.0 9150	20/40 brown 13425
1.5#	10050g	Slick water	1.5 15075	20/40 brown 28500
2.0#	12750g	Slick water	2.0 25500	20/40 Value bond 54000
58500 gallons		54000#		

Shut well in. Rig down service company. Shut in overnight to allow sand to bond.

15.) Flow well to recover frac load.

16.) TIH with appropriate production string. TOTP.