

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

Form C-101
Revised December 16, 2011

HOBBS OCD

Permit

AUG 30 2012

RECEIVED

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

¹ Operator Name and Address Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210		² OGRID Number 025575
		³ API Number 30-025-40735
⁴ Property Code 38003	⁵ Property Name RED RAIDER BKS STATE	⁶ Well No 3H

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	25	24S	33E	P	330	S	390	E	Lea

⁸ Pool Information

Red Hills, Bone Spring, North	96434
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Additional Well Information

⁹ Work Type N	¹⁰ Well Type Oil	¹¹ Cable/Rotary	¹² Lease Type S	¹³ Ground Level Elevation 3509'
¹⁴ Multiple N	¹⁵ Proposed Depth 9400' TVD 13,823' MD	¹⁶ Formation Bone Spring	¹⁷ Contractor	¹⁸ Spud Date ASAP
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
Surf	17 5"	13.375"	48#	1200'	900	0
Int1	12 25"	9 625"	40#	4300'	1425	0
Prod	7 875"	5 50"	17#	13,823'	2350	3800'

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Bone Springs and intermediate formations. A vertical hole will be drilled to 8923'. Well will then be kicked off at 8923' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 9673' MD (9400' TVD). Hole size will then be reduced to 7 7/8" and drilled to 13,823' MD (9400' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 807' FSL and 418' FEL, 25-24S-33E. Deepest TVD in the well is 9400' in the lateral. MAXIMUM ANTICIPATED BHP 0-1200' 574 psi, 1200'-4300' 2281 psi, 4300'-9400' 4399 psi. Depths are TVD. MUD PROGRAM 0-1200' Fresh Water, 1200'-4300' Brine Water, 4300'-8923' Cut Brine, 8923'-13,823' Cut Brine (lateral). H2S is not anticipated. C-144 Attached. C-102 Attached. Previously Approved.

Permit Expires 2 Years From Approval
Date Unless Drilling Underway

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

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 ☐.

Signature

Lori Flores

Printed name: Lori Flores

Title Land Regulatory Technician

E-mail Address lorif@yatespetroleum.com

Date 8/29/2012

Phone 575-748-4448

OIL CONSERVATION DIVISION

Approved By



Title Petroleum Engineer

Approval Date

AUG 31 2012

Expiration Date

Conditions of Approval Attached

SEP 05 2012

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 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

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

HOBBES OGD Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

AUG 30 2012

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-40735		Pool Code 96434	Pool Name Red Hills; Bone Spring, North
Property Code 38003	Property Name RED RAIDER "BKS" STATE		Well Number 3H
OGRID No. 25575	Operator Name YATES PETROLEUM CORP.		Elevation 3509'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	24 S	33 E		330	SOUTH	390	EAST	LEA

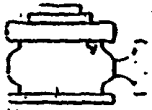
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	25	24 S	33 E		330	NORTH	660	EAST	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

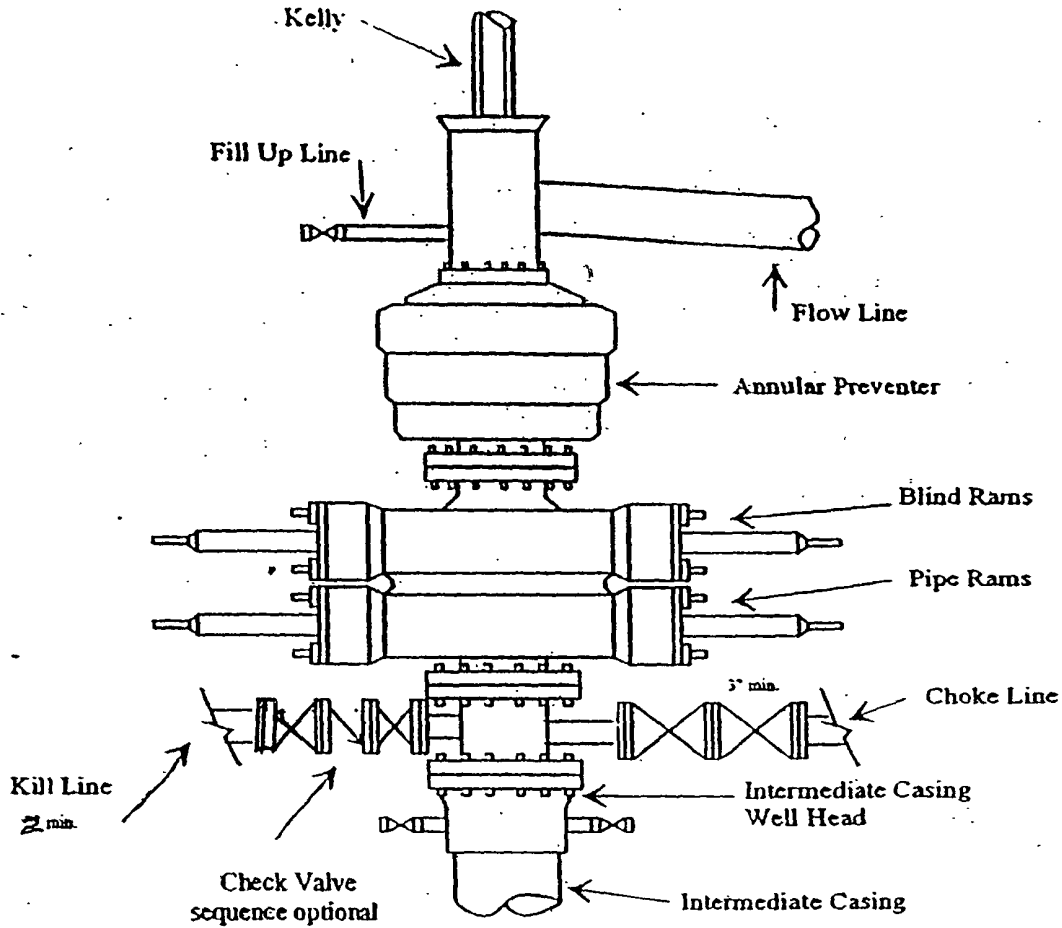
<p>PROPOSED BOTTOM HOLE LOCATION Lot - N 32°11'41.70" Long - W 103°31'10.69" NMSPC - N 435594.930 E 793043.190 (NAD-83)</p> <p>SURFACE LOCATION Lot - N 32°10'55.99" Long - W 103°31'07.55" NMSPC - N 430978.237 E 793348.111 (NAD-83)</p> <p>VB-0651</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that 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 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.</p> <p><i>Cy Cowan</i> 8/29/12 Signature Date</p> <p>Cy Cowan Printed Name</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>MADE 4-18-2012 Date Surveyed Signature & Seal of Professional Surveyor 7977 Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>



Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



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

