

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 3, 2014

BUREAU OF LAND MANAGEMENT
ATT: James S. Rutley / Craig Cranston
620 E Greene Street
Carlsbad, NM 88220

STATE LAND OFFICE
ATT: Stephen Wust
PO BOX 1148
Santa Fe, NM 87505

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: Yates Petroleum Corporation

LEASE NAME: Juice BUD State Com # 004H

PROPOSED LOCATION: U/L M(Lot 4) Sec 19 T21S R34E 200 FSL 660 FWL

PROPOSED DEPTH: 18284' MD & 10929 TVD

Gentleman:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve that are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please Return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Paul Kautz
Hobbs District Geologist, District I

RESONSE:

The above referenced location is in LMR (2013 year) -----Yes _____ No ✓ *02W*

The above referenced location is within the Buffer Zone -----Yes _____ No ✓

Signed Terry Warrnell

Printed Signature Terry Warrnell

Representing SLO

AUG 01 2014