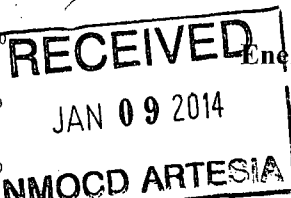


District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9120  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
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

1220 South St. Francis Dr.

Santa Fe, NM 87505

☐ AMENDED REPORT

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

|   |  |   |
|---|--|---|
| <sup>1</sup> Operator Name and Address<br>YATES PETROLEUM CORPORATION<br>105 S. 4 <sup>th</sup> STREET<br>ARTESIA, NM 88210 |  | <sup>2</sup> OGRID Number<br>25575      |
|   |  | <sup>3</sup> API Number<br>30-015-41956 |
| <sup>4</sup> Property Code<br>30940   | <sup>5</sup> Property Name<br>STATE AU COM | <sup>6</sup> Well No.<br>003            |

### 7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P        | 33      | 18S      | 25E   | P       | 990       | S        | 660       | E        | EDDY   |

### 8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
|          |         |          |       |         |           |          |           |          |        |

### 9. Pool Information

| Pool Name                | Pool Code |
|--------------------------|-----------|
| UNDESIGNATED BOYD MORROW | 72840     |

### Additional Well Information

|                                     |                                       |  |                                   |   |
|-------------------------------------|---------------------------------------|--|-----------------------------------|---|
| <sup>11</sup> Work Type<br>New Well | <sup>12</sup> Well Type<br>GAS        | <sup>13</sup> Cable/Rotary             | <sup>14</sup> Lease Type<br>State | <sup>15</sup> Ground Level Elevation<br>3516' |
| <sup>16</sup> Multiple<br>N         | <sup>17</sup> Proposed Depth<br>9200' | <sup>18</sup> Formation<br>MORROW      | <sup>19</sup> Contractor          | <sup>20</sup> Spud Date<br>ASAP               |
| Depth to Ground water               |                                       | 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      | 48               | 400           | 450             |               |
| Int1 | 12.25     | 8.625       | 24               | 1200          | 750             |               |
| Prod | 7.875     | 5.5         | 17               | 9200          | 1100            | 4900          |

### Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Morrow and intermediate formations. Approximately 400' of surface casing will be set/cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.  
MUD PROGRAM: 0-400' Fresh Water/Native Mud; 400'-1200' Fresh Water/Native Mud; 1200'-8300' Cut Brine; 8300'-9200' Salt Gel/Starch KCL.  
H2S is not anticipated for this well.  
Previously Approved.

### 22. Proposed Blowout Prevention Program

| Type      | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 3000             | 3000          |              |

<sup>23</sup> 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 ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.

Signature: *Lori Flores*

Printed name: Lori Flores

Title: Land Regulatory Tech

E-mail Address: lorif@yatespetroleum.com

Date: 1/8/2014

Phone: 575-748-4448

### OIL CONSERVATION DIVISION

Approved By:

*T. C. Shepherd*

**"Geologist"**

Title:

Approved Date: 1-15-2014

Expiration Date: 1-15-2016

Conditions of Approval Attached

District I  
1625 N. French Dr., Hobbs, NM 88240  
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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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |   |  |
|---|---|--|
| <sup>1</sup> API Number<br>30-015-41956 | <sup>2</sup> Pool Code<br>72840                           | <sup>3</sup> Pool Name<br>Undesignated Boyd Morrow |
| <sup>4</sup> Property Code<br>30940     | <sup>5</sup> Property Name<br>State AU Com                | <sup>6</sup> Well Number<br>3                      |
| <sup>7</sup> OGRID No.<br>25575         | <sup>8</sup> Operator Name<br>Yates Petroleum Corporation | <sup>9</sup> Elevation<br>3516'                    |

<sup>10</sup> 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             | 33      | 18S      | 25E   |         | 990           | South            | 660           | East           | Eddy   |

<sup>11</sup> 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 |
|               |         |          |       |         |               |                  |               |                |        |

|                                      |                               |                                  |                         |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>320 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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.

|               |  |         |              |   |
|---------------|--|---------|--------------|---|
| <sup>16</sup> |  |         |              | <sup>17</sup> OPERATOR CERTIFICATION<br><i>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.</i><br>Lori Flores 1/8/2014<br>Signature Date<br>Lori Flores<br>Printed Name<br>lorif@yatespetroleum.com<br>E-mail Address |
| V-6373        |  |         |              | <sup>18</sup> SURVEYOR CERTIFICATION<br><i>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.</i><br>REFER TO ORIGINAL PLAT<br>Date of Survey<br>Signature and Seal of Professional Surveyor:<br>Certificate Number  |
| NM-27912      |  | E-10165 | 990'<br>660' |   |

DISTRICT I

1000 N. Fourth St., Santa Fe, NM 87508

DISTRICT II

911 South First, Arizola, NM 88210

DISTRICT III

1000 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV

1000 South First, Santa Fe, NM 87508

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

For Lease - 2 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                   |  |           |                                       |
|-------------------|--|-----------|---------------------------------------|
| API Number        |  | Pool Code | Pool Name<br>Undesignated Boyd Morrow |
| Property Code     | Property Name<br>STATE "AU" COM.             |           | Well Number<br>3                      |
| OGHS No.<br>25575 | Operator Name<br>YATES PETROLEUM CORPORATION |           | Elevation<br>3516                     |

Surface Location

| UL or lot No. | Section | Township | Range | Lot No. | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 33      | 18S      | 25E   |         | 990           | SOUTH            | 660           | EAST           | EDDY   |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot No. | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                        |                 |                    |           |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br>320 | Joint or Infill | Consolidation Code | 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><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i></p> <p>Signature<br/>Cy Cowan</p> <p>Printed Name<br/>Regulatory Agent</p> <p>Title<br/>1/11/2003</p> <p>Date</p>  |  |
|   |  |  |  | <p><b>SURVEYOR CERTIFICATION</b></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>9/18/2002</p> <p>Date Surveyed</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p><i>Nerschell L. Jones</i></p> <p>Professional Surveyor</p> <p>State of New Mexico</p> <p>Commission No. 10000 L. Jones RLS 3640</p> <p>EXPIRATION DATE 3</p> <p>COMPANY SURVEYING COMPANY</p> <p>PROFESSIONAL</p> |  |
| <p>V-6373</p> <p>V-6373</p> <p>N.32°42'01.0"</p> <p>W.104°29'01.5"</p> <p>NM-27912</p> <p>E-10165</p> <p>880'</p> <p>880'</p> |  |  |  |   |  |

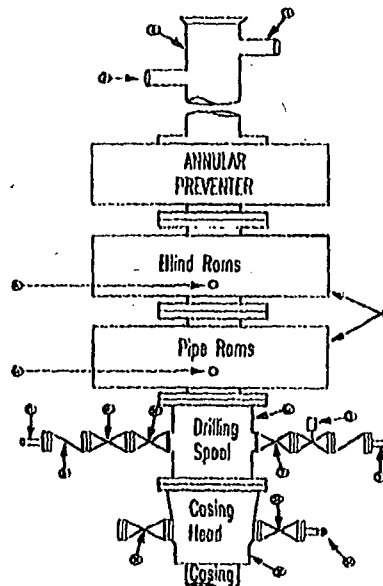
**Mack Energy Corporation**  
**Minimum Blowout Preventer Requirements**  
 3000 psi Working Pressure  
 13 3/8 inch- 3 MWP  
 11 Inch - 3 MWP  
 EXHIBIT #1

**Stack Requirements**

| NO. | Items  | Min. I.D. | Min. Nominal |
|-----|--|-----------|--------------|
| 1   | Flowline   |           | 2"           |
| 2   | Fill up line   |           | 2"           |
| 3   | Drilling nipple  |           |              |
| 4   | Annular preventer  |           |              |
| 5   | Two single or one dual hydraulically operated rams                               |           |              |
| 6a  | Drilling spool with 2" min. kill line and 3" min choke line outlets              |           | 2" Choke     |
| 6b  | 2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above) |           |              |
| 7   | Valve Gate Plug  | 3 1/8     |              |
| 8   | Cinto valve-power operated   | 3 1/8     |              |
| 9   | Line to choke manifold   |           | 3"           |
| 10  | Valve Gate Plug  | 2 1/16    |              |
| 11  | Check valve  | 2 1/16    |              |
| 12  | Casing head  |           |              |
| 13  | Valve Gate Plug  | 1 13/16   |              |
| 14  | Pressure gauge with needle valve   |           |              |
| 15  | Kill line to rig mud pump manifold   |           | 2"           |

**OPTIONAL**

|    |               |         |  |
|----|---------------|---------|--|
| 16 | Plugged Valve | 1 13/16 |  |
|----|---------------|---------|--|



**CONTRACTOR'S OPTION TO FURNISH:**

1. All equipment and connections above bordenhead or casinghead. Working pressure of preventers to be 2000 psi minimum.
2. Automatic accumulator (80 gallons, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers' position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

**MEC TO FURNISH:**

1. Bordenhead or casing head and side valves.
2. Wear bushing, if required.

**GENERAL NOTES:**

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans.

Replaceable parts for adjustable choke, or bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.

5. All valves to be equipped with hand-wheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Does not use kill line for routine fill up operations.

## Yates Petroleum Corporation Closed Loop System

### Equipment Design Plan

Closed Loop System will consist of:

- 1 – double panel shale shaker
  - 1 – (minimum ) Centrifuge, certain wells and flow rates may require 2 centrifuges
  - On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System
  - 1 – minimum centrifugal pump to transfer fluids
  - 2- 500 bbl. FW Tanks
  - 1 – 500 bbl. BW Tank
  - 1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.
  - 1 Set of rail cars / catch bins
- Certain wells will use an ASC Auger Tank

### Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors' personnel.

Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

### Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, Lea Land Farm or CRI.