

District I

1625 N. French Dr., Hobbs, NM 88240

District II

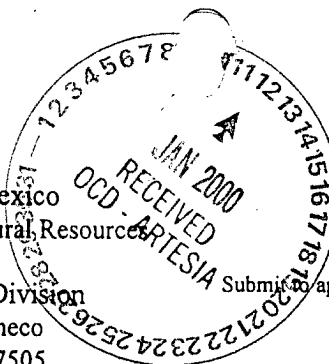
811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural ResourcesOil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505Form C-101
Revised March 17, 1999Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies☐ AMENDED REPORT**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, New Mexico 88210		² OGRID Number 025575
		³ API Number 30-015-29377
⁴ Property Code 20437	⁵ Property Name Rainbow ARB Com.	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	26	20S	24E		660'	South	660'	West	Eddy

⁸ Proposed 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
15475									
⁹ Proposed Pool 1 Dagger Draw, Upper Penn, South Associated						¹⁰ Proposed Pool 2			

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3682'
¹⁶ Multiple No	¹⁷ Proposed Depth 8200'	¹⁸ Formation Canyon	¹⁹ Contractor Not determined	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14 3/4"	9 5/8"	36#	1150'	1100 sx	circulated
8 3/4"	7"	23 & 26#	TD	1350 sx	circulated

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formations. Approximately 1150' of surface casing will be set and 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: FW gel/LCM to 1150'; FW to 5200'; Cut brine/KCL to 7200'; Cut brine/KCL/Starch to TD.

BOPE PROGRAM: BOPE's will be installed on the 9 5/8" casing and tested daily.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Ken Beardemphl</i>		OIL CONSERVATION DIVISION	
Printed name: Ken Beardemphl		Approved by: <i>James W. Beem</i> BIA	
Title: Landman		Title: <i>District Supervisor</i>	
Date: January 11, 2000	Phone: (505) 748-1471	Approval Date: 1-14-00	Expiration Date: 1-14-00
		Conditions of Approval: Attached <input type="checkbox"/>	

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-29377		Pool Code 15475		Pool Name Dagger Draw, Upper Penn, South	
Property Code		Property Name RAINBOW "ARB" COM			Well Number 1
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3682.

¹⁰ Surface Location

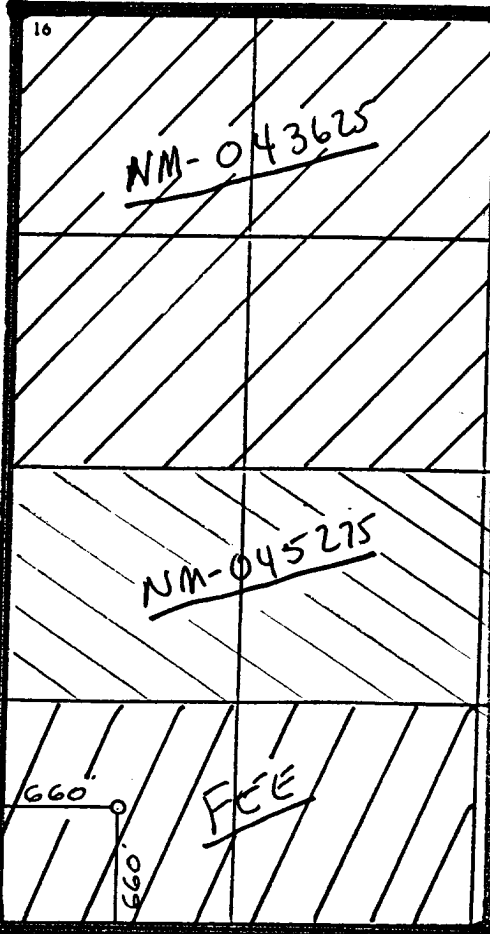
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	26	20-S	24-E		660	SOUTH	660	WEST	EDDY

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 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

<div>16</div> 	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <u>Ken Beardemphl</u></p> <p>Printed Name: <u>Ken Beardemphl</u></p> <p>Title: <u>Regulatory Agent</u></p> <p>Date: <u>February 13, 1997</u></p>
	<div>18 SURVEYOR CERTIFICATION</div> <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><u>FEBRUARY 8, 1997</u></p> <p>Date of Survey: <u>FEBRUARY 8, 1997</u></p> <p>Signature and Seal of Professional Surveyor: <u>W. R. REDDY</u></p> <p>REGISTERED PROFESSIONAL SURVEYOR NEW MEXICO 5412 ENGINEER</p>
	<p>Certificate Number: <u>5412</u></p>

YATES PETROLEUM CORPORATION

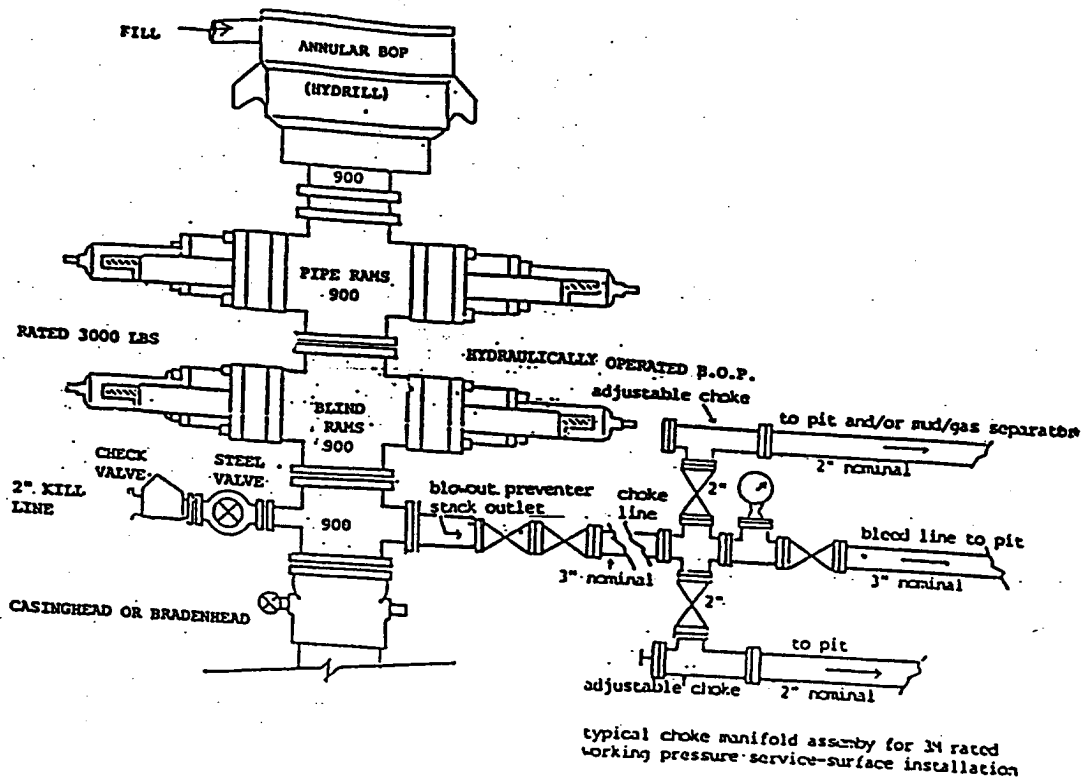


EXHIBIT B

THE FOLLOWING CONSTITUTES THE MINIMUM BLOWOUT PREVENTER REQUIREMENTS FOR 3000 PSI WP SYSTEMS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 3" diameter.
3. Kill line to be of all steel construction of 3" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. Hole or tube to be a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls to be located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing.