District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410

State of New Mexico 31 Energy Minerals and Natural Resources 2

Form C-101 May 27, 2004

Submit to appropriate District Office

District IV 1220 S. St. Fr					Santa	outh St. Francis a Fe, NM 87	505%	CO E	0.70		MENDED R	
APP	LICAT	<u>IONFO</u>	R PERMI	ΓΤΟ D	RILL, RE-	ENTER, D	EEPE	N, PLUGE	SACK,C	OR AD	D A ZON	1E
MYCO IN	DUSTRI	ES, INC.	•		55	1.05	61.81.71	01.5445				
		IESIA, N	IM 88211-084	+U 	⁵ Property	Nama		30- ()c\2-(```	Number	8SC ell No.	
•	ertyCode		ALFAL.	FA 32 FE		Name				#1	ch ivo.	
			ProposedPool 1	111 32 11				10]	ProposedPoo			
Wild	cat;	Wo	1fcamp								· · · · · · · · · · · · · · · · · · ·	
T			·			Location						
UL or lot no. P	Section 32	Township 15S	Range 25E	Lot	Idn Feet fi	rom the North/	South line TH	Feet from the 660'	East/\ EAS	Westline Г	CHAVES	
<u></u>			<u> </u>	osed Bott	om Hole Loca	ation If Differe		Surface				
UL or lot no.	Section	Township	Range	Lot I	dn Feet fi	rom the North/	South line	Feet from the		Westline	Coun	
M	32	15S	25E		660'	SOU		660'	WES	<u>T</u>	CHAVES	<u>}</u>
11 Work	Type Code	- 1	12 Well Type Co			<u>ell Informat</u> le/Rotary		14 Lease Type Cod	. 1	15 Gro	ound Level Eleva	tion
N	-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		3		R		P			3460'		
NO "M	lultiple		¹⁷ Proposed De 5200'	pth	" Fo. WOLFCA	rmation MD		19 Contractor	l	12/3	²⁰ Spud Date 51/2006	
Depth to Grou	ındwater		7200	Distanc	efrom nearest fre	sh water well	<u> </u>	Distance	from nearest	surfacew	vater	
Pit: Liner	: Synthetic	100' X 12 n	nilsthick Clay	Pit Vol	ume:10100bbls	>1000' Dril	ingMetho			>	1000'	
1	d-Loop Sys				0010		_	Brine Dies	el/Ol-based	□ Gas/	Air 🔲	
<u> </u>			2	1 Propos	sed Casing	and Cement						
Hole S	lize	Ca	sing Size		g weight/foot	Setting I			f Cement		Estimated TO	γ _C
12-1/4"	112	8-5/8"	sing size	32# / J-5			5°C'	400 SXS	Cement	CIR	CULATE	
7-7/8"		5-1/2"		17# / N-	80	9250'	BEN	1200 SXS		CIR	CULATE	
							·	<u> </u>				
NOTE: SE	T 40' OF	20" CO	NDUCTOR	DIDE &	CIRCULATI	CEMENT				-		
22 Describe t	he proposed	program. I	f this application	is to DEEPI	EN or PLUG BA	CK, give the data	on the pre	esent productive	zone and pro	posed ne	w productive z	one.
Describe the	blowout pre	vention pro	gram, if any. Use	additionals	sheets if necessar	y .						
NOTIFY N	MOCD (OF SPUD	AND WITN	ESS CM	r. SURFACE	CASING. IN	ISTALL	. 3000# DOU	BLE-RA	M B.O.	P.	
						CK AND DR				EST.		
ATTACHE	D: PERM	AIT INFO	RMATION, 44 (FRESH V	C-102, G	ENERAL PI	r permit, v	AIVER	REQUEST	H2S			
Ī			•									
*NOTE: D	ETAILEI	O WELL	SURVEY PR	OFILE T	O FOLLOW.			NOTIFY	OCD C)F SPI	UD & TIM	IE I
							SURFA	TE CASI	EME	aling o	F	
									CADI	11/100		
22-4												
²³ 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					OIL (CONSERV	ATION	<u>DIVIS</u>	SION			
constructed	according	to NMOCD	guidelines 🖳,			Approved by:						
an (attached	· · · · · · · · · · · · · · · · · · ·		oroved plan .	-,1					NG. A			
Printed name		IUNCY,		ai Has	Box.	Title:		ו פוע	KICI II	GEO	LOGIST	≈ 2007 .
Title:			EXPLORATI	ON MGI	₹.○	Approval D	EP 0	7 2006	Expiration	n Date:	SEP 0	₩ 2 500
E-mail Addre	ss: anmun	cy@myco	oinc.com								-	
Date: 09/0	05/2006		Phone:	(505)748	-4280	Conditions of A	Approval A	Attached 🗆				

DISTRICT IV

DISTRICT I 1625 M. FRENCH DR., HOBBS. NM 88240

State of New Mexico Snergy, Minerals and Natural Resource

Form C-102 Revised October 12, 2005 t to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT II

DISTRICT III 1000 Rio Braxos Rd., Axtec. NM 87410

1220 SOUTH ST. FRANCIS DREENED Santa Fe, New Mexico 87505 ARTESIA WELL LOCATION AND ACREAGE DEDICATION PLATS

OIL CONSERVATION DIVISI

1220 S. ST. PRANCIS DR., SANTA FE. HM 671	565		LI AMENDED REPORT
API Number	96086	Wilder 1 2324 26 Mame	' a, m p
Property Code		erty Name PA 32 FEE	Well Number
OGRIÐ No.		ator Name USTRIES, INC.	Elevation 3460'

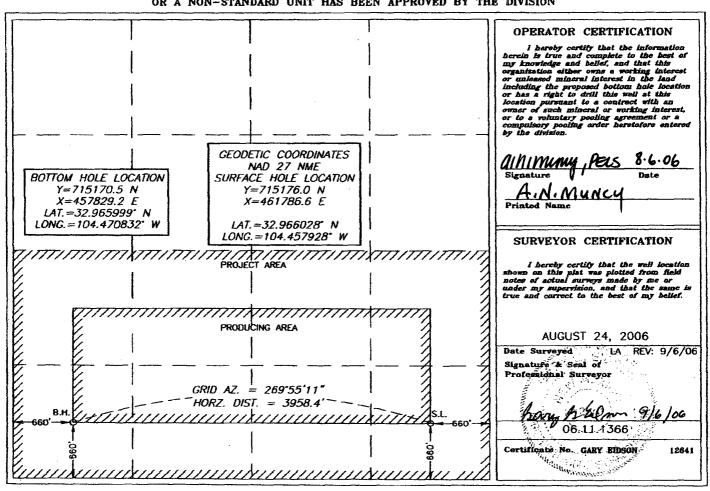
Surface Location

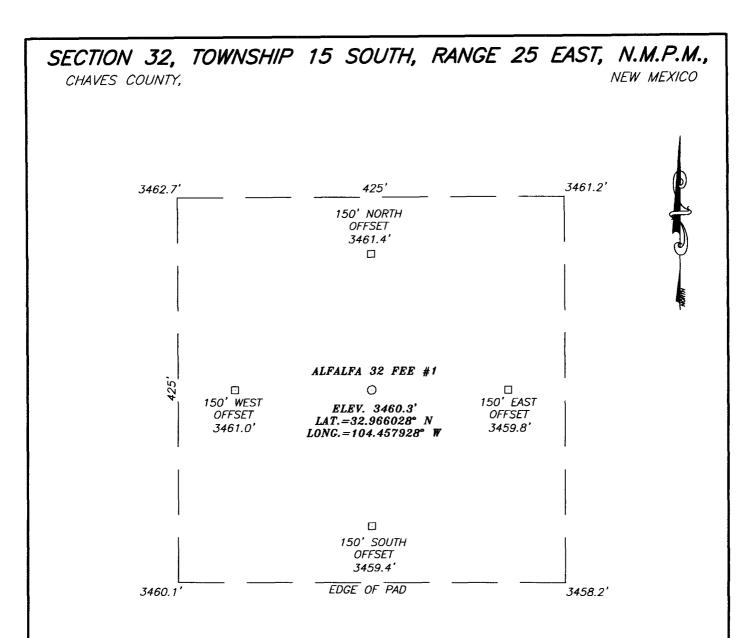
-	UL or lot No.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
1	P	32	15-S	25-E		660	SOUTH	660	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No	Section	Townsh	ip	Ratige	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
М	32	15-	-s	25-E		660	SOUTH	660	WEST	CHAVES
Dedicated A	res Joint	or infill	Con	solidation	Code On	der No.				
320	l							•		

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





DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #285 AND PEARSON ROAD (COUNTY LINE). GO WEST ON PEARSON ROAD FOR APPROX. 1.1 MILES. THIS LOCATION IS APPROX. 600 FEET NORTH.



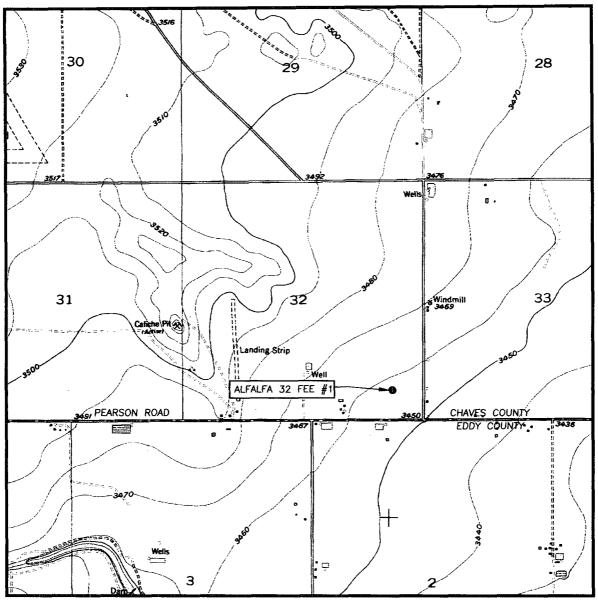
100	o	100	200 Feet
	Scale:1	"= 100'	

MYCO INDUSTRIES, INC.

ALFALFA 32 FEE #1 WELL LOCATED 660 FEET FROM THE SOUTH LINE AND 660 FEET FROM THE EAST LINE OF SECTION 32, TOWNSHIP 15 SOUTH, RANGE 25 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.

Survey Date: 8,	/24/06	9	Sheet	1	of	1	Sheets
W.O. Number: 06	.11.1366	Dr E	By: LA		R	ev 1:	N/A
Date: 8/28/06	Disk: CD#	¥5	0611	1366	5	Scal	le:1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: ESPUELA, N.M. - 10'

SEC. 32 TWP. 15-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 660' FSL & 660' FEL

ELEVATION 3460'

OPERATOR MYCO INDUSTRIES, INC.

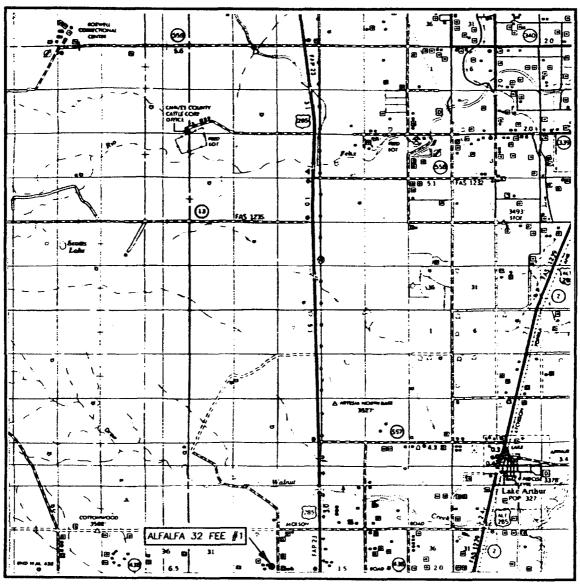
LEASE ALFALFA 32 FEE

U.S.G.S. TOPOGRAPHIC MAP

ESPUELA, N.M.



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 32 TWP. 15-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 660' FSL & 660' FEL

ELEVATION 3460'

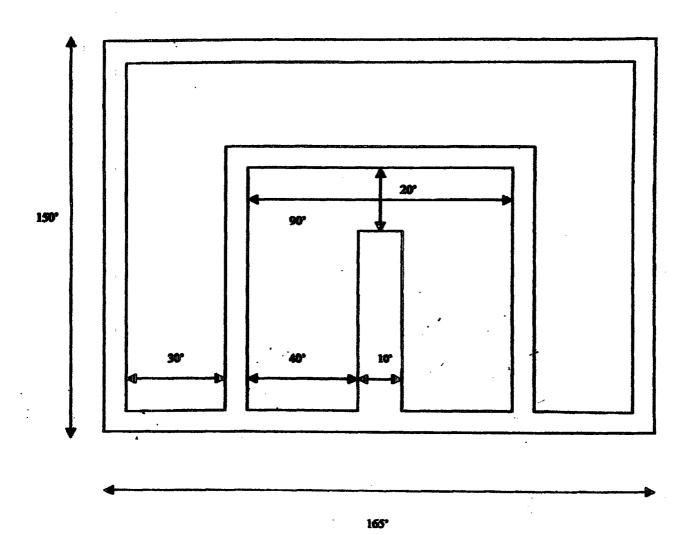
OPERATOR MYCO INDUSTRIES, INC.

LEASE ALFALFA 32 FEE





Double Horseshoe Reserve Pit Design



Approximate Inside Reserve Volume: 4500 bbls Approximate Outside Reserve Volume: 5800 bbls



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

20 December 2004

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

RE: General Plan

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division is in receipt of a General Plan (copy attached) submitted by Yates Petroleum Corporation dated 7 December, 2004. After review the Oil Conservation Division has accepted and approved the Plan. This plan shall be in effect as of 20 December, 2004 and will supersede the "General Plan" dated 14 April, 2004 submitted by Yates Petroleum Corporation.

Van Barton Field Rep. II MARTÍN VATES, III 1912 - 1985 FRANK W. YATES 1936 - 1988



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY

TREASURER

S, P. VATES RMAN OF THE BOARD

Mr. Tim Gum
Oil Conservation Division
State of New Mexico
1301 West Grand Ave.
Artesia, NM 88210

December 7, 2004

Re: General Plan

Drilling, Workover, and Blowdown Pit design and closure.

Dear Tim,

Yates Petroleum Corp. (Yates) appreciates your meeting with us on December 1, 2004 to help clarify some issues in connection with Rule 50 and the November 1, 2004 Pit and Below Grade Tank Guidelines.

As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on April 15, 2004. In an effort to simplify the required paperwork, we would now like to modify that plan to include more detailed information.

For purpose of this plan Yates, et al (Yates) includes:

- 1. Yates Petroleum Corp.
- 2. Yates Drilling Company
- 3. Abo Petroleum Corp.
- 4. Myco Industries, Inc.

The modified plan is attached for your review and approval. Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely

Dan Dolah

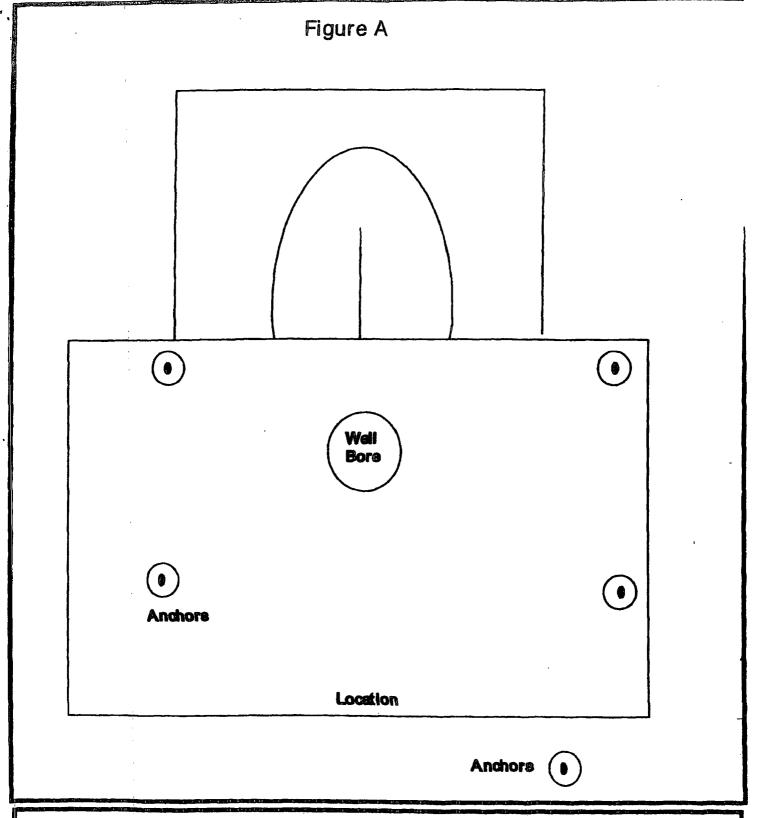
Yates Petroleum Corp. et al General Plan Pit Permitting, Construction and Closure December 7, 2004

1. Pit Permitting and Opening -

- a. Application for the pit permit shall be made on the Application for Permit to Drill (APD). The APD will include the following:
 - i. Site Ranking.
 - ii. Reference to this "General Plan" approved by NMOCD.
 - iii. Description of the proposed disposal method as outlined below.
 - When deep trench burial is proposed, approval of the APD
 will constitute a permit for both the drilling pit and the
 encapsulation pit(s). A separate Form C-144 will not be
 required.
- b. All pits will be designed and constructed pursuant to Part II of November 1, 2004 Pit and Below Grade Tank Guidelines (Guidelines). Pits shall be constructed as depicted in attached Figures A, B, C or D based on site specific requirements.
- 2. Pit Closure—Pits will be closed based on site specific conditions pursuant to Part IV of Guidelines by one of the following methods:
 - a. Excavation and removal. Wastes will be excavated and disposed of at an off-site OCD-approved facility or location.
 - Below Grade Encapsulation. Bncapsulation will be pursuant to Part IV.B.2 of Guidelines.
 - c. <u>Capping and Encapsulation Insitu</u>. Capping and encapsulation will be pursuant to Part IV.B.3(a) of Guidelines.
 - d. <u>Deep Trench Burial and Capping</u>. Deep trench burial and capping will be pursuant to Part IV.B.3(b) of Guidelines. Attached Figures E, F and G depict standard types of encapsulation pits utilized by Yates. Each encapsulation trench type is designed to hold 2000 cubic yards of drill cuttings.
 - e. <u>Exemption</u>: Yates may request an exemption on a site specific basis as provided for in 19.15.2.50 NMAC (Rule 50).

The proposed method for pit closure will be indicated on the APD as one of the above methods. Approval of the APD will constitute approval of the closure plan. No other closure plan will be submitted. Yates will notify OCD 48-hours prior to closure of pit and submit a C-144 when pit is closed.

If, due to site specific conditions encountered during the course of operations, Yates proposes to change the method of closure, a request outlining the new plan will be submitted on a C-144 for OCD approval prior to closure.



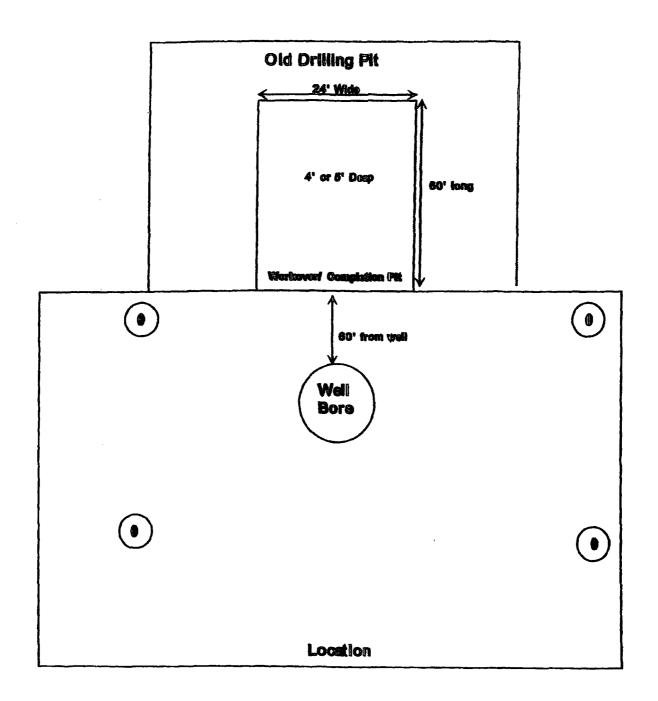
Yates Petroleum Standard Reserve Pit

All Reserve Pits are double horse shoe. Size varies with depth of well

12/8/04



Figure B





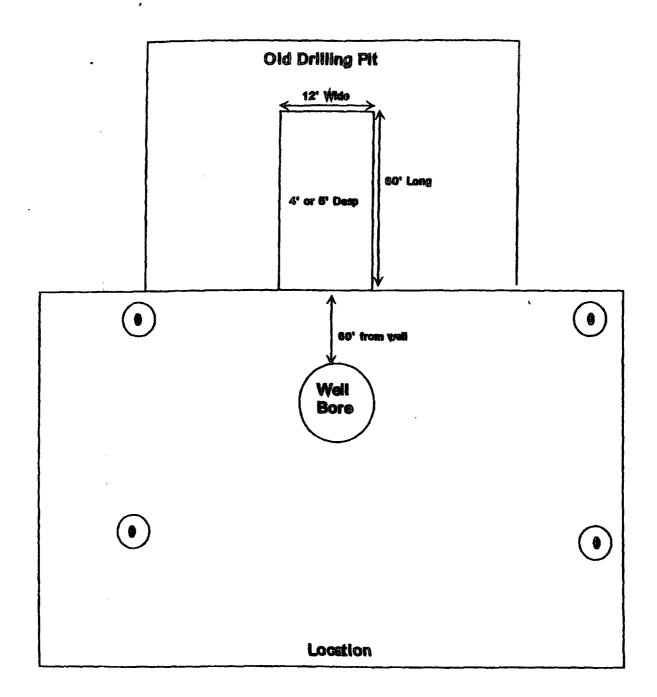
Yates Petroleum Workover/ Completion Pit Design

Built with Dozer

12/8/04



Figure C

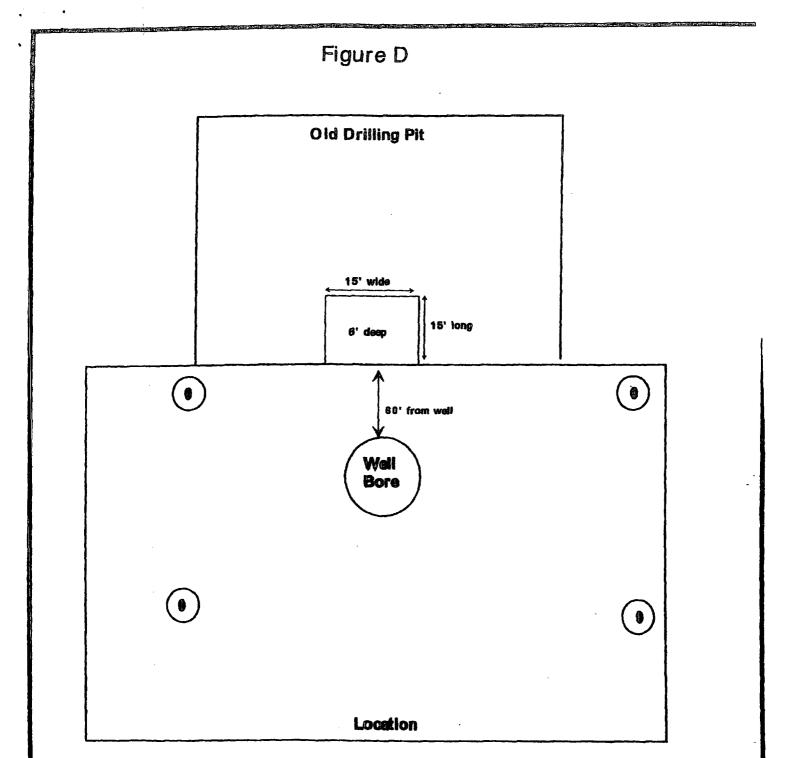




Yates Petroleum Workover/ Completion Pit Design

Built with Backhoe 12/8/04





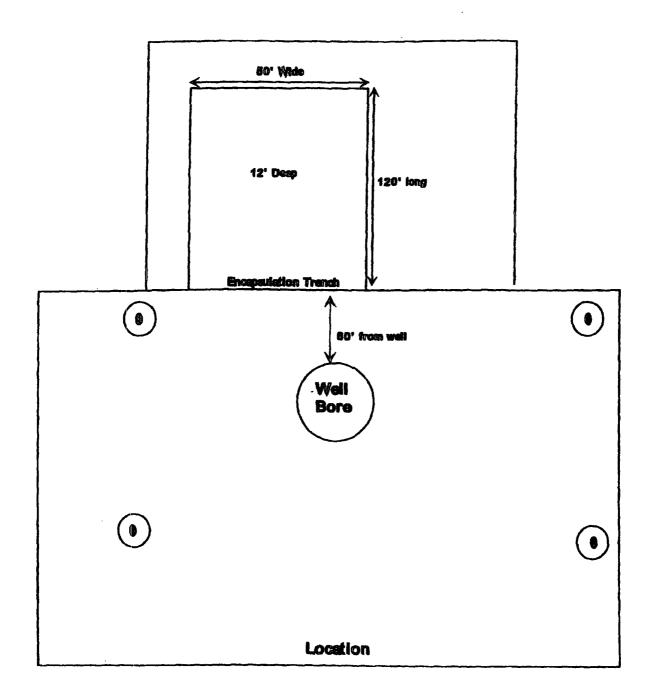


Yates Petroleum Workover/ Completion Pit Design Built with Backhoe

12/8/04



Figure E





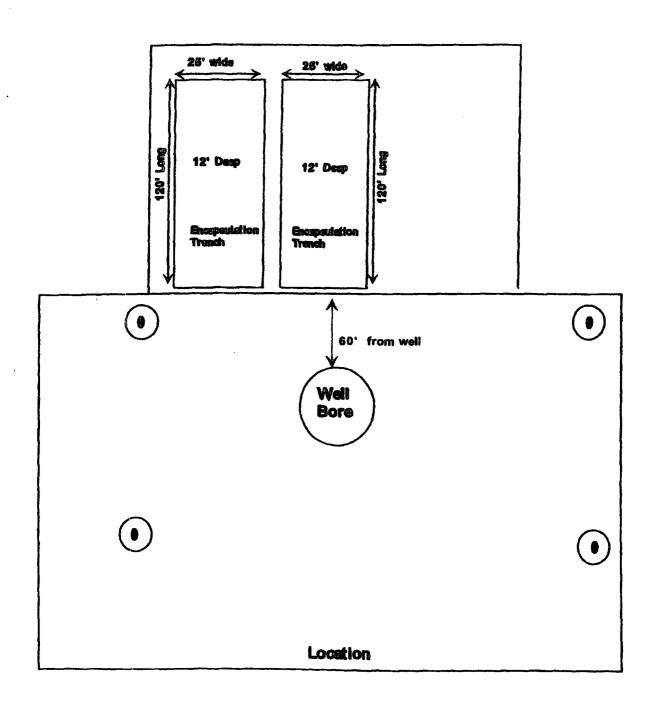
Yates Petroleum

Deep Trench Encapsulation

12/8/04



Figure F





Yates Petroleum

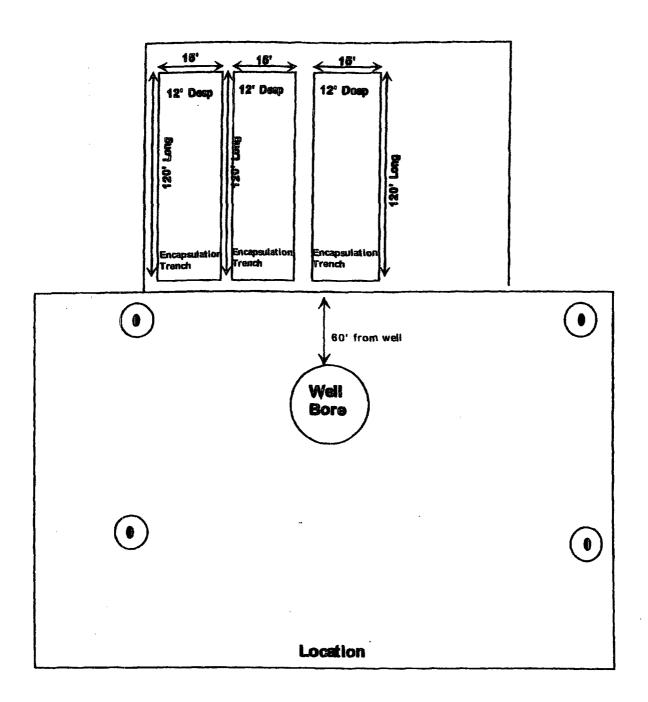
Deep Trench Encapsulation

Built with Backhoe

12/8/04



Figure G



Anchors (



Yates Petroleum Deep Trench Encapsulation

12/8/04





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

4 January 2005

Mr. Dan Dolan Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

RE: General Plan - John A. Yates Jr., Oil Producer

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division on 30 December, 2004 received a request for "John A. Yates Jr., Oil Producer" to be covered by the General Permit submitted by you on 20 December, 2004. This request is approved. John A. Yates Jr., Oil Producer will be added to the Yates Companies that are covered by the Plan.

Van Barton Field Rep. II MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES

PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDENT

TELEPHONE (505) 748-1471

Mr. Van Barton
Oil Conservation Division
State of New Mexico
1301 West Grand Ave.
Artesia, NM 88210

RECEIVED

DEC. 8 0 7004

December 30, 2004

Re: General Plan

Drilling, Workover, and Blowdown Pit Design and closure.

Dear Van,

As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on December 20, 2004, this was an amended plan, submitted for clarification and simplification of the original plan, approved by you on April 15, 2004.

We are requesting the addition of "John A. Yates Jr., Oil Producer", to the Yates Companies on the approved plan.

Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely,

Daniel W. Dolan CWC

Environmental Regulatory Agent



MYCO INDUSTRIES, INC.

OIL PRODUCERS

POST OFFICE BOX 840 ARTESIA, NEW MEXICO 88211-0840 Phone (505) 748-1471

September 5, 2006

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1301 W. Grand Avenue Artesia, NM 88210

To Whom It May Concern:

I am writing to request a waiver for the inclusion of an H₂S Contingency Plan for the Alfalfa 32 Fee #1. The current plan is to complete this well in the Wolfcamp, which is sweet, and I do not anticipate encountering any H₂S bearing formations during drilling operations.

Sincerely,

MYCO INDUSTRIES, INC.

James Schlueter

Geologist

JS/hp

MYCO INDUSTRIES, INC.

Well Name: Alfalfa 32 Fee #1

Location:

SL 660' FSL & 660' FEL, Section 32, T-15-S, R-25-E, Chaves Co, NM

BHL 660' FSL & 660' FWL, Section 32, T-15-S, R-25-E, Chaves Co, NM

Casing Program:

Casing	Setting	Hole	Casing	Casing	Casing	Desired
	Depth	Size	Size	Weight	Grade	TOC
Surface	950'	12-1/4"	8-5/8"	32#	J-55	Surface
Production	9250'	7-7/8"	5-1/2"	17#	N-80	Surface

Cement Program:

Depth	No. Sacks	Slurries:
950'	150	Lead: Premium Plus + 2% CaCl ₂ + 3% Econolite + 1/4 pps Flocele
	250	Tail: Premium Plus + 2% CaCl ₂ + ¼ pps Flocele
9250'	500	Lead: Interfill C + 1/4 pps Flocele
	700	Tail: Premium Cement + 100% Acid Soluable Additive + 0.6%
	ļ	Halad®-344 + 0.8% Econolite + 0.2% HR-55

Mud Program:

Depth	Type	Weight (ppg)	Viscosity	Water Loss
0-950'	Fresh-Gel	8.6-8.8	28-34	N/c
950-4400'	Cut Brine	8.8-9.2	28-34	N/c
4400-5200'	Cut Brine	8.8-9.2	28-34	10-15
4468-9250'	Polymer (Lateral)	9.0-9.4	40-45	10-20

Myco Industries, Inc.

423 W. Main Street Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan

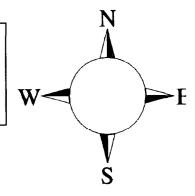
For

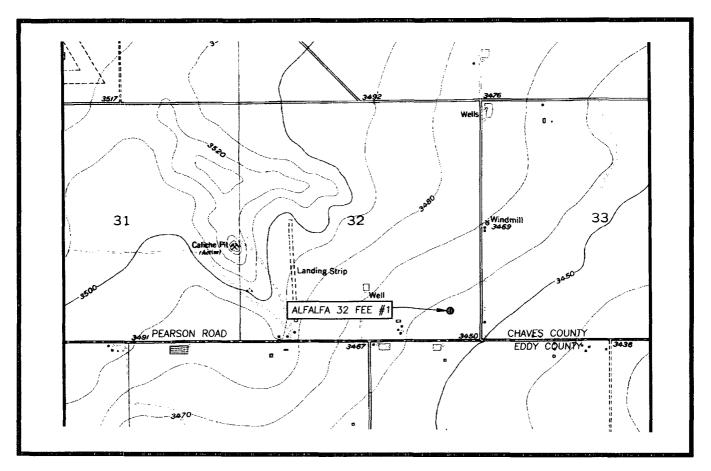
Alfalfa 32 Fee #1
660' FSL & 660' FEL (Surface)
660' FSL & 660' FWL (Bottom-Hole)
Sec-32, T-15S, R-25E
Chaves County NM



Alfalfa 32 Fee #1 Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.





Assumed 100 ppm ROE = 3000° 100 ppm 125 concentration shall trigger reflection of this plan.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr- ation
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Myco personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Myco Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Myco Industries, Inc. Phone Numbers

Myco Office	
Nelson Muncy/Operations Engineering Manager	(505) 748-4289
	(505) 308-3502
Carlos Guerrero/Field Supervisor	
Artesia Answering Service	
(During non-office hours)	()
Agency Call List	
Eddy County (505)	
Artesia	
State Police	746-2703
City Police	
Sheriff's Office	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	
NMOCD	748-1283
Carlsbad	005 2127
State Police	
City Police	
Sheriff's Office	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	887-3798
US Bureau of Land Management	887-6544
·	
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center	,
	(800) 424-8802
rational Emergency response center (washington, De)	(000) 424-0002
Other	
Boots & Coots IWC1-800-256-9688 or (281) 931-8884	
Cudd Pressure Control(915) 699-0139 or (915) 563-3356	
Halliburton	
B. J. Services(505) 746-3569	
Flight For Life 4000 24th St. Lukhook TV (9	06) 7/2 0011
Flight For Life -4000 24th St, Lubbock, TX	
Aerocare -Rr 3 Box 49f, Lubbock, TX	
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM(5	
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM(5	US) 842-4949