N.M. OII OM

Form 3160-3 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR

Expires November 30, 2000 5. Lease Serial No.

OMB No. 1004-0136

| BUREAU OF LAIND MAIN | AGEMENT | 00000 | | NWI-31099 | | |
|--|---------------------|--|--------------------|--|--------------------------|--|
| APPLICATION FOR PERMIT TO | DRILL OR R | EENTER | | 6. If Indian, Allottee o | | |
| | | plicable | | | | |
| a. Type of Work: X DRILL REENTER | | | | 7. If Unit or CA Agreement, Name and No. | | |
| | | | | | plicable | |
| | | | | 8. Lease Name and W | ell No. 2959 | |
| b. Type of Well: Oil Well Gas Other Well | ч | Single Zone | Multiple Zone | Horn YG Fe | deral Com #8 | |
| 2. Name of Operator | | | | 9. API Well No. | /3.co = | |
| Yates Petroleum Corporation 25575 | | | | | <u>-63892</u> | |
| 3A. Address 105 South Fourth Street | 3b. Phone No | . (include area cod | - | 10. Field and Pool, or | Exploratory | |
| Artesia, New Mexico 88210 | | (505) 748-147 | 71 | | Permian, North(97094) | |
| 4. Location of Well (Report location clearly and in accordance with a | - | | | | Blk, and Survey or Area | |
| At surface 990' FNL and | • | | | 1 | -R26E, Mer NMP | |
| | e as above | ROSWELL CONTI | CLLED WATER I | 4 | | |
| 14. Distance in miles and direction from nearest town or post office* | | | | 12. County or Parish | 13. State | |
| Approximately twenty (20) miles northeast of Ro | swell, New | Mexico | | Chaves Cou | inty NM | |
| 15. Distance from proposed* location to nearest | 16. No. of A | cres in lease | 17. Spacing Ur | it dedicated to this well | | |
| property or lease line, ft. (Also to nearest drig, unit line, if any) | | 2420 | | 220 norse N | ıo | |
| 18. Distance from proposed location* | | 2120 19. Proposed Depth 20. BLM/BIA B | | 320 acres-N/2 Bond No. on file | | |
| to nearest well, drilling, completed, applied for, on this lease, ft. 3000' | | 5875' | 20. BENVBIN | NMB000434 | | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) | 22. Approxi | mate date work will | start* | 23. Estimated duration | | |
| 3809' GL | | ASAP | | 30 days | | |
| | 24. Atta | chments | | | | |
| The following, completed in accordance with the requirements of Onsl | nore Oil and Gas | Order No. 1, shall b | e attached to this | form: | | |
| 1. Well plat certified by a registered surveyor. | | 4. Bond to cove | er the operations | unless covered by an exi | sting bond on file (see | |
| 2. A Drilling Plan. | | Item 20 abov | - | | · · | |
| 3. A Surface Use Plan (if the location is on National Forest System La | nds, the | 5. Operator cert | , | | | |
| SUPO shall be filed with the appropriate Forest Service Office. | | 1 | | ation and/or plans as may | he required by the | |
| Control of the contro | | authorized of | - | ation and/or plans as may | be required by the | |
| 25. Signature V | Nam | e (Printed/Typed) | | iD | ate | |
| Maltre S. Callall | 1 | bbie L. Caffall 12/8/2006 | | | 12/8/2006 | |
| Regulatory Agent | | | | | | |
| Regulatory Agent | | | | | | |
| Approved by (Signature) | Nam | e (Printed/Typed) | /S/LARHY | D. BRAY | JAN 09 200 | |
| Title Assistant Field Manager. | Offic | | | | | |
| Lands And Minerals | i | ROSWELL FI | ELD OFFICE | APPROVE | D FOR 1 YEAR | |
| Application approval does not warrant or certify that the applicant hole | ls legal or equitab | ole title to those righ | nts in the subject | lease which would entitle | the applicant to conduct | |
| operations thereon. | | | | | | |
| Conditions of approval, if any, are attached. | | | | | *** <u></u> | |
| Title 19 II C. Continu 1001 and Title 42 II C. Continu 1212 made i | t a anima far anu | | nd willfully to me | les to any department on a | gangy of the United | |

U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Previously Approved

C-144 attached

APPROVAL SUBJECT TO **GENERAL REQUIREMENTS AND** SPECIAL STIPULATIONS ATTACHED

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

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

1220 S. St. Francis Dr., Santa Fe, NM 87505

District IV

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION DELIVED
1220 South St. Francis Dr. ocd - ARTESIA
Santa Fe, NM 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1 A | API Number | | 0 | Pool Code | | on Ranch; | Pie - Pers | ne Na iost | | |
|--------------------------------|------------------------|----------------------------|------------------|------------|---------------|-------------------|---------------|----------------|--------------------------|--|
| 4 Property C | Code | ⁵ Property Name | | | | | | 6 , | ⁶ Well Number | |
| | ľ | | | | Horn "YG" | Federal Com | | | 8 | |
| ⁷ OGRID N | No. | | | | 8 Operator 1 | Name | | | ⁹ Elevation | |
| 025575 | ĺ | | | | Yates Petro | oleum Corporation | | | 3809 | |
| 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 | |
| Α | 9 | 8 S | 26 E | | 990 | North | 990 | East | Chaves | |
| | | | ¹¹ Bo | ottom Ho | le Location I | f Different Fron | n Surface | | | |
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | |
| Dedicated Acres | ¹³ Joint or | Infill 14 C | onsolidation | Code 15 Or | rder 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.

| 16 NM-31099 | NM-18607 | ,06b 990' | 17 OPERATOR CERTIFICATION 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. Value Value |
|----------------|----------|--------------|---|
| | | | 18 SURVEYOR CERTIFICATION 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. Date of Survey Signature and Seal of Professional Surveyor: REFER TO ORIGINAL PLAT Certificate Number |

DISTRICT I
1000 M. Franco Dr., Matter, No. 20040

\$18778CT II
201 Street Fort., Arteria, No. 20040

DISTRICT III
1000 Me Branco Mi., Antono, No. 57910

DESTRICT IV
2000 South Forthern, Spate Fo., No. 27905

State of New Mexico

Form G-108
Novime Herch 17, 1880
Instruction on back
Submit to Appropriate District Office
State - 4 Copies
Pet Lesse - 2 Copies

OIL CONSERVATION DIVISION P.O. Box 2068 Santa Fe, New Mexico 87504-2066

D AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| Property Dade Property Date | | | | | | | | | | |
|--|-----------------|----------|---------------------------|---------------|-------------|---------------|-----------------|--|--|----------------|
| Property Roads HORN YOT FERENAL COM. GENTLE BALL GENTL | | | | | | | | | | |
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| Bottom Hole Location M Different Prom Burface Bottom Hole Location M Different Prom Burface Bottom Hole Location M Different Prom Burface B | | | <u> </u> | | | Surface Loc | ation | | | |
| Bottom Hole Location II Different From Surface Us or left No. Section Township Sump Left bin Foot from the North/South Ree Foot from the Sun/Veyt No. County 320 NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL BYTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE SIVESION NH-18607 NH-18607 NH-18607 NH-18607 Regulatory Agent Regulatory Agent Regulatory Agent Sold SUNYEVOR CHRITIFICATION A particle Peres Regulatory Agent Sold SUNYEVOR CHRITIFICATION A particle for our of sumption in the sum of sumption in the sum of sumption of the sum of sum of sumption of the sum of su | til er let No. | Proties | Township | Respo | Let Min | Pool from the | North/Bruth Har | Foot from the | Back/Fook Man | |
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| MM-18607 MM-186 | | | VA A . | NON-2171 | | at may been | ATTIONED BY | | | |
| MH-18607 MH-186 | | | | | | | | | | |
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| The state of the s | 1 | | | | | 125 | ARIESIA | - | - Value 1 | ALS 3640 |
| | | | | | | 765 | , | | Torre course | Y |
| | | | 19507 12 | 20' 2010' | 9310' | 1960' 1960' | | | | |

YATES PETROLEUM CORPORATION

Horn "YG" Federal Com. #8

990' FNL and 990' FEL Section 9-T8S-R26E Chaves County, New Mexico

1. The estimated tops of geologic markers are as follows:

| San Andres | 845' | Cisco | 5415' |
|------------|-------|-----------------------|-------|
| Glorieta | 1915' | Dorothy Zone | 5505' |
| Yeso | 2035' | Strawn | 5545' |
| Tubb | 3475' | Siluro-Devonian | 5635' |
| Abo | 4185' | Pre-Cambrian Basement | 5725' |
| Wolfcamp | 4850' | TD | 5875' |
| Spear Zone | 5185' | | |

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water:

250'-350'

Oil or Gas: All potential formations.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 2000# BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.
- 4. THE PROPOSED CASING AND CEMENTING PROGRAM:
 - A. Casing Program: (All New)

| Hole Size | Casing Size | Wt./Ft | Grade | Coupling | <u>Interval</u> | <u>Length</u> |
|-----------|-------------|--------|-------|----------|-----------------|---------------|
| 12 1/4" | 8 5/8" | 24# | J-55 | ST&C | 0-1000' | 1000' |
| 7 7/8" | 5 1/2" | 15.5# | J-55 | ST&C | 0-5875' | 5875' |

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8

Horn "YG" Federal Com. #8

Page 2

A. CEMENTING PROGRAM:

Surface Casing: Cement with 300 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with

200 sx "C" + 2% CaCl2 (YLD 1.32 WT 15.6).

Production Casing: 400 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3600'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Viscosity</u> | Fluid Loss |
|-----------------|------------------|---------------|------------------|------------|
| 0-1000' | FW GEL/Paper/LCM | 8.6-9.6 | 32-36 | N/C |
| 1000'-4085' | Brine | 10.0-10.2 | 28 | N/C |
| 4085'-5875' | Starch/Salt Gel | 9.3-10.2 | 34-45 | <6CC |

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.

Logging: Platform Express, CNL/LDT W/NGT to TD to surf csg, with GR/CNL up to surf:

DLL/MSFL TD to surf csg, BHC Sonic TD to surf csg. FMI-TD to top of

Wolfcamp.

Coring: Sidewall

DST's: None

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0 TO: 1000' Anticipated Max. BHP: 500 PSI From: 1000' TO: 5875' Anticipated Max. BHP: 2700 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 145 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

WITHESS