

APPLICATION FOR PERMIT TO DRILL OR REENTER

OMB No. 1004-0136
Expires November 30, 2000

Lease Serial No.

NM-660

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Federal GR #2H

36274

9. API Well No.

30-015-38403

10. Field and Pool, or Exploratory

Wildcat Wolfcamp

11. Sec., T., R., M., or Blk. and Survey or Area

Section 24, T17S-R24E

12. County or Parish

Eddy County

13. State

NM

1a. Type of Work: ☒ DRILL ☐ REENTERb. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone2. Name of Operator **Yates Petroleum Corporation** **ROSWELL CONTROLLED WATER BASIN**3A. Address **105 South Fourth Street**
Artesia, New Mexico 882103b. Phone No. (include area code)
(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **SUBJECT TO LIKE** **660' FNL and 660' FEL Pilot Hole**
At proposed **APPROVAL BY STATE** **660' FNL and 660' FWL Bottom Hole**

14. Distance in miles and direction from nearest town or post office*

Approximately 8 miles west of Artesia, New Mexico.15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

660'

16. No. of Acres in lease

640

17. Spacing Unit dedicated to this well

N/2

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

1 mile.

19. Proposed Depth

5250'

20. BLM/BIA Bond No. on file

NMB000434

NM-2841

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3666' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature

Name (Printed/Typed)

Date

Cy Cowan

10/9/2006

Regulatory Agent

Regulatory Agent

Approved by (Signature)

/s/ Don Peterson

Name (Printed/Typed)

Date

DEC 9 2006

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 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)

C-144 attached

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

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 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 API Number	² Pool Code 94623	³ Pool Name Collins Ranch; Wolfcamp, NE
⁴ Property Code	⁵ Property Name Federal GR	⁶ Well Number 2H
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3666

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
A	24	17 S	24 E		660	North	660	East	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
D	24	17 S	24 E		660	North	660	West	Eddy

¹² Dedicated Acres 320 N/2	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.

660'	660'	NM-660	660'	660'

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.

Cy Cowan 1/15/2007
Signature Date

Cy Cowan, Regulatory Agent
Printed Name

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
1425 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brason Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name Wildcat Wolfcamp	
⁴ Property Code		⁵ Property Name FEDERAL GR			⁶ Well Number 2H
⁷ OGRID No. 022575		⁸ Operator Name YATES PETROLEUM CORPORATION			⁹ Elevation 3666

¹⁰ Surface Location

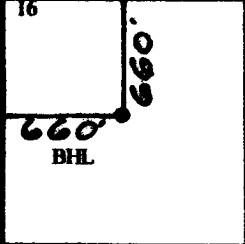
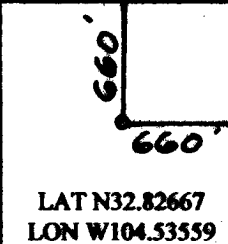
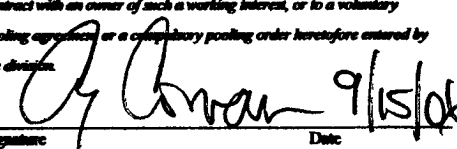
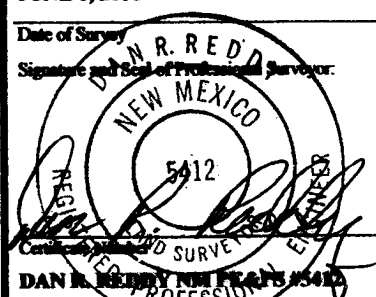
UL or lot no. A	Section 24	Township 17-S	Range 24-E	Lot 1/4	Feet from the 660	North/South line NORTH	Feet from the 660	East/West line EAST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. D	Section 24	Township 17-S	Range 24-E	Lot 1/4	Feet from the 660	North/South line NORTH	Feet from the 660	East/West line WEST	County EDDY
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¹² Dedicated Acre 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.

¹⁶  NM-660	 LAT N32.82667 LON W104.53559	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 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 working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature _____ Date 9/15/06 Cy Cowan, Regulatory Agent Printed Name _____
		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. JUNE 6, 2006 Date of Survey _____ Signature and Seal of Professional Surveyor:  DAN R. REDDY NM PEAS #5412

YATES PETROLEUM CORPORATION

Federal GR #2H

660' FNL & 660' FEL (Pilot Hole)
660' FNL & 660' FWL (Bottom Hole)
Section 24-T17S-R24E
Eddy County, New Mexico

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

San Andres	673'	Base Wolfcamp Pay	5085'
Glorietta	1953'	Base Wolfcamp Shale	5133'
Tubb	3258'	TD (Pilot Hole)	5250'
Abo	3913'	TD (Lateral Hole)	8838'
Wolfcamp	5028'		

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

Water: 309'
Oil or Gas: All potential formations.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and the rated for 3000# 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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13.3/8"	48#	H-40	ST&C	0- 350'	350'
12 1/4"	9.5/8"	36#	J-55	ST&C	0-1500'	1500'
8 3/4"	Open Hole				5250' TVD	5250'
**8 3/4"	7.0"	26#	J-55	ST&C	0-5160'	5160'
7 7/8"	5.5"	17#	HCP-110	LT&C	0-8838'MD	8838'

**7" casing will only be run if hole conditions dictate that it is needed. If 7" is run, a 6.1/8" hole will be drilled and run 4.5" production casing run and cemented to tie-in to the 7" casing.

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

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	4660.00	0.00	0.00	4660.00	0.00	0.00	15.00	270	GN
3	4675.00	2.25	270.00	4675.00	0.00	-0.29	15.00	0	HS
4	4700.00	6.00	270.00	4699.93	0.00	-2.09	15.00	0	HS
5	4725.00	9.75	270.00	4724.69	0.00	-5.52	15.00	0	HS
6	4750.00	13.50	270.00	4749.17	0.00	-10.55	15.00	0	HS
7	4775.00	17.25	270.00	4773.27	0.00	-17.18	15.00	0	HS
8	4800.00	21.00	270.00	4796.89	0.00	-25.37	15.00	0	HS
9	4825.00	24.75	270.00	4819.92	0.00	-35.09	15.00	0	HS
10	4850.00	28.50	270.00	4842.26	0.00	-46.29	15.00	0	HS
11	4875.00	32.25	270.00	4863.83	0.00	-58.93	15.00	0	HS
12	4900.00	36.00	270.00	4884.52	0.00	-72.95	15.00	0	HS
13	4925.00	39.75	270.00	4904.25	0.00	-88.30	15.00	0	HS
14	4950.00	43.50	270.00	4922.93	0.00	-104.90	15.00	0	HS
15	4975.00	47.25	270.00	4940.49	0.00	-122.69	15.00	0	HS
16	5000.00	51.00	270.00	4956.85	0.00	-141.59	15.00	0	HS
17	5025.00	54.75	270.00	4971.93	0.00	-161.52	15.00	0	HS
18	5050.00	58.50	270.00	4985.69	0.00	-182.39	15.00	0	HS
19	5075.00	62.25	270.00	4998.04	0.00	-204.12	15.00	0	HS
20	5100.00	66.00	270.00	5008.95	0.00	-226.61	15.00	0	HS
21	5125.00	69.75	270.00	5018.36	0.00	-249.76	15.00	0	HS
22	5150.00	73.50	270.00	5026.24	0.00	-273.49	15.00	0	HS
23	5175.00	77.25	270.00	5032.55	0.00	-297.67	15.00	0	HS
24	5200.00	81.00	270.00	5037.27	0.00	-322.22	15.00	0	HS
25	5225.00	84.75	270.00	5040.37	0.00	-347.02	15.00	0	HS
26	5250.00	88.50	270.00	5041.84	0.00	-371.97	15.00	0	HS
27	5264.16	90.62	270.00	5041.95	0.00	-386.14	0.00		
28	8838.24	90.62	270.00	5003.00	0.00	-3960.00	0.00		

B. CEMENTING PROGRAM:

Surface Casing: Cement with 250 sx C Lite (YLD 2.1 WT 12.6). Tail in with 200 sx class "C" with 2% CaCl₂ (YLD 1.32 WT 14.8). TOC-Surface

Intermediate Casing: 450 SX C lite (YLD 2.1 WT 12.6) and tail in with 200 sx Class C with 2% CaCl₂ (YLD 1.32 WT 14.8). TOC-Surface.

Production Casing: Lead with 775 SX lite C (YLD 2.05 WT 12.5). Tail in w/1220 Magne Plus (YLD 1.05 WT 13.0) TOC 600'.

If 7' casing is run a 6¼" hole will be drilled and 4 ½" production casing will be set. (TOC-1000') Lead w/775 sx Lite 'C' (YLD 2.05 WT 12.5). Tail in w/1200 sx Magne Plus (YLD 1.05 WT 13).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW/Spud Mud	8.4-8.9	32-36	N/C
350'-1300'	FW Gel/Air Mist	8.4-8.9	28-34	N/C
1300'-8838'	Cut Brine	8.8-9.2	28	N/C

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. Rig personnel will check mud hourly.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under intermediate casing to TD.

Logging: Platform Express/HALS, FMI

Coring: Rotary Sidewall Cores (Pilot Hole)

DST's: None Anticipated

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

Anticipated BHP:

From: 0	TO: 350' TVD	Anticipated Max. BHP: 162 PSI
From: 350'	TO: 1500' TVD	Anticipated Max. BHP: 695 PSI
From: 1500	TO: 5250' TVD	Anticipated Max. BHP: 2510 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 168 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 40 days.