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

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

JUN 13 2008
OCD-ARTESIA

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

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

| [1] Operator Name and Address | [2] OGRID Number |
|---|---|
| YATES PETROLEUM CORPORATION<br>105 South Fourth Street<br>Artesia, New Mexico 88210 | 025575 |
| | [3] API Number<br>30 - 015 - 36387 |

| [3] Property Code | [5] Property Name | [6] Well No. |
|---|---|---|
| 37218 | Network BKW Federal Com. | #1H |

| [9] Proposed Pool 1 | [10] Proposed Pool 2 |
|---|---|
| Wildcat Wolfcamp | |

## [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 |
|---|---|---|---|---|---|---|---|---|---|
| P | 15 | 16S | 25E | | 760 | South | 260 | East | 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 |
|---|---|---|---|---|---|---|---|---|---|
| M | 15 | 16S | 25E | | 760 | North | 660 | West | Eddy |

## Additional Well Information

| [11] Work Type Code | [12] Well Type Code | [13] Cable/Rotary | [14] Lease Type Code | [15] Ground Level Elevation |
|---|---|---|---|---|
| N | G | Rotary | Federal & Fee | 3474' GL |
| [16] Multiple | [17] Proposed Depth | [18] Formation | [19] Contractor | [20] Spud Date |
| No | TVD 4910' & MD 9167' | Wolfcamp | | ASAP |

| Depth to Groundwater 100'+ | Distance from nearest fresh water well more than 1000' | Distance from nearest surface water more than 1000' |
|---|---|---|

Pit: ~~Liner: Synthetic~~ ☒ 12 ~~mils thick Clay~~ ☐ ~~Pit Volume: 24,000 bbls~~ Drilling Method:

Closed-Loop System ☐ NO

Fresh Water ☒ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐

## [21] Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|---|---|---|---|---|---|
| 12 1/4" | 8 5/8" | 24# | 1000' | 500 | Surface |
| 7 7/8" | 5 1/2" | 17# | 9167' TMD | 1375 | Surface |
| | | | | | |
| | | | | | |
| | | | | | |

[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 Wolfcamp and intermediate formations. A pilot hole will be drilled to 5250'. The well will then be plugged back and kicked off at approx 4533' at 12 degrees per 100' with a 7 7/8" hole to a total vertical depth of 4910' with a MD of 9167' where 5 ½" casing will be set and cemented.

MUD PROGRAM 0 to 1000' w/Fresh Water Gel; 1000' to 4450' w/Cut Brine; 4450 to 5250' w/Cut Brine; (Horizontal Section) 4533' to 9167'w/Cut Brine

BOPE PROGRAM: A 3000 psi system will be nippled up and tested on the 8 5/8" casing. The BOP will be tested daily for operational.

H2S is not anticipated

[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 constructed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.**

| | |
|---|---|
| Printed name: Clifton May / Clifton May | Title: |
| Title: Regulatory Agent | Approval Date: 6/18/08 Expiration Date: 6/18/10 |
| E-mail Address. | |
| Date: June 12, 2008 Phone: 575-748-4347 | Conditic |

OIL CONSERVATION DIVISION

Approved: Jim W. Gum

District II Supervisor

NOTE: NEW PIT RULE 19.15.17 NMAC.

Drilling pit must be constructed, operated and closed per above new rule.

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 and Natural Resources Department

# OIL CONSERVATION DIVISION

*1220 South St. Francis Dr.*
*Santa Fe, New Mexico 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

| API Number | Pool Code | Pool Name |
|---|---|---|
| | 97489 | Wildcat Wolfcamp |

| Property Code | Property Name | Well Number |
|---|---|---|
| | NETWORK "BKW" FEDERAL COM. | 1H |

| OGRID No. | Operator Name | Elevation |
|---|---|---|
| 025575 | YATES PETROLEUM CORP. | 3474 |

### Surface Location

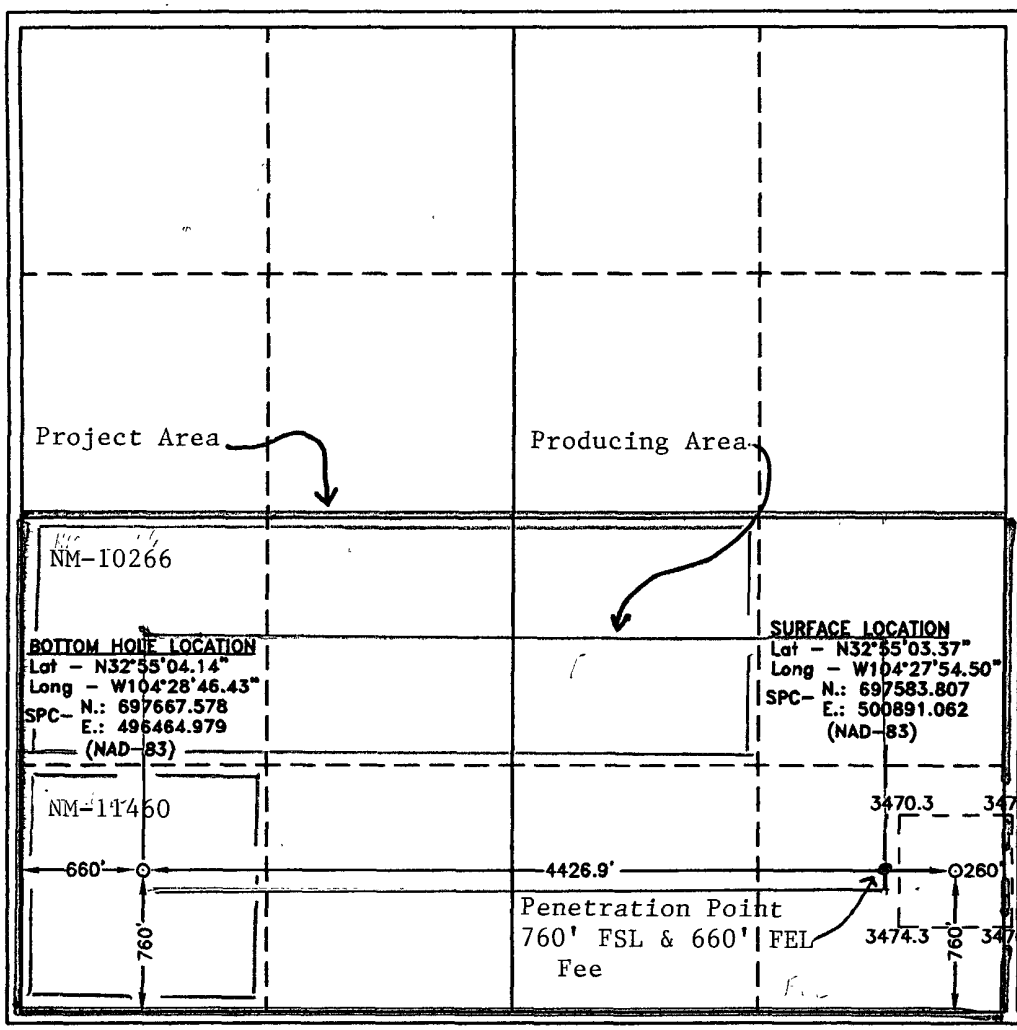
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| P | 15 | 16 S | 25 E | | 760 | SOUTH | 260 | EAST | EDDY |

### 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 |
|---|---|---|---|---|---|---|---|---|---|
| M | 15 | 16 S | 25 E | | 760 | SOUTH | 660 | WEST | EDDY |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|---|---|---|---|
| 320 S2 | | | |

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




### 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 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.*

Clifton May 8/12/08
Signature Date

Clifton May, Regulatory Agent
Printed Name

### 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 supervison, and that the same is true and correct to the best of my belief.*

FEDRUARY 27, 2008
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977

Certificate No. Gary L. Jones 7977

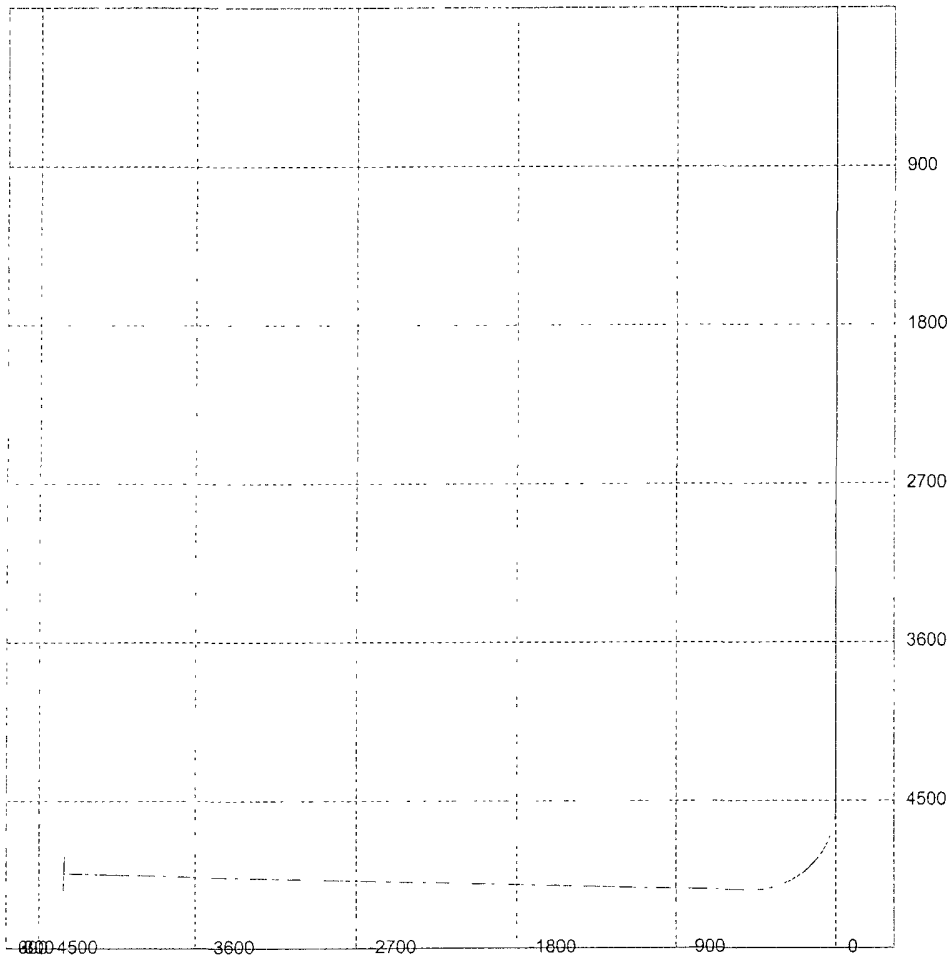
BASIN SURVEYS

| M.D. | Inclination | Azimuth | T.V.D. | N+/S- | E+/W- | D.L.S. | ToolFace | T.F. Ref [HS/GN] | |
|---|---|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| 645 | 0 | 0 | 645 | 0 | 0 | 0 | | | SAN ANDRES |
| 1985 | 0 | 0 | 1985 | 0 | 0 | 0 | | | GLORIETA |
| 3260 | 0 | 0 | 3260 | 0 | 0 | 0 | | | TUBB |
| 3970 | 0 | 0 | 3970 | 0 | 0 | 0 | | | ABO |
| 4533 | 0 | 0 | 4533 | 0 | 0 | 12 | 270 | GN | KOP |
| 4550 | 2.04 | 270 | 4550 | 0 | -0.3 | 12 | 0 | HS | |
| 4575 | 5 04 | 270 | 4574.95 | 0 | -1.85 | 12 | 0 | HS | |
| 4600 | 8.04 | 270 | 4599.78 | 0 | -4 69 | 12 | 0 | HS | |
| 4625 | 11.04 | 270 | 4624 43 | 0 | -8 84 | 12 | 0 | HS | |
| 4650 | 14.04 | 270 | 4648.83 | 0 | -14.26 | 12 | 0 | HS | |
| 4675 | 17.04 | 270 | 4672 92 | 0 | -20.96 | 12 | 0 | HS | |
| 4700 | 20.04 | 270 | 4696.62 | 0 | -28.91 | 12 | 0 | HS | |
| 4725 | 23.04 | 270 | 4719.87 | 0 | -38.09 | 12 | 0 | HS | |
| 4750 | 26.04 | 270 | 4742.61 | 0 | -48.47 | 12 | 0 | HS | |
| 4775 | 29.04 | 270 | 4764.77 | 0 | -60.03 | 12 | 0 | HS | |
| 4800 | 32.04 | 270 | 4786.3 | 0 | -72 73 | 12 | 0 | HS | |
| 4825 | 35.04 | 270 | 4807.14 | 0 | -86.54 | 12 | 0 | HS | |
| 4850 | 38.04 | 270 | 4827.22 | 0 | -101.42 | 12 | 0 | HS | |
| 4875 | 41.04 | 270 | 4846.5 | 0 | -117.34 | 12 | 0 | HS | |
| 4900 | 44.04 | 270 | 4864.92 | 0 | -134.24 | 12 | 0 | HS | |
| 4925 | 47 04 | 270 | 4882.42 | 0 | -152.08 | 12 | 0 | HS | |
| 4950 | 50.04 | 270 | 4898.97 | 0 | -170 81 | 12 | 0 | HS | |
| 4975 | 53.04 | 270 | 4914.52 | 0 | -190 39 | 12 | 0 | HS | |
| 5000 | 56 04 | 270 | 4929.02 | 0 | -210.75 | 12 | 0 | HS | |
| 5025 | 59.04 | 270 | 4942.44 | 0 | -231 84 | 12 | 0 | HS | |
| 5050 | 62.04 | 270 | 4954.73 | 0 | -253.6 | 12 | 0 | HS | |
| 5075 | 65.04 | 270 | 4965.87 | 0 | -275.98 | 12 | 0 | HS | |
| 5100 | 68 04 | 270 | 4975.82 | 0 | -298 91 | 12 | 0 | HS | |
| 5125 | 71.04 | 270 | 4984 56 | 0 | -322 33 | 12 | 0 | HS | |
| 5150 | 74 04 | 270 | 4992 06 | 0 | -346.18 | 12 | 0 | HS | |
| 5175 | 77.04 | 270 | 4998.3 | 0 | -370.38 | 12 | 0 | HS | |
| 5200 | 80.04 | 270 | 5003.27 | 0 | -394.88 | 12 | 0 | HS | |
| 5205 | 80.64 | 270 | 5004 | 0 | -400 | 12 | 0 | HS | WOLFCAMP |
| 5225 | 83.04 | 270 | 5006.95 | 0 | -419.61 | 12 | 0 | HS | |
| 5250 | 86.04 | 270 | 5009.33 | 0 | -444.49 | 12 | 0 | HS | |
| 5275 | 89 04 | 270 | 5010.4 | 0 | -469 46 | 12 | 0 | HS | |
| 5295.37 | 91.48 | 270 | 5010.31 | 0 | -489.83 | 0 | | | |
| 9166.84 | 91 48 | 270 | 4910 | 0 | -4360 | 0 | | | LATERAL TD |

Pilot hole will be drilled to 5250'. Well will then be plugged back and kicked off at approx. 4533' at 12 degrees per 100' with a 7 7/8" hole to 9,167' MD with a TVD of 4,910' at TD.

# 3D³ Directional Drilling Planner - 3D View

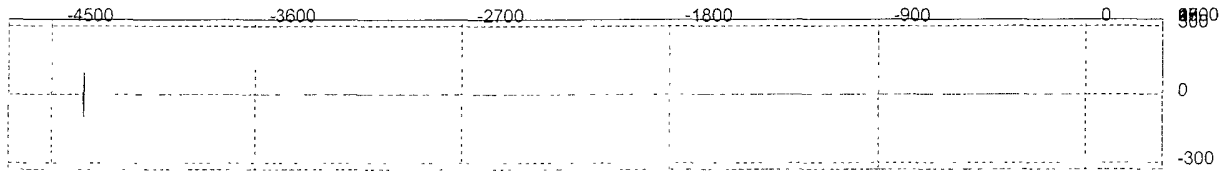
Company: **Yates Petroleum Corporation**
Well: **Network BKW Fed. Com. #1H**




File: C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\Horizontal\network1h(plan2).wpp

# 3D³ Directional Drilling Planner - 3D View

Company: **Yates Petroleum Corporation**
Well: **Network BKW Fed. Com. #1H**

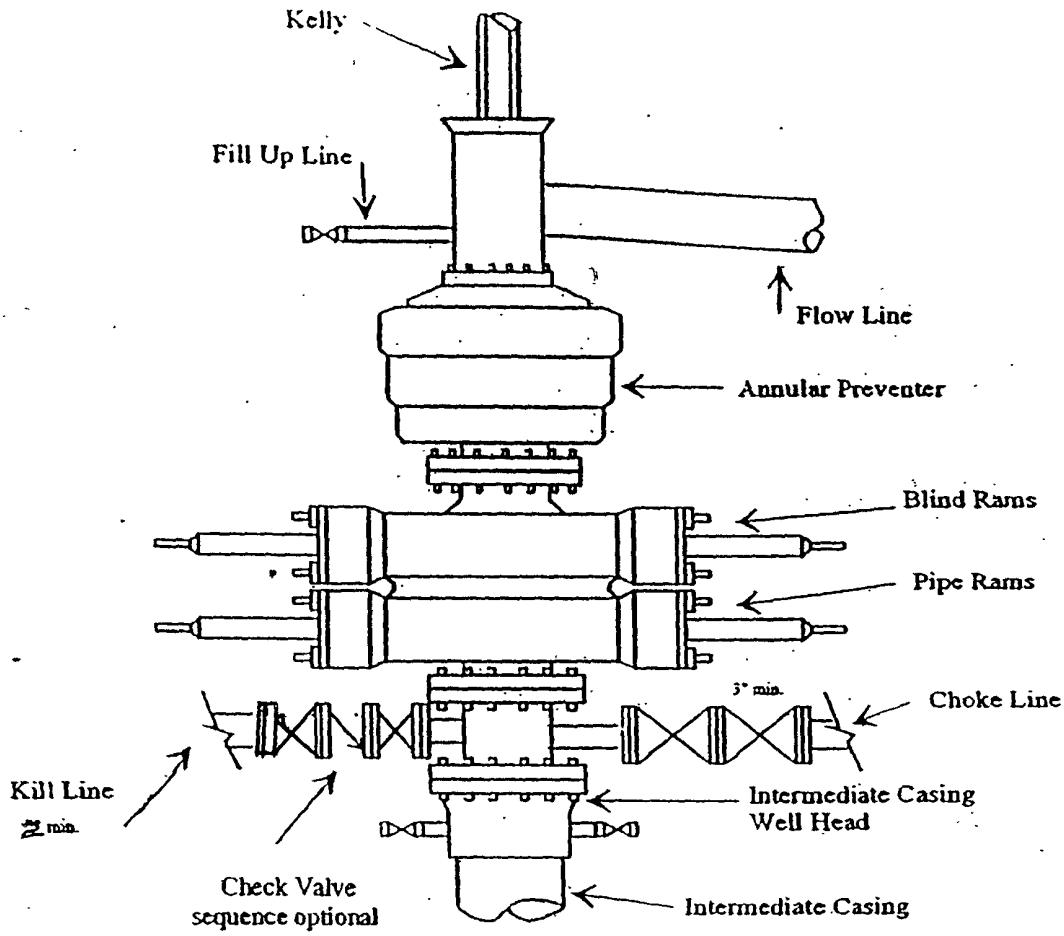



File: C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\Horizontal\network1h(plan2).wpp

# Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack




Typical 3,000 psi choke manifold assembly with at least these minimun features