

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

Form C-101
June 16, 2008

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

Submit to appropriate District Office

AUG 14 2008

OCD-ARTESIA

☐ AMENDED REPORT

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

Operator Name and Address Yates Petroleum Corporation 105 S 4 th Street Artesia, NM 88210		² OGRID Number 025575
		³ API Number 30-005-62553
³ Property Code 26800	⁵ Property Name Hard As Nails AMD State Com.	⁶ Well No. 3
⁹ Proposed Pool 1 Undes. Floor Ranch; Wolfcamp		¹⁰ Proposed Pool 2

Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	27	9S	26E		1980'	South	1980'	East	Chaves

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
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Additional Well Information

¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3802.2'
¹⁶ Multiple N	¹⁷ Proposed Depth 6530'	¹⁸ Formation Wolfcamp	¹⁹ Contractor Not Determined	²⁰ Spud Date ASAP

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"	42#	978'	475 sx	In Place
7 7/8"	5 1/2"	24#	6530'	As necessary	5200' 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.

See Attached Page #2. Re-entry.

C-144 Attached.

Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Wolfcamp formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Debbie L. Caffall
Printed name: Debbie L. Caffall

Title: Regulatory Agent

E-mail Address: debbiec@ypcnm.com

Date: August 13, 2008

Phone: (575) 748-4376

OIL CONSERVATION DIVISION

Approved by:

Jim W. Green
District II Supervisor

Title:

Approval Date:

8/15/08

Expiration Date:

8/15/10

Conditions of Approval Attached

TIE BACK TO SURFACE

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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 30-005-62553	² Pool Code 76750	³ Pool Name Undes. Foor Ranch; Wolfcamp
⁴ Property Code 26800	⁵ Property Name HARD AS NAILS AMD STATE COM	⁶ Well Number 3
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 3803.2

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
J	27	9S	26E		1980	SOUTH	1980	EAST	CHAVES

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 E/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 intercsts have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	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. Signature _____ Date 8/10/07 Debbie L. Caffall Printed Name _____ Regulatory Agent Title
	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

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-43
Effective 1-1-45

All distances must be from the outer boundaries of the Section.

Operator YATES PETROLEUM CORPORATION			Lease HARD AS NAILS STATE UNIT		Well No. 1
Unit Letter J	Section 27	Township 9 South	Range 26 East	County Chaves	
Actual Property Location of Well					
1980 feet from the South line and		1980 feet from the East line			
Ground Level Elev. 3803.2	Producing Formation Abo	Perforated Slope Abo	Dedicated Acreage 160 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation **IS TO BE COMMUNITIZED**

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

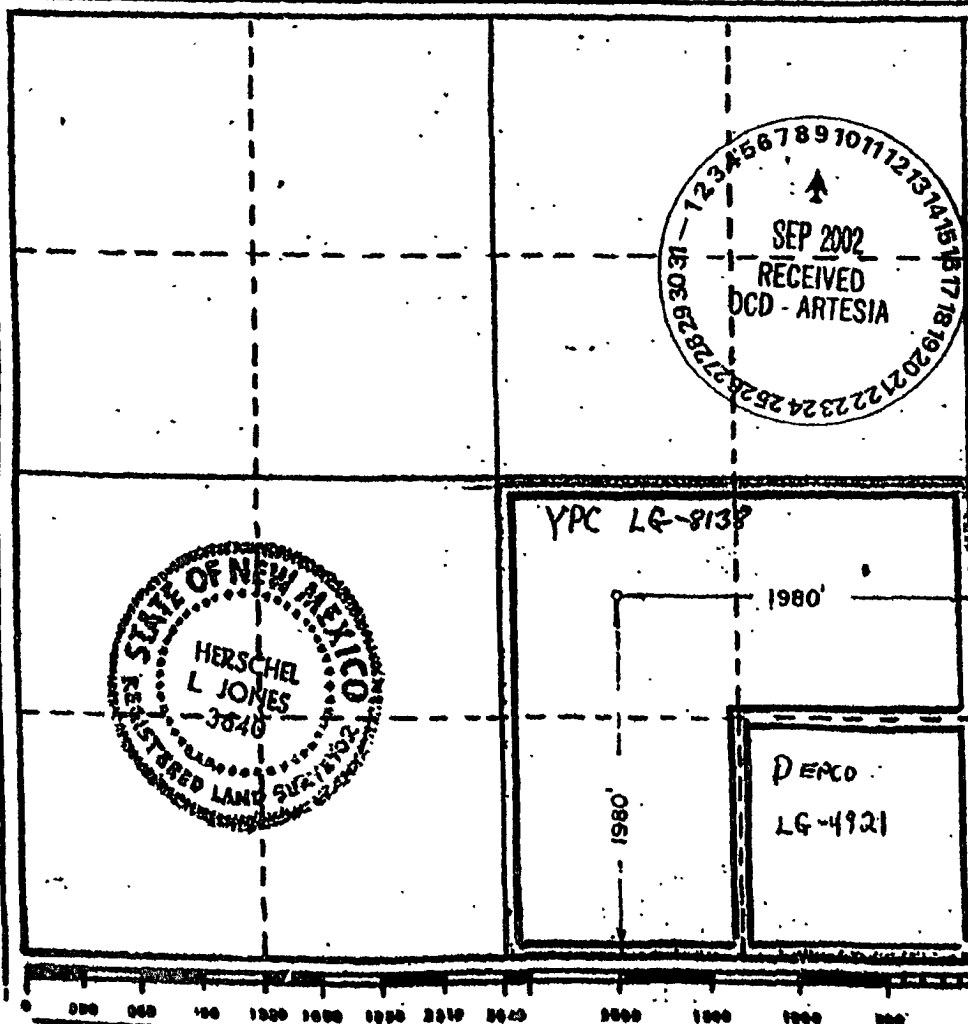
Clifton R. May

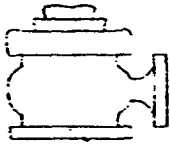
Name Clifton R. May
Position Regulatory Agent
Company Yates Petroleum Corporation
Date October 14, 1987

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 knowledge and belief.

Date Surveyed 10/12/87
Registered Professional Engineer and/or Land Surveyor

[Signature]
Certificate No. 3640



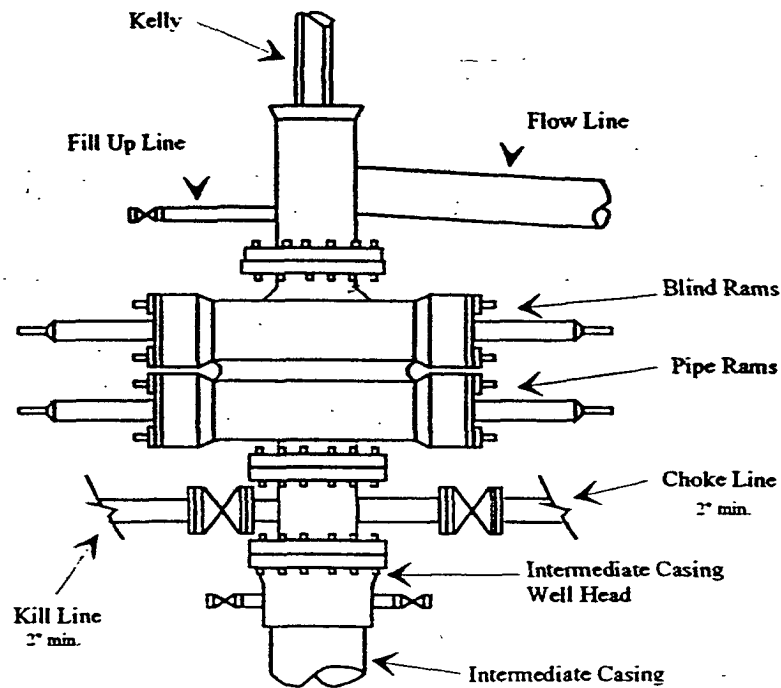


Yates Petroleum Corporation

BOP-2

Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack



Typical 2,000 psi choke manifold assembly with at least these minimum features

