

Submit 3 Copies To Appropriate District Office  
District I  
1625 N French Dr, Hobbs, NM 88240  
District II  
1301 W Grand Ave., 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

Form C-103  
June 16, 2008

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-015-33184
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Clarence BCU
8. Well Number 3
9. OGRID Number 25575
10. Pool name or Wildcat Undes. Pecos River; Morrow
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3324' GR

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator Yates Petroleum Corporation	
3. Address of Operator 105 S. 4 <sup>th</sup> Street, Artesia, New Mexico 88210	
4. Well Location Unit Letter <u>K</u> : <u>1980</u> feet from the <u>South</u> line and <u>1800</u> feet from the <u>West</u> line Section <u>23</u> Township <u>16S</u> Range <u>26E</u> County <u>Eddy</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3324' GR	

DEC 29 2008  
OCD-ARTESIA

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>Extension of APD</u> <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation wishes to extend the captioned well's APD expiration date for two (2) years to January 10, 2011.

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

Previously approved C-102 attached C-144 attached

Thank you.

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

SIGNATURE Cy Cowan TITLE Regulatory Agent/Land Department DATE December 24, 2008

Type or print name Cy Cowan E-mail address cy@yatespetroleum.com PHONE: (575) 748-4372

For State Use Only

APPROVED BY: [Signature] TITLE  DATE JAN 6 2009

Conditions of Approval (if any)

**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 &amp; 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

DEC 27 2007

OCD-ARTESIA

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-33184	<sup>2</sup> Pool Code 33226	<sup>3</sup> Pool Name Undes. Pecos River; Morrow
<sup>4</sup> Property Code	<sup>5</sup> Property Name CLARENCE "BCU"	<sup>6</sup> Well Number 3
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name YATES PETROLEUM CORPORATION	<sup>9</sup> Elevation 3324

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	23	16S	26E		1980	SOUTH	1800	WEST	EDDY

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 320 S/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order 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.

<sup>16</sup> 	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> 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 in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Date: January 16, 2007 Cy Cowan Printed Name Regulatory Agent Title
	<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> 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

DEC 27 2007

OCD-ARTESIA

DISTRICT I  
1525 N. French Dr., Albuquerque, NM 87106

DISTRICT II  
911 South First, Artesia, NM 88210

DISTRICT III  
1900 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

STATE OF NEW MEXICO  
Energy, Minerals and Natural Resources Department

Revised March 17, 1999  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

# OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DEC 27 2007 ☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION

API Number	Pool Code	Pool Name
Property Code	Property Name CLARENCE "BCU"	Well Number 3
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3324

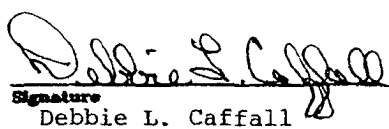
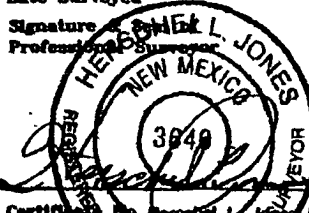
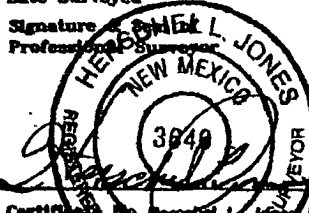
### Surface Location

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	23	16S	26E		1980	SOUTH	1800	WEST	EDDY

### Bottom Hole Location If Different From Surface

UL or lot No. 320 S/2	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order 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

<div>RECEIVED MAR 01 2005 OCD-ARTESIA</div>				<b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Debbie L. Caffall Printed Name Regulatory Tech Title February 25, 2005 Date	
				<b>SURVEYOR CERTIFICATION</b> <i>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.</i> 12/10/2003 Date Surveyed  Signature of Professional Surveyor  Certified by H. L. Jones, RLS 3640 GENERAL SURVEYING COMPANY	
<div><div>FEE</div><div>N.32°54'22.7" W.104°21'18.1"</div><div>1600'</div><div>1980'</div></div>					

0 330' 660' 990' 1320' 1650' 1980' 2310' 2640' 2970' 3300' 0'

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State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144 CLEZ  
July 21, 2008

**For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOC District Office.**

**Closed-Loop System Permit or Closure Plan Application**

*(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

Type of action: ☒ Permit ☐ Closure

**Instructions:** Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

<b>1.</b>	<p>Operator: <u>Yates Petroleum Corporation</u> OGRID #: <u>025575</u></p> <p>Address: <u>105 South Fourth Street, Artesia, New Mexico 88210</u></p> <p>Facility or well name: <u>Clarence BCU #3</u></p> <p>API Number: <u>30-015-33184</u> OCD Permit Number: _____</p> <p>U/L or Qtr/Qtr <u>K</u> Section <u>23</u> Township <u>16S</u> Range <u>26E</u> County: <u>Eddy</u></p> <p>Center of Proposed Design: Latitude <u>N32.906306</u> Longitude <u>W104.355028</u> NAD <input checked="" type="checkbox"/> 1927 <input type="checkbox"/> 1983</p> <p>Surface Owner: <input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment</p>								
<b>2.</b>	<p><input checked="" type="checkbox"/> <b>Closed-loop System:</b> Subsection H of 19.15.17.11 NMAC</p> <p>Operation: <input checked="" type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input type="checkbox"/> P&amp;A</p> <p><input type="checkbox"/> Above Ground Steel Tanks or <input checked="" type="checkbox"/> Haul-off Bins</p>								
<b>3.</b>	<p><b>Signs:</b> Subsection C of 19.15.17.11 NMAC</p> <p><input type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers</p> <p><input checked="" type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC</p>								
<b>4.</b>	<p><b>Closed-loop Systems Permit Application Attachment Checklist:</b> Subsection B of 19.15.17.9 NMAC</p> <p><b>Instructions:</b> Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.</p> <p><input checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC</p> <p><input checked="" type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC</p> <p><input checked="" type="checkbox"/> Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC</p> <p><input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____</p> <p><input type="checkbox"/> Previously Approved Operating and Maintenance Plan API Number: _____</p>								
<b>5.</b>	<p><b>Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:</b> (19.15.17.13.D NMAC)</p> <p><b>Instructions:</b> Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.</p> <table style="width: 100%;"><tr><td>Disposal Facility Name: <u>Gandy Marley</u></td><td>Disposal Facility Permit Number: <u>NM-01-0019</u></td></tr><tr><td>Disposal Facility Name: <u>CRI</u></td><td>Disposal Facility Permit Number: <u>R-9166</u></td></tr><tr><td>Disposal Facility Name: <u>Lea Land</u></td><td>Disposal Facility Permit Number: <u>NM-1-035</u></td></tr><tr><td>Disposal Facility Name: <u>Sundance</u></td><td>Disposal Facility Permit Number: <u>NM-01-0003</u></td></tr></table> <p>Will any of the proposed closed-loop system operations and associated activities occur on or in areas that <i>will not</i> be used for future service and operations?</p> <p><input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No</p> <p><i>Required for impacted areas which will not be used for future service and operations:</i></p> <p><input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC</p> <p><input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC</p> <p><input type="checkbox"/> Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC</p>	Disposal Facility Name: <u>Gandy Marley</u>	Disposal Facility Permit Number: <u>NM-01-0019</u>	Disposal Facility Name: <u>CRI</u>	Disposal Facility Permit Number: <u>R-9166</u>	Disposal Facility Name: <u>Lea Land</u>	Disposal Facility Permit Number: <u>NM-1-035</u>	Disposal Facility Name: <u>Sundance</u>	Disposal Facility Permit Number: <u>NM-01-0003</u>
Disposal Facility Name: <u>Gandy Marley</u>	Disposal Facility Permit Number: <u>NM-01-0019</u>								
Disposal Facility Name: <u>CRI</u>	Disposal Facility Permit Number: <u>R-9166</u>								
Disposal Facility Name: <u>Lea Land</u>	Disposal Facility Permit Number: <u>NM-1-035</u>								
Disposal Facility Name: <u>Sundance</u>	Disposal Facility Permit Number: <u>NM-01-0003</u>								

6

**Operator Application Certification:**

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Cy Cowan Title: Regulatory Agent

Signature:  Date: 12/24/08

e-mail address: cy@vatespetroleum.com Telephone: 575-748-4372

7.

**OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

**OCD Representative Signature:** \_\_\_\_\_ **Approval Date:** \_\_\_\_\_

**Title:** \_\_\_\_\_ **OCD Permit Number:** \_\_\_\_\_

8.

**Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

☐ Closure Completion Date: \_\_\_\_\_

9.

**Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

*Required for impacted areas which will not be used for future service and operations:*

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10.

**Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

e-mail address: \_\_\_\_\_ Telephone: \_\_\_\_\_

## Yates Petroleum Corporation Closed Loop System

### Equipment Design Plan

Closed Loop System will consist of:

1 – double panel shale shaker

1 – (minimum ) Centrifuge, certain wells and flow rates may require 2 centrifuges

On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System

1 – minimum centrifugal pump to transfer fluids

2- 500 bbl. FW Tanks

1 – 500 bbl. BW Tank

1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.

1 Set of rail cars / catch bins

Certain wells will use an ASC Auger Tank

### Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors personnel.

Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

### Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, CRI, Lea Land Farm and Sundance Services.