

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

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APR 19 2011
HOBSUCD

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

Form C-101
June 16, 2008

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 Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210		² OGRID Number 025575
		³ API Number 30 - 025-40114
³ Property Code 37498	⁵ Property Name Azure BNE State Com	⁶ Well No. 2
⁹ Proposed Pool 1 Four Lakes; Mississippian (97053)		¹⁰ Proposed Pool 2

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
M	18	12S	35E		990	South	660	West	Lea

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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 4136'
¹⁶ Multiple N	¹⁷ Proposed Depth 12350'	¹⁸ Formation Mississippian Age	¹⁹ Contractor Not Determined	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14.75"	11.75"	42#	400'	275	Surface
11"	8.625"	32#	4300'	1175	Surface
7.875"	5.5"	17#	12350'	875	8800'

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.

23

Yates Petroleum Corporation proposes to drill and test the Austin and intermediate formations. Approximately 400' of surface casing will be set and cemented. Intermediate casing will be set at 4300', cement circulated to surface. If commercial, production casing will be run and cemented, will perforated and stimulate as needed for production.
MUD PROGRAM: 0-400' Fresh Water Gel/paper; 400'-2085' Fresh Water; 2085'-4300' Red Bed Mud/Oil; 4300'-7750' Cut Brine; 7750'-11656' SW Gel/Oil/Starch; 11656'-TD SW Gel/Starch/4-6% KCL.
BOPE PROGRAM: A 5000# BOPE will be installed on the 8 5/8" casing and tested daily.
No H2S is anticipated.
C-144 attached.

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

Signature:

Monti Sanders

Printed name:
Monti Sanders

Title:
Land Regulatory Technician

E-mail Address:
montis@yatespetroleum.com

Date:
4/15/11

Phone:
575-748-4244

OIL CONSERVATION DIVISION

Approved by:

[Signature]

Title:

Geologist

Approval Date:

04/20/11

Expiration Date:

04/20/13

Conditions of Approval Attached

APR 25 2011

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APR 19 2011

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HOBBSOCD

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 30-025-	Pool Code 97053	Pool Name Four Lakes; Mississippian
Property Code 34353	Property Name AZURE BNE STATE COM	Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 4136'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	18	12 S	35 E		990	SOUTH	660	WEST	LEA

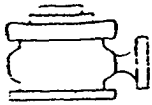
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
313.28			

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

<p>SURFACE LOCATION Lat - N33°16'27.05" Long - W103°27'11.90" SPC- N.: 828425.614 E.: 810299.996 (NAD-83)</p>		VO-6007	VO-6022	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Monti Sanders</i> 4/15/11 Signature Date</p> <p>Monti Sanders Printed Name</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 22 2008 Date Surveyed</p> <p>Gary L. Jones Signature & Seal Professional Surveyor</p>		

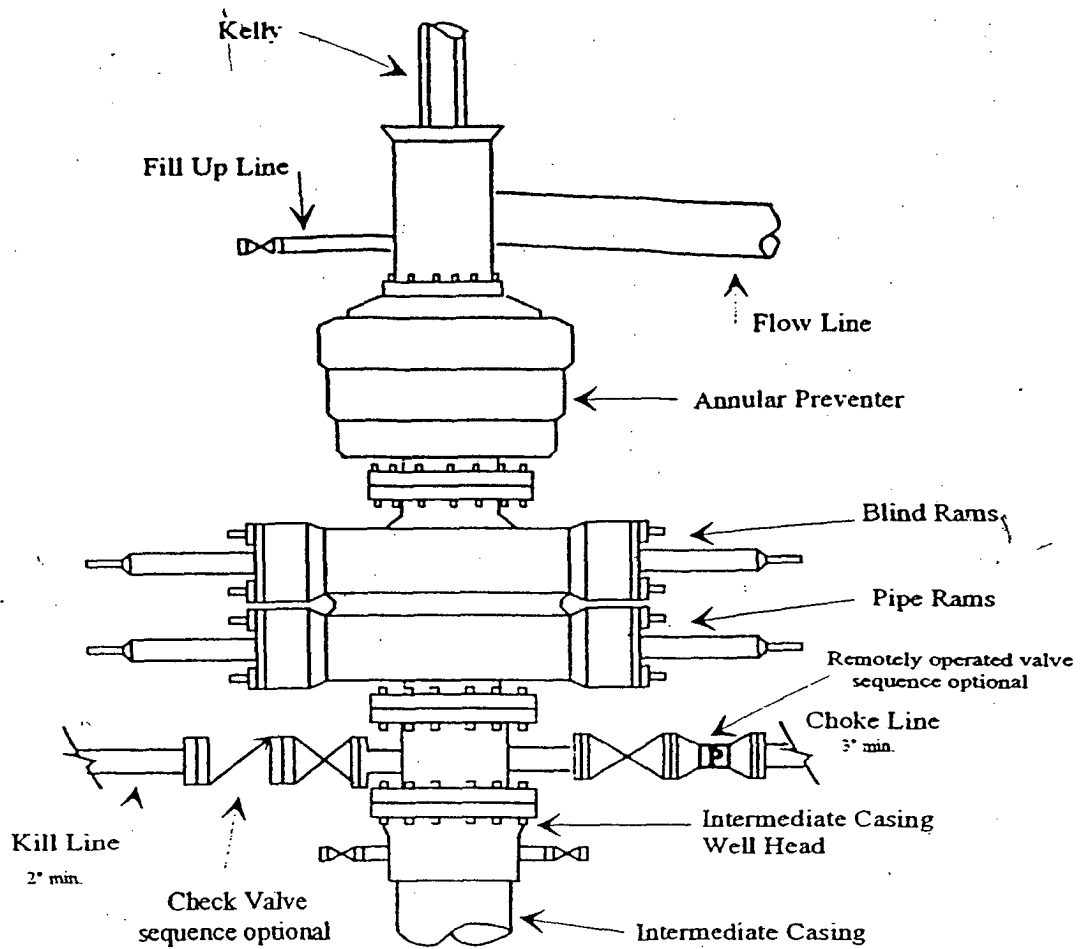


Yates Petroleum Corporation

Typical 5,000 psi Pressure System Schematic

Annular with Double Ram Preventer Stack

BOP-4



Typical 5,000 psi choke manifold assembly with at least these minimum features

