State of New Mexico

Form C-101 Permit 27317

Energy, Minerals and Natural Resources

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

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

1. Operato	r Name and Address	2. OGRID Number		
	EUM CORPORATION	25575		
	5 S 4TH ST IA , NM 88210	3. API Number		
HKILO	111, 11111 00210	30-015-34791		
4. Property Code	5. Property Name	6. Well No.		
33226	CLARENCE BCU	007		

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
В	3	16S	26E	7	3200	N	1470	E	EDDY

8. Pool Information

Chester	0
Chester	ા

Additional Well Information

	563						116	
9. Work Type New Well	32433	10. Well Type GAS		11. Cable/Rotary		12. Lease Type Private	13. Ground Level Elevation 3336	
14. Mültiple N	15. Prop	osed Depth	16. Formation Chester			17. Contractor	18. Spud Date	
Depth to Ground water			Dis	stance from nearest	t fresh water wel	n l	Distance to nearest surface water	
it: Liner: Synthetic [Closed Loop Syste	m 🗙	mils thick	Clay	Pit Volume:		rilling Method: resh Water Brine	Diesel/Oil-based Gas/Air	

19. Proposed Casing and Cement Program

Туре	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	400	0
Int1	12.25	9.625	36	1300	750	0
Prod	8.75	5.5	17	7800	2300	n

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill test the Chester and intermediate formations. Approximately 400' of surface casing will be run and cemented, will perforate and stimulate as needed to gain production.

Proposed Blowout Prevention Program

5	Туре	Working Pressure	Test Pressure	Manufacturer
	DoubleRam	5000	5000	

I hereby certify that the information given of my knowledge and belief. I further certify that the drilling pit wil	2000 No. 105-00. 352 Aug	OIL CONSERVATION DIVISION				
NMOCD guidelinesa general permi OCD-approved plan	it . or an (attached) alternative	Approved By: Bryan Arrant				
Printed Name: Electronically filed	oy dusty bean	Title: Geologist				
Title: Regulatory Tech	180	Approved Date: 4/19/2006	Expiration Date: 4/19/2007			
Email Address: dustyb@ypcnm.co	om					
Date: 4/19/2006 P	hone: 505-748-4364	Conditions of Approval Atta	ached			

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210 Phone:(505) 748-1283 Fax:(505) 748-9720

<u>District III</u>

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Form C-102 Permit 27317

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34791	2. Pool Code	Pool Name Chester			
4. Property Code 33226	5. Propert CLARENO	6. Well No. 007			
7. OGRID №. 25575	55 HARRY RECORDS N	8. Operator Name YATES PETROLEUM CORPORATION			

10. Surface Location

	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
,	В	3	16S	26E	В	3200	N	1470	E	EDDY

11. Bottom Hole Location If Different From Surface

			· Dottom								
UL - Lot	Section	Township	Range	Lot	Idn	Feet From	N/S L	ine	Feet From	E/W Line	County
107511075	dicated Acres 13. Joint or Infill 20.00			14	. Consolidation (Code			15. 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

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(s) 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.

E-Signed By: dusty bean Title: Regulatory Tech Date: 4/19/2006

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.

Surveyed By: Herschel Jones Date of Survey: 3/30/2006 Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION, 25575
Well: CLARENCE BCU #007

API: 30-015-34791

Created By	Comment	Comment Date
dustyb	Mud Program: 0-400' FW GEL; 400'-1200' Fresh Water; 1200'-7200' Cut Brine; 7200'-7800' Salt Gel/Starch/4%-6% KCL.	4/12/2006
dustyb	BOPE PROGRAM: A 5000# BOPE will be installed on the 9 5/8" casing and tested daily.	4/12/2006
dustyb	Sources at YPC have relayed information to me there will not be enough H2S found from the surface to the Chester formation to meet the OCD's minimum requirements for the submition of a contingency plan per rule 118.	4/12/2006
dustyb	The closest dwelling to this well is approximently two (2) miles from any dwelling in any direction.	4/13/2006

Permit Conditions of Approval Operator: YATES PETROLEUM CORPORATION, 25575 Well: CLARENCE BCU #007

30-015-34791 API:

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Please notify OCD time of spud and time to witness the cementing the surface and intermediate casing.
BArrant	As noted opertor is to drill with 'fresh water' mud down to the setting depth of the intermediate casing.