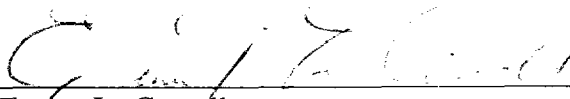


LOSEE, CARSON, HAAS & CARROLL, P.A.

By:   
Ernest L. Carroll  
P.O. Box 1720  
Artesia, NM 88211-1720  
(505)746-3505

Attorneys for Applicant

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-101  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

Operator Name and Address: YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		OGRID Number 025575
		API Number 30 - 0
Property Code	Property Name Jacque AQJ State	Well No. 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
L	34	21S	31E		1650'	South	330'	West	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

Proposed Pool 1 Undesignated Delaware	Proposed Pool 2
--	-----------------

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3462'
Multiple No	Proposed Depth 3150'	Formation Delaware	Contractor Undesignated	Spud Date ASAP

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	54.5#	850'	850 sx	Circulate
11"	8 5/8"	32.0#	4500'	2500 sx	Circulate
7 7/8"	5 1/2"	17 & 10#	TD	As warranted	Tie Back

11 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 Delaware and intermediate formations. Approximately 850' so surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing. Will perforate and stimulate as needed for production.

MUD PROGRAM: Native Mud to 850'; Brine to 4500'; Cut Brine to TD.

BOPE PROGRAM: BOPE will be installed on the 13 5/8" casing and tested daily.

A LETTER HAS BEEN SENT TO MISSISSIPPI POTASH.

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

Signature:

Clifton R. May

Printed name:

Clifton R. May

Title:

Regulatory Agent

Date:

October 6, 1997

Phone:

(505) 748-1

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

EXHIBIT

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Undesignated Delaware
Property Code	Property Name	Well Number
	JACQUE "AQJ" STATE	2
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3462

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	34	21S	31E		1650	SOUTH	330	WEST	EDDY

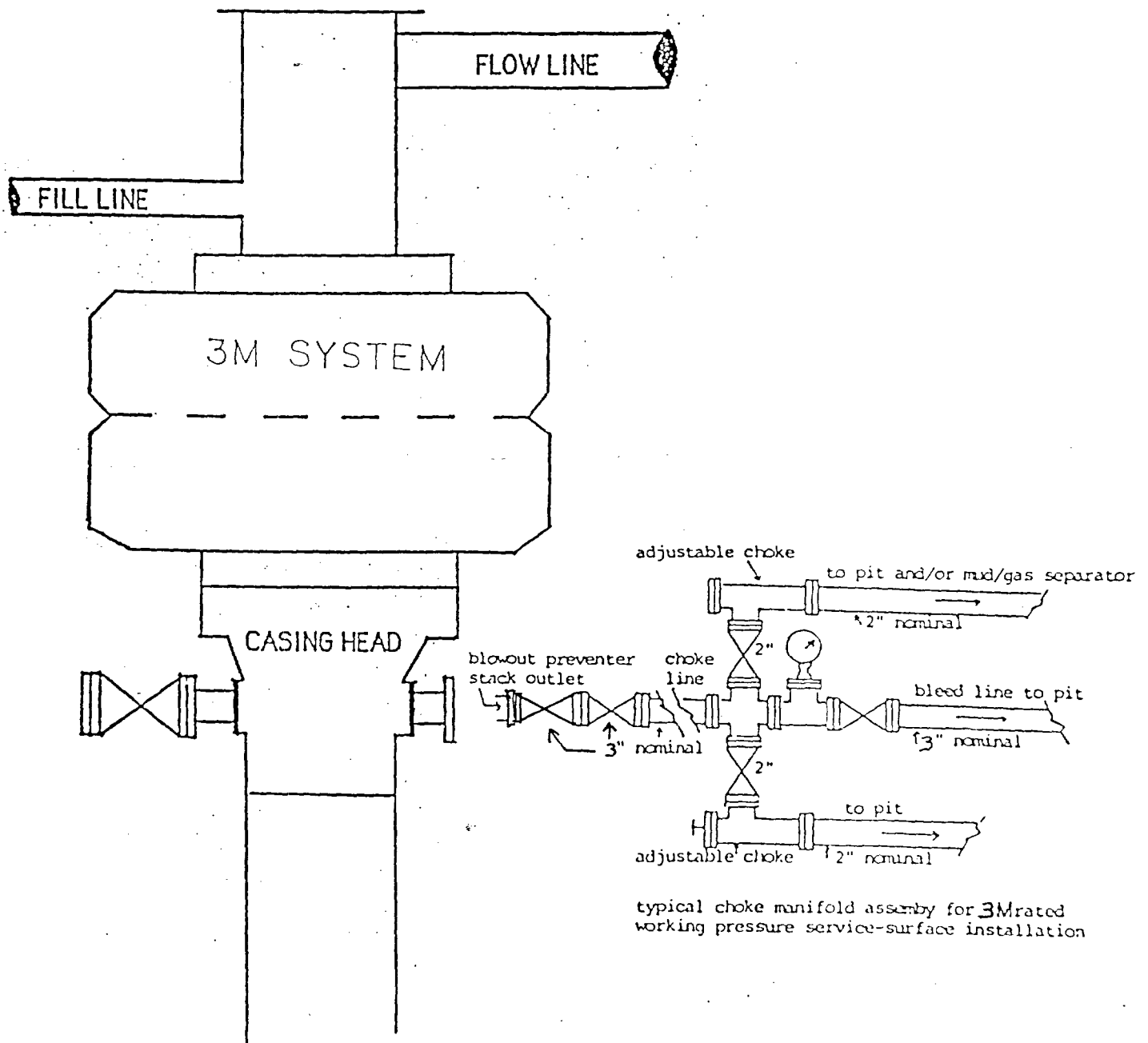
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
40									

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

				<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  <u>Clifton R. May</u> Signature  <u>Clifton R. May</u> Printed Name  <u>Regulatory Agent</u> Title  <u>October 6, 1997</u> Date	
				<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.  <u>10/04/97</u> Date Surveyed  <u>Herschell Jones</u> Signature Professional Seal of <b>HERSCHELL JONES</b> <b>NEW MEXICO</b> <b>3640</b> Certification No. 3640 JACQUE "AQJ" STATE GENERAL SURVEYING COMPANY	

# YATES PETROLEUM CORPORATION



MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

October 3, 1997

Mississippi Potash  
P.O. Box 101  
Carlsbad, New Mexico 88220

Gentlemen:

Yates Petroleum Corporation is the operator of the State of New Mexico Oil and Gas Lease V-1400. The Jacque "AQJ" State #2 well location is being staked and a permit to drill is being submitted to the State of New Mexico. We plan to drill this well at the following location:

Jacque "AQJ" State #2  
1650' FSL and 330' FWL  
Section 34, T21S-R31E  
Eddy County, New Mexico

This location will be drilled as a Delaware producer and will be low pressure only. No high pressure will be encountered either in the drilling or production of this well.

This well location is greater than one quarter of a mile from the designated LMR and will not create any dangerous conditions or encroach on any potential potash reserves.

We respectfully request that Mississippi Potash waive any objection that Mississippi Potash may have to this location and so indicate by signing and returning one copy of this letter to Yates Petroleum Corporation.

Very truly yours,

YATES PETROLEUM CORPORATION

Randy G. Patterson  
Land Manager

/cyc  
Enclosures

We hereby waive any objection to the drilling of this well.

MISSISSIPPI POTASH

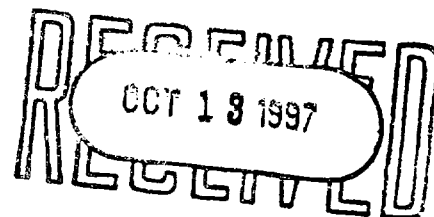
By: \_\_\_\_\_

Title: \_\_\_\_\_

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



October 10, 1997



Oil Conservation Division  
811 S. 1<sup>st</sup> St.  
Artesia, NM 88210

Attention: Mr. Ray Smith

Re: Jacque "AQJ" State #2  
1650' FSL and 330' FWL  
Section 34, T21S-R31E  
Eddy County, New Mexico

Dear Ray:

In accordance with the State of New Mexico, Energy, Minerals and Natural Resources Department Oil Conservation Commission Order R-111-P, Mississippi Potash, Inc. objects to the proposed Jacque "AQJ" State #2 well. This well is located in the quarter mile buffer zone of our LMR.

Sincerely,

Jill Farnsworth  
Chief Mine Engineer

Cc: Mr. William J. LeMay, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Mr. Randy G. Patterson  
Land Manager  
Yates Petroleum Corporation  
105 South Fourth St.  
Artesia, NM 88210

EXHIBIT

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