

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
May 27, 2004

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

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 South Forth Street Artesia, NM 88210		² OGRID Number 25575	
		³ API Number 30-025-36536 37704	
⁵ Property Code 12519	⁶ Property Name Lotus ALT State	⁷ Well No. 007	
⁹ Proposed Pool 1 Livingston Ridge; Delaware, SE		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
K	32	22S	32E		1980	South	1650	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 New Well	¹² Well Type Code Oil	¹³ Cable/Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 3531
¹⁶ Multiple N	¹⁷ Proposed Depth 8600	¹⁸ Formation Bone Springs	¹⁹ Contractor	Spud Date ASAP
Depth to Groundwater More than 1000'		Distance from nearest fresh water well More than 1000'		Distance from nearest surface water More than 100'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 24,000 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

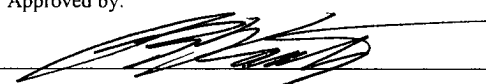
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5	13.375	48	850	800	0
11	8.635	32	4500	1400	0
7.875	5.5	17	8600	1475	5500

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.

Yates Petroleum Corporation proposes to drill/test the Delaware/intermediate formations. Approximately 850' of surface casing will be set/cemented. Approximately 4500' of intermediate casing will be set/cement circulated. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. 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 Bone Springs formation for the submission of a contingency plan per Rule 118. C-144 attached. MUD PROGRAM: 0-850' FW/Native Mud; 850'-4500' Brine; 4500'- 8400' Cut Brine; 8400'-TD Cut Brine/Starch.

**Permit Expires 1 Year From Approval
Date Unless Drilling Underway**

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved by: 	
	Title: PETROLEUM ENGINEER	Approval Date: FEB 13 2006
	Expiration Date:	
	E-mail Address: cliff@ypcnm.com	Conditions of Approval Attached <input type="checkbox"/>

PREVIOUSLY APPROVED

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Dia. Brown Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36556 <i>37704</i>	Pool Code <i>39380</i>	Pool Name Livingston Ridge; Delaware, SE
Property Code <i>12519</i>	Property Name LOTUS "ALT" STATE	Well Number 7
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3531

Surface Location

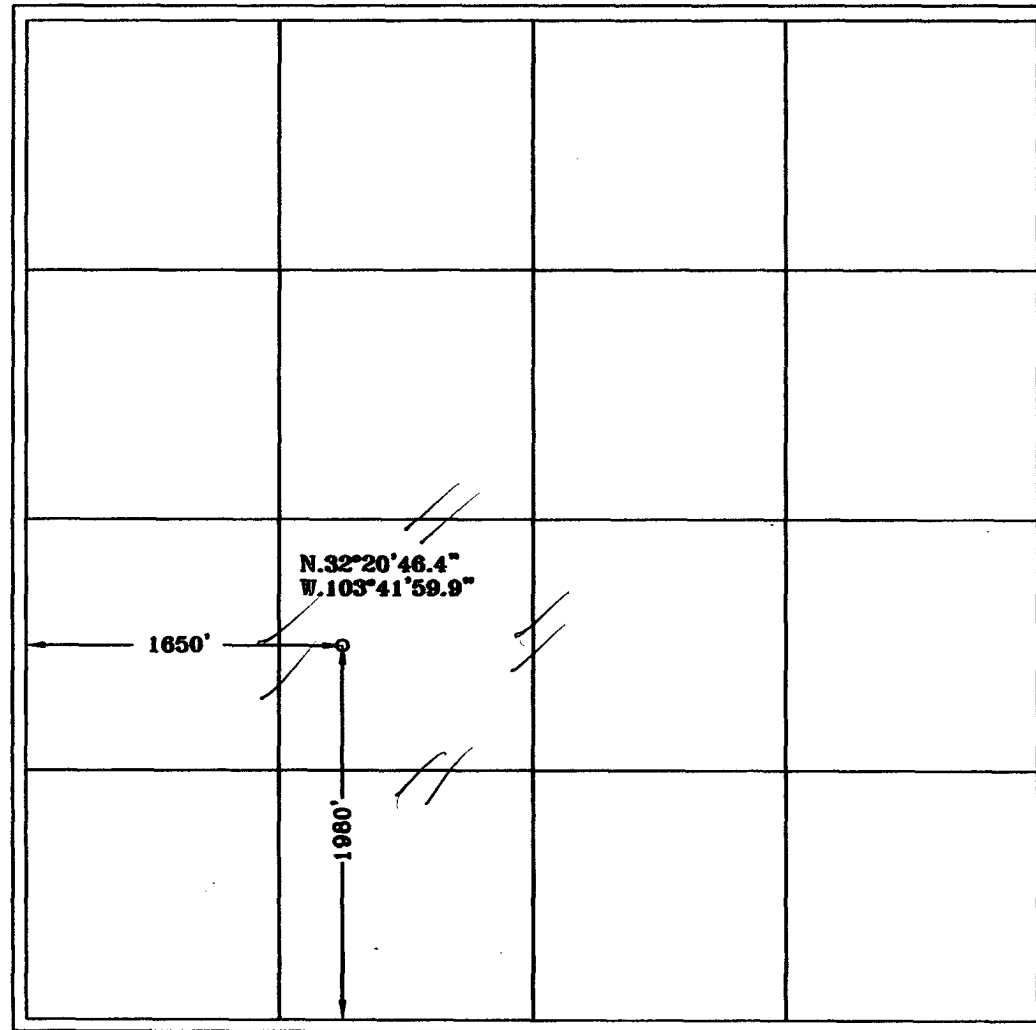
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	32	22S	32E		1980	SOUTH	1650	WEST	LEA

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 40	Joint or Infill	Consolidation Code	Order No.
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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 the the information contained herein is true and complete to the best of my knowledge and belief.

Clifton R. May
Signature

Clifton R. May
Printed Name

Regulatory Agent
Title

12/29/2005
Date

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.

1/23/2004
Date Surveyed

[Signature]
Signature

Professional Surveyor

SCHELL L. JONES
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
3648

Certificate No. 3648
Professional License No. RLS 3640

LOTUS
GENERAL SURVEYING COMPANY

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

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State of New Mexico
Energy Minerals and Natural Resources

Form C-144
March 12, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes xx No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: Yates Petroleum Corporation Telephone: (505) 748-4372 e-mail address: debbies@yppnm.com
Address: 105 South 4th Street, Artesia, NM 88210 37704
Facility or well name: Lotus ALT State #7 API #: 30-025-36556 U/L or Qtr/Qtr K Sec 32 T 22S R 32E
County: Lea Latitude _____ Longitude _____ NAD: 1927 1983 Surface Owner: Federal State Private Indian

Pit Type: Drilling Production Disposal
Workover Emergency
Lined Unlined
Liner type: Synthetic Thickness 12 mi
Clay Volume 24,000 bbl

Below-grade tank
Volume: _____ bbl Type of fluid: _____
Construction material: _____
Double-walled, with leak detection? Yes If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points)
Ranking Score (Total Points)	
0 Points	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite offsite If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Date: January 5, 2005
Printed Name/Title Debbie L. Caffall/Regulatory Technician Signature Debbie L. Caffall
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: JAN 13 2005
Date: _____
Printed Name/Title _____ Signature [Signature]
PETROLEUM ENGINEER