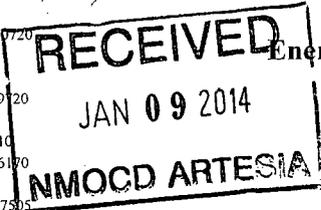


District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462



State of New Mexico

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

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

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. 4 th STREET ARTESIA, NM 88210		² OGRID Number 25575
⁴ Property Code 30940		⁵ API Number 30-015-41956
³ Property Name STATE AU COM		⁶ Well No. 003

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	33	18S	25E	P	990	S	660	E	EDDY

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

⁹ Pool Information

⁹ Pool Name UNDESIGNATED BOYD MORROW	¹⁰ Pool Code 72840
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Additional Well Information

¹¹ Work Type New Well	¹² Well Type GAS	¹³ Cable/Rotary	¹⁴ Lease Type State	¹⁵ Ground Level Elevation 3516'
¹⁶ Multiple N	¹⁷ Proposed Depth 9200'	¹⁸ Formation MORROW	¹⁹ Contractor	²⁰ Spud Date ASAP
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

We will be using a closed-loop system in lieu of lined pits

²¹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	450	
Int1	12.25	8.625	24	1200	750	
Prod	7.875	5.5	17	9200	1100	4900

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Morrow and intermediate formations. Approximately 400' of surface casing will be set/cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.
 MUD PROGRAM: 0-400' Fresh Water/Native Mud; 400'-1200' Fresh Water/Native Mud; 1200'-8300' Cut Brine; 8300'-9200' Salt Gel/Starch KCL.
 H2S is not anticipated for this well.
 Previously Approved.

²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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 I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC , if applicable.

Signature: *Lori Flores*

Printed name: Lori Flores

Title: Land Regulatory Tech

E-mail Address: lorif@yatespetroleum.com

Date: 1/8/2014

Phone: 575-748-4448

OIL CONSERVATION DIVISION	
Approved By:	<i>T. C. Shepherd</i>
Title:	"Geologist"
Approved Date:	<i>1-15-2014</i>
Expiration Date:	<i>1-15-2016</i>
Conditions of Approval Attached	

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-41956		² Pool Code 72840		³ Pool Name Undesignated Boyd Morrow	
⁴ Property Code 30940		⁵ Property Name State AU Com			⁶ Well Number 3
⁷ OGRID No. 25575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3516'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	33	18S	25E		990	South	660	East	Eddy

¹¹ 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

¹² Dedicated Acres 320	¹³ Joint or Infill	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.

16				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>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 to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Lori Flores</i> 1/8/2014 Signature Date</p> <p>Lori Flores Printed Name</p> <p>lorif@yatespetroleum.com E-mail Address</p>
	V-6373			
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>REFER TO ORIGINAL PLAT Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
NM-27912		E-10165		
				Certificate Number

DISTRICT I
 1000 N. Fourth St., Santa Fe, NM 87508
DISTRICT II
 911 South First, Artesia, NM 88210
DISTRICT III
 1000 Rio Grande Ed., Santa Fe, NM 87510
DISTRICT IV
 1000 South Broadway, Santa Fe, NM 87508

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-100
 Revised March 17, 1990
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 2 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 Boyd Morrow
Property Code	Property Name STATE "AU" COM.	Well Number 3
OCHEP No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3516

Surface Location

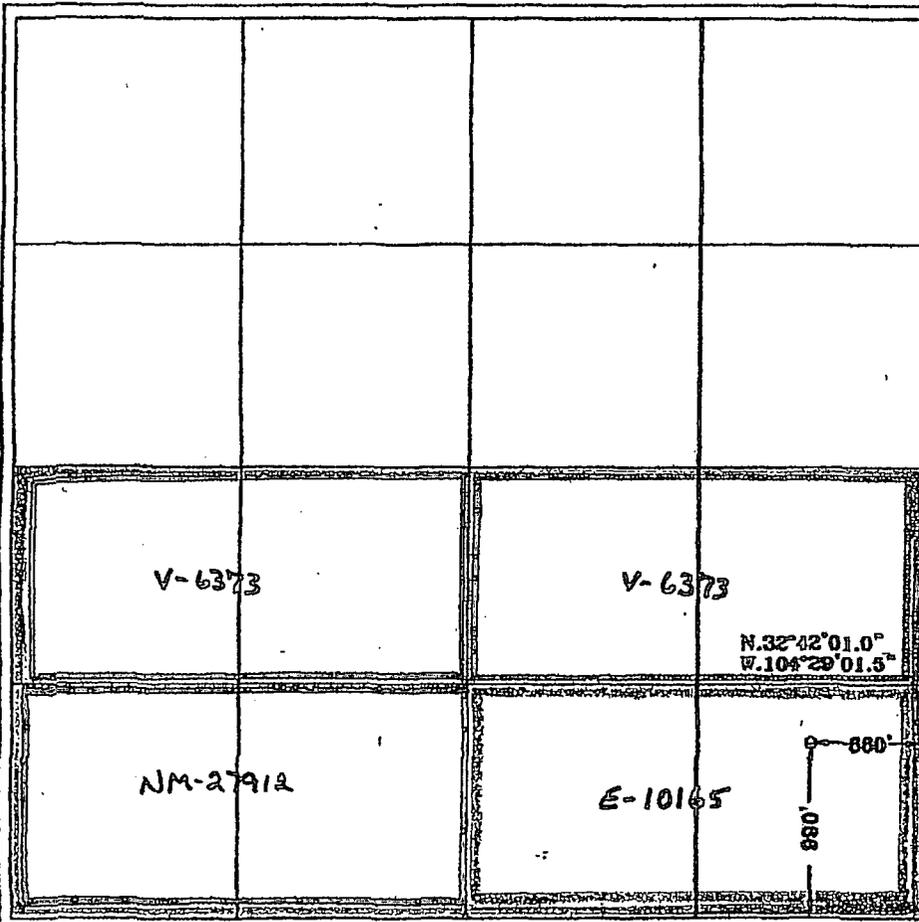
UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
P	33	18S	25E		990	SOUTH	660	EAST	EDDY

Bottom Hole Location if Different From Surface

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

Dedicated Acres 320	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 that the information contained herein is true and complete to the best of my knowledge and belief.

Cy Cowan
 Signature
 Cy Cowan
 Printed Name
 Regulatory Agent
 Title
 1/11/2003
 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.

9/18/2002
 Date Surveyed
 Signature & Seal of Professional Surveyor

 NERSHELL L. JONES
 STATE OF NEW MEXICO
 RLS 3640
 CATEGORY 3
 SURVEYING COMPANY
 PROFESSIONAL

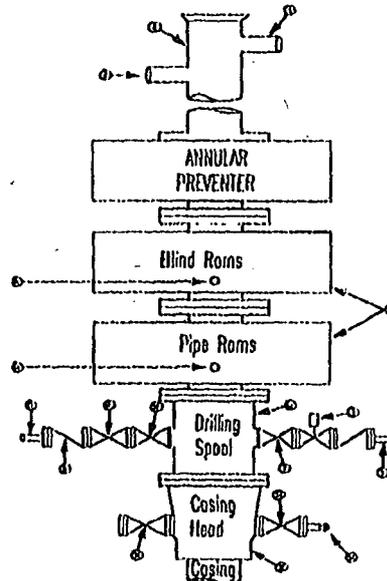
Mack Energy Corporation
Minimum Blowout Preventer Requirements
 3000 psi Working Pressure
 13 3/8 inch- 3 MWP
 11 Inch - 3 MWP
 EXHIBIT #1

Stack Requirements

NO.	Items	Min. I.D.	Min. Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min. choke line outlets		2" Choke
6b	2" min. kill line and 3" min. choke line outlets in run. (Alternate to 6a above)		
7	Valve Gate Plug	3 1/8	
8	Gate valve-power operated	3 1/8	
9	Line to choke manifold		3"
10	Valve Gate Plug	2 1/16	
11	Check valve	2 1/16	
12	Casing head		
13	Valve Gate Plug	1 13/16	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged Valve	1 13/16	
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CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above blindhead or casinghead. Working pressure of preventers to be 2000 psi minimum.
2. Automatic accumulator (80 gallons, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near driller's position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe nuts to fit drill pipe in use on location at all times.
9. Type KX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Blindhead or casing head and side valves.
2. Wear bushing, if required.

10. ME

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans.

Replaceable parts for adjustable choke, or bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.

5. All valves to be equipped with hand-wheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Does not use kill line for routine fill up operations.

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, Lea Land Farm or CRI.