1(25 N. French Dr., Hobbs, NM 88240

State of New Mexico Energy Minerals and Natural Resources

Form C-101

May 27, 2004 District II 1301 W. Grand Avenue, Artesia, NM 88210 JUN 2 1 2005 Submit to appropriate District Office District III Oil Conservation Division 1000 Rio Brazos Road, Aztec, NM 87410 1220 South St. Francis Dr. Suur AFITE CLA ☐ AMENDED REPORT District IV Santa Fe, NM 87505 1220 S. St. Francis Dr., Santa Fe, NM 87505 APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE Operator Name and Address OGRID Number 025575 Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 API Number 30-005-63687 Well No. Property Code Property Name Hard as Nails AMD State Com 26800 5 ¹⁰ Proposed Pool 2 9 Proposed Pool 1 Undesignated Foor Ranch; Wolfcamp, Gas ⁷ Surface Location Range Lot Idn Feet from the North/South line Feet from the East/West line UL or lot no. Section Township County **9**S 26E 660 North 1980 West Chaves C 27 ⁸ Proposed Bottom Hole Location If Different From Surface Feet from the North/South line Feet from the East/West line UL or lot no. Section Township Range Lot Idn County Additional Well Information 13 Cable/Rotary 15 Ground Level Elevation Work Type Code 12 Well Type Code ¹⁴ Lease Type Code

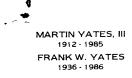
N/A 3778 S 16 Multiple 17 Proposed Depth 18 Formation 19 Contractor 20 Spud Date N/A Siluro-Devonian ASAP N/A Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water >1000' >1000' >1003 mils thick Clay 🔲 Pit: Liner: Synthetic Pit Volume: Drilling Method: Fresh Water Brine Diesel/Oil-based Gas/Air Closed-Loop System ²¹ Proposed Casing and Cement Program

Casing Size Casing weight/foot Sacks of Cement Estimated TOC Hole Size Setting Depth IN PLACE 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 plans to possibly workover, plugback and recomplete this well as follows: Set a 5-1/2" CIBP at 5948' with 35' cement on top. Perforate Cisco 5714'-5726' (48). Stimulate as needed. Perforate Cisco 5676'-5682' (24). Stimulate as needed. If the Cisco zones are not productive, set a 5-1/2" CIBP at 5626' with 35' cement on top. Perforate Wolfcamp 5454'-5460' (24). Stimulate as needed. Plan to commingle the Wolfcamp with any of the deeper zones that are productive after receiving approval from the NMOCD.

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		OIL CONSERVATION DIVISION
constructed according to NMOCD guidelines \Box , a general permit \Box , or an (attached) alternative OCD approved plan \Box .		Approved by:
Signature Lina Luca ta		BRYAN G. ARRANT
Printed name: Tina Huerta		Title: DISTRICT II GEOLOGIST
Title: Regulatory Compliance Supervisor		Approval Date: DISTRICT IN 2 9 2006 Expiration Date JUN 2 9 2007
E-mail Address: tinah@ypcnm.com		
Date: June 19, 2006	Phone: 505-748-4168	Conditions of Approval Attached





105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

RECEIVED

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES

PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDENT

RANDY G. PATTERSON SECRETARY

DENNIS G. KINSEY TREASURER

JUN 2 1 2006

June 19, 2006

Mr. Bryan Arrant Oil Conservation Division, District II Office 1301 W. Grand Ave. Artesia, NM 88210

Re:

Hard as Nails AMD State Com #5

Section 27-T9S-R26E

Chaves County, New Mexico

H2S Contingency Plan

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 Wolfcamp formation to even meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

Tina Huerta

Regulatory Compliance Supervisor