

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-144
June 1, 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 X No ☐

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

APR 28 2008

OCD-ARTESIA

Operator Yates Petroleum Corporation Telephone 575-748-4500 e-mail address mikes@ypcnm.com

Address 105 South 4th Street, Artesia NM 88210

Facility or well name Lutton #4 API # 30-015-34676 U/L or Qtr/Qtr O Sec 23 T 18S R 26E

County Eddy Latitude 32 72686 Longitude 104 34935 NAD 1927 ☒ 1983 ☐

Surface Owner Federal ☐ State ☐ Private ☒ Indian ☐

Pit

Type Drilling ☒ Production ☐ Disposal ☐

Work over ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type Synthetic ☒ Thickness 12 mil Clay ☐

Pit Volume 20,000 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) 70'

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points) xxxx

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) xxxx

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) xxxx

Ranking Score (Total Points)

10 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 (check the onsite box if
you are burying in place) 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

Additional Comments The Lutton #4 was drilled to TD using a fresh water mud system The well was TD at a depth of 3806' At TD the mud weight was 8.4 lb The drilling
pit material will be mixed with earthen material to stiffen the pit contents, as necessary The 12 mil Primary liner will be folded over the stiffened mud and cuttings The
drilling pit area will then be backfilled to grade using a minimum of 3 feet of clean soil or like material that is capable of supporting native plant growth

A one call and a 48 hour notice will be provided to NMOCD

(C144 Previously submitted 2/4/08 approved 2/14/08 - C144 submitted with an alternative method of pit closure)

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 X, or an (attached) alternative OCD-approved plan ☐.

Date 4/24/2008

Printed Name/Title Mike Stubblefield/Environmental Regulatory Agent

Signature *Mike Stubblefield*

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

Approved with stipulations. See
attachment.

Signature

Signed By *Mike Stubblefield*

Date

MAY 05 2008

Stipulations for Closing Drilling Pit

- Notify OCD 24 hours prior to commencement of closure activity.
- Notify OCD 24 hours prior to obtaining samples where analyses of samples obtained are to be submitted to OCD.
- Samples are to be obtained from below the liner in the front portion (circulating pits) of the pit configuration and tested for hydrocarbon constituents.
- Sample analyses are to be presented to and approval obtained from OCD prior to back-filling this area.
- Closure report including all analytical data is to be submitted to OCD upon satisfactory completion of pit closure.

YATES PETROLEUM CORPORATION
CHRONOLOGICAL DRILLING REPORT
Lattion #4
Unit O
23-18S-26E
Eddy County, New Mexico

Location: 330' FSL & 1790' FEL of Section 23-18S-26E, Eddy County, New Mexico.
API NO.: 30-015-34676. Elevation: 3304' GR. PTD: 3700' Glorieta. Drilling Contractor: United #34.

1-16-08 Building location with Precision Services. Notified Mike Bratcher with Artesia OCD via internet on intent to construct road, pad and reserve pit. Wait on One Call, ticket #2008021235.

1-17-08 Standby. Location complete.

1-18-30-08 Stand by.

2-1-3-08 Stand by.

2-4-08 TD 48'. Spudded well at 12:00 Noon 2-4-08. Set 40' of 20" conductor. Cemented with redi-mix.

2-5-6-08 TD 48'. Waiting on rotary tools.

2-7-08 TD 48'. Rig up from 6:00 AM to 6:00 PM with intent to work on pumps #1 and #2 the following day. Notified Mike Bratcher with OCD at 3:00 PM 2-6-08 with regards to spud at 1:00 PM 2-4-08. DC \$1745; CC \$2745

2-8-08 TD 48'. Rig repair. Made 0'. Repair work performed on pumps 1 and 2. Replaced seats, valves, swabs, rods and liner gasket. Plan to resume drilling at 8:00 AM 2-8-08. DC \$1775; CC \$4520

2-9-08 Drilling 805' surface. Made 757' in 21.25 hours, 35.6'/hr. MW 8.8, Vis 30, pH 10. WOB 40, RPM 65, SPM 28, PP 300#. Start equipment and mixed 35 sacks of fresh water gel and 2 sacks of paper. Did not have any circulation problems thru 500'. Survey 490' 3/4 deg. Drilled to 805' with fine full returns. NOTE: OCD was notified about resume drilling operations at 8:30 AM 2-8-08 by message to Mike Bratcher's voice mail. DC \$73,105; CC \$77,625

2-10-08 TD 1018' surface. Run casing. Made 213' in 14 hours, 15.2'/hr. MW 9.2, Vis 30, Cl 1400, PV 2, YP 2, Solids 6.3%, Gels 1, pH 8. WOB 40, RPM 65, SPM 28, PP 300#. Drilled to 837'. Survey 795' 1-1/2 deg. Drilled to 1018'. Daylight driller lowered weight on bit to keep from deviation problems. Sweep with 65 bbls of fluid at 55 vis. Ran survey 976' 3/4 deg. Laid down 8" drill collars. Rigged up casing crew. Run 24 joints 8-5/8" 24# J-55 (1003.73') casing, set at 1003'. Float insert set at 959.8'. Float shoe set at 1003'. Ran centralizers on joints #1, 3 and 5. Rigged down casing crew. Break circulation and circulated to clean up wellbore for cementing. Rigged up cementers. Cemented with 300 sacks Halliburton Lite Premium Plus "C" + 1% CaCl (yld 2, wt 12.5). Tailed in with 200 sacks Premium Plus "C" + 25 CaCl (yld 1.35, wt 14.8). PD at 5:06 AM 2-10-08. Bumped plug to 639 psi, held OK. Circulated 17 sacks top it. WOC. Rigged down cementers. NOTE: Notified OCD at 8:30 PM 2-9-08 of intent to cement; at 3:30 AM 2-10-08 notified of cementing surface casing and at 5:20 AM of cement circulated to surface. DC \$25,066; CC \$102,691

2-11-08 Drilling 1154' San Andres. Made 136' in 5.5 hours, 24.7'/hr. MW 8.5, Vis 29, pH 11. WOB 40, RPM 65, SPM 28, PP 300#. WOC 4 hours before slacking off to cut and pull casing. Casing pressure test performed this 3 hour period - 600 psi for 30 mins. Casing test passed on 2-10-08. Nipped up BOP and choke manifold. TIH with new BHA: 6" collars, shock sub, bottom hole collar and Hughes GX-44C tricone bit. Finished rigging up flow line and prim pumps. TIH with 10 stands collars and drill pipe. Test BOP and choke manifold to 1000 psi for 15 mins. Test passed 2-10-08. WOC for 18 hours before drilling plug, float insert and float shoe. Drilled out at 12:30 AM 2-11-08. WOC 19 hours 24 mins. Reduced hole and resumed drilling. Drilled to 1154'. DC \$30,918; CC \$133,609

2-12-08 Drilling 1715' dolomite. Made 561' in 23.25 hours, 24.1'/hr. MW 8.4, Vis 28, Cl 1500, solids 0.6%, pH 11. WOB 40, RPM 65, SPM 28, PP 200#. Drilled to 1311' without drag or fluid loss. Pumping sweeps every 300'. Service rig. Drilled to 1533'. Survey 1501' 1 deg. Drilled to 1715'. DC \$15,601.50; CC \$149,210.50

2-13-08 Drilling 2139' dolomite. Made 424' in 18.75 hours, 22.6'/hr. MW 8.4, Vis 29, Cl 1500, pH 11. WOB 40, RPM 65. Drilled to 1913'. Service rig. Drilled to 1974'. Survey 1932' 1 deg. TOOH to change drill pipe. Washed out tool joints. TIH with new string of drill pipe (43 joints 4-1/2" 16.6# E). Drilled to 2139'. DC \$24,708; CC \$173,918.50

2-14-08 Drilling 2730' dolomite. Made 591' in 23.25 hours, 25.4'/hr. MW 8.4, Vis 28, Cl 1400, Solids 0.6%, pH 12. BGG 25, Max 160, CG 43. WOB 40, RPM 65, SPM 28, PP 250#. Drilled to 2239'. Service rig. Drilled to 2552'. Survey 2510' 1/4 deg. Drilled to 2730'. DC \$16,874.50; CC \$190,793.00

2-15-08 Drilling 3282' dolomite. Made 552' in 23 hours, 24'/hr. MW 8.4, Vis 28, Cl 14,000, Solids 0.6%, pH 11. WOB 40, RPM 65, SPM 28, PP 250#. Drilled to 2932'. Service rig. Drilled to 3091'. Survey 3049' 3/4 deg. Drilled to 3282'. DC \$14,747; CC \$205,540

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Yates Petroleum - Lattion #4 (Unit O) 23-18S-26E Eddy Co., NM

2-16-08 TD 3806' dolomite. Circulate. Made 524' in 20.25 hours, 25.9'/hr. MW 8.4, Vis 29, Cl 13, Calcium 1400, pH 11. BGG 25, Max 133, CG 37. WOB 40, RPM 65, SPM 33, PP 360#. Drilled to 3536'. Survey 3494' 3/4 deg. Drilled to 3800'. Pumped 40 bbl sweep - 60 vis, WL 7, pH 11. Short trip out. Circulated. DC \$20,732; CC \$226,272

2-17-08 TD 3806' dolomite. Rig down. Made 0'. BGG 25, Max 133, CG 37. Circulated and spotted pill on bottom - 100 bbls 60 vis, WL 7, pH 11. Survey 3758' 3/4 deg. TOOH. Rigged up wireline Logs tagged bottom at 3806' at 12:00 PM. Run casing. 5-1/2" went to bottom without any problems. Ran 90 joints 5-1/2" 15.5# J-55 (3812.14') casing, set at 3806'. Float collar set at 3762.2'. Float shoe set at 3806'. Ran centralizers every 3rd from TD to 500' above the Bone Springs. Cemented with 50 sacks 50/50 Poz + 0.4% CFR-3 + 0.4% LAP-1 + 1#/sx Salt (yld 4.58, wt 10). Tailed in with 650 sacks 50/50 Poz + 0.4% CFR-3 + 0.4% LAP-1 + 1#/sx Salt (yld 1.4, wt 13.8). PD at 1:18 AM 2-17-08. bumped plug to 1950 psi, held OK. Circulated 30 sacks to pit. Set slips and nipped down. Rigging down. DC \$79,302.50; CC \$305,574.50

2-18-08 TD 3806'. *Rig released at 5:59 AM 2-17-08.

2-19-29-08 Waiting on completion unit.

3-1-6-08 Waiting on completion unit.

3-7-08 Moved in and rigged up. Nipped up BOP. TIH with 4-3/4" mill tooth bit, scraper and 2-7/8" tubing. Tagged at 3753'. Pickle tubing with 600 gals 15% NEFE acid. Circulated hole with 2% KCL. TOOH with tubing, scraper and bit. Shut well in and shut down. Prep to run CBL and perforate. DC \$38,200; CC \$38,200; TWC \$343,774.50

3-8-9-08 Rigged up BWL. Run a CBL/GR/CCL from 3760' to surface. Est TOC at 80'. Perforated 2820-30' (11 holes), 2906-2916' (11 holes), 2930-2940' (11 holes), 2990-3016' (27 holes), 3284-330' (17 holes), 3318-3326' (9 holes), 3340-3360' (21 holes) for a total of 107 holes. Nipped down BOP. Nipped up frac valve. Shut well in and shut down. Prep to frac. DC \$16,271; CC \$54,471; TWC \$360,045.50

3-10-08 Rigged up frac equipment. Superior Well Service die not have sand for frac in sand bends. Shut frac job down until next day. Prep to frac. DC \$2400; CC \$56,871; TWC \$362,445.50

3-11-08 Rigged up Superior. Break down perfs on water. Broke at 2800 psi. Acidized perfs 2820-3360' (107) with 300 gals 20% HCL acid with 175 ball sealers. Balled off with 170 balls on. Frac'd perfs 2820-3360' with a XL frac, 2521 bbls fluid, 103,800# 16/30 white sand in concentration of .20# to 4# sand. Avg 70 BPM, avg 1768 psi. ISDP 506#, 15 mins 288#. TLTR 2521 bbls fluid. Rigged up BWL. Run a gauge ring to depth of 2600'. TOOH. Set 5-1/2" 17# composite plug at 2540'. Perforated 1814-1830' (17 holes), 2050-2080' (31 holes), 2250-2260' (11 holes), 2280-2290' (11 holes) and 2390-2404' (15 holes) for a total of 85 holes. Rigged up Superior. Break perfs down on water. Broke at 3800 psi. Pumped into top perforations at 0-2 BPM. Unable to open other perforations with acid. Flowed well down. Nipped down frac valve. Nipped up BOP. Shut well in and shut down. Prep to TIH with tools and acidize zones. DC \$5700; CC \$62,571; TWC \$368,145.50

3-12-08 TIH. Break down perfs with 20% HCL acid. Perforations 2390-2404' (broke at 3200 psi), 2280-2290' (broke at 1450 psi), 2250-2260' (broke at 1800 psi), 2050-2080' (broke at 1400 psi) and 1418-1430' (broke open). TOOH and nipped down BOP. Nipped up frac valve. Frac'd perfs 1814-2404' (85) with a XL frac, 2332 bbls fluid, 106,600# 16/30 White sand in concentration of .20# to 4# sands. RCS on 3# and 4# sand. Avg 70 BPM, avg 2300 psi. ISDP 895#, 15 mins 742#. TLTR 2331 bbls fluid. Shut well in and shut down. Prep to flow back frac. DC \$125,898; CC \$188,469; TWC \$494,043.50

3-13-08 SICP 0#. TIH with 4-3/4" milltooth bit, 1 - 3-1/2" drill collar and 2-7/8" tubing. Tagged sand at 2345'. Circulated sand from 2345-2540'. Tagged composite plug. Drilled composite plug at 2540'. Lost circulation. TIH with bit and tagged at 3260'. Unable to circulate hole. Pulled above perfs to 1750'. Shut well in and shut down. Prep to rig up foam unit, TIH, circulate, drill to PBD, TOH and TIH with production. DC \$32,250; CC \$220,719; TWC \$526,293.50

3-14-08 SITP 500# and SICP 520#. Flowed well down. TIH with bit. Rigged up foam unit. Tagged at 3260'. Push composite plug down hole from 3260-3550'. Drilled and circulated sand from 3550-3740'. Circulated hole clean. Pulled above perforations with bit to a depth of 1750'. Shut well in and shut down due to high winds. Prep to TOH with drilling assembly, TIH with production string and swab test. DC \$11,250; CC \$231,969; TWC \$537,543.50

3-15-16-08 SITP 550#. Flowed well down and loaded hole. TOOH with drilling assembly. TIH with production string, 1 sand string, SN at 3398', 51 joints 2-7/8" tubing, TAC set at 1711' and 52 joints 2-7/8" tubing. Nipped down BOP and nipped up wellhead.

TIME	FL/#SR	OIL	WATER
12 PM	1300' - 3	0.0	20.0
1 PM	1200' - 5	0.0	33.0
2 PM	1200' - 5	1.4	32.6
3 PM	1200' - 5	1.7	31.4
4 PM	1200' - 5	1.7	31.4
5 PM	1200' - 5	1.7	31.4

water, gas
water, gas
water, gas, 4% oil
water, gas, 5% oil
water, gas, 5% oil
water, good gas, 5% oil

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Yates Petroleum - Lattion #4 (Unit O) 23-18S-26E Eddy Co., NM

3-17-08 Shut well in DC \$5350; CC \$237,319; TWC \$542,893 50
Rigged down and moved rig to Okhay. Turned well to production. DC \$2600; CC
\$239,919, TWC \$545,493.50

3-18-08 TP 400# and CP 250# on 7/64" - 0 bbls oil, 0 bbls water and 71 MCF

3-19-08 TP 100# and CP 50# on 17/64" - 4 bbls oil, 300 bbls water and 86 MCF.

3-20-08 TP 100# and CP 50# on 17/64" - 47 bbls oil, 259 bbls water and 86 MCF

3-21-08 TP 50# and CP 50# on 17/64" - 42 bbls oil, 240 bbls water and 66 MCF

3-22-08 TP 50# and CP 50# on 17/64" - 45 bbls oil, 292 bbls water and 61 MCF

3-23-08 TP 50# and CP 50# on 17/64" - 35 bbls oil, 280 bbls water and 64 MCF

3-24-08 CP 50# on 17/64" - 0 bbls oil, 0 bbls water and 41 MCF

3-25-08 TP 100# and CP 50# on 17/64" - 40 bbls oil, 320 bbls water and 65 MCF.

3-26-08 TP 100# and CP 50# on 17/64" - 35 bbls oil, 325 bbls water and 72 MCF.

3-27-08 TP 100# and CP 50# on 17/64" - 25 bbls oil, 300 bbls water and 66 MCF.

3-28-08 TP 50# and CP 50# on 17/64" choke = 31 bbls oil, 225 bbls water and 67 MCF.

3-29-08 TP 50# and CP 50# on 17/64" choke = 34 bbls oil, 357 bbls water and 72 MCF.

3-30-08 TP 50# and CP 50# on 17/64" choke = 38 bbls oil, 380 bbls water and 77 MCF

3-31-08 TP 50# and CP 50# on 17/64" choke = 38 bbls oil, 363 bbls water and 75 MCF

4-1-08 TP 50# and CP 50# on 17/64" choke = 35 bbls oil, 289 bbls water and 75 MCF.

4-1-08 (OIL WELL IP) TD 3806'; PBTD 3740'. API NO.: 30-015-34676. On a 24 hour
Official Potential test taken 3-28-08 FTP 50# and CP 50# on 17/64" choke = 31
BOPD, 67 MCF/GPD and 225 BWPD through perforations 1814-3360' Glorieta-Yeso POOL
Atoka, Glorieta-Yeso. WELL IS PRODUCING FINAL REPORT