

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
June 16, 2008

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**

Operator Name and Address Yates Petroleum Corporation 105 S. 4 th Street Artesia, NM 88210		JUL 16 2008 OCD-ARTESIA	² OGRID Number 025575
³ Property Code 12717		⁵ Property Name Sandlewood AEW State	³ API Number 30 - 005-64038
⁹ Proposed Pool 1 Wildcat Basement		¹⁰ Proposed Pool 2	

⁷ Surface Location

UL or lot no P	Section 31	Township 8S	Range 27E	Lot Idn	Feet from the 660	North/South line South	Feet from the 660	East/West line East	County Chaves
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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
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Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3966'
¹⁶ Multiple No	¹⁷ Proposed Depth 7050'	¹⁸ Formation Basement	¹⁹ Contractor Not Determined	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	1100'	450 sx	Surface
7 7/8"	5 1/2"	15.5#	7050'	500 sx	TOC-4200'

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 and test the Basement and intermediate formations. Approximately 1000' of surface casing will be set and 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.

Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Basement formation to meet the OCD's minimum requirements for the submission of contingency plan per Rule 118.

MUD PROGRAM: 0-1000' FWGel/Paper/LCM; 1000-4670' Brine; 4670-7050' Salt Gel/Starch.

BOPE PROGRAM: A 2000# BOPE will be installed on the 8 5/8" casing and tested daily.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

Debbie L. Caffall

Title:

Regulatory Agent

E-mail Address:

debbic@ypcnm.com

Date:

July 10, 2008

Phone:

(575) 748-4376

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

7/21/08

Expiration Date:

7/21/10

Conditions of Approval Attached ☐

1220 S. St. Francis Dr., Santa Fe, NM 87505

Santa Fe, NM 87505

OCD-ARTESIA

Fee - 3 Copies

☐ AMENDED REPORT

¹ API Number 30-005-63282	² Pool Code	³ Pool Name Wildcat Basement
⁴ Property Code	⁵ Property Name SANDLEWOOD AEW STATE	⁶ Well Number 3
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 3966'

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	31	8S	27E		660	SOUTH	660	EAST	CHAVES

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320 E/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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16		LG-4916		<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>Debbie L. Caffall</i> 7/09/07 Signature Date</p> <p>Debbie L. Caffall Printed Name</p> <p>Regulatory Agent Title</p>
				<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>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>REFER TO ORIGINAL PLAT</p> <p>Certificate Number</p>

DISTRICT I

1225 E. French Dr., Hobbs, NM 88340

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1006 Rio Branco Rd., Artesia, 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

JUL 10 2007
OCD-ARTESIA**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 Wildcat Basement
Property Code	Property Name SANDLEWOOD "AEW" STATE	Well Number 3
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3966

Surface Location

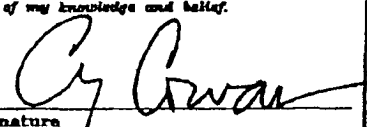
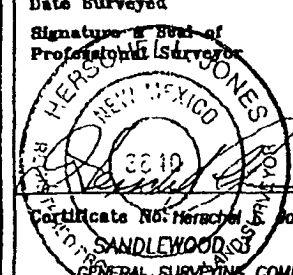
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	31	8S	27E		660	SOUTH	660	EAST	CHAVES

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 320	Joint or InSR	Consolidation Code	Order No.
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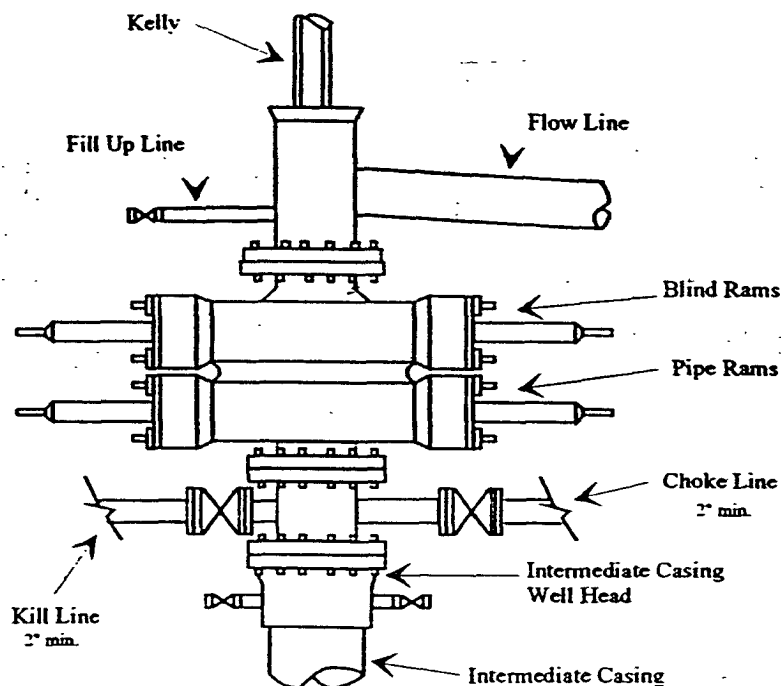
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div style="text-align: center; font-size: 2em;">LG - 4916</div>	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <div style="text-align: right;">  Signature Cy Cowan Printed Name Regulatory Agent Title September 20, 2000 Date </div>	
	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. <div style="text-align: right;"> 8/03/2000 Date Surveyed Signature of State of Professional Surveyor  </div>	
	Certificate No. Herschel B. Jones RLS 3640 SANDLEWOOD, DISK 31 GENERAL SURVEYING COMPANY	
	<div style="text-align: right;"> 660' 660' </div>	

Yates Petroleum Corporation

Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack



Typical 2,000 psi choke manifold assembly with at least these minimum features

