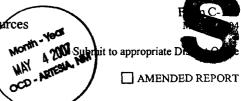
District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

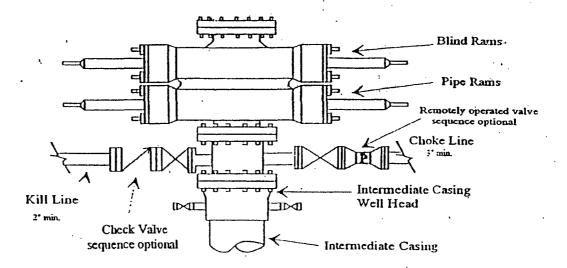


APPLICATION FOR PERMIT TO DRILL RE-ENTER, DEEPEN, PLUCBACK, OR ADD A ZONE

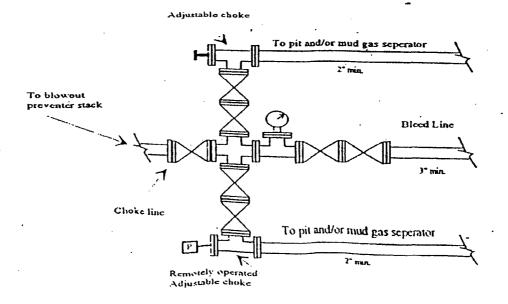
AFFI	ACATI	UN FU	Operator Name			ENIER, D	<u>eerei</u>	, FLOGDA	² OGRID Nu		
			Yates Petroleum 105 S. 4 th	Corporat Street	ion		025575 3 API Number				
			Artesia, NM	88210		30-015-21653					
3 Prope				³ Property Arco I	Name "Well No. EC State 2						
	9	Proposed Pool 1			¹⁰ Proposed Pool 2						
Wildcat Cisco											
⁷ Surface Loca											
UL or lot no. I	Section 36	Township 17S	Range 25E	Lot Idn Feet fin			South line outh	Feet from the 1100	East/West lin East	e County Eddy	
			⁸ Propo	sed Botte	om Hole Loca	tion If Differe	nt From S	Surface			
UL or lot no.	Section	Township	Range	Lot l			South line			e County	
		I	<u> </u>	Ad	ditional We	ell Informati	ion				
11 Work Type Code 12 Well Type Code A G						14 Lease Type Code S		15 Ground Level Elevation 3445'GR			
¹⁶ Multiple Y			17 Proposed Dep N/A	· [mation ester	¹⁹ Contractor N/A		²⁰ Spud Date ASAP		
Depth to Grou	ındwater			Distanc	stance from nearest fresh water well Di			Distance from	Distance from nearest surface water		
Pit: Liner	: Synthetic	П	nils thick Clay	Pit V	olume: bbl	s D	rilling Met	mod:			
	ed-Loop Sys		•			Fresh Water Brine Diesel/Oil-based Gas/Air					
***************************************			21	Propos	sed Casing a	nd Cement	Program	n			
Hole S	ize	Cas	sing Size		g weight/foot	Setting I		Sacks of Ce	ment	Estimated TOC	
Hole Size			casing weight toot,		Betting 1	Betting Deptil			25tiffacto 100		
					IN PI	LACE					
									one and proposed new productive zone		
Describe the Yates Petro	blowout proleum Con a 4-1/2"	rporation pro rporation processite	ogram, if any. Use plans to recomp flow through p	additiona	I sheets if necess well as follow	ary. /s: Release pa	cker and	POOH with tub 2), 6878'-6881	ing, laying o	lown all but +/-	
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 , a general permit , or an (attached) alternative OCD-approved plan .						OIL CONSERVATION DIVISION					
						Approved by:					
Signature: (June) Lucata						BRYAN G. ARRANT DISTRICT II GEOLOGIST					
Printed name	: Tina Hue	rta				Title:					
Title: Regulatory Compliance Supervisor						Approval Date	MAY (7 2007 E	xpiration Date	MAY 0 7 2008	
E-mail Addre	ss: tinah@	ypcnm.com	т	-	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·					
Date: May 2, 2007 Phone: 505-748-4168					Conditions of Approval Attached						

Yates Petroleum Corporation

Typical \$,000 psi Pressure System
Schematic



Typical 3,000 psi choke manifold assembly with at least these minimum features



MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

S. P. YATES CHAIRMAN OF THE BOARD

May 2, 2007



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

Re: Arco EC State #2

Section 36-T17S-R25E Eddy 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 Cisco 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

Cetrict I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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 October 12, 2005
MAY 4 200

State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

220 S. St. Francis	Dr., Santa i	e, 14/41 87	505						_ AIME	NUEU REPUR	
			WELL LO	DCAT	ON AND ACE	REAGE DEDIC	CATION PL	AT			
1 A	r		² Pool (Code	³ Pool Name						
30-	3		Wildcat Cisco								
⁴ Property Code 12006 ⁷ OGRID No. 025575				⁵ Property		⁶ Well Nun					
						2		2			
				⁹ Elevation							
			3445'GR								
					¹⁰ Surface	Location					
UL or lot no.	Section	Townsh	nip Range	Lot Id:	Feet from the	North/South line	Feet from the	East/Wes	st line	County	
1	36	36 17S			1980	South	1100	East		Eddy	
		1	11 Bo	ottom I	Hole Location 1	f Different From	m Surface	- L			
UL or lot no.	Section	Towns	nip Range	Lot Id	Feet from the	North/South line	Feet from the	East/We	st line	County	
Dedicated Acres	13 Joint o	r Infill	¹⁴ Consolidation	Code 1	⁵ Order No.	1			1		
lo allowable w ivision.	vill be ass	signed to	o this comple	tion unti	l all interests have	been consolidated	or a non-standa	ard unit has	been ap	proved by the	
16				<u> </u>	<u> </u>		17 (PERATO	R CERT	IFICATION	
							I hereby cert	ify that the informa	ation contained	d herein is true and comple	
							to the best of	my knowledge and	l belief, and th	at this organization either	
							owns a world	ing interest or unle	ased mineral i	interest in the land includin	
							the proposed	bottom hole locati	ion or has a ri;	ght to drill this well at this	

			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. May 2, 2007 Signature Date Tina Huerta Printed Name
•	,	1920/S	18SURVEYOR 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number