District I 1625 N French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III

State of New Mexico Energy Minerals and Natural Resources

Form C-101 May 27, 2004

Oil Conservation Division 1220 South St. Francis Dr.

MAR 1 4 2008

☐ AMENDED REPORT

Submit to appropriate District Office

District IV

1000 Rio Brazos Road, Aztec, NM 87410

Santa Fe. NM 87505 1220 S. St Francis Dr , Santa Fe, NM 87505 APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN. OR ADD A ZONE Operator Name and Address OGRID Number Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 025575 API Number 30-015-26795 Property Name Well No Property Code 12789 State CO Com ⁹ Proposed Pool 1 ¹⁰ Proposed Pool 2 Canyon; Wolfcamp **Surface Location** Lot Idn Feet from the North/South line Feet from the UL or lot no Section Township Range East/West line County 19S 24E 1980 Η 36 North 660 East Eddy ⁸ Proposed Bottom Hole Location If Different From Surface UL or lot no. Section Township Lot Idn Feet from the North/South line Feet from the East/West line County Additional Well Information 11 Work Type Code 12 Well Type Code 13 Cable/Rotary 14 Lease Type Code 15 Ground Level Elevation N/A 3582'GR Multiple ⁷ Proposed Depth 18 Formation Spud Date 19 Contractor N N/A Canyon **ASAP** Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water Pit: Liner: Synthetic mils thick Clay 🔲 Pit Volume: Drilling Method: Fresh Water Brine Diesel/Oil-based Gas/Air Closed-Loop System Proposed Casing and Cement Program Casing Size Casing weight/foot Setting Depth Sacks of Cement Estimated TOC Hole Size 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 plugback and recomplete this well as follows: Set a 7" CIBP at 7654' with 35' cement on top. Perforate Wolfcamp 5730'-5740' (20) and 5760'-5774' (28). Stimulate as needed. ²³ I hereby certify that the information given above is true and complete to the OIL CONSERVATION DIVISION best of my knowledge and belief I further certify that the drilling pit will be constructed according to NMOCD guidelines □, a general permit □, or Approved by: an (attached) alternative OCD-approved plan . Signature: Printed name Tina Huerta Title: Regulatory Compliance Supervisor Approval Date: E-mail Address: tinah@ypcnm.com Phone: 575-748-4168 Date: March 11, 2008 Conditions of Approval Attached

MARTIN YATES, III

FRANK W. YATES



105 SOUTH FOURTH STREET

ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

S P. YATES CHAIRMAN EMERITUS

JOHN A. YATES

FRANK YATES, JR.

PEYTON YATES

JOHN A. YATES, JR.

March 11, 2008

MAR 1 4 2008 OCD-ARTESIA

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

Re: State CO Com #6

Section 36-T19S-R24E 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 Wolfcamp formation to even meet the OCD's minimum requirements for submission of a contingency plan per Rule 118.

Thank you,

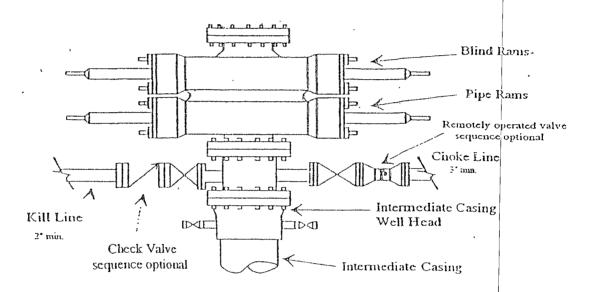
YATES PETROLEUM CORPORATION

Tina Huerta

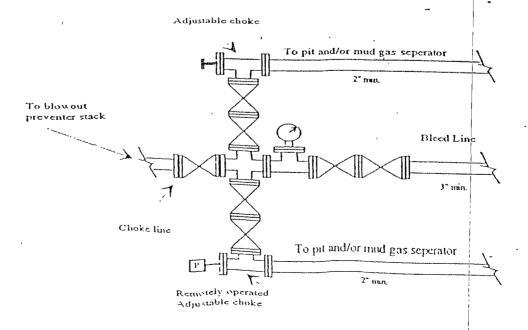
Regulatory Compliance Supervisor

Yates Petroleum Corporation

Typical 3,000 psi Pressure System Schematic



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



WELL NAME: State CO Com #6 ____FIELD: _____Dagger Draw LOCATION: 1,980' FNL & 660' FEL of Section 36-17S-24E Eddy Co., NM **GL**: 3,582 **ZERO**: 18' **KB**: CASING PROGRAM SPUD DATE: 11/28/04 COMPLETION DATE: COMMENTS: 9-5/8" 36# J55 STC 1,090' 102 7" 26# J55 LTC 868 7" 23# N80 LTC 7" 23# J55 LTC 3,998' 7" 26# J55 LTC 2,646 7" 26# N80 LTC 626 8,240' 2-7/8 6.5# J55 EUE 9-5/8" @ 1,090' w/1000 sx cmt **After** 14-3/4" Hole DV Tool @ 5,614' 8-3/4" Hole Perfs: 5,730-5,740' (2SPF) (20 holes) Perfs: 5,760-5,774' (2SPF) (28 holes) CIBP @ 7,654 w/35' cmt Canyon Perfs: 7,704-7,832' (54) Not to Scale 1/25/07 DC/Moss 7" @ 8,240' w/ 1st Stage: 750 sx (Circ) 2nd Stage: 1100 sx TD: 8,240'

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District IV

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

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

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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05	AME	NDED REPORT
WELL LOCATION AND ACREAGE DEDICATION PLAT		

¹ API Number			² Pool Code		³ Pool Name				
30-	-015-2679	5		08450		Canyon; Wolfcamp			
' Property Code				⁵ Property Name				Well Number	
12789	12789 State CO Com							6	
OGRID I	No.	8 Operator Name							Elevation
025575	5	Yates Petroleum Corporation						3582'GR	
					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
H	36	19S	24E		1980	North	660	East	Eddy
			11 Bo	ottom Hol	e Location I	f Different Fron	m 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	3 Joint of	r Infill 14 Co	onsolidation	Code 15 Ord	ler No.	L]		

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		1480°H	OPERATOR CERTIFICATION 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
		660'E	Signature Date Tina Huerta Printed Name
		,	18 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 Date of Survey
		•	Signature and Seal of Professional Surveyor Certificate Number