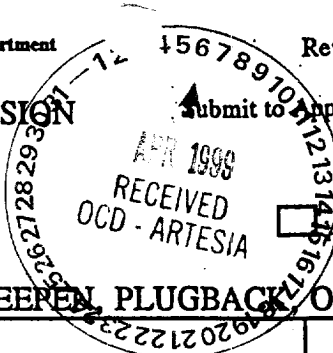


District I
PO Box 1280, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised October 18, 1994
Instructions on back
Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies



RECOMMENDED REPORT

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

| | | |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------|
| ¹ Operator Name and Address. YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30-015-30623 |
| ⁴ Property Code 24464 | ⁵ Property Name Lucky Wolf "ATB" State Com | ⁶ Well No. 1 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| I | 32 | 16S | 27E | | 1650' | South | 660' | East | Eddy |

⁸ Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------------------------------------------------|---------|----------|-------|---------|-------------------------------|------------------|---------------|----------------|--------|
| ⁹ Proposed Pool 1 Crew Flats, MORROW 75720 | | | | | ¹⁰ Proposed Pool 2 | | | | |

| | | | | |
|-----------------------------------|---------------------------------------|-----------------------------------|------------------------------------------|-----------------------------------------------|
| ¹¹ Work Type Code N | ¹² Well Type Code G | ¹³ Cable/Rotary r | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 3394' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 8900' | ¹⁸ Formation Morrow | ¹⁹ Contractor Undesignated | 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# J-55 | 1300' | 500 sx | Circulated |
| 7 7/8" | 4 1/2" | 11.6# S-95 | 8900' | 400 sx | TOC 7500' |
| Minimum WOC time 8 hrs. | | | | | Post FD-1 4-16-99 API & LCC |

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 Morrow and intermediate formations. Approximately 1300' of surface casing will be set and cement circulated to shut off garvel and cavings. If commercial, production casing will be run and cement circulated, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-1300' FW; 1300'-4700' FW Gel; 4700'-8000' Cut Brine; 8000'-TD Salt Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.

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

Signature:

Printed name:

KEN BEARDEMPHL

Title:

LANDMAN

Date:

April 6, 1999

Phone:

505-748-4348

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY TIM W. GUN
DISTRICT II SUPERVISOR

Title:

Approval Date: 4-9-99

Expiration Date: 4-9-00

Conditions of Approval:

Attached ☐

Notify N.M.O.C.C. in sufficient

time to witness cementing
the 8 5/8" casing

2. 2. 2.

2. 2. 2.

2. 2. 2.