District I PO Box 1980, Hobbs, NM 88241-1980 District II 811 South First, Artesia, NM 88210 District III

District IV

State of New Mexico

Form C-101 Revised October 18, 1994

Instructions on back

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION 456 > Submit to Appropriate District Office State Lease - 6 Copies Fee Lease - 5 Copies Fee Lease - 5 Copies

| | OGRID Number |
|---|------------------------|
| YATES PETROLEUM CORPORATION 657 17 07 61 80 | 25575 |
| 105 Boath Touren Bereet | API Number 15 - 30 657 |
| Property Code Concho "ACT" State Com. | ' Well No. 1 |

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---|-----------------|----------|-------|-----------|---------------------------|------------------|---------------|----------------|--------|
| Н | 8 | 17S | 27E | | 1650' | North | 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 |
| | | | | <u> </u> | <u> </u> | | | Tos | 1 11-1 |
| _ | Proposed Pool 1 | | | | 1º Proposed Pool 2 6-4-99 | | | | |
| Crow Flore Morrow 7 5720 | | | | APE + Loc | | | | | |
| | | | | | | | | | |

⁷ Surface Location

| " Work Type Code | ¹² Well Type Code | ¹³ Cable/Rotary | ¹⁴ Lease Type Code | ¹⁵ Ground Level Elevation 3362 ' |
|------------------|------------------------------|----------------------------|-------------------------------|---|
| N | G | R | S | |
| ** Multiple | " Proposed Depth. | " Formation | "Contractor Undesignated | ²⁸ Spud Date |
| No | 9150 ' | Morrow | | · 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 | 1400' | 500 sx | Circulated |
| 7 7/8" | 4 1/2" | 11.6# S-95 | 9150' | 400 sx | TOC 7500' |
| | | | | | |
| | | | Minimum V | C time Shra | |
| | | | | | |

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 1400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cement circulated, will perforate and stimulate as needed for production.

0-1400' FW; 1400'-4700' FW Gel; 4700'-8100' Cut Brine; 8100'-TD Salt Gel/ MUD PROGRAM:

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

| ²³ I hereby certify that the information given a of my knowledge and yelief. | above is the and complete to the best | OIL CONSERVATION DIVISION | | | |
|---|---------------------------------------|---------------------------|------------------------------|--|--|
| Signature: | | Approved by: | 1360 | | |
| Printed name: KEN BEARDEMPHI | | Title: | | | |
| Title: LANDMAN | | Approval Date: 535 0 | Expiration Date: 5=78-00 | | |
| Date: April 6, 1999 | Phone: 505-748-4348 | II Attached □ | ify N.M.O.C.C. in sufficient | | |