

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
May 27, 2004

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

¹ Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		² OGRID Number 025575
³ Property Code 35852		⁵ API Number 30-025-27093
⁴ Property Name Vanity BJO State Com.		⁶ Well No. 1
⁹ Proposed Pool 1 Wildcat Mississippian		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	3	13S	34E		1980	North	1980	West	Lea

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

Additional Well Information

¹¹ Work Type Code E 9 D	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4156'
¹⁶ Multiple No	¹⁷ Proposed Depth 12,550'	¹⁸ Formation Austin	¹⁹ Contractor	²⁰ Spud Date
Depth to Groundwater: 50'		Distance from nearest fresh water well: More than 1000'		Distance from nearest surface water: 1000' or more
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 24,000 bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/>		10 ranking		Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/>

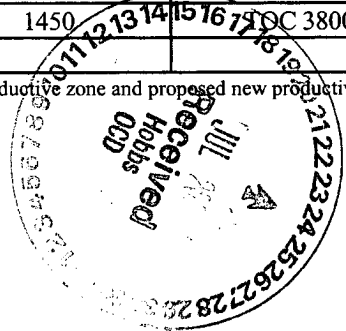
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5"	13.375"	48#	450'-in place	500	0
12.25"	8.625"	32#	4280'-in place	2005	0
8.75"	5.5"	17#	12550'	1450	3800'

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.

See Attached Sheet

Permit Expires 1 Year From Approval Date Unless Drilling Underway Re-Entry & Deepen



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 .

Printed name: Clifton R. May *Clifton R. May*
Title: Regulatory Agent
E-mail Address: cliff@ypcnm.com
Date: July 24, 2006 Phone: (505) 748-4347

OIL CONSERVATION DIVISION	
Approved by: <i>[Signature]</i>	
PETROLEUM ENGINEER	
Title:	
Approval Date: JUL 25 2006	Expiration Date:
Conditions of Approval Attached <input type="checkbox"/>	

NOTE: USGS Water Data website & their map; no information on NM Engineer's website.

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

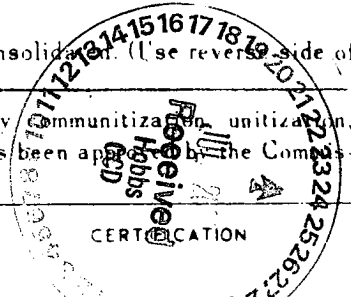
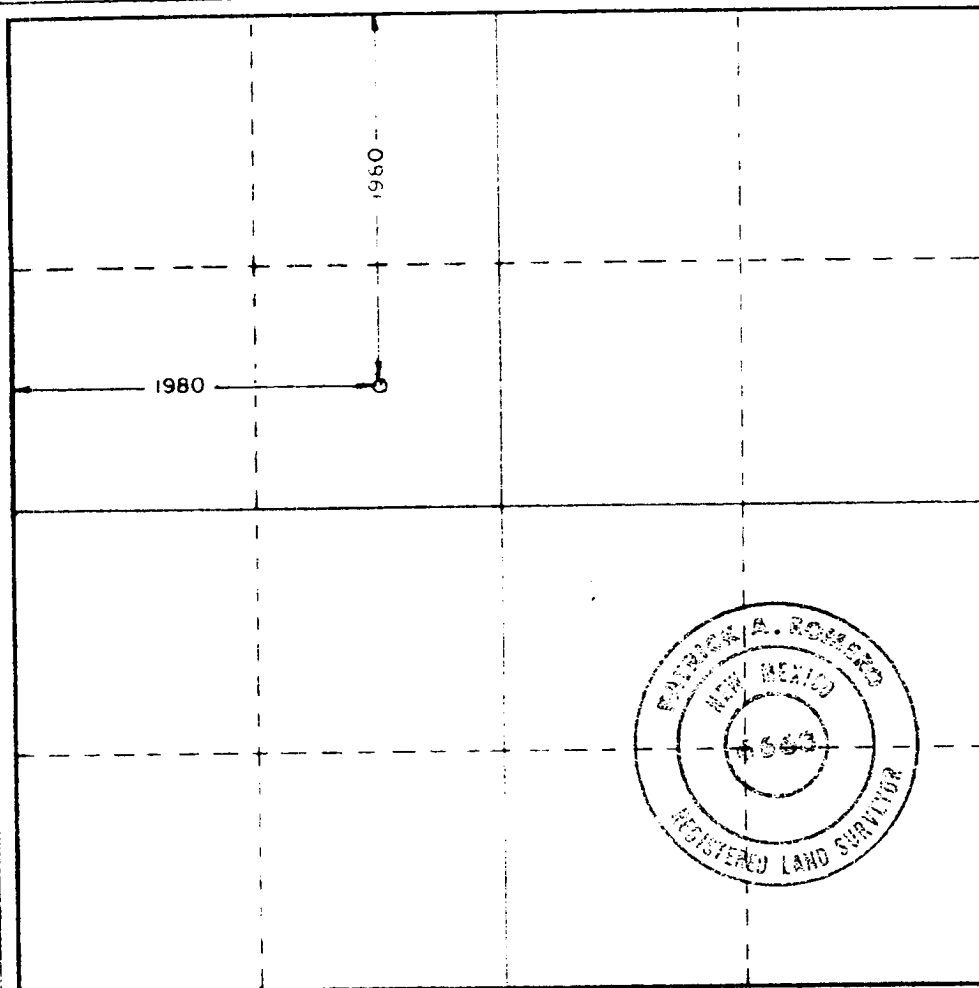
Operator Pioneer Production Corp.			Lease State 3			Well No. 1		
Section F	Section 3	Range 13 South	Range 34 East	County Lea				
Acres of Acreage Dedication of Well 1980 feet from the north line and 1980 feet from the west line			Dedicated Acreage: 80 Acres					
Producing Pools 4156.3		Producing Location Ranger Lake - Penn		Pool Ranger Lake				

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Dennis R. Taylor
Dennis R. Taylor

Name
Drilling Foreman
Pioneer Production Corp.
Date
10-7-80

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 knowledge and belief.

Date Surveyed
10-2-80
Registered Professional Engineer and Land Surveyor
Patrick A. Romero

Certificate No. JOHN W. WEST 878
PATRICK A. ROMERO 6683
Ronald J. Eidson 3239



DISTRICT I
1625 N. French Dr., Hobbs, NM 88340

DISTRICT II
811 South First, Artesia, NM 82810

DISTRICT III
1000 Elc Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1989
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-27093	Pool Code	Pool Name Wildcat Mississippian
Property Code 35852	Property Name Vanity BJO State Com.	
OCRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Well Number 1
		Elevation 4156'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	3	13S	34E		1980'	North	1980'	West	Lea

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 Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Clifton R. May</i> Signature</p> <p>Clifton R. May Printed Name</p> <p>Regulatory Agent</p> <p>Title</p> <p>July 21, 2006 Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Refer to original plat</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p>	
	<p>Certificate No.</p>	
	<p>RECEIVED HOBBS JUL 21 2006</p>	

YATES PETROLEUM CORPORATION

Vanity BJO State Com. #1 Re-entry

1980' FNL & 1980' FWL

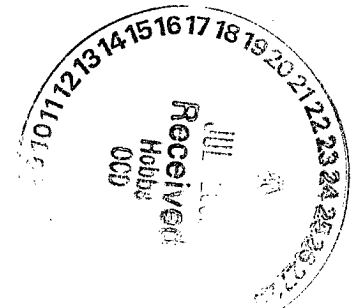
Section 3-T13S-R34E

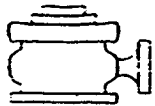
Lea County, New Mexico

Lease V-2501

Drilling Plans: Yates Petroleum Corporation plans to re-enter this well bore that was originally drilled by Pioneer Production as their State "3" #1, which was plugged in 1981. Yates will use a pulling unit and a reverse unit to drill out the cement plugs using a 7 7/8" bit in the 8 5/8" casing to the plug at 4230'. The intermediate casing will be tested to 500#. At that point a drilling rig will be moved in and the plugs in the 7 7/8" open hole will be drilled out to the original TD of 10,524'. Then the well bore will be drilled deeper to a new TD of 12,550'. After reaching the new TD, a new suite of open hole logs will be ran. Yates will run 5 1/2" production casing to TD and will be cemented with approximately 1450 sacks of cement to bring the cement top up to 3,800'+/-. The mud program to be used will be: 0-10524' with salt gel and starch; 10524-11762' with salt water gel and starch; and 11762-12350' with salt water gel, starch and 4-6% KCL. A 5000# BOPE will be installed on the 8 5/8" casing.

The well will be completed using a pulling unit in the Mississippian, Morrow, Atoka, or Penn intervals as indicated by the open hole logs.

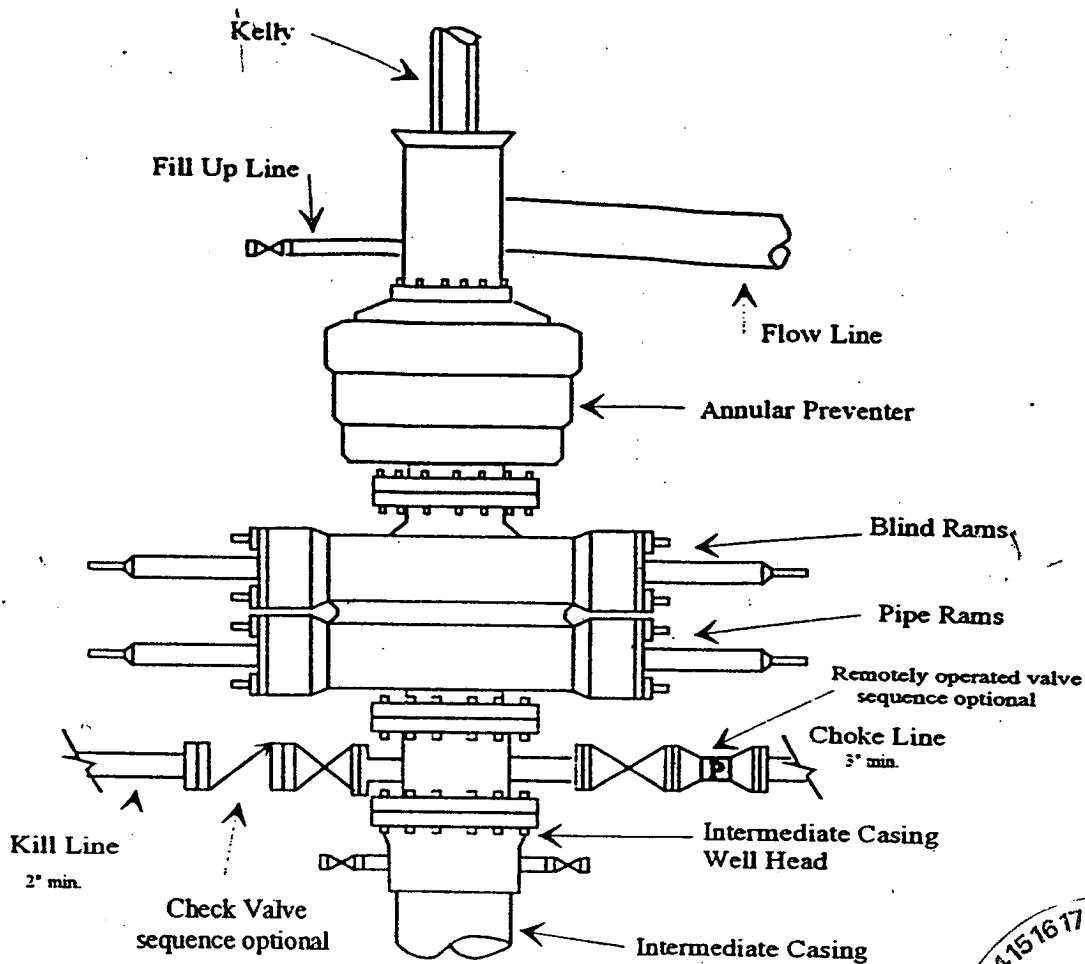




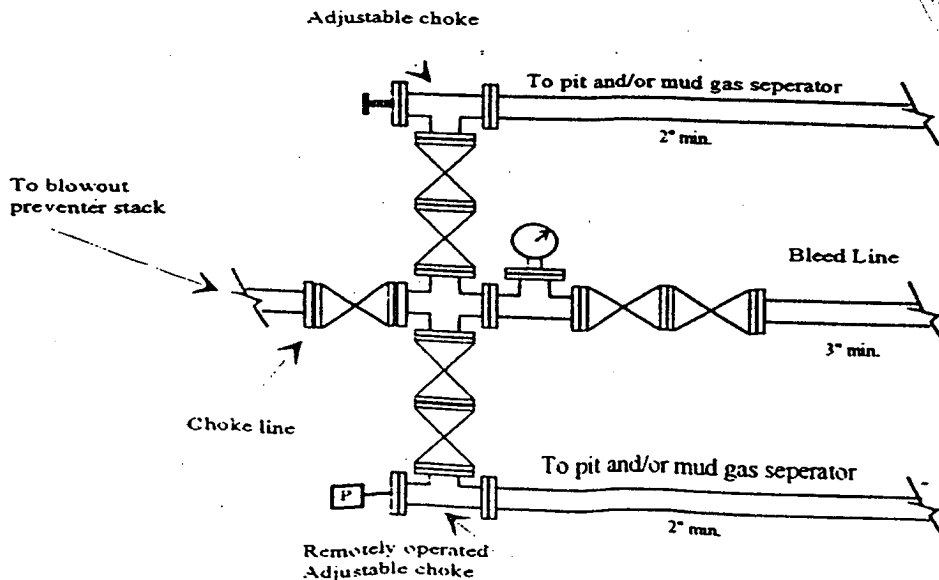
Yates Petroleum Corporation

BOP-4

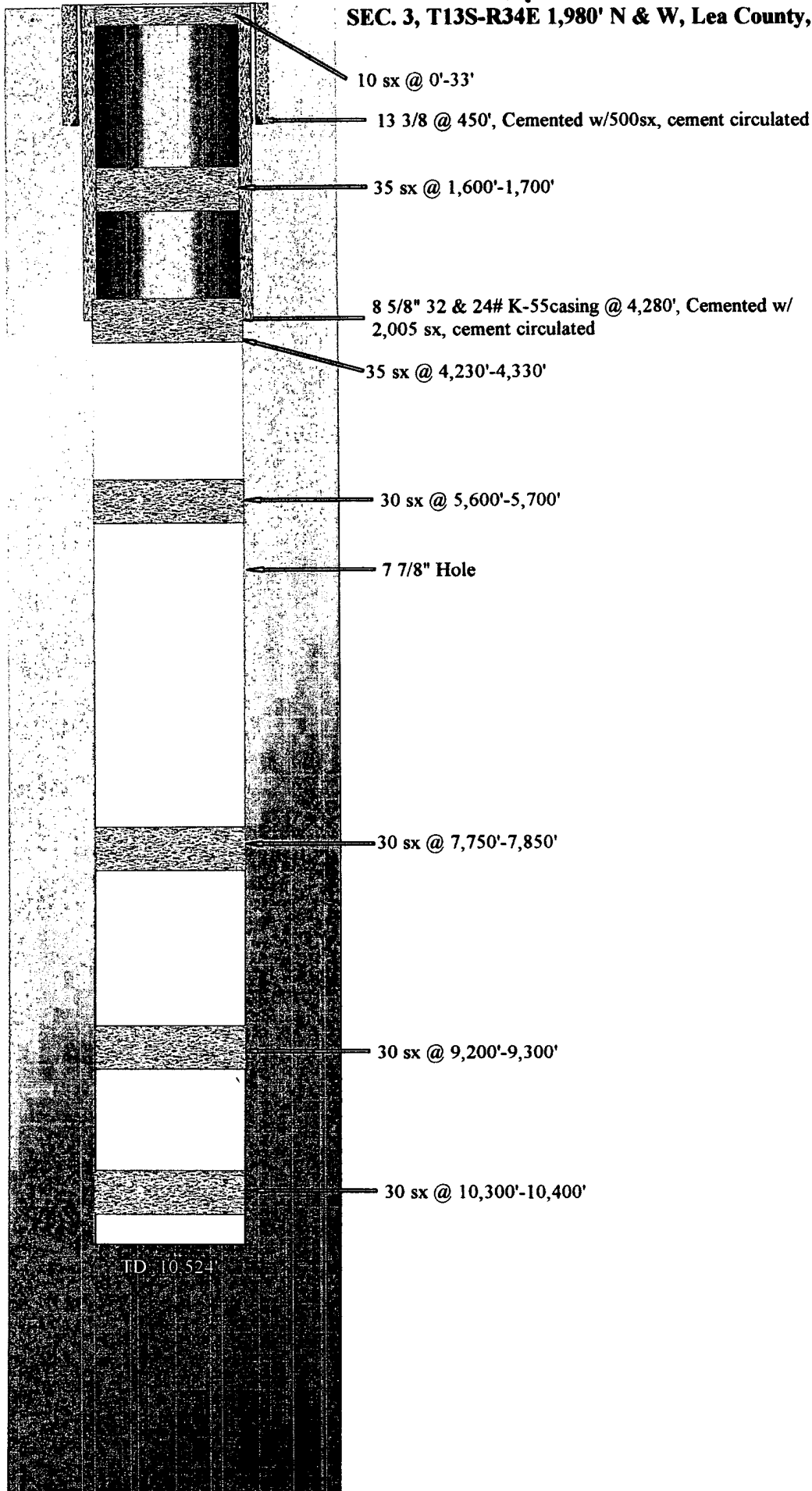
Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features



"WELLBORE BEFORE RE-ENTRY" YATES PETROLEUM CORPORATION
Vanity BJO State Com. #1
SEC. 3, T13S-R34E 1,980' N & W, Lea County, NM



Sketch not to scale

"WELLBORE AFTER RE-ENTRY"

YATES PETROLEUM CORPORATION
Vanity BJO State Com. #1
SEC. 3, T13S-R34E 1,980' N & W, Lea County, NM



13 3/8 @ 450', Cemented w/500sx, cement circulated

8 5/8" 32 & 24# K-55casing @ 4,280', Cemented w/
2,005 sx, cement circulated

7 7/8" Hole

5 1/2" 17# Casing @ 12,550', Cemented w/
1,450 sx. TOC=3,800'

TD 12,550'



Sketch not to scale