

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-35746
4. Property Code 34426	5. Property Name CLAYTON BFO STATE COM	6. Well No. 003

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	16	19S	26E	N	660	S	1650	W	EDDY

8. Pool Information

WC: MISSISSIPPIAN GAS	97338
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3367
14. Multiple N	15. Proposed Depth 9870	16. Formation Mississippian Age Rocks-Undivided	17. Contractor	18. Spud Date 7/20/2007
Depth to Ground water 80		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input checked="" type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	1250	700	0
Prod	8.75	5.5	15.5	9870	2100	0

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian and intermediate formations. Approximately 900' of surface casing will be set/cemented to shut off gravel and cavings. If commercial, production casing will be run/cemented; will perforate/stimulate as needed for production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	

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 NMOCB guidelines ☐ a general permit ☒ or an (attached) alternative OCD-approved plan ☐.

Printed Name: Electronically filed by Shirley Pruitt

Title:

Email Address: shirleyp@ypcnm.com

Date: 7/31/2007

Phone: 505-748-4356

OIL CONSERVATION DIVISION

Approved By: Bryan Arrant

Title: Geologist

Approved Date: 8/4/2007

Expiration Date: 8/4/2008

Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 58250

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35746	2. Pool Code 97338	3. Pool Name WC: MISSISSIPPIAN GAS
4. Property Code 34426	5. Property Name CLAYTON BFO STATE COM	6. Well No. 003
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3367

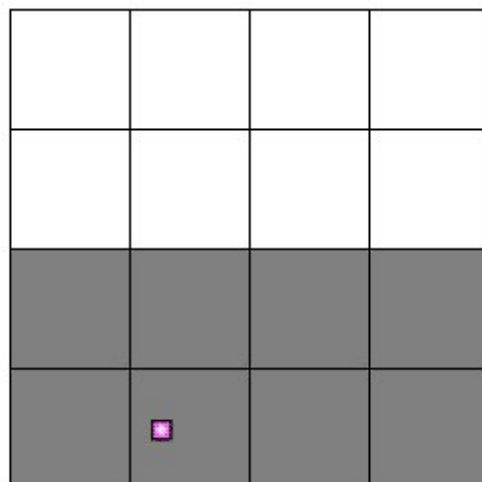
10. Surface Location

UL - Lot N	Section 16	Township 19S	Range 26E	Lot Idn	Feet From 660	N/S Line S	Feet From 1650	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill	14. Consolidation Code	15. 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



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(s) 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.

E-Signed By: Shirley Pruitt

Title:

Date: 7/31/2007

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.

Surveyed By: Gary Jones

Date of Survey: 7/17/2007

Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CLAYTON BFO STATE COM #003

API: 30-015-35746

Created By	Comment	Comment Date
DCAFFALL	MUD PROGRAM: 0-900' FW; 900'– 1700' Cut Brine; 1700'– 8400' Cut Brine; 8400' – 9870' Salt Gel/Starch/4-6% KCL.	7/31/2007
DCAFFALL	5000 psi BOP nipped up on 13 3/8" casing	7/31/2007
DCAFFALL	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Mississippian formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	7/31/2007
DCAFFALL	If Lost Circulation is encountered @ approximately 1700', hole will be reamed to 12 ¼" and 9 5/8" 36# J-55 will be run. An 8 ¾" hole will then be drilled to TD.	7/31/2007

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CLAYTON BFO STATE COM #003

API: 30-015-35746

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	As noted, operator to drill surface hole w/fresh water mud.
BArrant	Notify operator of spud and cementing to surface of all strings of casing.