

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 30-025-38821
4. Property Code 33444	5. Property Name MERLE STATE UNIT	6. Well No. 018

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	23	10S	34E	E	1650	N	990	W	LEA

8. Pool Information

SAND SPRINGS,PERMO UPPER PENN	97487
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4188
14. Multiple N	15. Proposed Depth 9300	16. Formation Wolfcamp	17. Contractor	18. Spud Date
Depth to Ground water 40		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 checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input 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	14.75	11.75	42	400	250	0
Int1	11	8.625	32	4200	1110	0
Prod	7.875	5.5	17	9300	425	7300

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Wolfcamp/intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 4200', cement circulated to surface. If commercial, production casing will be ran, cemented, perforated, and stimulated as needed to gain production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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: Electronically filed by Monti Sanders

Title:

Email Address: montis@ypcnm.com

Date: 3/20/2008

Phone: 575-748-4244

OIL CONSERVATION DIVISION

Approved By: Chris Williams

Title: District Supervisor

Approved Date: 3/21/2008

Expiration Date: 3/21/2010

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

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Santa Fe, NM 87505

Form C-102
Permit 70699

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38821	2. Pool Code 97487	3. Pool Name SAND SPRINGS,PERMO UPPER PENN
4. Property Code 33444	5. Property Name MERLE STATE UNIT	6. Well No. 018
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4188

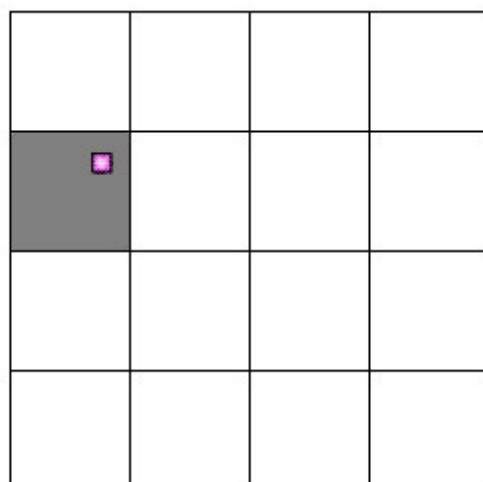
10. Surface Location

UL - Lot E	Section 23	Township 10S	Range 34E	Lot Idn	Feet From 1650	N/S Line N	Feet From 990	E/W Line W	County LEA
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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 40.00	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: Monti Sanders

Title:

Date: 3/20/2008

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 L. Jones

Date of Survey: 3/18/2008

Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MERLE STATE UNIT #018

API: 30-025-38821

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-400' /FW Gel; 400'-2175' FW; 2175'-4200' Red Bed Mud/Oil; 4200'-7750' Cut Brine; 7750'-9300' SW Gel/Starch.	3/5/2008
MSANDERS	Sources at Yates Petroleum Corporation have relayed information to me that hey 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.	3/5/2008
MSANDERS	A 3000# BOP will be installed on the 8 5/8' casing and tested daily for operational.	3/5/2008
MSANDERS	CORRECTION: Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the Surface to the Wolfcamp formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	3/20/2008
MSANDERS	NOTE: USGS Water Data website & their map; no information on NM Engineer's website.	3/20/2008

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MERLE STATE UNIT #018

API: 30-025-38821

OCD Reviewer	Condition
DMULL	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
CWILLIAMS	Pit liner and contents must be removed. Depth to ground water is approx 40'.