

District I  
1627 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  
June 16, 2008

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

JUL 14 2008

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

|                                                                                                                             |  |                                            |
|-----------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------|
| <sup>1</sup> Operator Name and Address<br>Yates Petroleum Corporation<br>105 S. 4 <sup>th</sup> Street<br>Artesia, NM 88210 |  | <sup>2</sup> OGRID Number<br>025575        |
| <sup>3</sup> Property Code<br>34978                                                                                         |  | <sup>3</sup> API Number<br>30 - 015. 36426 |
| <sup>5</sup> Property Name<br>Desperado BHP                                                                                 |  | <sup>6</sup> Well No<br>1H                 |
| <sup>9</sup> Proposed Pool 1<br>West Cottonwood Creek; Wolfcamp                                                             |  | <sup>10</sup> Proposed Pool 2              |

|                               |               |                 |              |         |                      |                           |                      |                        |                |
|-------------------------------|---------------|-----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|----------------|
| <sup>7</sup> Surface Location |               |                 |              |         |                      |                           |                      |                        |                |
| UL or lot no.<br>P            | Section<br>14 | Township<br>16S | Range<br>24E | Lot Idn | Feet from the<br>660 | North/South line<br>South | Feet from the<br>760 | East/West line<br>East | County<br>Eddy |

|                                                                      |               |                 |              |         |                      |                           |                      |                        |                |
|----------------------------------------------------------------------|---------------|-----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|----------------|
| <sup>8</sup> Proposed Bottom Hole Location If Different From Surface |               |                 |              |         |                      |                           |                      |                        |                |
| UL or lot no.<br>A                                                   | Section<br>14 | Township<br>16S | Range<br>24E | Lot Idn | Feet from the<br>660 | North/South line<br>North | Feet from the<br>760 | East/West line<br>East | County<br>Eddy |

Additional Well Information

|                                   |                                                    |                                     |                                            |                                               |
|-----------------------------------|----------------------------------------------------|-------------------------------------|--------------------------------------------|-----------------------------------------------|
| <sup>11</sup> Work Type Code<br>N | <sup>12</sup> Well Type Code<br>G                  | <sup>13</sup> Cable/Rotary<br>R     | <sup>14</sup> Lease Type Code<br>P         | <sup>15</sup> Ground Level Elevation<br>3602' |
| <sup>16</sup> Multiple<br>No      | <sup>17</sup> Proposed Depth<br>TVD 5000' MD 8454' | <sup>18</sup> Formation<br>Wolfcamp | <sup>19</sup> Contractor<br>Not Determined | <sup>20</sup> Spud Date<br>ASAP               |

<sup>21</sup> Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17 1/2"   | 13 3/8"     | 48#                | 350'          | 450 sx          | Surface       |
| 12 1/4"   | 9 5/8"      | 36#                | 1100'         | 525 sx          | Surface       |
| 8 3/4"    | Pilot Hole  |                    | 5400' TVD     |                 |               |
| 8 3/4"    | 7"          | 23# & 26#          | 4775' MD      | 800 sx          | TOC-600'      |
| 6 1/4"    | 4.5" Liner  | 11.6#              | 8454' MD      | 650 sx          | TOC-3775'     |

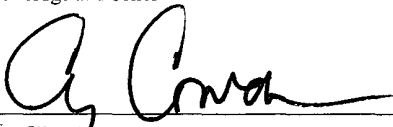
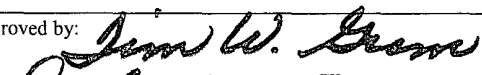
<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

Yates Petroleum Corporation proposes to drill and test the Wolfcamp and Intermediate formations. Approximately 350' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

Sources at YPC 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 contingency plan per Rule 118. Any pit on below grade tank has been/will be constructed or closed according to NMOCB guidelines with approved general permit. Sources available have been accessed for captioned well and information obtained determines the site ranking at 0 points. With this ranking score deep trench burial and capping will take place at pit closure. **NEED C-144**

MUD PROGRAM: 0-350' FW/Spud Mud; 350-1100' FW Gel/Air Mist; 1100-TD Cut Brine.

BOPE PROGRAM: A 3000# BOPE will be installed on the 9 5/8" casing and tested daily.

|                                                                                                                              |  |                                                                                                   |  |
|------------------------------------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------|--|
| <sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. |  | OIL CONSERVATION DIVISION                                                                         |  |
| Signature:                                |  | Approved by:  |  |
| Print: <b>NOTE: NEW PIT RULE</b>                                                                                             |  | Title: <b>District II Supervisor</b>                                                              |  |
| Tit 19-15-17 NMAC PART 17                                                                                                    |  | Approval Date: 7/10/08                                                                            |  |
| E- A form C-144 must be approved before starting drilling operations.                                                        |  | Expiration Date: 7/10/10                                                                          |  |
| Da... July 11, 2008                                                                                                          |  | Conditions of Approval Attached <input type="checkbox"/>                                          |  |

(315) 448-4372

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DISTRICT I  
1025 N. Pineda Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
2040 South Pecos, Santa Fe, NM 87505

STATE OF NEW MEXICO  
Energy, Minerals and Natural Resources Department

Revised March 17, 1999  
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<br>30-015-36426 | Pool Code<br>75260                           | Pool Name<br>Cottonwood Creek Wolfcamp W |
| Property Code<br>34978     | Property Name<br>DESPERADO "BHP"             | Well Number<br>1-H                       |
| OGRIID No.<br>025575       | Operator Name<br>YATES PETROLEUM CORPORATION | Elevation<br>3602                        |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 14      | 16S      | 24E   |         | 660           | SOUTH            | 760           | EAST           | EDDY   |

Bottom Hole Location If Different From Surface

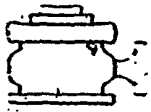
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A             | 14      | 16S      | 24E   |         | 660           | NORTH            | 760           | EAST           | EDDY   |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320             |                 |                    |           |

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

|  |                                                                                                                                                                                                                                                                                                                                           |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <b>OPERATOR CERTIFICATION</b><br><br>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.<br><br><br>Signature<br>Cy Cowan<br><br>Printed Name<br>Regulatory Agent<br><br>Title<br>Date<br>July 22, 2005                                                                    |
|  | <b>SURVEYOR CERTIFICATION</b><br><br>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.<br><br>7/15/2005<br><br>Date Surveyed<br>Signature & Seal of Professional Surveyor<br> |
|  |                                                                                                                                                                                                                                                                                                                                           |
|  |                                                                                                                                                                                                                                                                                                                                           |

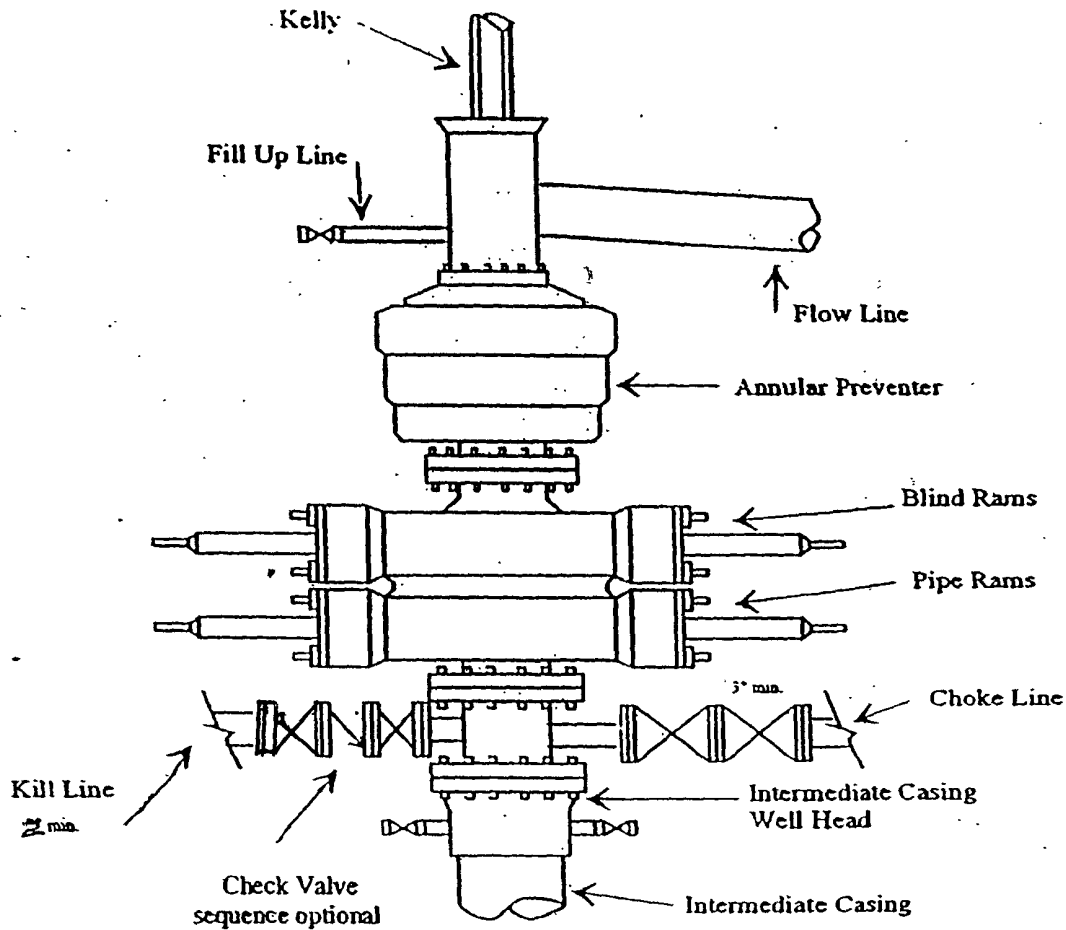
0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'



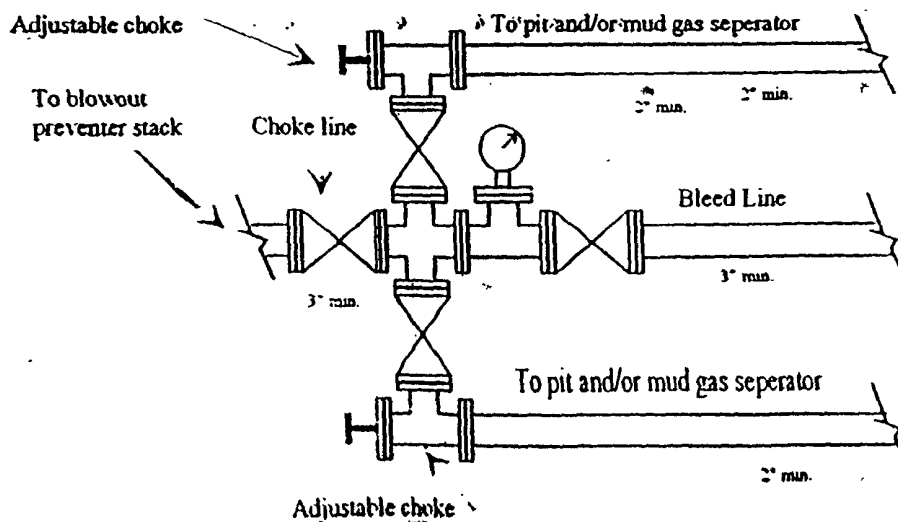
# Yates Petroleum Corporation

BOP-3

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



## Typical 3,000 psi choke manifold assembly with at least these minimum features



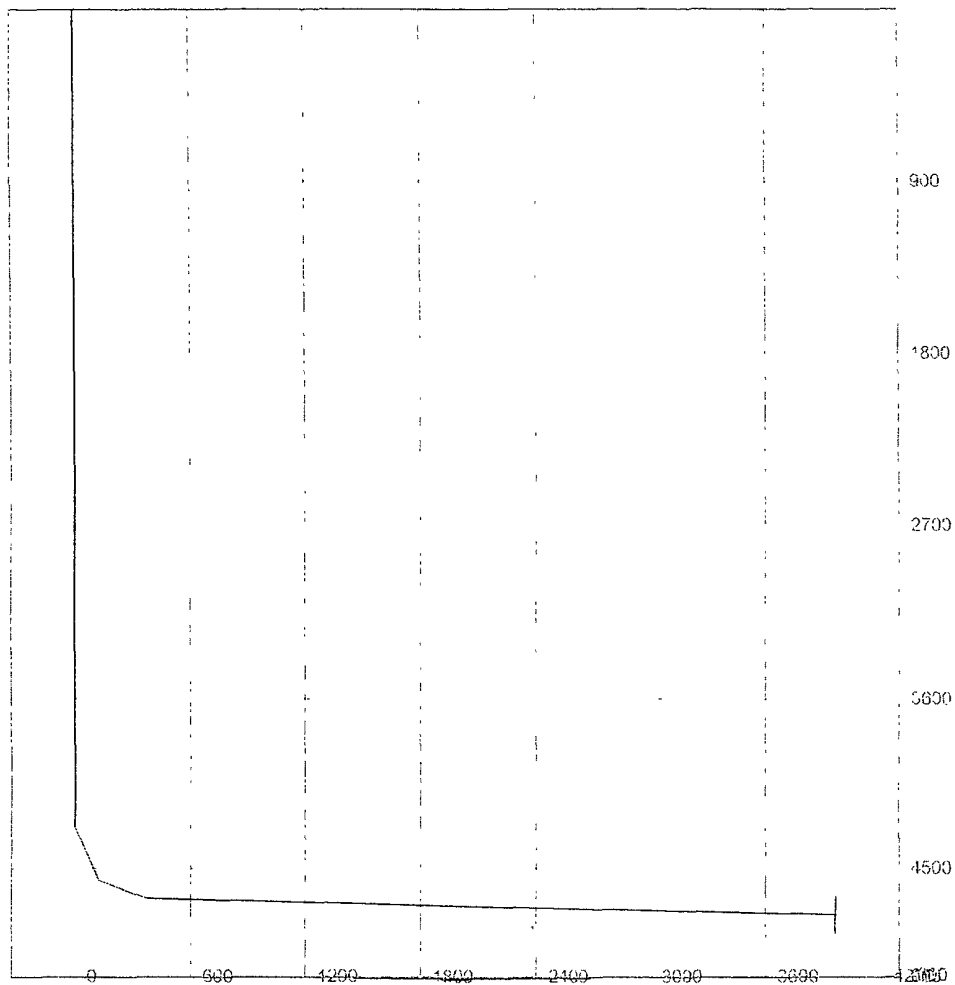
|   | M.D. [ft] | Inclination<br>[°] | Azimuth [°] | T.V.D. [ft] | N+/S- [ft] | E+/W- [ft] | D.L.S.<br>[°/100ft] | ToolFace<br>[°] | T.F. Ref.<br>[HS/GN] |
|---|-----------|--------------------|-------------|-------------|------------|------------|---------------------|-----------------|----------------------|
| 1 | 0.00      | 0.00               | 0.00        | 0.00        | 0.00       | 0.00       | 0.00                |                 |                      |
| 2 | 4275.00   | 0.00               | 0.00        | 4275.00     | 0.00       | 0.00       | 15.00               | 0               | GN                   |
| 3 | 4593.18   | 47.73              | 0.00        | 4557.64     | 125.03     | 0.00       | 15.00               | 0               | HS                   |
| 4 | 4865.62   | 88.59              | 0.00        | 4656.86     | 372.59     | 0.00       | 15.00               | 0               | HS                   |
| 5 | 8454.11   | 88.59              | 0.00        | 4745.00     | 3960.00    | 0.00       | 0.00                |                 |                      |

Desperado BHP #1H

### 3D Directional Drilling Planner - 3D view

Company: Technical Toolboxes Inc.

Well: Desperado BHP #1H



### 3D Directional Drilling Planner - 3D view

Company: Technical Toolboxes Inc.  
Well: Desperado BHP #1H

