

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

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

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

31 2007

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

Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210		OGRID Number 025575
Property Code 34164		API Number 30-015-35747
Property Name Independence BEI State Com		Well No. 1
Proposed Pool 1 Chester		Proposed Pool 2 BURTON Flat; Morrow 73280

Surface Location

UL or lot no. C	Section 36	Township 20S	Range 28E	Lot Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line West	County Eddy
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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
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Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3221'
Multiple N	Proposed Depth 11,950	Formation Chester	Contractor Not determined	Spud Date ASAP
Depth to Groundwater 50'		Distance from nearest fresh water well > 1000'		Distance from nearest surface water > 1000'
Liner: Synthetic XX 12 mils thick Clay <input type="checkbox"/> Pit Volume: 24,000 bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5	13.375	48#	600'	650	0
12.25	9.625	36#	3100'	1200	0
8.75	5.5	17#	11,950	3150	TOC-2600

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 Chester/intermediate formations. Approximately 600' of surface casing will be set/cemented. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-600' FW/Paper; 600-3100' FW/LCM; 3100-9050' Cut Brine; 9050-10,100' Cut Brine/Starch; 10,100-TD SaltGel/Starch/Driscopac.

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

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be sufficient H2S anticipated from the surface to the Chester formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule

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 ☐.

Signature

Printed name: Cy Cowan

Title: Regulatory Agent

E-mail Address:

Date: 7/30/07

Phone: (505) 748-4372

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARANT
DISTRICT II GEOLOGIST

Title:

Approval Date: AUG 05 2008

Expiration Date: AUG 05 2008

Conditions of Approval Attached ☐

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name Wildcat Chester
⁴ Property Code 34164	⁵ Property Name Independence "BEI" State Com.	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3221

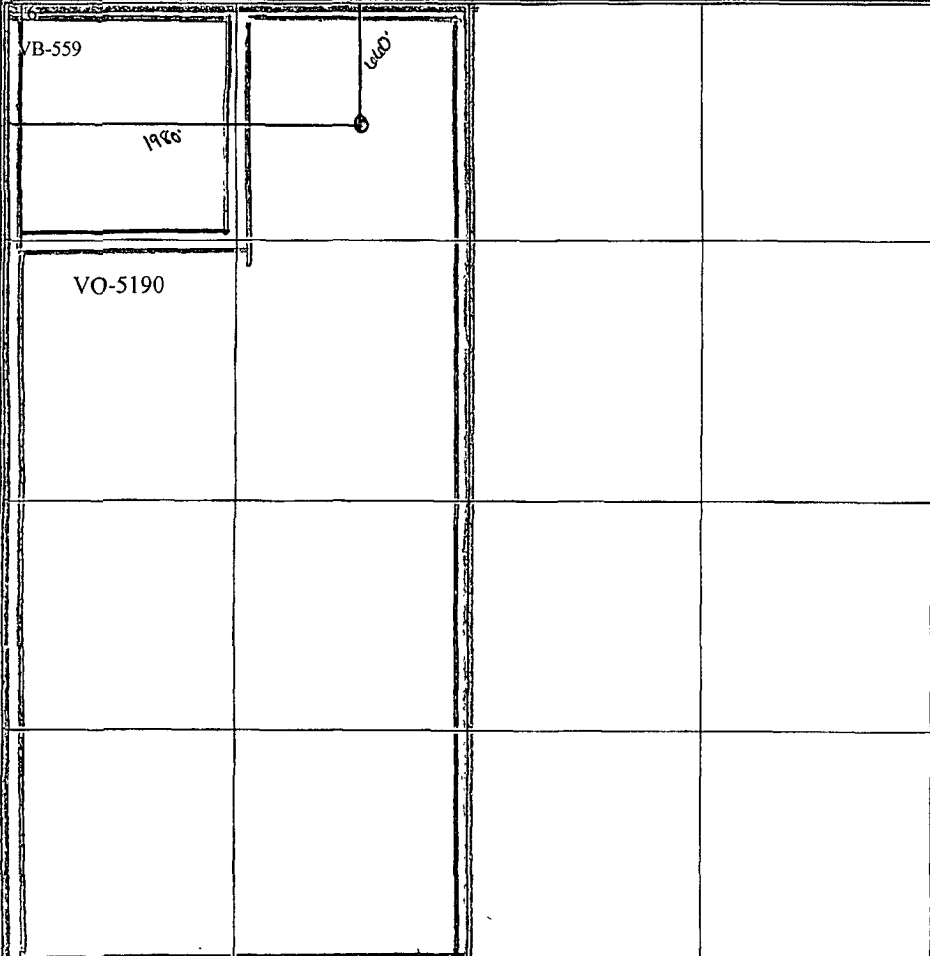
¹⁰ Surface Location

UL or lot no. C	Section 36	Township 20S	Range 28E	Lot Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line West	County Eddy
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¹¹ 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
¹² Dedicated Acres 320 W/2	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.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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 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</p> <p><i>[Signature]</i> 7/30/2007 Signature Date</p> <p>Cy Cowan Printed Name Regulatory Agent</p>
	<p>¹⁸ 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>Date of Survey Signature and Seal of Professional Surveyor</p> <p>Refer to Original Plat</p> <p>Certificate Number</p>

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1946 - 1985



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

July 27, 2004

To: Bryan Arant
From: Cy Cowan

Re: Yates Petroleum Corporation
Independence BEI State Com. #1
H2S Contingency Plan

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the surface through the Chester Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

Cy Cowan
Regulatory Agent