

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720

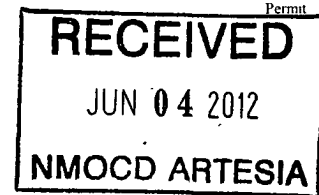
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720

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

District IV
1220 S St Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

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

Form C-101
Revised December 16, 2011



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, NM 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30-015-25630 |
| ⁴ Property Code 12574 | ⁵ Property Name Molly QD Com | ⁶ Well No 1 |

⁷ Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 13 | 19S | 24E | | 660 | South | 660 | East | Eddy |

⁸ Pool Information

| | |
|-------------------------------|-------|
| Seven Rivers, Wolfcamp, North | 97394 |
|-------------------------------|-------|

Additional Well Information

| | | | | |
|-----------------------------|-------------------------------------|--|---------------------------------|--|
| ⁹ Work Type P | ¹⁰ Well Type G | ¹¹ Cable/Rotary N/A | ¹² Lease Type P | ¹³ Ground Level Elevation 3601' GL |
| ¹⁴ Multiple N | ¹⁵ Proposed Depth N/A | ¹⁶ Formation Chester | ¹⁷ Contractor N/A | ¹⁸ Spud Date N/A |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

¹⁹ Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|-------------------------------------|-----------|-------------|------------------|---------------|-----------------|---------------|
| | | | | | | |
| REFER TO ORIGINAL COMPLETION | | | | | | |
| | | | | | | |
| | | | | | | |

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation plans to plugback and recomplete this well as follows: MIRU any safety equipment as needed. NU BOP. POOH with tubing. Set a CIBP at 7595' Spot a 25 sx Class "H" cement plug on top of CIBP. This will leave a plug from 7375' to the CIBP at 7595'. Perforate Wolfcamp 6060'-6080' (21), 6164'-6182' (19), 6238'-6248' (11) and 6360'-6368' (7). Set packer and 2-7/8" tubing at +/-5974' ND BOP. Acidized Wolfcamp with 5000g 15% NEFE containing 1 gpt iron control, 2 gpt nonionic surfactant and 75 ball sealers, overflush with 2% treated water. Attain maximum possible rate while limiting surface tubing psi to 5000 psi while holding up to 2500 psi on the annulus. Swab test and evaluate. Turn well over to production. Wellbore schematics and BOP diagram attached.

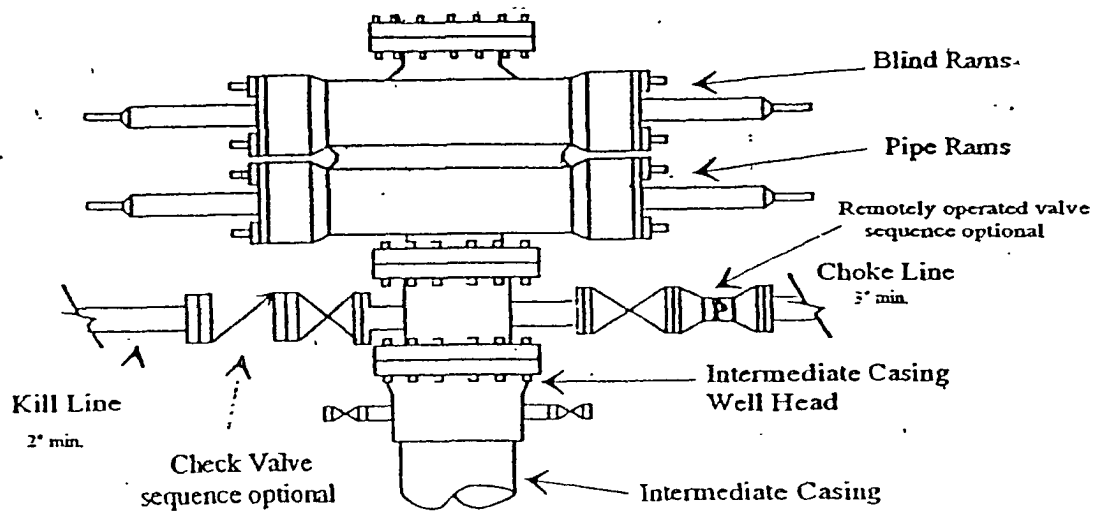
Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------------------------|
| Manual BOP | 3000 psi | 3000 psi | Whichever company is available |

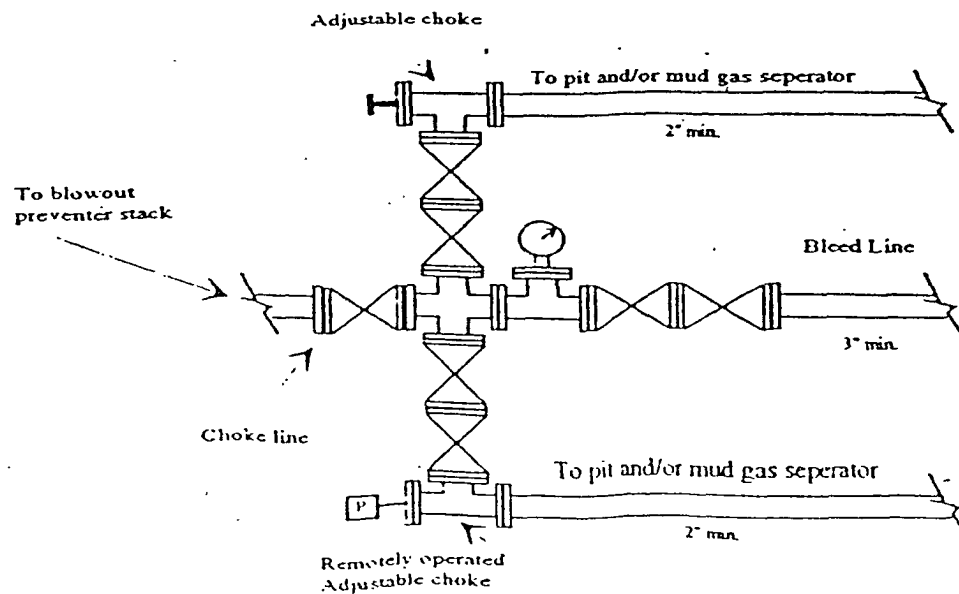
| | | |
|--|----------------------------------|-----------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . <u>YPC uses steel tanks only.</u> Signature: Printed name: Tina Huerta Title: Regulatory Compliance Supervisor E-mail Address: tinah@yatespetroleum.com Date: June 1, 2012 | OIL CONSERVATION DIVISION | |
| | Approved By | |
| | Title | |
| | Approved Date | Expiration Date |
| Conditions of Approval Attached | | |

Yates Petroleum Corporation

Typical 3,000 psi Pressure System Schematic



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



WELL NAME: Molly QD Com #1 FIELD: Dagger Draw Upper Penn N.

LOCATION: 660' FSL & 660' FEL of Section 13-19S-24E Eddy Co., NM

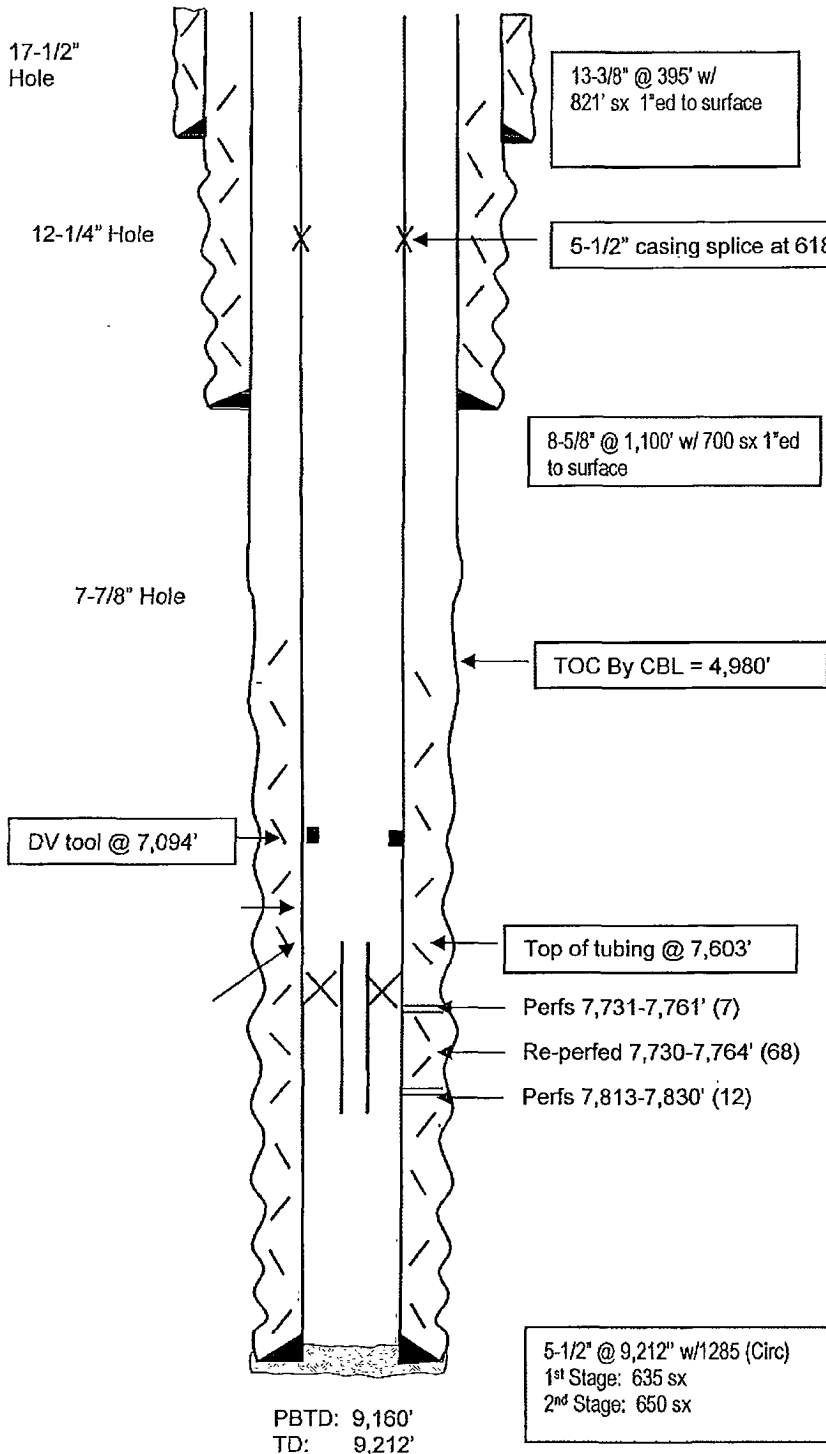
GL: 3,601' GR ZERO: KB:'

SPUD DATE: 6/26/86 COMPLETION DATE: 9-23/86

COMMENTS: API No.: 30-015-25630

CASING PROGRAM

| | | |
|--------------------|--------|--------|
| 13-3/8" 59.45# J55 | | 395' |
| 8-5/8" 24# 32# | | 1100' |
| 5-1/2" 17# N80 | 580' | |
| 5-1/2" 17# J55 | 1,958' | |
| 5-1/2" 15.5# J55 | 5,102' | |
| 5-1/2" 17# J55 | 801' | |
| 5-1/2" 17# N80 | 783' | 9,212' |



Before

TOPS

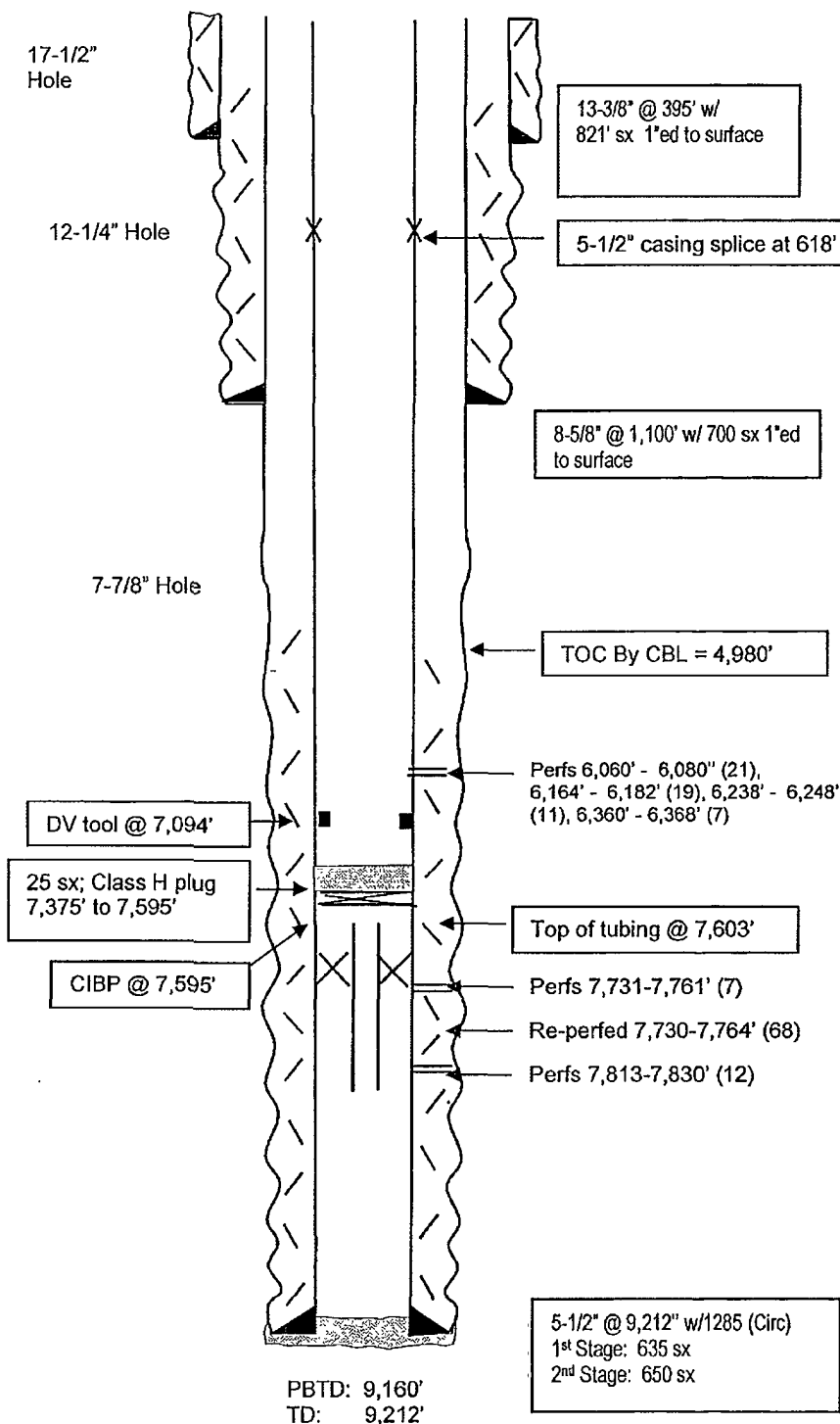
| | |
|--------------|--------|
| SA | 470' |
| Glorieta | 1,872' |
| Abo | 4,060' |
| WC Lm | 5,353' |
| Cisco | 6,330' |
| Canyon Lm | 7,545' |
| Strawn | 8,141' |
| Atoka | 8,596' |
| Miss Chester | 9,132' |
| Canyon Dolo | 7,702' |
| Strawn Mkr | 8,458' |
| Morrow Cl | 8,894' |
| Chester | 9,132' |

Not to Scale
4/18/12
Mike H

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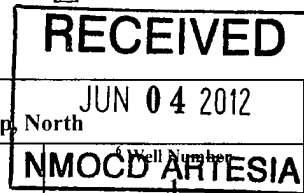
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT



WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|---|---|
| ¹ API Number 30-015-25630 | ² Pool Code 97394 | ³ Pool Name Seven Rivers; Wolfcamp, North |
| ⁴ Property Code 12574 | ⁵ Property Name Molly QD Com | |
| ⁷ OGRID No. 025575 | ⁸ Operator Name Yates Petroleum Corporation | ⁹ Elevation 3601'GR |

¹⁰ Surface Location

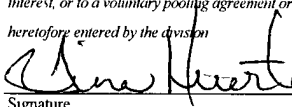
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 13 | 19S | 24E | | 660 | South | 660 | East | Eddy |

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 | 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>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</i></p> <p> June 1, 2012</p> <p>Signature Date</p> <p>Tina Huerta Printed Name</p> <p>tinah@yatespetroleum.com E-mail Address</p> |
| | | | | <p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number</p> |

660'E
660'S