

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

Form C-101
March 4, 2004

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

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

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 API Number 30 - 015-22648 |
| ³ Property Code | ⁵ Property Name Majorie BGR | ⁶ Well No. 1 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| G | 6 | 19S | 26E | | 1650' | North | 1980' | East | Eddy |

⁸ 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | |
|---|-------------------------------|
| ⁹ Proposed Pool 1 Wildcat; Upper Penn. 96072 | ¹⁰ Proposed Pool 2 |
|---|-------------------------------|

Drilling Pit Location and Other Information

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------------------------|---------|---------------------------------------|-------|--|---------------|--|---------------|---|--------|
| G | 6 | 19S | 26E | | 1650' | North | 1980' | East | Eddy |
| Depth to ground water 116' | | | | Distance from nearest fresh water well .7 of mile | | Distance from nearest surface water .9 of mile. | | | |
| ¹¹ Work Type Code E | | ¹² Well Type Code G | | ¹³ Cable/Rotary Pulling Unit | | ¹⁴ Lease Type Code P | | ¹⁵ Ground Level Elevation 3392' | |
| ¹⁶ Multiple N | | ¹⁷ Proposed Depth 8950' | | ¹⁸ Formation Canyon | | ¹⁹ Contractor Not Determined | | ²⁰ Spud Date ASAP | |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17 1/2" | 13 5/8" | 48# | 305' | 415 sx | In Place |
| 12 1/4" | 9 5/8" | 40# | 1312' | 1175 sx | In Place |
| 7 7/8" | 5 1/2" | 15.5#+17# | 6418' | 750 sx | TOC-1300' |
| 7 7/8" | 5 1/2" | 17# | 8950' | 580 sx | In Place |

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.

SEE ATTACHED PAGE 2. (Re-Entry)
H2S Contingency Plan attached

RECEIVED

APR 28 2006

OLU-ARTESIA

| | | | |
|--|-----------------------|---|--|
| 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 <input type="checkbox"/> , a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Signature: <i>Debbie L. Caffall</i> | | Approved by: | |
| Printed name: Debbie L. Caffall | | BRYAN G. ARANT DISTRICT II GEOLOGIST | |
| Title: Regulatory Agent | | Title: | |
| E-mail Address: debbiec@ypcn.com | | Approval Date: MAY 03 2006 Expiration Date: MAY 03 2007 | |
| Date: April 26, 2006 | Phone: (505) 748-4376 | Conditions of Approval: Attached <input type="checkbox"/> | |

YATES PETROLEUM CORPORATION

Majorie BGR #1

Drilling Prognosis

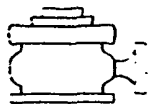
Page 2

This well was originally drilled by Dorchester Company as the Losee et al Com #1. The well was spudded in August 13, 1978 and was P/A'd in April 7, 1979.

Yates Petroleum Corporation proposes to re-enter this well with a pulling unit and drill out the 9 5/8" shoe plug and all cement plugs in the 7 7/8" casing down to the 5 1/2" casing stub at 6418'. A string of 5 1/2" casing will be run to 6418' then the casing will be spiced back together cleaned out and conditioned. to the plugged back TD of 8950'. The well will be completed in the Wildcat Upper Penn formation with a pulling unit.

MUD PROGRAM: Cut Brine Mud; Weight: 9.0-9.1; , Vis: 35; <10-15 cc

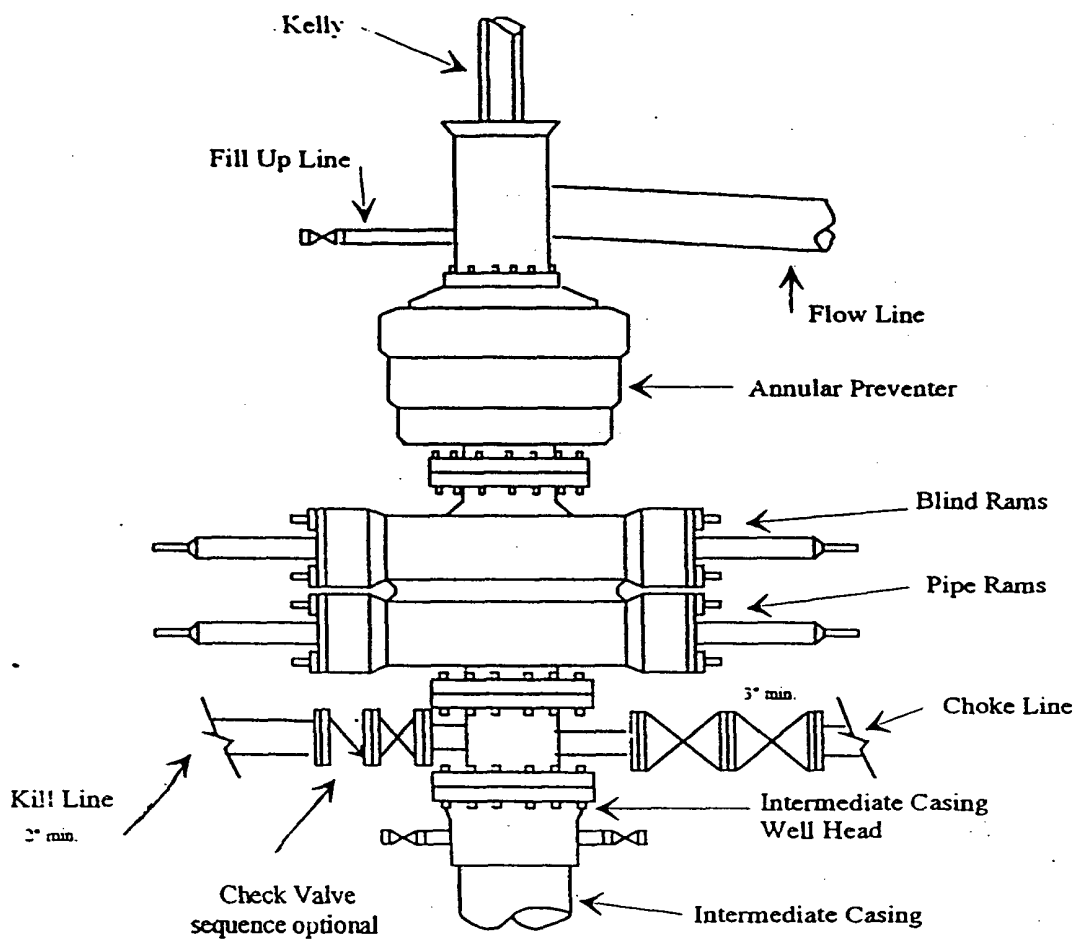
BOPE PROGRAM: 3000 # BOPE will be nipples up on 9 5/8 in casing.



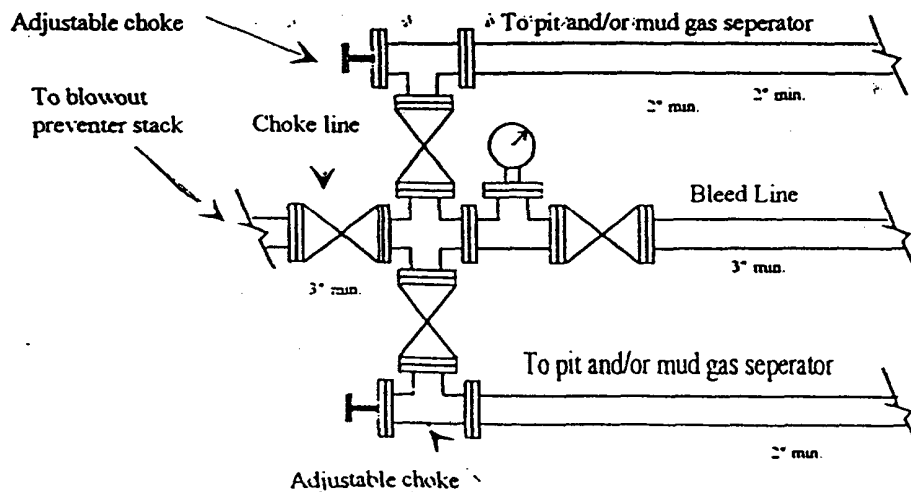
Yates Petroleum Corporation

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



WELL NAME: Losee et al Com #1

FIELD: Four Mile Draw West

LOCATION: 1650 FNL & 1980 FEL Sec 6-19S-26E

Eddy County

GL: 3392'

ZERO:

KB:

SPUD DATE: 8/13/78

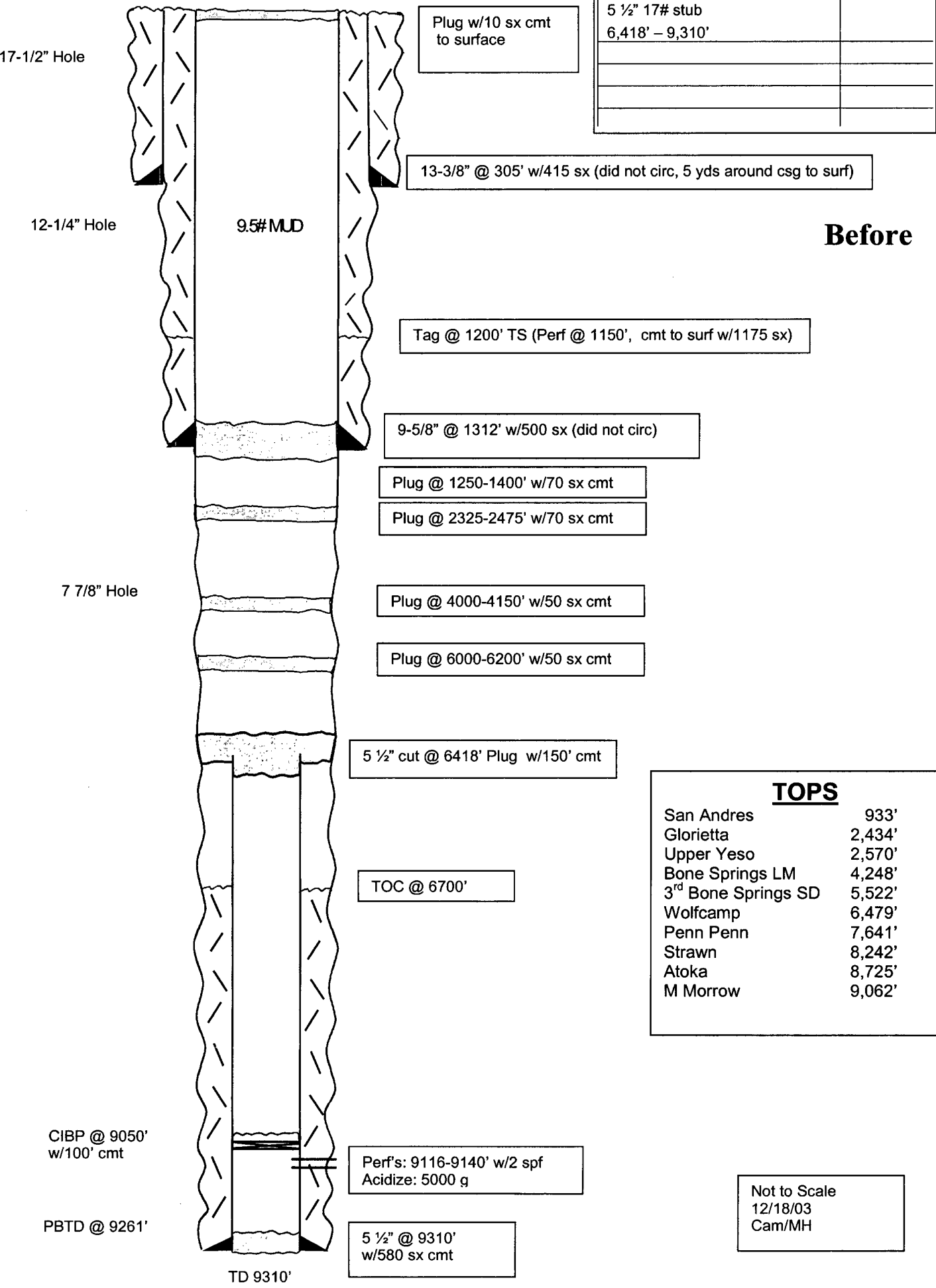
COMPLETION DATE:

COMMENTS: P&A 4/7/79

30-015-22648

CASING PROGRAM

| | |
|-----------------|-------|
| 13-3/8" 48# H40 | 305' |
| 9-5/8" 40# K55 | 1312' |
| 5 1/2" 17# stub | |
| 6,418' – 9,310' | |
| | |
| | |
| | |
| | |



Yates Petroleum Corporation

**105 S. Fourth Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

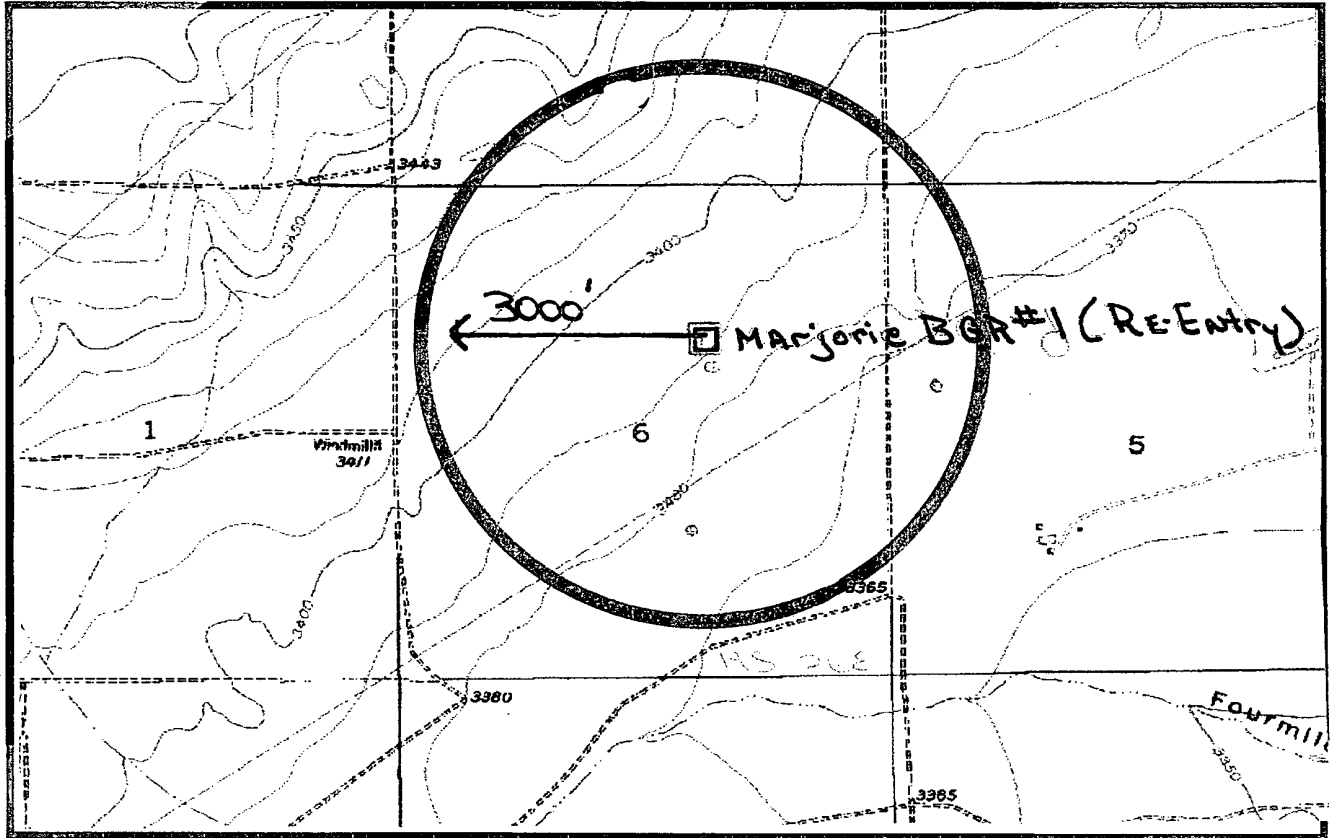
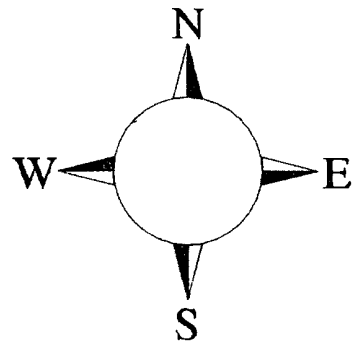
For

Majorie BGR #1 (Re-Entry)

**1650' FNL, 1980' FEL
Sec-6, T-19S, R-26E
Eddy County NM**

Majorie BGR #1 Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the “buddy system” to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

| Common Name | Chemical Formula | Specific Gravity | Threshold Limit | Hazardous Limit | Lethal Concentration |
|-------------------------|-------------------------|--------------------------|------------------------|------------------------|-----------------------------|
| Hydrogen Sulfide | H₂S | 1.189 Air = 1 | 10 ppm | 100 ppm/hr | 600 ppm |
| Sulfur Dioxide | SO₂ | 2.21 Air = 1 | 2 ppm | N/A | 1000 ppm |

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico’s ‘Hazardous Materials Emergency Response Plan’ (HMER)

.Yates Petroleum Corporation Phone Numbers

| | |
|---|----------------|
| YPC Office | (505) 748-1471 |
| Pinson McWhorter/Operations Manager | (505) 748-4189 |
| Darrel Atkins/Production Manager | (505) 748-4204 |
| Ron Beasley/Prod Superintendent | (505) 748-4210 |
| Al Springer/Drilling | (505) 748-4225 |
| Paul Hanes/Prod. Foreman/Roswell | (505) 624-2805 |
| Jim Krogman/Drilling Superintendent..... | (505) 748-4215 |
| Artesia Answering Service | (505) 748-4302 |
| (During non-office hours) | |

Agency Call List

Eddy County (505)

Artesia

| | |
|---|----------|
| State Police | 746-2703 |
| City Police..... | 746-2703 |
| Sheriff's Office | 746-9888 |
| Ambulance | 911 |
| Fire Department | 746-2701 |
| LEPC (Local Emergency Planning Committee) | 746-2122 |
| NMOCD..... | 748-1283 |

Carlsbad

| | |
|--|----------|
| State Police | 885-3137 |
| City Police..... | 885-2111 |
| Sheriff's Office | 887-7551 |
| Ambulance | 911 |
| Fire Department | 885-2111 |
| LEPC (Local Emergency Planning Committee)..... | 887-3798 |
| US Bureau of Land Management..... | 887-6544 |

| | |
|---|-------------------|
| New Mexico Emergency Response Commission (Santa Fe) | (505)476-9600 |
| 24 HR | (505) 827-9126 |
| New Mexico State Emergency Operations Center..... | (505) 476-9635 |
| National Emergency Response Center (Washington, DC) | ...(800) 424-8802 |

Other

| | |
|---|----------------------------------|
| Boots & Coots IWC | 1-800-256-9688 or (281) 931-8884 |
| Cudd Pressure Control..... | (915) 699-0139 or (915) 563-3356 |
| Halliburton | (505) 746-2757 |
| B. J. Services..... | (505) 746-3569 |
| | |
| Flight For Life -4000 24th St, Lubbock, TX | (806) 743-9911 |
| Aerocare -Rr 3 Box 49f, Lubbock, TX | (806) 747-8923 |
| Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM | (505) 842-4433 |
| S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM | (505) 842-4949 |