

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

Month - Year  
MAY 4 2007  
OCD - ARTESIA, NM

Submit to appropriate District Office

☐ AMENDED REPORT

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

<sup>1</sup> Operator Name and Address Yates Petroleum Corporation 105 S. 4 <sup>th</sup> Street Artesia, NM 88210		<sup>2</sup> OGRID Number 025575
		<sup>3</sup> API Number 30-015-30950
<sup>4</sup> Property Code 25283	<sup>5</sup> Property Name Ernest AUQ	<sup>6</sup> Well No. 1
<sup>9</sup> Proposed Pool 1 WILDCAT; WOLF CAMP GAS		<sup>10</sup> Proposed Pool 2

**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
L	35	17S	25E		1980	South	990	West	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

**Additional Well Information**

<sup>11</sup> Work Type Code A	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary N/A	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 3504'GR
<sup>16</sup> Multiple Y	<sup>17</sup> Proposed Depth N/A	<sup>18</sup> Formation Strawn	<sup>19</sup> Contractor N/A	<sup>20</sup> Spud Date ASAP
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> _____mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method:				
Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

**21 Proposed Casing and Cement Program**

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
		IN PLACE			

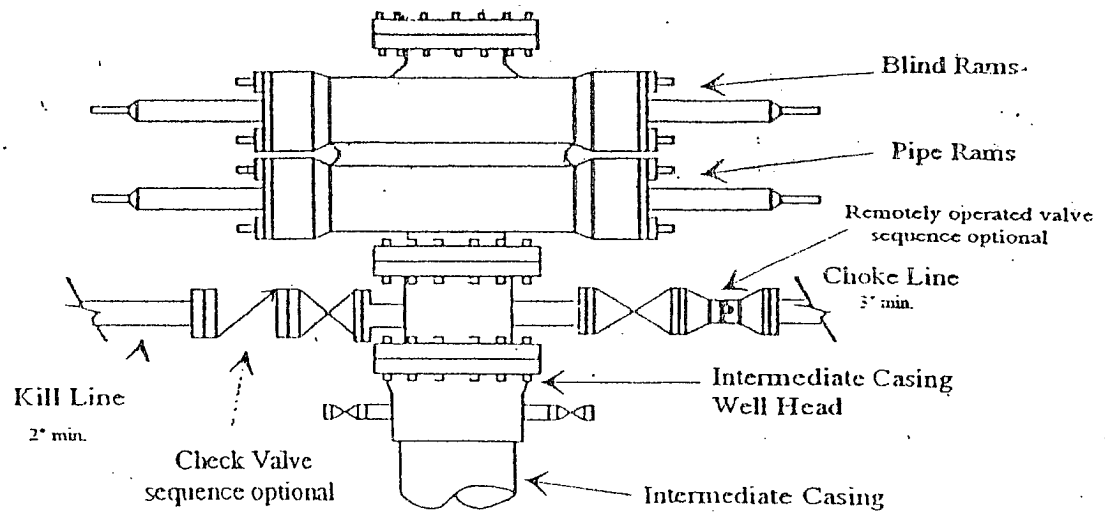
<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation plans to recompleat this well as follows: Release packer and POOH with tubing, laying down all but +/- 6500'. Set a 7" composite flow through plug at 8377'. Perforate Cisco 6496'-6506' (22), 6554'-6558' (10), 6606'-6612' (14) and 6650'-6660' (22). Stimulate as needed.

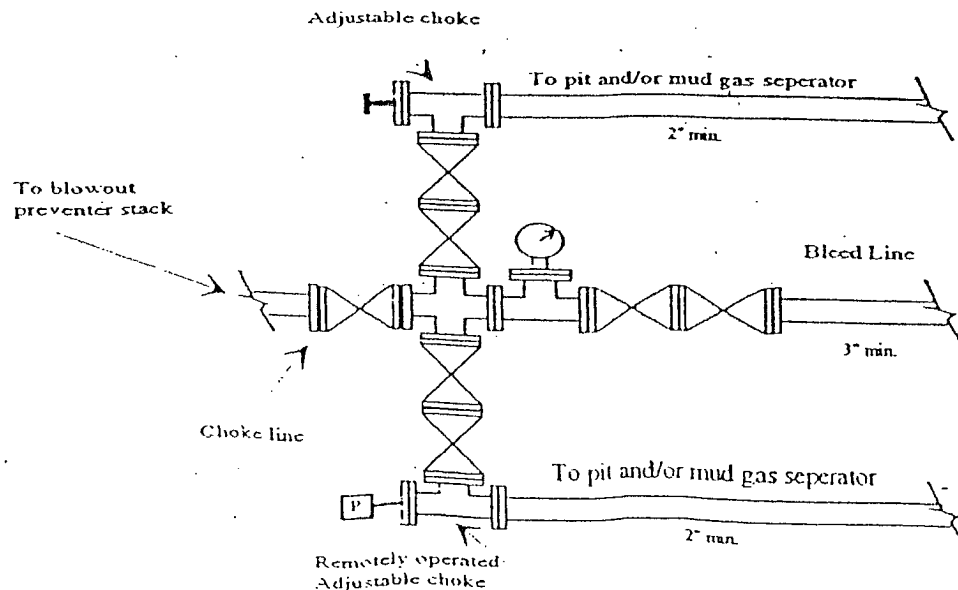
<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		<b>OIL CONSERVATION DIVISION</b>	
Signature: <i>Tina Huerta</i>		Approved by: <b>BRYAN G. ARRANT</b>	
Printed name: Tina Huerta		Title: <b>DISTRICT II GEOLOGIST</b>	
Title: Regulatory Compliance Supervisor		Approval Date: <b>MAY 07 2007</b>	Expiration Date: <b>MAY 07 2008</b>
E-mail Address: tina@ypcnm.com			
Date: May 2, 2007	Phone: 505-748-4168	Conditions of Approval Attached <input type="checkbox"/>	

# Yates Petroleum Corporation

## Typical 3,000 psi Pressure System Schematic



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



MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

S. P. YATES  
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PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

May 2, 2007



Mr. Bryan Arrant  
Oil Conservation Division, District II Office  
1301 W. Grand Ave.  
Artesia, NM 88210

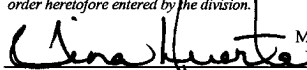
Re: Ernest AUQ #1  
Section 35-T17S-R25E  
Eddy County, New Mexico  
H2S Contingency Plan

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

Thank you,

YATES PETROLEUM CORPORATION

Tina Huerta  
Regulatory Compliance Supervisor

<div>16</div>				<div>17</div> <div>OPERATOR CERTIFICATION</div> <div>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.</div> <div><div></div><div>May 2, 2007</div></div> <div>SignatureDate</div> <div>Tina Huerta</div> <div>Printed Name</div>
<div>990'W</div> <div>1980'S</div>				<div>18</div> <div>SURVEYOR CERTIFICATION</div> <div>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.</div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor:</div> <div>Certificate Number</div>