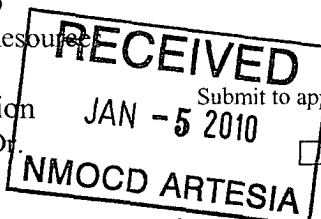


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-101
June 16, 2008



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 - 26980 |
| ⁴ Property Code 20904 | ⁵ Property Name Dec 36 SE State | ⁶ Well No. 6 |
| ⁹ Proposed Pool 1 Canyon; Wolfcamp | | ¹⁰ Proposed Pool 2 Seven Rivers; Glorieta Yeso, North |

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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| I | 36 | 19S | 24E | | 1830 | South | 890 | 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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

Additional Well Information

| | | | | |
|-----------------------------------|-------------------------------------|-----------------------------------|------------------------------------|--|
| ¹¹ Work Type Code P | ¹² Well Type Code O | ¹³ Cable/Rotary N/A | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 3589' GL |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth N/A | ¹⁸ Formation Canyon | ¹⁹ Contractor N/A | ²⁰ Spud Date ASAP |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-------------------------------------|-------------|--------------------|---------------|-----------------|---------------|
| | | | | | |
| | | | | | |
| | | | | | |
| REFER TO ORIGINAL COMPLETION | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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 plans to plugback and recomple this well as follows: MIRU any safety equipment as needed. NU BOP. POOH with production equipment if any exist, this well has been TA'd since 2002. RU WL and lubricator to make a gauge ring and junk basket run down to 6600'. Pull a GR/CBL/CC log from 6600' to surface to determine if a secondary cementing is necessary. If a squeeze is necessary, confer with office for procedure. Perforate Wolfcamp 6560'-6574' (15). Stimulate as needed. Swab test and evaluate and consider turning the well over to the production department or pumping an 18,000 gallon acid frac. If this interval is wet, set a CIBP at 6510' with 35' cement on top. Load the hole with plugging mud. Spot 150' cement plug from 5186'-5336' across the Wolfcamp top then spot 140' cement plug from 4110'-4250' across the Abo top. Perforate Yeso 2336'-2344' (9) and 2418'-2450' (33). Stimulate as needed. Swab the well until it cleans up, then TIH with pumping equipment and turn well to production.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: Tina Huerta

Title: Regulatory Compliance Supervisor

E-mail Address: tnah@yatespetroleum.com

Date: December 29, 2009

Phone: 575-748-4168

OIL CONSERVATION DIVISION

Approved by:

Title:

Geologist

Approval Date:

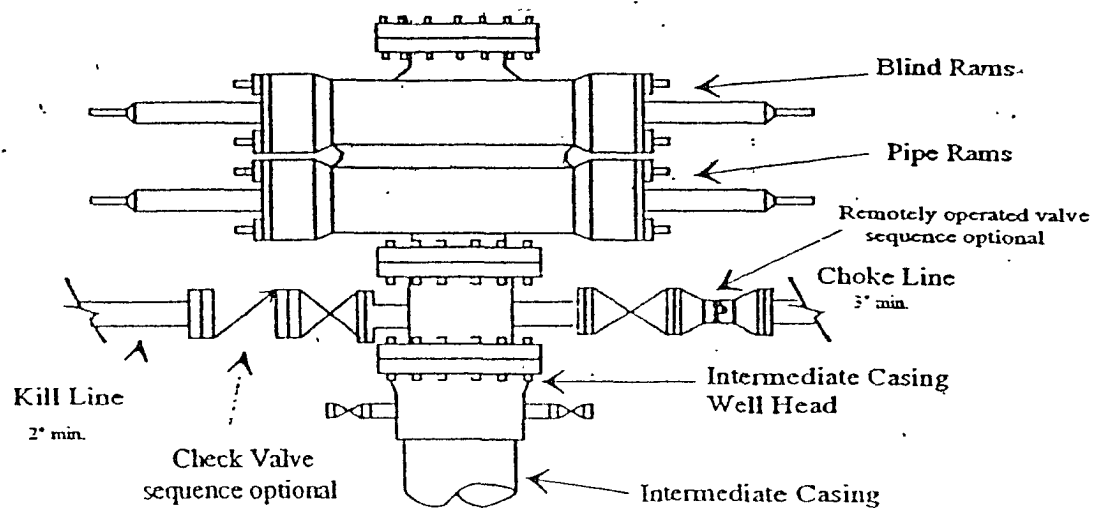
1/8/2010

Expiration Date:

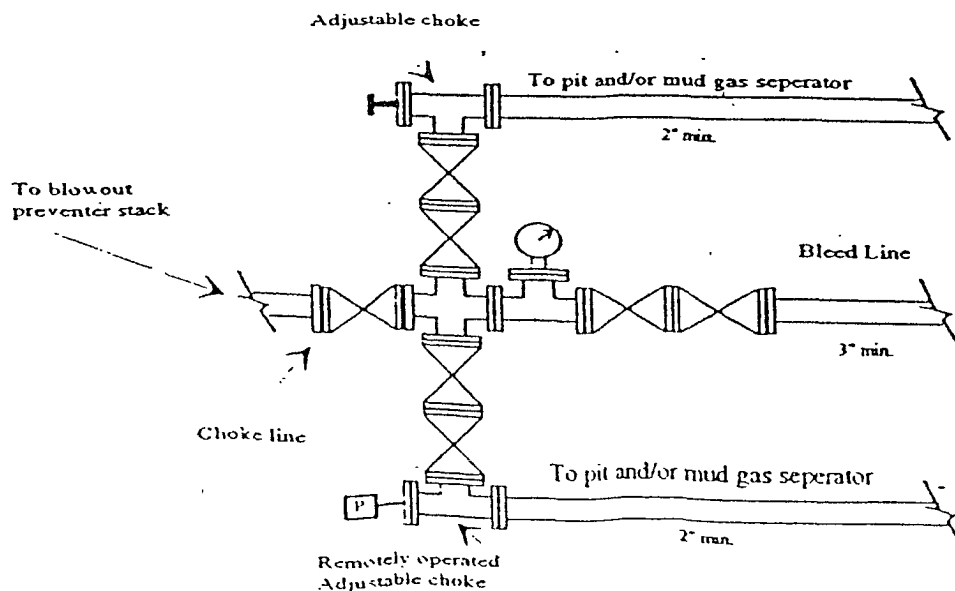
Conditions of Approval Attached ☐

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: Dee 36 SW State Com #6 IELD: Dagger Draw

LOCATION: 1,830' FSL & 890' FEL of Section 36-19S-24E Eddy Co., NM

GL: 3,589' ZERO: KB:

SPUD DATE: 6/4/92 COMPLETION DATE: 7/21/92

COMMENTS: API No.: 30-015-26980

CASING PROGRAM

| | |
|-----------------|--------|
| 9-5/8" 36# K-55 | 1,200' |
| 7" 26# K-55 | 8,100' |

After

TOPS

| | |
|----------|--------|
| Glorieta | 2,030' |
| Abo | 4,200' |
| WC | 5,286' |
| Canyon | 7,586' |

14-3/4" Hole

9-5/8" @ 1,200' w/1480 sx

TOC Not Reported

Yeso Perfs: 2,336-2,344' (9), 2,418-2,450' (33)

8-3/4" Hole

140' plug 4,110-4,250' across Abo top

150' plug 5,186-5,336' across WC

DV Tool @ 5,490'

CIBP @ 6,510' w/ 35' cmt

CIBP @ 7,650' w/ 35' cmt

WC Perfs: 6,560-6,574' (15)

Upper Penn Perfs: 7,718-46'; 7,755-70, 7,782-7,800

PBTD: 8,077'
TD: 8,100'

7" @ 8,100' w/1650 sx

avg
w/ 10" hole size @ 1.25 yld
Calc TOC = 685'

Not to Scale

10/13/09
DC/Hill

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

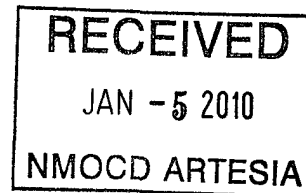
JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

December 31, 2009



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

Re: Dee 36 SE State #6
Section 36-T19S-R24E
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 Wolfcamp 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