

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1201 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  
May 27, 2004

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

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 South Forth Street Artesia, NM 88210		<sup>2</sup> OGRID Number 25575
<sup>3</sup> Property Code 29794	<sup>5</sup> Property Name Big Hat State Unit	<sup>4</sup> API Number 30- 025 - 37314
<sup>9</sup> Proposed Pool 1 Sombbrero; Morrow (GAS) 85620		<sup>10</sup> Proposed Pool 2

**Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	16S	33E		990	North	660	East	Lea

**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 New Well	<sup>12</sup> Well Type Code Gas	<sup>13</sup> Cable/Rotary Rotary	<sup>14</sup> Lease Type Code State	<sup>15</sup> Ground Level Elevation 4207
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 13600	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor Unknown	<sup>20</sup> Spud Date ASAP
Depth to Groundwater 100' or More		Distance from nearest fresh water well 1000' or More		Distance from nearest surface water 1000' or More
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 24,000_bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input checked="" type="checkbox"/> Gas/Air <input type="checkbox"/>				

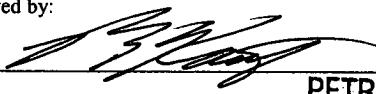
**Proposed Casing and Cement Program**

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5	13.375	48	400	400	0
12.25	9.625	40	6050	2300	0
7.875	5.5	17	13600	1900	5550

**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/test the Morrow/Intermediate formations. Aprox. 400ft. of surface casing will be set/cemented. Intermediate casing will be set @ 6050 ft., cement circulated to surface. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-400' FW; 400' - 1500' FW; 1500' - 6050' Redbed Mud/Starch; 6050' - 9580' Cut Brine; 9580' - 12100' Cut Brine/Brine; 12100' - 13600' SW/Starch/4% KCL. BOPE PROGRAM: A 5000# BOPE will be used. The State Engineers Web Site has been accessed for the captioned well. Information obtained from this site determines the Site Ranking for this well is 0 points. With this ranking score Deep Trench Burial and Capping of drilling materials will take place at pit closure. 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 Morrow Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Permit Expires 1 Year From Approval  
Date Unless Drilling Underway

<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 checked="" type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		<b>OIL CONSERVATION DIVISION</b>	
Printed name: Clifton R. May		Approved by: 	
Title: Regulatory Agent		Title: PETROLEUM ENGINEER	
E-mail Address: cliff@ypcnm.com		Approval Date: JUN 28 2005	
Date: 03/18/2005	Phone: (505) 748-4347	Expiration Date:	
		Conditions of Approval Attached <input type="checkbox"/>	

PREVIOUSLY APPROVED

**DISTRICT I**  
1000 R. French Dr., Hobbs, NM 88240

**DISTRICT II**  
811 South First, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Branos Rd., Aztec, NM 87410

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-37314</b>	Pool Code <b>85620</b>	Pool Name <b>Sombrero Morrow (Gas)</b>
Property Code <b>29794</b>	Property Name <b>BIG HAT STATE UNIT</b>	Well Number <b>2</b>
OGRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORPORATION</b>	Elevation <b>4207</b>

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	16S	33E		990	NORTH	660	EAST	LEA

**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

Dedicated Acres <b>320 N/2</b>	Joint or Infill	Consolidation Code	Order No.
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**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**

			VC-6148 660' N.32°56'27.0" W.103°38'40.5"	<b>OPERATOR CERTIFICATION</b>  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  <i>Clifton R. May</i> Signature Clifton R. May Printed Name Regulatory Agent Title 03/18/2005 Date
				<b>SURVEYOR CERTIFICATION</b>  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.  3/18/2003 Date Surveyed Signature of Professional Surveyor 3640 Certificate No. Hernandez, Jones RLS 3640 PROFESSIONAL LAND SURVEYOR GENERAL SURVEYING COMPANY

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'