

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
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

| | | |
|---|--|---|
| ¹ Operator Name and Address Yates Petroleum Corporation 105 S. 4 th Street Artesia, NM 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30-025-36581 |
| ⁵ Property Code 33444 | ⁶ Property Name Merle State Unit | ⁷ Well No. 1 |
| ⁹ Proposed Pool 1 Eight Mile Draw Permo Uppervilcat Penn | | ¹⁰ Proposed Pool 2 Wildcat San Andres |

⁷ Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no. O | Section 13 | Township 10S | Range 34E | Lot Idn O | Feet from the 1250 | North/South line South | Feet from the 1650 | East/West line East | County Lea |
|--------------------|---------------|-----------------|--------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

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 4158' |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth N/A | ¹⁸ Formation Mississippian | ¹⁹ Contractor N/A | ²⁰ Spud Date ASAP |
| Depth to Groundwater 75' | | Distance from nearest fresh water well 3500' | | Distance from nearest surface water 3500' |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: Closed-Loop System <input 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

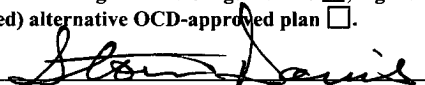

| | | | | | |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
| | | | | | |
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²² Describe the proposed 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.

Propose to plug back and recompleate as follows:

Set CIBP @ 11100' and dump 35' cement on plug. Perforate Bough lime 9935-9943' (16) w/2 SPF, 90° phasing and stimulate. If production is not adequate, perforate Bough lime 9831-9837' (12) and 9901-08' (14) and stimulate. If production is not sufficient, set CIBP @ 9800' and dump 35' cement on plug. Perforate San Andres 4888-4914' (52), 4984-4998' (28) and 5045-5052' (14) and stimulate.

Permit Expires 1 Year From Approval Date Unless Drilling Underway Plugback

| | | | |
|--|---------------------|---|--|
| 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 checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Signature:  | | Approved by:  | |
| Printed name: Stormi Davis | | Title: PETROLEUM ENGINEER | |
| Title: Regulatory Compliance Technician | | Approval Date: NOV 04 2005 Expiration Date: _____ | |
| E-mail Address: stormid@ypcnm.com | | | |
| Date: 11-1-05 | Phone: 505-748-1471 | Conditions of Approval Attached <input type="checkbox"/> | |

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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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|--|---|
| ¹ API Number 30-025-36581 | ² Pool Code 21480 | ³ Pool Name Eight Mile Draw Permo Upper Wildcat Penn |
| ⁴ Property Code 33444 | ⁵ Property Name Merle State Unit | ⁶ Well Number 1 |
| ⁷ OGRID No. 025575 | ⁸ Operator Name Yates Petroleum Corporation | ⁹ Elevation 4158' GR |

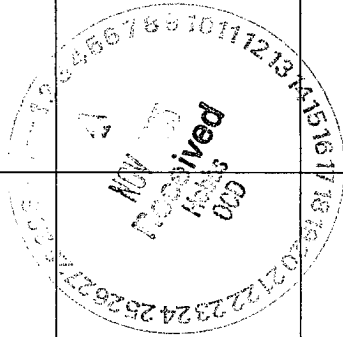
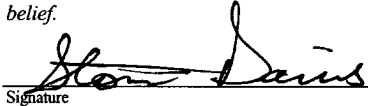
¹⁰ Surface Location

| | | | | | | | | | |
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| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| O | 13 | 10S | 34E | O | 1250 | South | 1650 | East | Lea |

¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
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| | | | | | | | | | |
| ¹² Dedicated Acres 40 | 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

| | | |
|----|---|---|
| 16 |  | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature |
| | | Stormi Davis Printed Name Regulatory Compliance Technician |
| | | Title and E-mail Address stormid@ypcnm.com Date 11-1-05 |
| | | ¹⁸ SURVEYOR CERTIFICATION 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. |
| | | Date of Survey Signature and Seal of Professional Surveyor: |
| | | Certificate Number |

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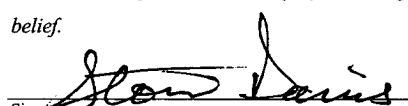
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| | | | | Date of Survey Signature and Seal of Professional Surveyor: Certificate Number |