

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 South Forth Street Artesia, NM 88210		² OGRID Number 25575	
		³ API Number 30-025-36556	
⁴ Property Code 12519	⁵ Property Name Lotus ALT State	⁶ Well No. 007	
⁹ Proposed Pool 1 Wildcat Bone Springs		¹⁰ Proposed Pool 2	

7 Surface Location

UL or lot no. K	Section 32	Township 22S	Range 32E	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1650	East/West line West	County Lea
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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
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Additional Well Information

¹¹ Work Type Code New Well	¹² Well Type Code Oil	¹³ Cable/Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 3531
¹⁶ Multiple N	¹⁷ Proposed Depth 8600	¹⁸ Formation Bone Springs	¹⁹ Contractor	²⁰ Spud Date ASAP
Depth to Groundwater More than 1000'		Distance from nearest fresh water well More than 1000'		Distance from nearest surface water More than 100'
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 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
17.5	13.375	48	850	800	0
11	8.635	32	4500	1400	0
7.875	5.5	17	8600	1475	5500

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 Bone Springs formations. Approximately 850' of surface casing will be set/cemented. Approximately 4500' of intermediate casing will be set/cement circulated. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. 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 Bone Springs formation for the submission of a contingency plan per Rule 118. C-144 attached. MUD PROGRAM: 0-850' FW/Native Mud; 850'-4500' Brine; 4500' - 8400' Cut Brine; 8400'-TD Cut Brine/Starch.

**Permit Expires 1 Year From Approval
Date Unless Drilling Underway**

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	
Printed name: Clifton R. May <i>Clifton R. May</i>		Approved by: <i>[Signature]</i>	
Title: Regulatory Agent		Title: PETROLEUM ENGINEER	
E-mail Address: cliff@ypcnm.com		Approval Date: JAN 24 2006 Expiration Date:	
Date: 1/19/2006	Phone: (505) 748-4347	Conditions of Approval Attached <input type="checkbox"/>	

PREVIOUSLY APPROVED

C-144 Attached

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

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Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Yates Petroleum Corporation Telephone: (505) 748-4372 e-mail address: debbiec@ypcnm.com
Address: 105 South 4th Street, Artesia, NM 88210
Facility or well name: Lotus ALT State #7 API #: 30-025-36556 U/L or Qtr/Qtr K Sec 32 T 22S R 32E
County: Lea Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner: Federal ☐ State ☒ Private ☐ Indian ☐

Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12 mil</u> Clay <input type="checkbox"/> Volume <u>24,000</u> bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	<u>100 feet or more</u>	<u>(0 points)</u>
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	<u>No</u>	<u>(0 points)</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	<u>1000 feet or more</u>	<u>(0 points)</u>
Ranking Score (Total Points)		<u>0 Points</u>

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Date: January 5, 2005

Printed Name/Title Debbie L. Caffall/Regulatory Technician Signature Debbie L. Caffall

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: JAN 13 2005

Date: _____

Printed Name/Title _____

PETROLEUM ENGINEER

Signature [Signature]