

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**

<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> API Number 30-025- <del>36612</del> 37662	
<sup>4</sup> Property Code 12519	<sup>5</sup> Property Name Lotus ALT State		<sup>6</sup> Well No. 010
<sup>9</sup> Proposed Pool 1 Wildcat Bone Springs		<sup>10</sup> Proposed Pool 2	

**7 Surface Location**

UL or lot no. N	Section 32	Township 22S	Range 32E	Lot Idn	Feet from the 480	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**

<sup>11</sup> Work Type Code New Well	<sup>12</sup> Well Type Code Oil	<sup>13</sup> Cable/Rotary	<sup>14</sup> Lease Type Code State	<sup>15</sup> Ground Level Elevation 3542
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 8600	<sup>18</sup> Formation Bone Springs	<sup>19</sup> Contractor	<sup>20</sup> Spud Date ASAP
Depth to Groundwater More than 100'		Distance from nearest fresh water well More than 1000'		Distance from nearest surface water More than 1000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 24,000 bbls Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				
Closed-Loop System <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**

<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 <i>Clifton R. May</i>		Approved by: <i>[Signature]</i> PETROLEUM ENGINEER	
Title: Regulatory Agent		Title:	
E-mail Address: cliff@ypcnm.com		Approval Date: JAN 27 2006	
Date: 1/26/2006		Expiration Date:	
Phone: (505) 748-4347		Conditions of Approval Attached <input type="checkbox"/>	

PREVIOUSLY APPROVED

C-144 ATTACHED

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

**Form C-102**  
**Revised March 17, 1969**  
**Instruction on back**  
**Submit to Appropriate District Office**  
**State Lease - 4 Copies**  
**Fee Lease - 3 Copies**

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

☐ AMENDED REPORT

API Number 30-025-37002	Pool Code ✓	Pool Name Wildcat Bone Springs
Property Code 12519	Property Name LOTUS "ALT" STATE	Well Number 10
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3542

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	22S	32E		480	SOUTH	1650	WEST	LEA

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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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

<div style="position: relative; height: 100px;"> <div style="position: absolute; left: 0; top: 50%; transform: translateY(-50%);">1650'</div> <div style="position: absolute; right: 0; top: 50%; transform: translateY(-50%);"> <div style="border: 2px solid black; padding: 5px; width: 150px; text-align: center;"> N.32°20'31.5" W.103°41'59.8" </div> <div style="position: absolute; left: -20px; top: 50%; transform: translateY(-50%);">480'</div> </div> </div>			

**OPERATOR CERTIFICATION**  
*I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.*  

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**Signature**  
Clifton R. May

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**Printed Name**  
Regulatory Agent

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**Title**  
1/23/2006

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**Date**

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**SURVEYOR CERTIFICATION**  
*I hereby certify that the well location shown on this plot 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.*  

2/23/2004  


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**Date Surveyed**

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**Signature & Seal of Professional Surveyor**  

Certificate No. Herschel L. Jones RLS 3640  
GENERAL SURVEYING COMPANY

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 xx 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: debbice@ypcnm.com  
Address: 105 South 4<sup>th</sup> Street, Artesia, NM 88210  
Facility or well name: Lotus ALT State #10 API #: 30-025-36612 U/L or Qtr/Qtr N Sec 32 T 22S R 32E  
County: Lea Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: 1927 ☐ 1983 ☐ Surface Owner: Federal ☐ State ☒ Private ☐ Indian ☐

Pit Type: Drilling ☒ Production ☐ Disposal ☐  
Workover ☐ Emergency ☐  
Lined ☒ Unlined ☐  
Liner type: Synthetic ☒ Thickness 12 mil  
Clay ☐ Volume \_\_\_\_\_ bbl

**Below-grade tank**

Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_  
Construction material: \_\_\_\_\_  
Double-walled, with leak detection? Yes ☐ 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 26, 2005

Printed Name/Title Debbie L. Caffal/Regulatory Technician

Signature Debbie L. Caffal

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:

Date: \_\_\_\_\_ PETROLEUM ENGINEER

Printed Name/Title \_\_\_\_\_

Signature Paul J. Karp

JAN 13 2005