

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

| | | |
|--|--|----------------------------|
| Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 | | OGRID Number 025575 |
| Property Code 20859 | Property Name Mescalero ARL State Cont. | API Number 30-025-38390 |
| Proposed Pool 1 Wildcat Mississippian | | Proposed Pool 2 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 2 | 10S | 32E | | 660' | South | 1980' | West | 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

| | | | | |
|---|--------------------------|---|------------------------------|--|
| Work Type Code N | Well Type Code G | Cable/Rotary R | Lease Type Code State | Ground Level Elevation 4280' |
| Multiple N | Proposed Depth 10615' | Formation Mississippian Age Rocks- Undivided | Contractor Not Determined | Spud Date ASAP |
| Depth to Groundwater 50' or more | | Distance from nearest fresh water well 1000' or more | | Distance from nearest surface water 1000' or more |
| Pit: Liner: Synthetic XX 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 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# | 400' | 400 sx | 0 |
| 12.25" | 9.625" | 40# | 3500' | 1300 sx | 0 |
| 8.75" | 5.5" | 17# | 10615' | 1350 sx | 3000' |
| | | | | | |

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 and test the Mississippian and intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 3500', cement circulated to surface. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-400' FW/Gel/Paper; 400'-1620' Fresh Water; 1620'-3500' Red Bed Mud/Oil; 3500'-7000' Cut Brine; 7000'-8300' Sgel/Oil/Starch; 8300'-9974' Sgel/Oil/Starch; 9974'-TD Sgel/Starch/4-6% KCL.

BOPE PROGRAM: A 5000# BOPE will be installed on the 9 5/8" casing and tested daily for operational.

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 Mississippian formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118. Thank you.

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 ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Signature:

Clifton R. May

Printed name: Clifton R May

Title: Regulatory Agent

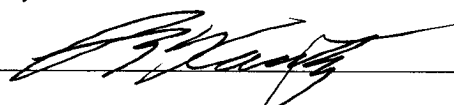
E-mail Address: cliff@ypcnm.com

Date: 3/30/07

Phone: (505) 748-4347

OIL CONSERVATION DIVISION

Approved by:



Title:

Approval APR 24 2007

Expiration Date:

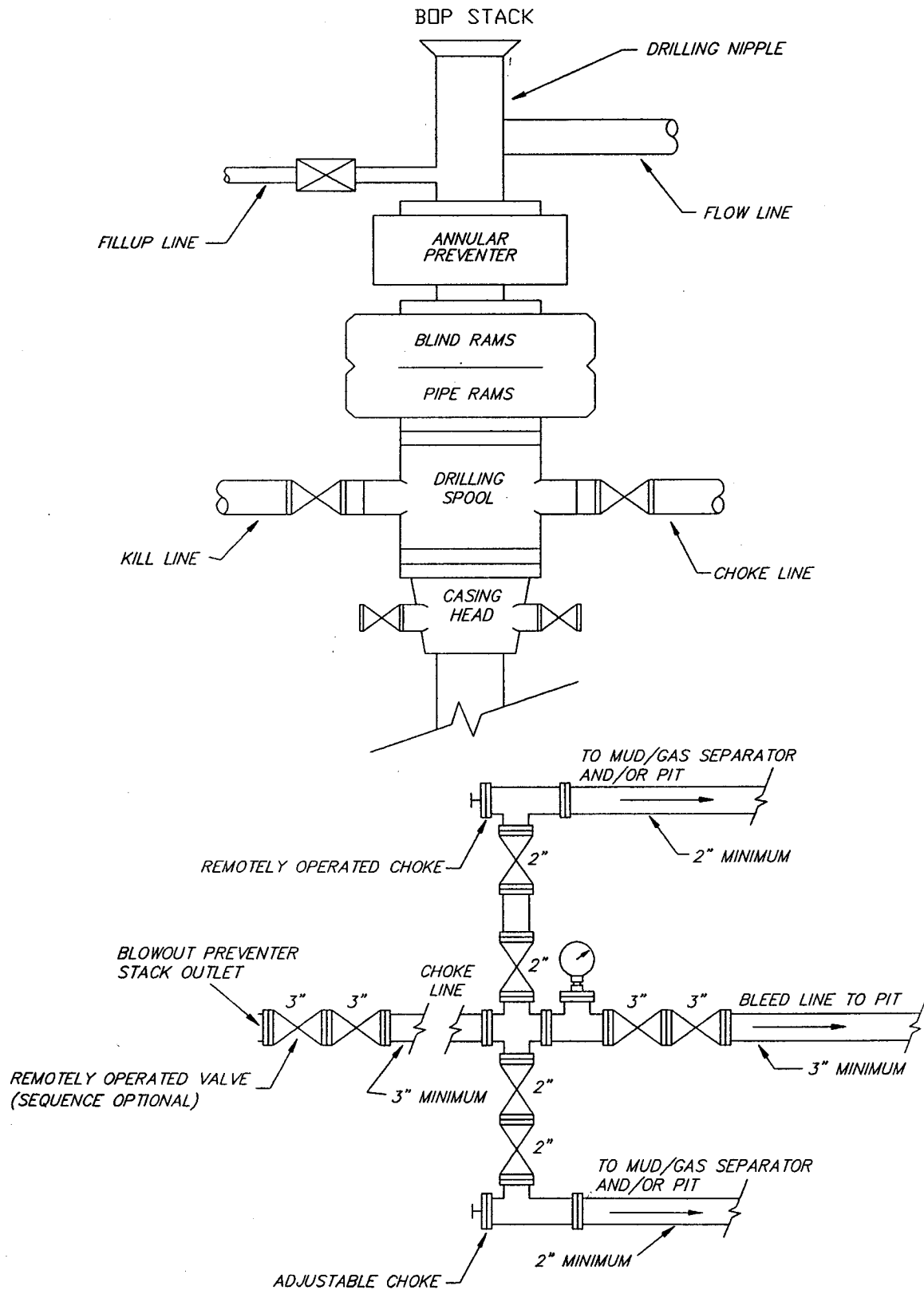
Conditions of Approval Attached ☐

PREVIOUSLY APPROVED

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

YATES PETROLEUM CORPORATION

TYPICAL 5,000 p.s.i. BLOWOUT PREVENTER & CHOKE MANIFOLD SCHEMATIC



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Form C-144
March 4, 2004

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

Pit or Below-Grade Tank Registration or Closure

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

Operator: YATES PETROLEUM CORPORATION Telephone: 505-748-4572 mail address: 1770 Ypsilanti Ave.
Address: 1025 SOUTH MORGAN STREET, ARTESIA, NM 88210
Facility or well name: MORGAN A-1 ST. C. 027 API # 30-025-37199 UML or Qm/Qr # Sec. 2 T. 18S R. 32E
County: LEA Latitude 32.4679 Longitude 102.6449 Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

| | | |
|---|--|--|
| Fit 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>1/2</u> in. 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 50 feet or more, but less than 100 feet 100 feet or more | (20 points) (10 points) (0 points) |
| Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) | Yes No | (20 points) (0 points) |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) | Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more | (20 points) (10 points) (0 points) |
| Ranking Score (Total Points) | | 10 |

If this is a pit closure:

- attach a diagram of the facility showing the pit's relationship to other equipment and tanks.
- Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility: _____
- Attach a general description of remedial action taken including remediation start date and end date.
- Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results.
- 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 constructed or closed according to NMOCDD guidelines.

Date: 4/13/05

Printed Name/Title: CANTON MAY/REGULATORY AGENT Signature: Clifton May

Your certification and NMOCDD 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:

Printed Name/Title: PAUL E. KAUTZ PETROLEUM ENGINEER Signature: [Signature]

