

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

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 Forth Street Artesia, NM 88210		OGRID Number 25575
Property Code 32254		API Number 30-025-38476
Property Name Strait State Unit	Well No. 2	
Proposed Pool 1 Sand Springs; Mississippian (GAS) 97125		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	32	10S	34E		660	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

Work Type Code New Well	Well Type Code Gas	Cable/Rotary Rotary	Lease Type Code State	Ground Level Elevation 4227
Multiple No	Proposed Depth 12750	Formation Mississippi Limestone	Contractor	Spud Date ASAP
Depth to Groundwater 50'		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:
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	4150	1400	0
8.75	7	26	12750	1650	3650

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/Intermediate formations. Approximately 400' of surface casing will be set and circulated. Intermediate casing will be set at 4150', cement circ. to surface. If commercial, production casing will be run and cemented, perforate and stimulate as needed for production. Mud Program: 0-400 FW Gel/Paper; 400-2070 FW; 2070-4150 Red Bed Mud/oil; 4150-7750 Cut Brine; 7750-9250 S Gel./Oil; 9250-11675 SGel./Starch; 11675-TD SW/Starch/4%KCL. BOPE PROGRAM: A 5000# BOPE will be used. 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.

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: June 14, 2007

Phone: (505) 748-4347

OIL CONSERVATION DIVISION

Approved by:

Chris Williams

Title:

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Approval Date:

Expiration Date:

JUL 20 2007

Conditions of Approval Attached

Must dig & haul off pit contents

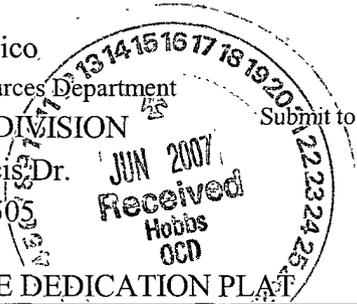
PREVIOUSLY APPROVED

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

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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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30.025-38476	² Pool Code 97125	³ Pool Name SAND SPRINGS; MISSISSIPPIAN (GAS)
⁴ Property Code 32254	⁵ Property Name STRAIT STATE UNIT	
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁶ Well Number 2
⁹ Elevation 4227		

¹⁰ Surface Location

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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¹¹ 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

¹² Dedicated Acres 320 E/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

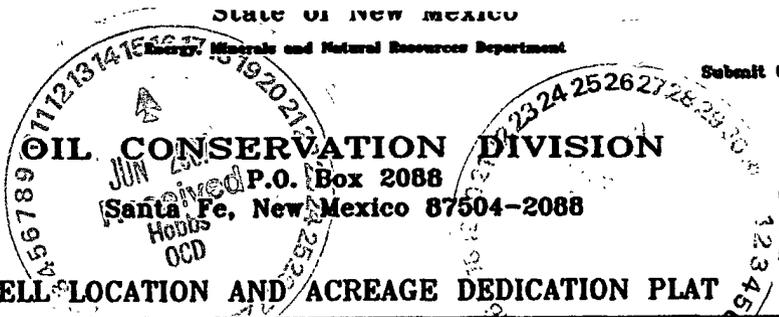
16					<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p>Signature: <u>Clifton R. May</u> Date: <u>June 14, 2007</u></p> <p>Clifton R. May Printed Name</p> <p>Regulatory Agent Title</p>	
					<p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>REFER TO ORIGINAL PLAT</p> <p>Certificate Number</p>	

DISTRICT I
1625 N. French Dr. NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1009 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV
2049 South Pacheco, Santa Fe, NM 87505



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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 97125	Pool Name Sand Springs, Mississippian (Gas)
Property Code 32254	Property Name STRAIT STATE UNIT	Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4227

Surface Location

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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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
320 E/2									

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320 E/2			

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

		VO-5301		<p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="center"><i>Clifton R. May</i></p> <p>Signature Clifton R. May</p> <p>Printed Name Regulatory Agent</p> <p>Title March 18/2005</p> <p>Date</p>
				<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p align="center">4/12/2003</p> <p>Date Surveyed</p>
				<p>Signature & Seal of Professional Surveyor</p> <p align="center">Herschel L. Jones RLS 3640</p>
				<p align="center">STRAIT 2</p> <p align="center">GENERAL SURVEYING COMPANY</p>

0 330° 660° 990° 1650° 1980° 2310° 2310° 1980° 1650° 990° 660° 330° 0°