

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 Forth Street Artesia, NM 88210 | | OGRID Number 25575 |
| Property Code 35240 | Property Name Yarrow BHY State | API Number 30-025-38615 |
| Proposed Pool 1 Triple X; Bone Spring | | Well No. 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 |
| H | 32 | 23S | 33E | | 2310 | North | 330 | 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 Oil | Cable/Rotary | Lease Type Code State | Ground Level Elevation 3670 |
| Multiple N | Proposed Depth 9140 | Formation Bone Spring | Contractor | Spud Date ASAP |
| Depth to Groundwater 175' | | 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 type="checkbox"/> Diesel/Oil-based <input 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 | 700 | 700 | 0 |
| 11 | 8.625 | 32 | 5150 | 1250 | 0 |
| 7.875 | 5.5 | 17 | 9140 | 1700 | 0 |

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 Spring/intermediate formations. Approximately 700' of surface casing will be set/cement circulated. Intermediate casing will be set at 5150', cement circulated. If commercial, production casing will be run/cemented; will perforate/stimulate as needed for production. MUD PROGRAM: 0-700' FW/Spud Mud; 700'-1270' FW; 1270'- 5150' Brine; 5150'-9000'FW/Cut Brine; 9000'-TD Cut Brine.
BOPE Program: A 3000# BOPE will be placed on the 8.625" casing and tested daily for operational. Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be sufficient H2S anticipated from the surface through the Bone Spring formation 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 <input type="checkbox"/> , a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed name: Clifton R May <i>Clifton R. May</i> Title: Regulatory Agent E-mail Address: cliff@ypcnm.com Date: 11/5/07 Phone: (505) 748-4347 | OIL CONSERVATION DIVISION | |
| | Approved by: <i>Larry W. Wink</i> | |
| | Title: UC FIELD REPRESENTATIVE II/STAFF MANAGER | |
| | Approval Date: NOV 27 2007 | Expiration Date: |
| | Conditions of Approval Attached <input type="checkbox"/> | |

PREVIOUSLY APPROVED C-102 attached

**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 30-025-38615 | | ² Pool Code 59900 | | ³ Pool Name Triple X; Bone Spring | |
| ⁴ Property Code 35240 | | ⁵ Property Name Yarrow BHY State | | | ⁶ Well Number 2 |
| ⁷ OGRID No. 025575 | | ⁸ Operator Name Yates Petroleum Corporation | | | ⁹ Elevation 3670 |

| 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 |
| H | 32 | 23 S | 33 E | | 2310 | North | 330 | East | Lea |

| 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 40 SE/4NE/4 | 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>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</i> Signature: <u>Clifton R. May</u> Date: <u>10/5/07</u> Printed Name: <u>Clifton R. May, Regulatory Agent</u> |
| | | | | VO-6276 | | |
| | | | | | | |
| | | | | | | ¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor: REFER TO ORIGINAL PLAT Certificate Number |

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-106
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------------|--|-----------|-------------------|
| API Number | | Pool Code | Pool Name |
| Property Code | Property Name YARROW "BHY" STATE | | Well Number 2 |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | | Elevation 3670 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 32 | 23S | 33E | | 2310 | NORTH | 330 | EAST | LEA |

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 |
|-----------------|---------|-----------------|--------------------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres | | Joint or Infill | Consolidation Code | | 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

| | | |
|--|---|--|
| | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein to true and complete to the best of my knowledge and belief.</p> <p><i>Clyde R. May</i> Signature</p> <p>Printed Name</p> <p>Title</p> <p>Date</p> | |
| | <p>SURVEYOR CERTIFICATION</p> <p>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>11/08/2005 Date Surveyed</p> <p>Signature of Seal of Professional Surveyor HERSCHEL L. JONES NEW MEXICO 3640</p> <p>Certification for Herschel Jones RLS 3640 YARROW 2 GENERAL SURVEYING COMPANY</p> | |
| | <p>0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'</p> | |
| | <p>0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'</p> | |