

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

RECEIVED

Form C-101  
May 27, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FEB 22 2008

Submit to appropriate District Office

AMENDED REPORT

HOBBS OCD

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|  |                                  |                            |
|--|----------------------------------|----------------------------|
| Operator Name and Address<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210 |                                  | OGRID Number<br>025575     |
| Property Code<br>12519   | Property Name<br>Lotus ALT State | API Number<br>30-025-38774 |
| Proposed Pool 1<br>Livingston Ridge, Delaware, SE  |                                  | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 32      | 22S      | 32E   |         | 1980'         | South            | 1650'         | West           | 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<br>New well  | Well Type Code<br>Oil   | Cable/Rotary  | Lease Type Code<br>State     | Ground Level Elevation<br>3531'                       |
| Multiple<br>N   | Proposed Depth<br>8600' | Formation<br>Bone Springs                                 | Contractor<br>Not Determined | Spud Date<br>ASAP                                     |
| Depth to Groundwater<br>More than 1000'   |                         | Distance from nearest fresh water well<br>More than 1000' |                              | Distance from nearest surface water<br>More than 100' |
| Pit: Liner: Synthetic XX 12_mils thick Clay <input type="checkbox"/> Pit Volume: 24,000 bbls Drilling Method:<br>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"/> |                         |   |                              |   |

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          |
|           |             |                    |               |                 |               |
|           |             |                    |               |                 |               |

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 Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated to shut off gravel and cavings. Approximately 4500' of intermediate casing will be set/cement. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

**MUD PROGRAM:** 0-850' FW/Native Mud; 850'-4500' Brine; 4500'-8400' Cut Brine; 8400'-TD Cut Brine/Starch.

**BOPE PROGRAM:** a 3000# BOPE will be installed on the 8 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 found from the surface through the Bone Spring formation meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

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: 1/18/08

Phone: (575) 748-4347

OIL CONSERVATION DIVISION

Approved by:

Chris Williams

Title: OIL CONSERVATION DISTRICT SUPERVISOR/GENERAL MANAGER

Approval Date: FEB 25 2008

Expiration Date:

Conditions of Approval Attached ☐

Permit Expires 2 Years 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

|  |   |  |
|--|---|--|
| <sup>1</sup> API Number<br><b>30-025-38774</b> | <sup>2</sup> Pool Code<br><b>39380</b>                    | <sup>3</sup> Pool Name<br>Livingston Ridge, Delaware, SE |
| <sup>4</sup> Property Code<br>/12519           | <sup>5</sup> Property Name<br>Lotus ALT State             | <sup>6</sup> Well Number<br>7                            |
| <sup>7</sup> OGRID No.<br>025575               | <sup>8</sup> Operator Name<br>Yates Petroleum Corporation | <sup>9</sup> Elevation<br>3531'                          |

<sup>10</sup> Surface Location

|                    |               |                 |              |         |                        |                           |                        |                        |               |
|--------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|------------------------|------------------------|---------------|
| UL or lot no.<br>K | Section<br>32 | Township<br>22S | Range<br>32E | Lot Idn | Feet from the<br>1980' | North/South line<br>South | Feet from the<br>1650' | East/West line<br>West | County<br>Lea |
|--------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|------------------------|------------------------|---------------|

<sup>11</sup> 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 |
| <sup>12</sup> Dedicated Acres<br>40 NESW | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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.

|                                     |   |
|-------------------------------------|---|
| <sup>16</sup><br><br>1650'<br>1980' | <sup>17</sup> OPERATOR CERTIFICATION<br><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><br><br>Signature<br>1/18/08<br>Date<br>Clifton R. May Regulatory Agent<br>Printed Name |
|                                     | <sup>18</sup> SURVEYOR CERTIFICATION<br><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><br>Date of Survey<br>Signature and Seal of Professional Surveyor:<br>REFER TO ORIGINAL PLAT<br>Certificate Number  |
|                                     |   |

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

## Energy, Minerals and Natural Resources Department

**Form C-102**  
**Revised March 17, 1959**  
**Instruction on back**  
**Submit to Appropriate District Office**  
**State License - 4 Copies**  
**Fee License - 3 Copies**

**P.O. Box 2088**

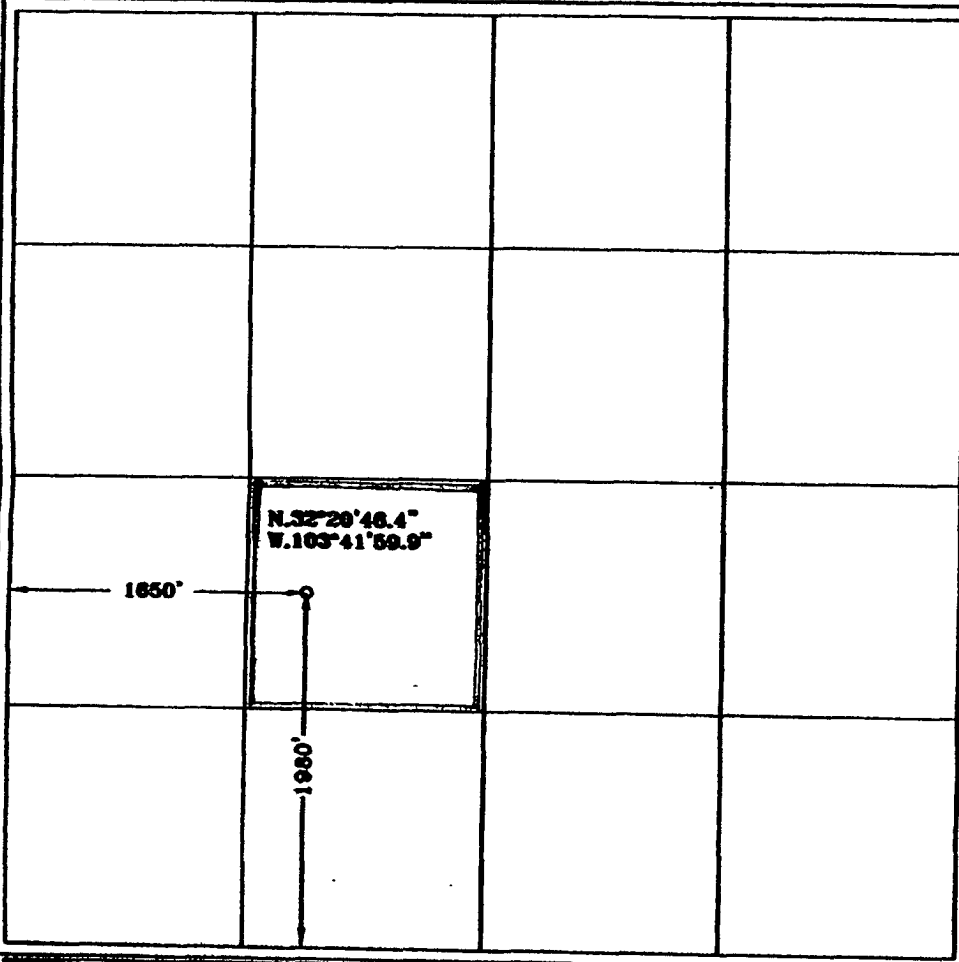
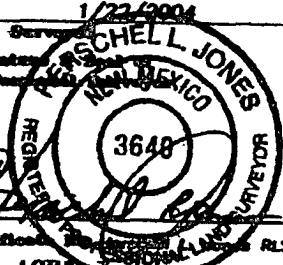
**Santa Fe, New Mexico 87504-2088**

**□ AMENDED REPORT**

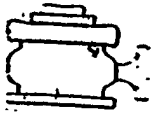
|                            |  |                                   |
|----------------------------|--|-----------------------------------|
| API Number<br>30-025-36556 | Pool Code                                    | Pool Name<br>Wildcat Bone Springs |
| Property Code              | Property Name<br>LOTUS "ALT" STATE           | Well Number<br>7                  |
| OCED No.<br>025575         | Operator Name<br>YATES PETROLEUM CORPORATION | Elevation<br>3531                 |

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| TL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
| K             | 32      | 22S      | 32E   |         | 1980          | SOUTH            | 1650          | WEST           | LEA    |

|                      |                |                    |       |           |               |                  |               |                |        |
|----------------------|----------------|--------------------|-------|-----------|---------------|------------------|---------------|----------------|--------|
| UL or lot No.        | Section        | Township           | Range | Lot No.   | Feet from the | North/South line | Feet from the | East/West line | County |
| Redeemed Acres<br>40 | Joint or In/In | Consolidation Code |       | Order No. |               |                  |               |                |        |

|   |   |  |
|---|---|--|
|  | <b>OPERATOR CERTIFICATION</b><br><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i><br><u>Clifton R. May</u><br>Signature<br><u>Clifton R. May</u><br>Printed Name<br><u>Regulatory Agent</u><br>Title<br><u>1-19-2006</u><br>Date  |  |
|   | <b>SURVEYOR CERTIFICATION</b><br><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><br><u>1/22/2004</u><br>Date Surveyed<br><u>KEVIN L. JONES</u><br>Signature<br>Professional<br><br>Certification No. <u>3648</u><br><u>LOTUS</u><br>GENERAL SURVEYING COMPANY |  |

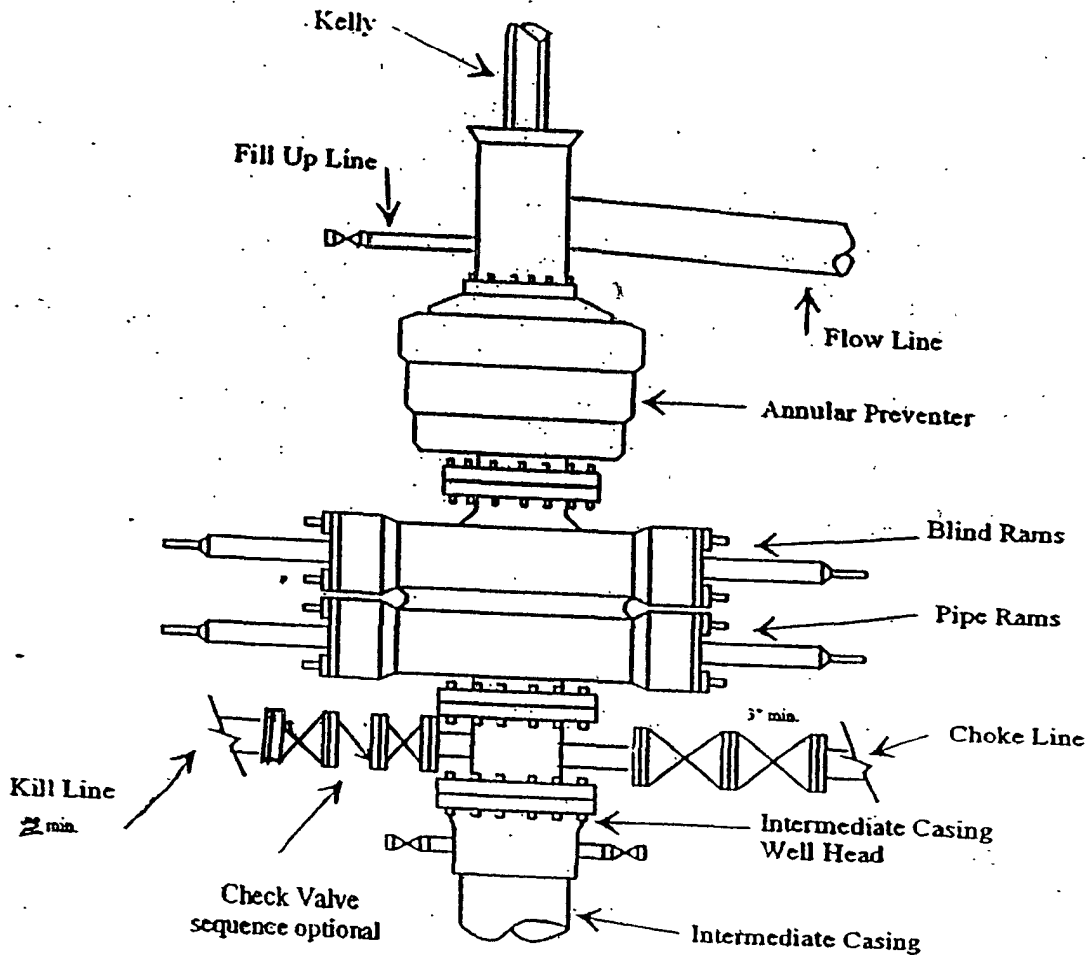
0 330° 660° 990° 1665° 1980° 2310° 2625° 2940° 3255° 3570° 3885° 4200° 4515° 4830° 5145° 5460° 5775° 6090° 6405° 6720° 7035° 7350° 7665° 7980° 8295° 8610° 8925° 9240° 9555° 9870° 10185° 10500° 10815° 11130° 11445° 11760° 12075° 12390° 12705° 13020° 13335° 13650° 13965° 14280° 14595° 14910° 15225° 15540° 15855° 16170° 16485° 16800° 17115° 17430° 17745° 18060° 18375° 18690° 19005° 19320° 19635° 19950° 20265° 20580° 20895° 21210° 21525° 21840° 22155° 22470° 22785° 23100° 23415° 23730° 24045° 24360° 24675° 24990° 25305° 25620° 25935° 26250° 26565° 26880° 27195° 27510° 27825° 28140° 28455° 28770° 29085° 29400° 29715° 30030° 30345° 30660° 30975° 31290° 31605° 31920° 32235° 32550° 32865° 33180° 33495° 33810° 34125° 34440° 34755° 35070° 35385° 35700° 36015° 36330° 36645° 36960° 37275° 37590° 37905° 38220° 38535° 38850° 39165° 39480° 39795° 40110° 40425° 40740° 41055° 41370° 41685° 42000° 42315° 42630° 42945° 43260° 43575° 43890° 44205° 44520° 44835° 45150° 45465° 45780° 46095° 46410° 46725° 47040° 47355° 47670° 47985° 48300° 48615° 48930° 49245° 49560° 49875° 50190° 50505° 50820° 51135° 51450° 51765° 52080° 52395° 52710° 53025° 53340° 53655° 53970° 54285° 54600° 54915° 55230° 55545° 55860° 56175° 56490° 56805° 57120° 57435° 57750° 58065° 58380° 58695° 59010° 59325° 59640° 59955° 60270° 60585° 60900° 61215° 61530° 61845° 62160° 62475° 62790° 63105° 63420° 63735° 64050° 64365° 64680° 64995° 65310° 65625° 65940° 66255° 66570° 66885° 67200° 67515° 67830° 68145° 68460° 68775° 69090° 69405° 69720° 70035° 70350° 70665° 70980° 71295° 71610° 71925° 72240° 72555° 72870° 73185° 73500° 73815° 74130° 74445° 74760° 75075° 75390° 75705° 76020° 76335° 76650° 76965° 77280° 77595° 77910° 78225° 78540° 78855° 79170° 79485° 79800° 80115° 80430° 80745° 81060° 81375° 81690° 82005° 82320° 82635° 82950° 83265° 83580° 83895° 84210° 84525° 84840° 85155° 85470° 85785° 86100° 86415° 86730° 87045° 87360° 87675° 87990° 88305° 88620° 88935° 89250° 89565° 89880° 90195° 90510° 90825° 91140° 91455° 91770° 92085° 92400° 92715° 93030° 93345° 93660° 93975° 94290° 94605° 94920° 95235° 95550° 95865° 96180° 96495° 96810° 97125° 97440° 97755° 98070° 98385° 98700° 99015° 99330° 99645° 99960° 100275° 100590° 100905° 101220° 101535° 101850° 102165° 102480° 102795° 103110° 103425° 103740° 104055° 104370° 104685° 105000° 105315° 105630° 105945° 106260° 106575° 106890° 107205° 107520° 107835° 108150° 108465° 108780° 109095° 109410° 109725° 110040° 110355° 110670° 110985° 111300° 111615° 111930° 112245° 112560° 112875° 113190° 113505° 113820° 114135° 114450° 114765° 115080° 115395° 115710° 116025° 116340° 116655° 116970° 117285° 117600° 117915° 118230° 118545° 118860° 119175° 119490° 119805° 120120° 120435° 120750° 121065° 121380° 121695° 122010° 122325° 122640° 122955° 123270° 123585° 123900° 124215° 124530° 124845° 125160° 125475° 125790° 126105° 126420° 126735° 127050° 127365° 127680° 127995° 128310° 128625° 128940° 129255° 129570° 129885° 130200° 130515° 130830° 131145° 131460° 131775° 132090° 132405° 132720° 133035° 133350° 133665° 133980° 134295° 134610° 134925° 135240° 135555° 135870° 136185° 136500° 136815° 137130° 137445° 137760° 138075° 138390° 138705° 139020° 139335° 139650° 139965° 140280° 140595° 140910° 141225° 141540° 141855° 142170° 142485° 142800° 143115° 143430° 143745° 144060° 144375° 144690° 145005° 145320° 145635° 145950° 146265° 146580° 146895° 147210° 147525° 147840° 148155° 148470° 148785° 149100° 149415° 149730° 150045° 150360° 150675° 150990° 151305° 151620° 151935° 152250° 152565° 152880° 153195° 153510° 153825° 154140° 154455° 154770° 155085° 155400° 155715° 156030° 156345° 156660° 156975° 157290° 157605° 157920° 158235° 158550° 158865° 159180° 159495° 159810° 160125° 160440° 160755° 161070° 161385° 161700° 162015° 162330° 162645° 162960° 163275° 163590° 163905° 164220° 164535° 164850° 165165° 165480° 165795° 166110° 166425° 166740° 167055° 167370° 167685° 168000° 168315° 168630° 168945° 169260° 169575° 169890° 170205° 170520° 170835° 171150° 171465° 171780° 172095° 172410° 172725° 173040° 173355° 173670° 173985° 174300° 174615° 174930° 175245° 1



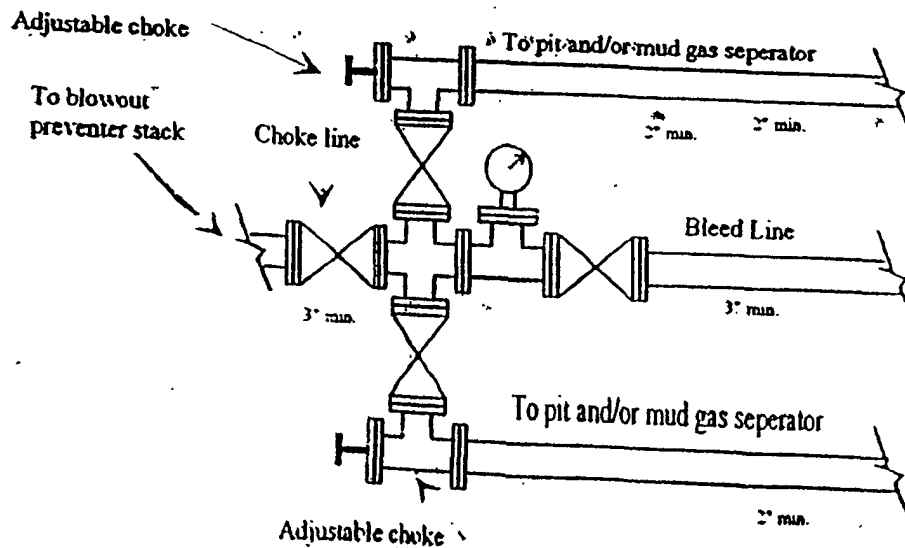
# Yates Petroleum Corporation

BOP-3

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



## Typical 3,000 psi choke manifold assembly with at least these minimum features



MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (575) 748-4376

S.P. YATES  
CHAIRMAN EMERITUS  
JOHN A. YATES  
CHAIRMAN OF THE BOARD  
FRANK YATES, JR.  
PRESIDENT

PEYTON YATES  
DIRECTOR

JOHN A. YATES, JR.  
DIRECTOR

**RECEIVED**

FEB 22 2008

**HOBBS OCD**

February 20, 2008

Oil Conservation Division  
1625 N. French Dr.  
Hobbs, NM 88240


RE: Lotus ALT State #7  
1980' FSL and 1650' FWL, Unit K  
Section 32, T22S-R32E  
Lea County, New Mexico

To Whom It May Concern:

Yates Petroleum Corporation requests the status of the above mentioned location with regards to approval of application for permit to drill submitted 1/18/08.

Should you have any questions please contact Debbie L. Caffall at (575) 748-4376.

**YATES PETROLEUM CORPORATION**

  
Debbie L. Caffall  
Regulatory Agent

DLC/ms  
Enclosure(s)