

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

RECEIVED

Submit to appropriate District Office

FEB 25 2008 ☐ AMENDED REPORT

HOBBS OCD

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

¹ Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210		² OGRID Number 025575 ³ API Number 30-025-25846
³ Property Code 35474	³ Property Name Nugget BIN State Com.	⁶ Well No. 1
⁹ Proposed Pool 1 Wildcat Penn		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no M	Section 19	Township 10S	Range 32E	Lot Idn	Feet from the 860'	North/South line South	Feet from the 660'	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

¹¹ Work Type Code Re-Entry	¹² Well Type Code Gas	¹³ Cable/Rotary R	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 4381'
¹⁶ Multiple N	¹⁷ Proposed Depth 9100'	¹⁸ Formation Wolfcamp	¹⁹ Contractor Not Determined	²⁰ Spud Date ASAP
Depth to Groundwater More than 50' 62'		Distance from nearest fresh water well More than 1000'		Distance from nearest surface water More than 1000'
Pit: Liner. Synthetic XX .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"/>				

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	365'- in place	350	0
11	8.625	32	3550'- in place	1370	550'
7.875	5.5	17	3144'to9100inpla	2163	TOC 3200'
7.875	5.5	17	0-3114'	500	Tie back to 8.875'

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.

See Attached Sheet.

Permit Expires 2 Years From Approval
Date Unless Drilling Underway
Re-Entry

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 Wolfcamp formation 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:

Printed name: Clifton R. May

Title: Regulatory Agent

E-mail Address: cliff@ypcnm.com

Date: 2/22/08

Phone: (575) 748-4347

OIL CONSERVATION DIVISION

Approved by:

Title: OC DISTRICT SUPERVISOR/GENERAL MANAGER

Approval Date: FEB 26 2008 Expiration Date

Conditions of Approval Attached ☐

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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 30-025-25846		² Pool Code /	³ Pool Name Wildcat Penn
⁴ Property Code 35474	⁵ Property Name Nugget BIN State Com.		⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 4381' 4253'

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
M	19	10S	32E		860'	South	660'	West	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 320 W/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.

<div style="border: 2px solid black; padding: 10px; margin: 5px;"> V-7358 </div> <div style="border: 2px solid black; padding: 10px; margin: 5px;"> VO-7359 </div> <div style="border: 2px solid black; padding: 10px; margin: 5px;"> 660' </div>	<div style="border: 1px solid black; padding: 10px; margin: 0 auto; width: 150px;"> RECEIVED FEB 25 2008 HOBBS OCD </div>		<p>¹⁷ OPERATOR CERTIFICATION</p> <p><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></p> <p>Signature: <u>Clifton R. May</u> Date: <u>2/1/08</u></p> <p>Printed Name: <u>Clifton R. May, Regulatory Agent</u></p>
	<p>¹⁸ 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>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>REFER TO ORIGINAL PLAT</p> <p>Certificate Number: _____</p>		

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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 August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Code 35474	⁵ Property Name Nugget BIN State Com.	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 4381'

¹⁰ Surface Location

UL or lot no. M	Section 19	Township 10S	Range 32E	Lot Idn	Feet from the 860	North/South line South	Feet from the 660	East/West line West	County Lea
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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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¹² Dedicated Acres 320	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

V- 7358				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Clifton R. May</i> Signature Clifton R. May Printed Name Regulatory Agent Title February 28, 2006 Date
VO- 7359				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. Date of Survey Signature and Seal of Professional Surveyor: See Original Plat

YATES PETROLEUM CORPORATION

Nugget BIN State Com. No. 1 Re-entry

860' FSL & 660' FWL

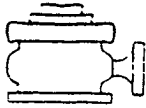
Section 19-T10S-R32E

Lea County, New Mexico

Lease VO-7359

Drilling Plans: Yates Petroleum Corporation plans to re-enter this well bore that was originally drilled by Natomas North America Inc. as their New Mexico State Com. #1, which was spudded 3/5/78. The well was transferred to Terra Resources, Inc, to Pacific Enterprises Oil Company (USA), to Snyder Oil Company, to Snyder Operating Company, to Snyder Oil Corporation and finally to Santa Fe Exploration Company. The well was plugged 1/29/98. Yates will use a pulling unit and a reverse unit to drill out the cement plugs using a 7 7/8" bit in the 8 5/8" casing to approximately 3114' to the top of the 5 1/2" casing that was cut-off. The production casing (5 1/2") will be tied back from 3114' to surface and cemented with 500 sacks class C. Drill out cement and test the casing to 1000 psi. Continue to drill out plugs and clean out hole to approximately 9100'. Circulate hole clean and trip out of hole. Rig up a wireline unit and set a CIBP qt 9010' and cap with 20' of cement. Squeeze off the open perforations and then drill out the cement retainers. Test the casing to 1000 psi. Then cleanout to 8990' and circulate hole clean. Perforate and stimulate as needed to gain production.

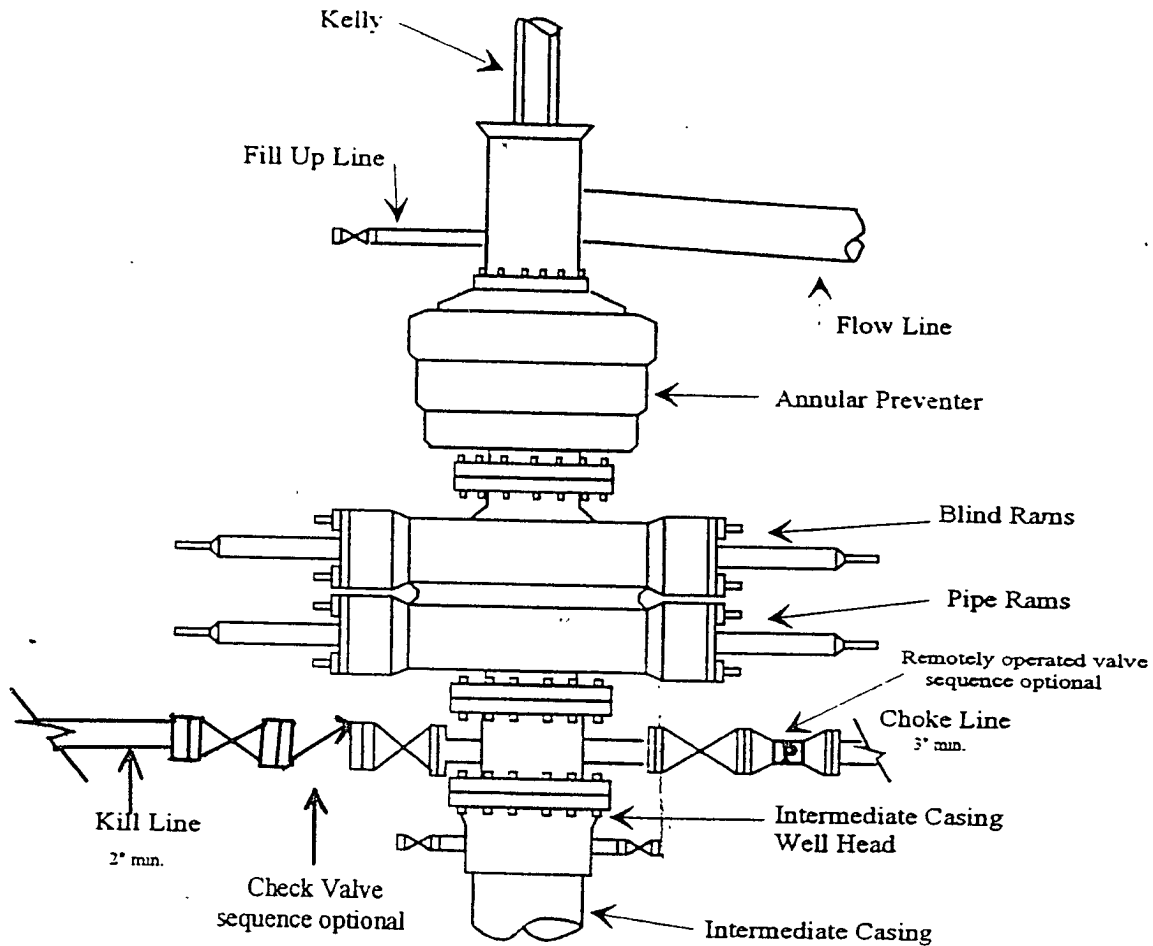
The mud program will be 9.2 to 9.8 ppg brine water with viscosity of 35-40 cp. A 5,000 psi BOPE will be used.



Yates Petroleum Corporation

BOP-4

Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features

