

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

MAY 14 2008

Submit to appropriate District Office

AMENDED REPORT

HOBBS OCD

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

¹ Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		² OGRID Number 025575
MAY - 7 2008 OCD-ARTESIA		³ API Number 30 -005- 7015 20981
³ Property Code 34586	⁵ Property Name Patsy State Unit	⁶ Well No 8
⁹ Proposed Pool 1 Caprock with Atoka West (GAS)		¹⁰ Proposed Pool 2

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	12S	31E		1980	North	660	East	Chaves

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				
¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4433.9'
¹⁶ Multiple No	¹⁷ Proposed Depth 11,100'	¹⁸ Formation Pennsylvanian	¹⁹ Contractor	²⁰ Spud Date
Depth to Groundwater more than 100'		Distance from nearest fresh water well. More than 1000'		Distance from nearest surface water. 1000' or more
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"/>		0 ranking		Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" 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#	355'-in place	370	0
12.25"	9.625"	36#	3600'-in place	1458	0
8.75"	5.5"	17#	3560'-11,220'-in	1765	Approx. 7000'
	5.5"	17#	0-3560	800	TOC Surface

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 ReEntry

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"/> .	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: Clifton R. May <i>Clifton R. May</i>	Title: PETROLEUM ENGINEER	
Title: Regulatory Agent	Approval Date: MAY 15 2008	Expiration Date:
E-mail Address: cliff@ypcnm.com		
Date: May 6, 2008	Phone: (505) 748-4347	Conditions of Approval Attached <input type="checkbox"/>

YATES PETROLEUM CORPORATION

Patsy State Unit #8 Re-entry

1980' FNL & 660' FEL

Section 14-T12S-R31E

Lea County, New Mexico

Lease LG-4803

Drilling Plans: Yates Petroleum Corporation plans to re-enter this well bore that was originally drilled by Ensearch Exploratio as their State 14 #1 which was plugged in July, 1989. Yates will use a pulling unit and a reverse unit to drill out the cement plugs using a 8 3/4" bit in the 9 5/8" casing to the top of the 5 1/2" casing stub at 3560'. The 5 1/2" casing will be joined to the stub and cemented back to about surface. The remaining plugs and obstructions in the 5 1/2" casing will be drilled out and the casing cleaned out to a depth of 10,900'. If necessary, Wolfcamp perms at 9534-9230' will be squeezed drilled out. If necessary the Cisco perms at 9264-84' will be squeezed and drilled out. The mud program will be 9.2 to 9.8 ppg brine water with the viscosity of 35-40 cp. A 3000# BOPE system will be used.

The well will be cleaned out to 10,900' and the Atoka perms at 10,734-92' will be tested by swabbing.

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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 30-005-20981	² Pool Code 97460	³ Pool Name Wildcat Caprock Atoka West (GAS)
⁴ Property Code 34586	⁵ Property Name Patsy State Unit	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number 8
		⁹ Elevation 4433.9

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	14	12S	31E		1980	North	660	East	Chaves

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 N/2	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.

	<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>May 6, 2008</u></p> <p>Clifton R. May Printed Name</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>Refer to original plat</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor. _____</p> <p>Certificate Number _____</p>

RECEIVED LOCATION AND ACREAGE DEDICATION PLAT

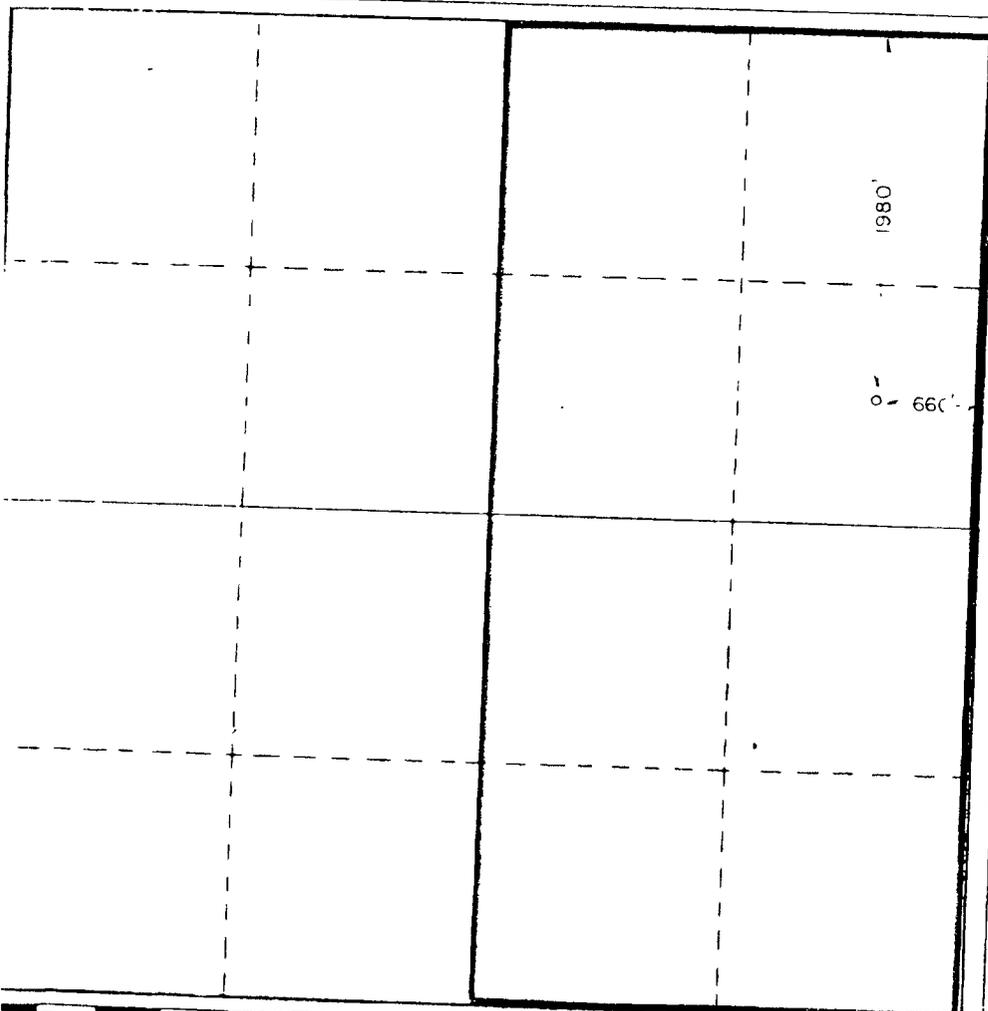
MAR 20 1985

All distances must be from the outer boundaries of the Section

Operator ENSEARCH EXPLORATION, INC.		Lease STATE 14		Well No. 1
Init Letter H	Section 14	Township 31 SOUTH	Range 31 EAST	County CHAVES
Actual Footage Location of Well: 1980 feet from the NORTH line and 660 feet from the EAST line				
Ground Level Elev. 4433.9	Producing Formation Morrow	Pool West Caprock - Morrow	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary.) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: *Lerna Kesh*
 Position: District Production Manager
 Company: Enserch Exploration, Inc.
 Date: March 15, 1985

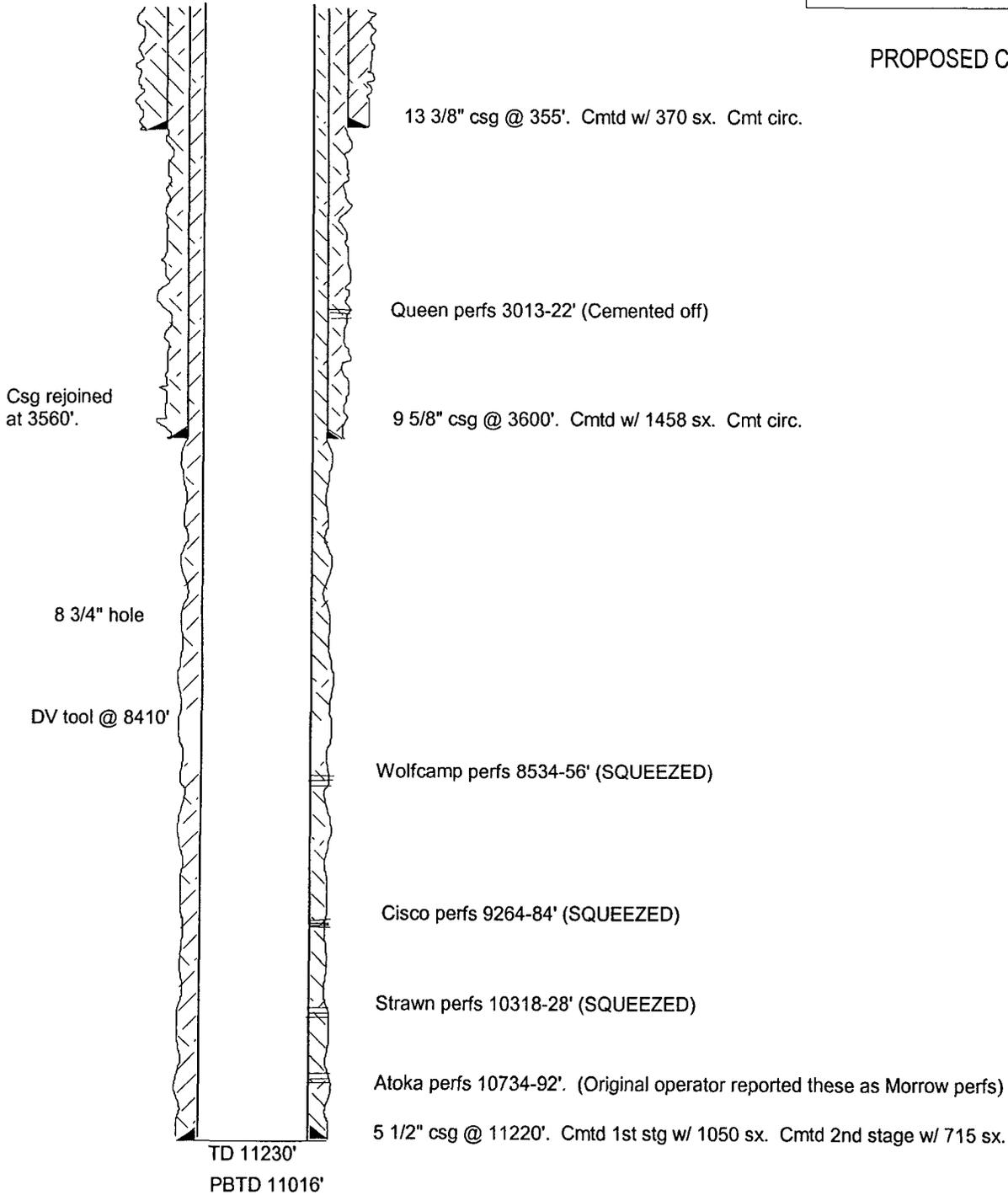
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: AUGUST 7, 1985
 Registered Professional Engineer and/or Land Surveyor: *John W. West*
 Certificate No. JOHN W. WEST, 676
 RONALD J. EIDSON, 3239

Well Name: Patsy State Unit No. 8 Field: West Caprock Morrow
 Location: 1980' FNL & 660' FEL Sec. 14-12S-31E Chaves Co, NM
 GL: 4434' Zero: _____ AGL: _____ KB: _____
 Spud Date: 12/26/84 Completion Date: _____
 Comments: Originally drilled by EP Operating as the State 14 #1..

Casing Program	
Size/Wt/Grade/Conn	Depth Set
13 3/8" 48# H40	355'
9 5/8" 36# K55	3600'
5 1/2" 17# K55 & N80	11220'

PROPOSED CONFIGURATION



Well Name: State 14 #1 Field: West Caprock Morrow
 Location: 1980' FNL & 660' FEL Sec. 14-12S-31E Chaves Co, NM
 GL: 4434' Zero: _____ AGL: _____ KB: _____
 Spud Date: 12/26/84 Completion Date: _____
 Comments: Possible re-entry candidate. Originally drilled by EP Operating.

Casing Program	
Size/Wt/Grade/Conn	Depth Set
13 3/8" 48# H40	355'
9 5/8" 36# K55	3600'
5 1/2" 17# K55 & N80	11220'

CURRENT CONFIGURATION

