

Submit to Appropriate  
District Office  
State Lease - 6 copies  
Fee Lease - 5 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-101  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

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

OIL CONSERVATION DIVISION

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

OCT 25 1991

O. C. D.

|   |  |
|---|--|
| API NO. (assigned by OCD on New Wells)<br><b>30-015-26876</b>                                       |  |
| 5. Indicate Type of Lease<br>STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |  |
| 6. State Oil & Gas Lease No.<br>V-2705  |  |
| 7. Lease Name or Unit Agreement Name<br>Graham AKB State  |  |
| 8. Well No.<br>2  |  |
| 9. Pool name or Wildcat<br>Undesignated Lost Tank Delaware  |  |
| 10. Proposed Depth<br>8500'   |  |
| 11. Formation<br>Delaware   |  |
| 12. Rotary or C.T.<br>Rotary  |  |
| 13. Elevations (Show whether DF, RT, GR, etc.)<br>3550' GR  |  |
| 14. Kind & Status Plug. Bond<br>Blanket   |  |
| 15. Drilling Contractor<br>Undesignated   |  |
| 16. Approx. Date Work will start<br>ASAP  |  |

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

|   |  |
|---|--|
| 1a. Type of Work:   |  |
| b. Type of Well: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> |  |
| OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>   |  |
| SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>   |  |

2. Name of Operator  
Yates Petroleum Corporation

3. Address of Operator  
105 South Fourth Street, Artesia, New Mexico 88210

4. Well Location  
Unit Letter H : 1980 Feet From The North Line and 660 330 Feet From The East Line  
Section 2 Township 22 South Range 31 East NMPM Eddy County

10. Proposed Depth  
8500'

11. Formation  
Delaware

12. Rotary or C.T.  
Rotary

13. Elevations (Show whether DF, RT, GR, etc.)  
3550' GR

14. Kind & Status Plug. Bond  
Blanket

15. Drilling Contractor  
Undesignated

16. Approx. Date Work will start  
ASAP

PROPOSED CASING AND CEMENT PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP  |
|--------------|----------------|-----------------|---------------|-----------------|-----------|
| 17 1/2"      | 13 3/8"        | 54.5#           | 850'          | 850             | Circulate |
| 11"          | 8 5/8"         | 32.0#           | 4500'         | 2500            | Circulate |
| 7 7/8"       | 5 1/2"         | 17 & 20#        | TD            | As warranted    | Tie Back  |

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie back to the 8 5/8" casing, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

BOP PROGRAM: Bop will be installed at the offset and tested daily for operational.

Letter has been sent to N.M. Potash Corporation.

APPROVAL VALID FOR 180 DAYS  
PERMIT EXPIRES 5/8/92  
UNLESS DRILLING UNDERWAY

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Clifton R. May TITLE Permit Agent DATE 10-24-91  
TYPE OR PRINT NAME Clifton R. May

(This space for State Use) ORIGINAL SIGNED BY  
MIKE WILLIAMS

APPROVED BY SUPERVISOR, DISTRICT II TITLE  DATE NOV 13 1991

CONDITIONS OF APPROVAL, IF ANY:

NOTIFY N.M.O.C.D. IN SUFFICIENT  
TIME TO WITNESS CEMENTING THE  
13 3/8 - 8 5/8 - 5 1/2 CASING

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

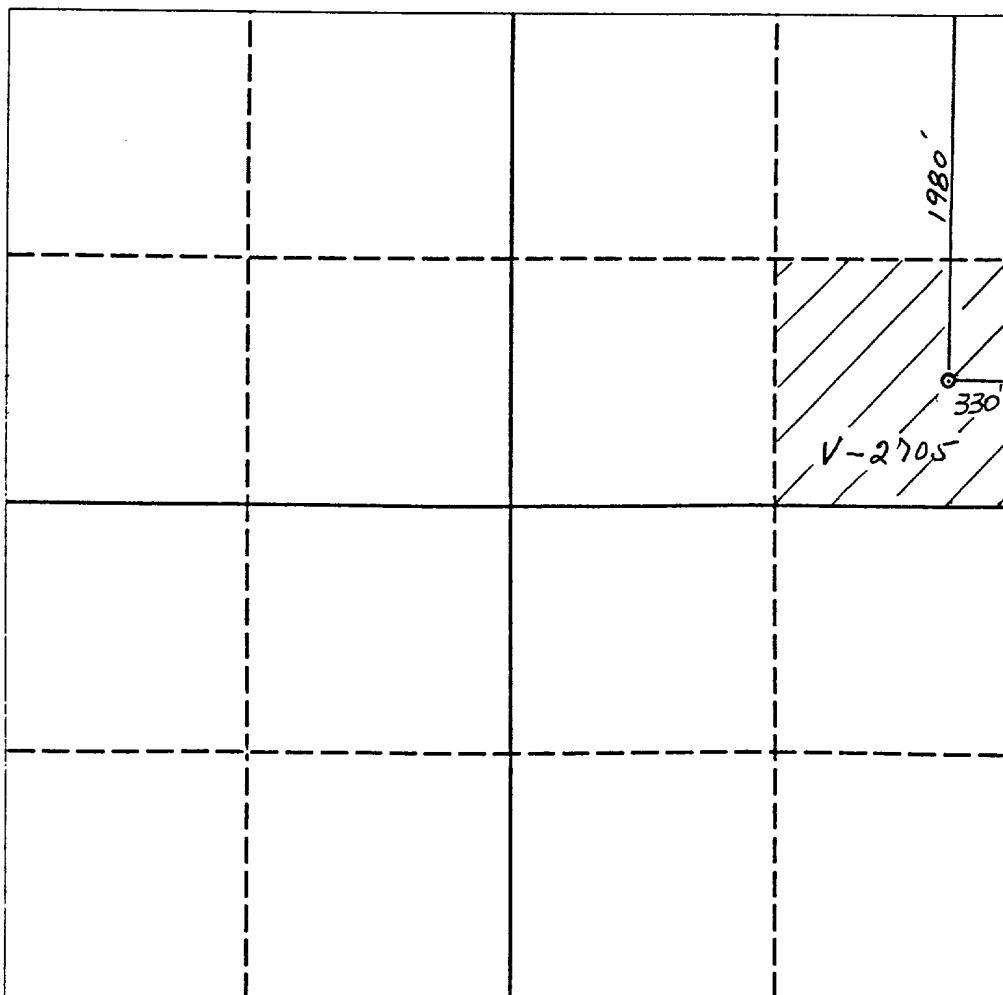
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

|   |  |                             |  |                                    |                                       |
|---|--|-----------------------------|--|------------------------------------|---------------------------------------|
| Operator<br><b>YATES PETROLEUM CORPORATION</b>  |  |                             | Lease<br><b>GRAHAM AKB STATE</b>               |                                    | Well No.<br><b>2</b>                  |
| Unit Letter<br><b>H</b>   | Section<br><b>2</b>                    | Township<br><b>22 SOUTH</b> | Range<br><b>31 EAST</b>                        | County<br><b>EDDY COUNTY, N.M.</b> |                                       |
| Actual Footage Location of Well:<br><b>1980</b> feet from the <b>NORTH</b> line and <b>330</b> feet from the <b>EAST</b> line |  |                             |  |                                    |                                       |
| Ground level Elev.<br><b>3550.</b>  | Producing Formation<br><b>DELAWARE</b> |                             | Pool<br><b>UNDESIGNATED LOST TANK DELAWARE</b> |                                    | Dedicated Acreage:<br><b>40</b> Acres |

- Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature  
*Clifton R. May*  
Printed Name  
Clifton R. May  
Position  
Permit Agent  
Company  
Yates Petroleum Corporation  
Date  
October 24, 1991

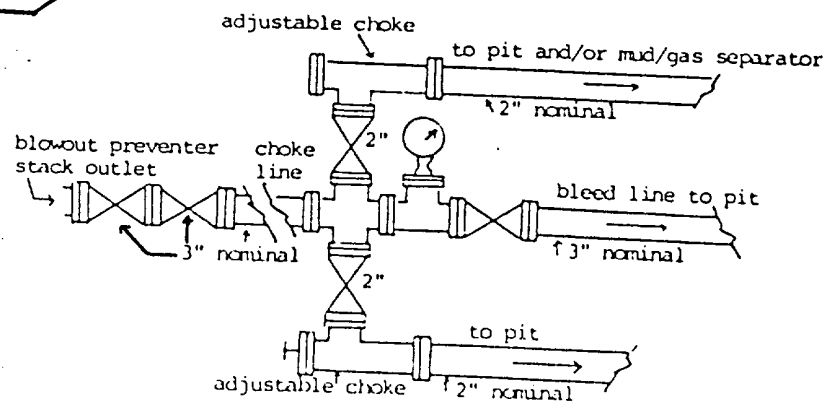
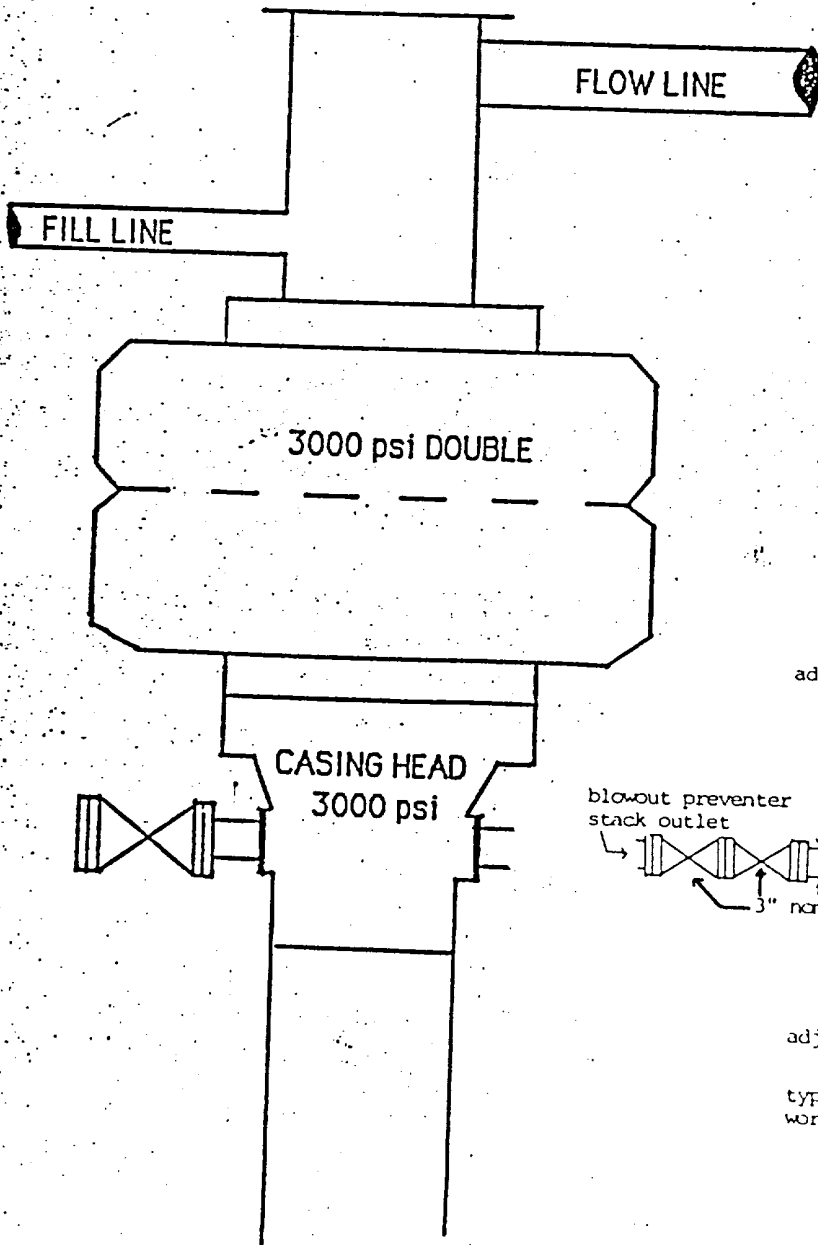
SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed  
OCTOBER 22, 1991  
Signature & Seal of EDDY  
Professional Surveyor  
NEW MEXICO  
5312  
REGISTERED SURVEYOR  
NM REGPS NO. 5412  
PROFESSIONAL

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

# YATES PETROLEUM CORPORATION



typical choke manifold assembly for 3M rated  
working pressure service-surface installation

**BLOWOUT PREVENTER  
3M SYSTEM**

# YATES PETROLEUM CORPORATION

|  |  |   |
|--|--|---|
| <p>SECTION 34 - 215 - 31E</p> <p>NEW MEXICO POTASH</p> <p>UNLEASED</p> <p>NEW MEXICO POTASH</p> <p>SW 1/4 SE 1/4</p> <p>STATE</p> <p>USA</p> | <p>SECTION 35 - 215 - 31E</p> <p>UNLEASED</p> <p>USA</p>   | <p>SECTION 36 - 215 - 31E</p> <p>NEW MEXICO POTASH</p> <p>STATE</p> |
| <p>SECTION 3 - 225 - 31E</p> <p>UNLEASED</p> <p>USA</p>  | <p>SECTION 2 - 225 - 31E</p> <p>#1.</p> <p>GRAHAM AKB ST.</p> <p>#2.</p> <p>NEW MEXICO POTASH</p> <p>STATE</p> | <p>SECTION 1 - 225 - 31E</p> <p>UNLEASED</p> <p>USA</p>             |
| <p>SECTION 10 - 225 - 31E</p> <p>UNLEASED</p> <p>USA</p>   | <p>SECTION 11 - 225 - 31E</p> <p>UNLEASED</p> <p>USA</p>   | <p>SECTION 12 - 225 - 31E</p> <p>UNLEASED</p> <p>USA</p>            |

10-31-91 --- GEORGE SCOTTECOFF, DISTRICT MINING ENGINEER

11-1-91 --- CHARLENE NIMSLO CENTRAL LEASING

Clifton R. May

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

October 24, 1991

Mr. Bob Lane  
New Mexico Potash  
P.O. Box 610  
Hobbs, NM 88241

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

Graham AKB State #2  
1980' FNL and 330' FEL'  
Sec. 2-T22S-R31E  
Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

**YATES PETROLEUM CORPORATION**

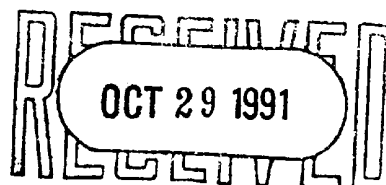
Clifton R. May  
Permit Agent

CRM/tg  
Enclosures

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

By:   
Title:   
Date:



MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

November 6, 1991

Mr. Armando Lopez  
Bureau of Land Management  
P.O. Box 1397  
Roswell, New Mexico 88202-1397

- Re: Potash Area Wells
1. Graham AKB State #1  
660' FNL and 330' FEL  
Section 2-T22S-R31E
  2. Graham AKB State #2  
1980' FNL and 330' FEL  
Section 2-T22S-R31E

Dear Sir:

Enclosed is a plat showing the area in a one mile radius of these proposed wells in the potash area. There are several unleased sections with federal minerals. The Oil Conservation District has instructed Yates Petroleum Corporation to notify the Bureau of Land Management as to our intentions to drill the above locations.

Should your agency have no objections to these wells being drilled please indicate by signing and returning one copy of this letter in the enclosed envelope. Thank you for your time and consideration given to this matter.

Sincerely,

**YATES PETROLEUM CORPORATION**

*Clifton R. May*  
Clifton R. May

CRM:tg  
Enclosures

NO OBJECTIONS OFFERED  
Bureau of Land Management  
Roswell District Office

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

|   |  |
|---|--|
| <b>SENDER:</b> Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.<br>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.<br>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge)<br>2. <input type="checkbox"/> Restricted Delivery (Extra charge) |  |
| 3. Article Addressed to:<br>Attn: Armando Lopez<br>Bureau of Land Management<br>P.O. Box 1397<br>Roswell, New Mexico 88202-1397   | 4. Article Number<br>P 384 291 178<br>Type of Service:<br><input type="checkbox"/> Registered <input type="checkbox"/> Insured<br><input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD<br><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise<br>Always obtain signature of addressee or agent and DATE DELIVERED. |
| 5. Signature - Addressee<br>X   | 8. Addressee's Address (ONLY if requested and fee paid)<br>Lost Tank AIS State #9<br>Mary AIV State #2 & 5<br>Graham AKB State #1 & 2  |
| 6. Signature - Agent<br>X <i>Clifton R. May</i>   |  |
| 7. Date of Delivery<br>11-8-91  |  |

|   |   |
|---|---|
| U.S.G.P.O. 1989-234-555<br>PS Form 3800, June 1985  | Sent to<br>Armando Lopez - BLM                                |
|   | Street and No.<br>P.O. Box 1397                               |
|   | P.O. State and ZIP Code<br>Roswell, NM 88202-1397             |
|   | Postage<br>\$   |
|   | Certified Fee   |
|   | Special Delivery Fee  |
|   | Restricted Delivery Fee                                       |
|   | Return Receipt showing to whom and Date Delivered             |
|   | Return Receipt showing to whom, Date, and Address of Delivery |
|   | TOTAL Postage and Fees<br>\$                                  |
| Postmark or Date 11-6-91<br>Lost Tank AIS #9<br>Mary AIV State #2 & 5<br>Graham AKB State #1 & #2 |   |

RECEIVED

NOV 5 1991

# YATES PETROLEUM CORPORATION

O. C. D.  
ARTESIA OFFICE

|   |  |   |
|---|--|---|
| SECTION 26-215-31E<br><br>POTASH<br>UNLEASED<br><br>USA | SECTION 25-215-31E<br><br>NEW MEXICO POTASH<br><br>USA   | SECTION 30-215-32E<br><br>POTASH<br>UNLEASED<br><br>USA |
| SECTION 35-215-31<br><br>POTASH<br>UNLEASED<br><br>USA  | SECTION 36-215-31E<br>US<br>MARY ANN<br>#2<br>NEW MEXICO POTASH<br>LOST TANK AUS SEC 49<br><br>STATE | SECTION 31-215-32E<br><br>POTASH<br>UNLEASED<br><br>USA |
| SECTION 2-225-31E<br><br>NEW MEXICO POTASH<br><br>STATE | SECTION 1-225-31E<br><br>POTASH<br>UNLEASED<br><br>USA   | SECTION 6-225-32E<br><br>POTASH<br>UNLEASED<br><br>USA  |

11-5-91 -- CRAIG w/BLM CARLSBAD