

NSL 9/17/98

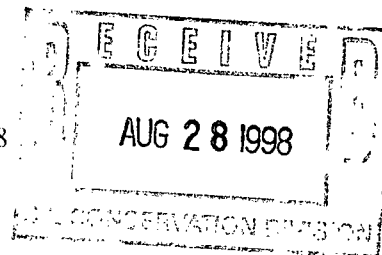
MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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

August 26, 1998



Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87508

CERTIFIED MAIL
Return Receipt Requested

RE: Application for Unorthodox Location
Sand Spring ASU St. #1
Sand Springs Atoka Gas Pool
Township 11 South, Range 34 East
Section 11: N/2
Lea County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Atoka Gas well, the Sand Spring ASU St. #1. The well is located on State of New Mexico minerals, 330' FNL and 1650' FWL of Section 11, Township 11 South, Range 34 East. The existing wellbore was originally drilled to a TD of 10,575' by Yates Petroleum Corporation and abandoned as a dry hole in March of 1987. Yates proposes to re-enter and deepen the borehole to 12,200' to test the Atoka section.

The Sand Spring ASU St. #1 is an excellent candidate to re-enter and deepen both from an economic standpoint as well as a geologic standpoint. Yates will have 10,575' of hole that has already been drilled which will require only another 1625' of drilling to penetrate and test the Atoka formation. A sand isolith map is included to support the geological basis of this request. Based on Yates' interpretation the sand is oriented WSW - ENE and the proposed re-entry would penetrate the reservoir in a position to adequately produce commercial quantities of hydrocarbons. The location is also on trend with the other two wells that produce from this Atoka sand, the Yates Petroleum Lagarto St. Unit #3 which is 660' FSL and 660' FWL of Section 1, Township 11 South, Range 34 East and the Yates Petroleum Tenneco ADP St. Com. #1 which is 330' FSL and 990' FEL of Section 2, Township 11 South, Range 34 East.

Yates Petroleum Corporation is the offset operator in Section 2 to the north and Sections 3 and 10 to the north and west are presently unleased State of New Mexico minerals therefore, no notification was required to be given to offset operators.

Yates requests that this unorthodox location be administratively approved as soon as possible so we can get on with this re-entry and deepening.

Enclosed with the isolith map are Forms C-101, C-102 and a land plat showing the land situation.

Please call me at (505) 748-4351 if you need further information.

Thank you.

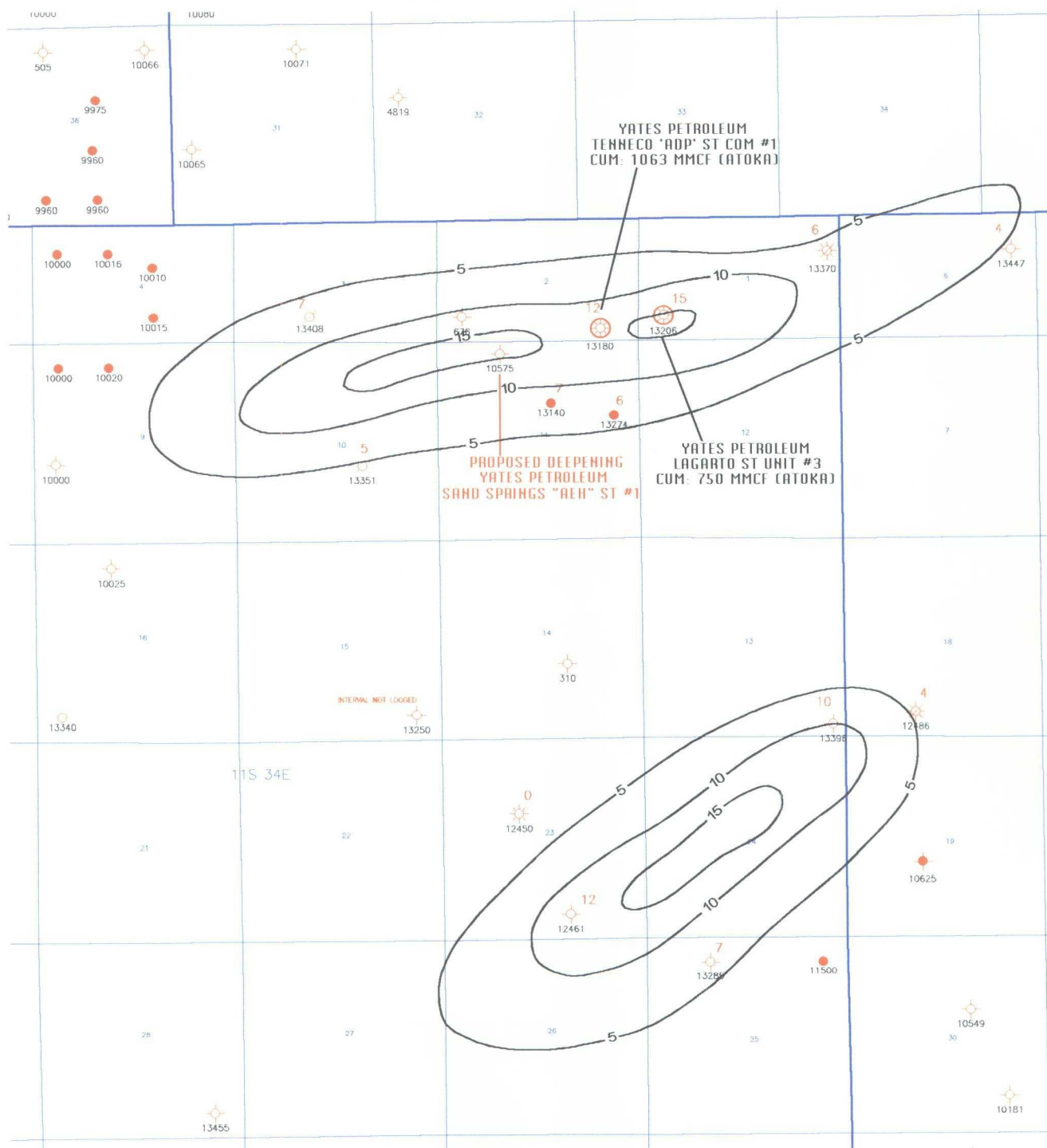
Very truly yours;

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script that reads "Robert Bullock".

Robert Bullock
Landman

RB/cld
Enclosure (s)



-PRODUCTION FROM THIS INTERVAL

Yates Petroleum Corporation

Sand Springs Area - Atoka Sand Isolith
Atoka Re-entry Prospect
T11S R34E Sec. 11

Pros:EC7-32.15-38

8/25/98

Geol: Eric Cummins

Pres:ecsdprg.gpf

Scale: 1:48000.

S. Donaldson

District I

P.O. Box 1980, Hobbs, NM 88241-1980

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

State of New Mexico
Energy, Minerals & Natural Resources DepartmentOIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

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

| | | |
|---|---|-------------------------------------|
| ¹ Operator Name and Address. Yates Petroleum Corporation 105 S. 4th Street Artesia, New Mexico 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30 - 0 |
| ⁴ Property Code | ⁵ Property Name Sand Spring ASU State | ⁶ Well No. 1 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C | 11 | 11S | 34E | | 330' | North | 1650' | West | Lea |

⁸ Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|--|---------|----------|-------|---------|-------------------------------|------------------|---------------|----------------|--------|
| ⁹ Proposed Pool 1 Sand Springs Atoka Gas | | | | | ¹⁰ Proposed Pool 2 | | | | |

| | | | | |
|-----------------------------------|---|----------------------------------|--|---|
| ¹¹ Work Type Code E | ¹² Well Type Code G | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 4145' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 12,200' | ¹⁸ Formation Atoka | ¹⁹ Contractor Undesignated | ²⁰ Spud Date ASAP |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|----------------|-----------------|---------------|
| 17 1/2" | 13 3/8" | 54.5# J-55 | 410' In Place | | |
| 11" | 8 5/8" | 32# J-55 | 4208' In Place | | |
| 7 7/8" | 4 1/2" | 13.5# P-110 | TD | 350 sacks | 10,900' |
| | | | | | |
| | | | | | |

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 out the plugs to the old TD of 10,575' and deepen the hole to a depth of 12,200'. Run 4 1/2" casing to TD and cement back to 10,900' or 500' above the Atoka. Perforate and stimulate as needed to gain production.

MUD PROGRAM: 0-10,575' existing mud (Salt Gel/Starch) in hole; 10,575'-TD Salt Gel/Starch.

BOPE PROGRAM: 5000# system will be nipped up on the 8 5/8" casing and tested daily.

| | | | |
|--|--|--|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Clifton R. May</i> | | OIL CONSERVATION DIVISION | |
| Printed name: CLIFTON R. MAY | | | |
| Title: REGULATORY AGENT | | Approved by: | |
| Date: August 7, 1998 | | Title: | |
| Phone: 505-748-4347 | | Approval Date: | |
| | | Expiration Date: | |
| | | Conditions of Approval: Attached <input type="checkbox"/> | |

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|----------------------------------|--|---|--|--|---------------------------------|
| ¹ API Number | | ² Pool Code | | ³ Pool Name Sand Springs Atoka Gas | |
| ⁴ Property Code | | ⁵ Property Name Sand Spring "ASU" State | | | ⁶ Well Number 1 |
| ⁷ OGRID No. 025575 | | ⁸ Operator Name YATES PETROLEUM CORPORATION | | | ⁹ Elevation 4145' |

¹⁰ Surface Location

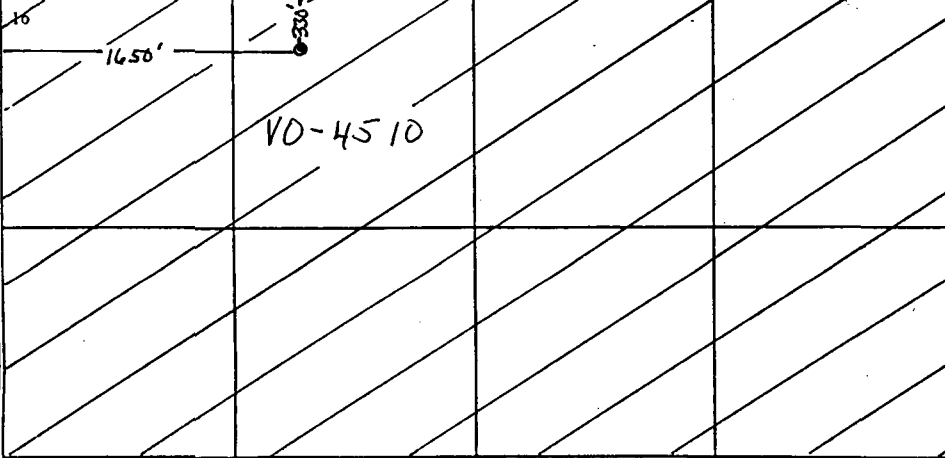
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C | 11 | 11S | 34E | | 330' | North | 1650' | 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 | 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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Clifton R. May</i> Signature Clifton R. May Printed Name Regulatory Agent Title August 7, 1998 Date</p> |
| | <p>¹⁸ 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>Refer To Original Plat Date of Survey Signature and Seal of Professional Surveyer:</p> |
| | Certificate Number |

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

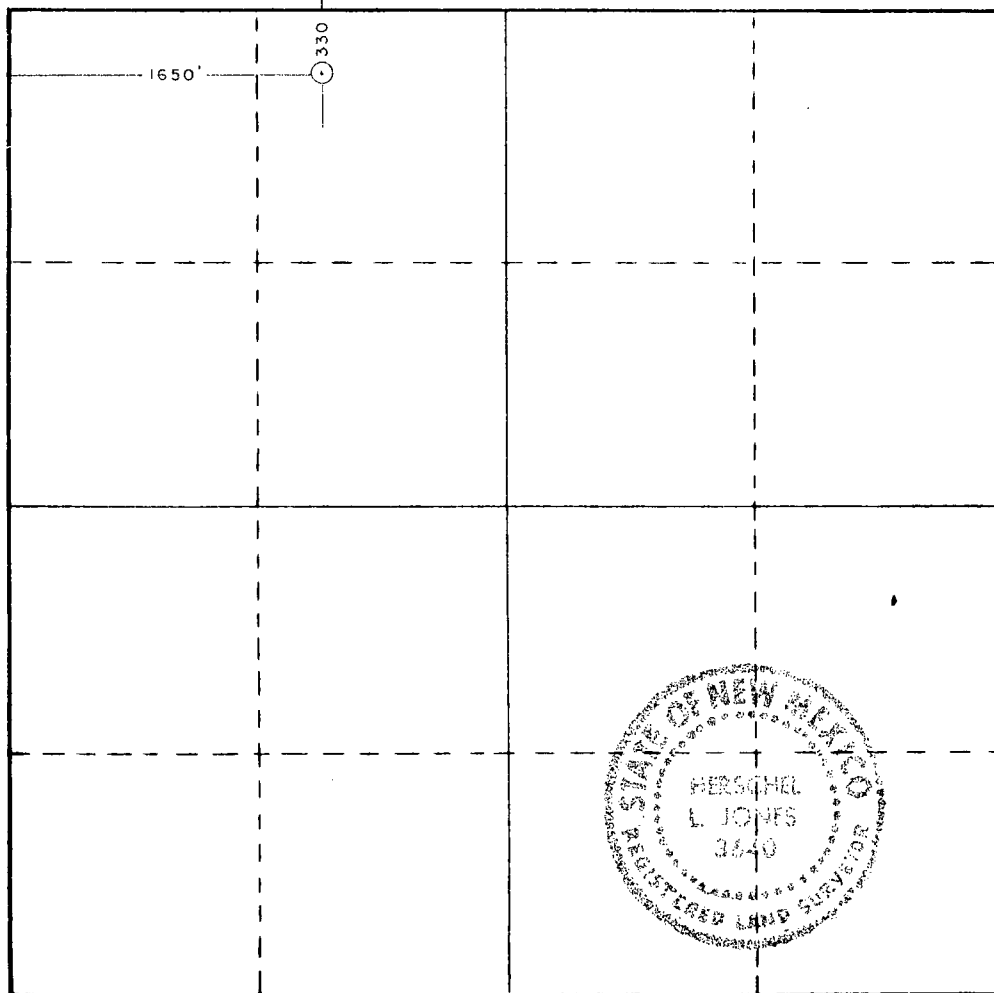
| | | | | | |
|---|----------------------|-----------------------------|---|---------------------------------|----------------------|
| Operator YATES PETROLEUM CORPORATION | | | Lease SAUD SPRING "AEM" State | | Well No. 1 |
| Unit Letter "C" | Section 11 | Township 11 South | Range 34 East | County Lea | |
| Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 330 feet from the North line and 1650 feet from the West line </div> | | | | | |
| Ground Level Elev. 4145 | Producing Formation | | Pool | Dedicated Acreage: Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 _____

Position _____

Company _____

Date _____

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.

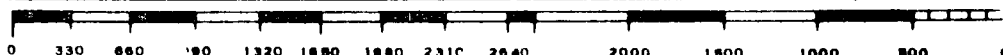
Date Surveyed _____

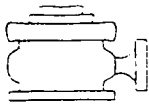
January 12, 1937

Registered Professional Engineer
and/or Land Surveyor

Certificate No. _____

3640

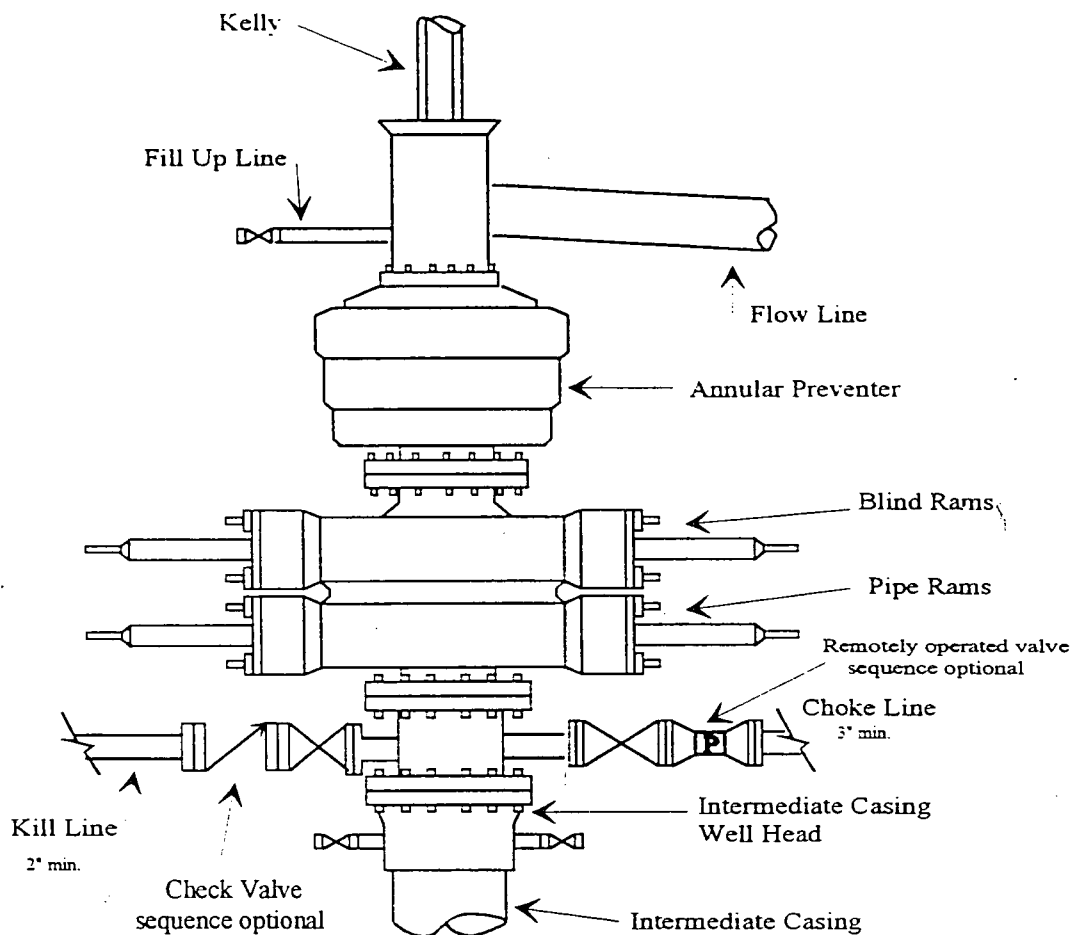




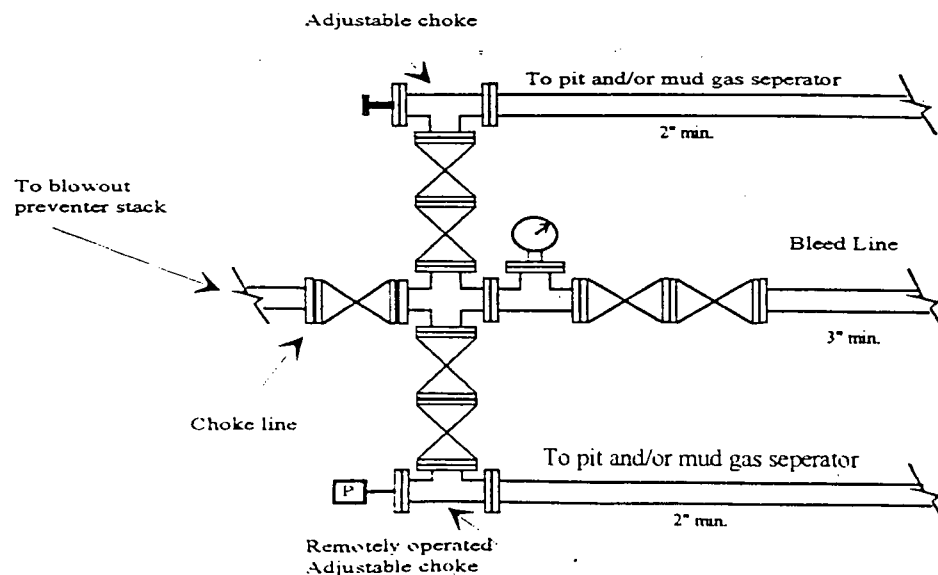
Yates Petroleum Corporation

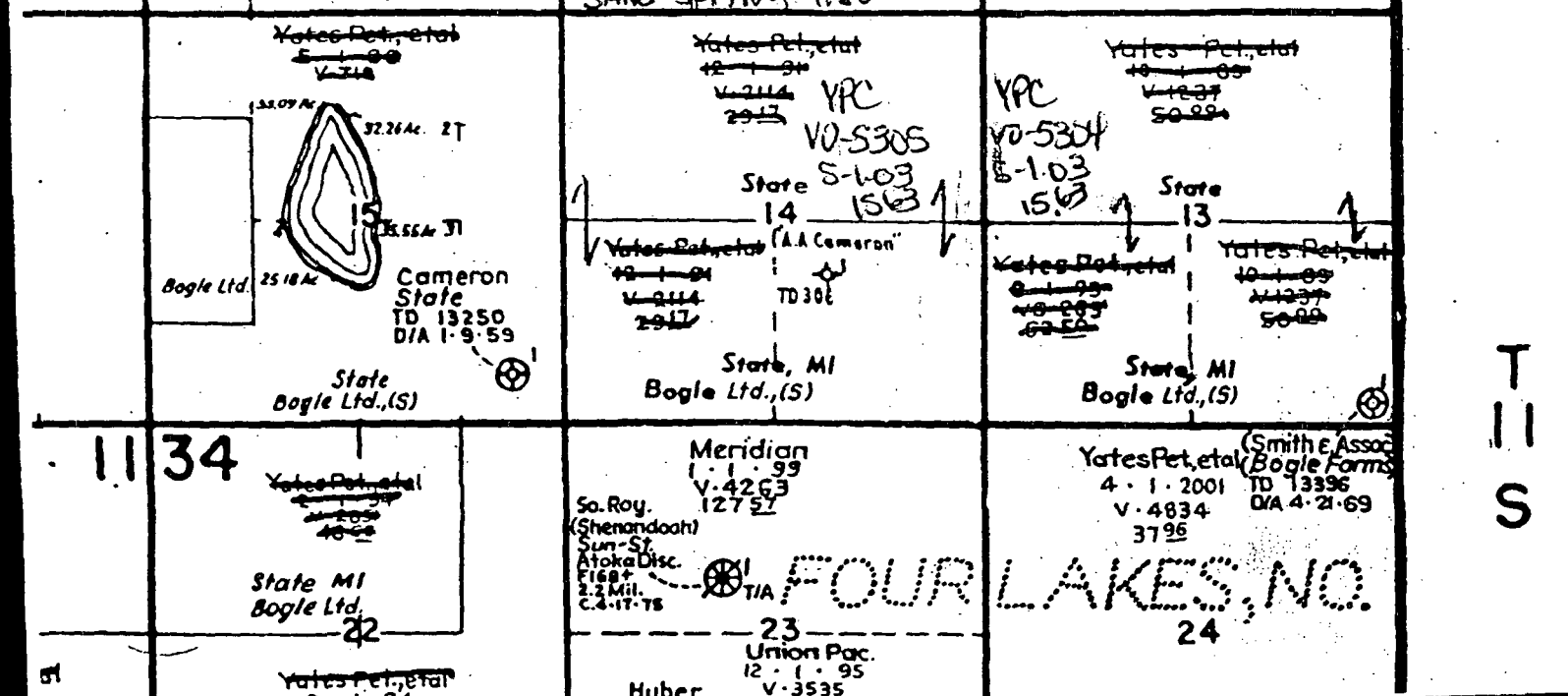
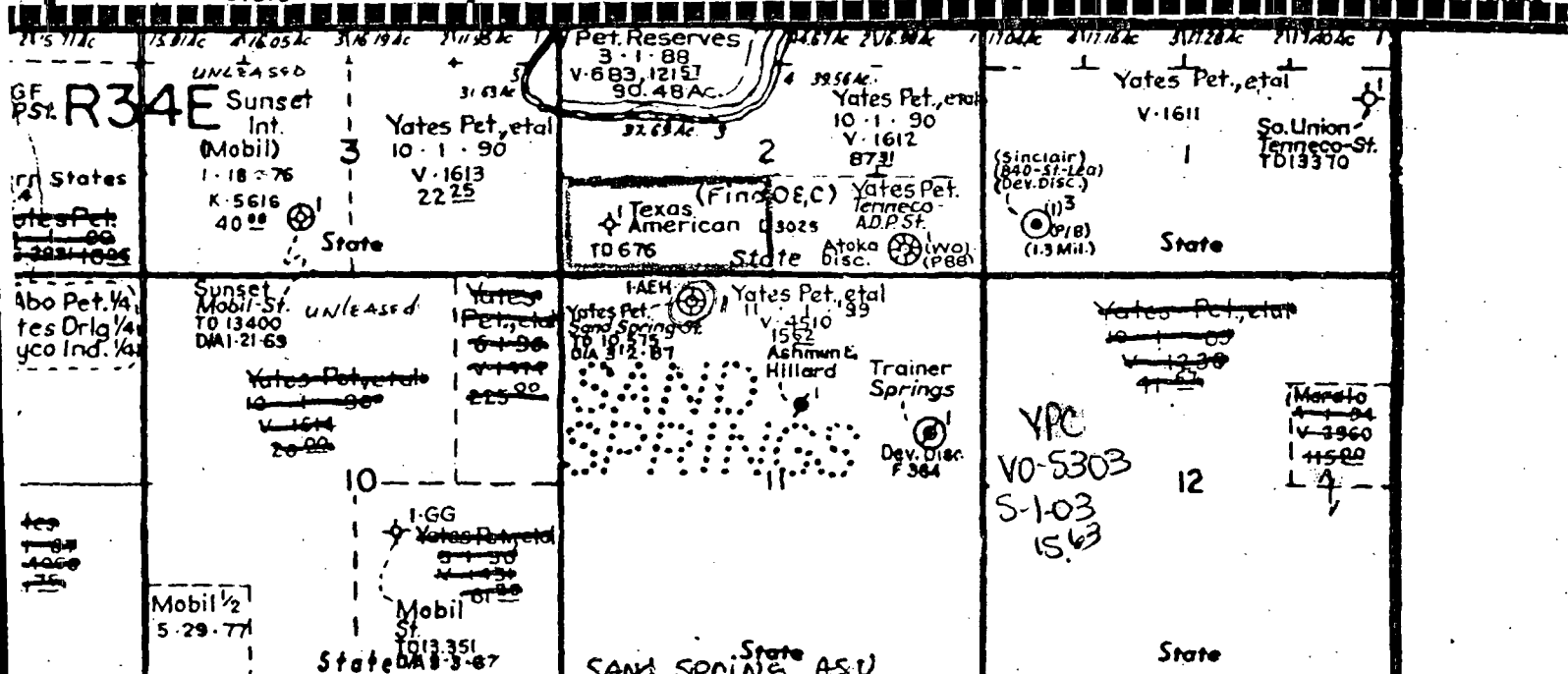
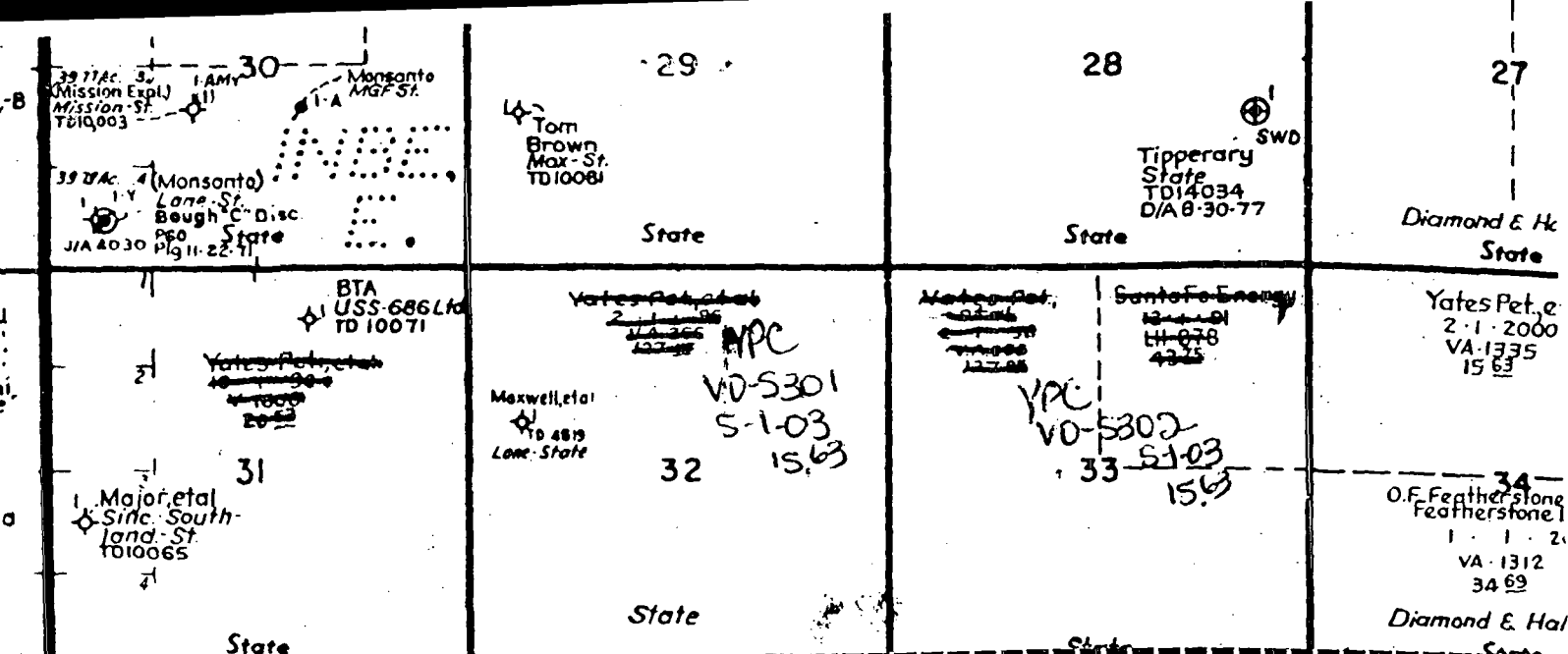
BOP-4

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





T
I
S

County LEAPool SAND SPRINGS-ATOKA GASTOWNSHIP 11 S, RANGE 34 East, NEW MEXICO PRINCIPAL MERIDIANSHORT
105 SECTIONS

11 S

| | | | | | |
|----|----|----|----|----|----|
| 6 | 8 | 4 | 2 | 2 | 1 |
| 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 17 | 18 | 19 | 14 | 15 |
| 19 | 20 | 21 | 22 | 23 | 24 |
| 29 | 28 | 25 | 27 | 26 | 25 |
| 31 | 32 | 33 | 34 | 35 | 36 |

DESC: 5/2 SEC 2 (R-8946, 7-1-89) EXT: LOTS 1, 2, 3, 4 and 5/2 SEC 1
(R-9345, 11-1-90)