

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

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 87501

OIL CONSERVATION DIVISION

PO BOX 2088

Santa Fe, NM 87504-2088

Form C-101

Revised March 17, 1999

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

Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210		OGRID Number 025575
		API Number 30- 025-01838
Property Code 994869	Property Name Limbaugh "AYO" State	Well No. 1

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
E	12	12S	34E		1980	North	660	West	Lea

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
Proposed Pool 1 Wildcat Mississippian					Proposed Pool 2				

Work Type Code E	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 4138.4'
Multiple No	Proposed Depth 13,018'	Formation Mississippian	Contractor Not Determined	Spud Date ASAP

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/feet	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	389'-in place	325 sx	Circulate
12 1/4"	9 5/8"	36#	4307'-in place	1700 sx	Circulate
7 7/8"	5 1/2"	17# & 20#	0-13,510'	1000 sx	TOC-6000'

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

23 I hereby certify that the information given above is true and complete to the best of

my knowledge and belief

Signature:

Clifton R. May

Printed name:

Clifton R. May

Title:

Regulatory Agent

Date:

05/24/01

Phone:

(505) 748-1471

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval

Attached ☐BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case Nos. 13153 Exhibit No. 3

Submitted by:

Yates Petroleum Corporation

Hearing Date: August 12, 2004

08/09/2004

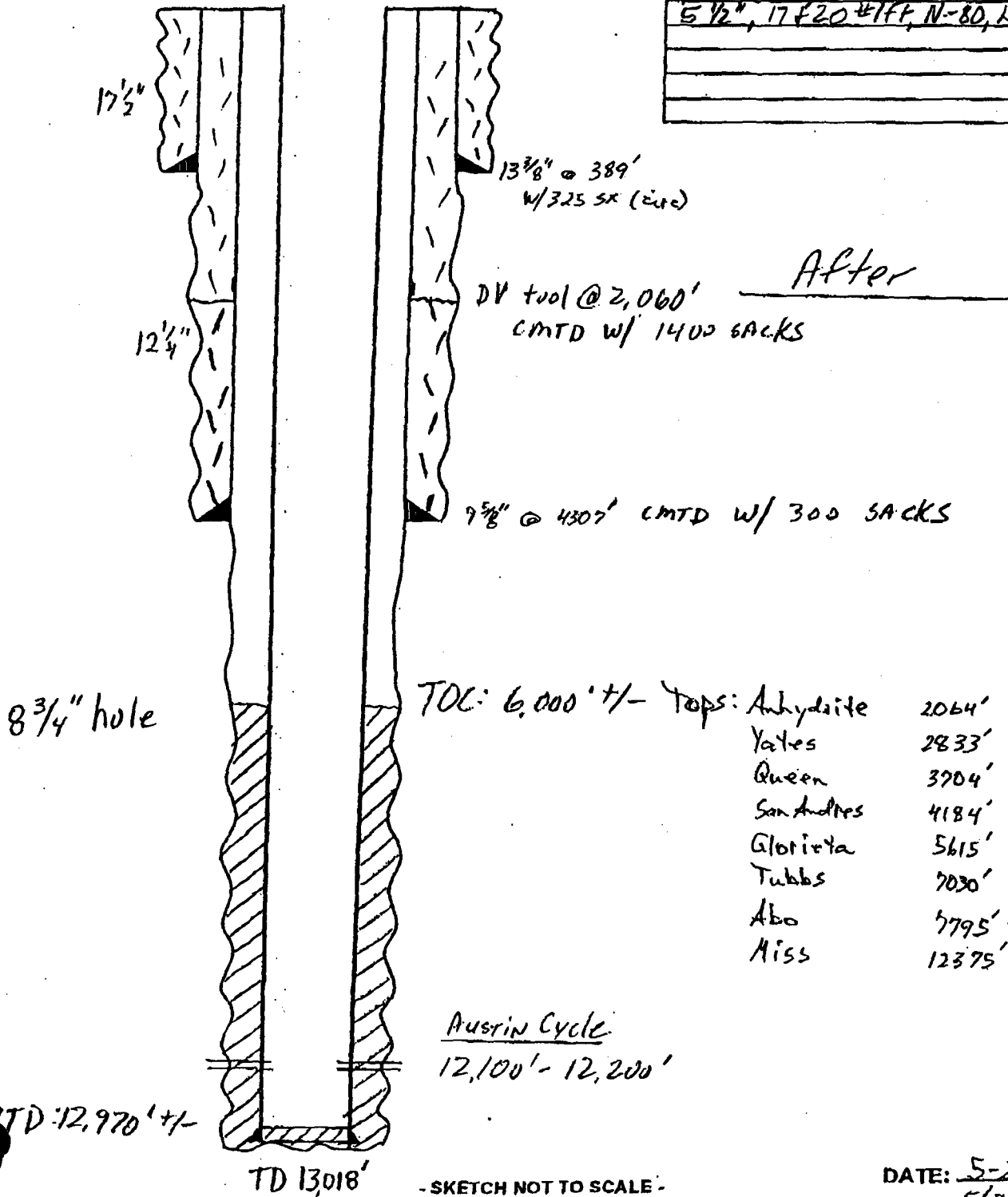
YATES PETROLEUM CORPORATION
Limbaugh "AYO" State #1
1980' FNL and 660' FWL
Section 12-T12S-R34E
Lea County, New Mexico
Lease Number V-5855

Drilling Information: Yates Petroleum Corporation plans to re-enter this well that was originally drilled by Neville G. Penrose and P&A on 3/29/57. Yates will re-enter this well using a pulling unit and a reverse unit to drill out the cement plugs in the 9 5/8" and those in the 8 3/4" open hole using a 7 7/8" bit to the original TD of 13,018'. A new suite of open hole logs will be run. If deemed to be commercial, a production string of 5 1/2" casing will be ran to TD & cemented to 6,000+-. The mud program will be 9.2-9.5 ppg brine water with a 55-70 cp viscosity. A 5000# BOPE will be installed on the 9 5/8" casing.

The well will be completed using a pulling unit. After the 5 1/2" casing has been cemented and cased hole logs have been run, the well will be completed and tested in the Austin Cycle limestone zone in the interval from 12,100' to 12,200'. The zone to be perforated will be determined after the new open hole logs have been evaluated.

WELLNAME: State X - 1 (Pentase) FIELD: Wildcat
 LOCATION: 1980' EN 4 660' EW F 12-12-34E Lea County
 GL: 4,142' ZERO: _____ AGL: _____ KB: 4,151'
 SPUD DATE: 11-11-57 COMPLETION DATE: 3-29-52
 COMMENTS: NS

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
13 3/8" 48#	389'
9 5/8" 36# J-55 ST+L	4307'
5 1/2" 17 F20 #1FF, N-80, LT+L	13,018'



DATE: 5-23-01 JS
5/24/01 JWP

3.

DISTRICT I

1425 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 E. Ramey Rd., Aztec, NM 87410

DISTRICT IV

940 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 2 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-01838	Pool Code	Pool Name Wildcat Mississippian
Property Code 994869	Property Name Linbaugh "AYO" State	Well Number 1
OCSD No. 025575	Operator Name Yates Petroleum Corporation	Elevation 4138.4'

Surface Location

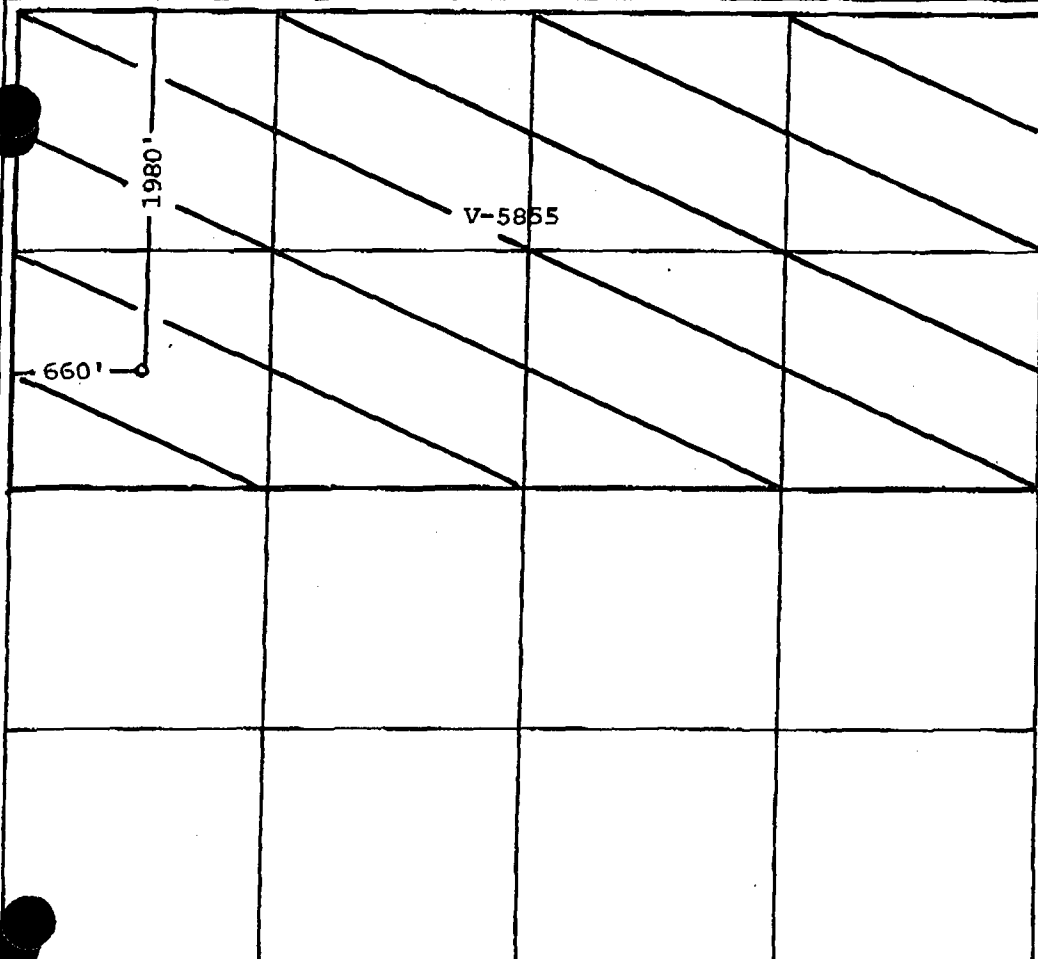
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	12S	34E		1980	North	660	West	Lea

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Clifton R. May</u> Signature Clifton R. May Printed Name Regulatory Agent Title May 24, 2001 Date
	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. Refer to original plat Date Surveyed Signature & Seal of Professional Surveyor
	Certificate No. Herschel L. Jones RLS 3640
	GENERAL SURVEYING COMPANY

DUPLICATE

NEW MEXICO
OIL CONSERVATION COMMISSION

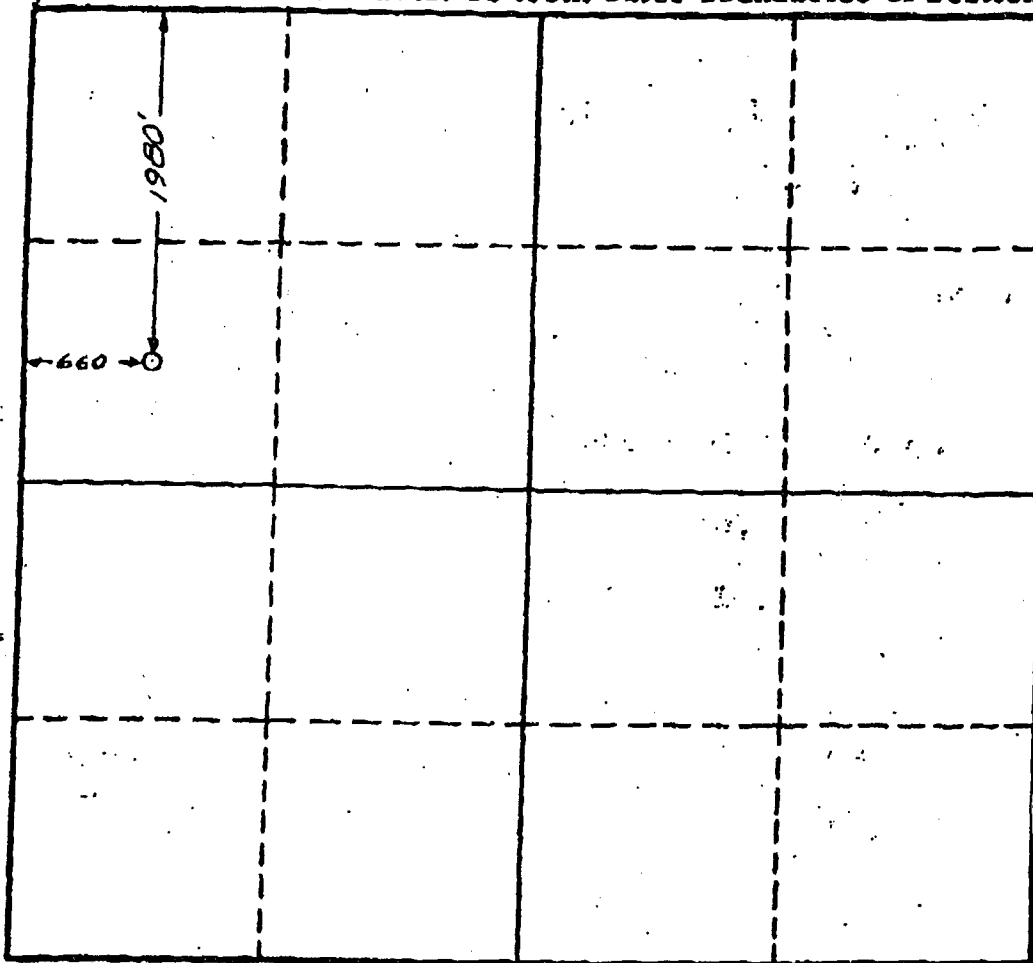
Form C-128

Well Location and/or Gas Production Point

Date 11-2-56Operator N.G. FENRUSE INCORP F.F.U. DANGLADELease STATE NOV 7 PM 2:57Well No. 1 Section 12 Township 12 SOUTH Range 34 EAST NMPMLocated 1980 Feet From NORTH Line, 660 Feet From WEST LineLEACounty, New Mexico. G. L. Elevation 4138.4

Name of Producing Formation _____ Pool _____ Dedicated Acreage _____

(Note: All distances must be from outer boundaries of Section)



NOTE

This section of
form is to be
used for gas
wells only.



SCALE: 1"=1000'

1. Is this Well a Dual Comp.? Yes No

2. If the answer to Question 1 is yes, are there
any other dually completed wells within the
dedicated acreage? Yes No

Name _____
Position Engineer District I
Representing _____
Address _____

This is to certify that the above plat was
prepared from field notes of actual surveys
made by me or under my supervision and
that the same are true and correct to the
best of my knowledge and belief.

Date Surveyed 11-2-56

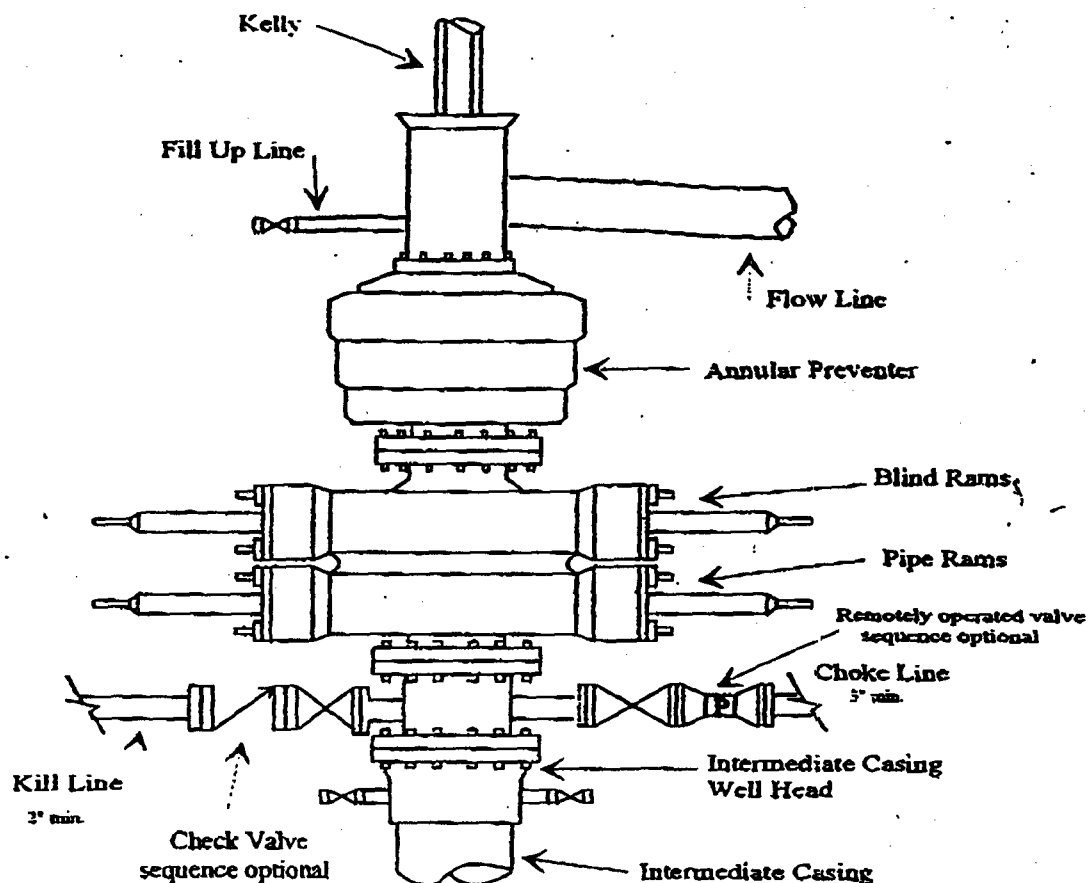
John W. West
Registered Professional Engineer and/or
Land Surveyor



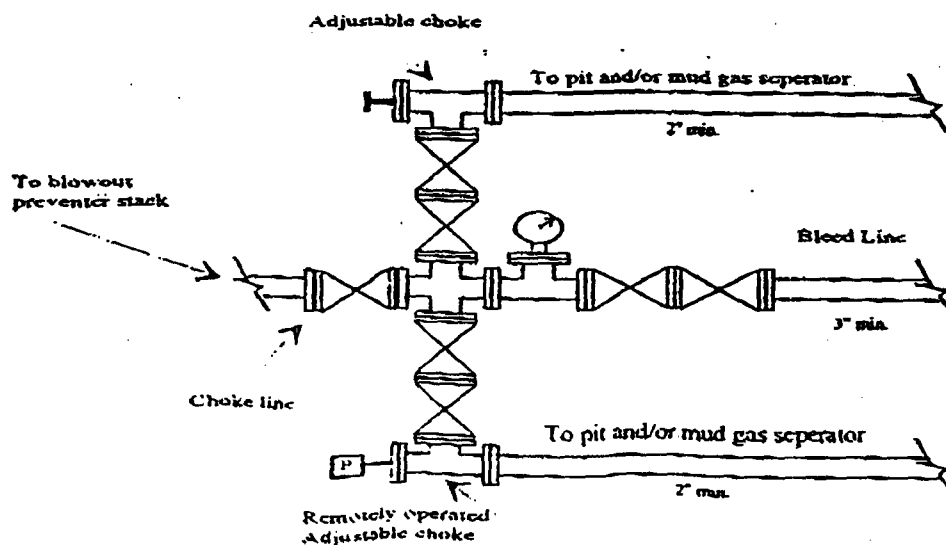
Yates Petroleum Corporation

BOP-4

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



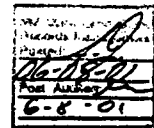
Typical 5,000 psi choke manifold assembly with at least these minimum features



LEASE NO: V06256 0000

Application No:

OIL AND GAS LEASE
(Discovery Form)



THIS AGREEMENT, dated **June 01, 2001**, between the state of New Mexico, acting by and through its commissioner of public lands, hereinafter called the "lessor", and

PRIDE ENERGY COMPANY
P.O. BOX 701602
TULSA, OK 74170-1602

hereinafter called the "lessee",

WITNESSETH:

WHEREAS, the lessee has filed in the office of the commissioner of public lands an application for an oil and gas lease covering the lands hereinafter described and has tendered therewith the required first payment; and

WHEREAS, all of the requirements of law relative to the application and tender have been duly complied with;

THEREFORE, in consideration of the premises as well as the sum of **FIFTY-SIX THOUSAND and 00/100 dollars (\$56,000.00)**, the same being the amount of the tender above mentioned, and the further sum of \$30.00 filing fee, and of the covenants and agreements hereinafter contained, the lessor does hereby grant, demise, lease and let unto the said lessee, exclusively, for the sole and only purpose of exploration, development and production of oil or gas (including carbon dioxide and helium), or both thereon and therefrom with the right to own all oil and gas so produced and saved therefrom and not reserved as royalty by the lessor under the terms of this lease, together with rights-of-way, easements and servitudes for pipelines, telephone lines, tanks, power houses, stations, gasoline plants and fixtures for producing, treating and caring for such products, and housing and boarding employees, and any and all rights and privileges necessary, incident to or convenient for the economical operation of said land, for oil and gas, with right for such purposes to the free use of oil, gas, casing-head gas or water from said lands, but not from lessor's water wells, and with the rights of removing either during or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, subject, however, to the covenants and conditions hereinafter set out, the following described land situated in the count(y)(ies) of **Lea**, state of New Mexico, and more particularly described as follows:

<u>Subdivisions</u>	<u>Section</u>	<u>Twp</u>	<u>Rge</u>	<u>Acres</u>	<u>Institution</u>
SW4	12	12S	34E	160.00	CS

Said lands having been awarded to lessee and designated as **Fract No. V0-O-0020** at public sale held by the commissioner of public lands on **May 15, 2001**.

To have and to hold said land, and all the rights and privileges granted hereunder, to and unto the lessee for a **primary** term of five years from the date hereof, and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land by lessee, subject to all of the terms and conditions as hereinafter set forth.

In consideration of the premises the parties covenant and agree as follows:

1. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-sixth part of the oil produced and saved from the leased premises or the cash value thereof, at the option of the lessor, such value to be the price prevailing the day oil is run into a pipeline, if the oil be run into a pipeline, or into storage tanks, if the oil is stored.

2. Subject to the free use without royalty, as hereinbefore provided, at the option of the lessor at any time and from time to time, the lessee shall pay the lessor as royalty one-sixth part of the gas produced and saved from the leased premises, including casing-head gas. Unless said option is exercised by lessor, the lessee shall pay the lessor as royalty one-sixth of the cash value of the gas, including casing-head gas, produced and saved from the leased premises and marketed or utilized, such value to be equal to the net proceeds derived from the sale of such gas in the field; provided, however, the cash value for royalty purposes of carbon dioxide gas and of hydrocarbon gas delivered to a gasoline plant for extraction of liquid hydrocarbons shall be equal to the net proceeds derived from the sale of such gas, including any liquid hydrocarbons recovered therefrom.

Notwithstanding the foregoing provisions, the lessor may require the payment of royalty for all or any part of the gas produced and saved under this lease and marketed or utilized at a price per m.c.f. equal to the maximum price being paid for gas of like kind and quality and under like conditions in the same field or area or may reduce the royalty value of any such gas (to any amount not less than the net proceeds of sale thereof, in the field) if the commissioner of public lands shall

determine such action to be necessary to the successful operation of the lands for oil or gas purposes or to encouragement of the greatest ultimate recovery of oil or gas or to the promotion of conservation of oil or gas or in the public interest.

This lease shall not expire at the end of the primary term hereof if there is a well capable of producing gas in paying quantities located upon some part of the lands embraced herein, or upon lands pooled or communitized herewith, where such well is shut-in due to the inability of the lessee to obtain a pipeline connection or to market the gas therefrom and if the lessee timely pays an annual royalty on or before the annual rental paying date next ensuing after the expiration of ninety days from the date said well was shut-in and on or before said rental date thereafter. The payment of said annual royalty shall be considered for all purposes the same as if gas were being produced in paying quantities and upon the commencement of marketing of gas from said well or wells the royalty paid for the lease year in which the gas is first marketed shall be credited upon the royalty payable hereunder to the lessor for such year. The provisions of this section shall also apply where gas is being marketed from said leasehold premises and through no fault of the lessee, the pipeline connection or market is lost or ceases, in which case this lease shall not expire so long as said annual royalty is paid as herein provided. The amount of any annual royalty payable under this section shall equal twice the annual rental due be the lessee under the terms of this lease but not less than three hundred twenty dollars (\$320) per well per year, provided, however, that any such annual royalty for any year beginning on or after ten years from the date hereof shall equal four times the annual rental due by the lessee under the terms of this lease but not less than two thousand dollars (\$2,000) per well per year; provided further that no annual royalty shall be payable under this section if equivalent amounts are timely paid pursuant to another lease issued by lessor and if such other lease includes lands communitized with lands granted hereunder for the purpose of prorationally sharing in the shut-in well. Notwithstanding the provisions of this section to the contrary, this lease shall not be continued after five years from the date hereof for any period of more than ten years by the payment of said annual royalty unless, for good cause shown, the commissioner of public lands, in his discretion, grants such a continuance.

3. Lessee agrees to make full settlement on the twentieth day of each month for all royalties due to the lessor for the preceding month, under this lease, and to permit the lessor or its agents, at all reasonable hours to examine lessee's books relating to the production and disposition of oil and gas produced. Lessee further agrees to submit to lessor annually upon forms furnished by lessor, verified reports showing lessee's operations for the preceding year.

4. An annual rental at the rate of \$0.50 per acre shall become due and payable to the lessor by the lessee upon each acre of the land above described and then claimed by such lessee, and the same shall be due and payable in advance to the lessor on successive anniversary dates of this lease, but the annual rental on any assignment shall in no event be less than forty dollars (\$40.00).

In the event the lessee shall elect to surrender any or all of said acreage, he shall deliver to the lessor a duly executed release thereof and in event said lease has been recorded then he shall upon request furnish and deliver to the lessor a certified copy of a duly recorded release.

5. The lessee may at any time by paying to the lessor all amounts then due as provided herein and the further sum of forty dollars (\$40.00), surrender and cancel this lease insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder, in the manner as hereinbefore provided. Provided, this surrender clause and the option herein reserved to the lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law or equity by the lessee, lessor or any assignee, to enforce this lease, or any of its terms expressed or implied.

6. All payments due hereunder shall be made on or before the day such payment is due, at the office of the commissioner of public lands in Santa Fe, New Mexico.

7. The lessee with the consent of the lessor shall have the rights to assign this lease in whole or in part. Provided, however, that no assignment of an undivided interest in the lease or in any part thereof nor any assignment of less than a legal subdivision shall be recognized or approved by the lessor. Upon approval in writing by the lessor of an assignment, the assignor shall stand relieved from all obligations to the lessor with respect to the lands embraced in the assignment and the lessor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the lessor as to such tracts.

8. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land which is draining the leased premises, lessee shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances, provided that no such offset well shall be required if compensatory royalties are paid pursuant to an agreement between the lessor and the lessee.

9. The lessee agrees to notify the lessor of the location of each well before commencing drilling thereon, to keep a complete and accurate log of each well drilled and to furnish a copy thereof, verified by some person having actual knowledge of the facts, to the lessor upon the completion of any well, and to furnish the log of any unfinished well at any time when requested to do so by the lessor.

If any lands embraced in this lease shall be included in any deed or contract of purchase outstanding and subsisting issued pursuant to any sale made of the surface of such lands prior to the date of this lease, it is agreed and understood that no drilling operation shall be commenced on any such lands so sold unless and until the lessee shall have filed a good and sufficient bond with the lessor as required by law, to secure the payment for such damage to the livestock, range, water, crops or tangible improvements on such lands as may be suffered by the purchaser holding such deed or contract of purchase, or his successors, by reason of the developments, use and occupation of such lands by such lessee. Provided, however, that no such bond shall be required if such purchaser shall waive the right to require such bond to be given in the manner provided by law.

10. In drilling wells all water-bearing strata shall be noted in the log, and the lessor reserves the right to require that all or any part of the casing shall be left in any nonproductive well when lessor deems it to the interest of the beneficiaries of the lands granted hereunder to maintain said well or wells for water. For such casing so left in wells the lessor shall pay to the lessee the reasonable value thereof.

11. Lessee shall be liable and agree to pay of all damages to the range, livestock, growing crops or improvements caused by lessee's operations on said lands. When requested by the lessor the lessee shall bury pipelines below plow depth.

12. The lessee shall not remove any machinery or fixtures placed on said premises, nor draw the casing from any well unless and until all payments and obligations due the lessor under the terms of this agreement shall have been paid or satisfied. The lessee's right to remove the casing is subject to the provision of Paragraph 10 above.

13. Upon failure or default of the lessee to comply with any of the provisions or covenants hereof, the lessor is hereby authorized to cancel this lease and such cancellation shall extend to and include all rights hereunder as to the whole of the tract so claimed, or possessed by the lessee, but shall not extend to, nor affect the rights of any other lessee or assignee claiming any portion of the lands upon which no default has been made; provided, however, that before any such cancellation shall be made, the lessor shall mail to the lessee so defaulting, by registered or certified mail, addressed to the post-office address of such lessee as shown by the records of the state land office, a notice of intention of cancellation specifying the default for which cancellation is to be made, and if within thirty days from the date of mailing said notice the said lessee shall remedy the default specified in said notice, cancellation shall not be made.

14. If this lease shall have been maintained in accordance with the provisions hereof and if at the expiration of the primary term provided for herein oil or gas is not being produced on said land but lessee is then engaged in bona fide drilling or reworking operations thereon, this lease shall remain in full force and effect so long as such operations are diligently prosecuted and, if they result in the production of oil or gas, so long thereafter as oil and gas in paying quantities, or either of them, is produced from said land; provided, however, such operations extending beyond the primary term shall be approved by the lessor upon written application filed with the lessor on or before the expiration of said term, and a report of the status of all such operations shall be made by the lessee to the lessor every thirty days and a cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

If during the drilling or reworking of any well under this section, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations, then within twenty days after the abandonment of said operations, lessee may commence another well within three hundred thirty feet of the lost or junked hole or well and drill the same with due diligence.

Operations commenced and continued as herein provided shall extend this lease as to all lands as to which the same is in full force and effect as of the time said drilling operations are commenced; provided, however, this lease shall be subject to cancellation in accordance with Paragraph 13 hereof for failure to pay rentals or file reports which may become due while operations are being conducted hereunder.

15. Should production of oil and gas or either of them in paying quantities be obtained while this lease is in force and effect and should thereafter cease from any cause after the expiration of five years from the date hereof this lease shall not terminate if lessee commences additional drilling or reworking operations within sixty days after the cessation of such production and shall remain in full force and effect so long as such operations are prosecuted in good faith with no cessation of more than twenty consecutive days, and if such operations result in the production of oil or gas in paying quantities, so long thereafter as oil or gas in paying quantities is produced from said land; provided, however, written notice of intention to commence such operations shall be filed with the lessor within thirty days after the cessation of such production, and a report of the status of such operations shall be made by the lessee to the lessor every thirty days, and the cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

16. Lessee, including their heirs, assigns, agents and contractors shall at their own expense fully comply with all laws, regulations, rules, ordinances and requirements of the city, county, state, federal authorities and agencies, in all matters and things affecting the premises and operations thereon which may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conservation, sanitation, aesthetics, pollution, cultural properties, fire and ecology. Such agencies are not to be deemed third party beneficiaries hereunder, however, this clause is enforceable by the lessor in any manner provided in this lease or by law.

17. Should lessor desire to exercise its rights to take in-kind its royalty share of oil, gas or associated substances or purchase all or any part of the oil, gas or associated substances produced from the lands covered by this lease, the lessee hereby irrevocably consents to the lessor exercising its right. Such consent is a consent to the termination of any supplier/purchaser relationship between the lessor and the lessee deemed to exist under federal regulations. Lessee further agrees that it will require any purchaser of oil, gas or associated substance to likewise waive any such rights.

18. Lessor reserves a continuing option to purchase at any time and from time to time, at the market price prevailing in the area on the date of purchase, all or any part of the minerals (oil and gas) that will be produced from the lands covered by this lease.

19. Lessor reserves the right to execute leases for geothermal resource development and operation thereon; the right to sell or dispose of the geothermal resources of such lands; and the right to grant rights-of-way and easements for these purposes.

20. All terms of this agreement shall extend to and bind the heirs, executors, administrator, successors and assigns of the parties hereto.

In witness whereof, the party of the first part has hereunto signed and caused its name to be signed by its commissioner of public lands thereunto duly authorized, with the seal of his office affixed, and the lessee has signed this agreement the day and year first above written.

STATE OF NEW MEXICO

By: Roy Powell/AMW
Commissioner of Public Lands, Lessor

John W. Pride (Seal)
Lessee President of Pride Oil & Gas Co., Inc., as General Partner of
Pride Energy Company

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____ SS.

COUNTY OF _____ SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by

My commission expires: _____
Notary Public

(ACKNOWLEDGMENT BY ATTORNEY-IN-FACT)

STATE OF _____ SS.

COUNTY OF _____ SS.

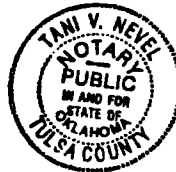
The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by
_____ as attorney-in-fact in behalf of

My commission expires: _____
Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF Oklahoma SS.

COUNTY OF Tulsa SS.



The foregoing instrument was acknowledged before me this 21 day of May, 2001, by
John W. Pride, President of Pride Oil & Gas Co., Inc.
an Oklahoma (Name) (Title) (Corporation)
corporation, on behalf of said corporation.

My commission expires: July 13, 2004 Tami V. Nevel
Notary Public

PRIDE ENERGY COMPANY

(918) 524-9200 • Fax: (918) 524-9292

Physical Address: Kensington Tower
2250 East 73rd Street, Suite 550
Tulsa, Oklahoma 74136Mailing Address: P.O. Box 701950
Tulsa, Oklahoma 74170-1950
E-Mail Address: johnp@pride-energy.com

June 22, 2001

Via Fax

ATTN: Robert Bullock

YATES PETROLEUM CORPORATION
105 South 4th Street
Artesia, NM 88210RE: State "X" #1
W1/2 of Section 12, Township 12 South, Range 34 East
Lea County, New Mexico

Mr. Bullock:

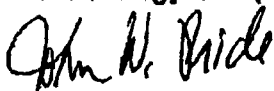
In reference to the above, Pride Energy Company hereby proposes the re-entering of the State "X" #1 wellbore, located in the center of the SW 1/4 NW 1/4, being 1,980' fsl and 660' fwl of Section 12, T12S, R34E, Lea County, New Mexico, to a depth of 13,018', to test the Atoka/Morrow and Mississippi formations.

A stand-up 320-acre unit is being proposed, consisting of the W1/2 of Section 12-T12S, R34E. An Authorization for Expenditure will be forwarded to you within the next few days.

If you have any questions, please feel free to contact me at 918-524-9200.

Sincerely,

Pride Energy Company



John W. Pride

jp2280.hq

11.

Office
District I

525 N. French Dr., Hobbs, NM 88240

District II

1100 First, Artesia, NM 88210

District III
1000 Brazos Rd., Aztec, NM 87410

District IV

140 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco St.
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO.

30-025-01838

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

V-5855

7. Lease Name or Unit Agreement Name:

Limbaugh "AYO" State

8. Well No.

1

9. Pool name or Wildcat

Wildcat Mississippian

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Yates Petroleum Corporation

3. Address of Operator

105 South Fourth Street, Artesia, New Mexico 88210

4. Well Location

Unit Letter: E : 1980' feet from the North line and 660' feet from the West line
Section 12 Township 12S Range 34E NMPM County Lea

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

4138.4' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

EMERGENTLY ABANDON ☐ CHANGE PLANS ☐

WELL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Extend APD ☒

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

2. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation wishes to extend the captioned well's APD expiration date for one (1) year to May 25, 2003.
Thank you.

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

SIGNATURE Robert Asher TITLE Regulatory Technician DATE 04/15/02

Print name: Robert Asher Telephone No. (505) 748-4364

Signature for State use)

PREPARED BY Robert Asher TITLE PETROLEUM ENGINEER DATE 04/15/02

Conditions of approval, if any:

APR 18 2002

12.

District I
French Dr., Hobbs, NM 88240
District II
1391 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
Revised June 10, 2003

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

JUL 21 2003

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 Pride Energy Company PO Box 701602 Tulsa, OK 74170-1602		² OGRID Number 151323
		³ API Number 30 - 025-01838
⁴ Property Code 32545	⁵ Property Name State "X"	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	12 S	34 E		1980	North	660	West	Lea

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

⁹ Proposed Pool 1

Four Lakes Mississippian

¹⁰ Proposed Pool 2

Four Lakes Morrow

¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4138.4
¹⁶ Multiple No	¹⁷ Proposed Depth 13,019'	¹⁸ Formation Mississippian	¹⁹ Contractor Unknown	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

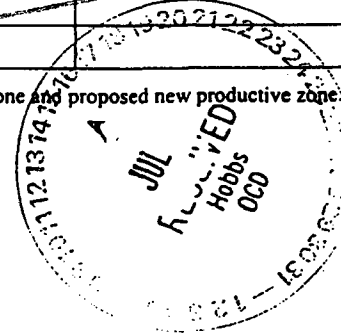
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	389' in place	325 sx	Circulated
12 1/4"	9 5/8"	36#	4307' in place	1700 sx	Circulated
8 1/4"	5 1/2"	17# & 20#	0 to 13,019'	1000 sx	T.O.C. 6000'

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)

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

Re-Entry



²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

John W. Pride

Printed name: John W. Pride

Title: President of Pride Oil & Gas Co., Inc., as General Partner of Pride Energy Company

E-mail Address: johnp@pride-energy.com

Date: July 10, 2003

Phone: 918-524-9200

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY
PAUL F. KAUTZ
PETROLEUM ENGINEER

Title:

Approval Date:

JUL 16 2003

Expiration Date:

Conditions of Approval:

Attached ☐

13.

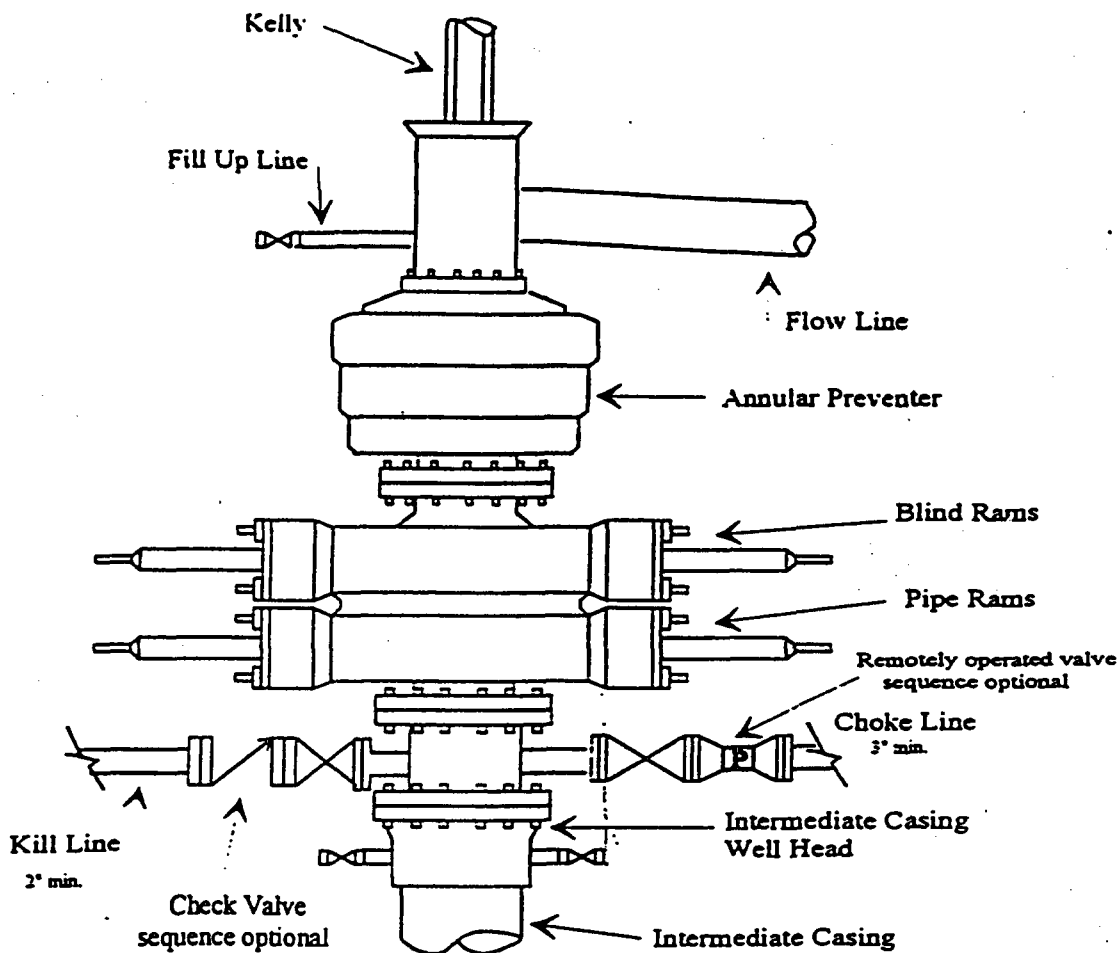
PRIDE ENERGY COMPANY
STATE "X" #1
1980' FNL and 660' FWL
Section 12-T12S-R34E
Lea County, New Mexico
Lease Number VO-6256 and V-5855

Drilling Information: Pride Energy Company plans to re-enter this well that was originally drilled by Neville G. Penrose, Inc. and P&A on 3/29/57. Pride will re-enter this well using a drilling rig to drill out the cement plugs in the 9 5/8" and those in the 8 3/4" open hole using a 7 7/8" bit to the original TD of 13,019'. A new suite of open hole logs will be run. If deemed to be commercial, a production string of 5 1/2" casing will be ran to TD & cemented to 6000±. The mud program will be 9.2-9.5 ppg brine water with a 55-70 cp viscosity. A 5000# BOPE will be installed on the 9 5/8" casing.

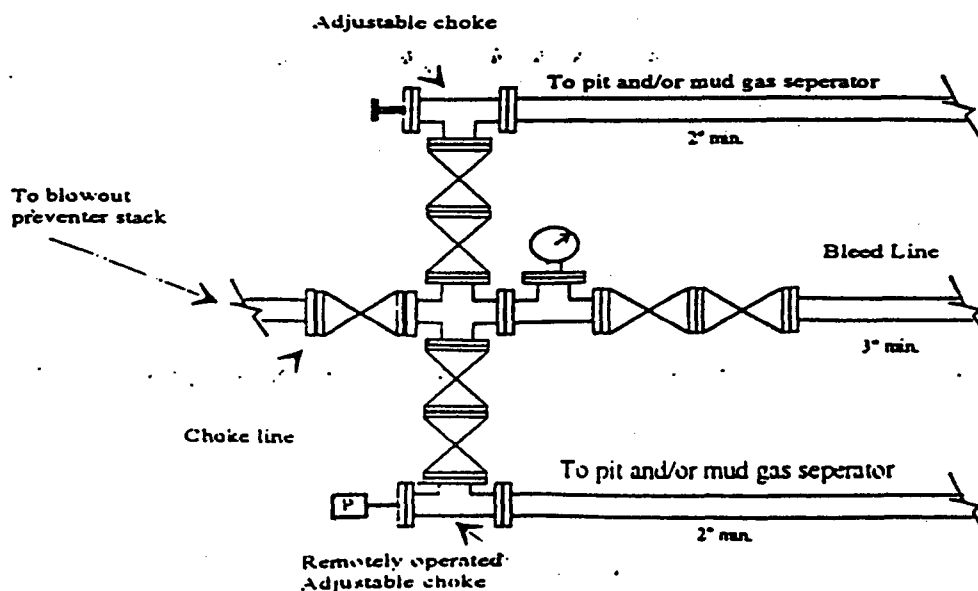
The well will be completed using a pulling unit. After the 5 1/2" casing has been cemented and cased hole logs have been run, the well will be completed and tested in the Austin Cycle limestone zone in the interval from 12,100' to 12,200'. The zone to be perforated will be determined after the new open hole logs have been evaluated.



PRIDE ENERGY COMPANY
 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



District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-01838		² Pool Code 97053 & 97082		³ Pool Name Four Lakes Mississippian & Four Lakes Morrow	
⁴ Property Code 32545		⁵ Property Name State "X"			⁶ Well Number 1
⁷ OGRID No. 151323		⁸ Operator Name Pride Energy Company			⁹ Elevation 4138.4

¹⁰ Surface Location

UL or lot no. E	Section 12	Township 12 S	Range 34 E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 660	East/West line West	County Lea
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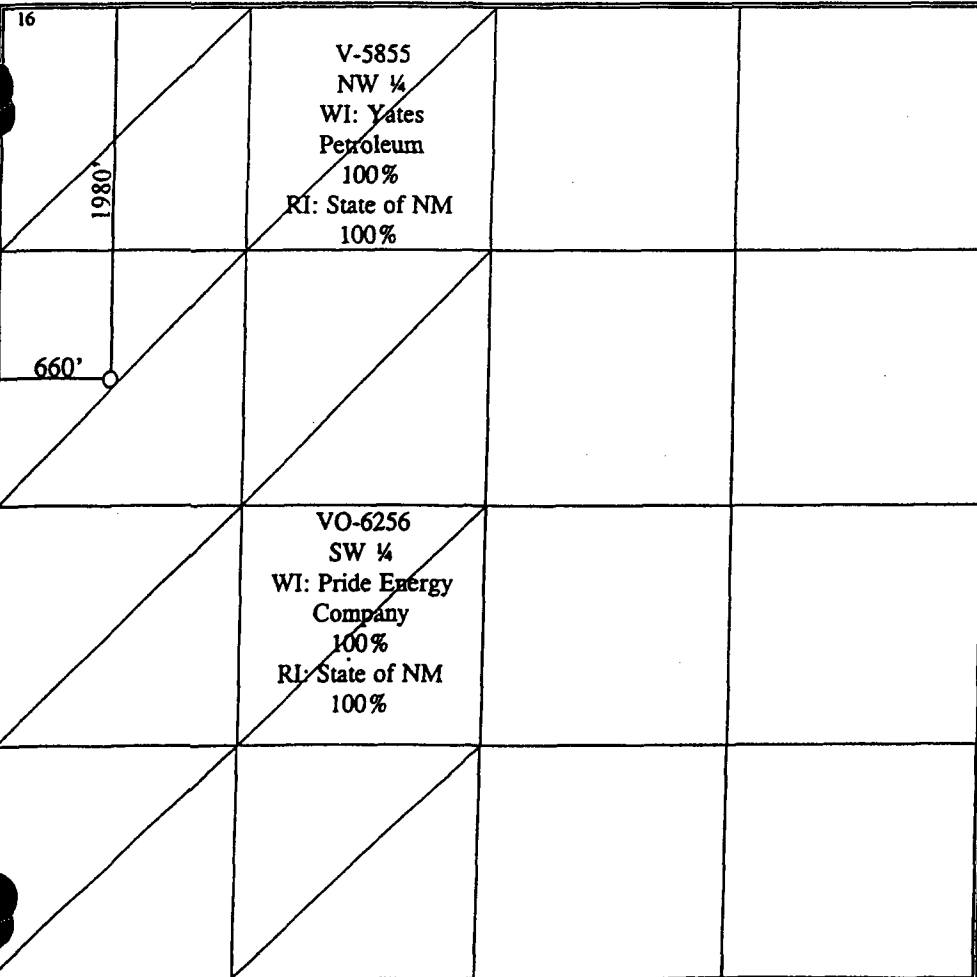
¹¹ Bottom Hole Location If Different From Surface

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.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

West Half of Section.

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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>John W. Pride</u> John W. Pride Printed Name President of Pride Oil & Gas Co., Inc., as General Partner of Pride Energy Company; johnp@pride-energy.com Title and E-mail Address July 8, 2003 Date
	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. See original plat. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

16.

jp3299.vv

Well/Location and/or Gas Production Photo

Date 11-2-56

Operator N.G. PENROSE INCORP. F.F.J. DANGLADE

Lease *STATE* *PM* *2:57*
1955 NOV 7

Well No. 1 Section 12 Township 12 SOUTH Range 34 EAST NMPM

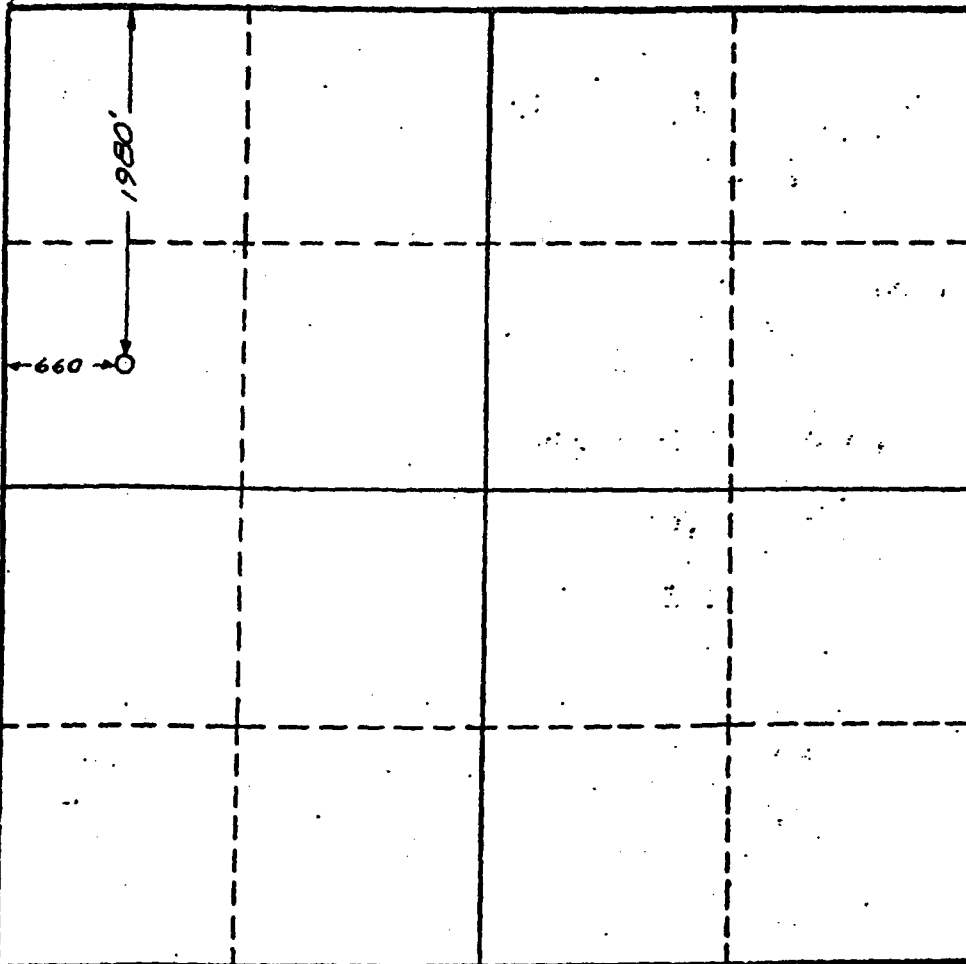
Located 1980 Feet From NORTH Line, 660 Feet From WEST Line.

LEA

County, New Mexico. G. L. Elevation 4138.4

Name of Producing Formation _____ Pool _____ Dedicated Acreage _____

(Note: All distances must be from outer boundaries of Section)



NOTE

This section of
form is to be
used for gas
cells only.

SCALE: 1"=1000'

1. Is this Well a Dual Comp. ? Yes ___ No ___
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes ___ No ___

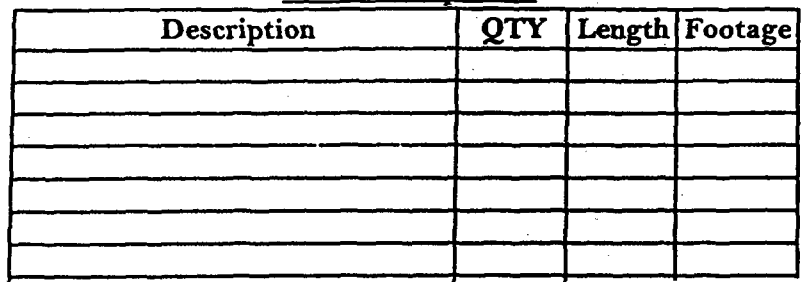
Name _____
 Position. Engineer District 1
 Presenting _____
 Address _____

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 11-2-56
John W. West
 Registered Professional Engineer and/or
 Land Surveyor

(Graphics are not to scale)

Elev: 4138.4' GL



PRIDE ENERGY COMPANY

(918) 524-9200 • Fax (918) 524-9292 • www.pride-energy.com

Physical Address: Kensington Tower
2250 East 73rd Street, Suite 550
Tulsa, OK 74136

Mailing Address: P.O. Box 701950
Tulsa, OK 74170-1950
Email Address: johnp@pride-energy.com

July 15, 2003

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

RE: State "X" #1
W ½ of Section 12, Township 12 South, Range 34 East - E-003
Lea County, New Mexico

7-18-03

C =

JUL 18 2003

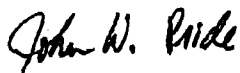
Gentlemen:

In reference to the above, Pride Energy Company hereby proposes the re-entering of the State "X" #1 wellbore, located in the center of the SW ¼ NW ¼, being 1980' fml and 660' fwl of Section 12, T12S, R34E, Lea County, New Mexico, to a depth of 13,019, to test the Atoka/Morrow &/or Austin Cycle Mississippian.

A stand-up 320-acre unit is being proposed, consisting of the W ½ of Section 12-T12S-R34E. Enclosed are two copies of our Authorization for Expenditure reflecting estimated costs of \$239,852 for a dry hole and \$628,291 as a completed well. If Yates is interested in participating, please so indicate by signing the enclosed AFE and returning to the address above. If Yates is not interested in participating, perhaps we can farm-in or purchase Yates interest.

If you have any questions, please feel free to contact me at 918-524-9200.

Sincerely,



John W. Pride
Pride Energy Company

Certified Mail, Return Receipt #7002-2410-0007-1841-6005

jp3303.hq

DO Amist 7-18-03

19.

Pride Energy Company
 POB 701950
 2230 E 73rd Street, Suite 550
 Tulsa OK 74170-1980
 918-524-8200 Office
 918-524-9292 Facsimile

Authorization for Expenditure
 July 15, 2003

State TX

C SW/4 1

Section 12-12S

Lea County, New Mexico

Proposed Depth: 13,019 Feet

Primary Objectives: Atoka/Morrow &/or Austin Cycle Miss.

Drilling Intangibles

Water, Fresh	10	days at	\$ 500	per day	\$ 5,000
Location and Road					\$ 9,500
Drilling Rig	Daywork	10	days at	\$ 7,500	per day
	Mobilization				\$ 30,000
	Fuel	10	gpd at	\$ 600.00	per day
Bits		2	bits	\$ 5,500	per bit
Mud, Chemicals and Drayage		13019	feet at	\$ 2.00	per foot
Mud Disposal ppf 0.30		80	bbls/load	\$ 130.00	per load
Open Hole Logging		3000	feet at	\$ 7.00	per foot
Equipment Rental		10	days at	\$ 400	per day
Cementing, Intermediate					\$ 4,500
Casing Crews, Intermediate					\$ 2,200
Trucking					\$ 4,000
Other Services					\$ 2,000
Geological / Engineering		10	days at	\$ 600	per day
Administrative Overhead		10	days at	\$ 167	per day
Contingency					\$ 1,667
				10%	\$ 21,425.1
Total Drilling Intangibles					\$ 235,678.1

Drilling Tangibles

Wellhead Equipment				3,000 psi wp	\$ 3,000.0
Float Equipment					\$ 800.0
Contingency				10%	\$ 380.0
Total Drilling Tangibles					\$ 4,180.0

Completion Intangibles

Location & Road					\$ 4,000.0
Casing Crew, Production					\$ 8,000.0
Cementing, Production					\$ 18,000.0
Completion Rig	6	days at	\$ 2,500	per day	\$ 15,000.0
Perforating, GR-CBL, Cmt. Retainer					\$ 35,000.0
Formation Treatments					\$ 85,000.0
Equipment Rentals	6	days at	\$ 300	per day	\$ 1,800.0
Water or Diesel					\$ 3,000.0
Supplies					\$ 2,000.0
Trucking					\$ 3,000.0
Roustabout Work	3	days at	\$ 1,000	per day	\$ 3,000.0
Other Services					\$ 3,000.0
Engineering and Supervision	8	days at	\$ 600	per day	\$ 4,800.0
Administrative Overhead	8	days at	\$ 167	per day	\$ 1,336.0
Contingency				10%	\$ 18,694.0
Total Completion Intangibles					\$ 205,630.0

Completion Tangibles

Production Casing 5 1/2"	13019	feet at	\$ 7.00	per foot	17 ppf & 20 ppf	\$ 91,133.00
Float Equipment						\$ 2,000.00
Wellhead Equipment					5,000 psi wp	\$ 8,000.00
Production Tubing 2 7/8"	13019	feet at	\$ 3.00	per foot	0.5 ppf, N-80, SUE, 9 no thd	\$ 39,057.00
Downhole Equipment						\$ 10,000.00
Production Equipment						\$ 15,000.00
Flowlines						\$ 1,000.00
Contingency					10%	\$ 18,619.00
Total Completion Tangibles						\$ 162,809.00

Approved	Company	Date	Dry Hole Cost:	\$ 239,856.00
			Completion Cost:	\$ 368,436.00
g Interest:			Total Completed Well Cost:	\$ 628,295.00



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

August 26, 2003

Pride Energy Co
ATT: John W Pride
P O Box 701602
Tulsa OK 74170

RE: CANCELLATION OF INTENT TO RE-ENTER

State X #1-ESec. 12, T-12s, R-34eAPI # 30-025-01838

Gentlemen:

With further review of the area, the North half of this section is leased to another operator. The Oil Conservation Division Hobbs office at this time has to cancel Division Form C-101, Notice of Intent to Re-Enter the subject well that was approved July 19, 2003. To date no progress reports, form C-103, have not been received.

If drilling has been done, please file subsequent reports of this work immediately to bring this file into current status. If you have further questions on this matter, please contact Chris Williams (505) 393-6161 ex 102 or Donna Mull (505) 393-6161 ex 115.

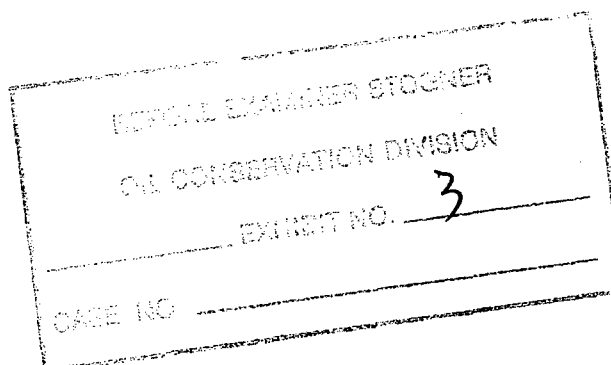
Truly yours,

OIL CONSERVATION DIVISION

Chris Williams
District I, Supervisor

CW:dm

CC: OCD Santa Fe
OCD Hobbs
BLM
State Land Office



DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form U-101

Revised March 17, 1999

Instructions on back

Submit to appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

DISTRICT II

811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION

PO BOX 2088

Santa Fe, NM 87504-2088

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

☐ AMENDED REPORT

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

Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210		GRID Number 025575
		API Number 30- 025-01838
Property Code 28062	Property Name Limbaugh "AYO" State	Well No. 1

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
E	12	12S	34E		1980	North	660	West	Lea

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
FOUR LAKES Proposed Pool 1 Wildcat Mississippian						Proposed Pool 2			

Work Type Code E	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 4138.4'
Multiple No	Proposed Depth 13,018'	Formation Mississippian	Contractor Not Determined	Spud Date ASAP

21 Proposed Casing and Cement Program

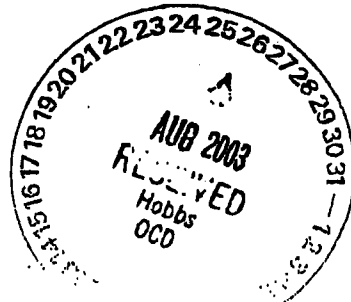
Hole Size	Casing Size	Casing weight/feet	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	389'-in place	325 sx	Circulate
12 1/4"	9 5/8"	36#	4307'-in place	1700 sx	Circulate
7 7/8"	5 1/2"	17# & 20#	0-13,018'	1000 sx	TOC-6000'

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 production. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See Attached Sheet

Cpy: GEOLOGY
AL SPRINGER
JEREMIAH
PINSIN
JIM K
TINA H
WES/ACAVE
RON B

DYKE



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

Signature:

Clifton R. May

Printed name:

Clifton R. May

Title:

Regulatory Agent

Date:

08/25/03

Phone:

(505) 748-1471

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY

CHRIS WILLIAMS

Title:

OG DISTRICT SUPERVISOR/GENERAL MANAGER

Approval Date:

Expiration Date:

Conditions of Approval
Attached ☐

AUG 26 2003

22.

DISTRICT I

1000 E. French St., Suite 200, NM 87504

DISTRICT II

612 South First, Artesia, NM 88210

DISTRICT III

1000 E. French St., Suite 200, NM 87504

DISTRICT IV

2000 South Pecos, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised March 17, 1999

Instructions on back

Submit to Appropriate District Office

State License - 4 Copies

Fee License - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-025-01838		Pool Code	Pool Name Wildcat Mississippian
Property Code	Property Name Linbaugh "AYO" State		Well Number 1
OGUID No. 025575	Operator Name Yates Petroleum Corporation		Ellevation 4138.4'

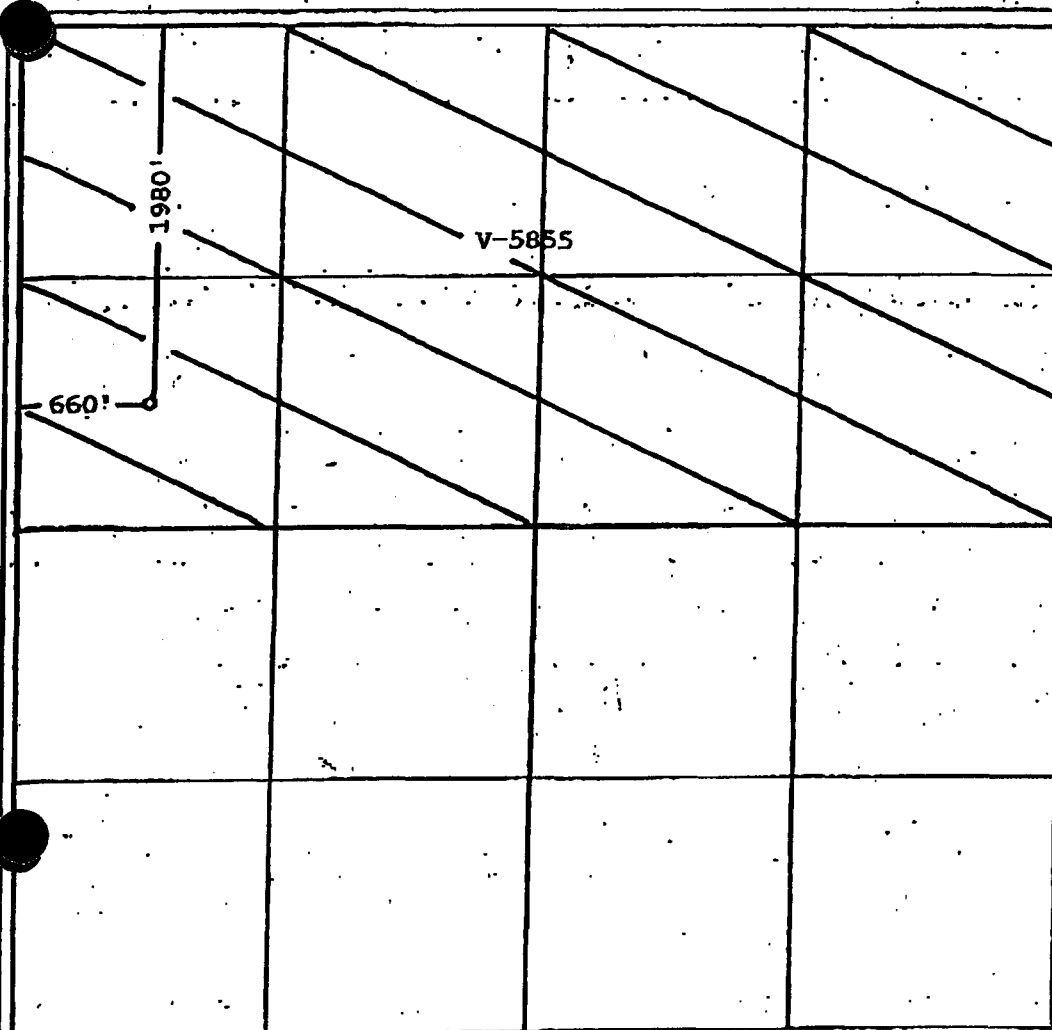
Surface Location

UL or Lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
E	12	12S	34E		1980	North	660	West	Lea

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre 320		Joint or Infill	Consolidation Code	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**

**OPERATOR CERTIFICATION**

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

Clifton R. May
Signature

Clifton R. May
Printed Name

Regulatory Agent
Title

May 24, 2001
Date

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.

Refer to original plat

Date Surveyed

Signature & Seal of
Professional Surveyor

Certificate No. Hatched L. Jones RLS 3840

GENERAL SURVEYING COMPANY

23