Form 9-331 C
(May 1963)

N. M. O. C. C. COPY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Copy to OCC

Form approved.
Budget Bureau No. 42-R1425.

30-015-22903

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-24152

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: North Crooked Creek Fed. KG ~~KO~~ Com.

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 27 T23S-R24E

12. COUNTY OR PARISH: Eddy

13. STATE: NM

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Yates Petroleum Corporation

3. ADDRESS OF OPERATOR: 207 South Fourth Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1650' FSL & 2310' FEL
At proposed prod. zone

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ARTESIA, OFFICE
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ARTESIA, NEW MEXICO

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1650'	640	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
	10,400	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3860' GR

22. APPROX. DATE WORK WILL START*: As soon as approved

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17½"	13 3/8"	48# J-55	Approx. 40	Ready-mix to surface
12¼" & 11"	8 5/8"	24# J-55	Approx. 2500	1200 sx - circulate
7 7/8"	5½" or 4½"	17# K55 & N80 11.6# K & N	Approx. 10400	250 sx

Ready to drill and test the Morrow and intermediate formations. One joint of conductor pipe will be set and ready-mixed to surface, and 8 5/8" casing will be set through the Delaware porosity and cement to the surface. If commercial will run 5½" or 4½" casing and cover pay with 600' of cement.

MUD PROGRAM: F.W. Gel & LCM to about 2500'. Water to 7000', KCL-Starch-Drispak mud to 9500', and flosal-drispak-KCL mud to TD.

BOP PROGRAM: BOP's and hydril will be installed on 8 5/8" casing and tested, pipe rams tested daily, blind rams on trips. Will Yellow Jacket prior to drilling Wolfcamp.

GAS NOT DEDICATED.

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Eddie Mahnke TITLE Engineer DATE April 5, 1979

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 4-18-79

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW EXICO OIL CONSERVATION COMMISSIC

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	Lease	Well No.
YATES PETROLEUM CORPORATION	North Crooked Creek KG Fed.	1

Unit Letter	Section	Township	Range	County
J	27	23 South	24 East	Eddy

Actual Footage Location of Well:
1650 feet from the South line and 2310 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3860	Morrow	Wildcat	320 Acres

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ARTESIA, NEW MEXICO

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

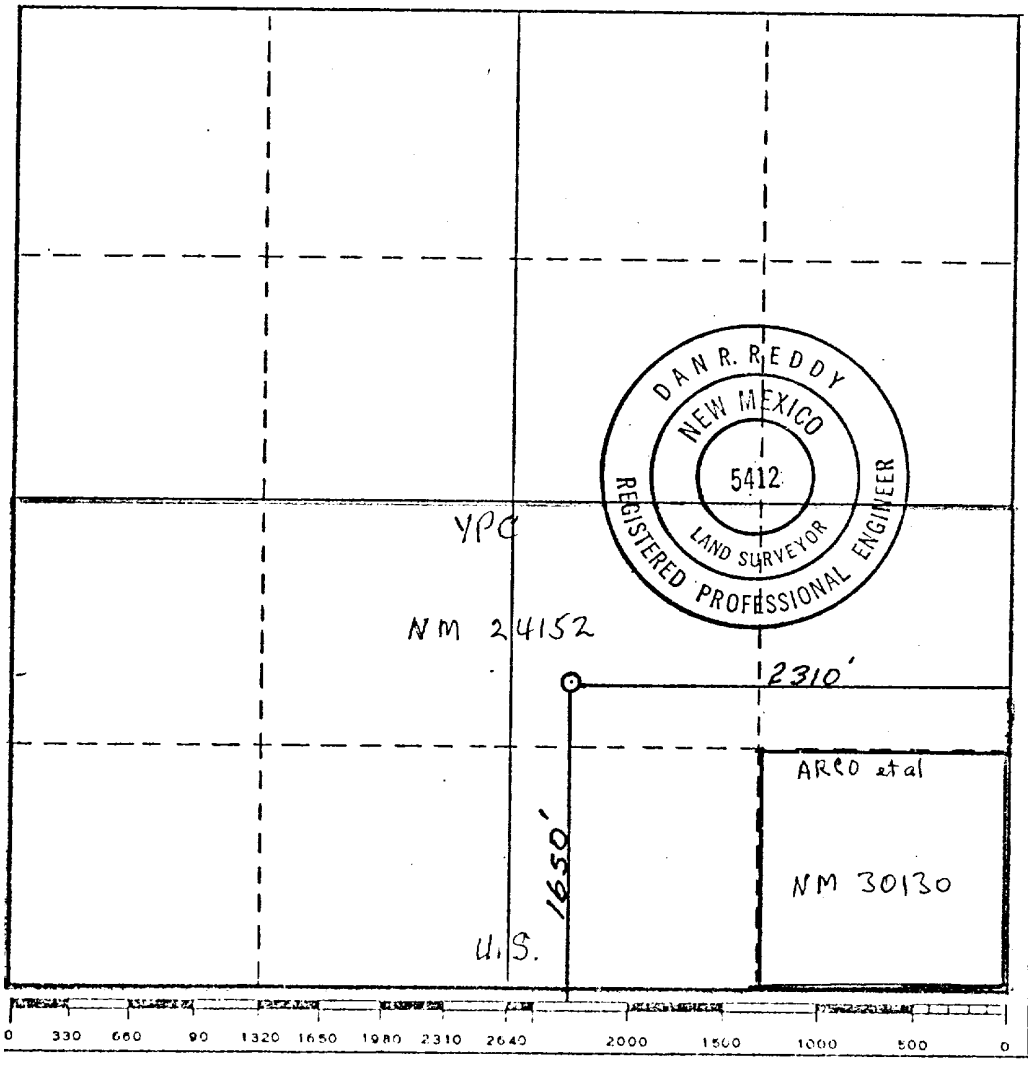
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 To be communitized

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.

Eddie M. Mahfood

Name: EDDIE M. MAHFOOD

Position: ENGINEER

Company: YATES PETROLEUM CORP

Date: 4-6-79

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: Apr. 5, 1979

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No. NMPE&LS 5412

NMOCC COPY

United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

April 18, 1979

Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

YATES PETROLEUM CORPORATION
North Crooked Creek RG Fed. Com. No. 1
1650 FSL 2310 FEL Sec. 27, T23S, R24E
Eddy County Lease No. NM-24152
Above Data Required on Well Sign

Gentlemen:

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 10,400 feet to test the Morrow is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1979.

2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.

3. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should be not less than 8" x 5" in size and each page should identify the well.

4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate sandstone brown (Federal Standard Color No. 595A, color 20318 or 30318).

5. Before drilling below the 8-5/8" intermediate casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.

6. A kelly cock will be installed and maintained in operable condition.

7. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.

8. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:

   (1) A recording pit level indicator to determine pit volume gains and losses.

   (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.

   (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.

9. Notify the Survey in sufficient time to witness the cementing of the 8-5/8" casing.

10. Cement behind the 13-3/8" and 8-5/8" casing must be circulated.

11. If the well is dry the fence should be replaced to its original position, if it is a producing well than the fence around the well pad will be made permanant.

Sincerely yours,

(Original Signed) JOE G. LARA

Joe G. Lara
Acting District Engineer

Yates Petroleum Corporation
North Crooked Creek KG Federal #1
1650' FSL and 2310' FEL
Section 27 - T23S - R24E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Seven Rivers.

2. The estimate tops of geologic markers are as follows:

San Andres	810'	Penn Limestone	8260'
Bone Spring Limestone	3770'	Strawn Limestone	8030'
1st Bone Spring Sand	5450'	Atoka	8845'
3rd Bone Spring Sand	7150'	Lower Morrow	10,345'
Wolfcamp	7560'	TD	10,400'

3. The estimated depths at which anticipated water, oil, or gas formations are expected to be encountered:

   Water: Approximately 150' to 200'

   Gas: Strawn - approximately 8650'
   Atoka - approximately 8850'
   Morrow - approximately 10,300'

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: See Form 9-331C and Exhibit B.

6. Mud Program: See Form 9-331C.

7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.

8. Testing, Logging and Coring Program:

   DST's: As Warranted
   Logging: Intermediate casing - T.D.
   Coring: CNL-FDC T.D. to casing with GR-CNL on to surface and DLL from T.D. to casing with selected min. R_x0.

9. No abnormal pressures or temperatures are indicated.

10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
North Crooked Creek "KG" Federal #1
1650' FSL and 2310' FEL
(Exploratory Well)

This plan is submitted with Form 9-331C, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operation.

1. EXISTING ROADS.

Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 40 miles south of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed from Artesia for 24.2 miles on U.S. 285 to Sitting Bull Falls Road, then west on Highway 137 for 9.3 miles to a fork in the road.

2. Continue on left fork to road marker 29 for an additional 11.5 miles.

3. Turn left off paved road onto county road and proceed southeast approximately 8 miles (past Dark Canyon Road with "C & K Production" sign). Location is next to cattleguard (south).

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately 200' in length form point of origin to the edge of the drilling pad. The road will lie in an southeast-to-southwest direction.

B. The new road will be 12 feet in width (driving surface) except at the point of origin, adjacent to the existing road, at which point enough additional width will be provided to allow the trucks and equipment to turn.

C. The new road will be covered with the necessary depth of caliche. The surface will be crowned, with drainage on east side.

D. The new road will be flagged.

3. LOCATION OF EXISTING WELLS.

A. There is no drilling activity within a one-mile radius of the wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

   A. There are no production facilities on this lease at the present time.

   B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY.

   A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS.

   A. Any caliche required for construction of the drilling pad and the new access road will be obtained from the nearest existing pit.

7. METHODS OF HANDLING WASTE DISPOSAL.

   A. Drill cuttings will be disposed of in the reserve pits.

   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

   C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted to the USGS for appropriate approval.

   D. Oil produced during operation will be stored in tanks until sold.

   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.

   F. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches dirt. All waste material will be contained of prevent scattering by the wind.

   G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES.

   A. None required.

9. WELLSITE LAYOUT.

   A. Exhibit C. shows the relative location and dimensions of the well pad, the reserve pits, etc.

   B. The location surface is fairly sloping, cuts or fills will be needed in the pad area. The location sits on a slope. A fence separating grazees will be moved to go around location.

   C. The reserve pits will be plastic lined.

   D. The area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.

B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the BLM and the USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be filled leveled within 90 days after abandonment.

11. OTHER INFORMATION.

A. Topography: The land surface in the vicinity of the wellsite is sloping. The immediate area of the wellsite is discussed above in paragraph 9B.

B. Flora and Fauna: The vegetation cover consists of cacti, scrub oak, prairie flowers, and miscellaneous desert growth. No wildlife was observed, but the wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.

C. There is a dry creek north of location approximately 3/4 mile.

D. There are no inhabited dwellings in the vicinity of the proposed well.

E. Surface Ownership: The wellsite is on federal surface.

F. There is no evidence of any archeological, historical or cultural sites in the area.

12. OPERATOR'S REPRESENTATIVE.

A. The field representative responsible for assuring compliance with the approved surface use plan are:

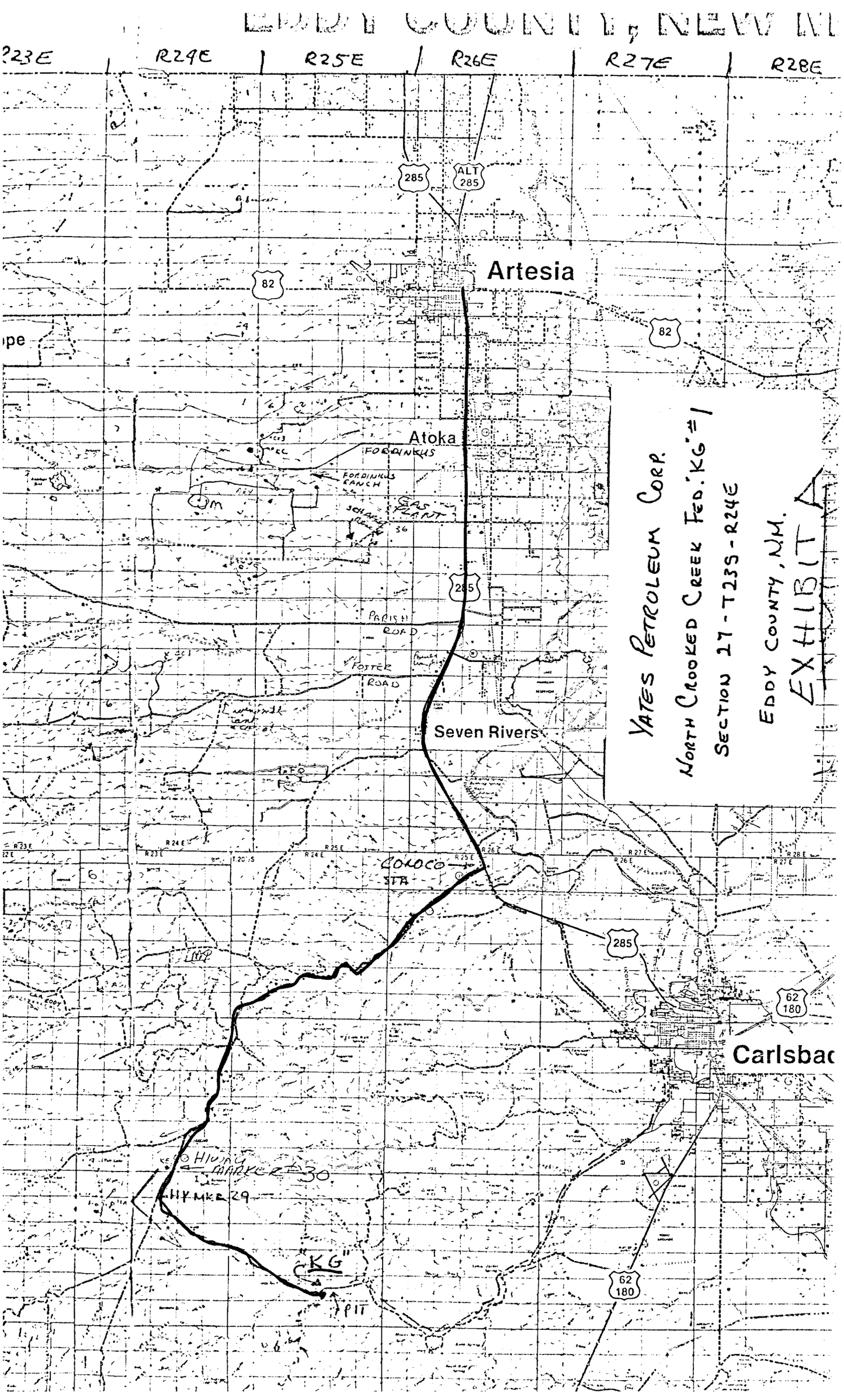
Gliserio "Rod" Rodriguez
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210
Phone: (505) 746-3558

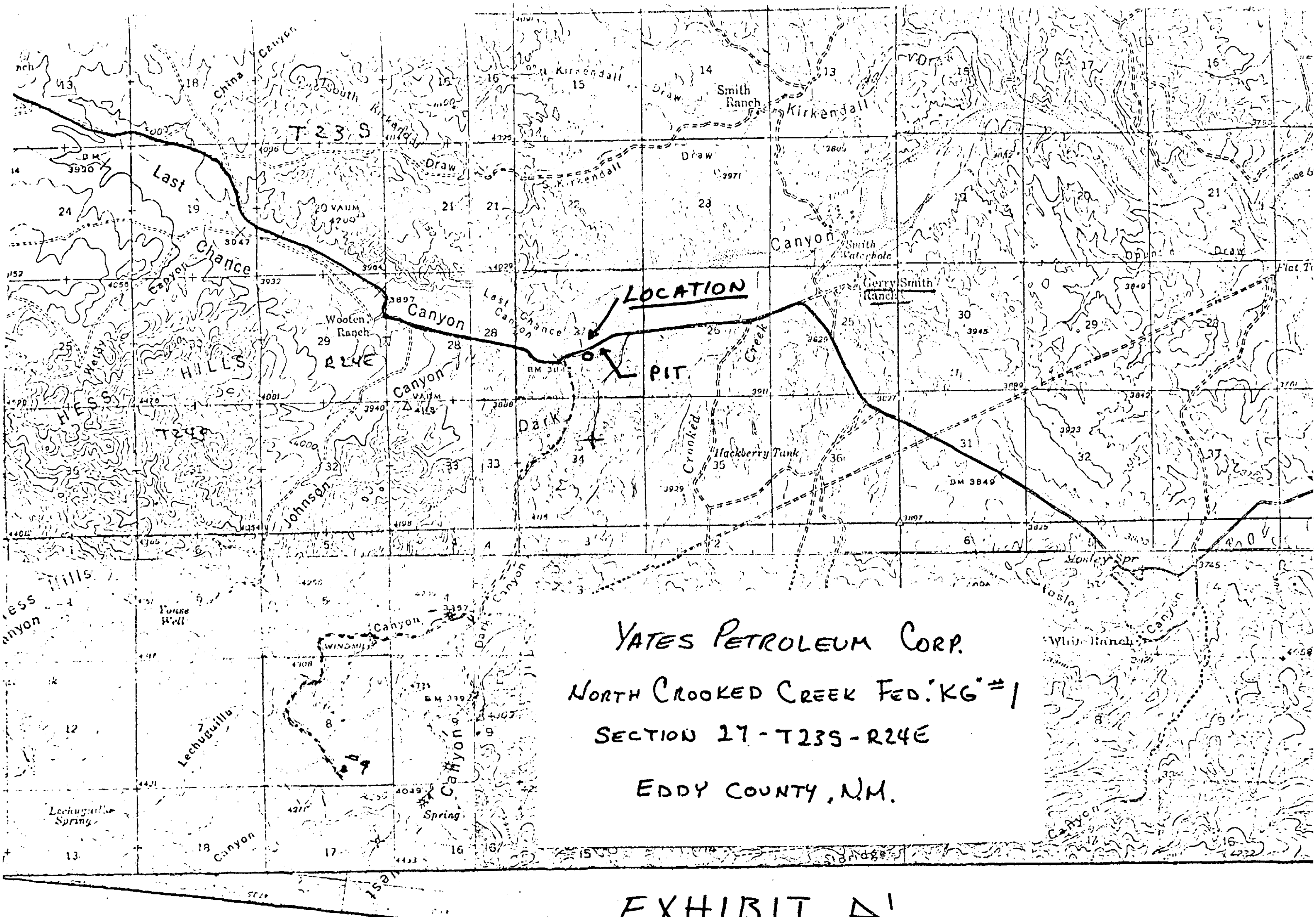
13. CERTIFICATION.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

4-8-79
Date

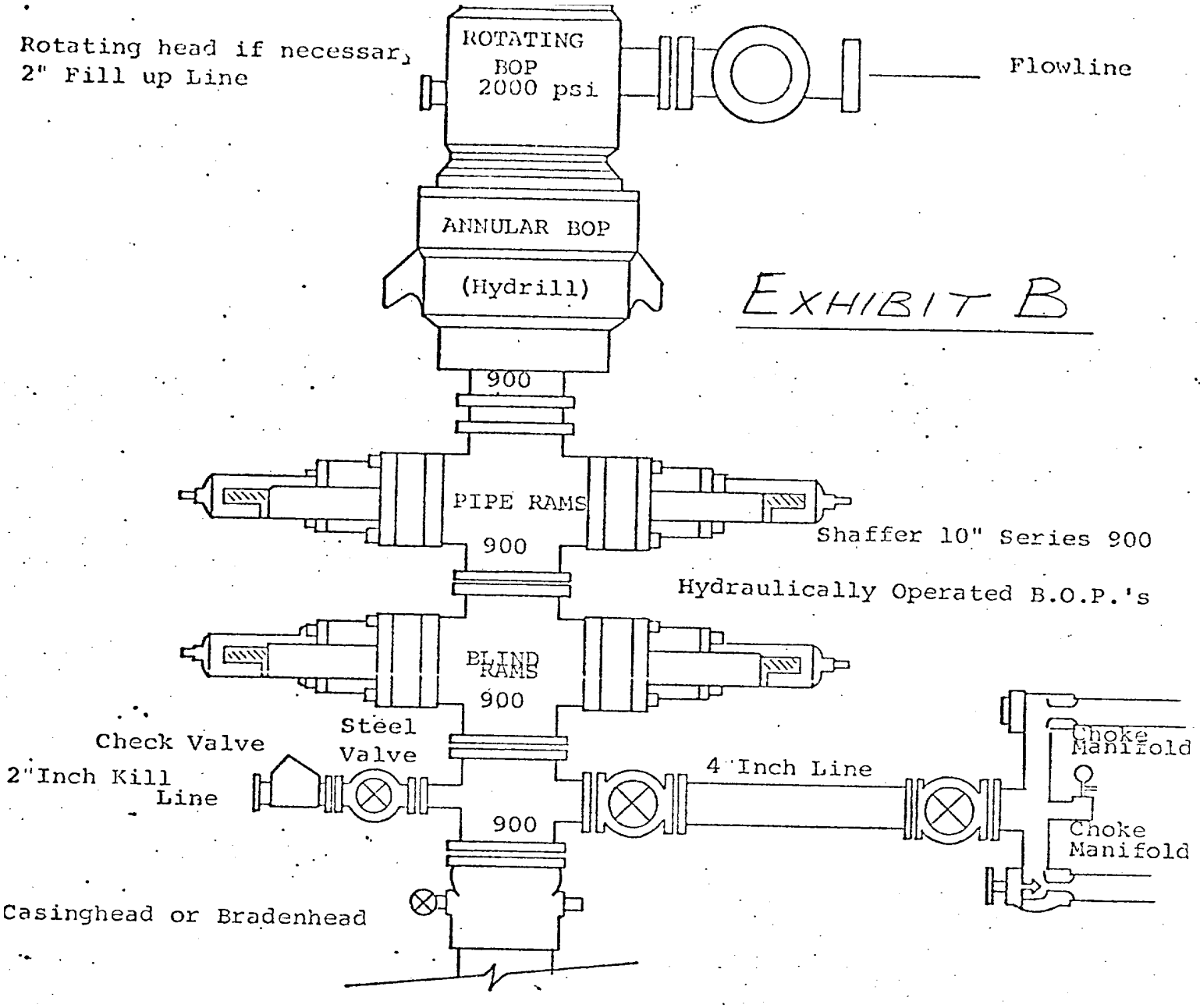
Gliserio Rodriguez
Gliserio Rodriguez, Geographer


EDDY COUNTY, NEW M
R23E
R24E
R25E
R26E
R27E
R28E
285
ALT 285
Artesia
82
Atoka
FORDINKUS
FORDINKUS RANCH
GAS PLANT
SCHARB
PARISH ROAD
FOSTER ROAD
Seven Rivers
COLOCO STA
T 20 S
62 180
Carlsbad
HWY MKR 30
HWY MKR 29
"KG"
PIT
YATES PETROLEUM CORP.
NORTH CROOKED CREEK FED. "KG" #1
SECTION 17 - T23S - R24E
EDDY COUNTY, NM.
EXHIBIT A



LOCATION
PIT
T23S
R24E
Last Chance Canyon
Dark Canyon
Crooked Creek
Hess Hills
Wooten Ranch
Smith Ranch
Kirkendall Draw
Hackberry Tank
Gerry Smith Ranch
Lechuguilla Canyon
Yates Petroleum Corp.
North Crooked Creek Fed. "KG" #1
Section 27 - T23S - R24E
Eddy County, N.M.

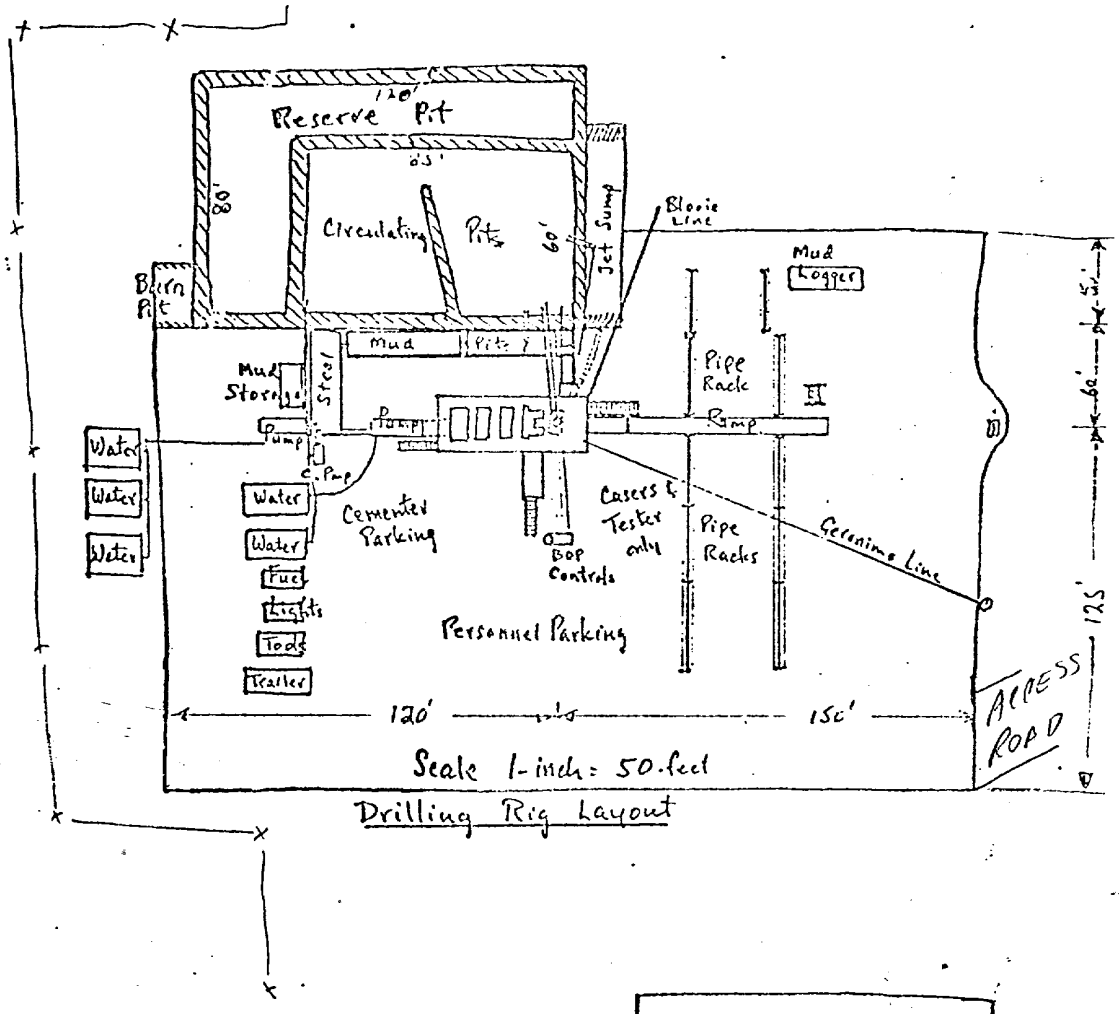
EXHIBIT A'



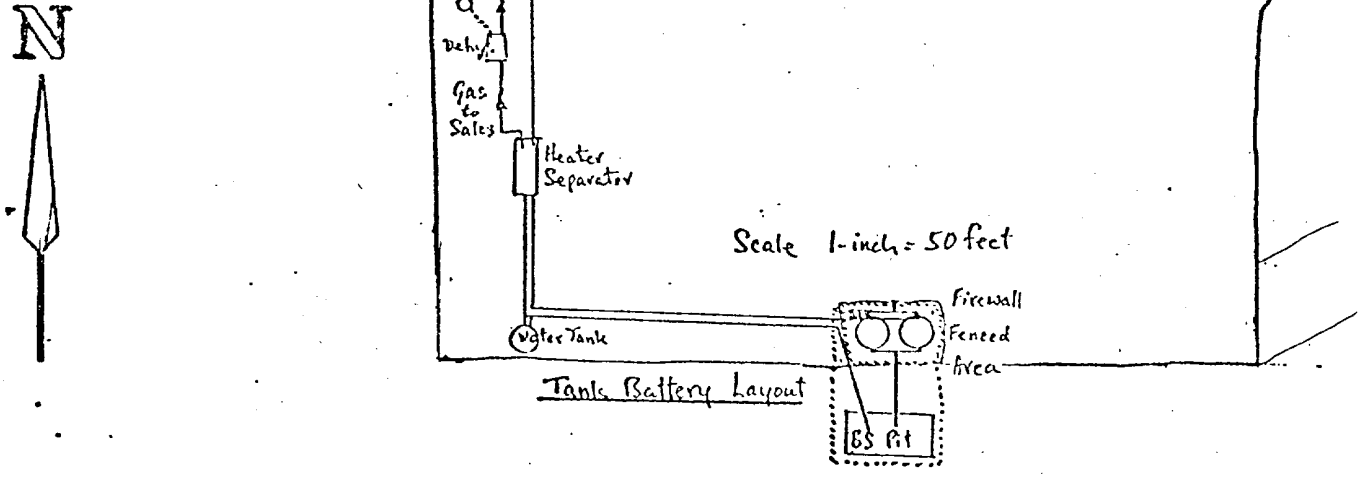
THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls located a safe distance from the rig floor
9. Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

EXHIBIT C



Drilling Rig Layout



Tank Battery Layout