

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
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

00 JUL -3 AM 11:42
OIL CONSERVATION DIV.

June 30, 2000

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attention: Mr. Michael E Stogner

Re: Administrative Application of Yates Petroleum Corporation for
Approval of an Unorthodox Oil/Gas Well Location, Chaves County
New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil/gas well location for any and all oil or gas production for its proposed Unforgiven "ARZ" State #2 to be re-entered at an unorthodox oil or gas well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 11, and in support states:

- 1) Yates Petroleum Corporation (Yates) requests that you take notice of **NSL-3911**.
- 2) Yates is the operator of subject well and is a working interest owner in the W/2 of Section 11. (See Exhibit # 1 enclosed)
- 3) Yates proposes to re-enter its Unforgiven "ARZ" State #2 an unorthodox oil or gas well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2, C-101 and C102 enclosed)
- 4) The subject well is to be re-entered at an unorthodox location in an attempt to establish gas production from the Penn or Wolfcamp formations from the existing wellbore.
- 5) Yates' geologic conclusion has not changed from the time that we applied for this unorthodox location when we initially drilled this well. Our conclusion is that a well drilled at the closest standard location would not be at the optimum

structural position within the fault block and would also encroach upon other subtle faults that may be present. (See Exhibit # 3, Geologist interpretation)

- 6) In the event the Penn or Wolfcamp formations are not capable of commercial production in this well, then Yates intends to test the San Andres formation that will also be at an unorthodox oil well location.
- 7) The lease on which the well will be re-entered is set to expire on August 1, 2000.
- 8) The lease on which the well will be drilled is the whole section and will encroach only this lease. (See Exhibit # 1, enclosed)
- 9) Yates is the offset operator in adjoining and diagonal spacing units to this proposed well. (See Exhibit #1)

Wherefore, Yates Petroleum Corporation requests that this matter be approved administratively by the Division in an expedited manner due to lease expiration of August 1, 2000.

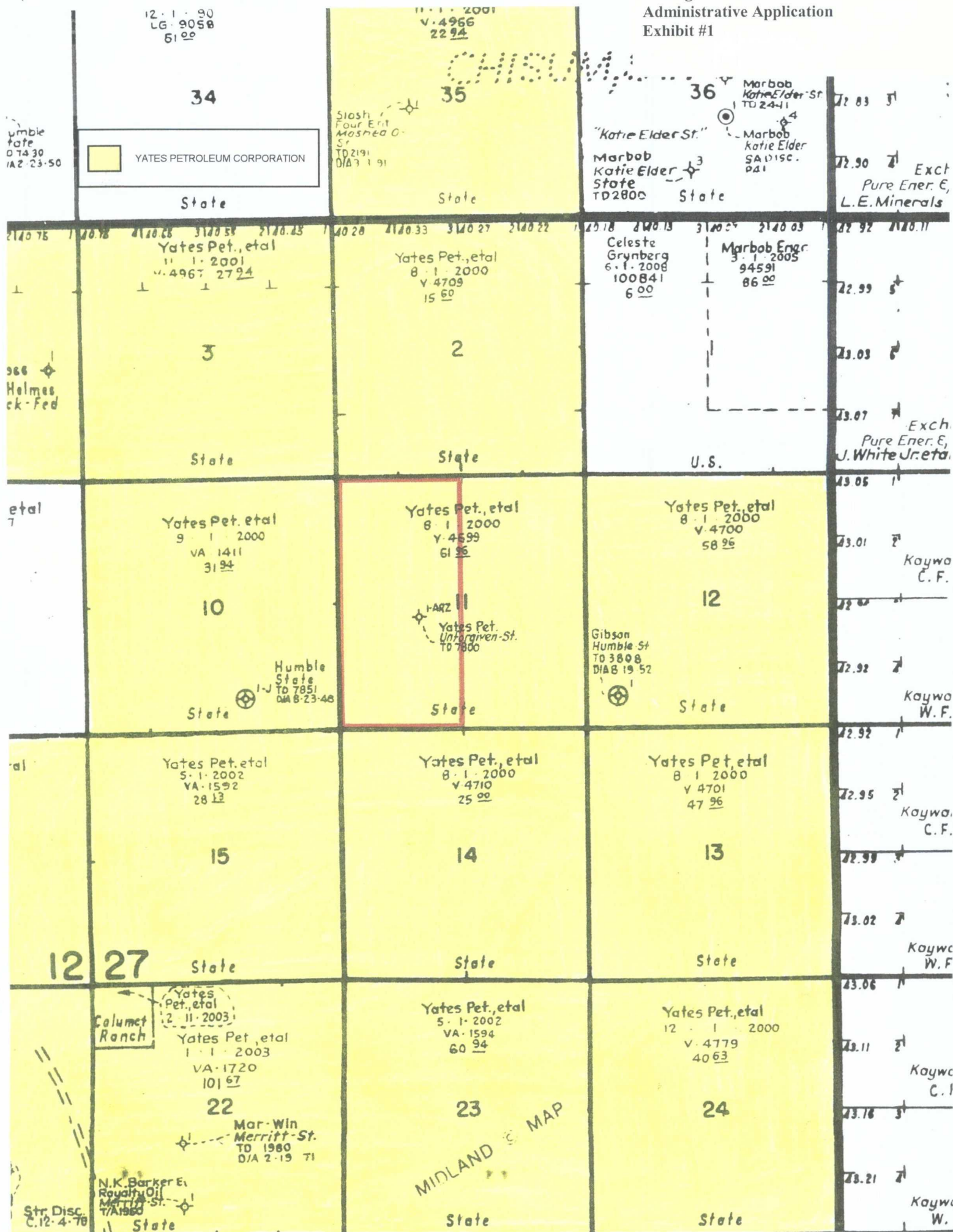
Respectfully submitted,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script, appearing to read "Chuck Moran".

Chuck Moran
Landman

Yates Petroleum Corporation
 Unforgiven ARZ State #2
 Administrative Application
 Exhibit #1



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

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 South Fourth Street Artesia, New Mexico 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30 - |
| ⁴ Property Code | ⁵ Property Name Unforgiven ARZ State | ⁶ Well No. 2 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 11 | 12S | 27E | | 2350' | South | 1800' | West | Chaves |

⁸ Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

⁹ Proposed Pool 1

Wildcat Penn

¹⁰ Proposed Pool 2

| | | | | |
|-----------------------------------|---------------------------------------|--|--|---|
| ¹¹ Work Type Code E | ¹² Well Type Code O | ¹³ Cable/Rotary Pulling Unit | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 3688' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 6852' | ¹⁸ Formation Penn | ¹⁹ Contractor Not Determined | ²⁰ Spud Date ASAP |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12 1/4" | 8 5/8" | 24# | 1525' | 950 sx | In Place |
| 7 7/8" | 4 1/2" | 11.60# | 6852' | ----- | TOC 2000' |
| | | | | | |
| | | | | | |
| | | | | | |

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 PAGE 2.

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

Signature:

Printed name: Cy Cowan

Title: Regulatory Agent

Date: June 30, 2000

Phone: (505) 748-1471

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: JUN 30 2000

Conditions of Approval:

Attached ☐

Expiration Date: JUN 30 2001

District I
 1625 N. French Dr., Hobbs, NM 88240
 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
 OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------------|--|-----------|---------------------------|
| API Number | | Pool Code | Pool Name Wildcat Penn |
| Property Code | Property Name Unforgiven ARZ State | | Well Number 2 |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | | Elevation 3688' |

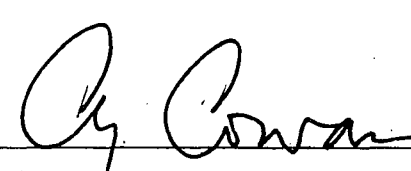
¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 11 | 12S | 27E | | 2350' | South | 1800' | East | Chaves |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|------------------------|---------|-----------------|-------|--------------------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres 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

| | | |
|--|---|--|
| <div style="border: 1px solid black; padding: 10px; width: 150px; height: 150px; position: relative;"> 6 <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-size: 2em;">V-4 699</div> <div style="position: absolute; bottom: 0; left: 0; border-top: 1px solid black; width: 100%;">1800'</div> <div style="position: absolute; right: 0; top: 50%; transform: rotate(90deg); border-left: 1px solid black; width: 100%;">2350'</div> </div> | <h4>¹⁷ OPERATOR CERTIFICATION</h4> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <div style="text-align: center; font-size: 1.5em;">  </div> <p>Signature <u>Cy Cowan</u></p> <p>Printed Name <u>Regulatory Agent</u></p> <p>Title <u>June 30, 2000</u></p> <p>Date</p> | |
| | <h4>¹⁸ SURVEYOR CERTIFICATION</h4> <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 style="text-align: center;">REFER TO ORIGINAL PLAT</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> | |
| | <p>Certificate Number</p> | |
| | | |
| | | |

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



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

Yates Petroleum Corporation
Unforgiven ARZ State #2
Administrative Application
Exhibit #3

PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

UNFORGIVEN 'ARZ' STATE #1

June 30, 2000

The Unforgiven 'ARZ' State #1 in 11-12S-27E was drilled in January 1998 as a 3-D seismic prospect into the Devonian. This unorthodox footage (2350' FSL & 1800 FWL) was decided upon as the optimum location to encounter the Devonian formation at its highest point on the structure to produce hydrocarbons. Shallower formations above the Devonian reflect the same structural positions.

Yates Petroleum Corporation proposes to reenter this well and test Penn sands, Wolfcamp dolomites, and San Andres dolomites for hydrocarbons. The geologic structural position of these formations, which were deposited above the Devonian, is enhanced by this Devonian structure.

Respectfully,

H. Tim Miller

H. Tim Miller



FAX

Date: Friday, June 30, 2000

Number of pages including cover sheet: 7

To:

Mr. Michael E. Stogner

NMOCD

Phone: 505-827-8125

Fax phone: 505-827-1389

CC:

Chuck Moran

105 South Fourth Street

Artesia, New Mexico 88210

Phone: 505-748-4349

Fax phone: 505-748-4572

From:

REMARKS:

☐ Urgent

☐ For your review

☐ Reply ASAP

☐ Please comment

Mr. Stogner,

Pursuant to our phone conversation on June 30, 2000, please see the attached application for non-standard location. As you requested, I have included my fax # above.

Chuck Moran

Landman

< TRANSACTION REPORT >

06-30-2000(FRI) 13:39

[TRANSMIT]

| NO. | DATE | TIME | DESTINATION STATION | PG. | DURATION | MODE | RESULT |
|-------|------|-------|---------------------|-----|------------|--------|--------|
| 23942 | 6-30 | 13:28 | 8 | 7 | 0° 11' 16" | NORMAL | OK |
| | | | | 7 | 0° 11' 16" | | |

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

SF

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

| | |
|--------------------------------------|--|
| WELL API NO. | 30-005-63160 |
| 5. Indicate Type of Lease | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. | VO-4699 |
| 7. Lease Name or Unit Agreement Name | |
| Unforgiven ARZ State | |
| 8. Well No. | 1 |
| 9. Pool name or Wildcat | Wildcat Devonian |

| | |
|--|--|
| 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: OR. WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | 2. Name of Operator YATES PETROLEUM CORPORATION |
| 3. Address of Operator 105 South 4th St., Artesia, NM 88210 | 4. Well Location Unit Letter <u>K</u> : <u>2350</u> Feet From The <u>South</u> Line and <u>1800</u> Feet From The <u>West</u> Line Section <u>11</u> Township <u>12S</u> Range <u>27E</u> NMPM Chaves County |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3688' GR | |

| | |
|---|--|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | PLUG AND ABANDONMENT <input checked="" type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: <input type="checkbox"/> |

12. 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.

Plugged and abandoned as follows:

2-17-98 - Swabbed. Loaded hole with brine with salt gel. Pulled tubing up to 1575'. Spotted 35 sacks Class "C" cement for 100' plug at bottom of surface casing. TOOH with tubing. Nippled down BOP. Ran 1 joint. Spotted 15 sacks Class "C" cement at surface. TOOH with tubing. Rigged down pulling unit. Cleaned location. Installed regulation abandonment marker. PLUGGED AND ABANDONED - FINAL REPORT. Plugging completed 2-16-98.

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

SIGNATURE Rusty Klein TITLE Operations Technician DATE Feb. 19, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

APPROVED BY [Signature] TITLE Field Rep I DATE 1-19-99
CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION DIVISION
811 S. First Street
ARTESIA, NEW MEXICO 88210
Ph (505) 748-1283

DATE March 19, 1998

Yates Petroleum Corp

105 S. 4th Street

Artesia NM 88210

Re: Plugging Reports

Gentlemen:

Form C-103 Report of Plugging for your Unforgiven ARZ State #1 K-11-12-27
Lease Well No. Ut. S-T-R

cannot be approved until an N.M.O.C.D. representative has made an inspection of the location and found it to be cleared to comply with Division Rules and Regulations. Please check each item in the space provided to indicate that the work has been done.

- () 1. All pits have been filled and leveled.
- () 2. Rat hole and cellar have been filled and leveled.
- () 3. A steel marker 4" in diameter and approximately 4' above mean ground level has been set in concrete. It must show the quarter-quarter section or unit designation, section, township and range numbers which have been permanently stenciled or welded on the marker.
- () 4. The location has been leveled as nearly as possible to original top ground contour and has been cleared of all junk and equipment.
- () 5. The dead men and tie downs have been cut and removed.
- () 6. If a one well lease or last remaining well on lease, the battery and burn pit locations have been leveled and cleared of all junk & equipment.

The above are minimum requirements and no plugging bond will be cancelled until all locations for plugged and abandoned wells have been inspected and Form C-103 approved.

When all of the work outlined above has been done, please notify this office by filling in the blank form below and returning this letter to us so that our representative will not have to make more than one trip to the location.

Mike Stubblefield
Mike Stubblefield
Deputy Oil & Gas Inspector

FILL IN BELOW AND RETURN

I certify that the above work has been done and the above mentioned lease is ready for your inspection and approval.

NAME

TITLE

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

SF

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

| | |
|--|--|
| WELL API NO. | 30-005-63160 |
| 5. Indicate Type of Lease | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. | VO-4699 |
| 7. Lease Name or Unit Agreement Name | |
| Unforgiven ARZ State | |
| 8. Well No. | 1 |
| 9. Pool name or Wildcat | Wildcat Devonian |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) | |
| 3688' GR | |

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 4th St., Artesia, NM 88210

4. Well Location
Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line
Section 11 Township 12S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3688' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|--|---|--|---|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <u>Open hole completion</u> <input checked="" type="checkbox"/> | |

12. 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.

2-10-98 - Cleaned location and set anchors. Moved in and rigged up pulling unit. TIH with bull plug, perforated sub, seating nipple at 85 joints 2-7/8" tubing. Tagged up at 2670'. Nipped up BOP.

2-11-98 - Displaced mud from hole with 2% KCL. Pulled tubing up to 2550'. Spotted 1000 gallons 15% iron control HCL acid. Displaced with 15 bbls 2% KCL. Let set 1 hour. Pumped 40 bbls 2% KCL down tubing to wash open hole with acid. Reversed out tubing. Swabbed. Shut well in.

2-12-98 - Swabbed. Shut well in.

2-13-98 - Swabbed. Shut well in.

2-14-16-98 - Shut in.

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

SIGNATURE Rusty Klein TITLE Operations Technician DATE Feb. 19, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use) ORIGINAL OFFICE BY W. G. GUM
DISTRICT II SUPERVISOR

APPROVED BY _____ TITLE _____ DATE 2-23-98

CONDITIONS OF APPROVAL, IF ANY:

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

| |
|---|
| WELL API NO. 30-005-63160 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. VO-4699 |
| 7. Lease Name or Unit Agreement Name Unforgiven ARZ State |
| 8. Well No. 1 |
| 9. Pool name or Wildcat Wildcat Devonian |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3688' GR |

1990 FEB
RECEIVED
OCD - ARTESIA

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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | 2. Name of Operator YATES PETROLEUM CORPORATION |
| 3. Address of Operator 105 South 4th St., Artesia, NM 88210 | 4. Well Location Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line Section 11 Township 12S Range 27E NMPM Chaves County |

| | |
|---|--|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | PLUG AND ABANDONMENT <input checked="" type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: <input type="checkbox"/> |

12. 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.

Plugged and abandoned as follows:

2-17-98 - Swabbed. Loaded hole with brine with salt gel. Pulled tubing up to 1575'. Spotted 35 sacks Class "C" cement for 100' plug at bottom of surface casing. TOOH with tubing. Nippled down BOP. Ran 1 joint. Spotted 15 sacks Class "C" cement at surface. TOOH with tubing. Rigged down pulling unit. Cleaned location. Installed regulation abandonment marker. PLUGGED AND ABANDONED - FINAL REPORT. Plugging completed 2-16-98.

TP 7800

Post TD 2
3-13-98
P417

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

SIGNATURE Rusty Klein TITLE Operations Technician DATE Feb. 19, 1998
TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-147

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

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

| | |
|--|--|
| WELL API NO. | 30-005-63160 |
| 5. Indicate Type of Lease | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. | VO-4699 |
| 7. Lease Name or Unit Agreement Name | |
| Unforgiven ARZ State | |
| 8. Well No. | 1 |
| 9. Pool name or Wildcat | Wildcat Devonian |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) | |
| 3688' GR | |

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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | 2. Name of Operator YATES PETROLEUM CORPORATION |
| 3. Address of Operator 105 South 4th St., Artesia, NM 88210 | 4. Well Location Unit Letter <u>K</u> : <u>2350</u> Feet From The <u>South</u> Line and <u>1800</u> Feet From The <u>West</u> Line Section <u>11</u> Township <u>12S</u> Range <u>27E</u> NMPM <u>Chaves</u> County |

| | |
|---|---|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: <u>Plug back</u> <input checked="" type="checkbox"/> |

12. 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.

TD 7800'. Tim Bussell, Drilling Foreman for Yates Petroleum Corporation, received verbal permission from Ray Smith w/OCD-Artesia to plug back as follows:

Plug #1: 45 sacks "C" Neat set at 5862'. PD 10:45 PM 2-2-98.
Plug #2: 50 sacks "C" Neat set at 4157'. PD 12:00 AM 2-3-98.
Plug #3: 60 sacks "C" Neat set at 2766'. PD 1:30 AM 2-3-98. NOTE: Calculated top of cement at 2600'.

Released rig at 8:15 AM 2-3-98.

Waiting on completion unit.

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

SIGNATURE Rusty Klein TITLE Operations Technician DATE Feb. 6, 1998
TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use) **ORIGINAL SIGNED BY TIM W. GUM**
DISTRICT II SUPERVISOR

APPROVED BY _____ TITLE _____ DATE 2-11-98
CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
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

| | |
|------------------------------|--|
| WELL API NO. | 30-005-63160 |
| 5. Indicate Type of Lease | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. | VO-4699 |

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 4th St., Artesia, NM 88210

4. Well Location
Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line

Section 11 Township 12S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3688' GR

| |
|--|
| 7. Lease Name or Unit Agreement Name Unforgiven ARZ State |
| 8. Well No. <u>1</u> |
| 9. Pool name or Wildcat Wildcat Devonian |

| | |
|---|---|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: <input type="checkbox"/> |

12. 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.

Well to be plugged as follows:

Plug #1: 100' Class C cement plug will be set 50' in and out of surface casing
Plug #2: 15 sacks Class C cement at surface

Regulation dry hole marker will be installed.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Rusty Klein TITLE Operations Technician DATE Feb. 19, 1998
TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

APPROVED BY ORIGINAL SIGNED BY TIM W. GUM TITLE DISTRICT II SUPERVISOR DATE 2-23-98
CONDITIONS OF APPROVAL, IF ANY:

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

| | |
|--|--|
| WELL API NO. | 30-005-63160 |
| 5. Indicate Type of Lease | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. | VO-4699 |
| 7. Lease Name or Unit Agreement Name | |
| Unforgiven ARZ State | |
| 8. Well No. | 1 |
| 9. Pool name or Wildcat | Wildcat Devonian |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) | |
| 3688' GR | |

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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> |
| 2. Name of Operator | YATES PETROLEUM CORPORATION |
| 3. Address of Operator | 105 South 4th St., Artesia, NM 88210 |
| 4. Well Location | Unit Letter <u>K</u> : <u>2350</u> Feet From The <u>South</u> Line and <u>1800</u> Feet From The <u>West</u> Line |
| Section <u>11</u> | Township <u>12S</u> Range <u>27E</u> NMPM Chaves County |

| | |
|---|---|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: <u>Plug back</u> <input checked="" type="checkbox"/> |

12. 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.

TD 7800'. Reached TD at 2:30 PM 1-30-98,

Plugged back as follows:

Plug #1: 50 sacks "H" Neat set at 7800'. PD 8:15 PM 1-31-98. Laid down 24 joints drill pipe. Circulated at 7060'.

Plug #2: 115 sacks "H" Neat set at 7060'. PD 11:45 PM 1-31-98. TOOH with 10 stands drillpipe. WOC.

TIH and tagged cement at 6833'. TOOH. TIH with bit. Dressed cement plug off to 6852'.

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

SIGNATURE Rusty Klein TITLE Operations Technician DATE Feb. 6, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

APPROVED BY Jim W. Green TITLE District Supervisor DATE 2/11/98

CONDITIONS OF APPROVAL, IF ANY:

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

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-105
Revised 1-1-89

WELL API NO. 30-005-63160

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
VO-4699

7. Lease Name or Unit Agreement Name
Unforgiven ARZ State

8. Well No. 1

9. Pool name or Wildcat
Wildcat

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL ☐ GAS WELL ☐ DRY ☒ OTHER ☐

b. Type of Completion:
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIPP RESVR ☐ OTHER ☐

2. Name of Operator
YATES PETROLEUM CORPORATION (505) 748-1471

3. Address of Operator
105 South 4th St., Artesia, NM 88210

4. Well Location
Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line
Section 11 Township 12S Range 27E NMPM Chaves County

10. Date Spudded
RH 1-5-98
RT 1-7-98

11. Date T.D. Reached
1-30-98

12. Date Compl. (Ready to Prod.)
P & A 2-16-98

13. Elevations (DF & RKB, RT, GR, etc.)
3688' GR

14. Elev. Casinghead

15. Total Depth
7800'

16. Plug Back T.D.

17. If Multiple Compl. How Many Zones?

18. Intervals Drilled By
Rotary Tools
40-7800'

19. Producing Interval(s), of this completion - Top, Bottom, Name
Dry

20. Was Directional Survey Made
No

21. Type Electric and Other Logs Run
CNL/GR, BHC & Laterolog

22. Was Well Cored
No

CASING RECORD (Report all strings set in well)

| CASING SIZE | WEIGHT LB/FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
|-------------|---------------|-----------|-----------|--------------------|---------------|
| 16" | | 40' | 20" | Cement to surface | |
| 8-5/8" | 24# | 1525' | 12-1/4" | 950 sx - circulate | |
| | | | | | |
| | | | | | |
| | | | | | |

| LINER RECORD | | | | TUBING RECORD | | |
|--------------|-----|--------|--------------|---------------|------|-----------|
| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | SIZE | DEPTH SET |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| 26. Perforation record (interval, size, and number) | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. | |
|---|---|-------------------------------|
| | DEPTH INTERVAL | AMOUNT AND KIND MATERIAL USED |
| | | |
| | | |

PRODUCTION

28. Date First Production
Production Method (Flowing, gas lift, pumping - Size and type pump)
P & A 2-16-98
Well Status (Prod. or Shut-in)
Dry

Date of Test
Hours Tested
Choke Size
Prod'n For Test Period
Oil - Bbl.
Gas - MCF
Water - Bbl.
Gas - Oil Ratio

Flow Tubing Press.
Casing Pressure
Calculated 24-Hour Rate
Oil - Bbl.
Gas - MCF
Water - Bbl.
Oil Gravity - API - (Corr.)

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
Test Witnessed By

30. List Attachments

Drill Stem Tests, Deviation Survey & Logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Rusty Klein Printed Name Rusty Klein Title Operations Tech. Date 3-23-98

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

| | | | |
|--------------------------|------------------------|-----------------------------|------------------------|
| T. Anhy _____ | T. Canyon _____ | T. Ojo Alamo _____ | T. Penn. "B" _____ |
| T. Salt _____ | T. Strawn _____ | T. Kirtland-Fruitland _____ | T. Penn. "C" _____ |
| B. Salt _____ | T. Atoka _____ | T. Pictured Cliffs _____ | T. Penn. "D" _____ |
| T. Yates _____ | T. Miss 6798' | T. Cliff House _____ | T. Leadville _____ |
| T. 7 Rivers _____ | T. Devonian 7142' | T. Menefee _____ | T. Madison _____ |
| T. Queen _____ | T. Silurian _____ | T. Point Lookout _____ | T. Elbert _____ |
| T. Grayburg _____ | T. Montoya _____ | T. Mancos _____ | T. McCracken _____ |
| T. San Andres 1363' | T. Simpson _____ | T. Gallup _____ | T. Ignacio Otzte _____ |
| T. Glorieta 2711' | T. McKee _____ | Base Greenhorn _____ | T. Granite _____ |
| T. Paddock _____ | T. Ellenburger _____ | T. Dakota _____ | T. _____ |
| T. Blinbry _____ | T. Gr. Wash _____ | T. Morrison _____ | T. _____ |
| T. Tubb 4096' | T. Delaware Sand _____ | T. Todilto _____ | T. _____ |
| T. Drinkard _____ | T. Bone Springs _____ | T. Entrada _____ | T. _____ |
| T. Abo 4888' | T. Fusselman 7462' | T. Wingate _____ | T. _____ |
| T. Wolfcamp 5822' | T. _____ | T. Chinle _____ | T. _____ |
| T. Penn 6335' | T. _____ | T. Permian _____ | T. _____ |
| T. Cisco (Bough C) _____ | T. _____ | T. Penn "A" _____ | T. _____ |

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
 No. 2, from.....to.....
 No. 3, from.....to.....
 No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness in Feet | Lithology | From | To | Thickness in Feet | Lithology |
|------|------|----------------------|----------------------------|------|----|----------------------|-----------|
| 0 | 302 | 302 | Surface & redbed | | | | |
| 302 | 1257 | 955 | Redbed | | | | |
| 1257 | 1525 | 268 | Anhydrite | | | | |
| 1525 | 2000 | 475 | Anhydrite & dolomite | | | | |
| 2000 | 2335 | 335 | Anhydrite, dolomite & lime | | | | |
| 2335 | 2801 | 466 | Lime | | | | |
| 2801 | 2987 | 186 | Sand & shale | | | | |
| 2987 | 3300 | 313 | Dolomite | | | | |
| 3300 | 4242 | 942 | Dolomite & anhydrite | | | | |
| 4242 | 4659 | 417 | Dolo, anhy, sand | | | | |
| 4659 | 4842 | 183 | Dolomite & anhydrite | | | | |
| 4842 | 5148 | 306 | Dolomite | | | | |
| 5148 | 5500 | 352 | Shale & dolomite | | | | |
| 5500 | 5832 | 332 | Dolomite | | | | |
| 5832 | 6440 | 608 | Lime | | | | |
| 6440 | 7123 | 683 | Lime & shale | | | | |
| 7123 | 7164 | 41 | Lime & dolomite | | | | |
| 7164 | 7414 | 250 | Dolomite & shale | | | | |
| 7414 | 7800 | 386 | Dolomite | | | | |

YATES PETROLEUM CORPORATION
Unforgiven ARZ State #1
Section 11-T12S-R27E
Chaves County, New Mexico

RESULTS OF DRILL STEM TESTS:

DST #1 5781-5832' (Wolfcamp): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 60".
RECOVERY: 11.3' drilling mud. SAMPLER: 2600 cc mud. PRESSURES: IHP 3031;
IFP 59-70; ISIP 69; 2nd FP 69-75; 2nd SIP 1020; 3rd FP 93-95; FHP 3031

DST #2 7120-7152' (Devonian): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 15".
RECOVERY: 5' of mud. SAMPLER: 2600 cc mud. PRESSURES: IHP 3731; IFP 39-41;
ISIP 61; 2nd FP 41-41; 2nd SIP 65; FFP 41-41; FHP 3738

DST #3 7108-7164' (Devonian): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 60".
RECOVERY: 671' of water. SAMPLER: 2600 cc water. PRESSURES: IHP 3704; IFP
100-178; ISIP 2822; 2nd FP 183-354; 2nd SIP 2820; 3rd FP 356-420; FHP 3835

DST #4 7445-7475' (Montoya): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 60".
RECOVERY: 90' of mud and 1310' of formation water. SAMPLER: 2200 cc water.
PRESSURES: IHP 3906; IFP 83-244; ISIP 2964; 2nd FP 252-489; 2nd SIP 2969; 3rd
FP 491-646; FHP 3877

DST #5 6608-6852' (Penn): TIMES: TO 180"; SI 120"; TO 30". RECOVERY: 356' of
mud. SAMPLER: 2600 cc mud. PRESSURES: IHP 3571; IFP 408-304; ISIP 794; FFP
358-401; FHP 3574

L & M DRILLING, INC.

OIL WELL DRILLING CONTRACTORS

PO BOX 1370

ARTESIA, NEW MEXICO 88211-1370

(505) 746-4405 746-3518 748-2205

February 13, 1998

Yates Petroleum Corporation
105 South Fourth
Artesia, NM 88210

RE: Unforgiven ARZ State #1
2350' FSL & 1800' FWL
Sec. 11, T12S, R27E
Chaves County, New Mexico

Gentlemen:

The following is a Deviation Survey for the above captioned well.

| DEPTH | DEVIATION | DEPTH | DEVIATION |
|-------|-----------|-------|-----------|
| 261' | 1/4 | 4372' | 3/4 |
| 758' | 1/2 | 4834' | 1/4 |
| 951' | 1/2 | 5392' | 1/2 |
| 1470' | 1/2 | 5832' | 1 |
| 1525' | 1 | 6289' | 3/4 |
| 2015' | 1 1/4 | 6790' | 1 |
| 2513' | 3/4 | 7152' | 1 1/4 |
| 3007' | 3/4 | 7475' | 1 |
| 3500' | 3/4 | 7800' | 1 1/4 |
| 3884' | 1/2 | | |

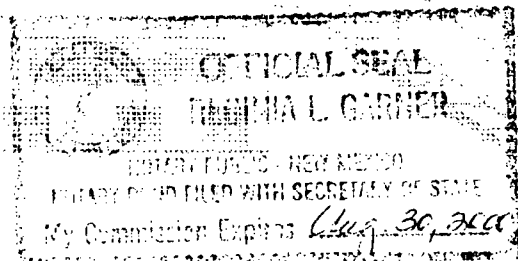
Very truly yours,


Eddie C. LaRue
Vice President

STATE OF NEW MEXICO
COUNTY OF EDDY

The foregoing was acknowledged before me
this 13th day of February, 1998.


Notary Public



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

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

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

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

| |
|---|
| WELL API NO. 30-005-63160 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. VO-4699 |
| 7. Lease Name or Unit Agreement Name Unforgiven ARZ State |
| 8. Well No. 1 |
| 9. Pool name or Wildcat Wildcat |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3688' GR |

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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | 2. Name of Operator YATES PETROLEUM CORPORATION |
| 3. Address of Operator 105 South 4th St., Artesia, NM 88210 | 4. Well Location Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line Section 11 Township 12S Range 27E NMPM Chaves County |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3688' GR | |

| | |
|---|---|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| OTHER: Request to drill deeper <input checked="" type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: <input type="checkbox"/> |

12. 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.

Yates Petroleum Corporation respectfully requests permission to drill this well to a depth of approximately 7800' to test the Basement (Granite) and intermediate formations.

This was originally permitted to drill to a depth of 7130' to test the Devonian and intermediate formations.

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

SIGNATURE Rusty Klein TITLE Operations Technician DATE Jan. 28, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

ORIGINAL SIGNED BY TIM W. GUM DATE FEB 2 1998
DISTRICT II SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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 APT Number 30-005-63160 | | 2 Pool Code | | 3 Pool Name Wildcat | | |
| 4 Property Code | | 5 Property Name Unforgiven ARZ State | | | 6 Well Number 1 | |
| 7 OGRID No. 025575 | | 8 Operator Name Yates Petroleum Corporation | | | 9 Elevation 3688' GR | |

10 Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|------------------|
| UL or lot no. K | Section 11 | Township 12S | Range 27E | Lot Ida | Feet from the 2350 | North/South line South | Feet from the 1800 | East/West line West | County Chaves |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|------------------|

11 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 |
| | | | | | | | | | |
| 12 Dedicated Acres 40 | | 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

| | | | | | | |
|---------------|--|--|--|--|---|--|
| <div>16</div> | | | | | <div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Rusty Klein</i> Signature Rusty Klein Printed Name Operations Technician Title Jan. 28, 1998 Date</p> | |
| | | | | | <div>18 SURVEYOR CERTIFICATION</div> <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</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> | |
| | | | | | Certificate Number | |
| | | | | | | |

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

WELL API NO.

30-005-63160

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

VO-4699

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 4th St., Artesia, NM 88210

4. Well Location

Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line

Section 11 Township 12S Range 27E NMPM Chaves County

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

3688' GR

7. Lease Name or Unit Agreement Name

Unforgiven ARZ State

8. Well No.

1

9. Pool name or Wildcat

Wildcat Devonian

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: Spud, conductor, surface casing & cmt ☒

12. 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.

Spudded a 20" hole with rat hole machine at 11:15 AM 1-5-98. Set 40' of 16" conductor pipe. Cemented to surface. NOTE: Notified Carmen w/OCD-Artesia of spud. Resumed drilling a 12-1/4" hole with rotary tools at 3:15 PM 1-7-98.

TD 1525'. Reached TD at 10:15 PM 1-9-98. Ran 34 joints of 8-5/8" 24# J-55 (1528.57') of casing set at 1525'. 1-Texas Pattern notched guide shoe set at 1525'. Insert float set at 1480'. Cemented with 750 sacks BJ Lite "C" (65-35-6), 5#/sack gilsonite, 1/4#/sack celloflake and 2% CaCl₂ (yield 2.01, weight 12.66). Tailed in with 200 sacks Class C and 2% CaCl₂ (yield 1.34, weight 14.8). PD 7:45 AM 1-10-98. Bumped plug to 660 psi, OK. Circulated 111 sacks. WOC. Nippled up and tested to 1200 psi for 30 minutes, OK. Drilled out at 9:45 PM 1-10-98. WOC 14 hours. Reduced hole to 7-7/8". Resumed drilling.

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

SIGNATURE

Rusty Klein

TITLE Operations Technician

DATE Jan. 19, 1998

TYPE OR PRINT NAME

Rusty Klein

TELEPHONE NO. 505/748-147

(This space for State Use)

ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

FEB 6 1998

APPROVED BY

TITLE

DATE

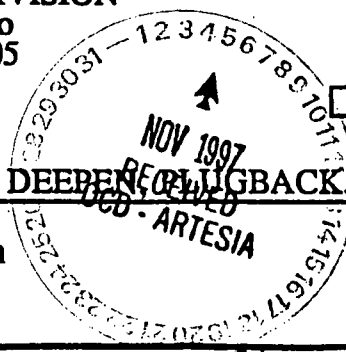
CONDITIONS OF APPROVAL, IF ANY:

District I
PO 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 Department

Form C-101
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505



☐ AMENDED REPORT

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

| | | |
|---|--|--|
| ¹ Operator Name and Address. Yates Petroleum Corporation 105 S. 4th Street Artesia, New Mexico 88210 | | ² OGRID Number 025575 |
| ⁴ Property Code 22246 | | ³ API Number 90-015-29964 |
| ⁵ Property Name Unforgiven "ARZ" 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 11 | 12S | 27E | | 2350' | South | 1800' | West | Chaves |

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 Long Arroyo, NW Wildcat Devonian Dev | | | | | ¹⁰ Proposed Pool 2 | | | | |

| | | | | |
|-----------------------------------|---------------------------------------|--------------------------------------|--|---|
| ¹¹ Work Type Code N | ¹² Well Type Code O | ¹³ Cable/Rotary Rotary | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 3688' |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 7130' | ¹⁸ Formation Devonian | 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 |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12 1/4" | 8 5/8" | 24# | 1500' | 700 sx | Circulate |
| 7 7/8" | 5 1/2" | 15.5 # 17# | 7130' | 800 sx | As warranted |
| | | | | | |
| | | | | | |
| | | | | | |

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 and test the Devonian and intermediate formations. Approximately 1500' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

MUD PROGRAM: Spud to 1500' FW Gel/LCM; 1500' to 4900' Cut Brine; 4900' to 7130' SW Gel Starch.

BOPE PROGRAM: BOPE will be installed 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:

Clifton R. May

Printed name:

CLIFTON R. MAY

Title:

REGULATORY AGENT

Date:

November 5, 1997

Phone:

505-748-4347

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY TIM W. GUM

Title:

DISTRICT II SUPERVISOR

Approval Date:

DEC 12 1997

Expiration Date:

12-12-98

Conditions of Approval:

Attached ☐

NSL # 2911
12-8-97

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---|--|
| API Number 30-015-29964 | Pool Code | Pool Name LONG ARROYO, NW Wildcat Devonian |
| Property Code | Property Name UNFORGIVEN "ARZ" STATE | Well Number 1 |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | Elevation 3688 |

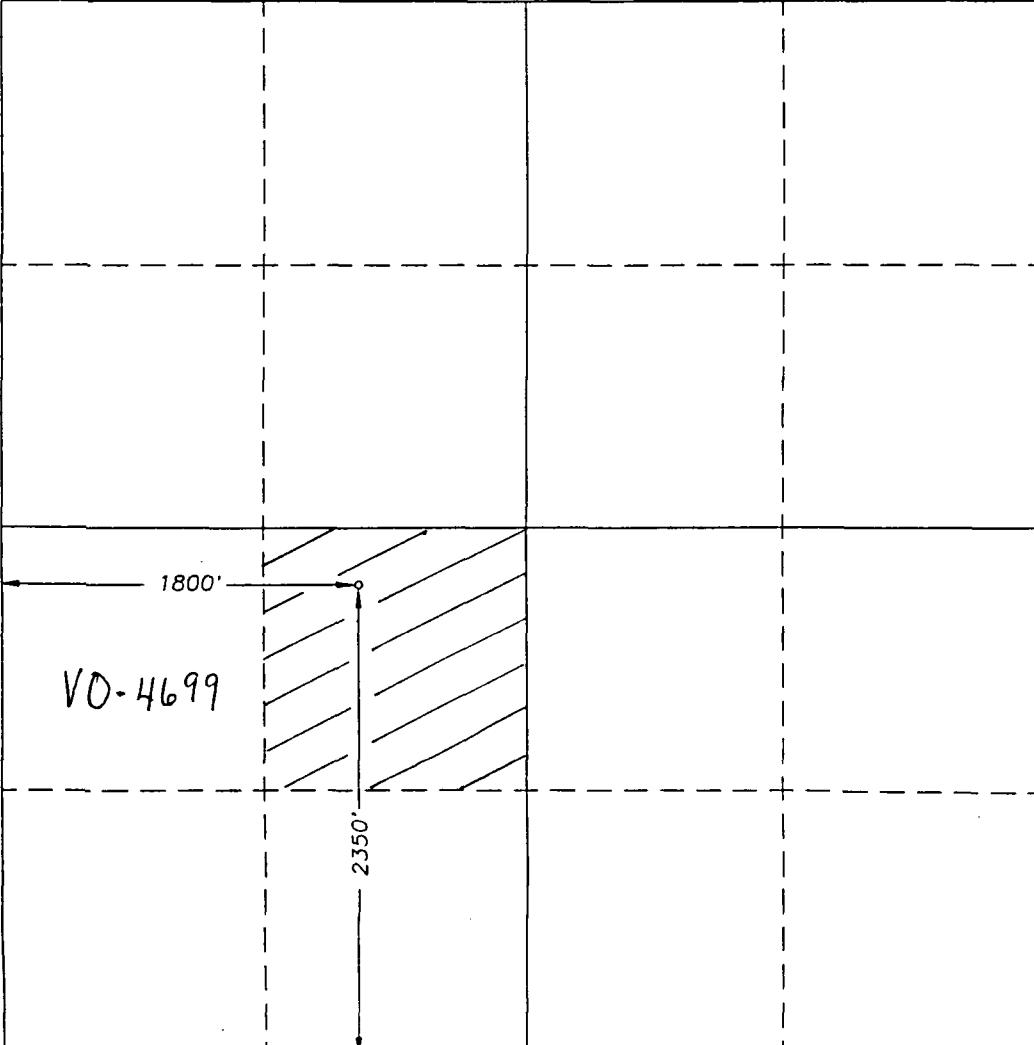
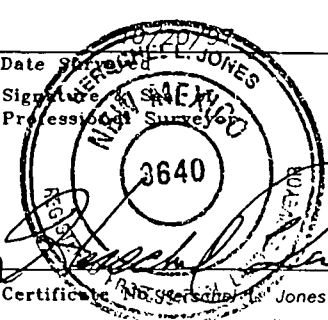
Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 11 | 12S | 27E | | 2350 | SOUTH | 1800 | WEST | CHAVES |

Bottom Hole Location If Different From Surface

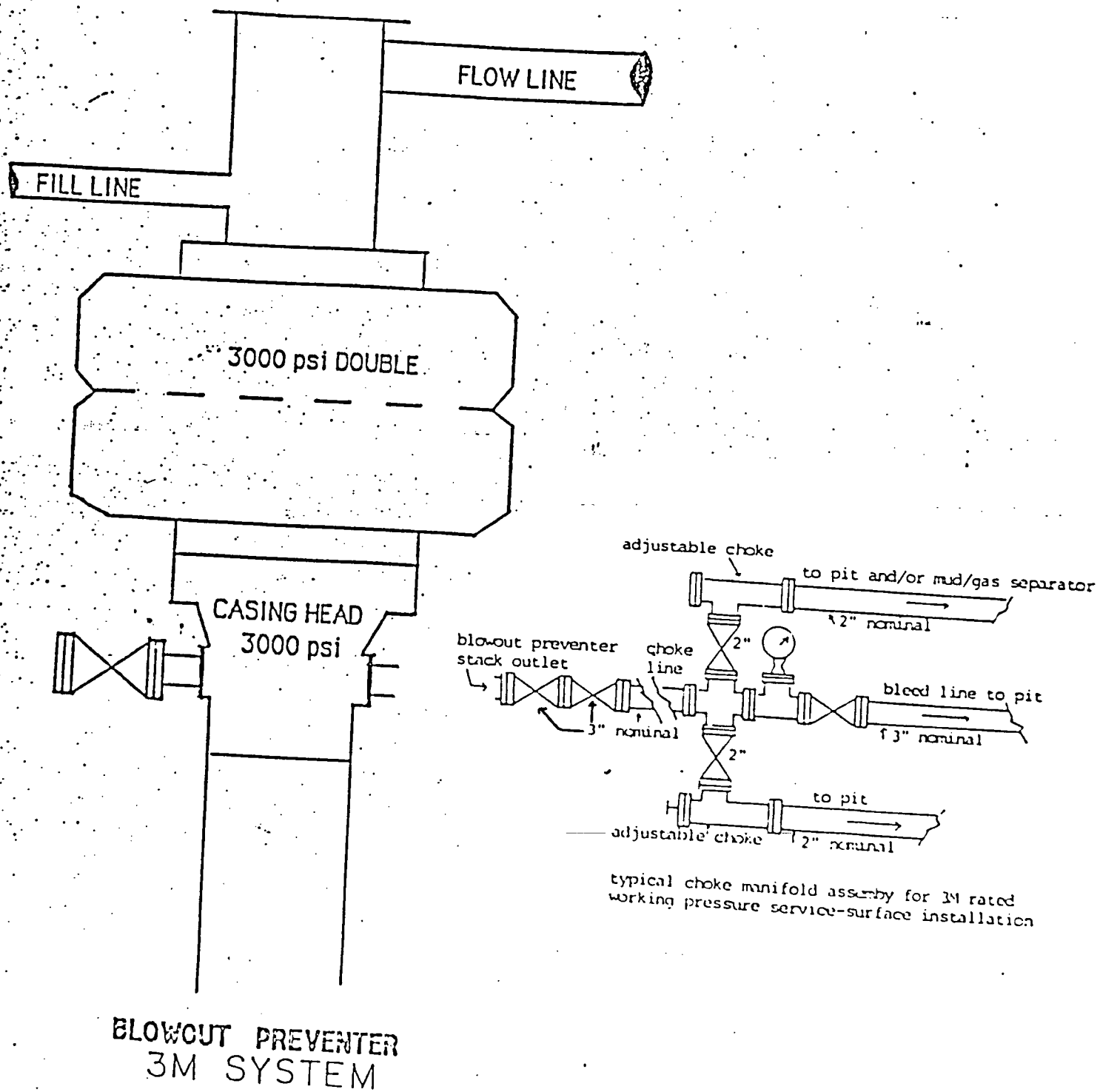
| | | | | | | | | | |
|------------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| | | | | | | | | | |
| Dedicated Acres 40 | 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

| | |
|---|--|
|  | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Clifton R. May</i> Signature</p> <p>Clifton R. May Printed Name</p> <p>Regulatory Agent Title</p> <p>November 5, 1997 Date</p> |
| | <p>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>Date <i>11/20/97</i> Signature <i>[Signature]</i> Professional Surveyor</p> <p></p> <p>Certificate No. <i>3640</i> Jones RLS 3640 UNFORGVN DISK #6 GENERAL SURVEYING COMPANY</p> |

YATES PETROLEUM CORPORATION

EXHIBIT B



WRS COMPLETION REPORTREISSUES
30-T-0001 06/12/98 SEC 11 TWP 12S RGE 27E
30-005-63160-0000 PAGE 1

NMEX CHAVES * 2350FSL 1800FWL SEC
STATE COUNTY FOOTAGE SPOT
YATES PET WF WF
OPERATOR WELL CLASS INIT FIN
1 UNFORGIVEN 'ARZ' STATE
WELL NO. LEASE NAME
3688GR LONG ARROYO NE
OPER ELEV FIELD/POOL/AREA
API 30-005-63160-0000
LEASE NO. PERMIT OR WELL I.D. NO.
01/05/1998 02/16/1998 ROTARY VERT D&A
SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS
7130 DEVONIAN L & M DRLG CO 1
PROJ. DEPTH PROJ. FORM CONTRACTOR
DTD 7800 FM/TD MONTOYA
DRILLERS T.D. LOG T.D. PLUG BACK TO OLD T.D. FORM T.D.

LOCATION DESCRIPTION

12 MI NE DEXTER, NM
2.50 MI SW/2664' (SADR) OIL PROD IN CHISUM SOUTH FLD

CASING/LINER DATA

CSG 16 @ 40
CSG 8 5/8 @ 1525 W/ 950 SACKS

| TYPE | FORMATION | LTH | TOP DEPTH/SUB | BSE DEPTH/SUB |
|------|-----------|-----|---------------|---------------|
| LOG | SN ANDRS | | 1363 2325 | |
| LOG | GLORIETA | | 2711 977 | |
| LOG | TUBB | | 4096 -408 | |
| LOG | ABO | | 4888 -1200 | |
| LOG | WOLFCAMP | | 5822 -2134 | |
| LOG | PNNSYLVN | | 6335 -2647 | |
| LOG | MSSP | | 6798 -3110 | |
| LOG | DEVONIAN | | 7142 -3454 | |
| LOG | FUSSELMN | | 7462 -3774 | |

SUBSEA MEASUREMENTS FROM GR

FORMATION TEST DATA

DST 1 5781- 5832 ABO
OVERLAPS WOLFCAMP
REC 11.3 FT MUD 2600.0 CC MUD
INIT OP 20M IFP 59 FFP 70
FINAL OP 1H IFP 93 FFP 95
ISIP 69 1H IHP 3031 FHP 3031

CONTINUED IC# 300057005397

COPYRIGHT 1998

**Petroleum Information/
Dwights LLC**P/D-WRS-GET
Form No 187

REISSUES SEC 11 TWP 12S RGE 27E
30-T-0001 06/12/98 30-005-63160-0000 PAGE 2

YATES PET
1

UNFORGIVEN 'ARZ' STATE

WF WF

FORMATION TEST DATA

OP 20, SI 60, OP 60, SI 120, OP 60
FP 59-70, 69-75, 93-95
SIP 69, 1020

DST 2 7120- 7152 DEVONIAN
REC .5 FT MUD 2600.0 CC MUD
INIT OP 20M IFP 39 FFP 41
FINAL OP 15M IFP 41 FFP 41
ISIP 61 1H FSIP 65 IHP 3731 FHP 3738
OP 20, SI 60, OP 60, SI 120, OP 15
FP 39-41, 41-41, 41-41
SIP 61, 65

DST 3 7108- 7164 DEVONIAN
REC 671.0 FT WTR 2600.0 CC WTR
INIT OP 20M IFP 100 FFP 178
FINAL OP 1H IFP 356 FFP 420
ISIP 2822 1H IHP 3704 FHP 3835
OP 20, SI 60, IP 60, SI 120, OP 60
FP 100-178, 183-354, 356-420
SIP 2822, 2820

DST 4 STRD 7445- 7475 FUSSELMN
REC 90.0 FT MUD 1310.0 FT WTR
REC 2200.0 CC WTR
INIT OP 20M IFP 83 FFP 244
FINAL OP 1H IFP 491 FFP 646
ISIP 2964 1H IHP 3906 FHP 3877
OP 20, SI 60, OP 60, SI 120, OP 60
FP 83-244, 252-489, 491-646
SIP 2964, 2969

DST 5 STRD 6608- 6852 PNNSYLVN
OVERLAPS MSSP
REC 356.0 FT MUD 2600.0 CC MUD
INIT OP 3H IFP 408 FFP 304
FINAL OP 30M IFP 358 FFP 401
ISIP 794 2H IHP 3571 FHP 3574

LOGS AND SURVEYS /INTERVAL,TYPE/

LOGS

CNL

GR

BHC

CONTINUED

REISSUES SEC 11 TWP 12S RGE 27E
30-T-0001 06/12/98 30-005-63160-0000 PAGE 3

YATES PET WF WF
1 ----- -UNFORGIVEN- 'ARZ' STATE

LOGS AND SURVEYS /INTERVAL,TYPE/

LATL

DRILLING MEDIA /TYPE,DEPTH/

3300 9.9 5832 10.0 PPG

PLUGGING RECORD /INTERVAL PLUGGED CEMENT/

PLUGS @ 7800 W/50 SX, 7060 W/115 SX, 1575 W/35 SX,
SURF W/15 SX

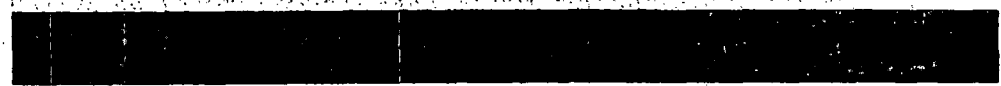
DRILLING PROGRESS DETAILS

YATES PET
105 S 4TH ST
ARTESIA, NM 88210
505-748-1471
12/22 LOC/1997/
01/06 40 TD, MIRT
01/13 DRLG 3300, MUD WT 9.9
01/13 SPD 1/7/98 W/ RT
01/20 5832 TD, TRIP, MUD WT 10
01/27 7164 TD, TIH
02/04 7800 TD, PB 2600, SI
TD REACHED 01/30/98 RIG REL 02/03/98
03/27 7800 TD
COMP 2/16/98, D&A
NO CORES, FIVE DSTS
06/05 REISSUE TO ADD & CORRECT DATA
REPLACEMENT FOR TICKET ISSUED 4/3/98

+NM NM --NESW 11- 12S- 27E Yates #1-A-R-Z Unforgiv. 3



NM NM --NESW 11- 12S- 27E Yates #1-A-R-Z Unforgiv. 4



CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION07/03/00 16:31:12
OGOMES -TPF9
PAGE NO: 1

Sec : 11 Twp : 12S Rng : 27E Section Type : NORMAL

| | | | |
|---|---|---|---|
| D 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | C 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | B 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | A 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 |
| E 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | F 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | G 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | H 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 |

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/03/00 16:31:16
OGOMES -TPF9
PAGE NO: 2

Sec : 11 Twp : 12S Rng : 27E Section Type : NORMAL

| | | | |
|---|--|---|---|
| L 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | K 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 A | J 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | I 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 |
| M 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | N 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | O 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 | P 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 |

| | | | | | |
|-----------|----------|------------|-----------|------|------|
| PF01 HELP | PF02 | PF03 EXIT | PF04 GoTo | PF05 | PF06 |
| PF07 BKWD | PF08 FWD | PF09 PRINT | PF10 SDIV | PF11 | PF12 |



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 8, 1997

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Chuck Moran**

Administrative Order NSL-3911

Dear Mr. Moran:

Reference is made to your application dated November 25, 1997 for a non-standard oil well location for your proposed Unforgiven "ARZ" State Well No. 1 to be drilled 2350 feet from the South line and 1800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NE/4 SW/4 of said Section 11.

Further, all of said Section 11 is a single State lease (Lease No. V-04699) in which Yates Petroleum Corporation ("Yates") is the leasehold operator; therefore, there are no affected offsets to the subject 40-acre tract within the Devonian interval other than Yates.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe

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



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

NSL 12/22/97

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

November 25, 1997

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attention: Mr. Michael E Stogner

Re: Administrative Application of Yates Petroleum Corporation for
Approval of an Unorthodox Oil Well Location, Chaves County
New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for any and all oil production below the top of the Devonian formation for its proposed Unforgiven "ARZ" State #1 to be drilled at an unorthodox oil well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 40 acre spacing unit consisting of the NE/4SW/4 of Section 11, and in support states:

- 1) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the NE/4SW/4 of Section 11. (See Exhibit # 1 enclosed)
- 2) Yates proposes to drill its Unforgiven "ARZ" State #1 an unorthodox oil well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2 enclosed)
- 3) The subject well is to be drilled at an unorthodox location in an attempt to penetrate the reservoir at the highest structural position possible based on 3-D seismic coverage over the feature. (See Exhibit # 3, enclosed)
- 4) Yates' geologic conclusion is that a well drilled at the closest standard location would not be at the optimum structural position within the fault block and would

also encroach upon other subtle faults that may be present. (See Exhibit # 4, N-S seismic line, enclosed)

- 5) In the event the Devonian is not capable of commercial production in this well, then Yates intends to test the San Andres formation that will also be at an unorthodox well location.
- 6) The opportunity to test for production from the San Andres formation within this spacing unit can most economically be attempted with this wellbore rather than drilling another well to simply test the San Andres.
- 7) The lease on which the well will be drilled is the whole section and will encroach only this lease. (See Exhibit # 1, enclosed)
- 8) Yates is the offset operator in adjoining and diagonal spacing units to this proposed well. (See Exhibit #1 and #5)

Wherefore, Yates Petroleum Corporation requests that this matter be approved administratively by the Division.

Respectfully submitted,

YATES PETROLEUM CORPORATION




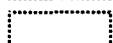
Chuck Moran
Landman

**Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #1**

**TOWNSHIP 12 SOUTH - RANGE 27 EAST, NMPM
CHAVES COUNTY, NEW MEXICO**

| | | | |
|---|---|--|---|
| <p align="center">Yates Petroleum Corporation VO-4967</p> <p align="center">3</p> | <p align="center">Yates Petroleum Corporation VO-4709</p> <p align="center">2</p> | <p align="center">Federal Minerals Unleased</p> | <p align="center">Marbob Energy NM-94591</p> |
| <p align="center">Yates Petroleum Corporation VA-1411</p> <p align="center">10</p> | <p align="center">Yates Petroleum Corporation VO-4699</p> <p align="center">11</p> | 12 | |
| <p align="center">Yates Petroleum Corporation VA-1592</p> <p align="center">15</p> | <p align="center">Yates Petroleum Corporation VO-4710</p> <p align="center">14</p> | 13 | |

Unforgiven ARZ State #1
Section: 11
2350 feet from South Line
1800 feet from West Line

-  Forty Acre Spacing for Unforgiven ARZ State #1
-  Forty Acre Spacing - Devonian Oil Well

VO-4710

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
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State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|--|-------------------|
| API Number | Pool Code | Pool Name |
| Property Code | Property Name UNFORGIVEN "ARZ" STATE | Well Number 1 |
| OGRID No. | Operator Name YATES PETROLEUM CORPORATION | Elevation 3688 |

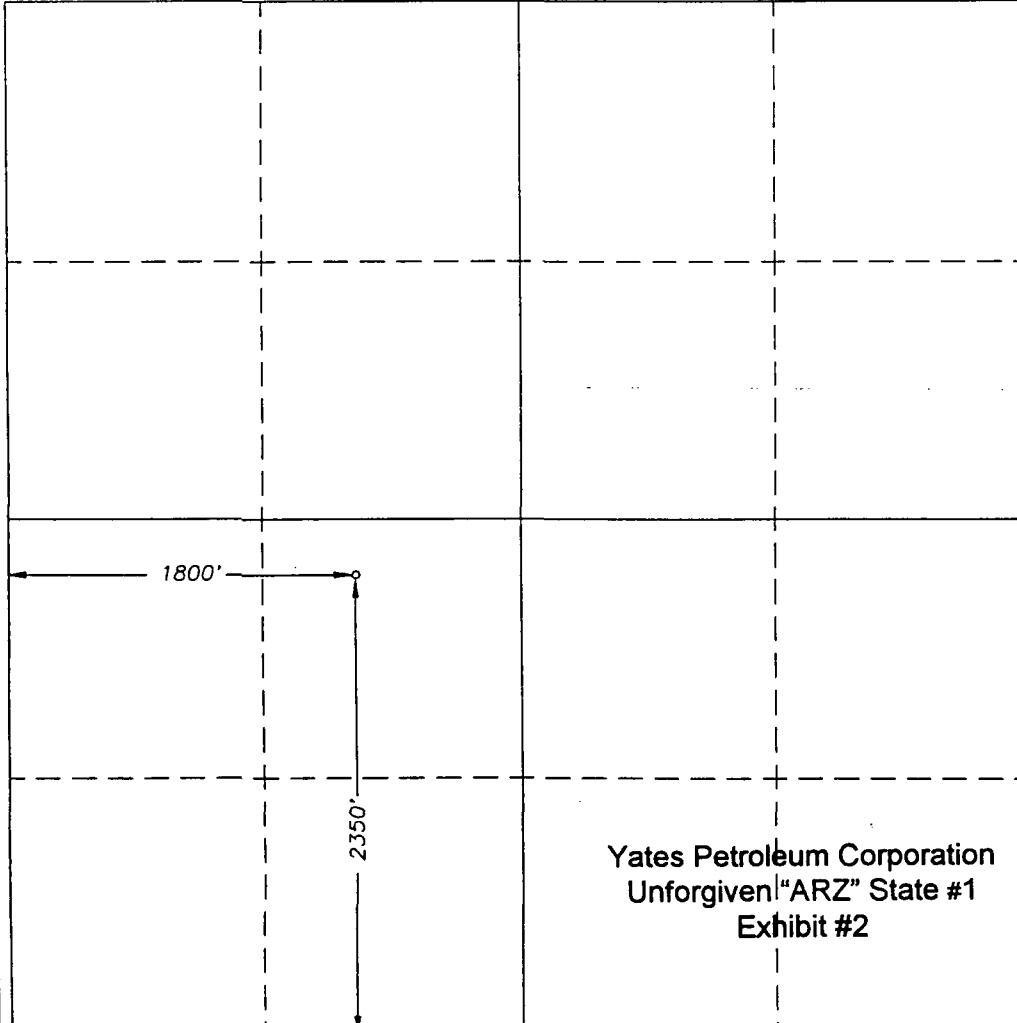
Surface Location

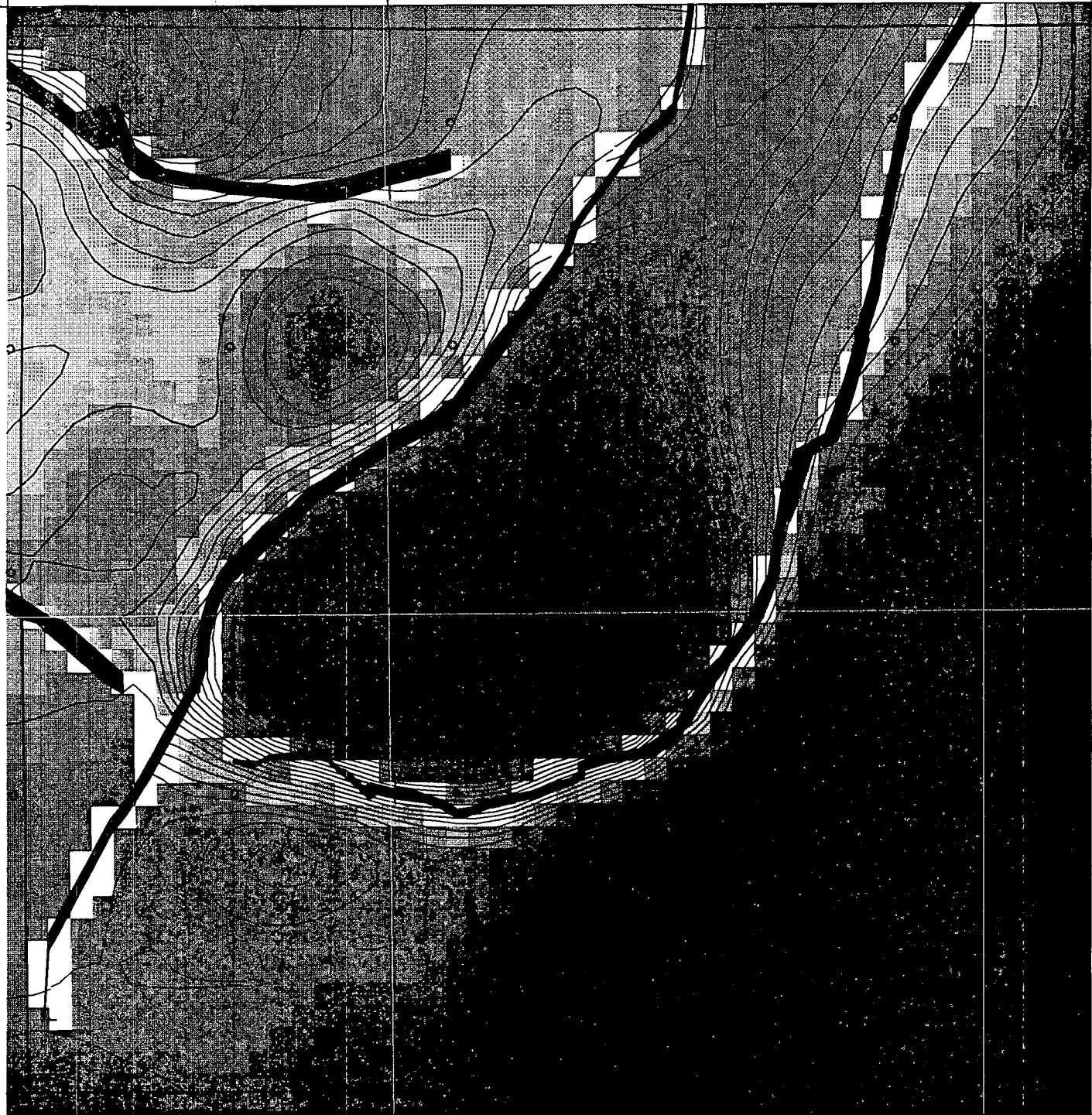
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 11 | 12S | 27E | | 2350 | SOUTH | 1800 | WEST | CHAVES |

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. | | | | | | |

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>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> _____ Signature _____ Printed Name _____ Title _____ Date | |
| | | | | SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> 10/20/97 Date Surveyed _____ Signature Professional Surveyor _____ Certificate No. Herschel L. Jones RLS 3640 UNFORGIVEN "ARZ" STATE #6 GENERAL SURVEYING COMPANY | |



Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #3

HRZ:Devonian ? (900.25,943.38)

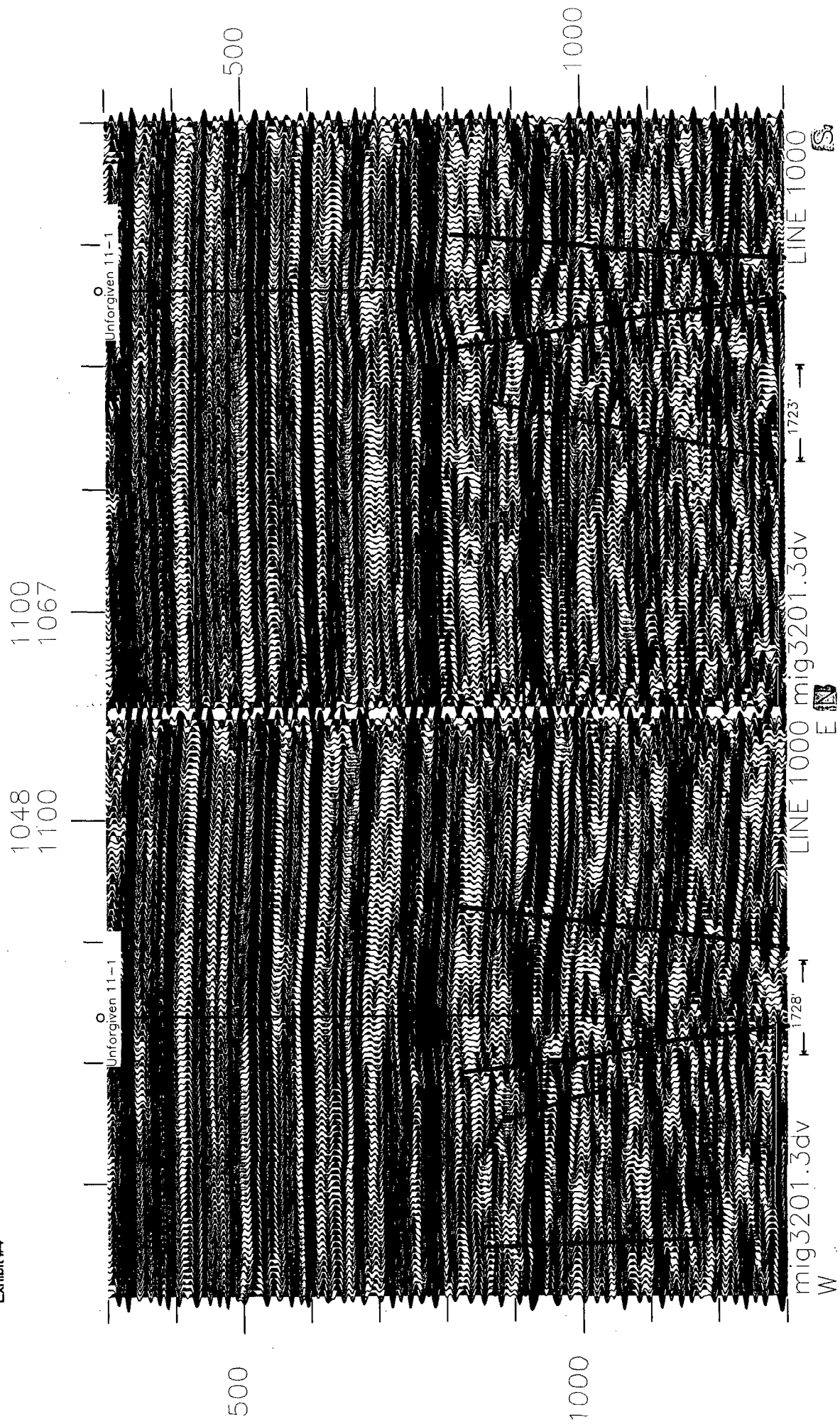
Unforgiven 3-D
Devonian Time Structure

0' 750' 1500'



1" = 750 feet

Exhibit #4



Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #5

AFFECTED PARTIES

Offset Operator: Yates Petroleum Corporation
