

NSL

5/20/99

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



105 SOUTH FOURTH STREET APR 30 1999
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

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

April 28, 1999

FAX: 748-4572

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Certified Mail
Return Receipt Requested

RE: Application for Unorthodox Well Location
Concho "ACT" State Com #1 Well
Township 17 South, Range 27 East
Section 8: N/2
Eddy County, New Mexico

Dear Mr. Stogner:

We believe this API No. 30-015-30472 has been withdrawn by Concho Resources.
Please process Yates' application for an unorthodox gas well location

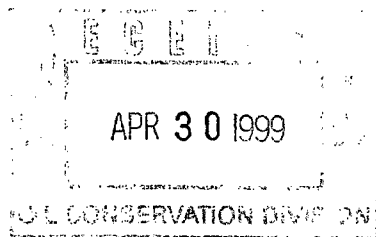
Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)



CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

April 28, 1999

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Sundry Notice/APD Cancellation
Chama "8" Federal Com #1 Well
T17S, R27E, NMPM
1650' FEL & 660' FNL of Section 8,
Eddy County, New Mexico
Chama Prospect (771117)

Gentlemen:

Reference is made to your previous correspondence with Yates Petroleum Corporation of Artesia, New Mexico, regarding their application for the Concho "ACT" State Com #1 Well. Your office has rejected Yates' application due to Concho's previously proposed Chama "8" Federal Com #1 Well.

Concho has prepared and sent the BLM Office a Sundry Notice requesting APD cancellation for the Chama "8" Federal Com #1 Well – API #30-015-30472 (a copy is enclosed). As noted on the enclosed copy, the Sundry Notice has been approved as of April 13, 1999 by the BLM. Please consider this approved Sundry Notice as Concho's written request to withdraw application to drill said well. Thank you for your assistance in this matter.

Sincerely,

CONCHO RESOURCES INC.



Van Rodgers

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Concho Resources Inc.

3. Address and Telephone No.
110 W. Louisiana, Ste 410; Midland Tx 79701

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650' FEL & 660' FNL, UL - B; Sec 8, T-17S, R-27E

5. Lease Designation and Serial No.
NM98809

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Chama '8' Federal Com #1

9. API Well No.
30015 30472

10. Field and Pool, or Exploratory Area
Crow Flat Morrow

11. County or Parish, State
Eddy Co., NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other <u>Cancel APD</u>	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Concho Resources Inc. respectfully request the cancellation of the Permit to Drill for the Chama '8' Federal Com #1 well approved on 10/26/98.

APPROVED

APR 13 1999

Linda R. Ashberry
AUTHORIZED OFFICER, MINERALS
BUREAU OF LAND MANAGEMENT

14. I hereby certify that the foregoing is true and correct

Signed *[Signature]*

Title Production Analyst

Date 04/01/99

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

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

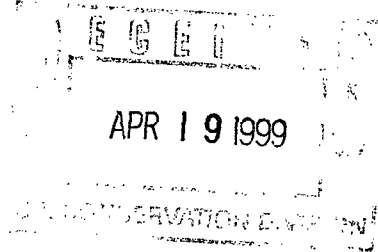


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ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

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DENNIS G. KINSEY
TREASURER

April 15, 1999



Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application for Unorthodox Well Location
Concho ACT State Com #1 Well
Township 17 South, Range 27 East
Section 8: N/2
Eddy County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Morrow gas well location, the Concho ACT State Com #1. The well is located on State of New Mexico minerals, 1650' FNL and 660' FEL of Section 8, Township 17 South, Range 27 East, Eddy County, New Mexico. The acreage dedicated to the well is the N/2 of Section 8 which is 50% State of New Mexico minerals and 50% USA minerals.

The necessity for this unorthodox location is based on geologic conditions prevailing in the primary objective Lower Morrow clastics interval.

The sand isopach map is enclosed herewith. The map exhibit is an isopach map of the Lower Morrow clastics. Double circled well spots are Morrow penetrations. The contour interval is 20 feet. The spacing unit is outlined in red and the proposed location is pointed out.

The isopach map depicts the varying thickness of the Lower Morrow to Mississippian unconformity interval in the environs of the subject proration unit. Contouring of the available well control shows that the proposed location is on the west flank of the main "thick" in the area. Experience in this area has shown that wells in or near "thicks" have a much better chance of encountering Lower Morrow alluvial channel sand reservoirs capable of producing very good economic volumes of gas.

The proposed location should encounter sufficient Lower Morrow interval to accommodate an alluvial sand channel capable of producing economic reserves of gas.

Notification to the offset operator(s) to the east was made by certified mail on April 15, 1999 including a copy of this application letter with all attachments.

New Mexico Oil Conservation Division
April 15, 1999

Page 2

Yates requests that this unorthodox well location be administratively approved if no objections are received within the cited twenty (20) days as required by New Mexico Oil Conservation Division regulations or earlier if waivers are received.

Enclosed with the isolith map are forms C-101, C-102 and a land plat showing offset operator(s).

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

Thank you.

Very truly yours,

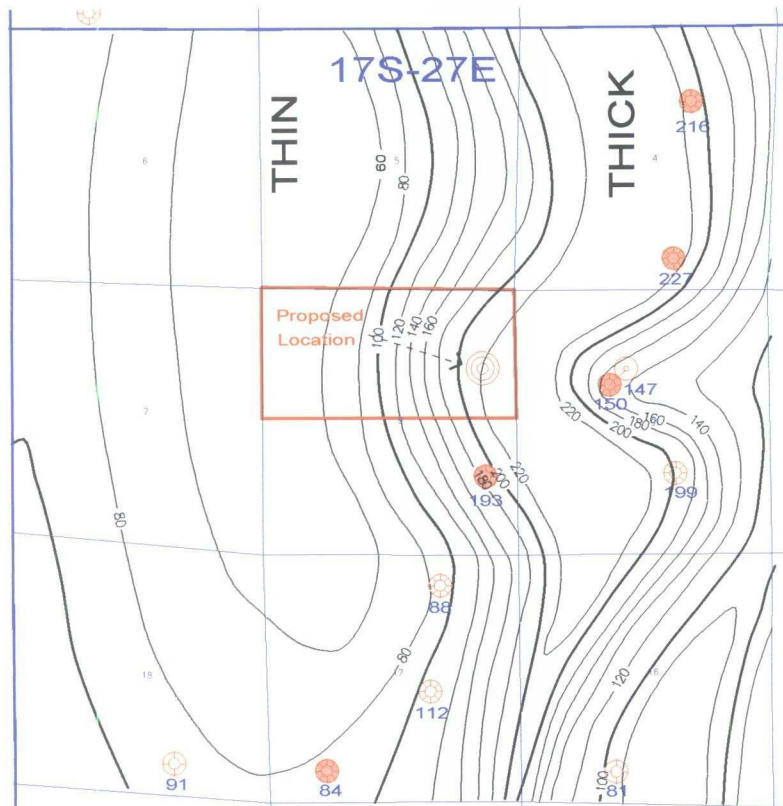
YATES PETROLEUM CORPORATION

A handwritten signature in cursive script, appearing to read "Robert Bullock".



Robert Bullock
Landman

RB/mw

Enclosures



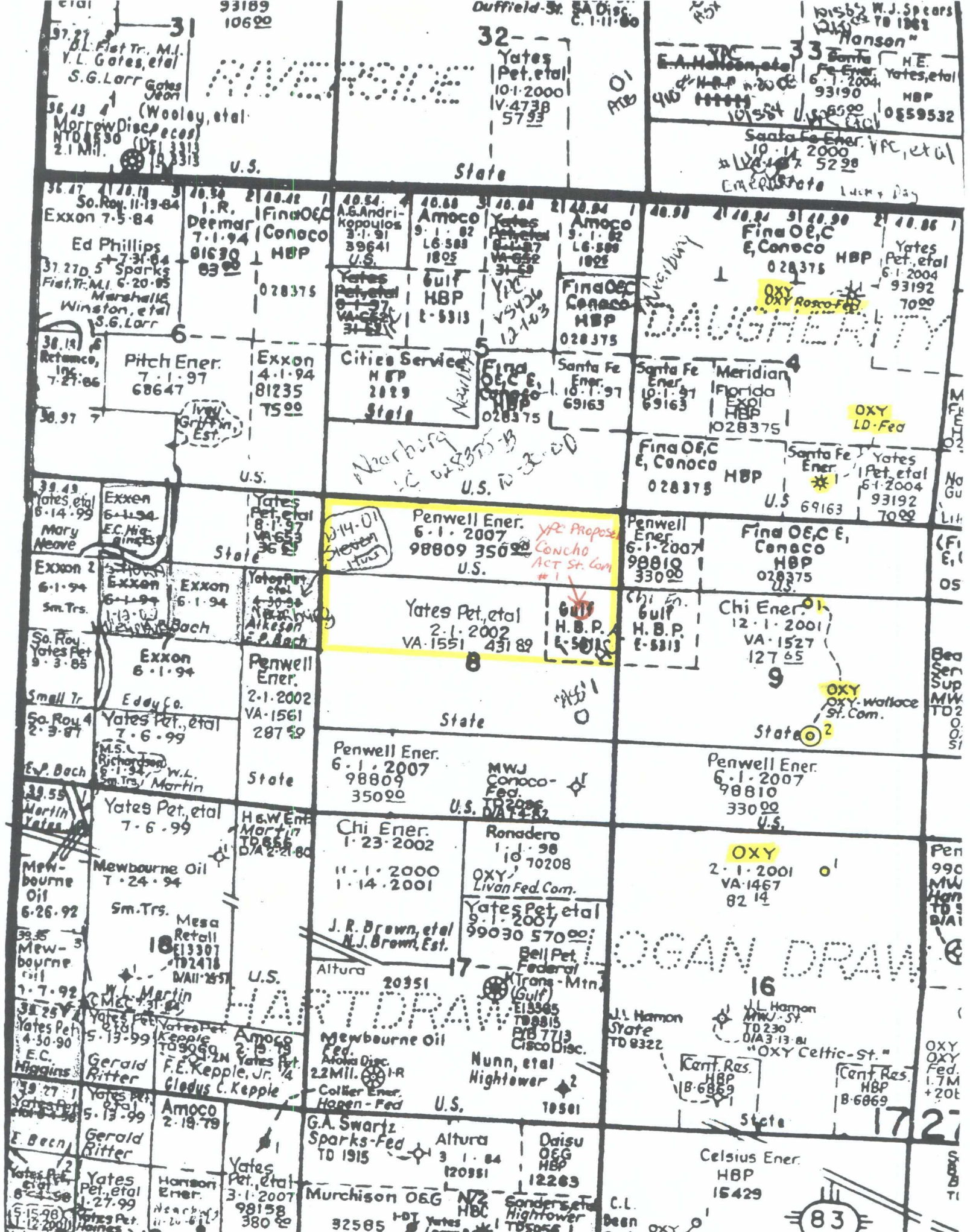
LEGEND

 Morrow Penetrations
 Lower Morrow to Miss. Thickness
 Lower Morrow Producer
 Solid Contours of Lower Morrow to Miss. Thickness; C.I. = 20'

YATES PETROLEUM CORPORATION

New Mexico
 Empire - Logan Draw - Dog Canyon Area
 Isopach Lower Morrow Clastics

Geol. Ray Beck	C.I. - 20'	4/15/99
Scale 1:48000		T. Fuentes



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State

District I
PO Box 1983, 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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

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

¹ Operator Name and Address. YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		² OGRID Number 025575
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name Concho "ACT" State Com.	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
H	8	17S	27E		1650'	North	660'	East	Eddy

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 Morrow					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3362'
¹⁶ Multiple No	¹⁷ Proposed Depth 9150'	¹⁸ Formation Morrow	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# J-55	1400'	500 sx	Circulated
7 7/8"	4 1/2"	11.6# S-95	9150'	400 sx	TOC 7500'

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 Morrow and intermediate formations. Approximately 1400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cement circulated, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-1400' FW; 1400'-4700' FW Gel; 4700'-8100' Cut Brine; 8100'-TD Salt Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.

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

Signature:

Printed name:

KEN BEARDEMPHL

Title:

LANDMAN

Date:

April 6, 1999

Phone:

505-748-4348

OIL CONSERVATION DIVISION

Approved by:

Title:


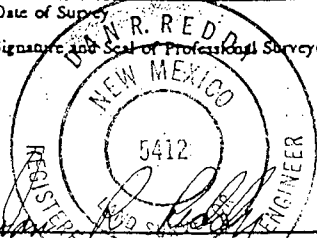
Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

☐ AMENDED REPORT

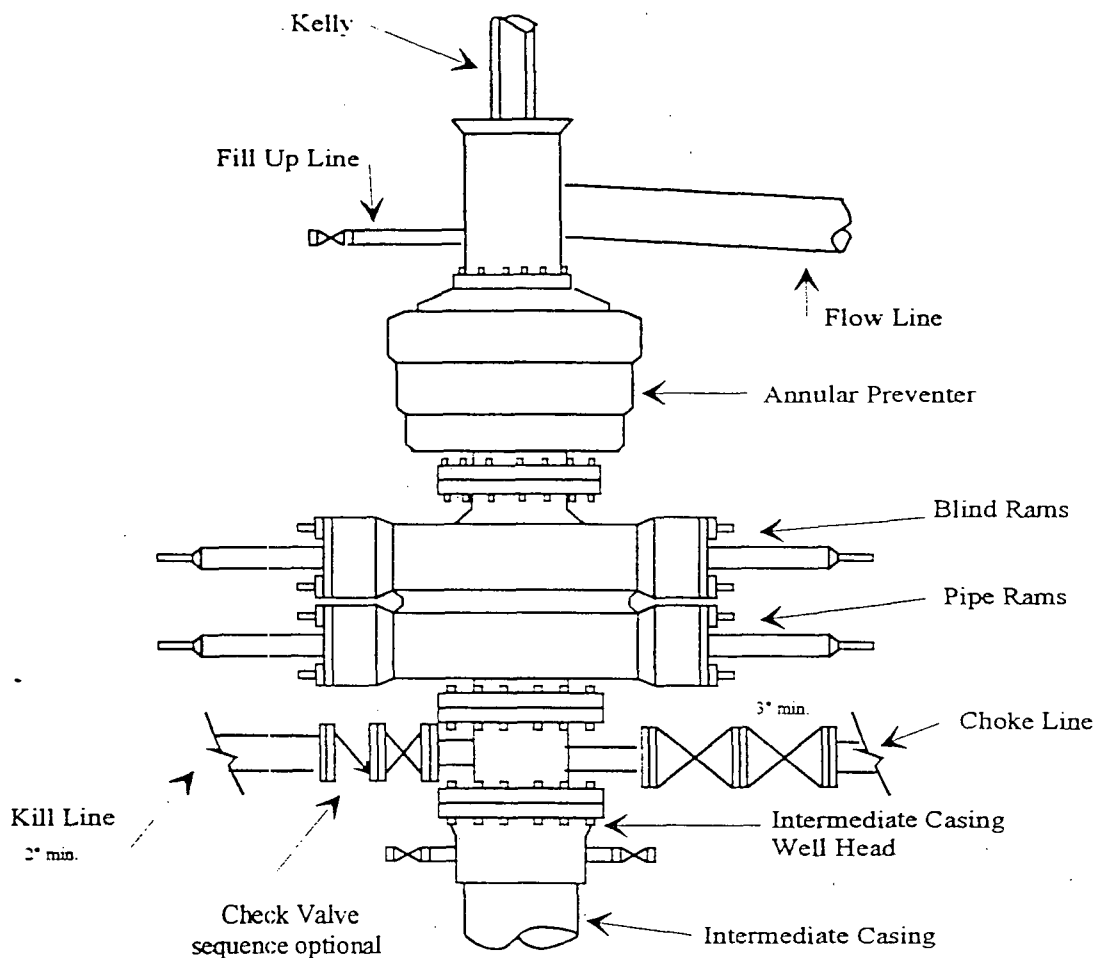
16	<div style="border: 1px solid black; padding: 10px; margin-bottom: 10px;"> <p style="font-size: 1.2em; font-weight: bold; text-align: center;">NM-98809</p> </div> <div style="border: 1px solid black; padding: 10px;"> <p style="font-size: 1.2em; font-weight: bold; text-align: center;">VA-1551</p> </div>	<p style="text-align: center;">1650'</p> <div style="border: 1px solid black; padding: 10px; text-align: center;">  </div>
	<div> <p style="font-size: 1.2em; font-weight: bold;">17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> </div> <div style="border-top: 1px solid black; padding-top: 5px;"> <p>Signature <u>Ken Beardemphl</u></p> <p>Printed Name <u>Ken Beardemphl</u></p> <p>Title <u>Landman</u></p> <p>Date <u>April 6, 1999</u></p> </div>	
	<div> <p style="font-size: 1.2em; font-weight: bold;">18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> </div> <div style="border-top: 1px solid black; padding-top: 5px;"> <p style="text-align: center; font-weight: bold;">APRIL 3, 1999</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <div style="text-align: center;">  </div> <p>Certificate Number <u>5412</u></p> <p style="text-align: center;">NM-RECP-NO. 0195-12</p> </div>	



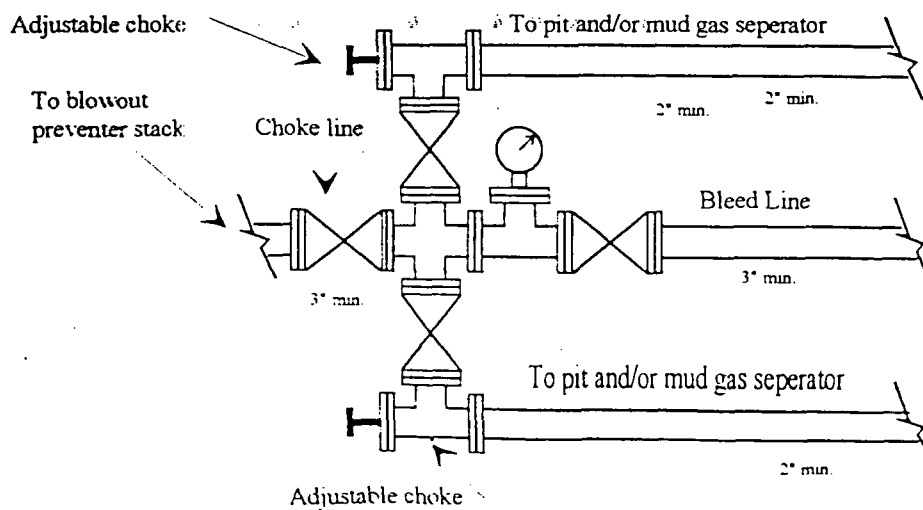
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



Notification List of Offset Operator(s)
to Unorthodox Morrow Gas well location
Concho "ACT" St. Com. #1
Township 17 South, Range 27 East
Section 8: 1650' FNL & 660' FEL
Eddy County, New Mexico

Oxy USA, Inc.
Box 50250
Midland, Texas 79710



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 20, 1999

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert Bullock

Re: Application dated April 15, 1999 for the Yates Petroleum Corporation to drill its proposed Concho "ACT" State Com. Well No. 1 at an unorthodox gas well location to test the Undesignated Crow Flats-Morrow Gas Pool 1650' FSL & 660' FEL (H) of Section 8, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bullock:

I am returning the subject application. An active APD for the Morrow interval underlying the N/2 of Section 8 exists for Concho Resources, Inc.'s proposed Chama "8" Federal Com. Well No. 1 (API No. 30-015-30472) to be drilled at a standard gas well location in Unit "B" of Section 8 (see copy of the Division's records attached).

Should you have additional information concerning this matter please resubmit your application with full details.

Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
William F. Carr, Legal Counsel for Yates Petroleum Corporation – Santa Fe
Kathy Valdes, NMOCD – Santa Fe

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FRANK W. YATES
1936 - 1986



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New Mexico Oil Conservation Division
April 15, 1999

Page 2

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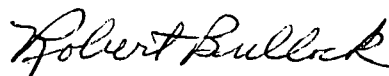
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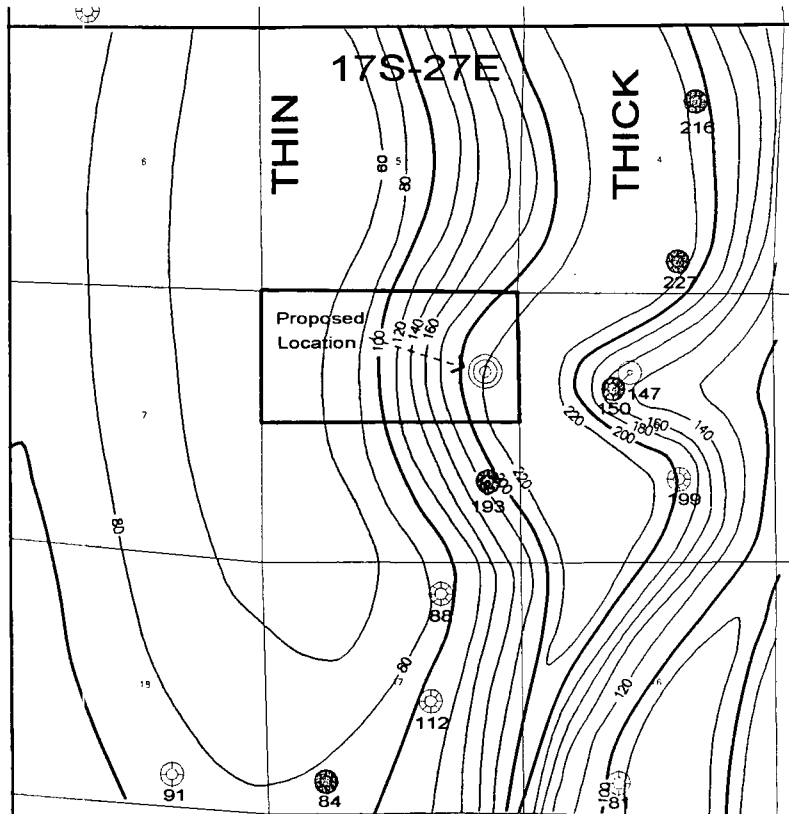
YATES PETROLEUM CORPORATION

A handwritten signature in cursive script, reading "Robert Bullock".

Robert Bullock
Landman

RB/mw

Enclosures



LEGEND	
	Morrow Penetrations
	Lower Morrow to Miss. Thickness
	Lower Morrow Producer
	Solid Contours of Lower Morrow to Miss. Thickness; C.I. = 20'

YATES PETROLEUM CORPORATION		
New Mexico		
Empire - Logan Draw - Dog Canyon Area		
Isopach Lower Morrow Clastics		
Geol. Ray Beck	C.I. - 20'	4/15/99
	Scale 1:48000	T. Fuentes

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Duffield-St. SA Disc.
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OXY
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OXY
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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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

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

¹ Operator Name and Address. YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		² OGRID Number 025575
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name Concho "ACT" State Com.	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
H	8	17S	27E		1650'	North	660'	East	Eddy

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 Morrow					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3362'
¹⁶ Multiple No	¹⁷ Proposed Depth 9150'	¹⁸ Formation Morrow	¹⁹ Contractor Undesignated	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

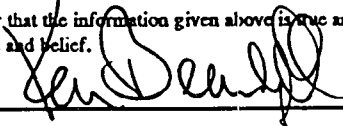
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24# J-55	1400'	500 sx	Circulated
7 7/8"	4 1/2"	11.6# S-95	9150'	400 sx	TOC 7500'

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 Morrow and intermediate formations. Approximately 1400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cement circulated, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-1400' FW; 1400'-4700' FW Gel; 4700'-8100' Cut Brine; 8100'-TD Salt Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 		OIL CONSERVATION DIVISION	
Approved by:			
Printed name: KEN BEARDEPHL		Title:	
Title: LANDMAN		Approval Date:	
Date: April 6, 1999		Expiration Date:	
Phone: 505-748-4348		Conditions of Approval: Attached <input type="checkbox"/>	

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Morrow		
4 Property Code		5 Property Name CONCHO "ACT" STATE COM			6 Well Number 1	
7 OGRID No. 025575		8 Operator Name YATES PETROLEUM CORPORATION			9 Elevation 3362.	

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
H	8	17-S	27-E		1650	NORTH	660	EAST	EDDY

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.
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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

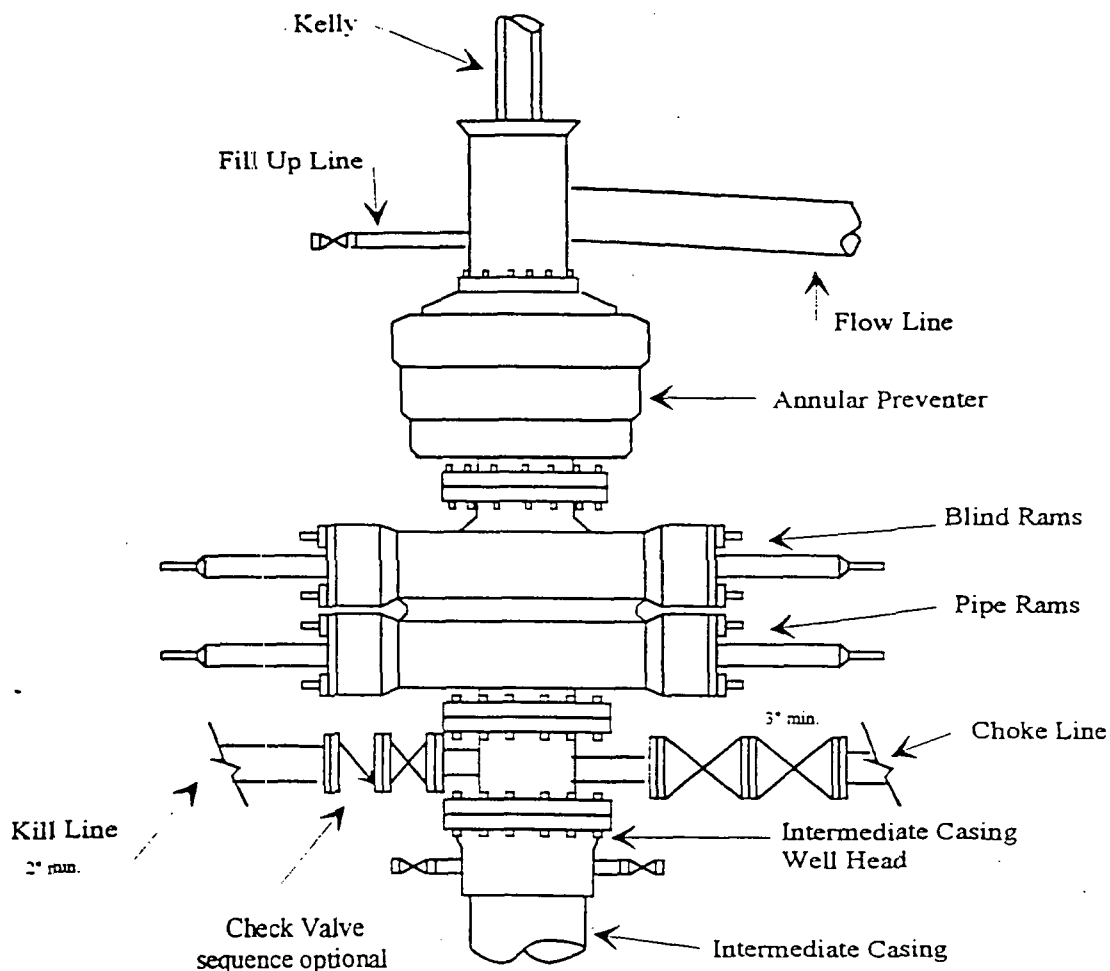
<div>16</div> <div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <u>Ken Beardemphl</u></p> <p>Printed Name: Ken Beardemphl</p> <p>Title: Landman</p> <p>Date: April 6, 1999</p>				<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>APRIL 3, 1999</p> <p>Date of Survey: <u>APRIL 3, 1999</u></p> <p>Signature and Seal of Professional Surveyor: <u>[Signature]</u></p> <p>Certificate Number: <u>5412</u></p> <p>NM REPS-NO-05412</p>			
				<div>19</div>			



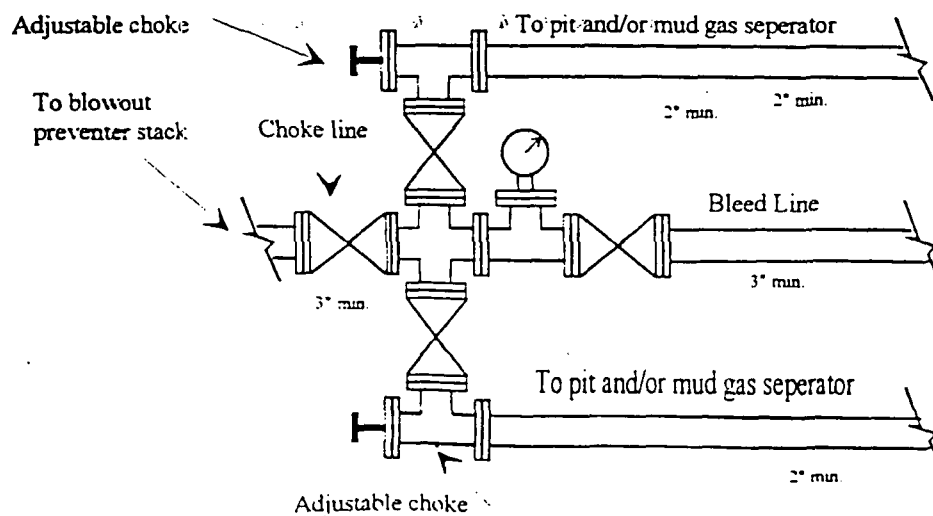
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



Notification List of Offset Operator(s)
to Unorthodox Morrow Gas well location
Concho "ACT" St. Com. #1
Township 17 South, Range 27 East
Section 8: 1650' FNL & 660' FEL
Eddy County, New Mexico

Oxy USA, Inc.
Box 50250
Midland, Texas 79710

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Form C-104

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Concho resources, Inc. 110 W. Louisiana, Suite 410 Midland, Tx 79701		² OGRID Number 46111 166111
		³ Reason for Filing Code CH 2/1/99
⁴ API Number 30 - 0 15-30472	⁵ Pool Name Crow Flat - Morrow	⁶ Pool Code 75720
⁷ Property Code 24303	⁸ Property Name Chama "8" Federal Com	⁹ Well Number 1

II. ¹⁰ Surface Location

UL or lot no. B	Section 8	Township 17S	Range 27E	Lot Idn	Feet from the 660	North/South Line North	Feet from the 1650	East/West line East	County Eddy
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¹¹ Bottom Hole Location

UL or lot no. B	Section 8	Township 17S	Range 27E	Lot Idn	Feet from the 660	North/South Line North	Feet from the 1650	East/West line East	County Eddy
¹² Lse Code	¹³ Producing Method Code N/A	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description

IV. Produced Water

²³ POD	²⁴ POD ULSTR Location and Description
-------------------	--

V. Well Completion Data

²⁵ Spud Date	²⁶ Ready Date	²⁷ TD	²⁸ PBDT	²⁹ Perforations	³⁰ DHC, DC, MC
³¹ Hole Size	³² Casing & Tubing Size	³³ Depth Set	³⁴ Sacks Cement		

VI. Well Test Data

³⁵ Date New Oil	³⁶ Gas Delivery Date	³⁷ Test Date	³⁸ Test Length	³⁹ Tbg. Pressure	⁴⁰ Csg. Pressure
⁴¹ Choke Size	⁴² Oil	⁴³ Water	⁴⁴ Gas	⁴⁵ AOF	⁴⁶ Test Method

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Terri Stathem</i>	Approved by: <i>Jim W. Gern</i> BOO		
Printed name: Terri Stathem	Title: District Supervisor		
Title: Production Analyst	Approval Date: 3-10-99		
Date: 01/22/99	Phone: 915-683-7443		

⁴⁸ If this is a change of operator fill in the OGRID number and name of the previous operator

Penwell Energy, Inc., OGRID #147380

Previous Operator Signature <i>Linda Walker</i>	Printed Name Linda Walker	Title Regulatory Analyst	Date 01/22/99
--	------------------------------	-----------------------------	------------------

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTN. M. Oil & Gas Division
811 (Other instructions on reverse side)
ARTESIA, NM 88210-2334FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK

DRILL ☒DEEPEN ☐

B. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

PENWELL ENERGY, INC.

(BILL PIERCS) 915-683-2534 147380

3. ADDRESS AND TELEPHONE NO.

600 NORTH MARIENFELD SUITE 1100 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1650' FEL & 660' FNL SEC. 8 UNIT "B" T17S-R27E EDDY CO. NM

At proposed prod. zone SAME

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

Approximately 5 miles Northeast of Artesia New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

NA

19. PROPOSED DEPTH

9200'

20. ROTARY OR CABLE TOOLS

ROTARY

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

3360' GR.

22. APPROX. DATE WORK WILL START*

WHEN APPROVED

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor 20"	NA	40'	Cement to surface with Redi-mix
12 1/4"	J-55 8 5/8"	24	1850'	950 Sx. circulate cement to surface
7 7/8"	N-80 & J-55 5 1/2"	17 & 15.5	9200'	600 Sx. estimate top cement 6000'
17-1/2"	H-40 13-3/8"	48	400'	Circulate Cement to surface

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 12 1/4" hole to 1850'. Run and set 1850' of 8 5/8" J-55 24# ST&C casing. Cement with 950 Sx. of Class "C" cement, circulate cement to surface.
3. Drill 7 7/8" hole to 9200'. Run and set 9200' of 5 1/2" casing as follows: 1500' of 5 1/2" 17# N-80 LT&C, 2200' of 5 1/2" J-55 17# LT&C, 3100' of 5 1/2" J-55 15.5# LT&C, 2400' of 5 1/2" 17# J-55 LT&C casing. Cement with 350 Sx. of Halco Light, tail in with 250 Sx. of Class "H" Premium Plus cement + additives, estimate top of cement 6000'

SUBJECT TO
LIKE APPROVAL
BY STATEAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

TITLE Agent

DATE 09/28/98

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

Acting

Assistant Field Office Manager,
Lands and Minerals

(ORIG. SGD.) ARMANDO A. LOPEZ

APPROVED BY

TITLE

DATE

OCT 26 1998

*See Instructions On Reverse Side

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
Submit to Appropriate District Office
State Lease - 4 Copies
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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 75720	Pool Name CROW FLAT - MORROW
Property Code	Property Name Chama "8" Federal	Well Number 1
OGRID No. 147380	Operator Name Penwell Energy Inc.	Elevation 3360'

Surface Location

UL or lot No. 8	Section 8	Township 17 S	Range 27 E	Lot Idn	Feet from the 660	North/South line North	Feet from the 1650	East/West line East	County Eddy
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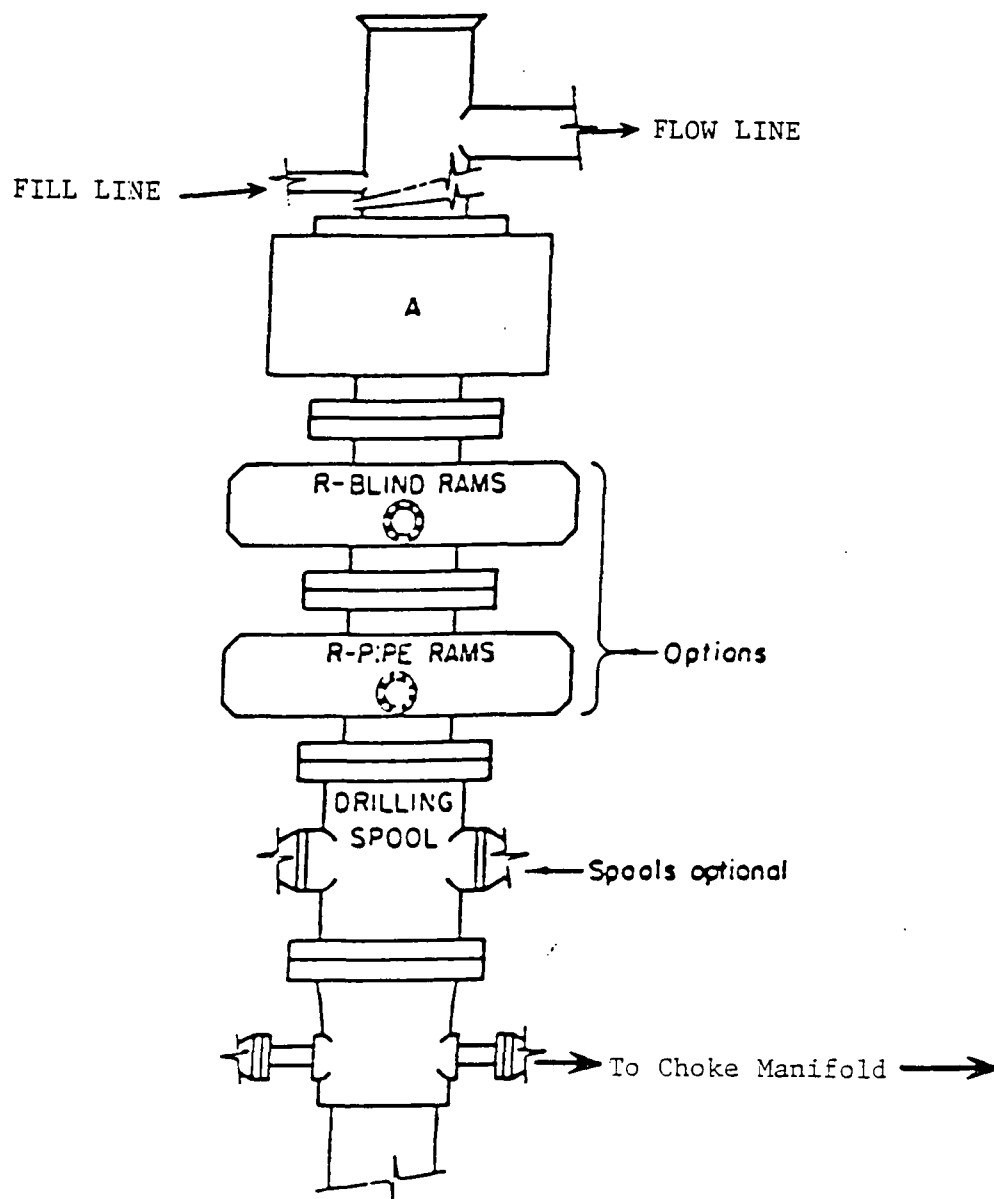
Bottom Hole Location If Different From Surface

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

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Joe P. Janica Printed Name Agent Title 09/28/98 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. September 14, 1998 Date Surveyed Signature Professional Surveyor 7977 W.C. No. 8394 Certificate No. Jones 7977
	BASIN SURVEYS

EXHIBIT "A"

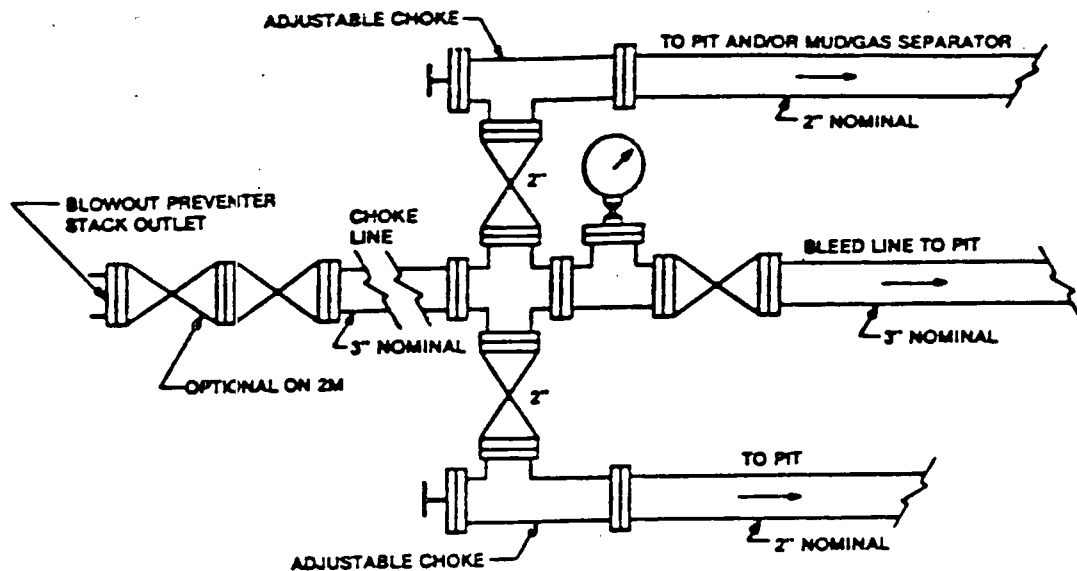


ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
B.O.P. SKETCH TO BE USED ON

PENWELL ENERGY, INC.
CHAMA "8" FEDERAL # 1
UNIT "B" SECTION 8
T17S-R27E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

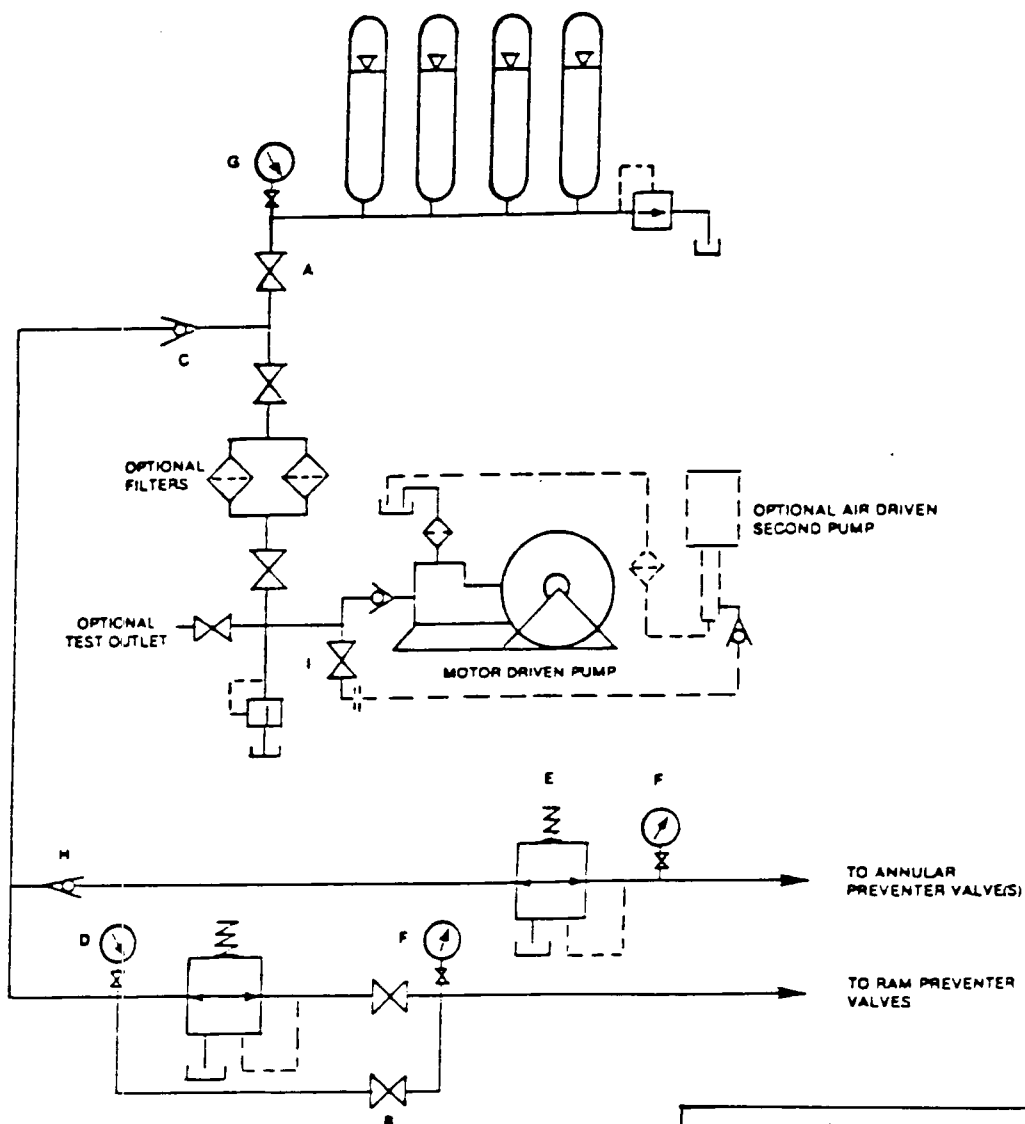
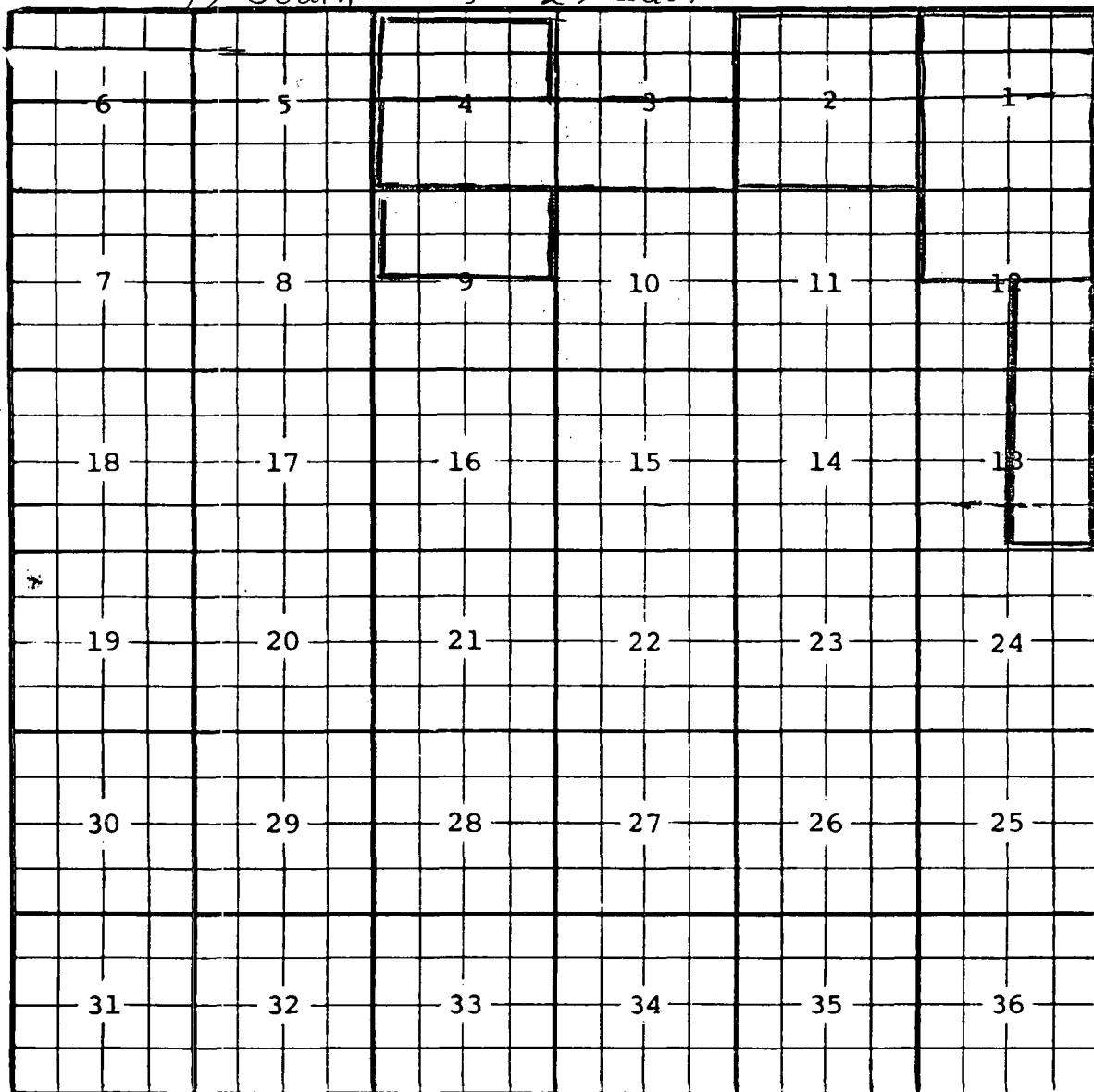


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

PENWELL ENERGY, INC.
CHAMA "8" FEDERAL # 1
UNIT "B" SECTION 8
T17S-R27E EDDY CO. NM

County Eddy Pool Crow Flats-Morrow Gas

TOWNSHIP 17 South Range 27 East NMPM



EXT: All sec 1, $\frac{N}{2}$ sec 12 (R-6994, 5-28-82)

EXT: All Sec 2 (R-7248, 3-30-83) EXT: $\frac{S}{2}$ Sec. 3, $\frac{S}{2}$ Sec. 4 (R-11013, 7-30-88)

EXT: $\frac{N}{2}$ Sec. 4, $\frac{SE}{4}$ Sec. 12, $\frac{E}{2}$ Sec. 13 (R-11097, 12-10-98)

EXT: $\frac{N}{2}$ Sec. 9 (R-11120, 1-21-99)