N.M.O.C.D. COPY

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-005-60583

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

RECEIVED
AUG 13 1979
O. C. C.
ARTESIA, OFFICE
RECEIVED
JUL 30 1979
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

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

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

2. NAME OF OPERATOR
Yates Petroleum Corporation

3. ADDRESS OF OPERATOR
207 S. 4th Street, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
1980' FNL and FWL
At proposed prod. zone
Unit F

5. LEASE DESIGNATION AND SERIAL NO.
NM 10263

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Thomas "LN" Fed.

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Wildcat Granite Wash

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 12, T6S-R25E
Unit F NMPM

12. COUNTY OR PARISH
Chaves

13. STATE
NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
31 miles north and 13½ miles east of Roswell, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	160	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
	5700	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3815'

22. APPROX. DATE WORK WILL START*
Lease expires 9/1/79

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17½	13 3/8"	48# J-55	Approx. 350'	350 sx circulated
12¼	8 5/8"	24# J-55	Approx. 1500'	800 sx circulated
8 3/4 or 7 7/8	5½ or 4½"	15.5 or 10.5#	TD	250 sx circulated

We propose to drill and test the granite wash and intermediate formation. Approx. 350' of surface casing will be set and cement circulated to shut off gravel and caving. Casing will be set 100' below the water zone. If commercial, 5½ or 4½ production casing will be run and cemented with an adequate cover, perforate and stimulate as needed for production.

Mud Program: FW gel and LCM to 1500', Brine KCL to 3200', KCL Drispak & Starch to 4350', flosal-drispak KCL to TD. NW 10 - 10.2, Vis 34 - 39, WL 14 - 7

BOP Program: BOP's will be installed on 8 5/8" casing and tested daily.

Gas Not Dedicated.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.
SIGNED Eddie L. Mashburn TITLE Engineer DATE 7/27/79

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 8-9-79

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

W MEXICO OIL CONSERVATION COMMI. ON

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

Operator	Lease	Well No.
YATES PETROLEUM CORPORATION	Thomas LN Federal	1

Unit Letter	Section	Township	Range	County
F	12	6 South	25 East	Chaves

Actual Footage Location of Well:
1980 feet from the North line and 1980 feet from the West line

Ground Level Elev:	Producing Formation	Pool	Dedicated Acreage:
3817.9	GRANITE WASH	Wildcat Granite Wash ~~UNDESIGNATED~~	320 Acres

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

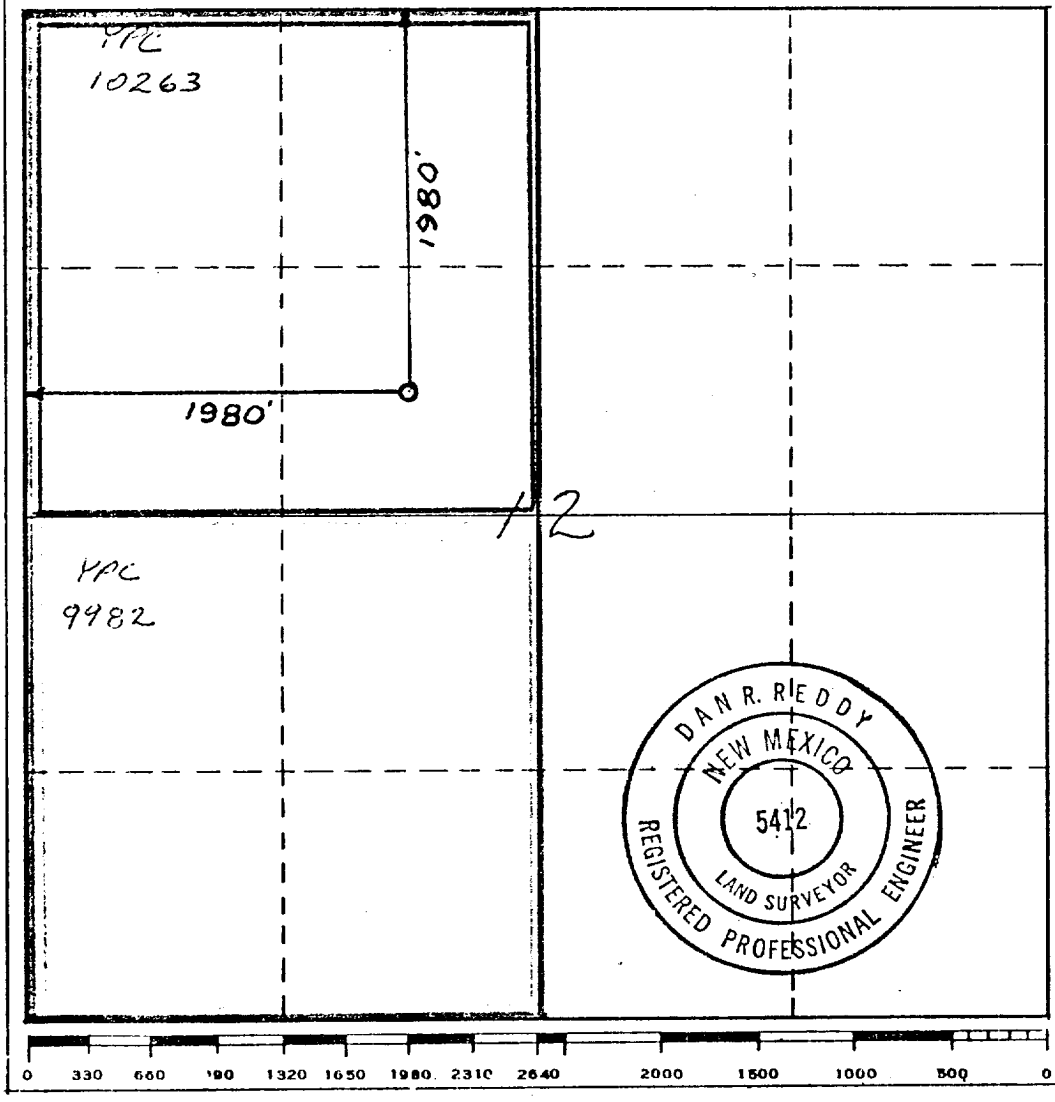
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☒ Yes ☐ No If answer is "yes," type of consolidation TO BE COMMUNITIZED

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name: GLISERIO RODRIGUEZ
Position: GEOGRAPHER
Company: YATES PETROLEUM CORP.
Date: 7-27-79

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: July 23, 1979
Registered Professional Engineer and/or Land Surveyor
Certificate No. NM PE&LS #5412

N.M.O.C.D. COPY

United States Department of the Interior

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

August 9, 1979

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

YATES PETROLEUM CORPORATION
Thomas "LN" Federal No. 1
1980 FNL 1980 FWL Sec. 12 T.6S R.25E
Chaves County Lease No. NM-10263
Above Data Required on Well Sign

Gentlemen:

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 5700 feet to test the Granite Wash is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.

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

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

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

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

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

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

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

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

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

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

10. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

(Orig. Sgd.) JOE G. LARA

Joe G. Lara
Acting District Engineer

Yates Petroleum Corporation
Thomas "LN" Federal #1
1980' FNL and 1980' FWL
Section 12 - T6S - R25E
Chaves County, New Mexico

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

1. The geologic surface formation is sandy alluvium.

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

San Andres	616'
Glorieta	1461'
Abo	3580'
Wolfcamp	4350'
Penn	4890'
Granite Wash	5300'
T.D.	5700'

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

Water: Approximately 270' - 330'

Oil or Gas:	Wolfcamp	4375'
	Penn	4910'
	Granite Wash	5400'

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

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

6. Mud Program: See Form 9-331C

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

8. Testing, Logging and Coring Program:

Samples: Surface casing to T.D.
DST's: As Warranted
Logging: Surface casing to T.D.
Coring: CNL-FDC T.D. to casing with GR-CNL on to surface and DLL from T.D. to casing with R_xO.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.
Lease expires 9-1-79.

Yates Petroleum Corporation
Thomas "LN" Federal #1
Section 12 - T6S - R25E
1980' FNL and 1980' FWL
(Exploratory Well)

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

1. EXISTING ROADS.

Exhibit A is a portion of a county map showing the roads in the vicinity of the proposed location. The proposed wellsite is located approximately 30 miles NNE of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed north from Roswell on Highway 285 for a distance of approximately 28 miles.

2. Turn east for approximately 14 miles and continue N for 3 3/4 miles. Then west for 3/4 of a mile to the South Alkali "LK" location. The new road will start at the west side of the pad going west.

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately 1050' in length from point of origin to the southeast edge of the drilling pad. The road will lie in a east-to-west direction.

B. The new road will be 12 feet in width (driving surface).

C. The new road will be covered with the necessary depth of caliche or other suitable material. The surface will be crowned, with drainage on one side. No turnouts will be built.

D. The new road has been flagged and the route of the road is visible.

3. LOCATION OF EXISTING WELL.

A. There is one well 1320' east of the wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

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

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

5. LOCATION AND TYPE OF WATER SUPPLY

A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from the ranches and will be trucked to the location. There is a 200 bbl water tank approximately 1000' NE of location that we can use if we needed to.

6. SOURCE OF CONSTRUCTION MATERIALS.

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

7. METHODS OF HANDLING WASTE DISPOSAL.

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

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

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

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

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

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

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

8. ANCILLARY FACILITIES.

A. None required.

9. WELLSITE LAYOUT.

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

B. The location surface is on a minor slope so cut and fill will be needed. A pasture fence 25' east of wellsite will be rerouted.

C. The reserve pits will be plastic lined.

D. A 400' X 400' area and road has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE

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

B. Unguarded pits, if any, containing fluids will be fenced until they have dried and leveled.

C. If the proposed well is non-productive, all rehabilitation requirements of the Operator-Landowner Agreement will be complied with and will be as expeditiously as possible. All pits will be filled leveled within 90 days after abandonment.

11. OTHER INFORMATION.

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

B. Flora and Fauna: The vegetation cover consists of tobosa, terpentine, pepper weed, mesquite, and some salt cedar. No wildlife was observed, but the wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.

C. The Pecos River is approximately three and a half miles east.

D. There are no inhabited dwellings or windmills within a mile of the vicinity of the proposed well.

E. Surface Ownership: The wellsite is on fee surface with federal minerals. Surface owned by Corn Brothers, Inc.

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

12. OPERATOR'S REPRESENTATIVE.

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

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

13. CERTIFICATION.

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

7-27-79
Date

Gliserio Rodriguez
Gliserio Rodriguez, Geographer

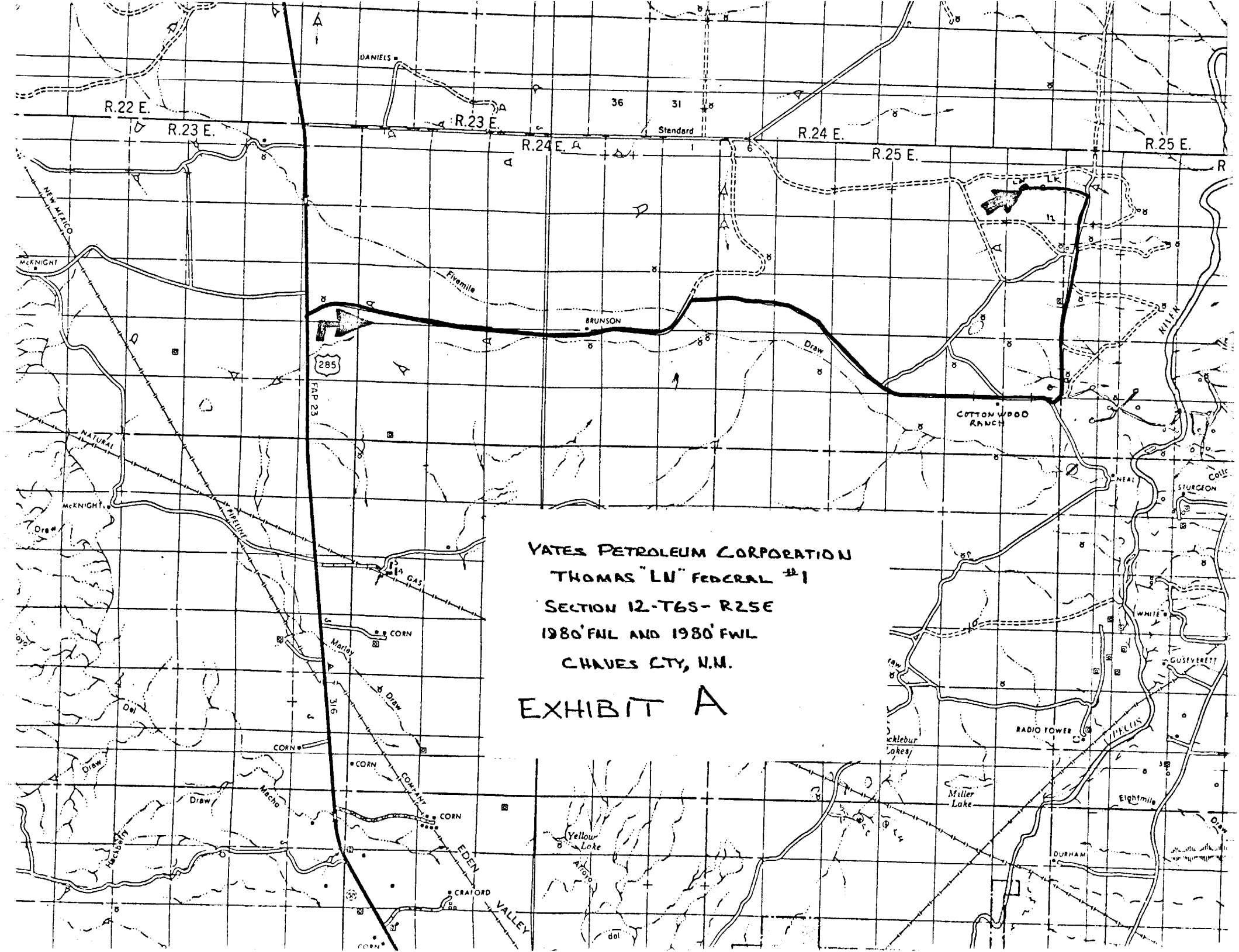
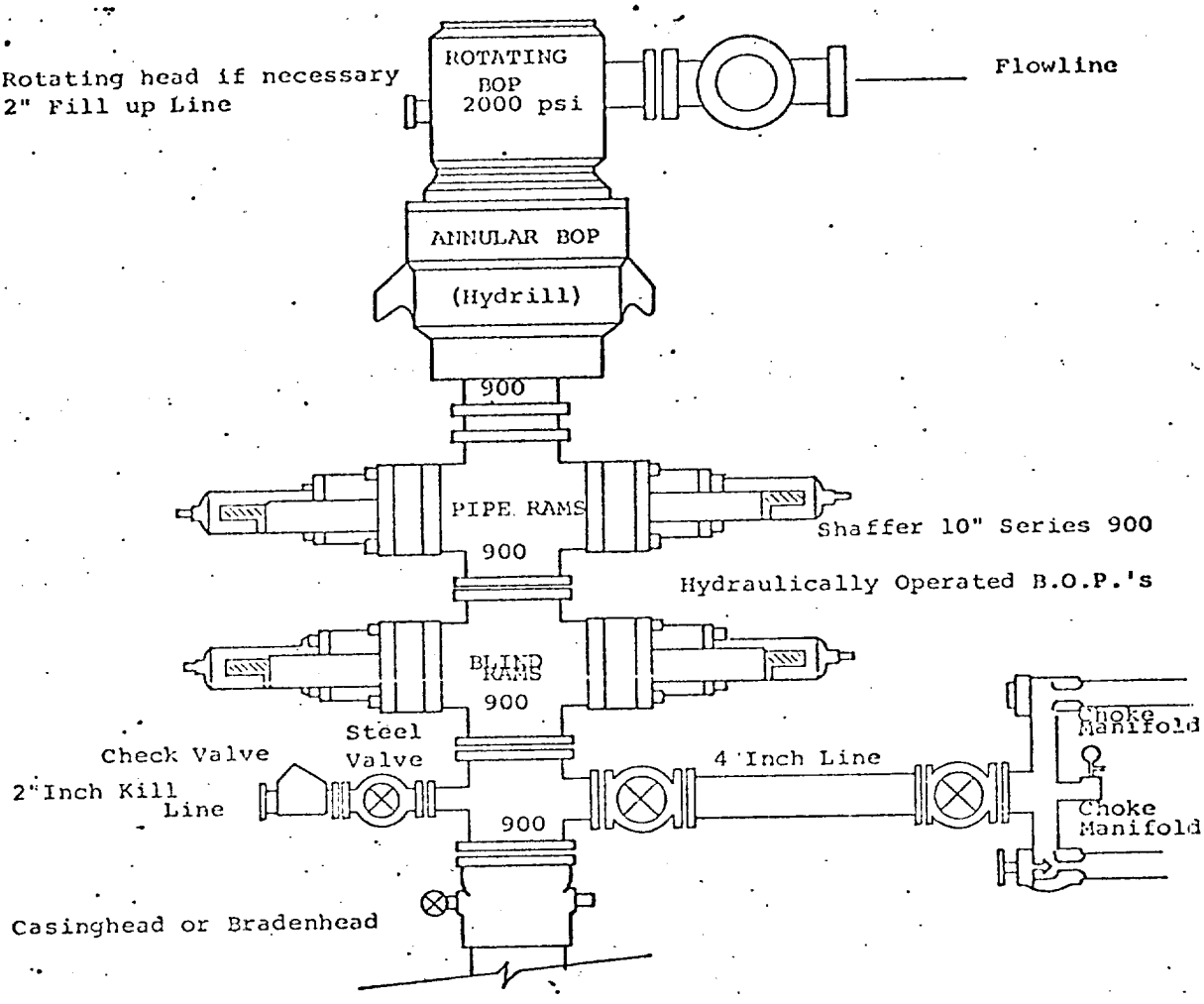

YATES PETROLEUM CORPORATION
THOMAS "LN" FEDERAL #1
SECTION 12-T6S-R25E
1980' FNL AND 1980' FWL
CHAVES CTY, N.M.
EXHIBIT A
R.22 E.
R.23 E.
R.24 E.
R.25 E.
DANIELS
BRUNSON
McKNIGHT
Fivemile
Draw
285
FAP 23
NATURAL
PIPELINE
GAS
CORN
Marley
316
Macho
COMPANY
EDEN
VALLEY
CRAFORD
Yellow Lake
Arroyo
Miller Lake
RADIO TOWER
COTTONWOOD RANCH
NEAL
STURGEON
WHITE
GUSEVERETT
DURHAM
Eightmile
Draw

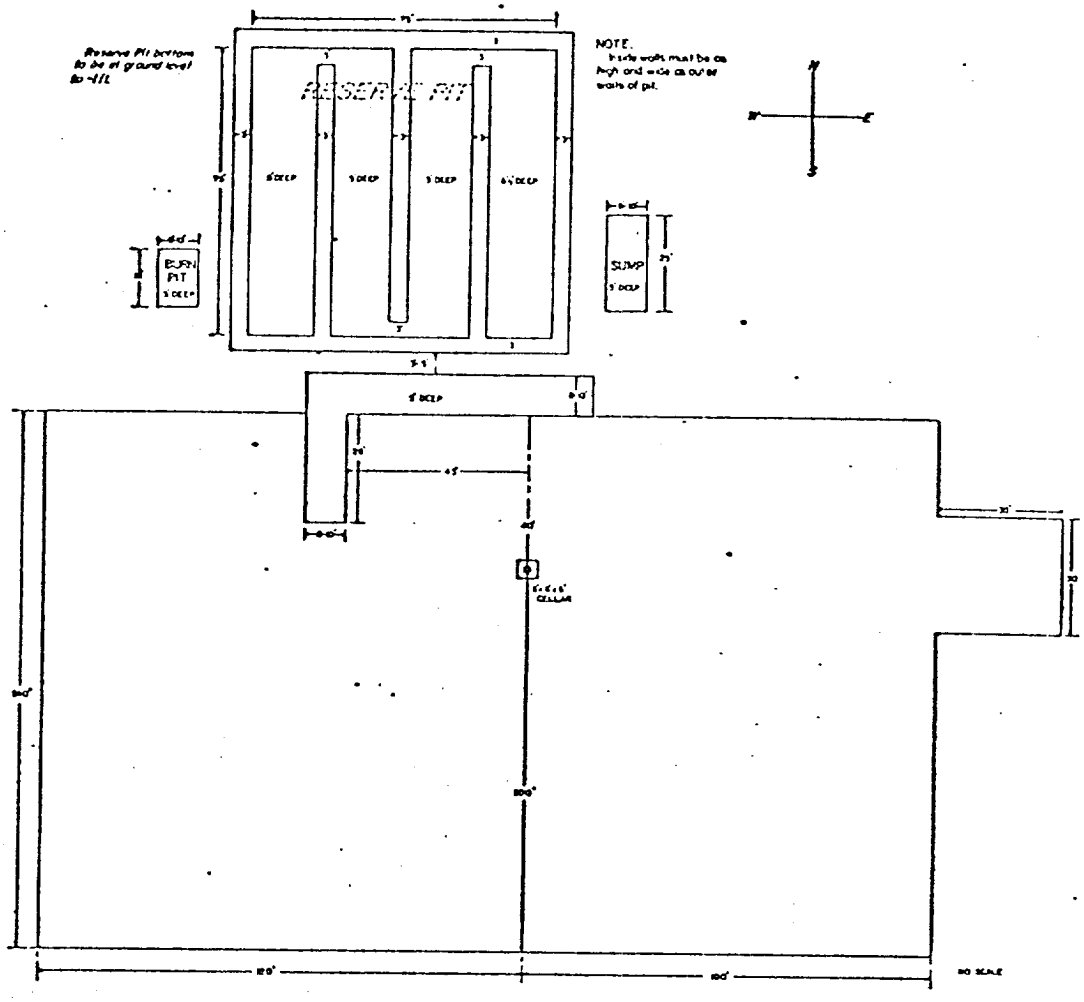
EXHIBIT B

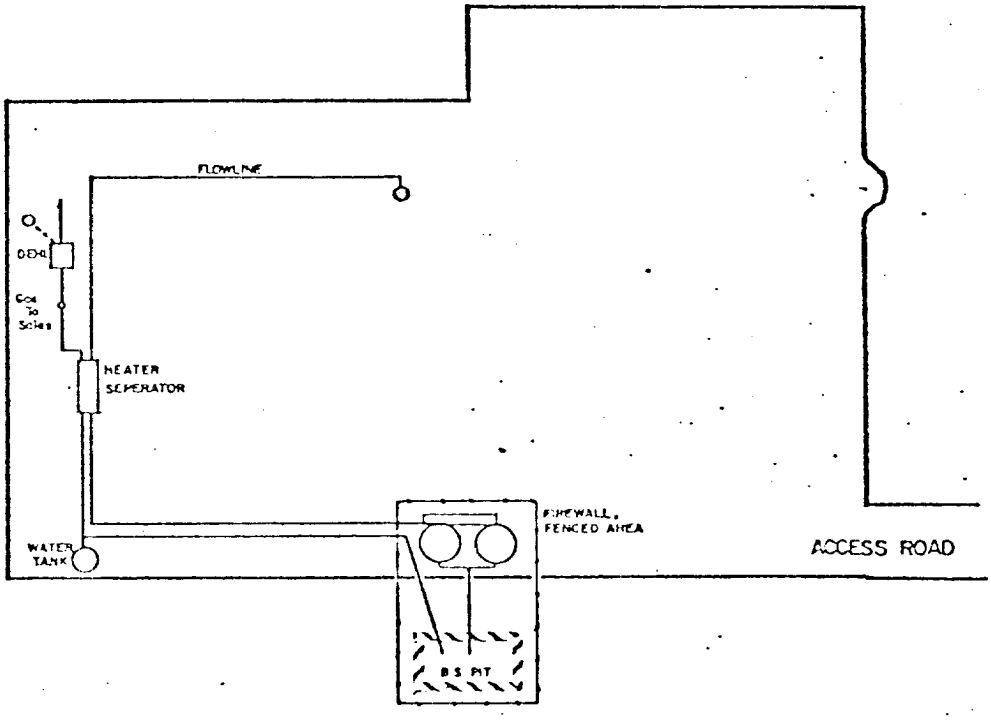


THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

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

YATES PETROLEUM CORPORATION





TANK BATTERY LAYOUT

EXHIBIT C