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File

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-005-60800

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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

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

2. NAME OF OPERATOR: Yates Petroleum Corporation

3. ADDRESS OF OPERATOR: 207 South 4th Street, Artesia, New Mexico ~~88210~~

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FSL and 1980' FWL
At proposed prod. zone

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U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

5. LEASE DESIGNATION AND SERIAL NO.: USA-NM 14755

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Powers "CL" Federal

9. WELL NO.: 2

10. FIELD AND POOL, OR WILDCAT: ~~Wildcat~~ Wt. N

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 33-T6S-R25E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: approx. 30 miles N NE of Roswell, New Mexico

12. COUNTY OR PARISH: Chaves

13. STATE: NM

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: 2040

17. NO. OF ACRES ASSIGNED TO THIS WELL: 160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: .6 mi. west

19. PROPOSED DEPTH: 4400

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3808.9 GL

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

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17½"	13 3/8"	48# J-55	approx. 400'	400 sx circulate
12¼"	8 5/8"	24# J-55	approx. 1400'	800 sx circulate
8 3/4 or 7 7/8	5½ or 4½	15.5 or 10.5#	TD	300 sx

We propose to drill and test the Abo and intermediate formations. Approximately 400' of surface casing will be set and cement circulated to shut off gravel and caving. Intermediate 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 1400', Brine KCL to 3250', KCL drispak & starch to TD. MW 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.

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ARTESIA, OFFICE

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: Jerry A. Lopez — TITLE: Regulatory Coordinator — DATE: October 7, 1980

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-128
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	Powers OL Federal	2

Unit Letter	Section	Township	Range	County
N	33	6 South	25 East	Chaves

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

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3808.9	ABO	UNDES. ABO	160 Acres

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

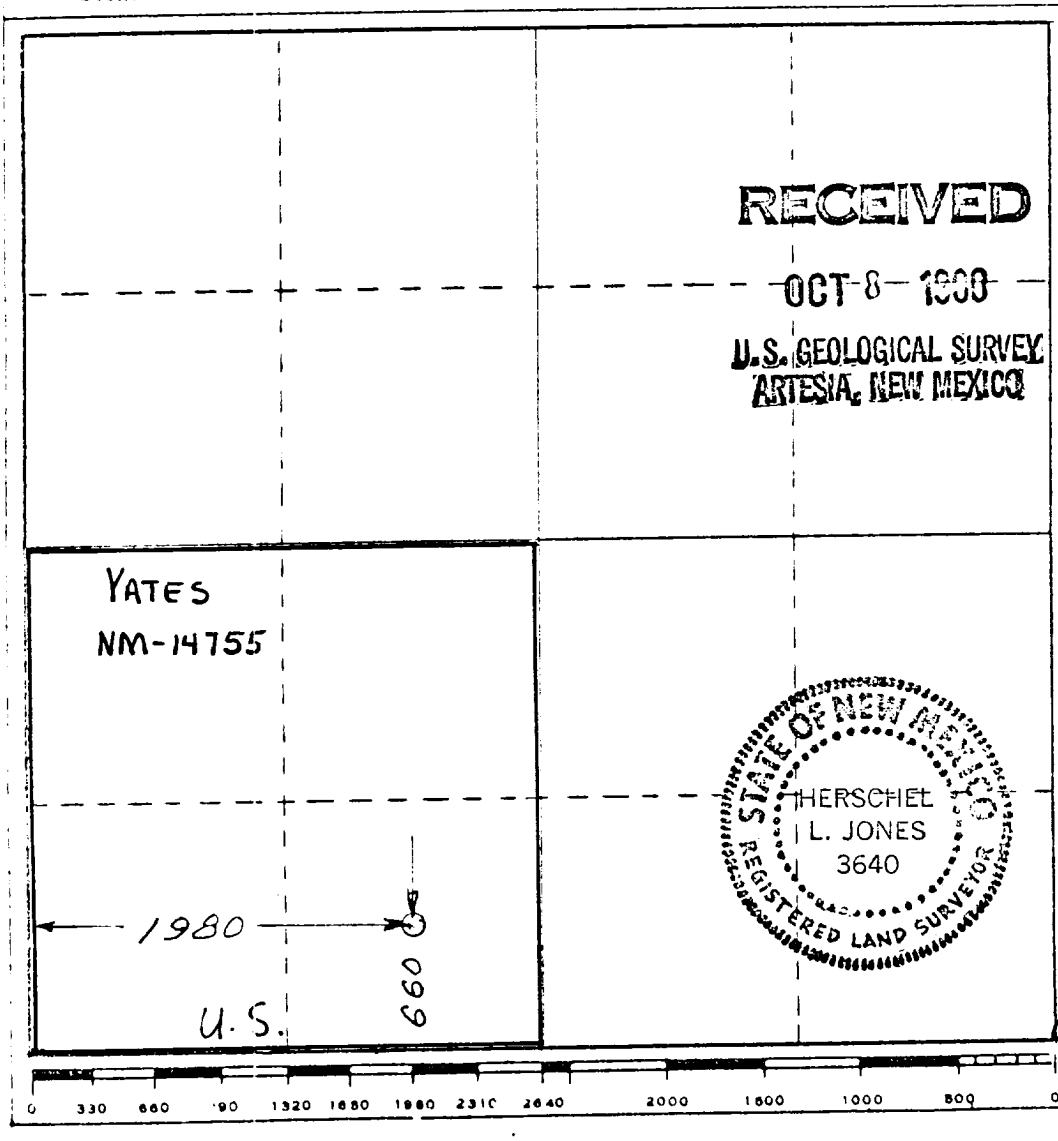
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 _____

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: 10-3-80

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: October 2, 1980

Registered Professional Engineer and/or Land Surveyor

Certificate No. 3640

NMOCD COPY

United States Department of the Interior

GEOLOGICAL SURVEY

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OCT 28 1980

O. C. D.
ARTESIA, OFFICE

SPECIAL APPROVAL STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN:

YATES PETROLEUM CORPORATION
Powers "OL" Federal No. 2
SE¼SW¼ Sec. 33 T. 6S R. 25E
Chaves County New Mexico
Lease No. NM-14755

2.2

THE SPECIAL STIPULATIONS CHECK MARKED BELOW ARE APPLICABLE TO THE ABOVE-DESCRIBED WELL AND APPROVAL OF THIS APPLICATION TO DRILL IS CONDITIONED UPON COMPLIANCE WITH SUCH STIPULATIONS. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE SPECIAL STIPULATIONS PURSUANT TO TITLE 30 CFR 290.

[X] A. 13 3/8" surface casing should be set in the Rustler Anhydrite formation and cement circulated to the surface. If surface casing is set at a lesser depth, the _____ casing must be cemented from the casing shoe to the surface or cemented to the surface through a stage tool set at least 50 feet below the top of the Rustler after cementing around the shoe with sufficient cement to fill to the base of the salt section.

[X] B. 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.

[ ] C. Casing protectors will be run on drill pipe while drilling through the _____ casing. Protectors will be of sufficient number and of sufficient outside diameter to protect the casing.

[X] D. Minimum required fill of cement behind the 8 5/8" casing is to circulate to surface.

[X] E. After setting the 8 5/8" casing string and before drilling into the Abo 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.~~

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

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

(2) A mud volume measuring device for accurately determining the 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.

[X] G. All pits containing toxic liquids will be fenced and covered with a fine mesh netting, if necessary for the protection of livestock or wildlife.

[X] H. Above ground permanent structures and equipment shall be painted in accordance with the Painting Guidelines. The paint color is to simulate:

[X] Sandstone Brown, Fed. Std. 595-20318 or 30318

OR [X] Sagebrush Gray, Fed. Std. 595-26357 or 36357

[ ]

[X] I. A kelly cock will be installed and maintained in operable condition.

[X] J. The ARTESIA Sub-District Office is to be notified in sufficient time for a representative to witness:

a) Spudding ✓

b) Cementing casing

inch

inch

inch

[ ] K. An appropriate agreement covering the access additional to the well must be filed for approval with the U. S. Geological Survey, P. O. Box 26124, Albuquerque, New Mexico 87125. The effective date of the agreement must be prior to [illegible].

[ ] L. A Gamma Ray-Compensated Neutron log is required from the base of the salt section to the surface with cable speed not to exceed 30 feet per minute.

[ ] M. At least one working day prior to constructing the well pad, access roads and/or related facilities, the operator or dirt contractor shall notify the authorized officer (Bureau of Land Management, ROSWELL area). He shall also notify the Authorized Officer within two working days after completion of earth-moving activities.

[X] N. All access roads constructed in conjunction with the drilling permit (APD) will be limited to a 12 foot wide driving surface, excluding turn-arounds. Surface disturbance associated with construction and/or use of the road will be limited to 20 feet in width. If well is a producer, all roads will be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts and/or any other measures deemed necessary by the authorized officer of the BLM. The following is a general guide for the spacing of water bars:

Slope	
less than 2	200 ft.
2 to 4	100 ft.
4 to 5	75 ft.
more than 5	50 ft.

[X] O. Other special stipulations

Any permanent pit containing waste oil must be fenced and covered with mesh wire.

Yates Petroleum Corporation
Powers "OL" Federal #2
660' FSL & 1980' FWL
Section 33, 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 gypsiferous and sandy residuum.

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

San Andres	759'	TD	4400'
Glorieta	1479'		
Abo	3559'		
Wolfcamp	4339'		

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

   Water: Approximately 250' - 325'

   Oil or Gas: 3600, 4150'

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: Intermediate casing to T.D.
   Coring: CNL-FDC T.D. to casing with GR-CNL on to surface and DLL from T.D. to casing

9. No abnormal pressures or temperatures are anticipated.

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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Powers "OL" Federal #2
660' FSL & 1980' FWL
Section 33, T6S R25E
(Developmental Well)

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

1. EXISTING ROADS.

Exhibit A is a portion of a topographic map showing the well and 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 13 miles.

2. Turn east for approximately 2½ miles and continue NE for 11 miles. Turn west at the "Potter" corral, go for 1.15 miles on the existing ranch road. Then turn north, go for approximately 2 miles. The location will be next to existing road.

2. PLANNED ACCESS ROAD.

A. The new road will be .6 of a mile coming due west from Powers "OL" Federal #1.

3. LOCATION OF EXISTING WELL.

A. There is no drilling activity a mile from the wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

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

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

5. LOCATION AND TYPE OF WATER SUPPLY.

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

6. SOURCE OF CONSTRUCTION MATERIALS.

A. There is no existing pit of construction material so none will be used.

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 sloping south to northeast. Cut and fill will be required on location.

C. The reserve pits will be plastic lined.

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

10. PLANS FOR RESTORATION OF THE SURFACE.

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

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

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

11. OTHER INFORMATION.

A. Topography: The land surface in the vicinity of the wellsite is nearly level and slopes from south to northeast. The immediate area of the wellsite is discussed above in paragraph 9B.

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

C. The Pecos River is approximately 4½ miles east. Five Mile Draw is approximately 3/4 mile north of drill site.

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

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

F. There is no evidence of any archaeological, 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 or Johnny A. Lopez
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.

10/7/80
Date

Johnny A. Lopez
Johnny A. Lopez, Regulatory Coordinator

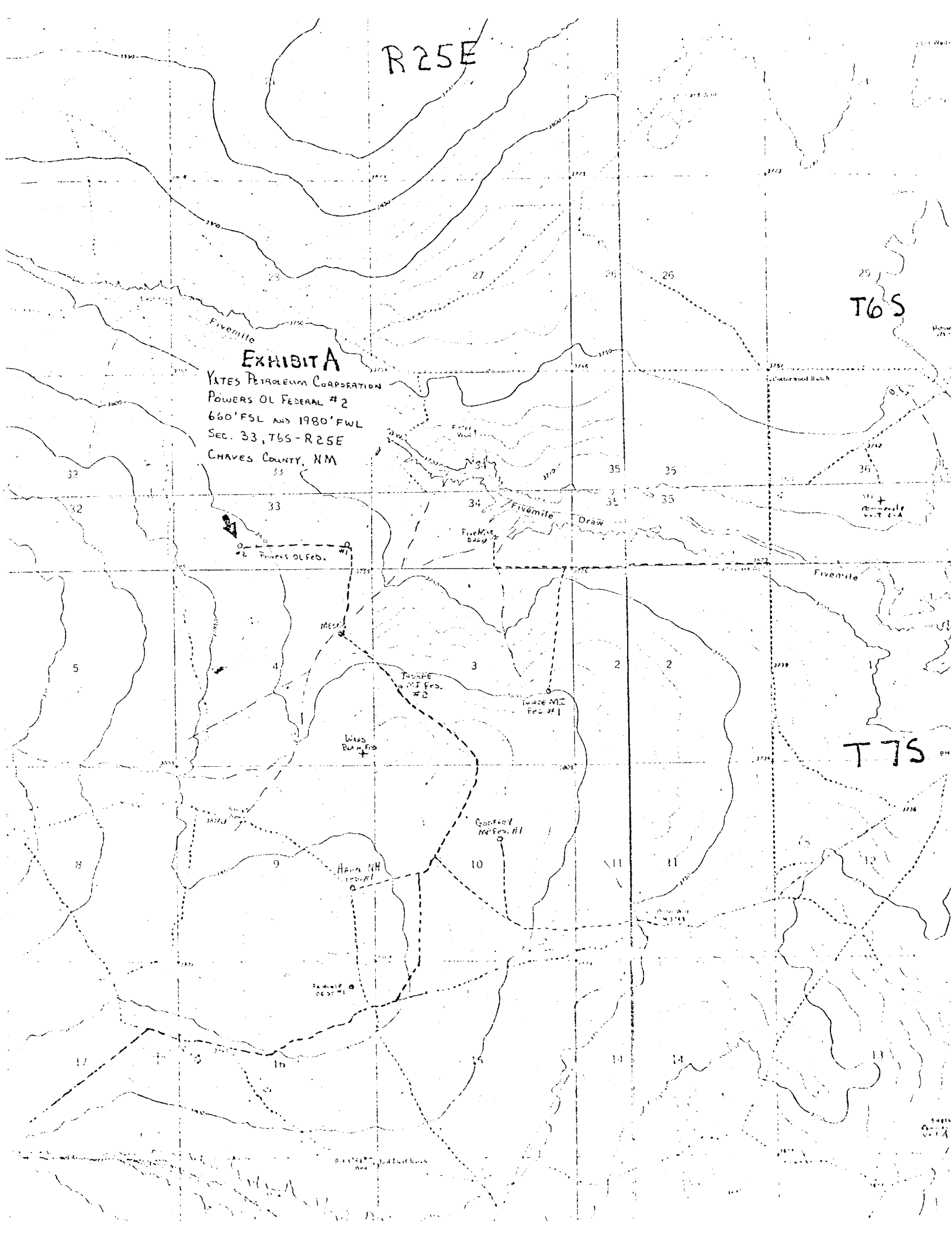
R25E
T6S
T7S
EXHIBIT A
YATES PETROLEUM CORPORATION
POWERS OL FEDERAL #2
660'FSL AND 1980'FWL
SEC. 33, T6S-R25E
CHAVES COUNTY, NM
Fivemile
Fivemile Draw
POWERS OL FED.
#2
#1
THORPE MJ FED. #2
THORPE MJ FED. #1
WEBB PLAIN FED
GODFREY MJ FED. #1
HAHN MH
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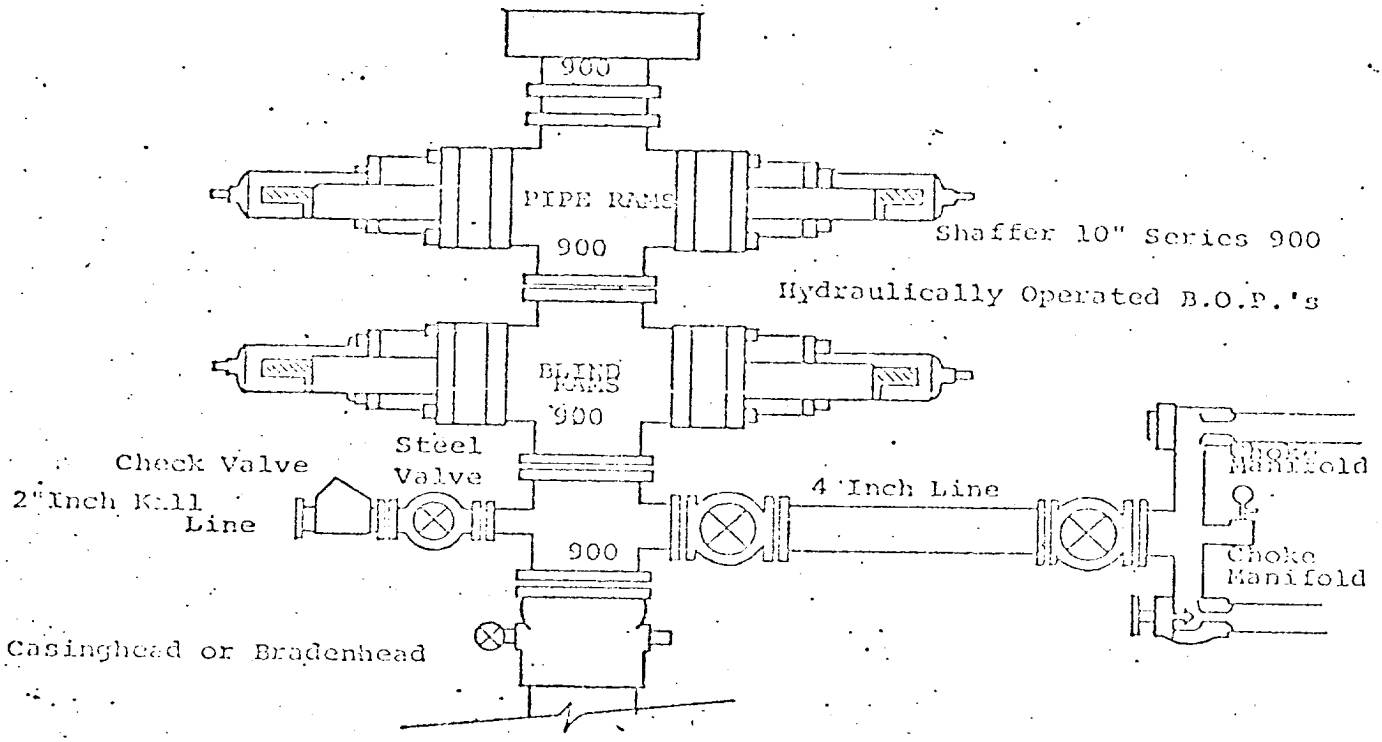
EXHIBIT B



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.

EXHIBIT C

YATES PETROLEUM CORPORATION