Form 9-331C
(May 1963)

O.C.D. COPY

(Other instructions on reverse side)

Budget Bureau No. 42-R1425

30-005-60834

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

RECEIVED
DEC 9 1980
O. C. D.
ARTESIA, OFFICE

RECEIVED
NOV 24 1980
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, NM 88210

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

5. LEASE DESIGNATION AND SERIAL NO.: NM-36409

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: McClellan "MB" Fed

9. WELL NO.: 2

10. FIELD AND POOL, OR WILDCAT: undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 31-T5S-R25E

12. COUNTY OR PARISH: Chaves

13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 31 miles north & 14 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'	4640	160
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**
4080'	4400'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3808.1 GL

22. APPROX. DATE WORK WILL START*: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48# J-55	450	300 sx circulate
7 7/8"	5½" or 4½"	15.5# or 10.5#	T.D.	450 sx circulate

We proposed to drill and test the ABO and intermediate formations. Approximately 450' of surface casing will be set and cement circulated to shut off gravel and caving. If needed (lost circulation), 8 5/8" intermediate casing will run to 1500' and cement circulated. If commercial, production casing will be run and cemented with 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 TD. MW 10-10.2, Vis 34-39, WL 14-7.

BOP PROGRAM: BOP's will be installed on 13 3/8" 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: [signature] TITLE: Geographer DATE: 11-21-80

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY: (Orig. Sgd.) PETER W. CHESTER TITLE: ACTING DISTRICT ENGINEER DATE: DEC 5 1980

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION

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	McClellan "MB" Federal	2

Unit Letter	Section	Township	Range	County
"I"	31	5 South	25 East	Chaves

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

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3808.1	ABO	UNDES	160 Acres

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

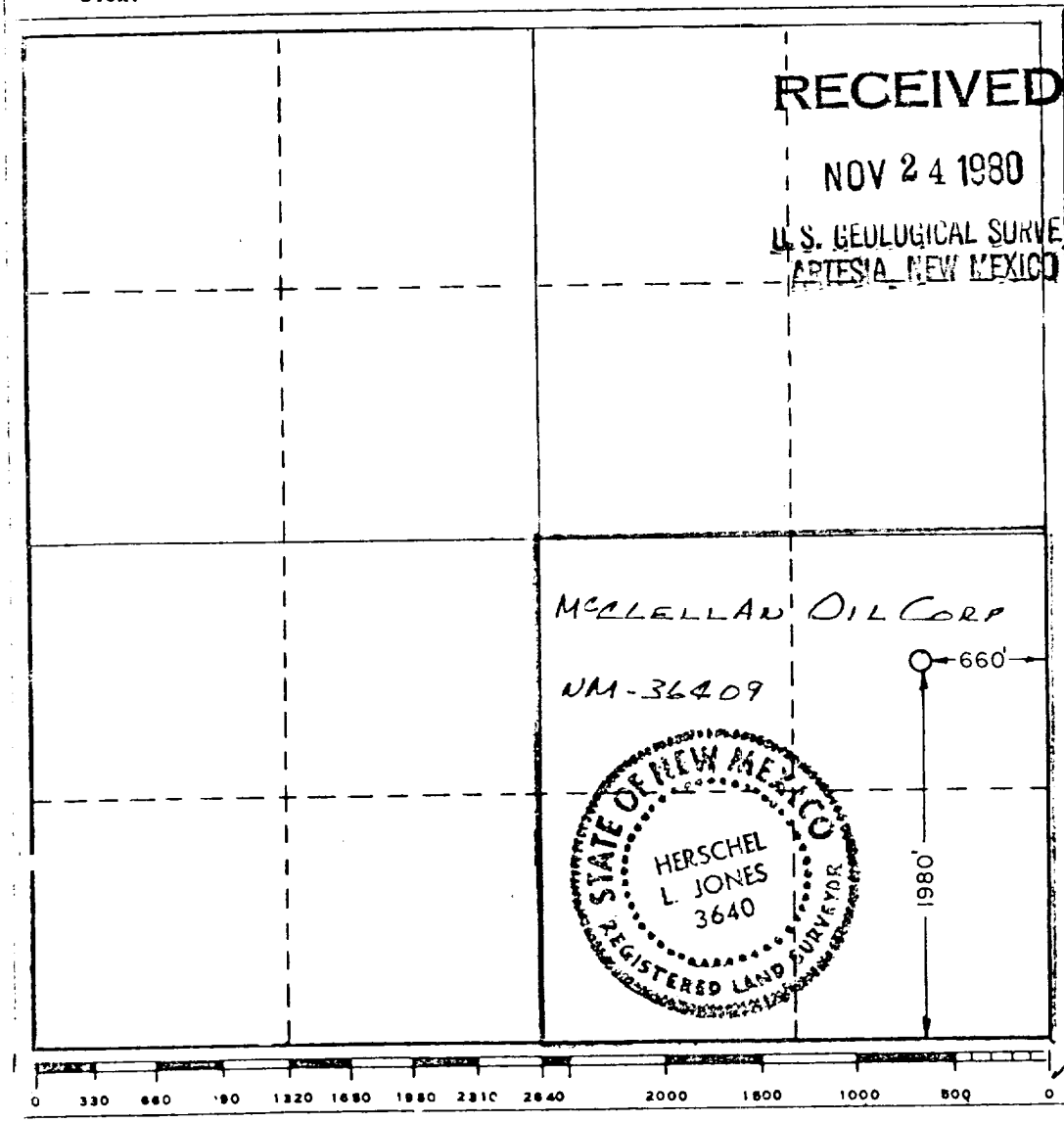
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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: GUSSIE RODRIGUEZ

Position: GEOGRAPHER

Company: YATES PETROLEUM CORP

Date: 11-21-80

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: November 12, 1980

Registered Professional Engineer and/or Land Surveyor

Certificate No. 3640

Yates Petroleum Corporation
McClellan "MB" Federal #2
1980' FSL and 660' FEL
Section 31-T5S-R25E
Chaves County, New Mexico

In conjuction 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	587
Glorieta	1446
Abo	3662
Wolfcamp	4334
T.D.	4400

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

   Water: Approximately 250'

   Gas: ABO 3700' - 4200'

4. Proposed Casing Program: See Form 9331C.

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.

9. No abnormal pressures or temperatures are anticipated.

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

Yates Petroleum Corporation
McClellan "MB" Federal #2
1980' FSL and 660' FEL
Section 31-T5S-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, 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 the county map showing the roads in the vicinity of the proposed location. The proposed wellsite is located approximately 33 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 31 miles.
2. Turn east for approximately 8 miles and continue NE for 2 miles.
3. Then turn SE on the Mapco Pipeline right-of-way, go for 2 miles then turn northeast to Grynberg "LZ" State #1. Then to the McClellan "MB" Federal #1. The new road will start at the #1 location going east for 4080' to federal location.

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately 4080' in length from point of origin to the southwest edge of the drilling pad. The road will lie in a west-to-east direction.

B. The new road will be 12 feet in width (driving surface). Up to 25' total disturbed width.

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 are existing wells within a mile of wellsite.

4. LOCATION OF EXISTING AND OR PROPOSED FACILITIES.

A. There are 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 commercially from a water trucking company.

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 as specified by BLM.

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 fairly flat ground.

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 BLM and the USGS will be complied with and will be as expeditiously as possbile. All pits will be filled leveled within 90 days after abandonment.

11. OTHER INFORAMTION.

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

B. Flora and Fauna: The vegetation cover consists of tabosa, terpentine, pepper weed, and some mesquite. 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 but there are windmills within a mile of the vicinity of the proposed well.

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

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

12. OPERATOR'S REPRESENTATIVE.

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

Gliserio "Rod" Rodriguez or Johnny Lopez
Yates Petroleum Corporation
207 S. 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.

11-24-80
DATE

GLISERIO RODRIGUEZ, GEOGRAPHER

EXHIBIT A

YATES PETROLEUM CORP.

McCLELLAN "MB" FED #2

SECTION 31-T5S-R25E

1980' FSL + 660' FEL

CHAVES CTY.

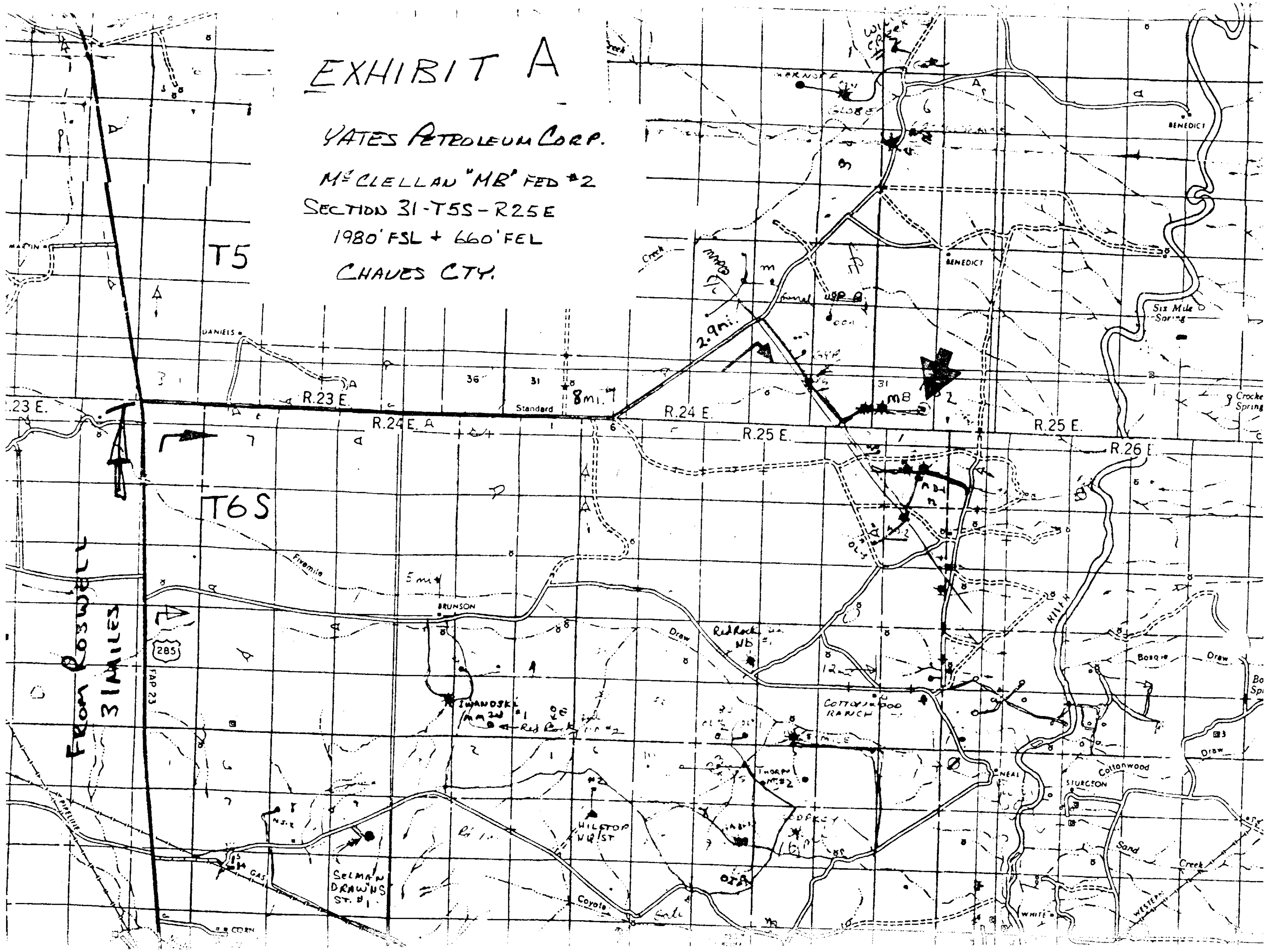


EXHIBIT C

YATES PETROLEUM CORPORATION

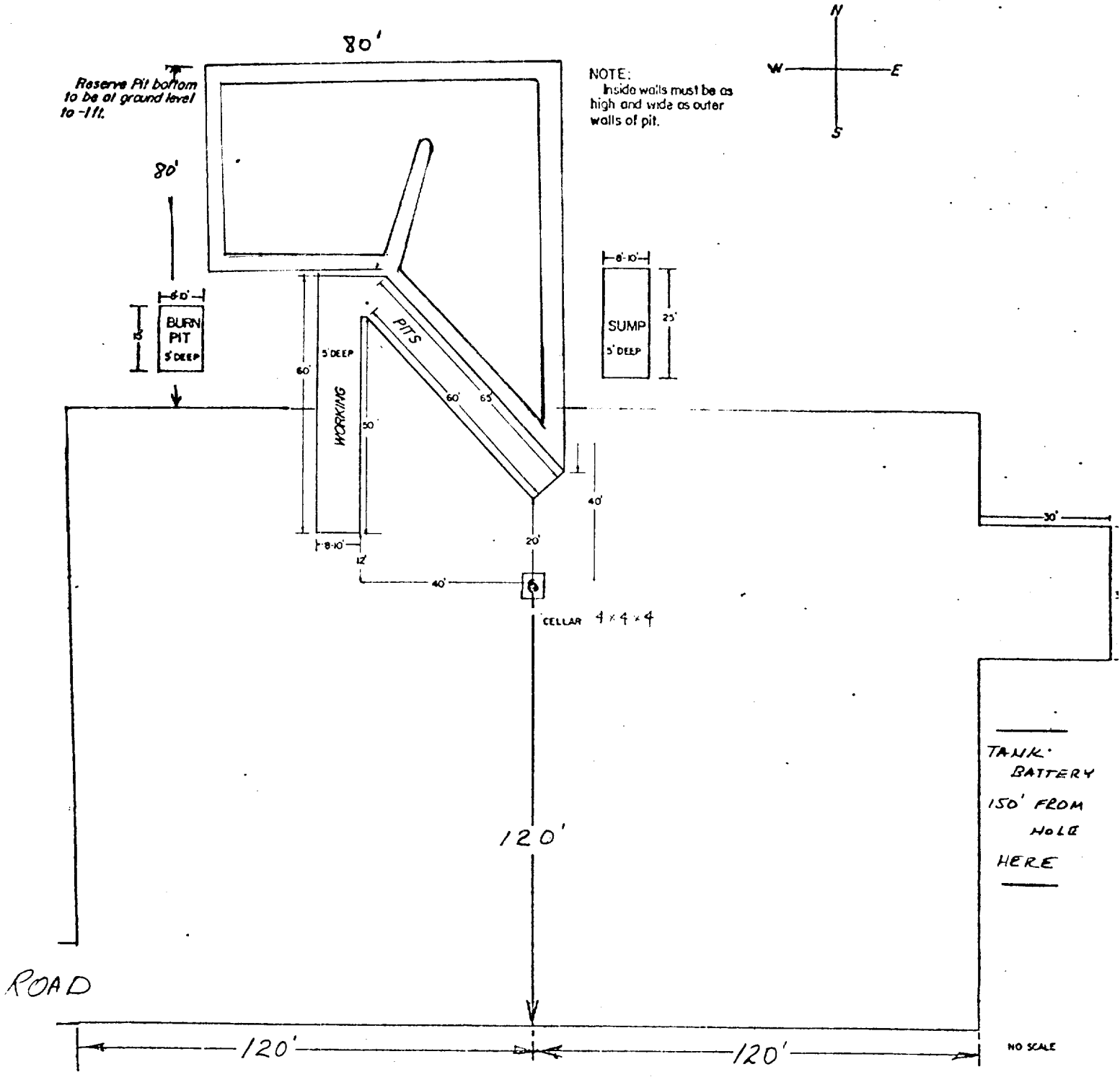
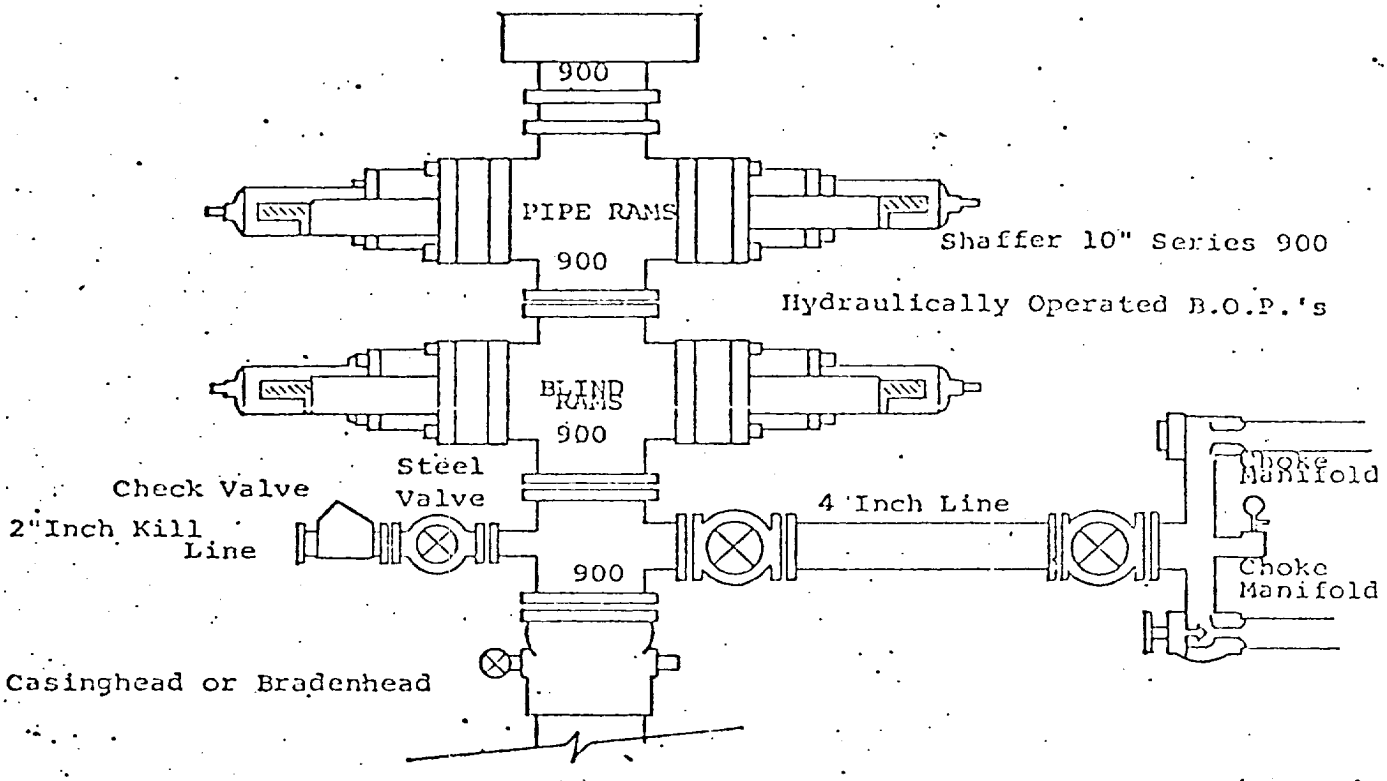


EXHIBIT C



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.