Form 9-331 C
(May 1963)

SUBMIT IN PLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-005-60939

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-28162

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

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

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

8. FARM OR LEASE NAME: Thorpe "MI" Fed

2. NAME OF OPERATOR: Yates Petroleum Corporation

9. WELL NO.: 3

3. ADDRESS OF OPERATOR: 207 South 4th St., Artesia, NM 88210

10. FIELD AND POOL, OR WILDCAT: Undes. Abo

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

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 3-T7-R25

At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 30 miles north east 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)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660	1480'	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**
1320'	4450'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3784 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
17½"	13 3/8"	48# J-55	approx. 400'	400 sx circulate
12¼"	8 5/8"	24# J-55	approx. 1400'	550 sx circulate
7 7/8	4 1/2"	9.5#	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. 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 to 3500', salt gel, 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.

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: 3/30/81

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED
(Orig. Sgd.) GEORGE H. STEWART
APR 10 1981
JAMES A. GILLHAM
DISTRICT SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

MEXICO OIL CONSERVATION COMMIS N

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	THORPE MI FED.	3

Unit Letter	Section	Township	Range	County
E	3	7	25	CHAVES

Actual Footage Location of Well:
1980' feet from the NORTH line and 660' feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3784	ABO	Undes. ABO	160 Acres

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

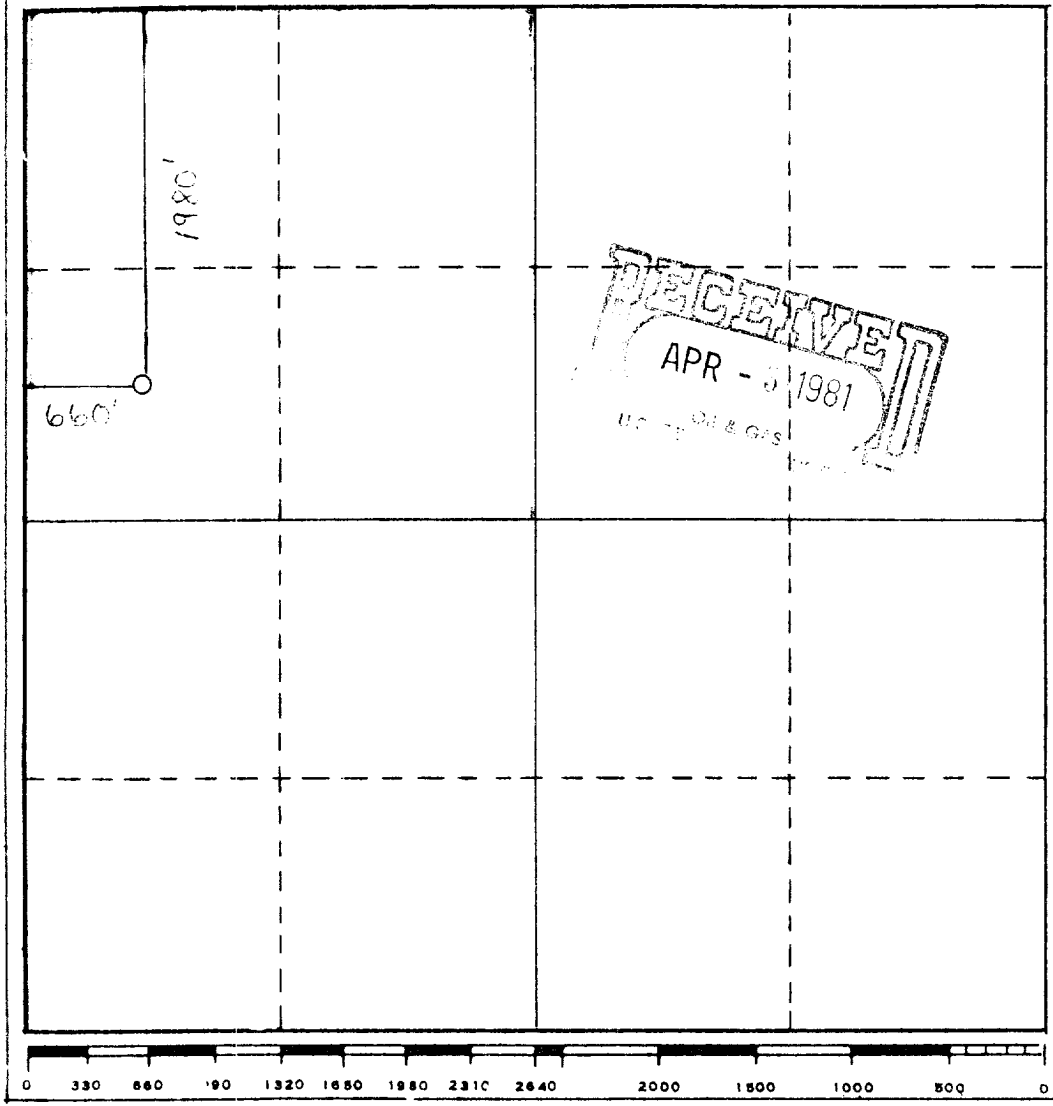
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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: 3-30-81

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: MARCH 10, 1981

Registered Professional Engineer and/or Land Surveyor: HERSCHEL L. JONES 6640

Certificate No. _____

STATE OF NEW MEXICO REGISTERED LAND SURVEYOR

Yates Petroleum Corporation
Thorpe "MI" Federal #3
1980' FNL and 660' FWL
Section 3 - T7S - 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 residuum.

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

San Andres:	450'	TD:	4450'
Glorieta:	1490'		
Abo:	3570'		
Wolfcamp:	4350'		

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 TD.
   DST's: As Warranted
   Logging: Intermediate casing to TD.
   Coring: CNL-FDC TD to casing with GR-CNL on to surface and DLL from TD to casing.

9. No abnormal pressures or temperatures are anticipated.

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

M' I-POINT SURFACE USE AND OPERAT 'S PLAN

Yates Petroleum Corporation
Thorpe "MI" Federal #3
Section 3 - T7S - R25E
1980' FNL and 660' FWL
(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 county 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 and NW go for approximately 1½ miles. The location will be NE of the existing road.

2. PLANNED ACCESS ROAD.

A. There will be a new access road 800' long to SW corner of pad.

3. LOCATION OF EXISTING WELL.

A. There has been a number of wells drilled from this 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 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. 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 slopes from south to north. 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 4 miles east. Five Mile Draw is approximately 1 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 Cy Cowan
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.

3-31-81
Date

Gliserio Rodriguez, Geographer

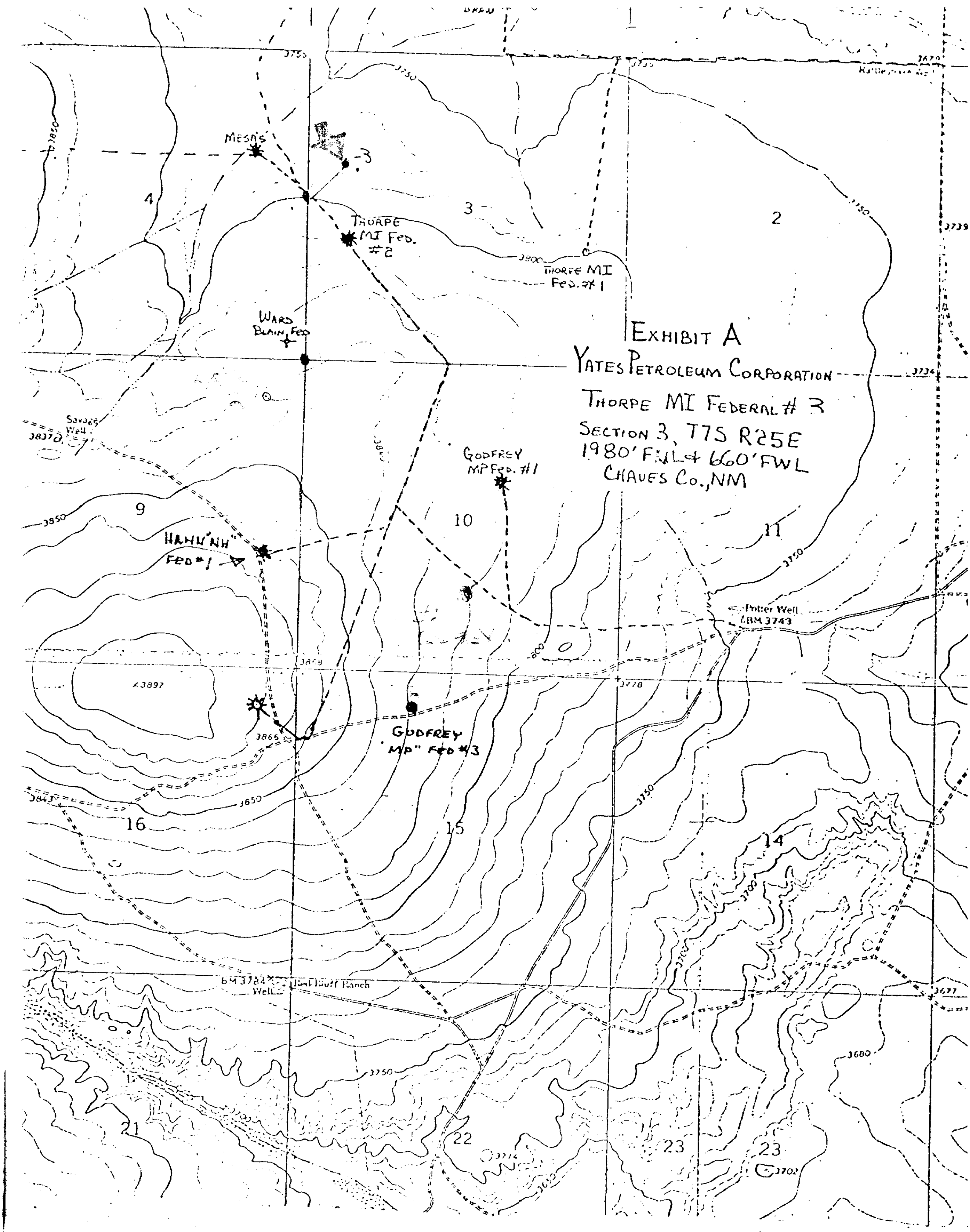
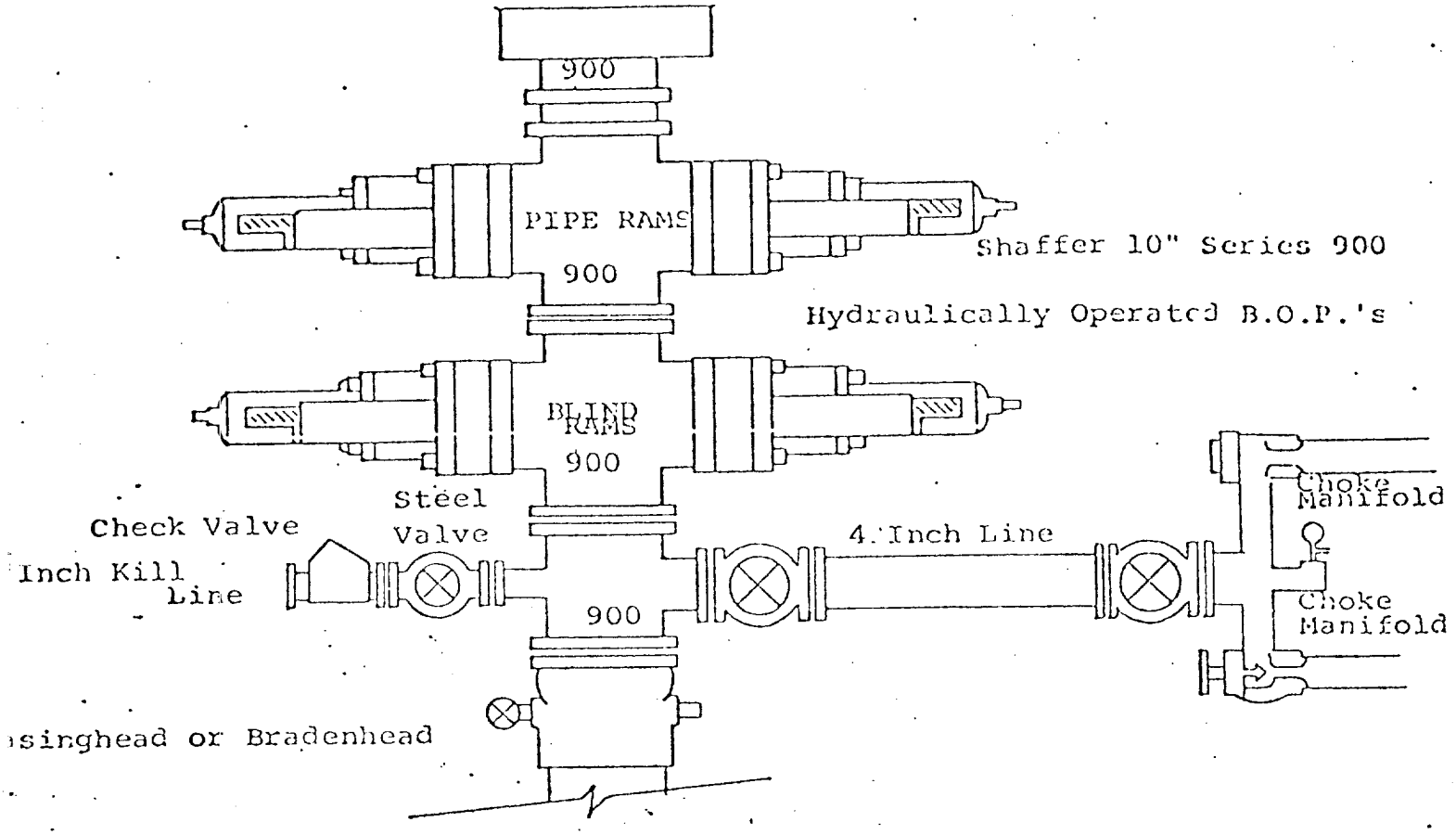


EXHIBIT A
YATES PETROLEUM CORPORATION
THORPE MI FEDERAL # 3
SECTION 3, T7S R25E
1980' FNL & 660' FWL
CHAVES Co., NM
MESA'S
THORPE MI FED. #2
THORPE MI FED. #1
WARD BLAIN FED
GODFREY MP FED. #1
HAHN "NH" FED #1
GODFREY "MP" FED #3
Savage Well
Potter Well
BM 3743
BM 3784
Ranch Well
4
3
2
9
10
11
16
15
14
21
22
23
3750
3800
3850
3897
3865
3650
3680
3700
3677

EXHIBIT B



IE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

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

EXHIBIT C

YATES PETROLEUM CORPORATION