

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

207 South Fourth Street, Artesia, NM 88210

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

At surface

RECEIVED 80' FNL & 660' FEL of Sec. 28-16S-30E
At proposed prod. zone

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

5 miles north of Loco Hills, NM.

10. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY LINE, FT.

ARTEZIA OFFICE

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

16. NO. OF ACRES IN LEASE

19. PROPOSED DEPTH

Approx. 3700'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

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
12 1/4"	8-5/8"	24#	Approx. 300'	Circulate
7-7/8"	5 1/2"	14#	Approx. 3700'	250 sacks

Propose to drill a San Andres test. Surface casing will be run to top of salt section and cemented to surface. Oil string will be set through pay and cemented with 600' of cement cover, perforated and stimulated as needed for production.

MUD PROGRAM: Gel and brine mud to top of Queen, then lo-fluid loss mud to TD.

BOP PROGRAM: BOP's will be installed on 8-5/8" casing and tested daily for operational.

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

24.

SIGNED

Eddie M. Mahford

TITLE

Engineer

DATE

2-1-77

(This space for Federal or State office use)

PERMIT NO.

APPROVED BY
CONDITIONS OF APPROVAL, IF ANY:

THIS APPROVAL IS RESCINDED IF OPERATIONS
ARE NOT COMMENCED WITHIN 3 MONTHS.
EXPIRES JUN 8 - 1977

DATE

*See Instructions On Reverse Side

**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 YATES PETROLEUM CORPORATION			Lease Federal FR		Well No. 2
Unit Letter H	Section 28	Township 16 South	Range 30 East	County EDDY	
Actual Footage Location of Well: 1980 feet from the North line and 660 feet from the East line					
Ground Level Elev. 3772	Producing Formation <i>Gbg. San Andres</i>		Pool <i>Square Lake (Gbg. SA)</i>		Dedicated Acreage: 4.0 Acres

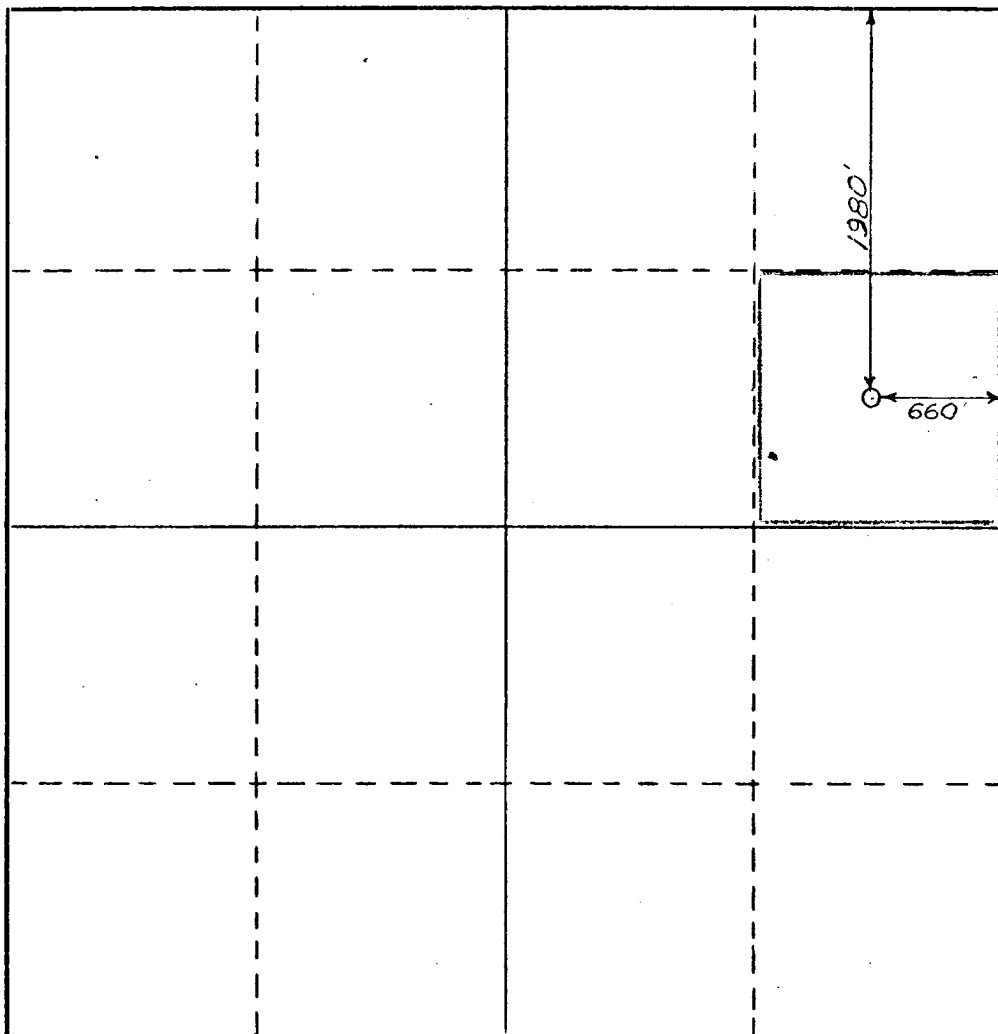
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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.

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ARTESIA, NEW MEXICO



CERTIFICATION

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

Eddie M. Mahfood

Name Eddie M. Mahfood
Position Petroleum Engineer
Company Yates Petroleum Corporation
Date 1-29-77

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 1/29/77
Registered Professional Engineer and/or Land Surveyor L. JONES
Certificate No. 3640

330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

YPC - Federal 'FR' No. 2, 1980 FNL 6601-L, Sec 28-16S-30E, Eddy Co.

Other information to accompany Form Q-331-C:

1. Surface formation: Quaternary alluvium. or Dockum Group
2. Geologic Markers anticipated:
Yates @ 1293'
Queen @ 2194'
Grayburg @ 2548'
San Andres @ 2978'
3. Surface Water: Approx. 100 ft
Oil & Gas Pays: Grayburg, possible 2650-2880'; 2900-2978
San Andres possible 3070-3100; 3400-3700
4. Casing Program: See form Q-331-C
5. Pressure Control: See form Q-331-C and Exhibit 'D'
6. Mud Program: See form Q-331-C
7. Auxiliary Equipment: None required; sub w/ full opening valve available.
8. Drill Stem Tests: None. Coring: possible, but not scheduled.
Mud logging: None. Sampling: 10' samples from 1200' to TD.
9. This is a development well: pressure & temperature data from previous drilling experience; sub-normal pressures (less than water gradient). Hydrogen sulfide and other toxic gases are minimal or non-existent.
10. Anticipated startup date: As soon as possible (2-3 weeks)

J.M.
2-2-77

YATES PETROLEUM CORPORATION - FEDERAL "FR" NO. 2
1980' FNL & 660' FEL, Section 28-16S-30E, Eddy County, New Mexico

Surface Use Plan to accompany "Applications to Drill, Federal Lease".

1. EXISTING ROADS: See Plat (Exhibit A) Go 25 miles east from Artesia on U.S. 82 to Loco Hills, then go 5.2 miles north on black-top to cattle guard, then SE and east on caliche road for 1 mile and north to Federal "FR" No. 1 location. Roads maintained by county or bladed and watered by Operator as needed. Blue flaggings on dirt road.
2. PLANNED ACCESS ROADS: See Plat (Exhibit A & B) From west side of Federal "FR" No. 1 pad, go $\frac{1}{4}$ mile north to location. Access road will be 12' wide with bar-ditch on each side and caliched. No fences to cut, no culverts or turnouts. Orange flagging on proposed roadway.
3. LOCATION OF EXISTING WELLS: See Plat (Exhibit A & B) This well will be a development well in the Square Lake (Qn.Gbg.S.A.) field. There are producing oil wells to the south and east of this location.
4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION, GATHERING AND SERVICE LINES: See Plat (Exhibit B) Existing tank battery on east side of access road at SE corner of Federal "FR" No. 1 pad. Flowline from No. 2 will be 2" steel on the surface alongside access road and on No. 1 pad to No. 1 flowline and separator.
5. LOCATION AND TYPE OF WATER SUPPLY: Fresh water and brine will be trucked to location for drilling & completion procedures from available commercial sources on existing roads and access road.
6. SOURCE OF CONSTRUCTION MATERIAL: Caliche will be from open caliche pit approximately $\frac{1}{4}$ mile east of No. 1 access road located in NE SW of Section 27-16S-30E.
7. METHODS FOR HANDLING WASTE DISPOSAL: Well cuttings will be jetted into reserve pit; mud sacks, paper & garbage will be burned; garbage will be accumulated in trash barrels and disposed of by burning or buried 2' in burn pit; there will be a sump for a portable commode.
8. ANCILLARY FACILITIES: None.
9. WELL SITE LAYOUT: (rig, tanks, pits, racks, etc.) See Sketch (Exhibit C) (a) Thin caliche pad 140' X 90' with rig V-door to east. (b) Steel pits for mixing mud; earthen reserve pit 65' X 35' unlined, on north side of pad. (c) Pad & reserve pit is flagged.
10. PLANS FOR RESTORATION OF SURFACE: (a) If a producer, reserve pit will be fenced until dry, then filled & leveled; location will be cleaned and excess material hauled away from location. (b) Upon abandonment, location will be cleaned and leveled, well capped and marked as is statutory.
11. OTHER INFORMATION: (a) Terrain is gently rolling with shifting sand dunes. (b) Vegetative cover is sparse with some prairie grass, shrub oak, mesquite & yucca. (c) Wildlife includes reptiles, rodents, coyotes and doves. (d) Land use is some grazing and hunting. (e) Surface owner believed to be BLM.

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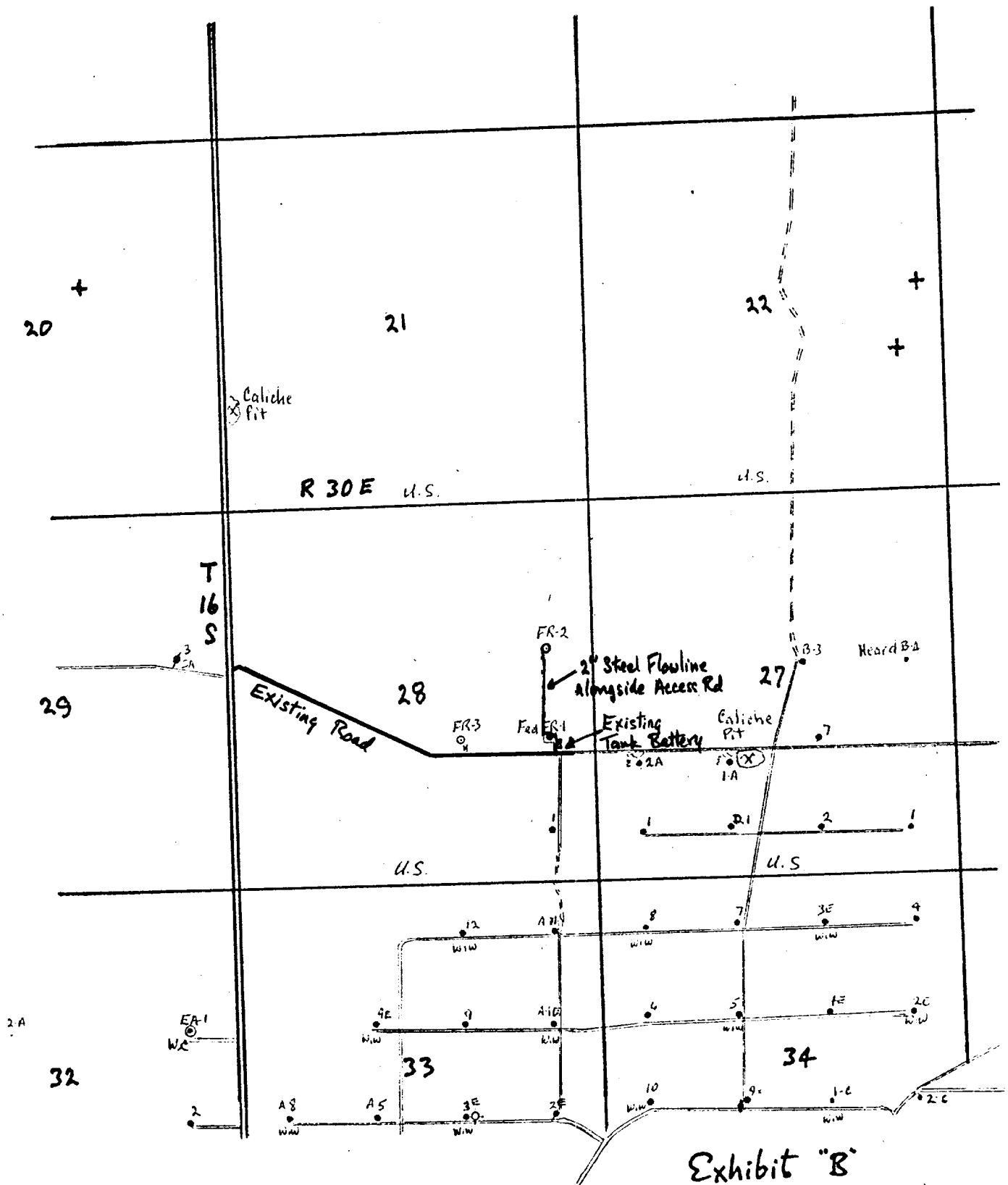
12. LESSEE'S OR OPERATOR'S REPRESENTATIVE: (a) Eddie Mahfood, Office ph: 746-3558, Home ph: 746-4415.
(b) Leon Bergstrom, Office ph: 746-3558, Home ph: 748-1072.
13. CERTIFICATION:

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 Corporation and its contractors and sub contractors in conformity with this plan and the terms and conditions under which it is approved.

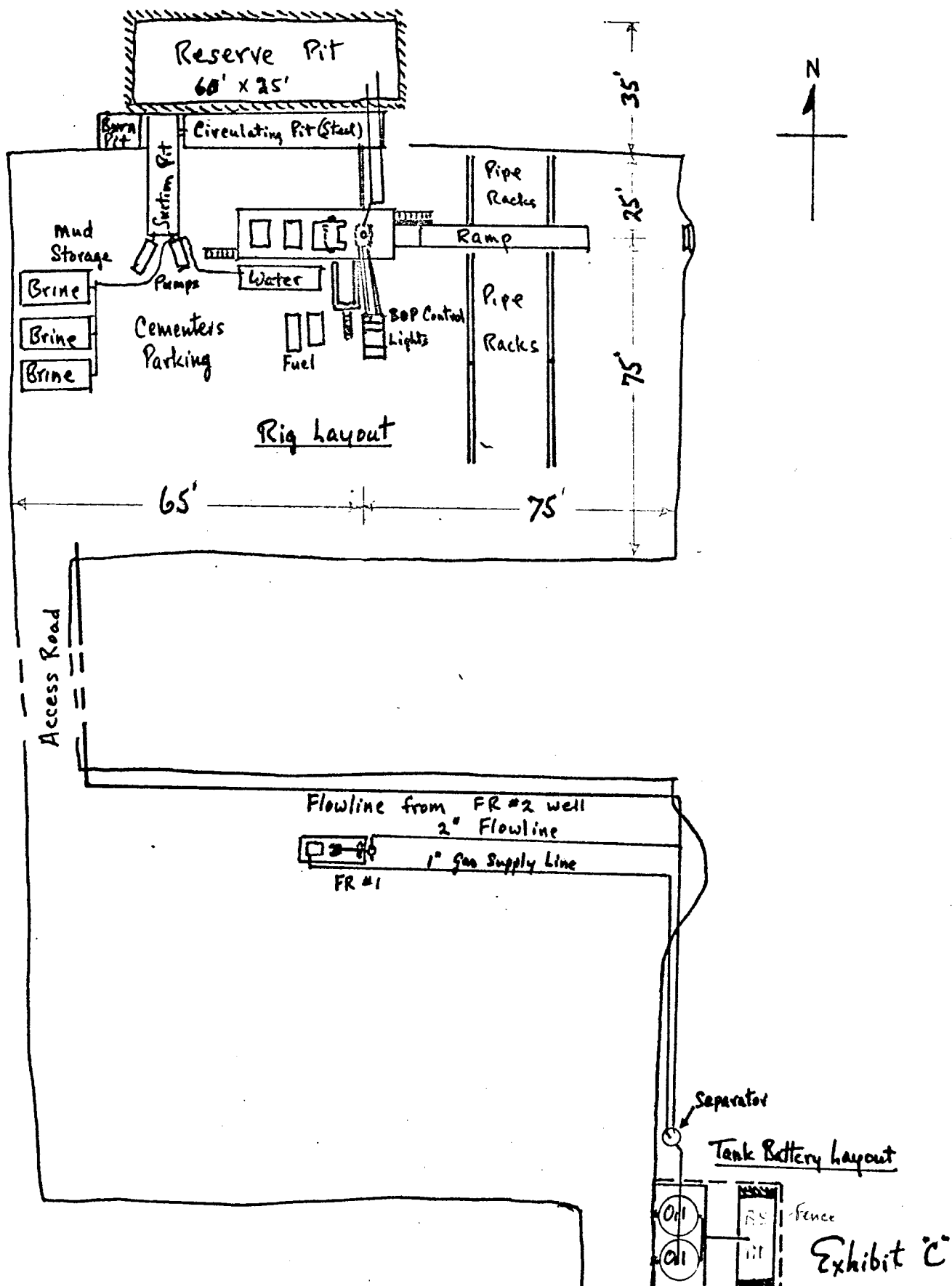
February 2, 1977
Date

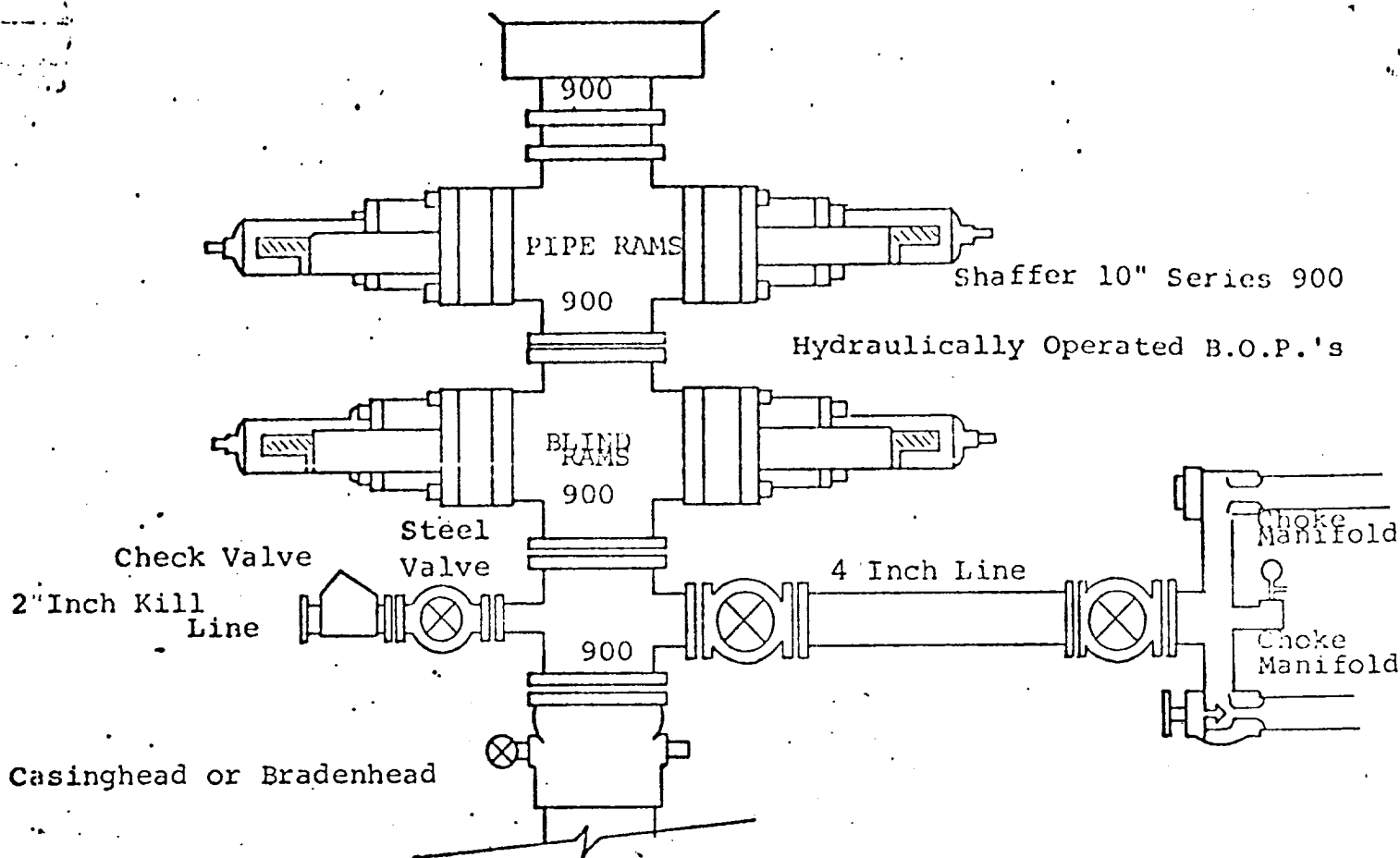
Eddie M. Mahfood, Sr.
Name and Title

YPC- Federal "FR" No. , 1980' FHL 660 FE₂, Sec 28-16s-30E, Eddy Co.



YPC- Federal FR No. 2, 1980/N 660/E, Sec 28-16s-30E, Eddy Co.





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 "D"