

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 S. 4th St., Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface 990' FWL & 2310' FEL
At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
5 miles SW of Artesia, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 990'

16. NO. OF ACRES IN LEASE
200

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 330'

19. PROPOSED DEPTH
1500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3522 GL

22. APPROX. DATE WORK WILL START*
ASAP

5. LEASE DESIGNATION AND SERIAL NO.
NM 036191

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Federales "BO"

9. WELL NO.
7

10. FIELD AND POOL, OR WILDCAT
Eagle Creek - SA

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
ut-B
Sec. 22-17s-25e

12. COUNTY OR PARISH
Eddy

13. STATE
NM

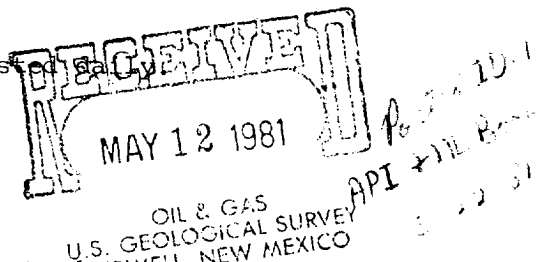
23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
15"	10 3/4"	32#	Approx. 300'	circulate
9 1/2"	7"	20, 23#	1140'	circulate
6 1/2"	4 1/2" and 5 1/2"	9.5# - 15.5#	TD	100 sx

We propose to drill to the San Andres formation, test with approximately 300' of 10 3/4" casing to shut off surface gravel and caving and 7" casing will be set 100' below the Artesian zone with cement circulated. A tapered production string will be run to TD and cemented, perforated and sand frac'd for Slaughter Production.

MUD PROGRAM: Fresh water gel and LCM to 1140' (or dry drill), water from casing point to total depth.

BOP PROGRAM: BOP's will be installed on 7" casing and tested.



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 George E. Stewart TITLE Reg. Manager DATE 5-11-81

(This space for Federal or State official use)
(Orig. 24) GEORGE E. STEWART

PERMIT NO. MAY 18 1981 APPROVAL DATE _____

APPROVED BY FOR TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: DISTRICT SUPERVISOR

1 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.

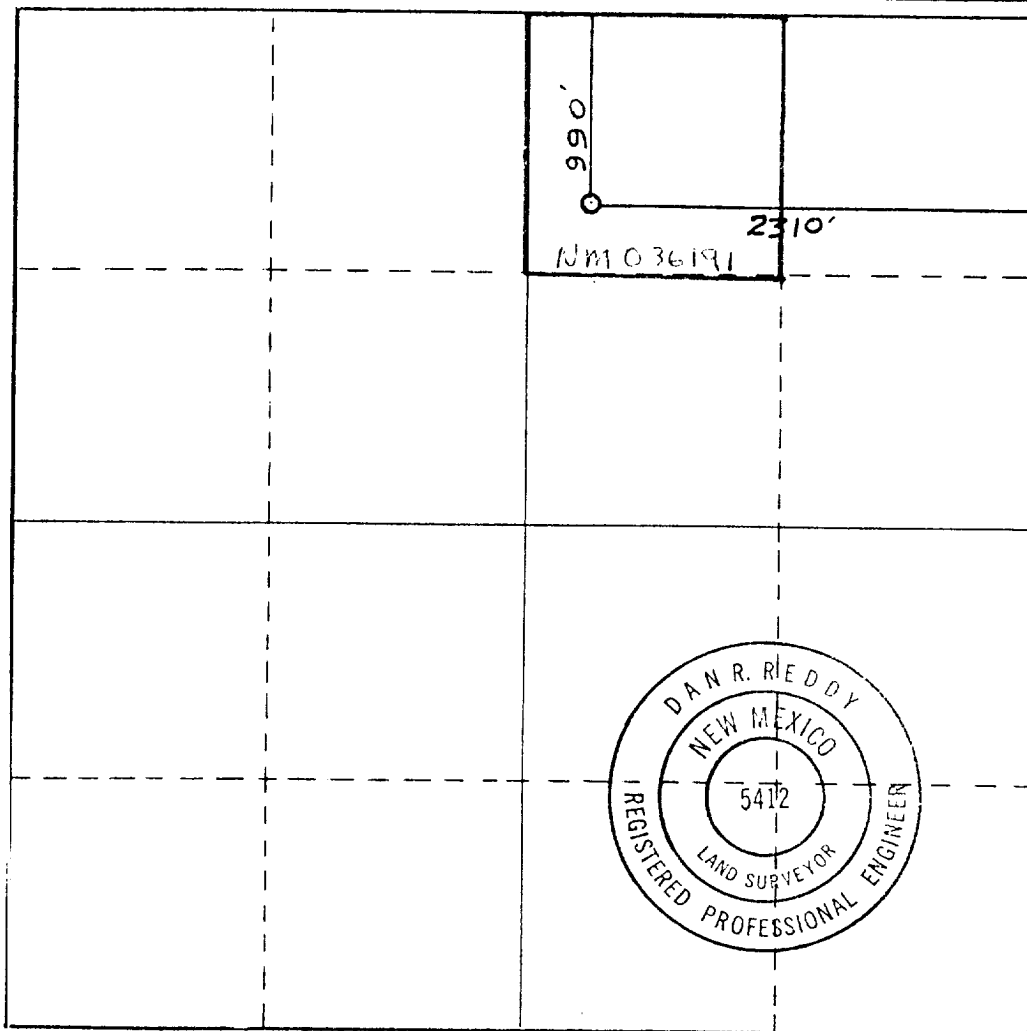
Operator YATES PETROLEUM CORPORATION			Lease Federales BO		Well No. 7
Unit Letter B	Section 22	Township 17 South	Range 25 East	County Eddy	
Actual Footage Location of Well: 990 feet from the North line and 2310 feet from the East line					
Ground Level Elev. 3522.	Producing Formation SAN ANDRES		Pool Eagle Creek SAN ANDRES	Dedicated Acreage: 40 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

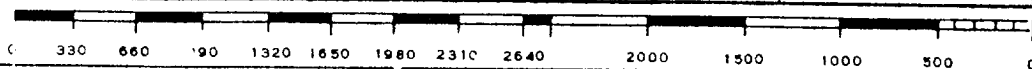
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

[Signature]
Name
GLISERIO RODRIGUEZ
Position
GEOGRAPHER
Company
YATES PETROLEUM CORP.
Date
5-11-81

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
December 13, 1980
Registered Professional Engineer and/or Land Surveyor

[Signature]
Certificate No.
NM PE&LS #5412



Yates Petroleum Corporation
Federales "BO" #7
990' FNL & 2310' FEL
Section 22-17S-25E
Eddy 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 alluvium.
2. The estimate tops of geologic markers are as follows:

San Andres 739'
Slaughter 1209'
TD 1500'
3. The estimated depths at which anticipated water, oil, or gas formations are expected to be encountered.

Water: 150' - 250'

Oil Possibilities: Slaughter 1330' - 1440'
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:

Logging: GRN
9. No abnormal pressures or temperatures are indicated.
10. Anticipated starting date: ASAP.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Federales "BO" #7
990' FNL & 2310' FEL
Section 22-T17S-R25E

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 rehabilitation of the surface after completion of the well so that an appraisal can be made of the environment effected by this well.

1. EXISTING ROADS.

Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 5 miles SW of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. From Artesia head west on Highway 82 for 2 miles. (Airport will be to the north.) Turn south at the blue cattle guard and proceed south for 1.3 miles.
2. Turn west and go 2.4 miles.
3. Turn north to location.

2. PLANNED ACCESS ROAD.

- A. Approximately 100' of road will be needed to get to the location off of the existing road.

3. LOCATION OF EXISTING WELLS.

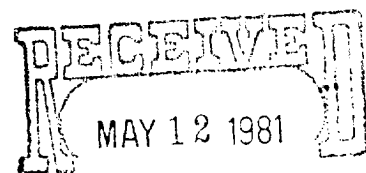
- A. This well is being drilled within the Eagle Creek field.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- A. There is production facilities on this lease at the present time. See Exhibit A.
- 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 of oil, electricity is available on lease. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY.

- A. Water will be piped in from our water well.



OIL & GAS
U.S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. Caliche will be taken from a Fee pit in NW/NW Sec. 28-17s-25e.

7. METHODS OF HANDLING WASTE DISPOSAL.

- A. Drill cuttings will be disposed of in a small reserve pit.
- B. Drilling fluids will be allowed to evaporate in the reserve pit 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. Location is on a flat area amid the oil wells on this lease.

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 pit, if any, containing fluids will be fenced until they have dried.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements made in the Operator-Landowner Agreement 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 rolling hills. The immediate area of the wellsite is discussed above in paragraph 9A.
- B. Flora and Fauna: Terrian is flat with prairie grasses, native flowers and yucca.
- C. There are no ponds, lakes or rivers in the area.
- D. There are no inhabited dwellings in the vicinity of the proposed well.
- E. Surface Ownership: Surface is privately owned with federal minerals.
- F. There is no evidence of 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 are:

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

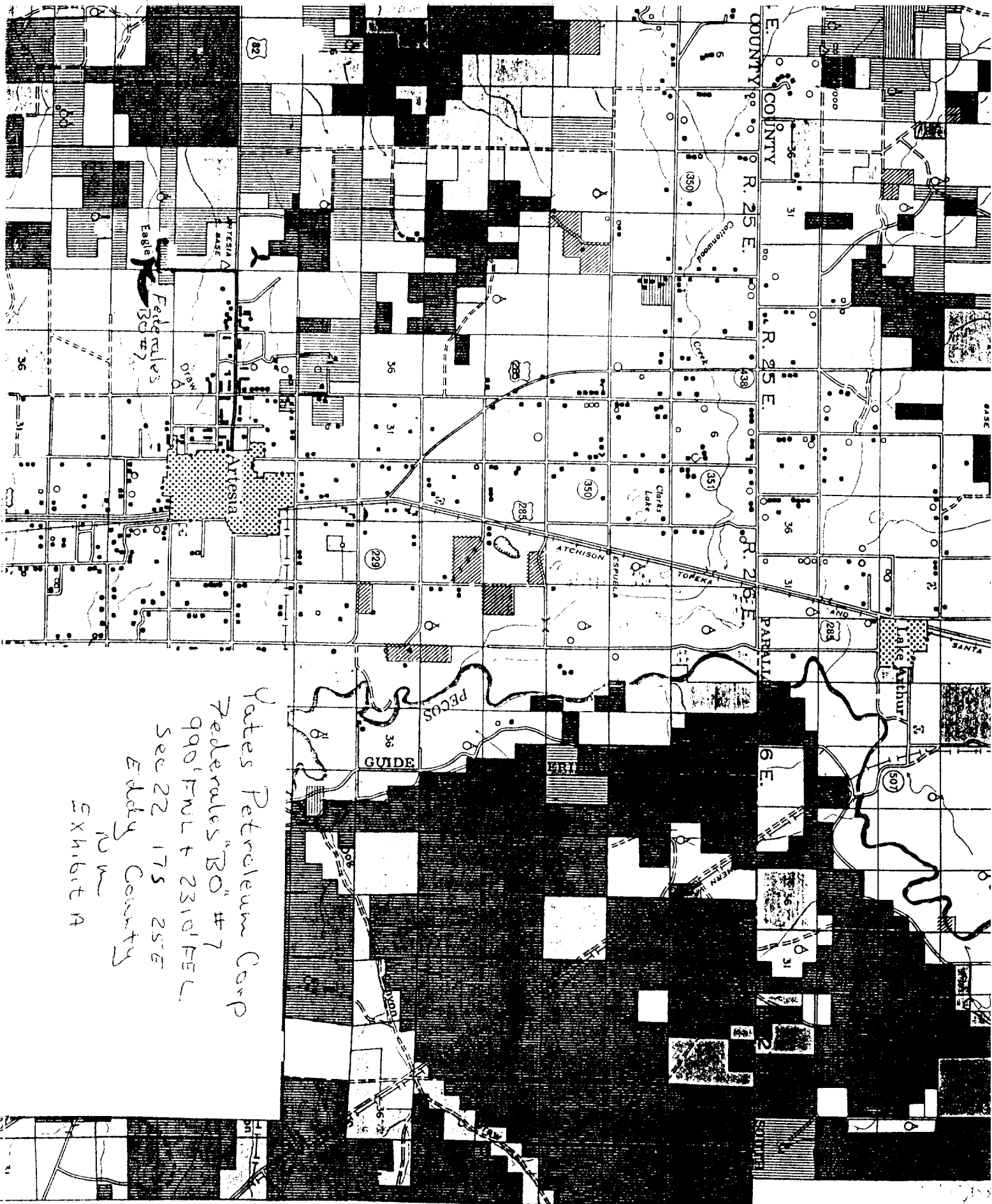
13. CERTIFICATION.

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.

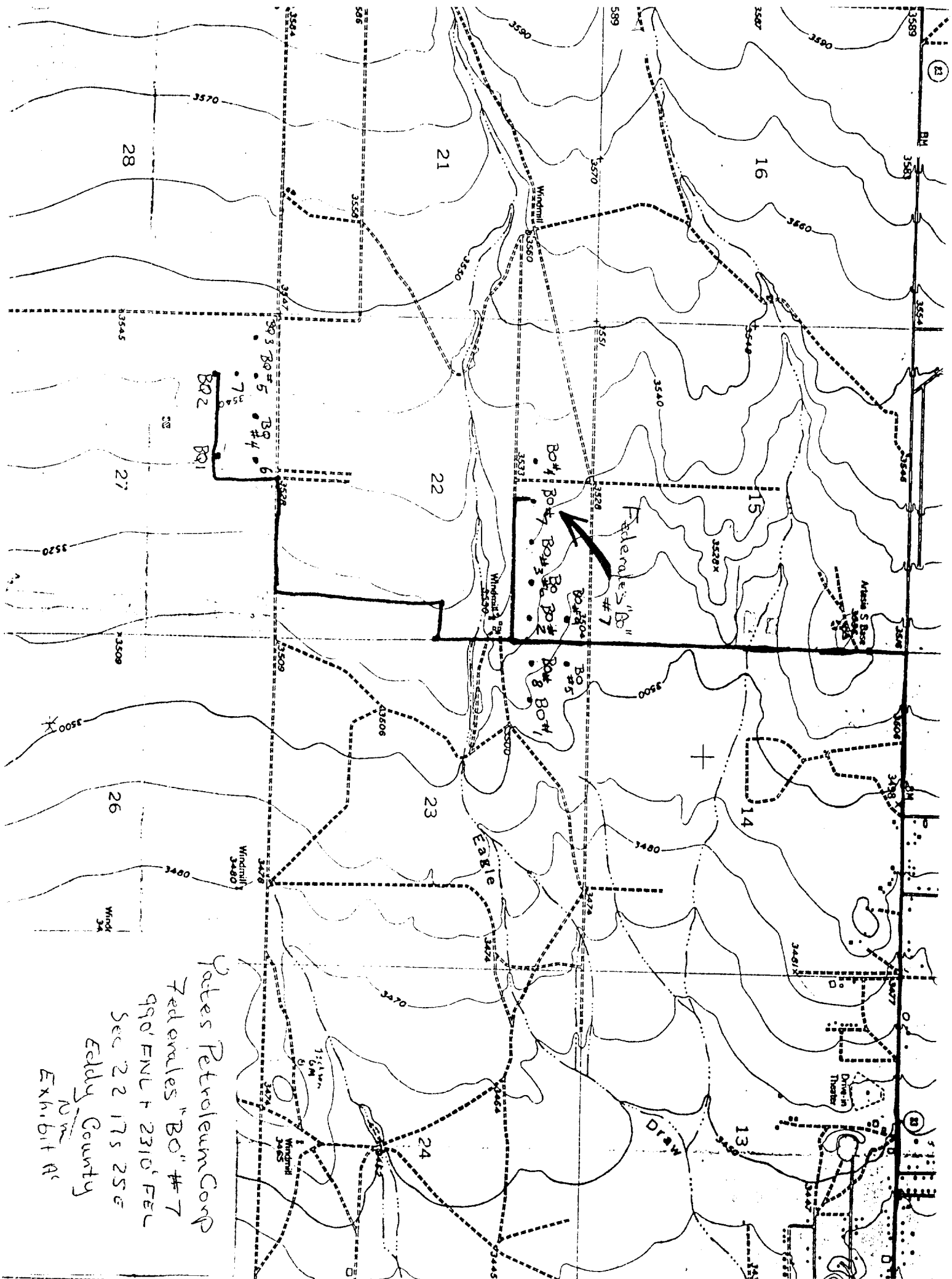
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Date

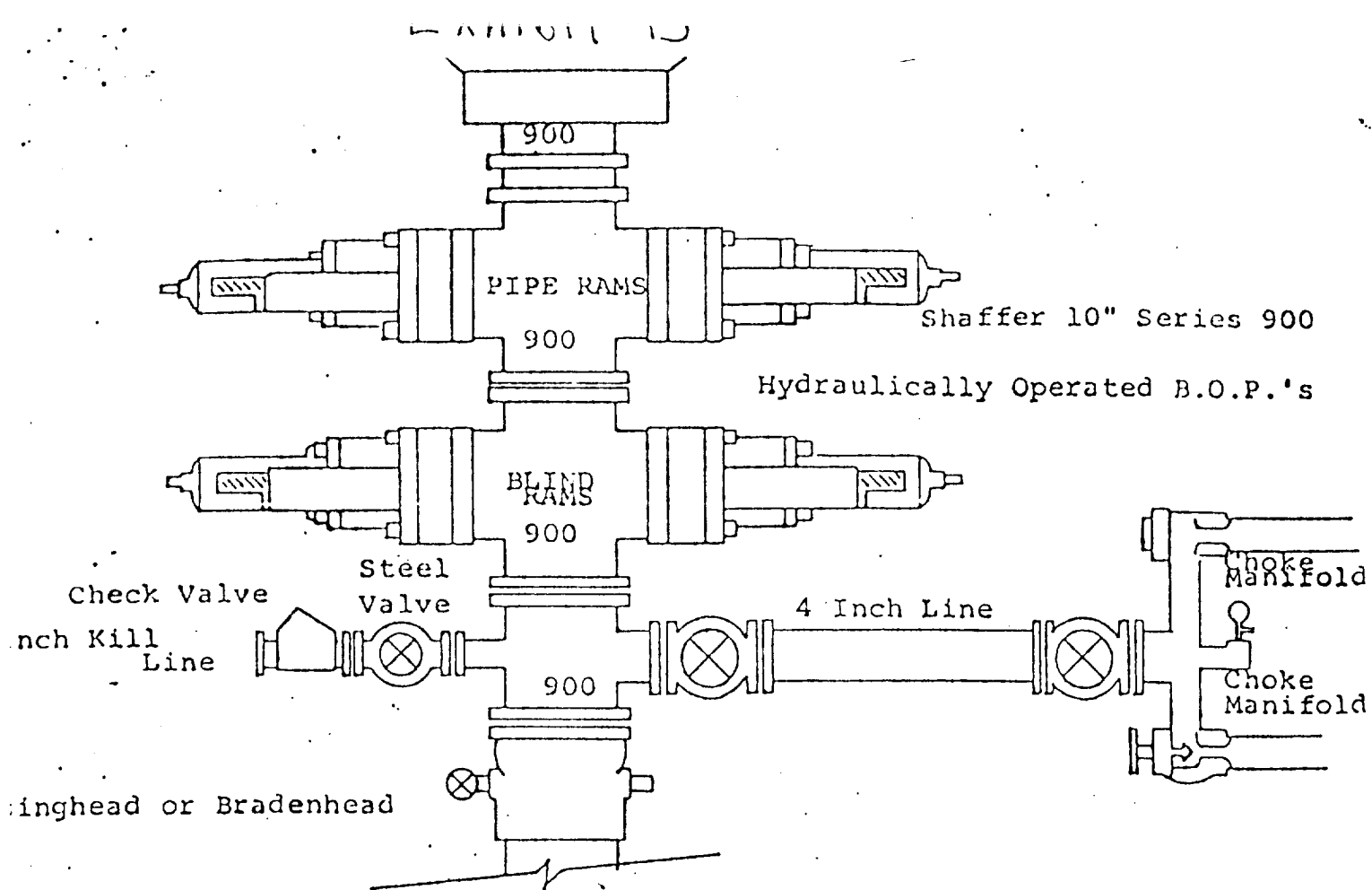

Gliserio Rodriguez



Yates Petroleum Corp
 Federales "BO" #7
 990' FULT + 2310' FEL
 Sec 22 17S 25E
 Eddy County
 NW
 Exhibit A



Paces Petroleum Corp
Federales "BO" #7
990' ENL + 2310' FEL
Sec 22 17S 25E
Eddy County
N.M.
Exhibit A'



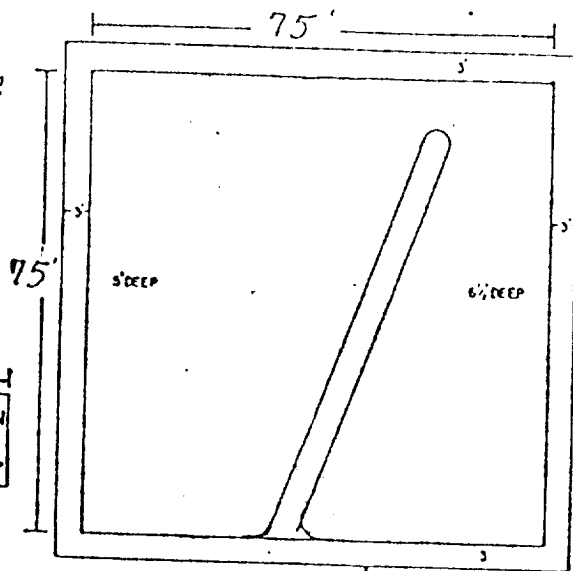
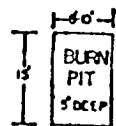
FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- 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.
- D. P. float must be installed and used below zone of first gas intrusion.

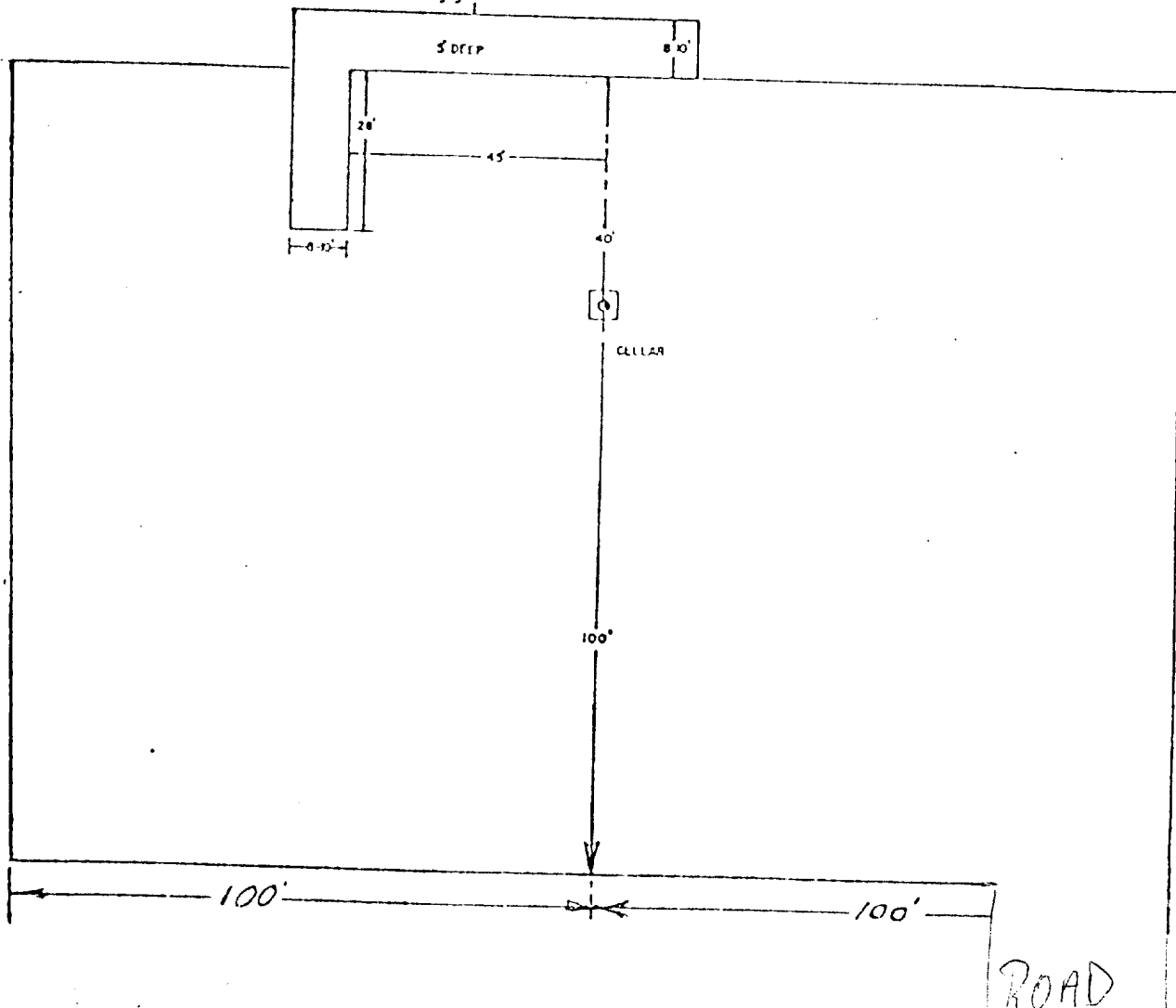
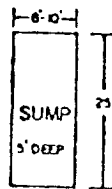
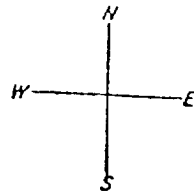
YATES PETROLEUM CORPORATION

Exhibit C

Reserve Pit bottom
to be at ground level
to -111.



NOTE:
Inside walls must be as
high and wide as outer
walls of pit.



NO SCALE