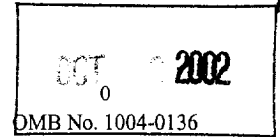


N.M. Oil Cont. Order No. 2
1301 W. Green Road
Artesia, NM 88210

Bureau of Land Management
Received



Expires November 30, 2000

5. Lease Serial No. Carlsbad Field Office
Carlsbad, N.M.
NM-101585

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

3A. Address 105 South Fourth Street

Artesia, New Mexico 88210

3b. Phone No. (include area code)

(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

1650' FNL and 1650' FEL

At proposed prod. Zone

Same

14. Distance in miles and direction from nearest town or post office*

Approximately 8 miles east of Artesia, New Mexico.

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

1650'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

N/2

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

2700'

19. Proposed Depth

9000'

20. BLM/BIA Bond No. on file

585997

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3412' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days

24. Attachments

Knowell Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature

Name (Printed/Typed)

Cy Cowan

Date

10/3/02

Title:

Regulatory Agent

Approved by (Signature)

/s/ Mary J. Rugwell

Name (Printed/Typed)

/s/ Mary J. Rugwell

Date

11-6-02

Title

FOR FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
511 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

FORM C-106
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Crow Flats Morrow
Property Code	Property Name LADY LUCK "AUV" FEDERAL COM.	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3412

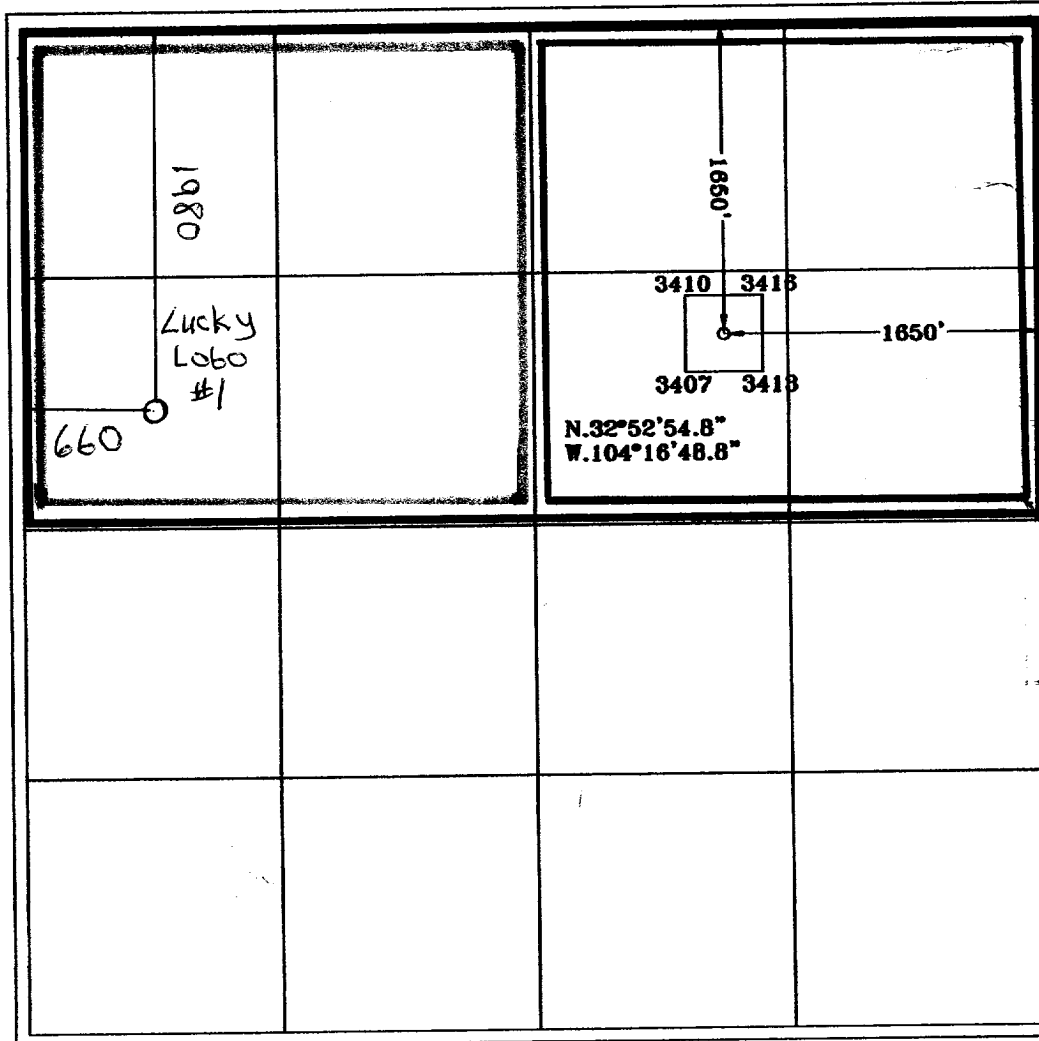
Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
G	33	16S	27E		1650	NORTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

Cy Cowan
Signature

Cy Cowan
Printed Name

Regulatory Agent
Title

October 3, 2002
Date

SURVEYOR CERTIFICATION

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 belief.

10/01/2002

Date Surveyed

Signature of
Professional Surveyor

Herschel Jones
Herschel Jones
Professional Surveyor
New Mexico
3640
Certificate No. Herschel Jones RLS 3640
LADY LUCK
GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Lady Luck "AUV" Federal Com. #1
1650' FNL and 1650' FEL
Sec.33-T16S-R27E
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

San Andres	1295'
Glorietta	2733'
Yeso	2870'
Abo	4747'
Wolfcamp Lime	5944'
Lower Canyon Lime	7629'
Strawn	8046'
Atoka	8408'
Morrow Clastics	8606'
Chester Lime	8834'
TD	9000'

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

Water: 200'-400'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>
12 1/4"	8 5/8"	24#	J-55	ST&C	0-1350'
7 7/8"	5 1/2"	17#	S-95	LT&C	0-9000'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

B. CEMENTING PROGRAM:

Surface casing: 300 sx 35:65 POC 'C' (YLD 1.9 WT 12.66), tail with 200 sx 'C'
+ 2% CaCL₂ (YLD 1.32 WT 14.6).

Production Casing: TOC 7500', 400 sx Super 'C' Modified (YLD 2.0 WT 12.0).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1350'	FW	8.4 - 8.8	32-34	N/C
1350'-4700'	FW/Gel	8.4 - 8.6	28	N/C
4700'-8000'	Cut Brine	8.6 - 9.1	28	N/C
8000'-TD	Salt Gel/Starch	9.5 - 10	30 - 34	<10cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.

Logging: Pex-Hals TD-casing; CNL/GR up to surface; DLL w/RXO TD-casing.

Coring: None

DST's: As warranted.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0 TO: 1350' Anticipated Max. BHP: 600 PSI

From: 1300' TO: 9000' Anticipated Max. BHP: 4800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None anticipated.

Maximum Bottom Hole Temperature: 155 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 18 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Lady Luck "AUV" Federal Com. #1
1650' FNL and 1650' FEL
Sec.33-T16S-R27E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, 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 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 operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 6 miles northeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Artesia on Highway 82 for 5 miles to Carr Ranch Road (CR. 200). Turn north and go approx. 2 miles. Turn east on lease road and go approx. 1.6 miles to Oxy's Lucky Dog #1 well. Turn north for 0.4 of a mile and turn east to location.

2. PLANNED ACCESS ROAD

- A. The new access road will be approximately 2000' in length going east then north for approx. 300' from the point of origin to the southeast of the drilling pad. The road will lie in a west to east direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Some traffic turnout will be built.
- D. The route of road is visible.
- E. Existing roads will be maintained in same or better condition.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

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 re-enter the proposed well with a salt brine system. The salt brine will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Location is already in place, however, if additional materials are needed a local dirt contractor will get them from the closest pit and pay owner.

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.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES:

None

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

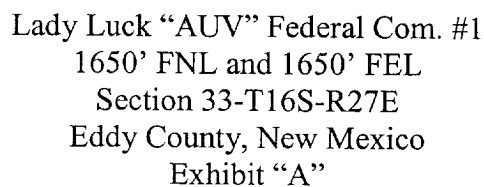
- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

11. SURFACE OWNERSHIP: Bureau of Land Management, Carlsbad, New Mexico.
12. OTHER INFORMATION:
- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.
13. OPERATOR'S REPRESENTATIVE
- | | |
|---|---|
| A. Through A.P.D. Approval: | B. Through Drilling Operations, Completions and Production: |
| Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 |
14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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 subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

10/3/02


Regulatory Agent



Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

PITS EAST

YATES PETROLEUM CORPORATION

105 South 4th Street
Artesia, NM 88210

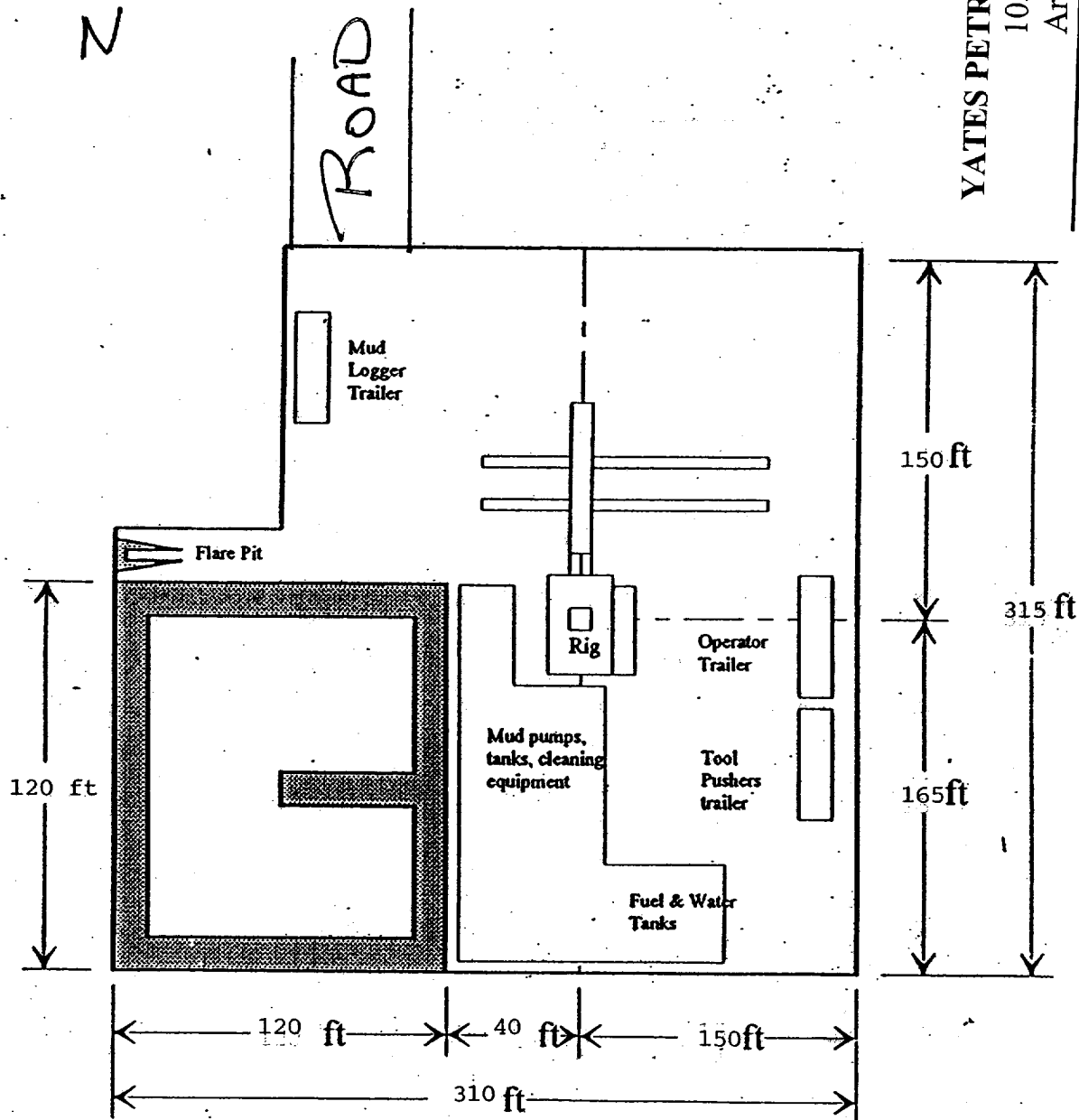
Lady Luck "AUV" Federal Com. #1

1650' FNL and 1650' FEL

Section 33-T16S-R27E

Eddy County, New Mexico

Exhibit "B"



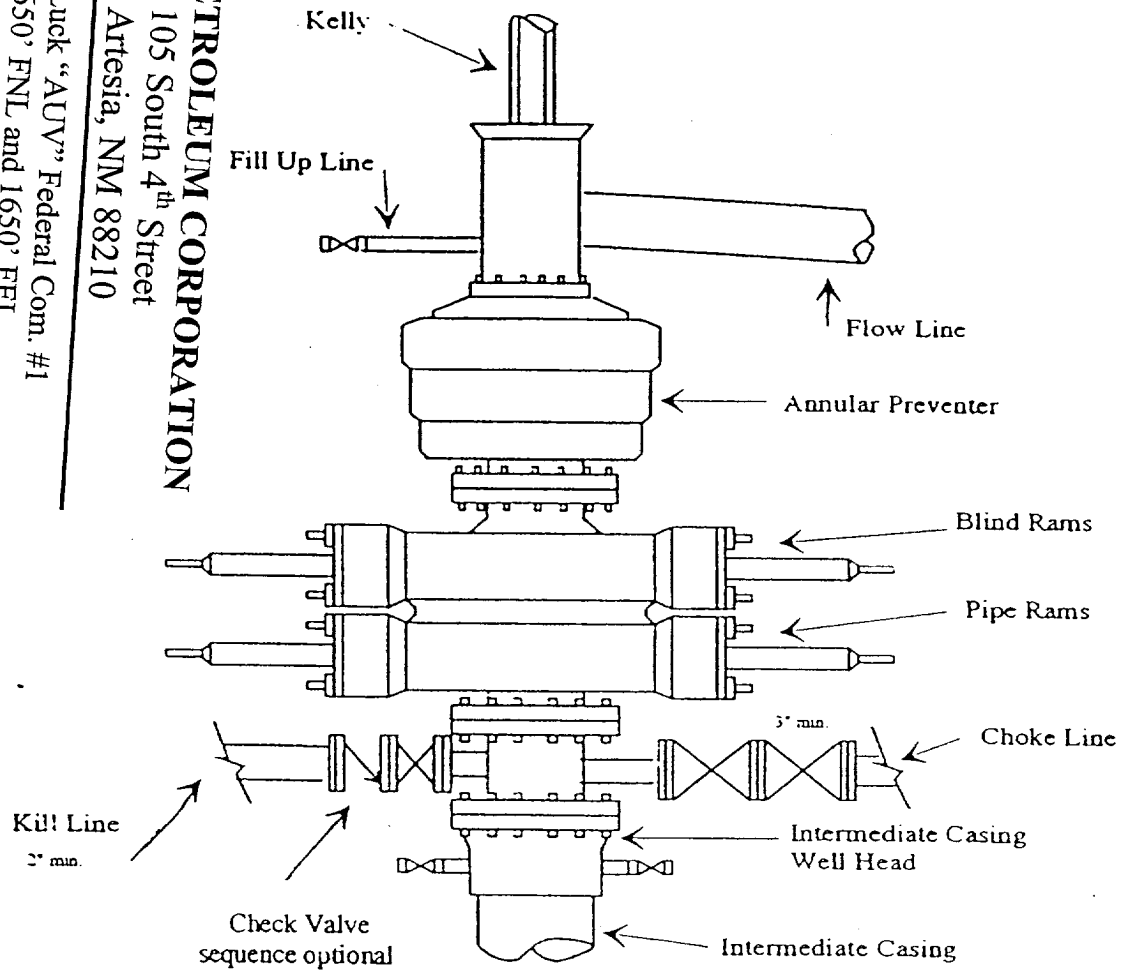
Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

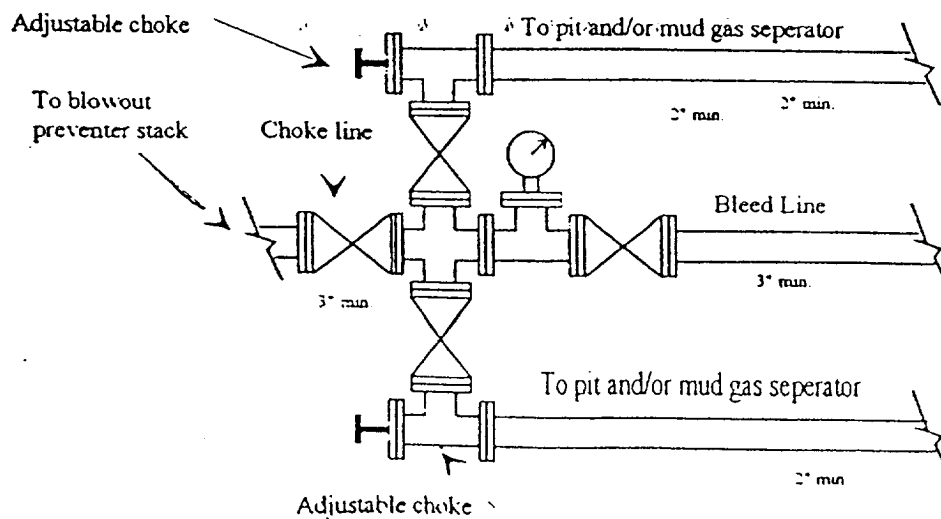
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



YATES PETROLEUM CORPORATION
105 South 4th Street
Artesia, NM 88210

Lady Luck "AUV" Federal Com. #1
1650' FNL and 1650' FEL
Section 33-T16S-R27E
Eddy County, New Mexico
Exhibit "C"

105 South 4th Street
Artesia, NM 88210

<p>State</p> <p>Ocean Ener. n.etal)</p> <p>Cent'l. Thurman 100717 27-31</p> <p>(Miss Pot) Miss. Pot. (Model 6, Gussmah)</p> <p>Model 6 Gussmah</p> <p>Williams-Fed.</p>	<p>065.04AC. U.S.</p> <p>(Enron Ys) Ocean Ener. MBP 7085</p> <p>HBC N/2</p> <p>2-12 1.2 MB</p>
<p>"ells-Fed." U.S.</p> <p>Cal 51</p> <p>Collins Warg 12-1-2009 32163 6582</p> <p>4</p>	<p>Devon Ener. (Chi) Ener. 33.25%</p> <p>3-1-2007 98156 160²²</p> <p>Devon Ener. 9-1-2007 99027 270²²</p> <p>13</p>
<p>U.S.</p> <p>Devon Ener. Carbon Valley 14 Fed.</p> <p>Chi Oper 93469</p> <p>Devon Ener. Carbon Valley 14 Fed.</p> <p>Bayd Hitchcock TO 2293</p> <p>23</p> <p>LE Jones Orig. Hitchcock TO 2018 O/A 5-20-60</p> <p>"CV-Fed."</p>	<p>0²</p> <p>"Carbon Valley-Fed." U.S.</p> <p>Montgomery 101243</p> <p>Devon Ener. 6-1-2007 98806 250²²</p> <p>"Carbon Valley '24' Fed."</p> <p>W.G.McCoy Peterson-Fed. TITHIN S&H N.H. 00</p> <p>24</p> <p>Chase 3-1-2012 100038 325²²</p> <p>Warrenton 8-1-2004 V.S. 78 350²²</p>

