

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒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 Street, Artesia, New Mexico 88210

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

At surface

1980' FSL & 1980' FWL

At proposed prod. zone

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

8.8 miles west of Atoka, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any)

1980'

16. NO. OF ACRES IN LEASE

720

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

19. PROPOSED DEPTH

8800'

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

3666.8

22. APPROX. DATE WORK WILL START*

As soon as possible

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# K-55	Approx. 320'	Circulate 175 sx
12 1/2" - 11"	8 5/8"	24# K-55	Approx. 1060'	Circulate 550 sx
7 7/8"	5 1/2" or 4 1/2"	15.5-17# K-55 or 10.5-11.6#	to T.D.	275 sx 325 sx

Propose to drill and test the Morrow and intermediate formations. Approximately 320' of surface casing will be run and cement circulated to shut off gravel. If commercial pay is encountered, will run 5 1/2" or 4 1/2" casing, cement w/min of 600' cover, perforate and stimulate as needed for production.

MUD PROGRAM: FW Gel & LCM to 1060' fresh water to 4000', KCL water to 6200', flosal-driskpak-KCL mud to TD, MW8.8 - 9.0, vis 35-39, WL 10-7.

BOP PROGRAM: BOP's & hydril on 8 5/8" casing tested, pipe rams daily, blinds on trips, will Yellow Jacket prior to drilling Wolfcamp formation.

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

Eddie L. Bradley

TITLE

Engineer

DATE

2/9/79

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

3-6-79

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION AT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

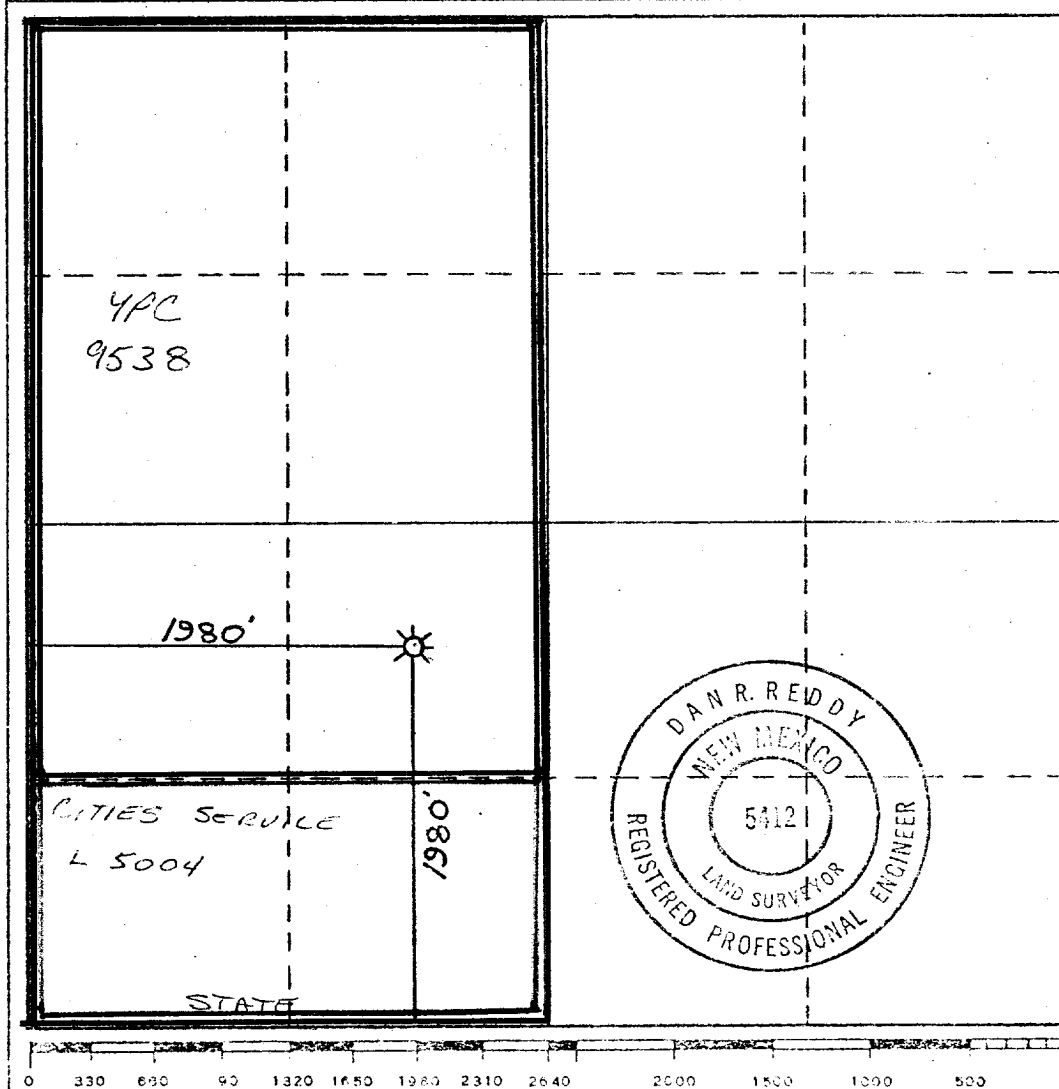
Operator YATES PETROLEUM CORPORATION			Lease Spearman KQ Federal Com		Well No. 1
Unit Letter K	Section 13	Township 18 South	Range 24 East	County Eddy	
Actual Footage Location of Well: 1980 feet from the South line and 1980 feet from the West line					
Ground Level Elev. 3666.8	Producing Formation MORROW		Pool UNDESIGNATED	Dedicated Acreage: 32.0 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, forced-pooling, etc?

☒ Yes ☐ No If answer is "yes," type _____ **BEING COMMUNITIZED**

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.

Eddie M. Mahood

Name

EDDIE M. MAHOOD

Position

ENGINEER

Company

YATES PETROLEUM CORP

Date

2-12-79

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

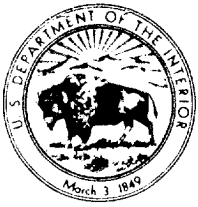
February 8, 1979

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.

NM PE&LS #5412



United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

March 6, 1979

Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

YATES PETROLEUM CORPORATION	
Spearman "KQ" Fed. Com. No. 1	
1980 FSL 1980 FWL	Sec. 13, T18S, R24E
Eddy County	Lease No. NM-9538

Gentlemen:

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 8,800 feet to test the Morrow is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.
3. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should be not less than 8" x 5" in size and each page should identify the well.
4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate sandstone brown (Federal Standard Color No. 595A, color 20318 or 30318).
5. Before drilling below the 8-5/8" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
6. A kelly cock will be installed and maintained in operable conditions.
7. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.

8. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
 - (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.
9. Notify the Survey in sufficient time to witness the cementing of the 8-5/8" casing.
10. Cement behind the 13-3/8" and 8-5/8" casing must be circulated.

Sincerely yours,

ALBERT R. STALL

Albert R. Stall
Acting District Engineer

Yates Petroleum Corporation
Spearman KQ Federal #1
1980' FSL & 1980' FWL
Section 13 - T18S - R24E
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 quaternary alluvium.

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

San Andres	600'	Lower Canyon	7350'	
Abo	3980'	Strawn	7870	T.D. 8800'
Wolfcamp	5130'	Atoka	8040	
Cisco	6400'	Morrow	8400	
		Chester	8540	
		Mississippian	8680	

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

Water: Approximately 350' - 385' Artesian water approximately: 630'-950'

Gas: Basal Abo - Approx. 5020'
Atoka - Approx. 8050'
Morrow - Approx. 8400'

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:

DST's: As Warranted
Logging: Intermediate Casing - T.D.
Coring: CNL-FDC T.D. to casing with GR-CNL on to surface and
DLL from T.D. to casing with selected R.O.
x

9. No abnormal pressures or temperatures are indicated.

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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Spearman KQ Federal #1
1980' FSL and 1980' FWL
(Development Well)

RECEIVED
FEB 14 1979
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

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 with 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 8.8 miles west of Atoka, New Mexico and the route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed south from Artesia on Highway 285 for a distance of approximately 6 miles.
2. Turn west on to 4-Dinkus Road for approximately 8.8 miles. The new road will start here.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 100' in length from point of origin to the edge of the drilling pad. The road will lie in a south-to-north direction.
- B. The new road will be 12 feet in width (driving surface), except at the point of origin, adjacent to the lease road, at which point enough additional width will be provided to allow the trucks and equipment to turn.
- C. The new road will be covered with the necessary depth of caliche. The surface will be crowned, with drainage on both sides.
- D. The new road will be flagged.

3. LOCATION OF EXISTING WELLS.

- A. See Exhibit A.

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 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 and proposed roads shown in Exhibit A; or piped from our GH #1 water well in Section 1, approximately 2.4 miles north of location.

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. Any caliche required for construction of the drilling pad and the new access road will be obtained from the nearest existing pit.

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. The location is fairly flat, so minor cut and fills may be needed in the pad area.
- B. The reserve pits will be plastic lined.
- C. The pad 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 been filled.
- C. If the proposed well is non-productive, we will comply with our standing agreement with the rancher. All pits will be levelled within 90 days after abandonment.

11. OTHER INFORMATION.

- A. Topography: The land surface in the vicinity of the wellsite is gently sloping. The immediate area of the wellsite is discussed above in paragraph 9A.
- B. Flora and Fauna: The vegetation cover consists of prairie grass, prairie flowers, greasewood 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. 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: The wellsite is on private surface belonging to Lincoln County Land and Cattle Company, Roswell, New Mexico.
- 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 are:

Gliserio "Rod" Rodriguez
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

13. CERTIFICATION.

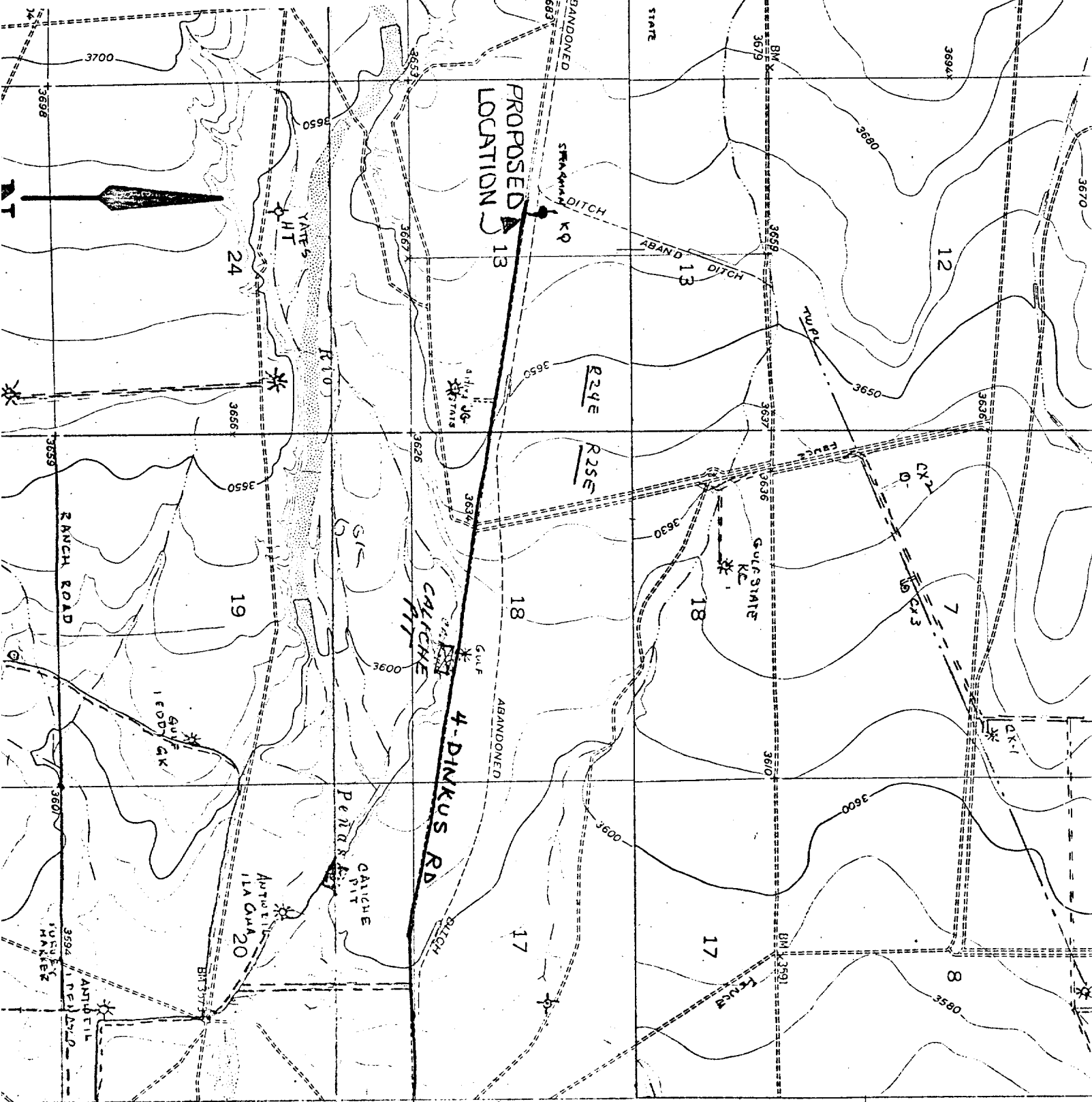
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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.

2-12-79
Date

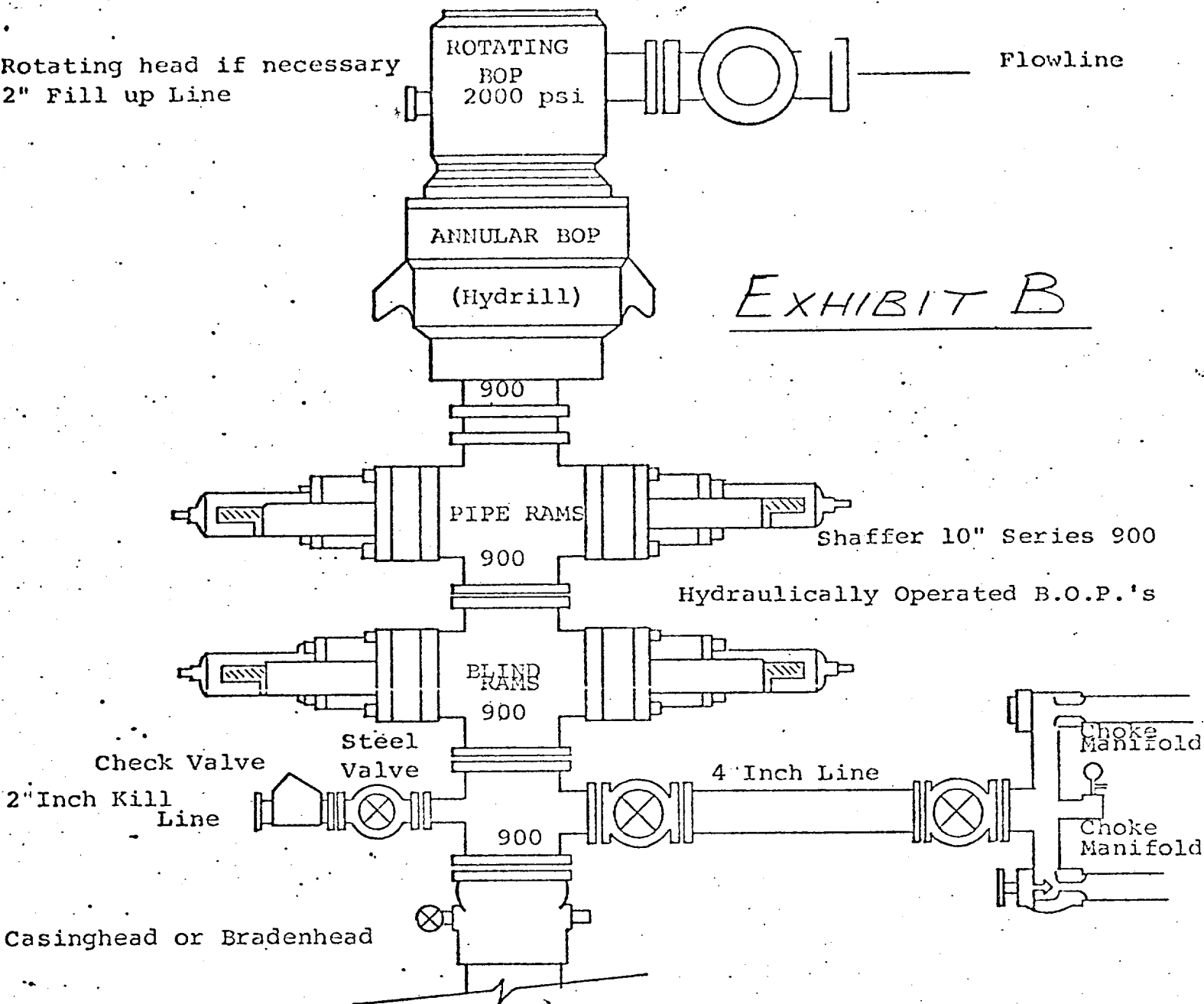
Gliserio Rodriguez
Gliserio Rodriguez, Geographer

YPC
SPEARMAN KQ FEDERAL #1
1980' FSL & 1980' FWL
SECTION 13-T1B5-R24E
EDDY COUNTY, N.M.

EXHIBIT A



Rotating head if necessary
2" Fill up Line



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.