N.M.O.C.D. COPY

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-05-22972

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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

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

2. NAME OF OPERATOR: Yates Petroleum Corporation

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface: 1980' FSL & 660' FWL
At proposed prod. zone: Same

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ARTESIA, NEW MEXICO

5. LEASE DESIGNATION AND SERIAL NO.: LC 067136

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Scout EH Federal

9. WELL NO.: 4

10. FIELD AND POOL, OR WILDCAT: Penasco Draw

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Unit L, Sec. 27-T18S-R25E

12. COUNTY OR PARISH: Eddy

13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 5 miles west of Dayton, 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'	440	320 acres
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**
4000'	9053'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3529' 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#	Approx. 280'	175 sx Circulate
12¼"	8 5/8"	24#	Approx. 1100'	750 sx Circulate
7 7/8"	5½ or 4½"	15.5 - 17# or 10.5 - 11.6#	TD	375 sx

We propose to drill and test the Morrow and intermediate formations. Approx. 280' of surface casing will be set for protection from gravel and cavings, and intermediate casing will be set at least 100' below the Artesian water sands, cement circulated on both strings. If commercial will run 5½" or 4½" casing and cement with 600' of cover.

MUD PROGRAM: F.W. Gel & LCM to 1100', water to 6500'. Starch-Drispak-KCL mud to 8300' Flosal-Drispak-KCL to total depth.

BOP Program: BOP's and hydril on 8 5/8" casing and tested, pipe rams daily for operational, yellow jacket prior to drilling Wolfcamp (5400')

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 Gloria Rodriguez TITLE Geographer DATE 7/6/79

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 7-23-79

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*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	Lease	Well No.
YATES PETROLEUM CORPORATION	Scout EH Federal	4

Unit Letter	Section	Township	Range	County
L	27	18 South	25 East	Eddy

Actual Footage Location of Well:
1980 feet from the South line and 660 feet from the West line

Ground Level Elev:	Producing Formation	Pool	Dedicated Acreage:
3529	MORROW	PENASCO DRAW	320 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 TO BE 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.

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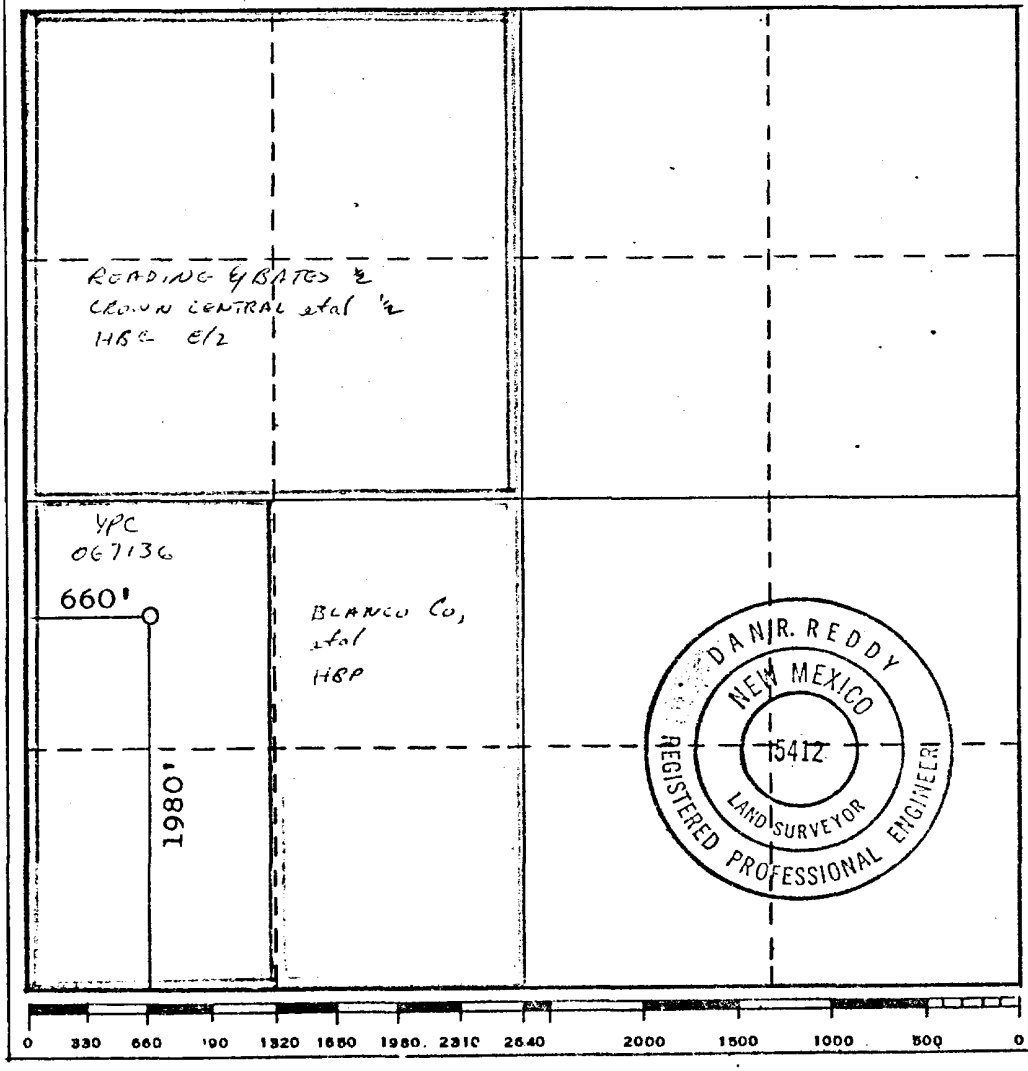
ARTESIA, OFFICE



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: 6-28-79

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: June 25, 1979

Registered Professional Engineer and/or Land Surveyor

Certificate No. New Mexico PE&LS #5412

COPY

United States Department of the Interior

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

RECEIVED
JUL 24 1979
O. C. C.
ARTESIA, OFFICE

July 23, 1979

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

YATES PETROLEUM CORPORATION Scout EH Federal No. 4 1980 FSL 660 FWL Sec. 27 T.18S R.25E Eddy County Lease No. LC-067136
Above Data Required on Well Sign

Gentlemen:

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 9,053 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 not be less than 8" x 5" in size and each page should identify the well.

4. 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.

5. A kelly cock will be installed and maintained in operable condition.

6. 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.

7. 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.

8. Notify the Survey in sufficient time to witness the cementing of the 8-5/8" casing.

9. Cement behind the 13-3/8" and 8-5/8" casing must be circulated.

10. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

(Orig. Sgd.) ALBERT R. STALL

Albert R. Stall
Acting District Engineer

Yates Petroleum Corporation
Scout "EH" Federal #4
1980' FSL and 660' FWL
Section 27-T18S-R25E
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 quaternery alluvium.

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

Gravels	0-400'	Strawn	8108'
Grayburg	400'	Atoka	8493'
San Andres	764'	Morrow	8743'
Glorieta	400'	Chester LS	9003'
Abo	4210'	T.D.	9053'
Wolfcamp LS	5470'		
Canyon LS	7552'		

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

   Water: Gravels 0-400'; San Andres 865-1065

   Oil or Gas: 8595' - 8695
   8765' - 9040'

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

9. No abnormal pressures or temperatures are anticipated.

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

MULTI POINT SURFACE USE AND OPERATIONS PLANS

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ARTESIA, NEW MEXICO

Yates Petroleum Corporation
Scout "EH" #4
Section 27 - T18S - R25E
1980' FSL 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 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 this well.

1. EXISTING ROADS.

   Exhibit A is a portion of a USGS map showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 14 miles SW of Artesia, New Mexico and the access 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 9 miles.

   2. Turn west, go past the Transwestern Plant about 3/4 mile and turn north for approximately 1/2 mile, then follow the road going west for a mile.

   3. Take the road going north for 1/2 of a mile right to the location.

2. PLANNED ACCESS ROAD.

   A. There will be no new road built but the existing ranch road will be improved.

   B. The road will be bladed 12 feet wide and covered with the necessary depth of caliche. The surface will be crowned, with drainage on one side. Approximately 2 turnouts will be built on existing road.

   C. The road turning points have been flagged and the route of the road is visible.

3. LOCATION OF EXISTING WELL.

   A. There are existing wells within a one-mile radius of the wellsite. See Exhibit A.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

   A. There are production facilities on this lease at the present time, the Scout EH Federal #2 3/4 of a mile due east.

   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 road shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS.

   A. Any caliche required for construction of the drilling pad and the 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. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, etc.

   B. The location surface is mainly covered with desert weeds, pepper and turpentine.

   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 as will the Operator-Landowner Agreement. 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 gently sloping south. A minor water way running west to east, is located half a mile south of the location.

B. Flora and Fauna: The vegetation cover consists of greasewood, 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 sheep grazing.

C. The 100 Ranch (Ralph Shafer) is 1 1/2 miles south of the proposed well.

D. Surface Ownership: The wellsite is on patented surface with federal minerals.

E. 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 is:

Gliserio "Rod" Rodriguez
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.

7-10-79
Date

Gliserio Rodriguez
Gliserio Rodriguez, Geographer

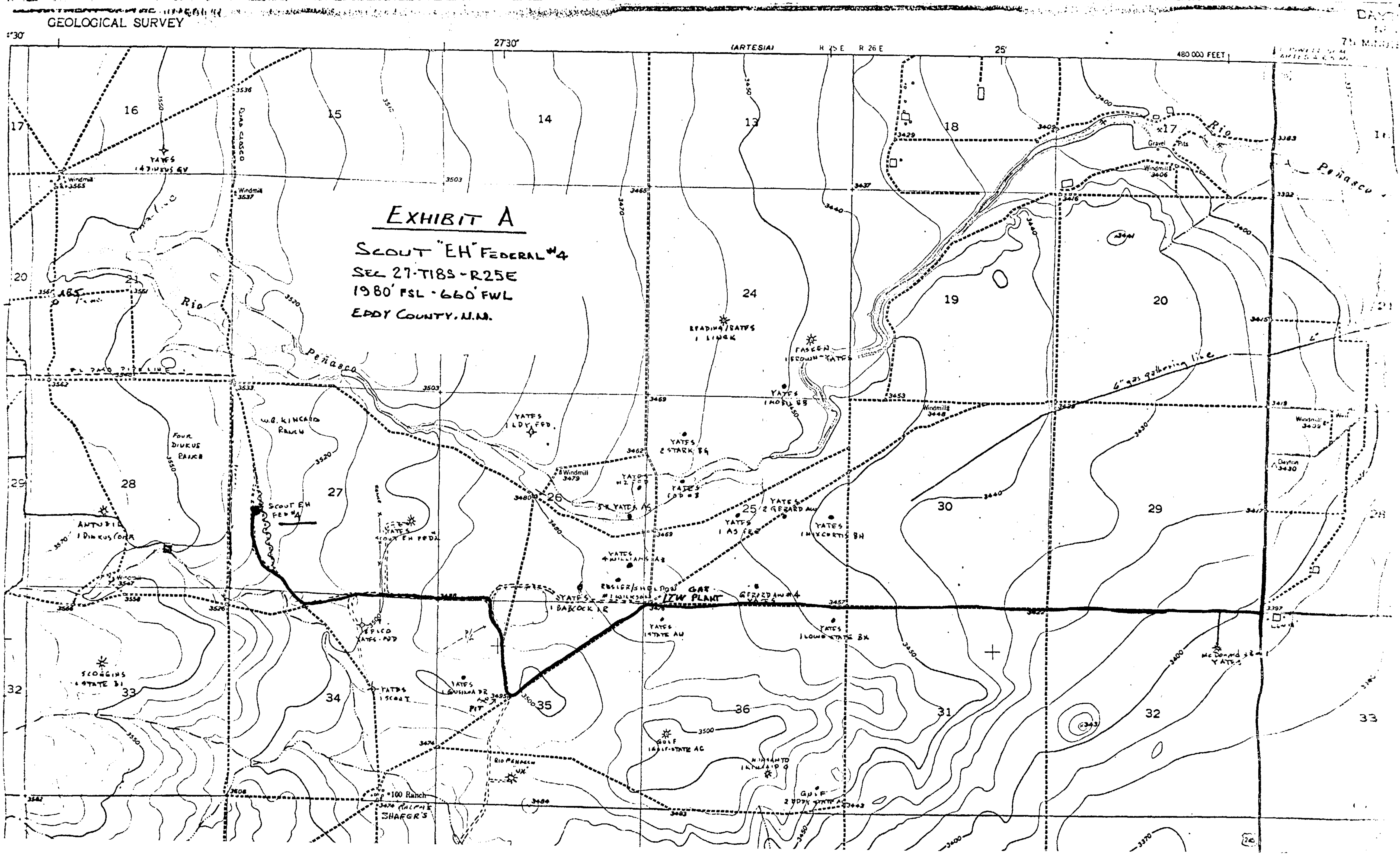
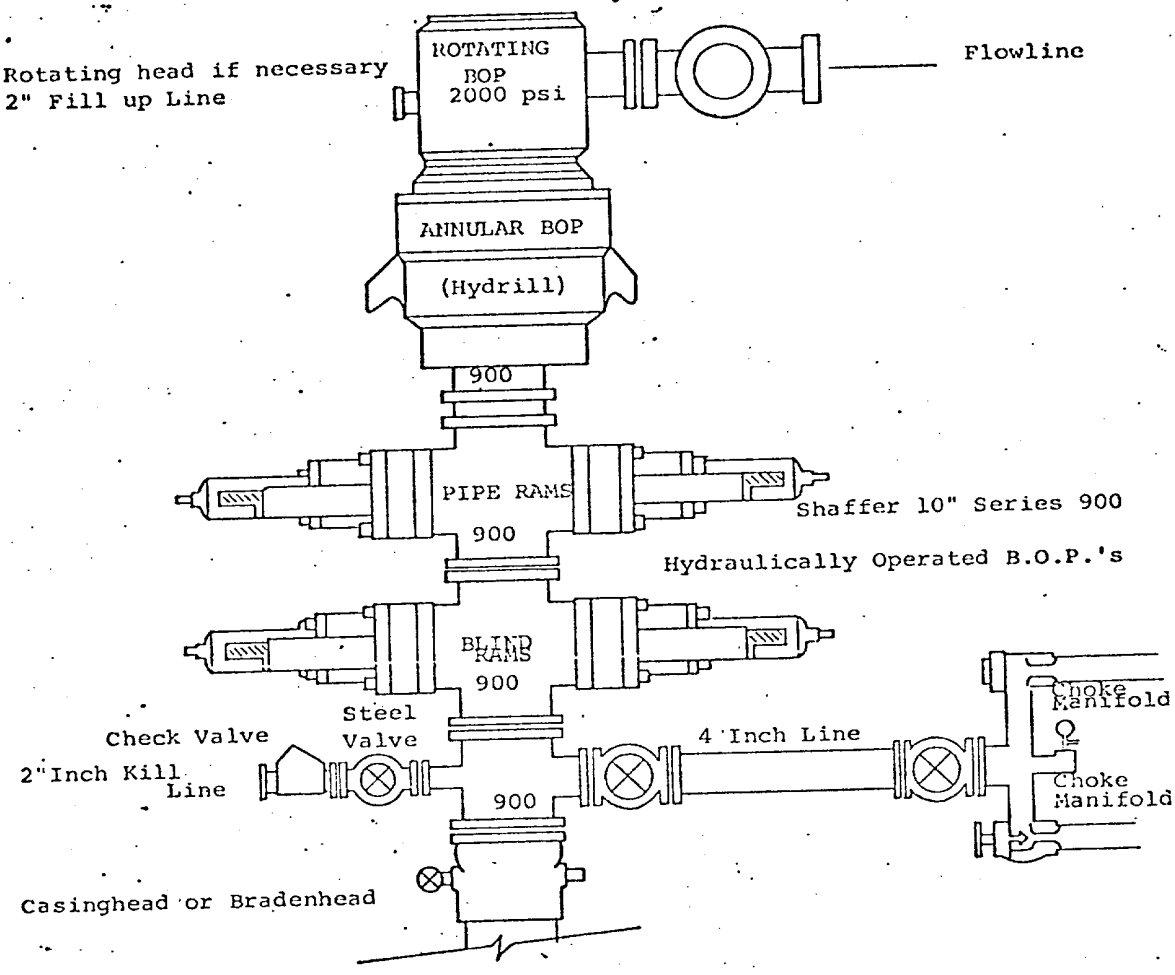

GEOLOGICAL SURVEY
EXHIBIT A
SCOUT "EH" FEDERAL #4
SEC 27-T18S-R25E
1980' FSL - 660' FWL
EDDY COUNTY, N.M.
(ARTESIA)
R 25 E
R 26 E
480 000 FEET
27'30"
25'
Rio Peñasco
6" gas gathering line
GAS PLANT
Four Dikus Ranch
W.G. Kincaid Ranch
Scout EH Fed #4
Gravel Pits
Windmill
100 Ranch
Shafer's
Road closed
Pit

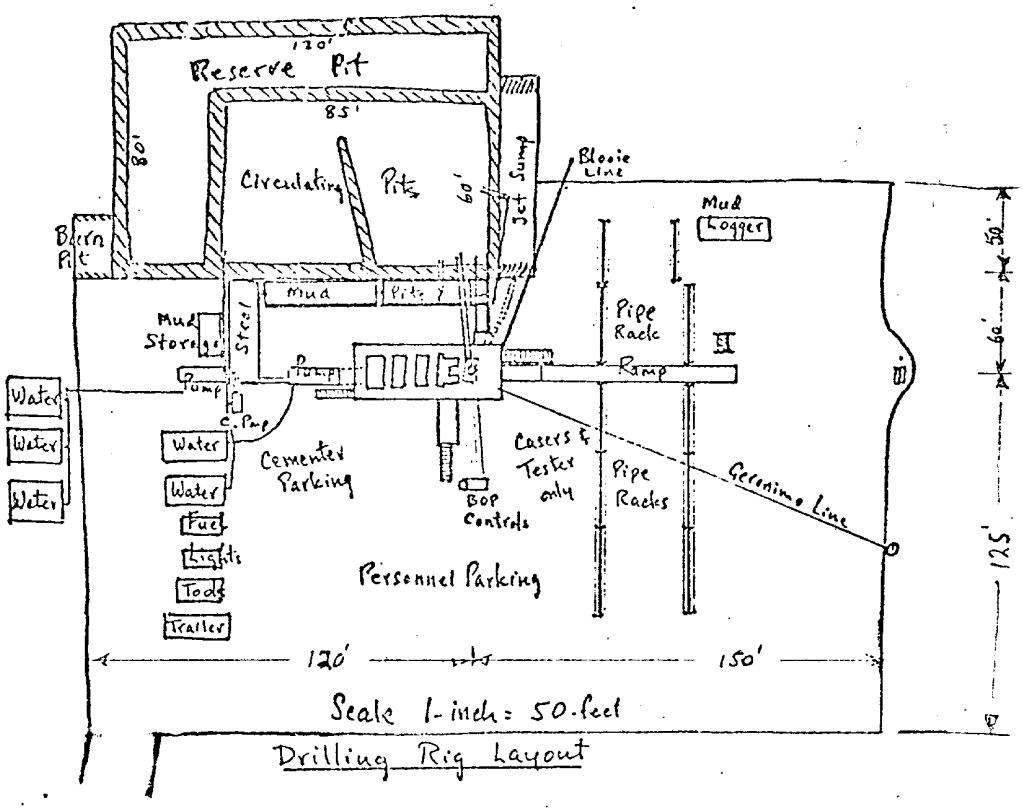
EXHIBIT B



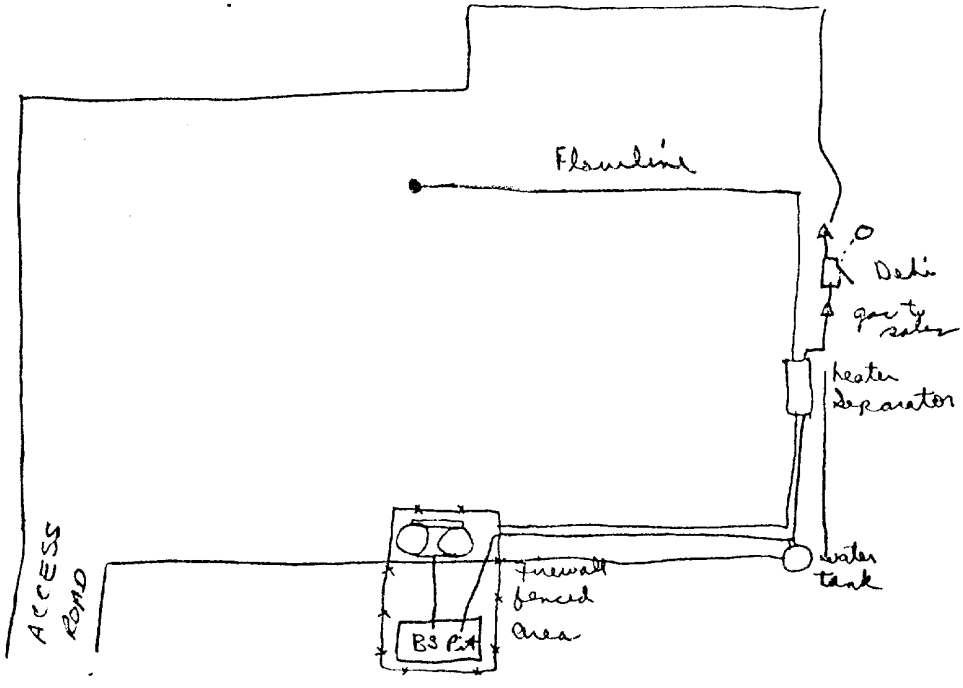
THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

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 C


120'
Reserve Pit
85'
80'
Circulating Pits
60'
Jet Sump
Blooie Line
Mud Logger
Burn Pit
Mud Pits
Steel
Mud Storage
Pipe Racks
Ramp
Pump
Water
Water
Water
C. Pump
Water
Water
Fuel
Lights
Tools
Trailer
Cementer Parking
BOP Controls
Casers & Tester only
Pipe Racks
Geronimo Line
Personnel Parking
120'
150'
50'
60'
125'
Scale 1-inch = 50-feet
Drilling Rig Layout


N


Flowline
Deh
gas sales
heater separator
water tank
Firewall fenced area
BS Pit
ACCESS ROAD