Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-015-23726

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

RECEIVED
MAR 25 1981
ARTESIA, NM

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 S. 4th Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FNL and 1980' FWL
At proposed prod. zone: same

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.: 5

10. FIELD AND POOL, OR WILDCAT: [illegible] Draw

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 34-18S-25E

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): 1980'

16. NO. OF ACRES IN LEASE: 440

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320 acres

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1800

19. PROPOSED DEPTH: approx. 9150'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3504' 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
17 1/2"	13 3/8"	48#	Approx. 480'	200 sx. circulate
12 1/4"	8 5/8"	24#	Approx. 1180'	775 sx. circulate
7 7/8"	5½ or 4½"	15.5 - 17# 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 5 ½" or 4 ½" casing and cement with 600' of cover.

MUD PROGRAM: F.W. Gel & LCM to 1180', water to 6500'. Starch-Drispak-KCL mud to 8350' 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 [signature] TITLE Geographer DATE 2-24-81

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED
(Orig. Sgd.) GEORGE H. STEWART
MAR 23 1981
JAMES A. GILLHAM
DISTRICT SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

/ MEXICO OIL CONSERVATION COMMIS N

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	5

Unit Letter	Section	Township	Range	County
F	34	18 South	25 East	Eddy

Actual Footage Location of Well:
1980' feet from the North line and 1980 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3504.	Morrow	Undesignated Morrow	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

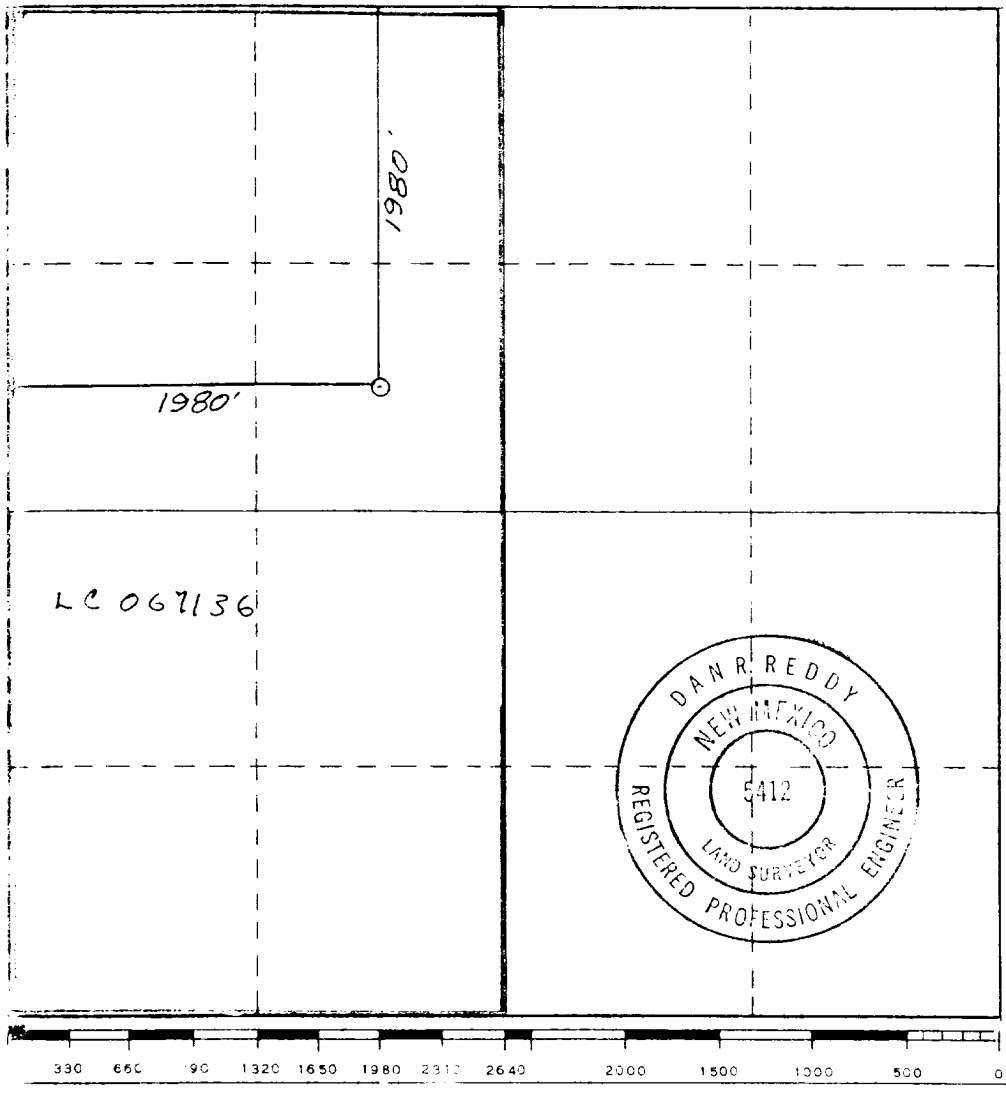
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 _____

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.

Name: Gliserio Rodriguez

Position: Geographer

Company: Yates Pet. Corp.

Date: February 9, 1981

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: 2/1/81

Registered Professional Engineer and/or Land Surveyor

Certificate No. NM PE&LS #5412

Yates Petroleum Corporation
Scout "EH" Federal #5
1980' FNL & 1980' FWL
Section 34-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 fo 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	320'	Canyon LS	7570'
Grayburg	320'	Strawn	8160'
San Andres	655'	Atoka	8560'
Artesia Water Sand	1075'	Morrow	8000'
Glorieta	2025'	Chester LS	9100'
Abo	4240'	T.D.	9150'
Wolfcamp LS	5470'		

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

   Water: Gravels 0-300; San Andres 880-1050

   Oil or Gas: 8620 - 8720
   8790 - 9060

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:

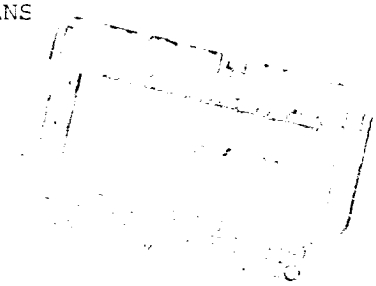
   Samples: Surface casing to T.D.
   DST's: As Warranted
   Logging: Intermediate casing to T.D.
   Coring: CNL-FDC T.D. to casing with GR-CNL on to surface and DLL from T.D. to casing with selected min. R_x0.

9. No abnormal pressures or temperatures are anticipated.

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

MUL..-POINT SURFACE USE AND OPERATIO.. PLANS

Yates Petroleum Corporation
Scout "EH" Federal #5
Section 34-T18S-R25E
1980' FNL & 1980' FWL
(Developmental Well)



This plan is submitted with Form 9-331C, Application for Permit tc 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 assoicated 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 apprcximately 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 form Artesia on Highway 285 for a distance cf 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. Turn south, go approximately 1.5 miles to tank battery.

   3. The new road will start here going west.

2. PLANNED ACCESS ROAD.

   A. The new road will be 1800' to the location.

   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. No 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 #4 3/4 of a mile due north.

   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 CONSTURCTION MATERIALS.

   A. Any caliche required for construction of the drilling pad and the access road will be obtained from the private pit, next to the Gushwa DR #3.

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 approval 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 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 in 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.

10. 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 Operator-Landowner Agreement will be complied with. 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 (MB Kincaid Estate) is 1 mile 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 sue plan is:

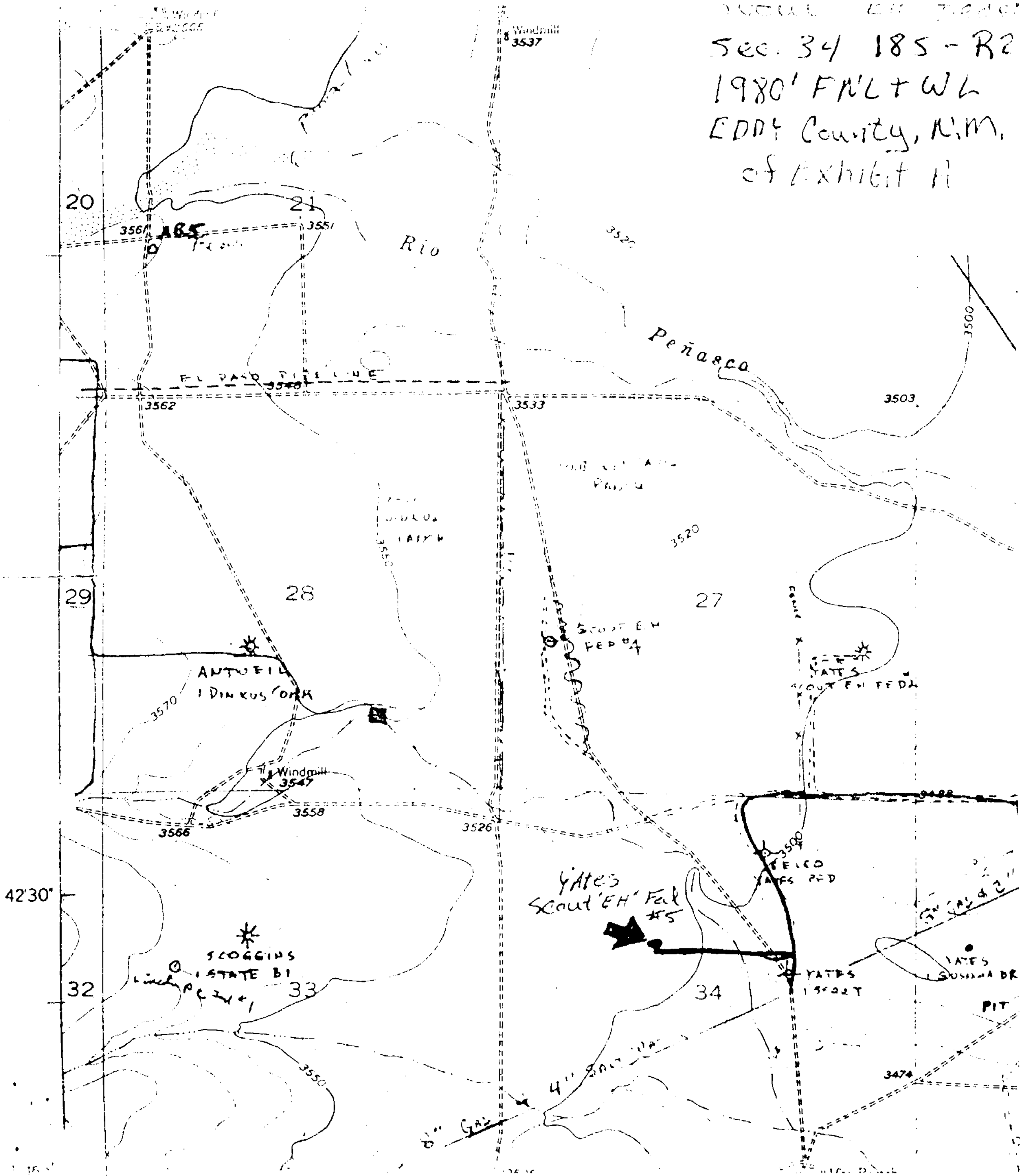
Gliserio "Rod" Rodriguez or Cy Cowan
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210
(505) 746-3558

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.

2-25-81
DATE

Gliserio Rodriguez
Gliserio Rodriguez, Geographer



Sec. 34 18S-R2
1980' FNL+WL
EDDY County, N.M.
of Exhibit A
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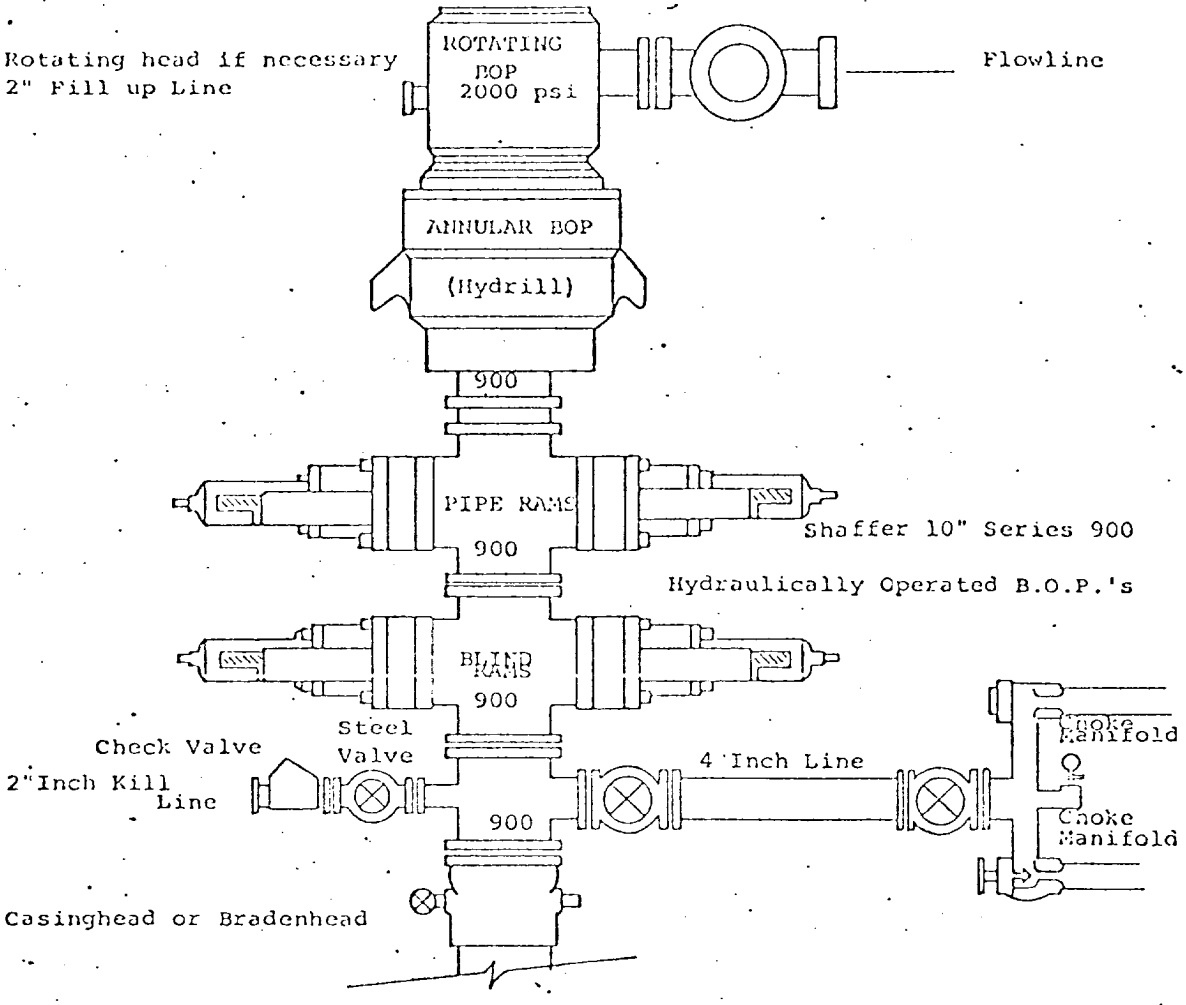
3561
3551
3537
3562
3533
3520
3503
3500
3570
3547
3558
3566
3526
3474
42'30"
Windmill
Rio
Peñasco
EL PASO PIPELINE
Scout EH Fed #4
Yates Scout EH Fed
ANTWEIL 1 Dinkus Cork
Yates Scout 'EH' Fed #5
SCOGGINS 1 STATE B1
Yates 1 Scout
PIT

EXHIBIT B

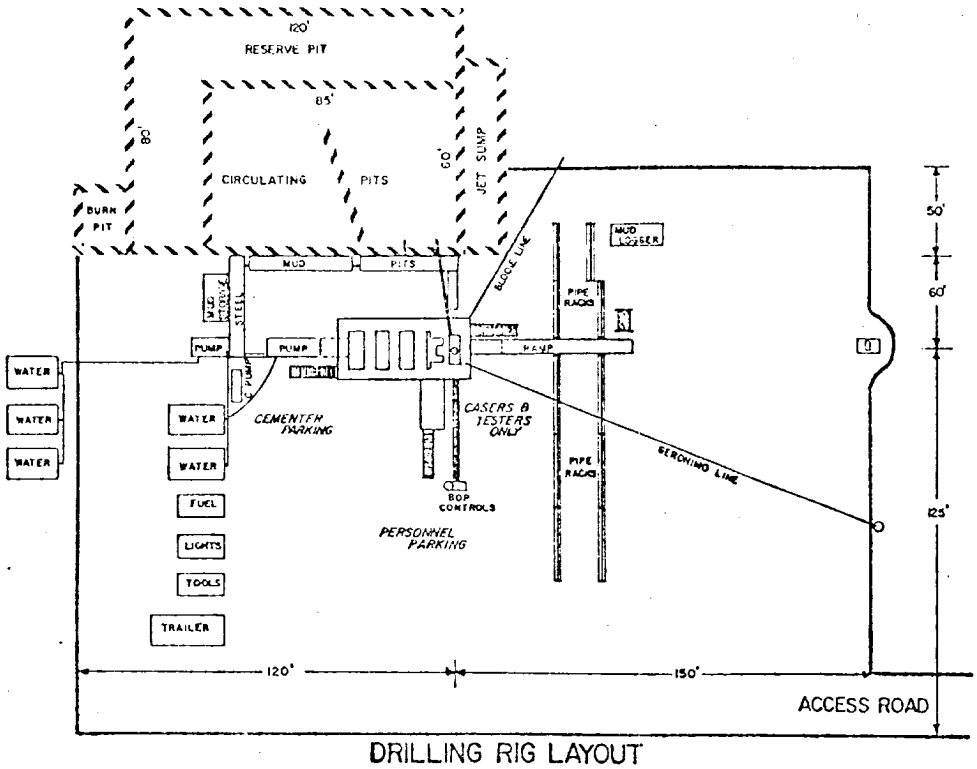


THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

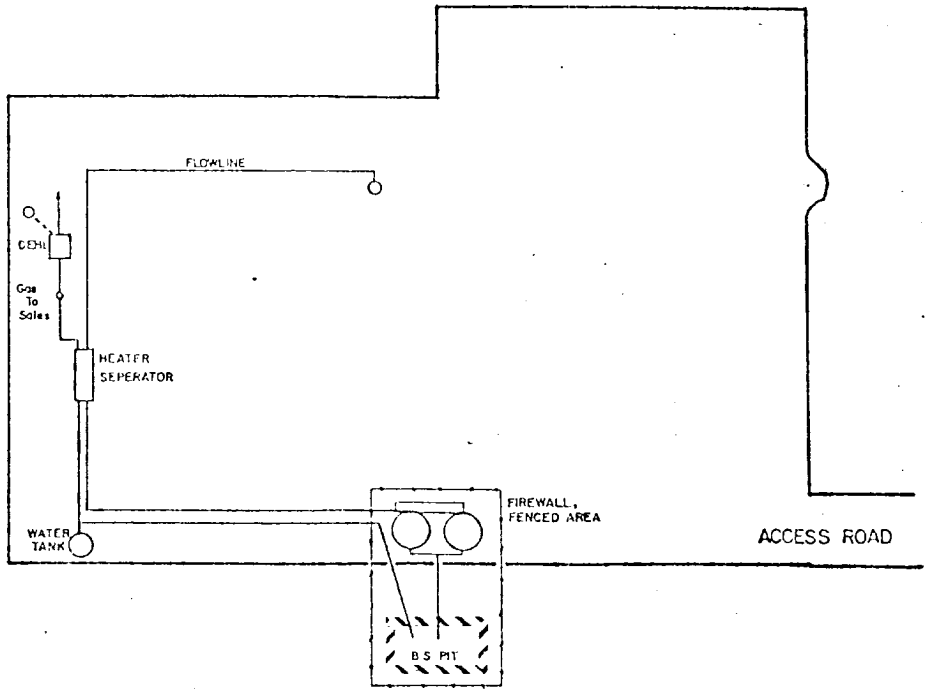
1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers 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.

'ATES PETROLEUM 'ORPORATION

Exhibit C



DRILLING RIG LAYOUT
Scale: 1 inch = 50 feet



TANK BATTERY LAYOUT
Scale: 1 inch = 50 feet

EXHIBIT D