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.

30-015-23238

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 South 4th Street Artesia, NM 88210

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

5. LEASE DESIGNATION AND SERIAL NO.: NM 27912

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Lincoln "PC" Federal

9. WELL NO.: #1

10. FIELD AND POOL, OR WILDCAT: Penasco Draw (S.A. Yesc)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 33-18S-25E

12. COUNTY OR PARISH: Eddy | 13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 9 miles SW of Dayton, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 660

16. NO. OF ACRES IN LEASE:

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.:

19. PROPOSED DEPTH: 3000'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3671.9 GR

22. APPROX. DATE WORK WILL START*:

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
15"	10 3/4"	32.3 J-55	approx. 360'	250 sx circulate
9½"	7"	20# J-55	approx. 1000'	550 sx circulate
6¼"	4½"	9.5# J-55	approx. 3000'	300 sx circulate

We propose to drill and test the Yeso formation. Approximately 360' of surface casing will be set to shut off gravel and caving. Intermediate casing will be set at least 100' below the Artesian Water Zone. 4½" production casing will be run, cemented with adequate cover, perforated and simulated as needed for production.

MUD PROGRAM: Fresh water gel to 1000', fresh water to TD.

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

RECEIVED
MAR 23 1981
U.S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

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: 3/19/81

(This space for Federal or State office use)

APPROVED
GEORGE H. STEWART
APR 2 1981
JAMES A. GILLHAM
DISTRICT SUPERVISOR

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-
Effective

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
YATES PETROLEUM CORPORATION	Lincoln [illegible]	1

Unit Letter	Section	Township	Range	County
B	33	18 South	25 East	[illegible]

Actual Footage Location of Well:
2310 feet from the North line and 990 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage
3671.	Yeso	PENASCO Yeso-SA Assoc	40 Acres

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

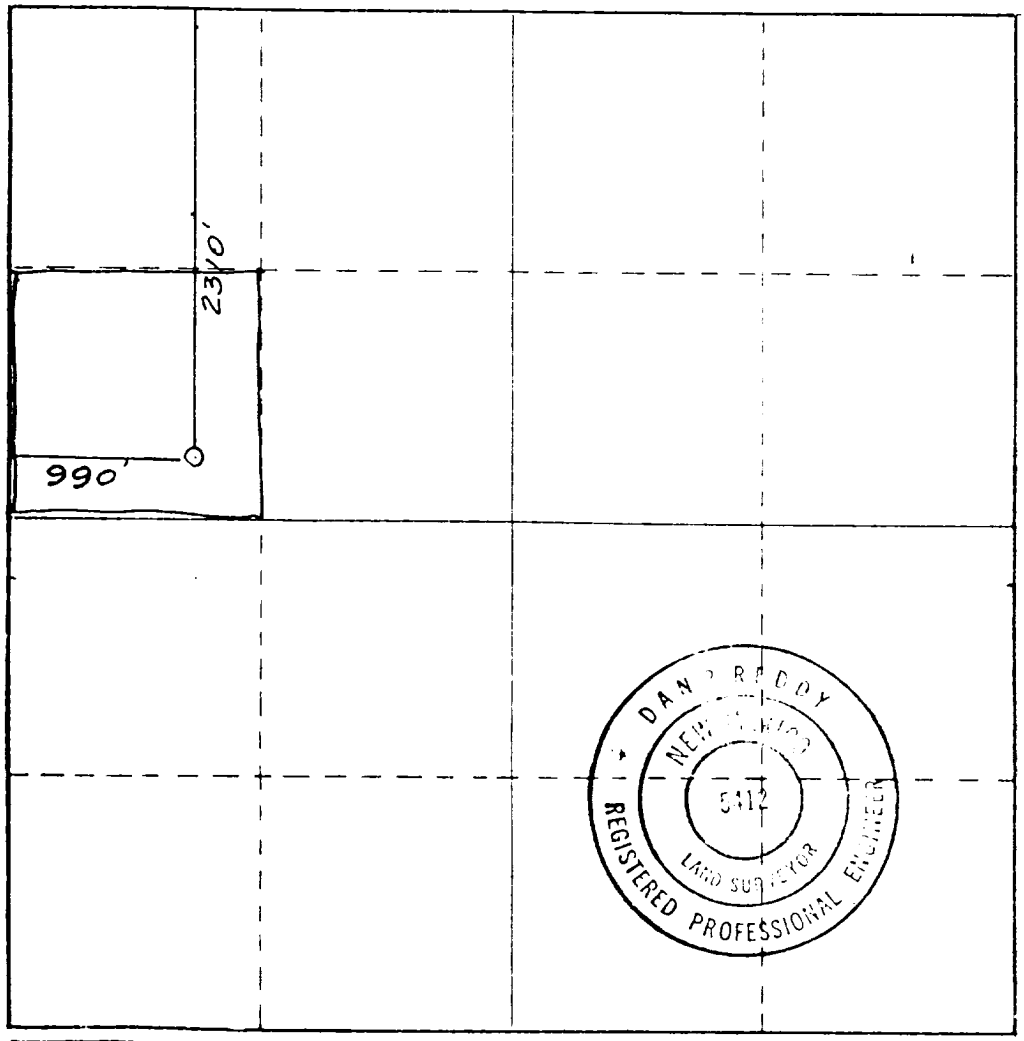
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.

Name: GLISERIO RODRIGUEZ

Position: GEOGRAPHER

Company: YATES PETROLEUM CORP

Date: 3-1-81

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: [illegible] 10, 1981

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.

Yates Petroleum Corporation
Lincoln "PC" Fed. #1
2310' FNL & 990' FWL
Section 33, 18s-25e
Chaves 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 sandy alluvium.

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

San Andres	746'
Glorieta	2070'
T.D.	3000'

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

Water: Approximately 150' - 280'

Oil 2600 - 2700

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: CNL-FDC T.D. to casing with GR-CNL on to surface and DLL from T.D. to casing.
Coring: None.

9. No abnormal pressures or temperatures are anticipated.

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

Yates Petroleum Corporation
Lincoln "PC" Fed. #1
Section 33 18s-25e
2310' FNL & 990' 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, the construction activities and operations plan, the surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation, so that a completion appraisal can be made of the environmental effect associated with the drilling of this well.

1. EXISTING ROADS.

   Exhibit A is a portion of a county map showing the roads in the vicinity of the proposed location. The proposed wellsite is located approximately 9 miles SW of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

   DIRECTIONS:

   South of Artesia approximately 9 miles turn west on the black top going toward the Transwestern Gas Plant. Follow the black top going south. Go to the double cattleguards (north one). Proceed west to the next cattleguard. The new road will start here. Turn north, follow the road approximately 1.2 miles to the location.

2. PLANNED ACCESS ROAD.

   A. The access road will go north from the cattleguard approximately 1.2 miles to the southwest corner of the location.

3. LOCATION OF EXISTING WELL.

   A. There are no wells located in this area.

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 and 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 existing roads.

6. SOURCE OF CONSTRUCTION MATERIALS.

   A. No material will be required for construction of the drilling pad.

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 for 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 on a minor slope, cut and fill will be needed.

   C. The reserve pits will be plastic lined.

   D. A 400' X 400' area and road has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

   A. After finishing drilling and/or completion operation, 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 is a 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 requirements of the Operator-Landowner Agreement will be complied with and will be done, 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 off level and slopes westward immediate area of the wellsite is discussed above in paragraph 9B.

B. Flora and Fauna: The vegetation cover consists of terpentine, pepper weed, and some mesquite. 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 inhibited dwellings but there is a windmill within 2 miles north of the proposed well. Refer to Exhibit A.

D. Surface Ownership: The wellsite is on private 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 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.

3-19-81
Date

Gliserio Rodriguez, Geographer

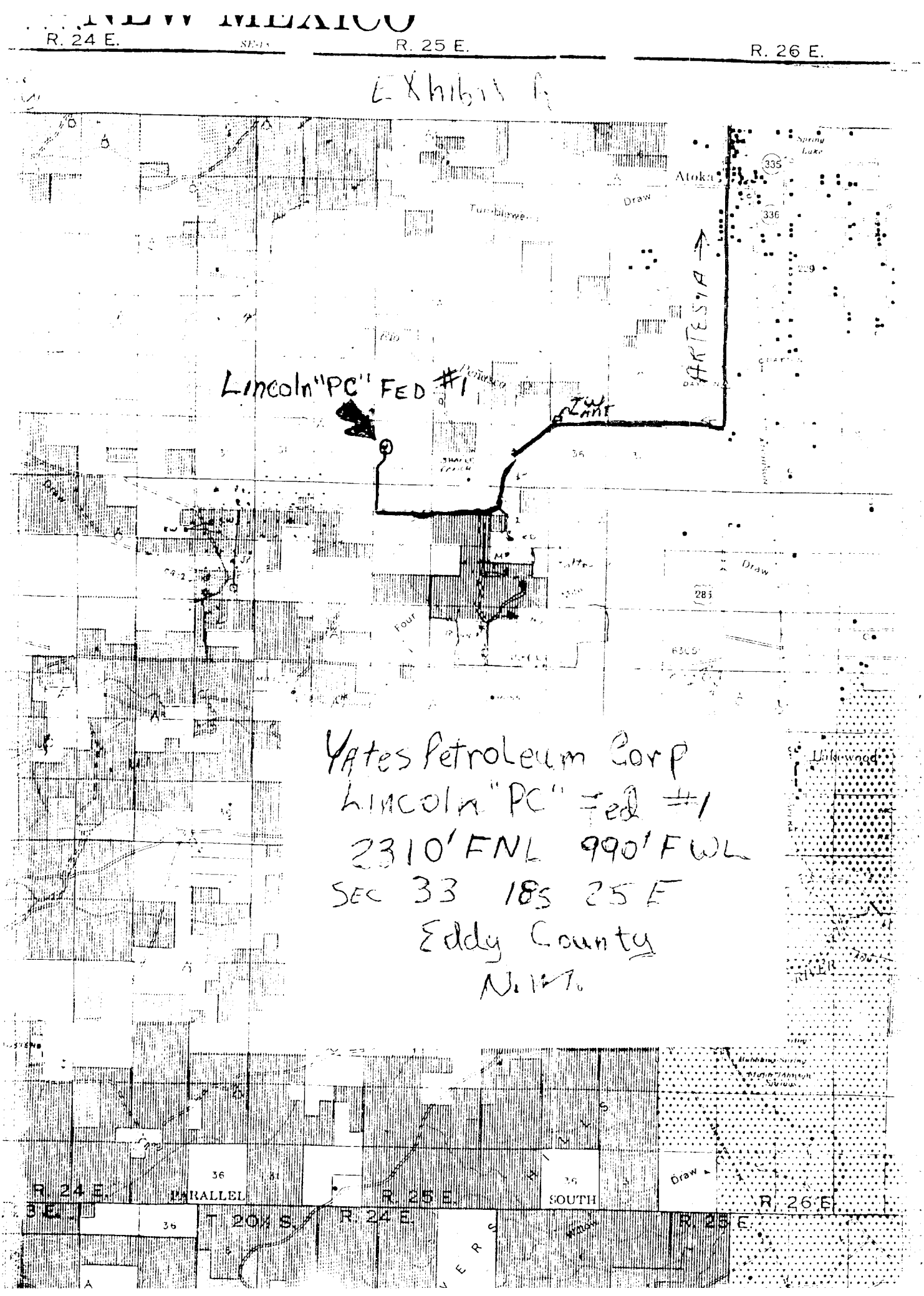
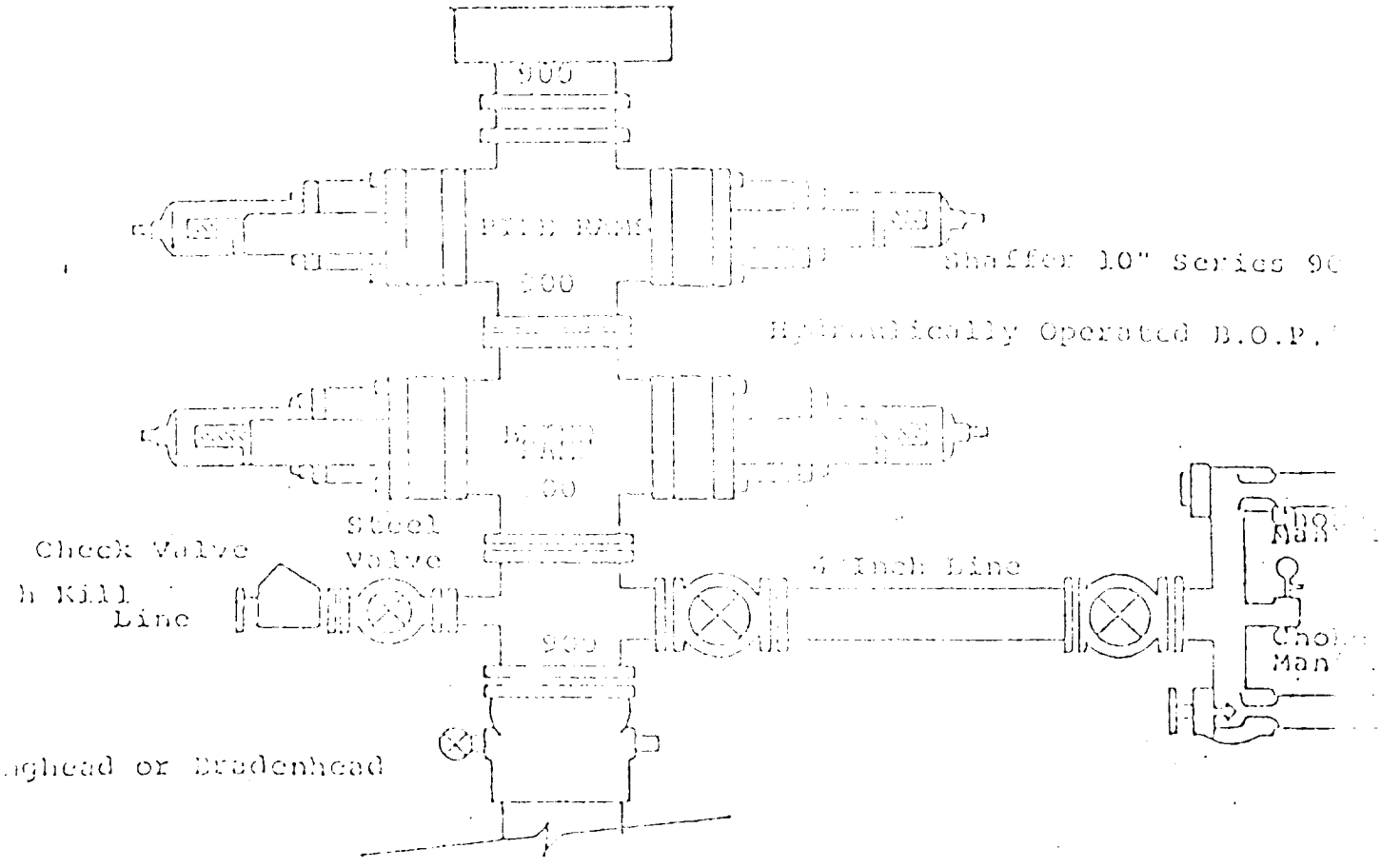

NEW MEXICO
R. 24 E.
R. 25 E.
R. 26 E.
Exhibit A
Lincoln "PC" FED #1
ARTESIA
Atoka
Draw
Four
Yates Petroleum Corp
Lincoln "PC" Fed #1
2310' FNL 990' FWL
Sec 33 18S 25E
Eddy County
N.M.P.M.
PARALLEL
SOUTH
T 20 S.
R 24 E.
R 25 E.
R 26 E.

EXHIBIT B



Shaffer 10" Series 90

Hydraulically Operated B.O.P.'

FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTOR REQUIREMENTS

All preventers to be hydraulically operated with secondary manual con
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 stee
hole or tube a minimum of one inch in diameter.
The available closing pressure shall be at least 15% in excess of tha
required with sufficient volume to operate the B.O.P.'s.
All connections to and from preventer to have a pressure rating equiv
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. Operato
not responsible for blowouts resulting from not keeping hole full.
D. P. float must be installed and used below zone of first gas intrus

EXHIBIT "C"

YATES PETROLEUM CORPORATION