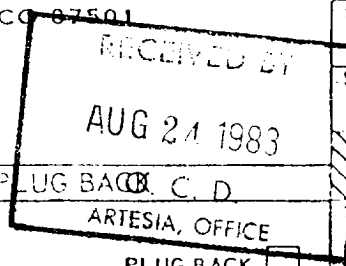


P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

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LAND OFFICE	<input checked="" type="checkbox"/>
OPERATOR	<input checked="" type="checkbox"/>



5A. Indicate Type of Lease	STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.	
6. Unit Agreement Name	
8. Farm or Lease Name	Merchant "XT" Com
9. Well No.	1
10. Field and Pool, or Wildcat	Und. E. Eagle Creek, Morrow
11. County	Eddy

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK C. D.

a. Type of Work

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. Type of Well

OIL WELL ☐GAS WELL ☒

OTHER

SINGLE ZONE ☐MULTIPLE ZONE ☐

c. Name of Operator

Yates Petroleum Corporation ✓

d. Address of Operator

207 S. 4th, Artesia, New Mexico 88210

e. Location of Well

UNIT LETTER A

LOCATED 660

FEET FROM THE North

LINE

f. NO 660

FEET FROM THE East

LINE OF SEC. 12

TWP. 18S

RGE. 25E

NADP

1. Elevations (show whether DE, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3437.0' GL	Blanket	Landis Drilling Co.	ASAP

3.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17"	13 3/8"	48#	appr. 450'	300 sx	circ
12 1/4"	8 5/8"	24#	appr. 1250'	600 sx	circ
7 7/8"	5 1/2" or 4 1/2"	15.5-17# or 10.5-11.6#	TD	250 sx	circ

We propose to drill and test the Morrow and intermediate formations. Approximately 450' of surface casing will be set to shut off gravel and cavings, and intermediate casing will be set 100' below the base of the Artesian Water Zone. Both strings will be circulated. 5 1/2" or 4 1/2" production casing will be run and cemented with about 1000' of cement cover.

MUD PROGRAM: FW gel/LCM to 1250', water to 7600' (KCL added @4100'), flosal/drispak/KCL mud to TD, MW 8.9-9.1, Vis 35-40, WL 12-7.

BOP PROGRAM: BOP's and hydril on 8 5/8" casing, tested daily, yellow jacket prior to drilling the Wolfcamp formation, also fluid level & flow sensor equipment. **FOR 180 DAYS**

GAS NOT DEDICATED.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed Arturo Rodriguez Title Regulatory AgentDate 8/24/83

(This space for State Use)

PROVED BY W. H. Williams

TITLE

OIL AND GAS INSPECTOR

DATE

AUG 26 1983

CONDITIONS OF APPROVAL, IF ANY:

Noted - 8 5/8" casing

Posted a p.d. 10/1/83
AD 5-26-83

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.

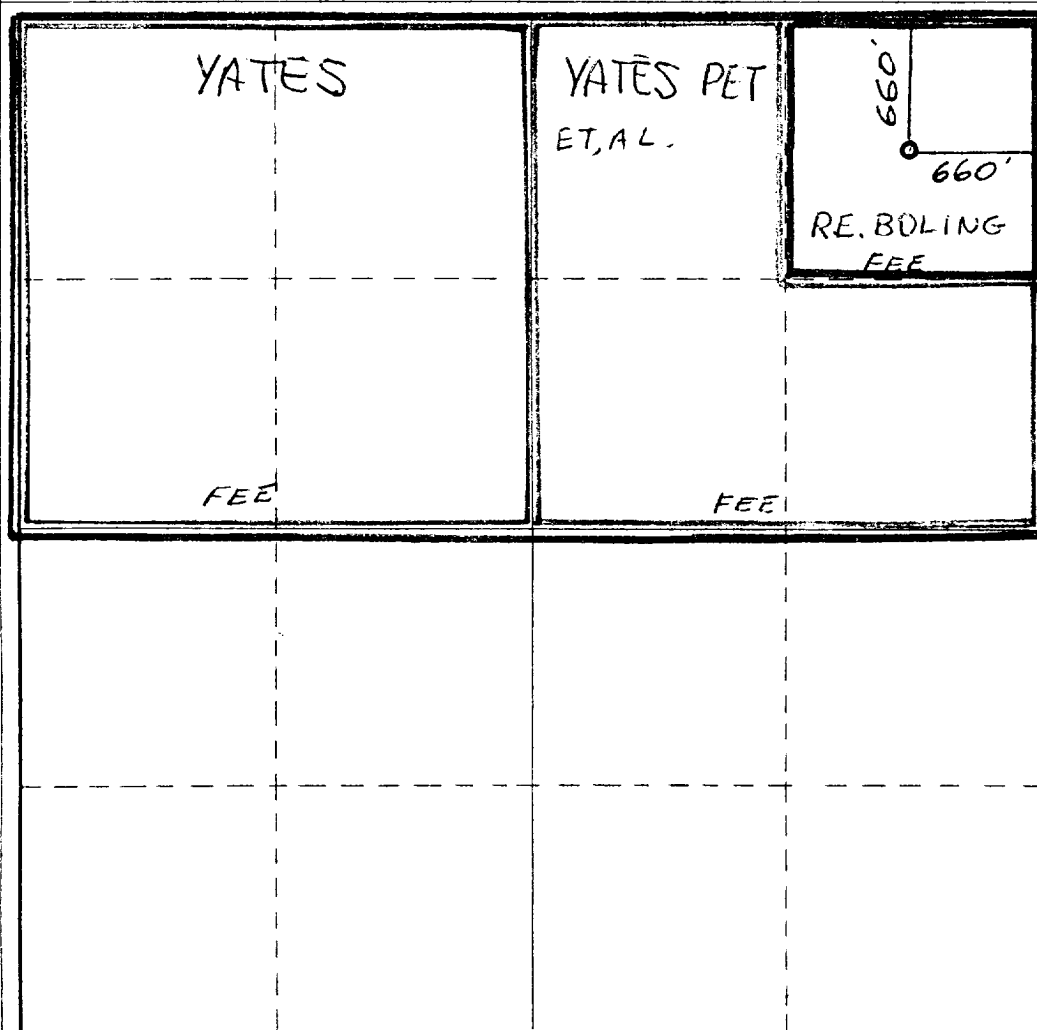
Operator YATES PETROLEUM CORPORATION			Lease Merchant XT COM		Well No. 1
Unit Letter A	Section 12	Township 18 South	Range 25 East	County Eddy	
Actual Footage Location of Well: 660 feet from the North line and 660 feet from the East line					
Ground Level Elev. 3437	Producing Formation Morrow		Pool Und. E. Eagle Creek/Morrow		Dedicated Acreage: 320 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, 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.



CERTIFICATION

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

Gliserio Rodriguez
Name

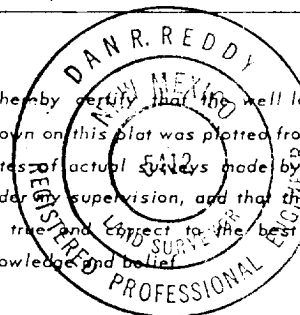
Gliserio Rodriguez

Position
Regulatory Agent

Company
Yates Petroleum Corp.

Date
8/24/83

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.



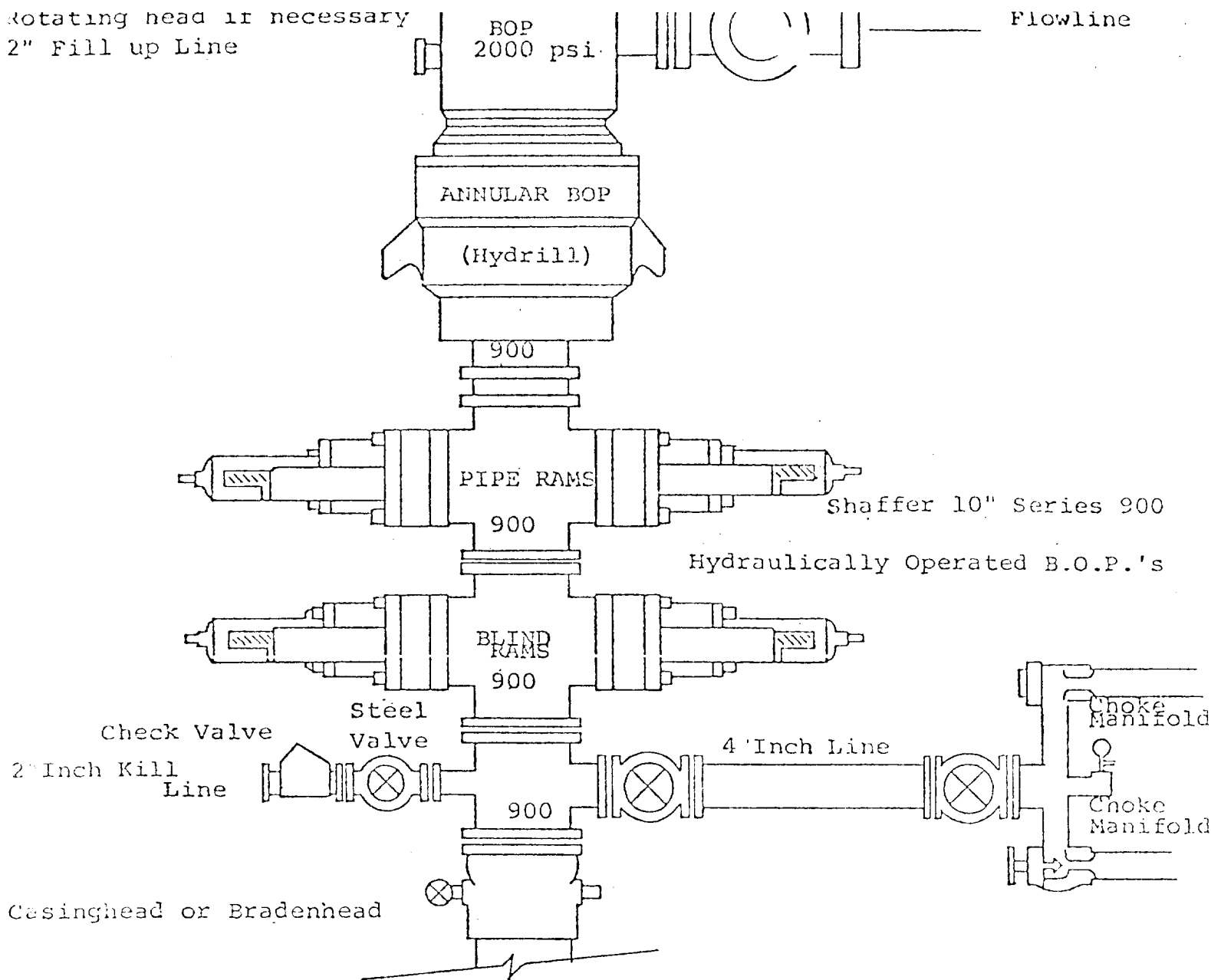
Date Surveyed
Aug. 21, 1983

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
Certificate No.

NMPE&LS #5412

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.
10. D. P. float must be installed and used below zone of first gas intrusion.