

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY30-015-25665
5. LEASE DESIGNATION AND SERIAL NO.
NM-65392

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Compromise AEJ Fed Com

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Und. E. Lake Morrow

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

Sec. 30-T18S-R27E

12. COUNTY OR PARISH 13. STATE

Eddy

NM

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

105 South Fourth Street - Artesia, NM 88210

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

At surface

1980' FNL & 800' FEL

At proposed prod. zone

Same

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

Approximately 12 miles southeast of Artesia, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

520'

16. NO. OF ACRES IN LEASE

40

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

Approx. 9900'

20. ROTARY OR CABLE TOOLS

Rotary

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

3281' GR

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# H-40	Approx. 375'	500 sacks - circulated
12-1/4"	8-5/8"	24# J-55	" 2000'	1500 sacks - circulated
7-7/8"	5-1/2"	17# K-55 or 15.5# K-55	1300' TD	300 sacks

We propose to drill and test the Morrow and intermediate formations. Approximately 375' of surface casing will be set to shut off gravel and cavings. Intermediate casing will be run to approximately 2000'. If commercial, will run 5-1/2" casing with 600' of cement cover, will perforate and stimulate as needed for production.

MUD PROGRAM: FW gel/LCM to 3000', FW gel to 6150', 6% KCL water to 7500', starch/drispak/KCL and salt gel to TD

BOP PROGRAM: BOP's and hydril will be installed on 8-5/8" casing and tested daily

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

Clifton E. May

TITLE

Regulatory Agent

DATE

Sept. 9, 1986

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

10-14-86

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

N MEXICO OIL CONSERVATION COMMISS
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.

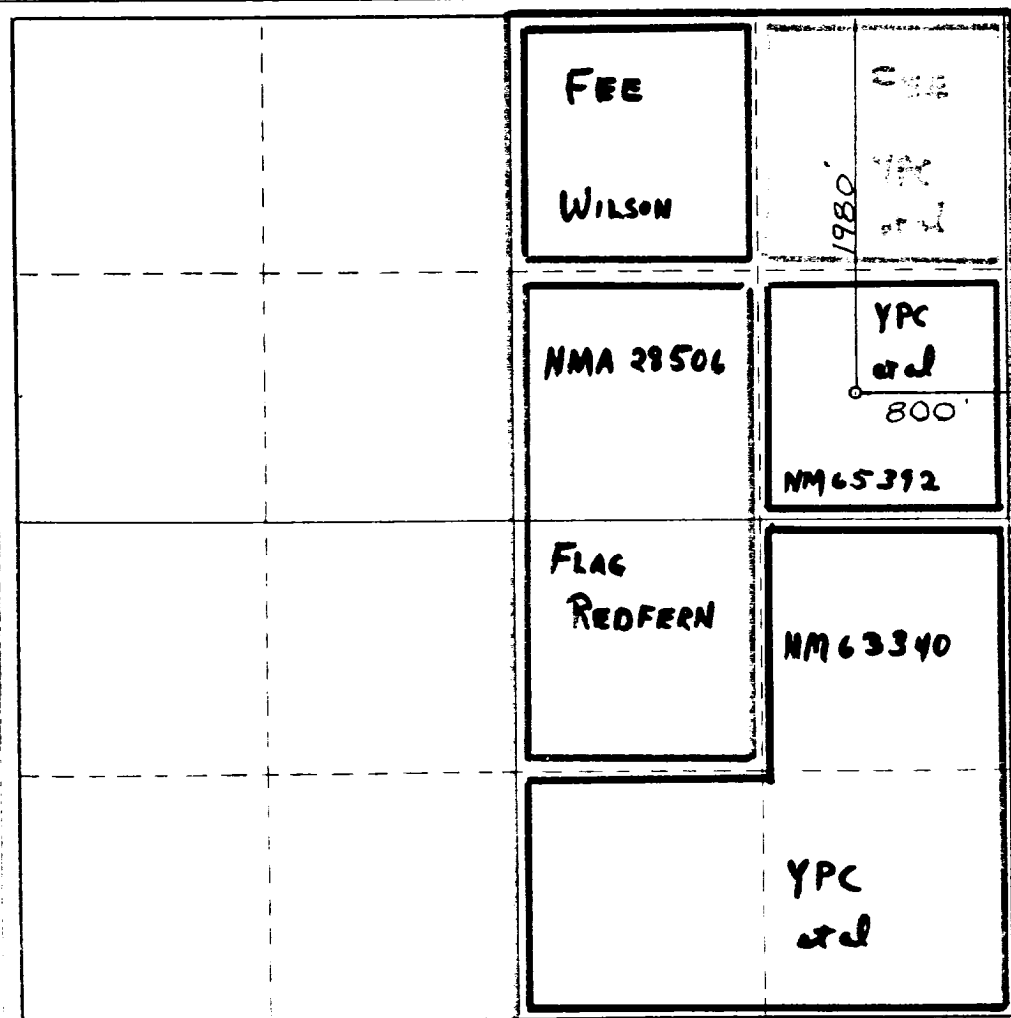
Operator YATES PETROLEUM CORPORATION			Lease Compromise AEJ Federal Com		Well No. 1
Unit Letter H	Section 30	Township 18 South	Range 27 East	County Eddy	
Actual Footage Location of Well: 1980 feet from the North line and 800 feet from the East line					
Ground Level Elev. 3281.	Producing Formation MORROW		Pool UNDES. E. LAKE 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 COMMUNITIZATION**

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.



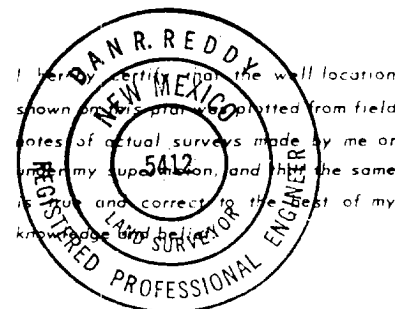
CERTIFICATION

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

Clifton R. May
 Name
 Clifton R. May

Position
 Regulatory Agent
 Company
 Yates Petroleum Corporation

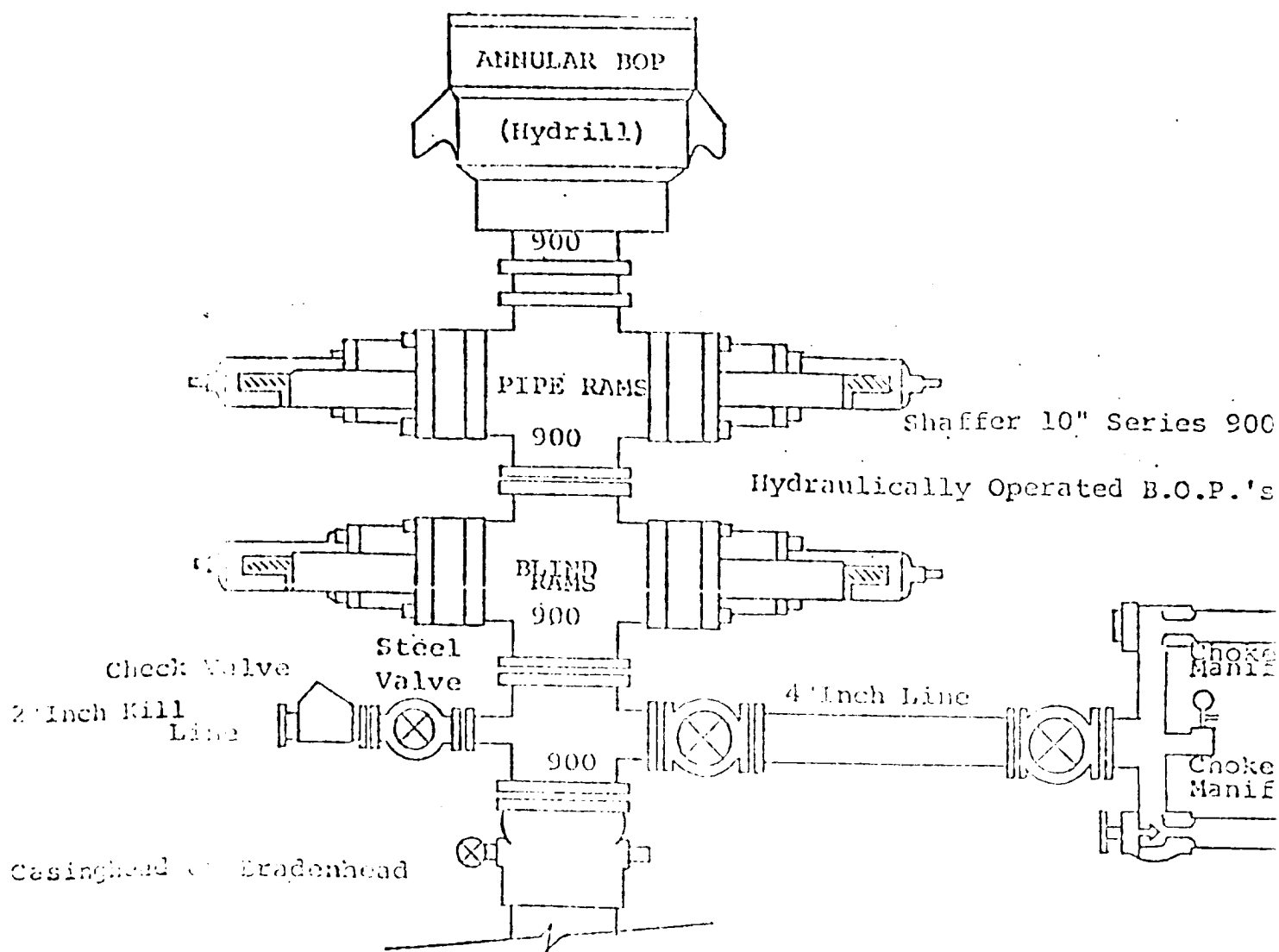
Date
 September 9, 1986



Date Surveyed
 August 26, 1986
 Registered Professional Engineer
 in the State of New Mexico

Dan R. Reddy
 Certificate No.
 NM PE&LS #5412

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 orlet 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.

YATES PETROLEUM CORPORATION
Compromise AEJ Federal Com #1
1980' FNL and 800' FEL of
Section 30-T18S-R27E
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 BLM requirements.

1. The geological surface formation is quaternary alluvium.
2. The estimated tops of geologic markers are as follows:

San Andres	1412'	Strawn	8425'
Glorieta	3039'	Atoka	8988'
Yeso	3183'	Morrow Clastics	9342'
Bone Spring Facies	3690'	Lower Morrow	9437'
Poss. Toe Abo Fore-reef	6120'	Austin Cycle	9555'
Wolfcamp Lime	6375'	Chester Lime	9672'
Canyon Lime	7897'	TD	9900'

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

Water: 3039' and 6120'

Oil or Gas: 6120', 6375', 8988-9188' and 9342-9532'

4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C.
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: 10' out from under surface casing to TD

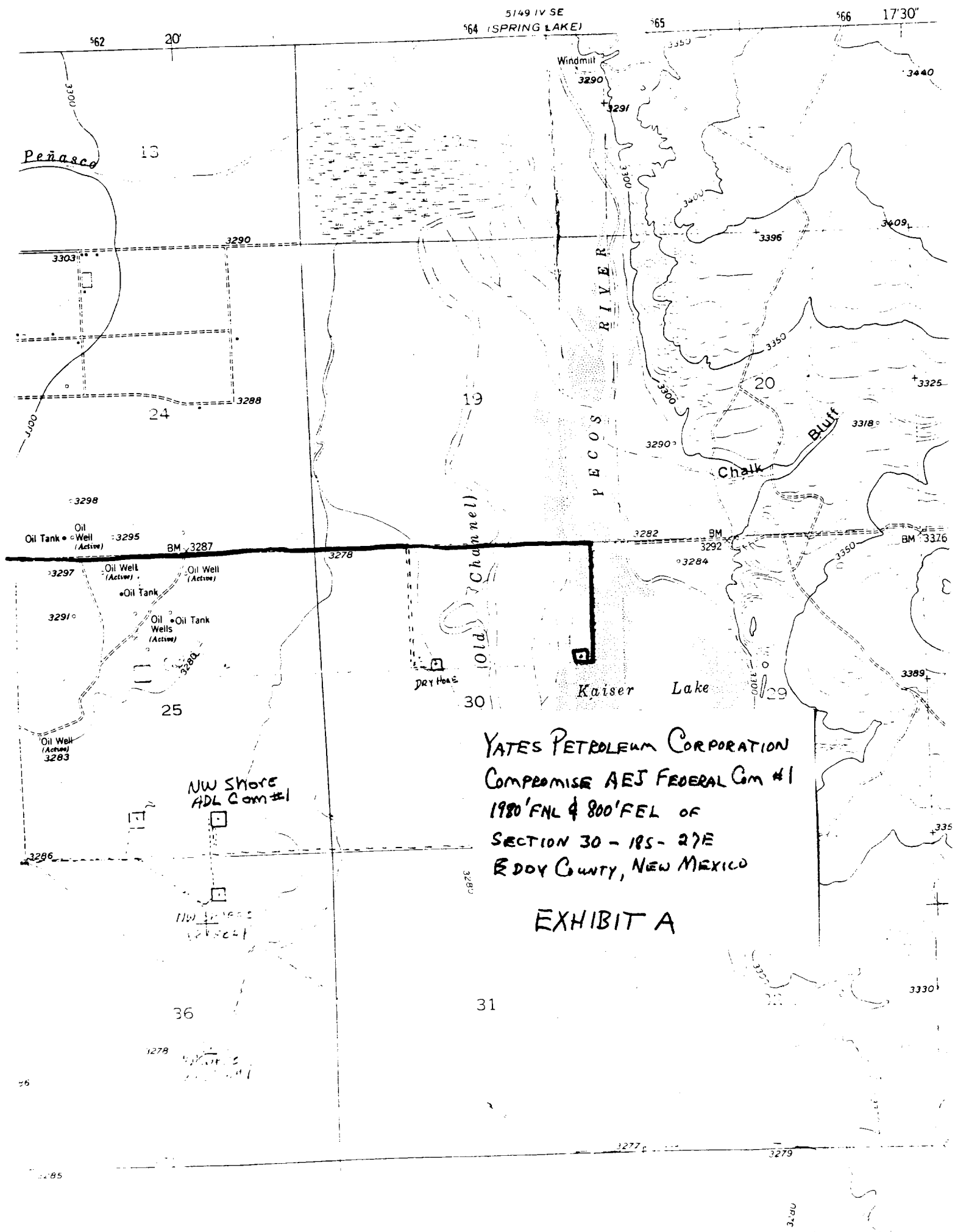
DST's: As warranted

Coring: None

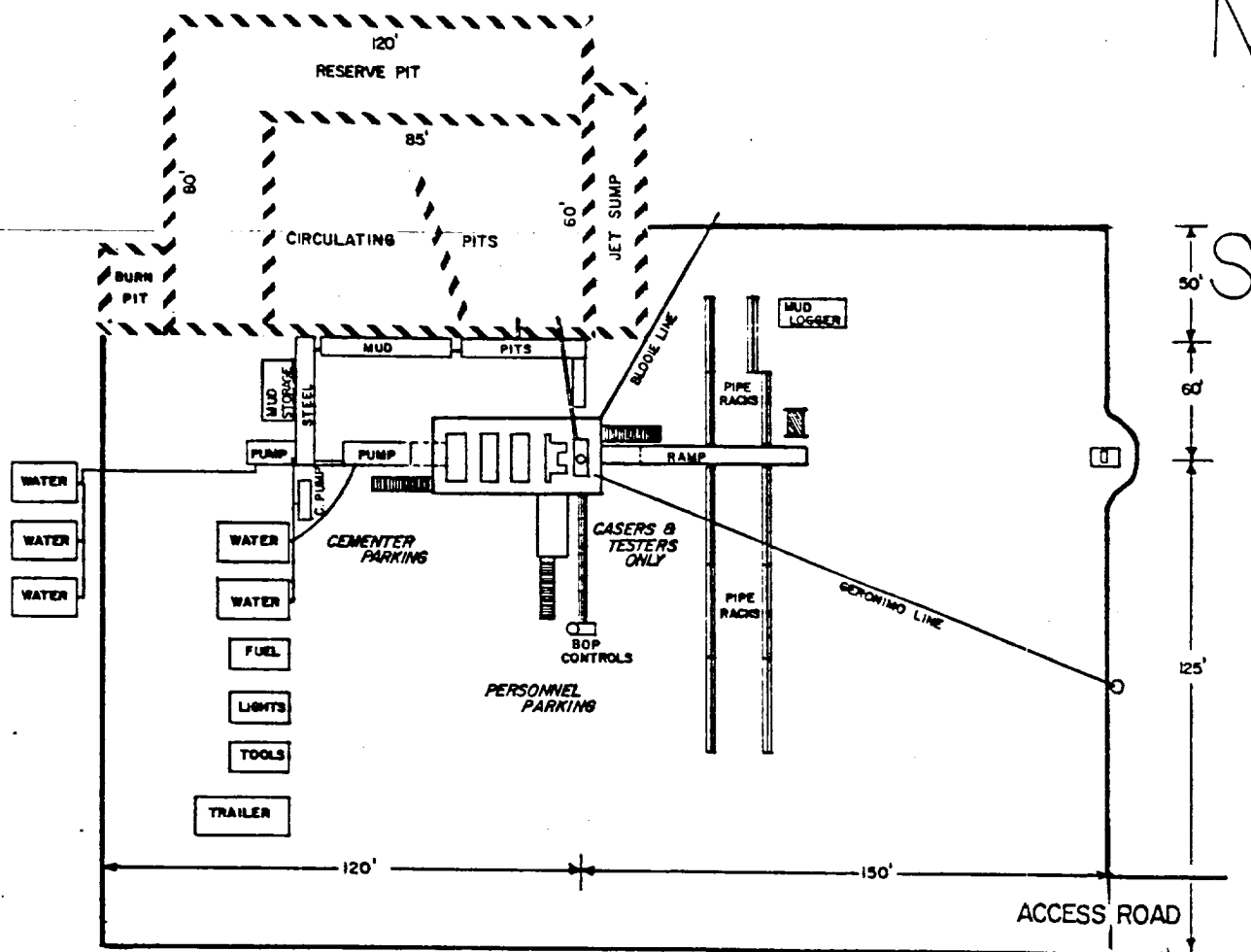
Mud Logging: One man unit out from under surface casing.

Logging: CNL-LDT from TD to casing with GR-CNL on up to surface. DLL from TD to casing with minimum Rxo on bottom 2000 feet.

9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.

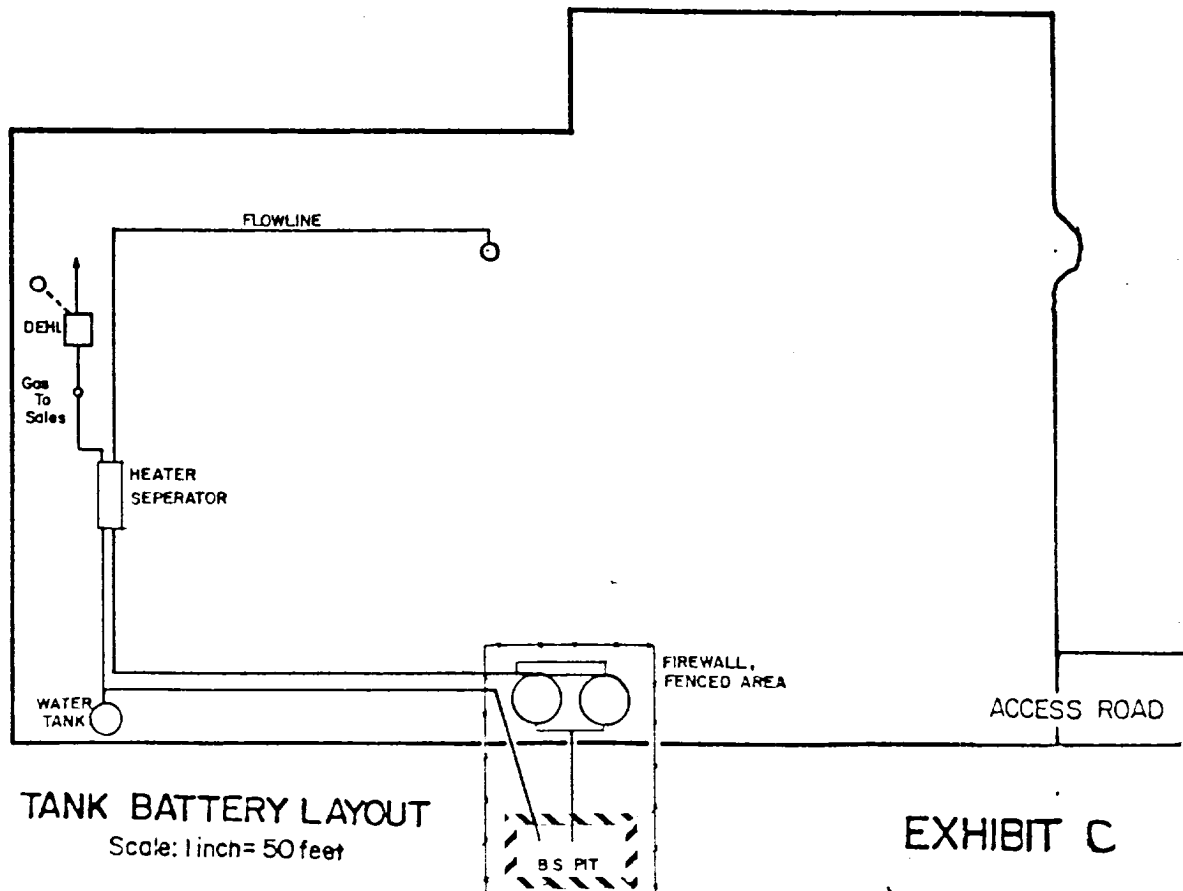


YATES PETROLEUM CORPORATION



DRILLING RIG LAYOUT

Scale: 1 inch = 50 feet



TANK BATTERY LAYOUT

Scale: 1 inch = 50 feet

EXHIBIT C