SUBMIT IN TRIPLICATE. Form 3160-3 (November 1983) (Other instru L .TED STATES OF THE DEPARTMENT OF THE DINTERIOR . reverse s Expires August 31, 1985 (formerly 9-331C) 5. LEASE DESIGNATION AND SERIAL NO. BUREAU OF LAND MANAGEMENT 1751 NM-68040 6. IF INDIAN, ALLOTTEE OR TRIBE NAME APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK 1a. TYPE OF WORK 7. UNIT AGREEMENT NAME DRILL 🔼 DEEPEN PLUG BACK b. TYPE OF WELL MULTIPLE ZONE SINGLE WELL X S. FARM OR LEASE NAME OTHER 2. NAME OF OPERATOR Parker 5 Federal RECEIVED Harvey E. Yates Company ✓ 9. WELL NO. 3. ADDRESS OF OPERATOR 10. FIELD AND POOL, OR WILDCAT P.O. Box 1933, Roswell, New Mexico 88202 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. 001 20 89 North Shugart-Bone Springs 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 1650' FWL & 1980' FSL O. C. D. At proposed prod. sone ARTESIA, OFFICE Sec. 5, T18S, R31E same 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE of Loco Hills, N.M. Eddy 13. DISTANCE FROM PROPOSED®
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to Dearest drig, unit line, if any) 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED TO THIS WELL 660' 40 160 DISTANCE FROM PROPOSED LOCATIONS 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOOLS TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1360 8450 Rotary 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 22. APPROX. DATE WORK WILL START* 3696.3 **ASAP** GLPROPOSED CASING AND CEMENTING PROGRAM SIZE OF HOLE BIZE OF CABING WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT 350 13 54.5 Circ to surface 12 1/4 8 5/8 24 & 32 2000 to surface 5 1/2 8450 7 7/8 17 600' above pay MUD PROGRAM: FW w/paper 350 350 - 2000 Brine water 2000 - 8450 FW mud APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SECUAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROFOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive sone 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.

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

State of New Mexico Jiergy, Minerals and Natural Resources Departs

Form C-102 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

WELL LOCATION AND ACREAGE DEDICATION PLAT

SEP 18 1988

O KIN DIAZUS I	Rd., Aztec, NM 8741	All Distances mu	st be from the outer boundaries	of the section	
Decator Harvey E. Yates		Lease		Weil No.	
		Parker I	Pederal "5"	4	
Letter	Section	Township	Range	County	
К	5	18 South	31 East	NMPM E	ddy
	ocation of Well:	10 0000		TWILLY I	
_		South time	and 1650	feet from the We	st line
1980 nd level Elev	feet from the	South line	Pool	ica nom an	Dedicated Acreage:
	Pon	e Springs	North Shugar	·†	40
3696.3			ed pencil or hachure marks on the p		40 Acres
2. If m	nore than one lease is	dedicated to the well, outline each	to the well, have the interest of all	f (both as to working interest a	
	ization, force-pooling.	etc.?		owners occit consumation by oc	· ·
	Yes	No If answer is "ye	s" type of consolidation	TI	·
		ners and tract descriptions which	have actually been consolidated.	Use reverse side of	
Unis FO	rm if neccessary.	of to the well until all interests h	ave been consolidated (by commun	itization, unitization, forced-poc	oling, or otherwise)
Or stati	i a non-standard unit.	eliminating such interest, has be	en approved by the Division.	,	
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Application

HARVEY E. YATES COMPANY Parker 5 Federal #4 Sec. 12, T18S, R31E Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill the Subject well in Section 12, Township 18 South, Range 31 East, Eddy County, New Mexico, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Bureau of Land Management requirements:

- 1. The geologic surface formation is quaternary alluvium and bolson deposits and other surficial deposits.
- 2. The estimated tops of geologic markers are as follows:

Rustler	480'	Grayburg	3488'
Yates	1895'	San Andres	3840'
Seven Rivers	2280'	Delaware Sd	4280'
Bowers	2744	Bone Springs	4750 '
Queen	2980'	TD	8450'
Penrose	3195'		

3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.

Bone Spring 4840'

- 4. Proposed casing program: See Form 3160-3. HEYCO will be running some used casing when applicable.
- 5. Pressure control equipment: See Exhibit C.
 Although the rig equipment is 3M rated, this well will be a 2M PSI rating.
- 6. Mud program: See Form 3160-3.
- 7. Auxiliary equipment: Blowout preventer
- 8. Testing, logging and coring programs: We plan on coring the Grayburg & Bone Springs. One DST in the Bone Springs is scheduled. The planned logs are CND w/GR and Caliper and DLL-MSFL.
- 9. No abnormal pressures or temperatures are anticipated.
- 10. Anticipated starting date: As soon as possible.

SURFACE USE PLAN

HARVEY E. YATES COMPANY Parker 5 Federal #4 Sec. 5, T18S, R31E Eddy County, New Mexico

1. EXISTING ROADS:

Exhibit A is a portion of a New Mexico Map showing the location of the proposed well. The location is approximately 35 miles east of Artesia, New Mexico, or about 8 miles southeast of Loco Hills, New Mexico. Leave Artesia on U.S. Highway 82 and travel east to the junction of New Mexico Highway 222. Turn south on Highway 222 and travel 2.7 miles. Turn west on lease road and travel .7 of a mile. Turn north for .25 of a mile to the new location.

2. PLANNED ACCESS ROADS:

We plan to use the existing roads as far as possible. We will build approximately 1320 ft of new road to reach the proposed location. The running surface will be 14' wide, built with 6" of compacted caliche.

3. LOCATION OF EXISTING WELLS:

Exhibit B is a plat showing existing wells and their locations.

4. LOCATIONS OF TANK BATTERIES, ETC.:

In the event we drill a producing well, all production equipment will be located at Unit M, Sec. 5, T18S, R31E.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be from commercial sources, either hauled or pipelined.

6. SOURCE OF CONSTRUCTION MATERIAL:

We will use caliche from the reserve pit area to build the road and location.

7. METHODS OF HANDLING WASTE DISPOSAL:

Waste will be buried in reserve pits at a depth of 36". The wellsite will be cleaned of all waste and this will be done within 30 days after completion of the well.

8. ANCILLARY FACILITIES:

None required.

9. WELLSITE LAYOUT:

- A. Exhibit D shows the relative location and dimensions of the well pad, reserve pits and major rig components.
- B. The land is relatively flat with sandy soil and sand dunes.
- C. The pad and pit area have been staked.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After finishing drilling and/or other completion operations, all equipment and other materials not needed for further operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite as pleasant in appearance as possible.
- B. If the proposed well is non-productive, all restoration and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as quickly as possible. All pits will be filled and levelled within 90 days after abandonment.

11. OTHER INFORMATION:

- A. The surface and minerals are Federal land.
- B. The topography consists of sandy soil with native grasses, catclaw, etc. No wildlife was observed, but the usual inhabitants of this region are jackrabbits, reptiles, coyotes, etc.
- C. There are no ponds, lakes, streams or rivers in this area.
- D. An Archaeological Survey has been made and copy has been sent to your Carlsbad office. There is no evidence of any significant archaeological, historical or cultural sites in the area. Also, there are no occupied dwellings or windmills.

12. OPERATOR'S RESPRESENTATIVES:

The field representatives responsible for assuring compliance with the approved surface use and operations plan are:

Micky Young

Harvey E. Yates Company

P. O. Box 1933

Roswell, New Mexico 88201

Office: 505/623-6601

Mobil: 505/624-1818 #840

Curtis Tolle

Harvey E. Yates Company

P. O. Box 1933

Roswell, New Mexico 88201

Office: 505/748-2435

Mobil: 505/624-1818 #837

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Harvey E. Yates Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

September 19, 1989

N.M. Young

Drilling Superintendent

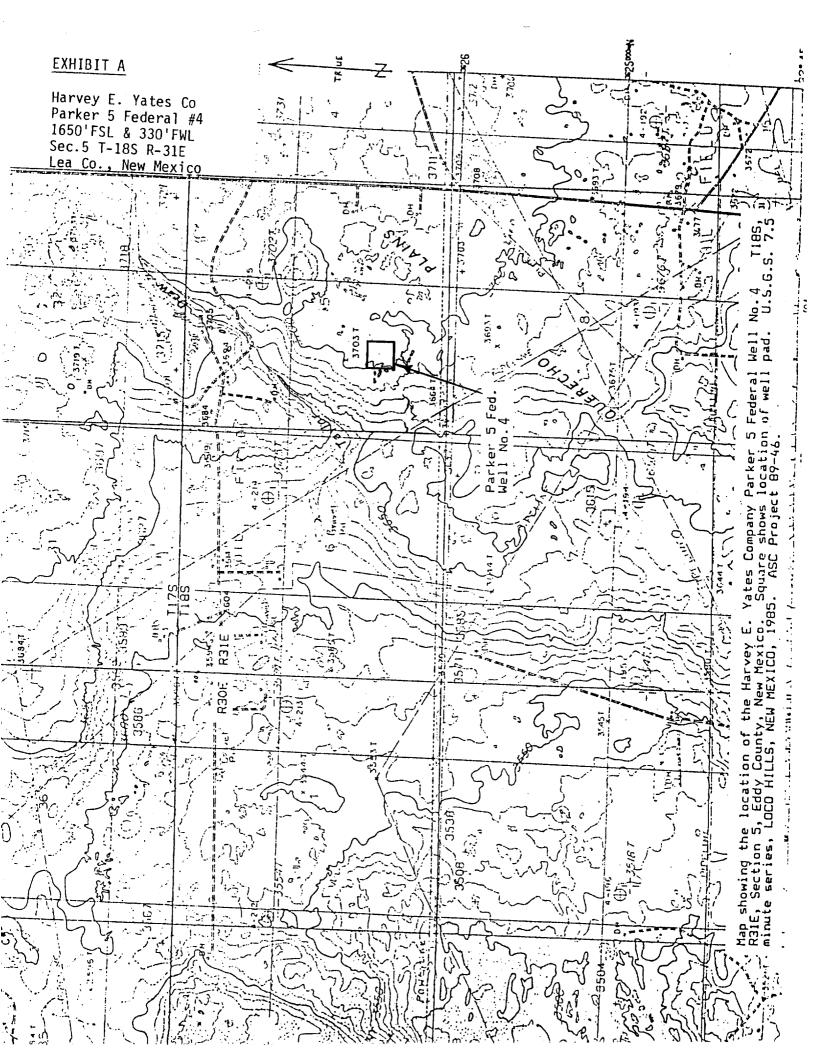


EXHIBIT B Harvey E. Yates Co. Parker 5 Federal # 4 Sec.5 T-18S R-31E Eddy Co., New Mexico Existing Wells • Existing Roads Proposed Well • Proposed Road		County Road 222
Union of Texas	Heyco's Parker 5 Fed. 5 Union of Texas #3 #4 Cockburn Fed.	Heyco's Can-Ken Fed. 4 Heyco s Hondo Federal & Arco's Wilmar Federal
7	Heyco's PMS 8 Federal	Union of Texas Arco's Balsh Federal 9

SECTION	6,5,4,9, & 8	TOWNSHIP	18 S		RANGE	31 E	
COUNTY	Eddy		STATE	New 1	lexico		

EXHIBIT (

Harvey E. Yates Co. Parker 5 Federal #4 1650'FWL & 1980'FSL Sec.5 T-18S R-31E Eddy Co., New Mexico

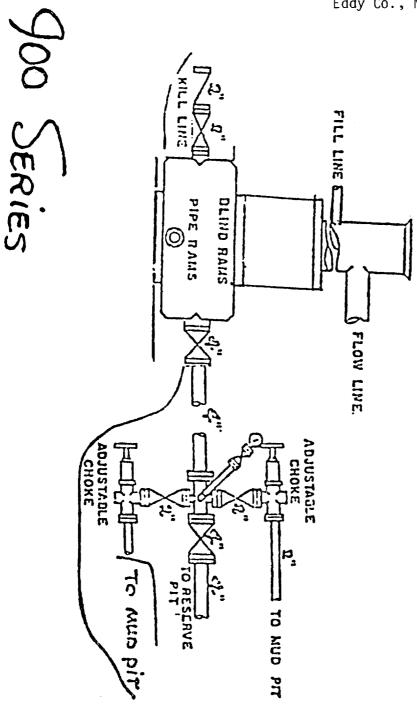


EXHIBIT D

Harvey E. Yates Co. Parker 5 Federal #4 1650'FWL & 1980'FSL Sec.5 T-18S R-31E Eddy Co., New Mexico

