

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 Harvey E. Yates Company

3. ADDRESS OF OPERATOR P.O. Box 1933, Roswell, N.M. 88202

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

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 9 miles southeast of Loco Hills, New Mexico

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

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

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3675.6' GL

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	54.5	350	circ to surface
12 1/4	8 5/8	32	2100	circ to surface
7 7/8	5 1/2	17	8650	600' above pay

MUD PROGRAM:

0 - 350 FW w/paper
350 - 2100 Brine wtr
2100 - 8650 FW mud

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 V. Teel V. Teel TITLE Drlg/Prod Analyst DATE 6/18/92

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY GARY STURILL TITLE DATE 7-10-92

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

*See Instructions On Reverse Side

ATTACHED Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

5. LEASE DESIGNATION AND SERIAL NO. LC-029393-A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME Arco 8 Federal
9. WELL NO. #1
10. FIELD AND POOL, OR WILDCAT X North Shugart Bone Springs
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 8, T18S, R31E
12. COUNTY OR PARISH Eddy
13. STATE NM

Post ID-1
7-24-92
Mud log & API

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator (HIEYCO) Harvey E. Yates Company			Lease ARCO "8" Federal		Well No. 1
Unit Letter K	Section 8	Township 18 South	Range 31 East	County Eddy	
Actual Footage Location of Well: 1980 feet from the South line and 1980 feet from the West line					
Ground level Elev. 3675.6	Producing Formation Bone Spring		Pool North Shugart		Dedicated Acreage: 40 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 interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

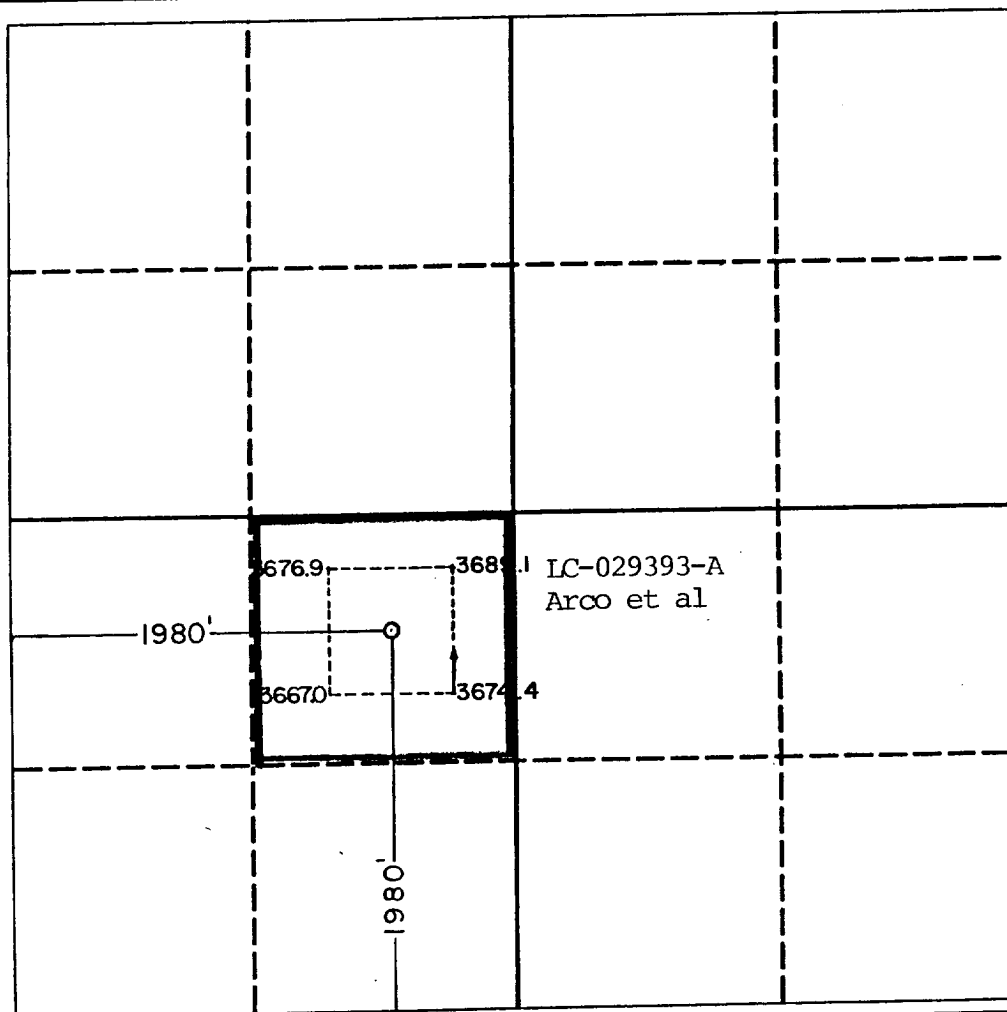
☐ Yes

☐ 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Vickie Teel

Printed Name

Vickie Teel

Position

Drlg/Prod Analyst

Company

Harvey E. Yates Company

Date

6/18/92

SURVEYOR CERTIFICATION

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

June 12, 1992

Signature & Seal of
Professional Surveyor

Ronald J. Eidson
No. 2676
Certificate No. JOHN W. WEST
RONALD J. EIDSON
92110796

Application
HARVEY E. YATES COMPANY
Arco 8 Federal #1
Sec. 8, T18S, R31E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill the Subject well in Section 8, 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 follow:

Rustler	530'	Grayburg	3530'
Yates	2000'	San Andres	4140'
Seven Rivers	2350'	Delaware Sd	4425'
Bowers	2820'	Bone Spring	5265'
Queen	3080'	TD	8650'
Penrose	3270'		

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

Bone Spring, Queen, Penrose, Delaware

4. Proposed casing program: See Form 3160-3. HEYCO will be using 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: No DST or coring is anticipated. The planned logs are are DLL-Micro w/GR & Caliper and CN-Den w/GR & Caliper.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.

SURFACE USE PLAN

HARVEY E. YATES COMPANY
Arco 8 Federal #1
Sec. 8, 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 30 miles east of Artesia, New Mexico. Leave Artesia going east on U.S. Highway 82 and travel east to State Highway 222. Turn south on 222 and travel 3 miles. Turn west and travel 1/4 mile. Turn south and travel 1/2 mile to new location.

2. PLANNED ACCESS ROADS:

We plan to use the existing roads as far as possible. We propose to build approximately 1/2 mile of new road to reach the proposed location. The running surface will be 14' wide, with 6" compacted caliche

3. LOCATION OF EXISTING WELLS:

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

4. LOCATIONS OF TANK BATTERIES, ELECTRICAL LINE, ETC.:

In the event we drill a producing well all production equipment will be located at Unit K, Sec. 8, T18S, R31E. In the event power is needed at the location, we will use a 14.4/25 KV voltage unit & run a line as shown in Exhibit B. Also, we are showing the right-of-way for a flowline and/or a temporary gas line on Exhibit "B".

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.

→ All trash must be stored in containers until hauled away to an approved disposal facility. SJS

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 nonproductive, 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, catcall, 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 REPRESENTATIVES:

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.

June 19, 1992



N.M. Young
Drilling Superintendent

EXHIBIT "A"

Harvey E. Yates Co.
Arco 8 Federal #1
1980' FSL & FWL
Sec. 8 T-18S R-31E
Eddy, County, New Mexico

Map showing the location of the Harvey E. Yates Company Arco 8 Federal #1, and access road right-of-way. 118S, R31E, Section 8 & Section 5, Eddy County, New Mexico. Lines show locations of well pads; squares show locations of access road R's/W. U.S.G.S. 7.5 minute series, LECO HILLS, NEW MEXICO, 1985. ASC Project 88-207.

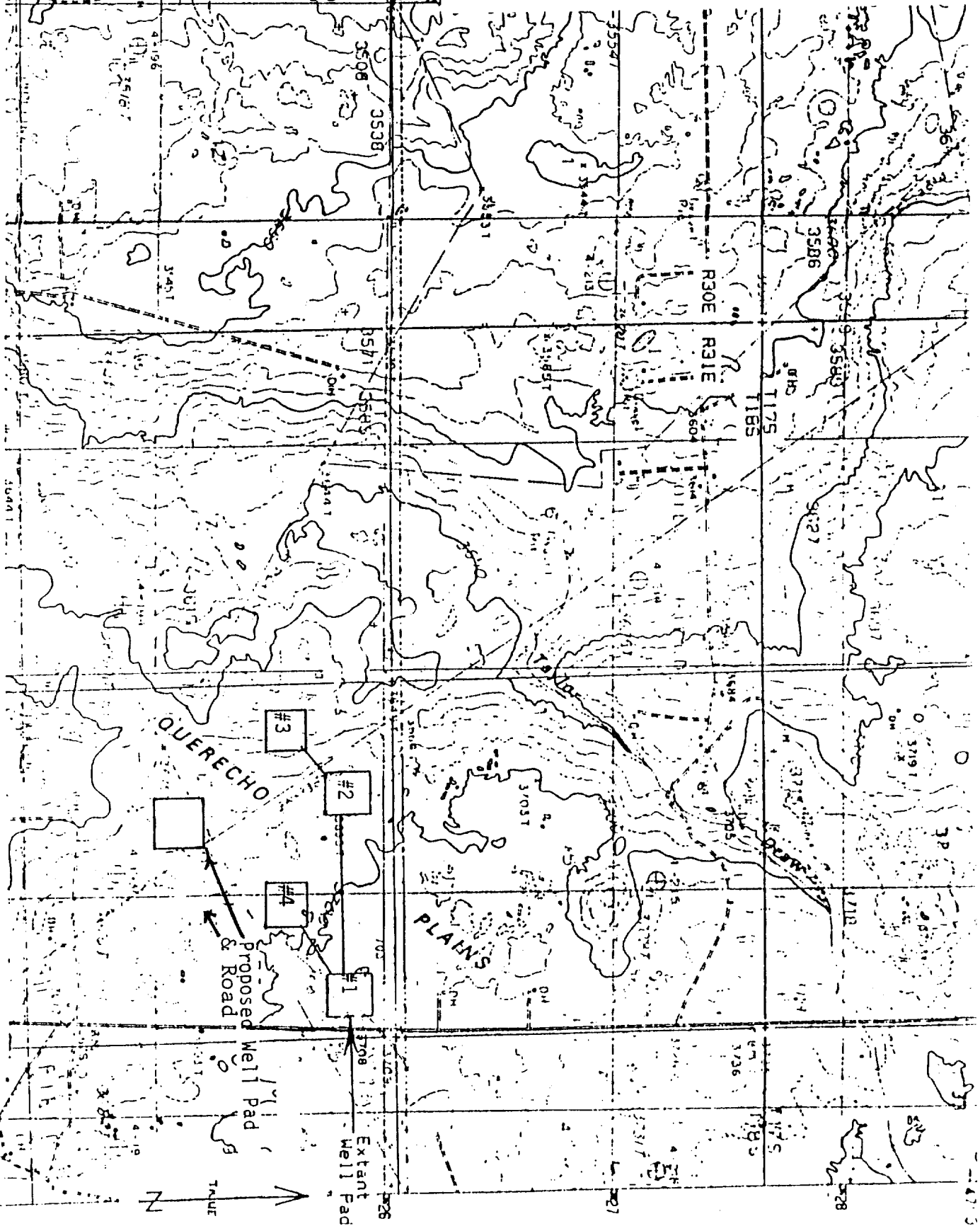



EXHIBIT B

Harvey E. Yates Co.
PMS 8 Federal # 4
Sec. 8 T-18S R-31E

Existing Wells ●
Existing Roads ———

Proposed Well 
Proposed Road - - - - -
Proposed electric line ▲▲▲
Proposed flow line ××××

6

Union of
Texas

5 Union of
Texas

HEYCO's
Parker 5 #2
#1

HEYCO's Hondo 4 Federal
ARCO's Wilmar Federal

4

Union of
Texas

ARCO's Balsh Federal

9

#2 #1
HEYCO's
#3 #4
PMS 8 Fed. Area
#1

Arco 8 Federal Area

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

EXHIBIT "C"

Harvey E. Yates Company
Arco 8 Federal #1
1980' FSL & FWL
Sec. 8, T18S, R31E

900 Series

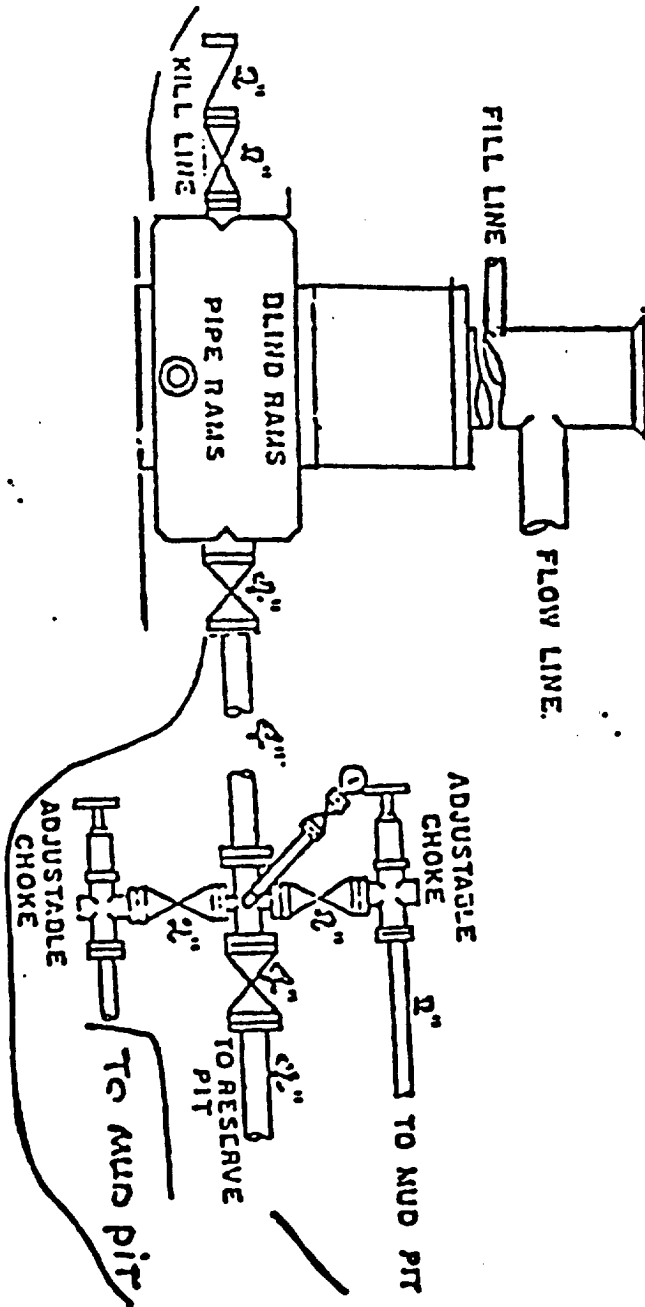


EXHIBIT D

Harvey E. Yates Co.
Arco 8 Federal #1
1980'FS & WL
Sec.8 T-18S R-31E
Eddy County, N.M.

