

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

10. 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 88218

4. LOCATION OF WELL (Report location clearly and in accordance with any State laws)
At surface 1980' FNL & 2310' FWL

At proposed prod. zone

Morrow

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

25.5 miles SW of Artesia, NM

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

1980'

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

2000'S

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

3678' 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"	48# J-55	approx. 350'	450 sx circulate
12 1/4"	8 5/8"	24# J-55	approx. 1000'	620 sx circulate
7 7/8"	4 1/2" or 5 1/2"	15.5 - 17#	approx. 9060'	400 sx
		10.5 - 11.6#		

We propose to drill and test the Morrow and intermediate formations. Approximately 350' of surface casing will be set to shut off gravel and cavings, and intermediate casing will be set 100' below the Artesian Water Zone. If commercial will run 4 1/2" or 5 1/2" with 600' cement cover, will perforate and stimulate as needed for production.

MUD PROGRAM: F.W. gel and LCM to 1000', fresh water to 4000', 2% KCL water to 6300', starch-driscopak-KCL to 2200', starch-driscopak-KCL saltwater gel to TD.

BOP PROGRAM: BOP's and hydril will be installed on the 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

TITLE Regulatory CoordinatorDATE 10/31/80

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

5. LEASE DESIGNATION AND SERIAL NO.

NM 12246

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

JAN 02 1981

8. FARM OR LEASE NAME

Oakason NV Federal

9. WELL NO.

2

10. FIELD AND POOL, OR WILDCAT

Hoag Tank Morrow

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

Sec. 27, T19S, R24E

12. COUNTY OR PARISH

Eddy

NM

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

20. ROTARY OR CABLE TOOLS

Rotary

22. APPROX. DATE WORK WILL START*

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-123
Effective 1-1-65

All distances must be from the outer boundaries of the Section

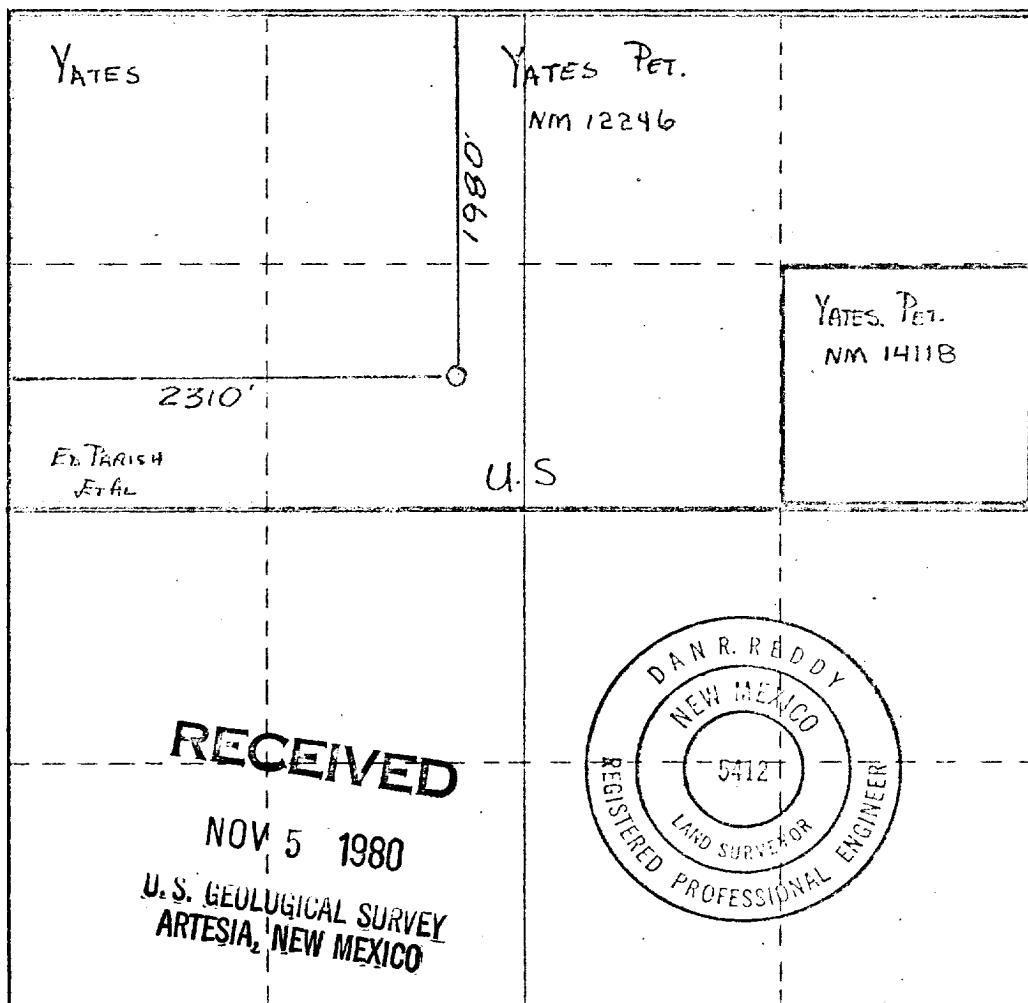
Operator YATES PETROLEUM CORPORATION		Lease Oakason NV Federal		Well No. 2
Unit Letter F	Section 27	Township 19 South	Range 24 East	County Eddy
Actual Well Location of Well:				
1920 feet from the North line and		2310 feet from the West line		
Ground Level Elev. 3690.	Producing Formation MORROW	Pool HOAG TANK 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 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.

Johnny A. Lopez

Name
JOHNNY A. LOPEZ

Position
REGULATORY COORDINATOR

Company
YATES PETROLEUM CORP.

Date
11/3/80

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

October 22, 1980
Registered Professional Engineer
and/or Land Surveyor

Dan R. Reddy

Certificate No.
NM PERLS #5412

Yates Petroleum Corporation
Oakason "NV" Federal #2
1980'FNL & 2310'FWL
Section 27, T19S, R24E
Eddy County, New Mexico

ARTESIAN WELL

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 quarternary alluvium.

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

San Andres	335'	Wolfcamp Lime	4976'	Morrow Clastics	8745'
Glorieta	1683'	Lower Canyon	7323'	Lower Morrow	8800'
Abo	3908'	Strawn	7954'	Austin Cycle	8955'
		Atoka	8441'	Chester	9005'
				TD	9060'

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

Water: Approximately 400' - 550'

Wolfcamp	5000'
Atoka	8460'
Morrow	8775'

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: 10' samples from under surface casing to TD

DST's: Possible Basal Abo; otherwise as warranted.

Logging: CNL-FDC TD-casing with GR-CNL on up to surface;
DLL-TD casing with min. R_XO.

9. No abnormal pressures or temperatures are anticipated.

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

RECEIVED
NOV 5 1980
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

Yates Petroleum Corporation
Oakason "NV" Federal #2
1980' FNL & 3210' FWL
Section 27, T19s, R24E
Eddy County, New Mexico
(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 of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operation.

1. EXISTING ROADS.

Exhibit A is a portion of a USGS showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 25.5 miles SW of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed south from Artesia on Highway 285 for a distance of approximately 13 miles.
2. Turn west onto Parish Road and go approximately 10½ miles.
3. Turn South on ranch road and travel approximately 9/10 mile to Allison CQ Federal #1 location.
4. From location, turn southwest along pipeline for a distance approximately 1/4 mile. Then turn due south along fence for approximately 4/10 mile. Location is on the road.

2. PLANNED ACCESS ROAD.

- A. There will be no access road. Road will be rerouted around location.

3. LOCATION OF EXISTING WELL.

- A. There are existing wells within a one-mile radius of the wellsite. See Exhibit A.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- A. There are 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. See Exhibit C. Note: Production facilities extend south of pad.

5. LOCATION AND TYPE OF WATER SUPPLY.

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and either hauled to the location by truck over the existing and proposed roads or piped to location from existing water well in Sec. 28 T18S R24E as shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. Any caliche required for construction of the drilling pad and the new access road will be obtained from the location itself or from a pit located at SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 24, T19S, R34E. Pit recently cleared by J.L. Haskell.

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 to prevent scattering by the wind.
- G. All trash and debris will be buried or 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. Fence and road will be moved to accommodate location.
- B. The location surface is sloping with a north aspect.
- C. The reserve pits will be plastic lined.
- D. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

- A. After finishing drilling and/or completion operations, 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 in as aesthetically 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 and/or vegetation requirements of the BLM and the USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment. Fence and road will be moved back to original place.

11. OTHER INFORMATION.

- A. Topography: The land surface in the vicinity of the wellsite is SLOPING minor cut and fill will be needed. The immediate area of the wellsite is discussed above in paragraph 9B.
- B. Flora and Fauna: The vegetation cover consists of grasses, weeds, and shrubs. 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 inhabited dwellings in the vicinity of the proposed well.
- D. Surface Ownership: The wellsite is on federal surface and minerals.
- E. There is no evidence of any archaeological, 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 Johnny A. Lopez
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.

11/3/80

Date

Johnny A. Lopez

Regulatory Coordinator

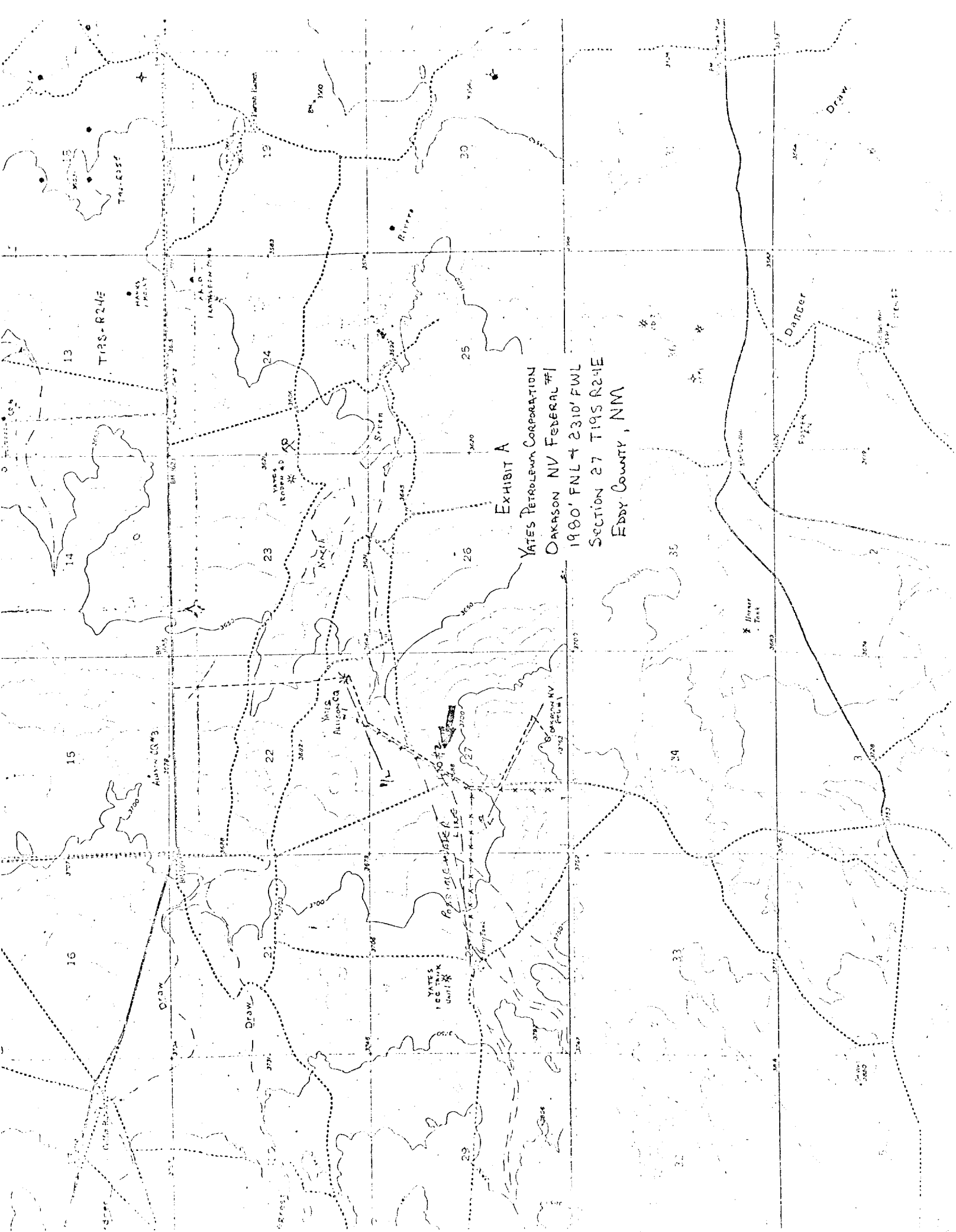
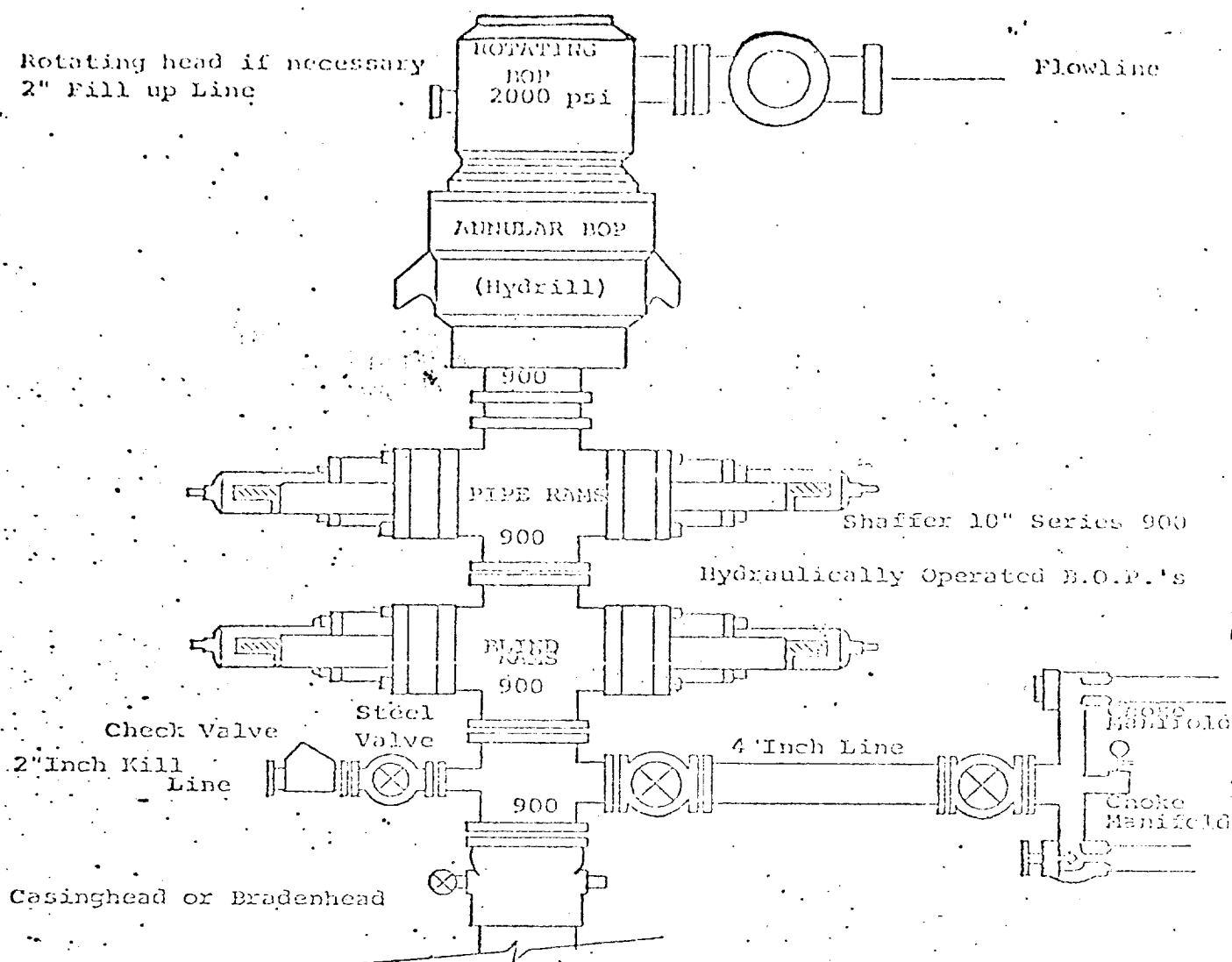


EXHIBIT B



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 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. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

on kansen NV feb '2

5018 - WC

6761 - Penn

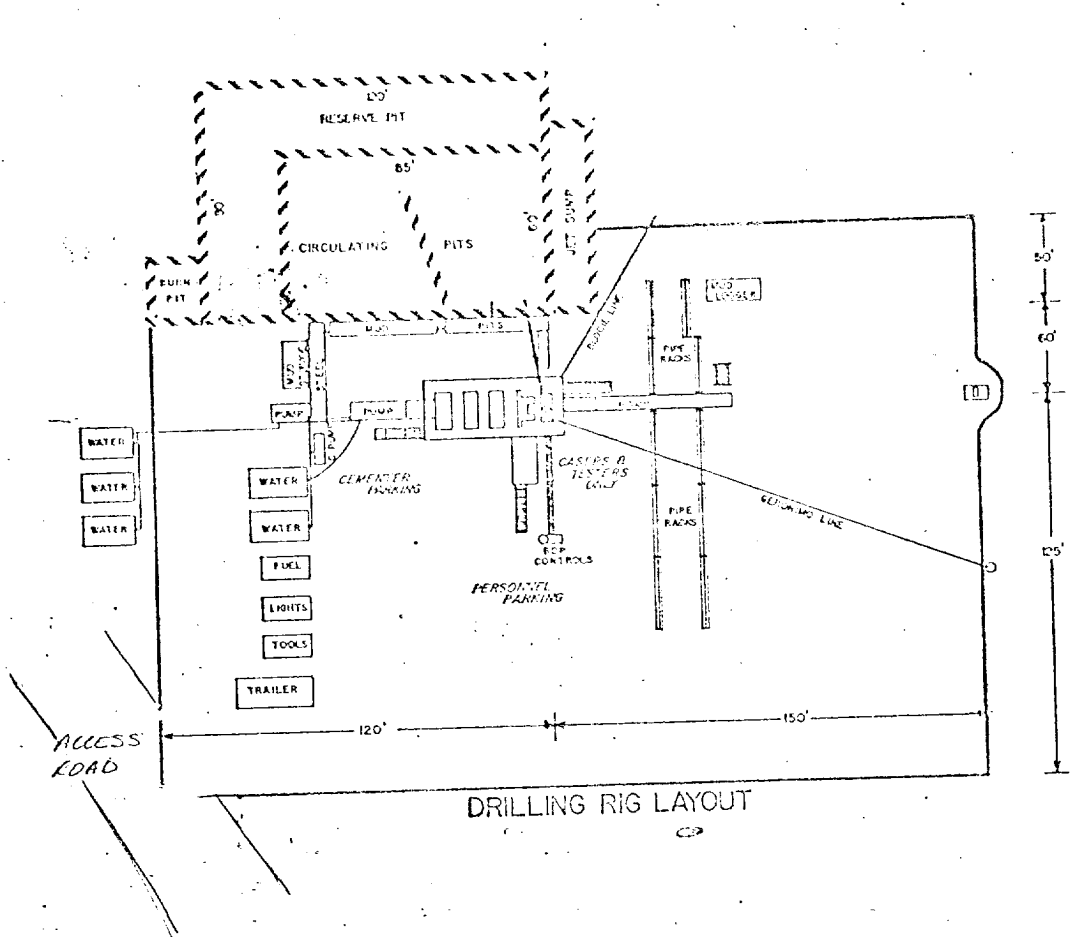
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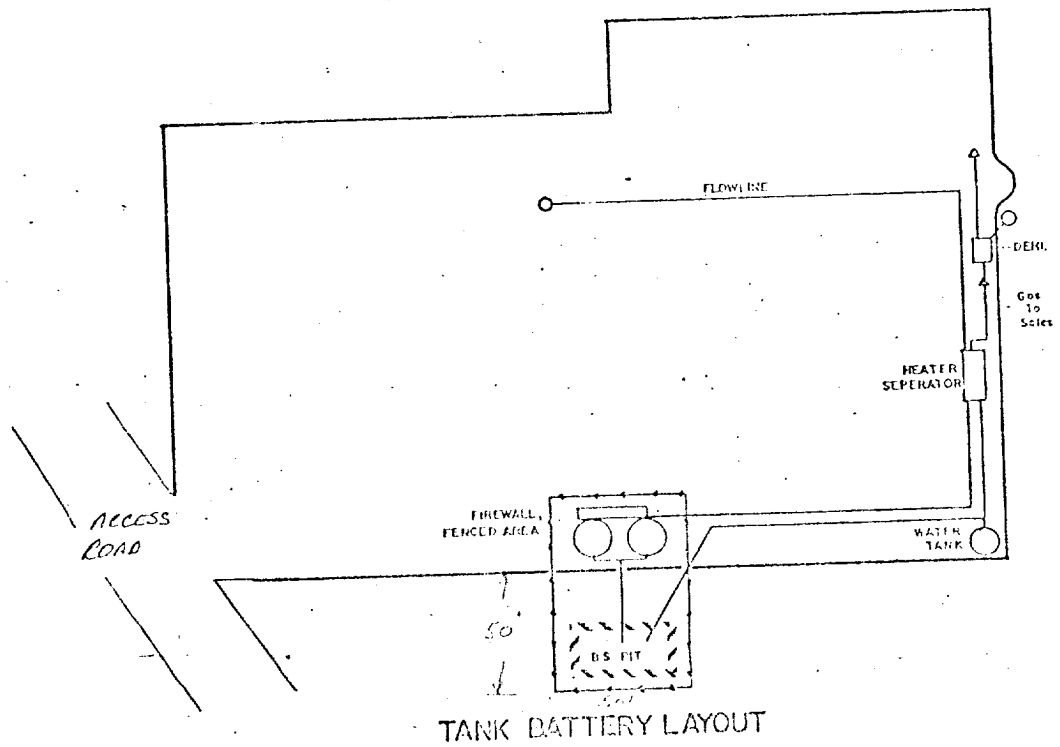
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YATES PETROLEUM CORPORATION



DRILLING RIG LAYOUT



TANK BATTERY LAYOUT