

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

C CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

MAY 22 1981

O. C. D.

ARTESIA, OFFICE

30-015-23801

Form C-101  
Revised 10-1-78

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	1
FILE	1
U.S.G.S.	1
LAND OFFICE	1
OPERATOR	1

5A. Indicate Type of Lease  
STATE ☐ FEE ☒

5. State Oil & Gas Lease No.

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 ☐

2. Name of Operator  
Yates Petroleum Corporation

3. Address of Operator  
207 South 4th Street, Artesia, NM 88210

4. Location of Well  
UNIT LETTER A LOCATED 990' FEET FROM THE North LINE  
AND 660' FEET FROM THE East LINE OF SEC. 11 TWP. 19 RGE. 25

19. Proposed Depth  
9,300'

19A. Formation  
Morrow

20. Rotary or C.T.  
Rotary

21. Elevations (Show whether DF, RT, etc.)  
3416'

21A. Kind & Status Plug. Bond  
Blanket

21B. Drilling Contractor  
Landis Drilling

22. Approx. Date Work will start  
ASAP

7. Unit Agreement Name

8. Farm or Lease Name  
Rio Penasco "KD" Comm.

9. Well No.  
3

10. Field and Pool, or Wildcat  
Morrow

12. County  
Eddy

23. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48# J-55	Approx. 400'	425 sx. circulate	
12 1/4"	8 5/8"	24# J-55	Approx. 1300'	750 sx. circulate	
7 7/8"	5 1/2 or 4 1/2	15.5-17# or 10.5-11.6#	TD	500 sx.	

We propose to drill and test the Morrow and intermediate formations. Approximately 400' of surface casing will be set at least 100' below the Artesian Water Sands, cement circulated on both strings. If commercial will run 5 1/2" or 4 1/2" casing and cement with 600' of cover.

MUD PROGRAM: F.W. Gel and LCM to 1300', water to 7250'. Starch & Drispak to 8500', Salt gel, starch & drispak to TD.

BOP PROGRAM: BOP's and hydril on 8 5/8" casing and tested, pipe rams daily for operational, yellow jacket prior to drilling Wolfcamp (5500')

Unorthodox location approved under R-6670.

GAS NOT DEDICATED

APPROVAL VALID FOR 180 DAYS  
PERMIT EXPIRES 11-25-81  
UNLESS DRILLING UNDERWAY

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. 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 Thomas Rodriguez Title Geographer Date 5-21-81

APPROVED BY W. A. Gussert TITLE SUPERVISOR, DISTRICT II DATE MAY 25 1981

CONDITIONS OF APPROVAL, IF ANY:

Cement must be circulated to surface behind 13 3/8" & 8 5/8" casing

Notify N.M.O.C.C. in sufficient time to witness cementing the 8 5/8" casing

NEW 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 <b>YATES PETROLEUM CORPORATION</b>			Lease <b>Rio Penasco KD</b>		Well No. <b>3</b>
Unit Letter <b>A</b>	Section <b>11</b>	Township <b>19 South</b>	Range <b>25 East</b>	County <b>Eddy</b>	
Actual Footage Location of Well: <b>990</b> feet from the <b>North</b> line and <b>660</b> feet from the <b>East</b> line					
Ground Level Elev. <b>3416</b>	Producing Formation <b>MORROW</b>		Pool <del>Boys</del> <b>MORROW</b>		Dedicated Acreage: <b>320</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.

ANADARKO, CHAMPLIN		
YATES PET. CORP. O MF FED. #1		
APPROVAL = R-6670		

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  
**GEOGRAPHER**  
Company  
**YATES PETROLEUM CORP**  
Date  
**5-11-81**

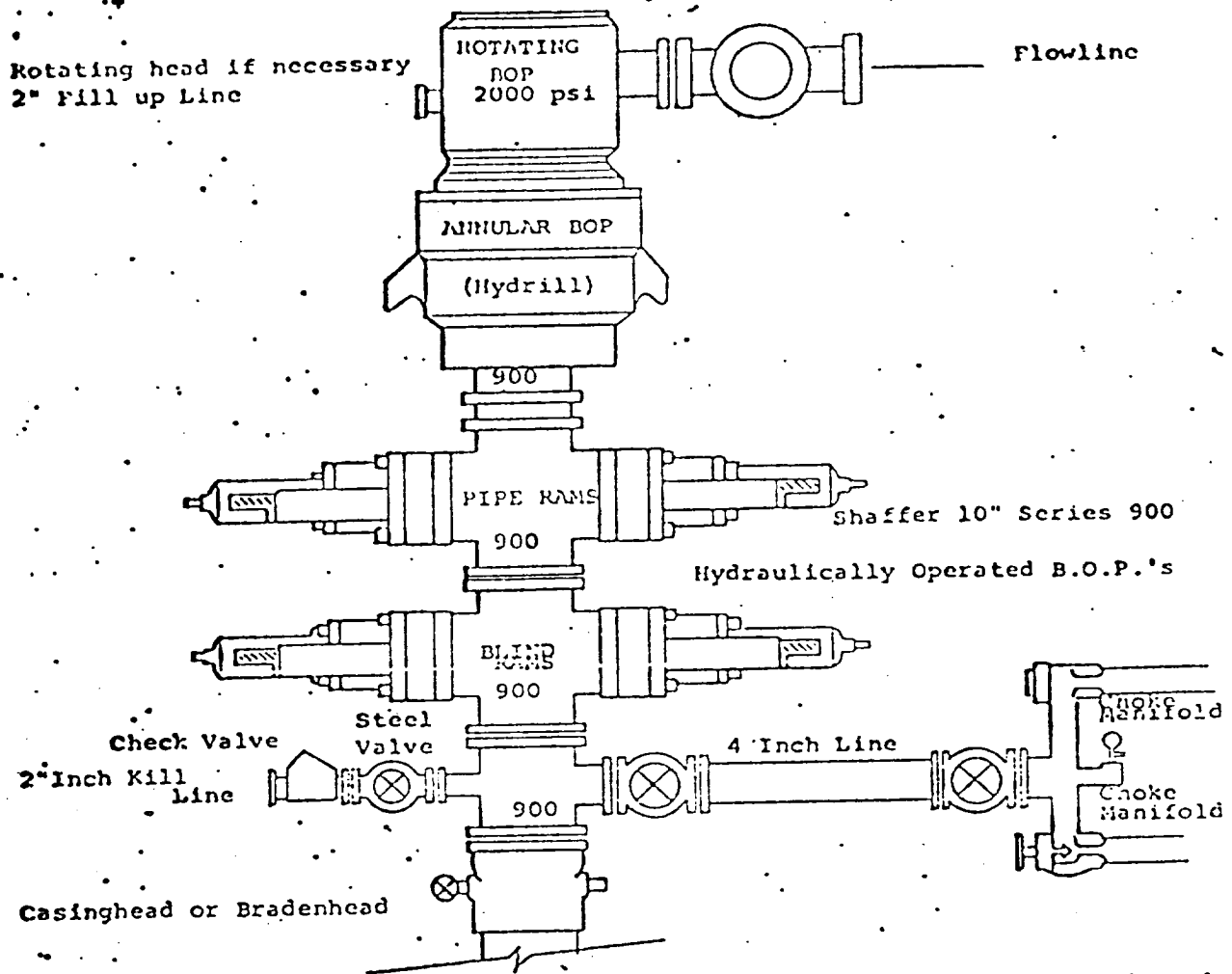
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
**May 2, 1981**  
Registered Professional Engineer and/or Land Surveyor

*Dan R. Reddy*  
Certificate No.  
**NMPE&LS 5412**

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

## 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.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

RECEIVED

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

MAY 5 1981

O. C. D.  
ARTESIA, OFFICE

CASE NO. 7228  
Order No. R-6670

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN UNORTHODOX  
GAS WELL LOCATION AND SIMULTANEOUS  
DEDICATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 22, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of April, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its Rio Penasco "KD" Well No. 3 to be drilled 990 feet from the North line and 660 feet from the East line of Section 11, Township 19 South, Range 25 East, NMPM, Boyd-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That the applicant further seeks to simultaneously dedicate the N/2 of said Section 11 to the above-described well and to its Rio Penasco "MF" Federal Well No. 1 located in Unit F of said Section 11.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location and simultaneous dedication.

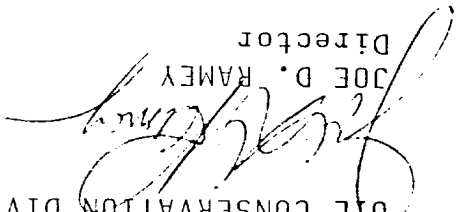
(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Yates Petroleum Corporation is hereby authorized to drill its Rio Penasco "KD" Well No. 3 at an unorthodox location 990 feet from the North line and 660 feet from the East line of Section 11, Township 19 South, Range 25 East, NMPM, Boyd-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the N/2 of said Section 11 shall be simultaneously dedicated to the above-described well and to applicant's Rio Penasco "MF" Federal Well No. 1 located in Unit F of said Section 11.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary. DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
  
JOE D. RAMSEY  
Director

S E A L

fd/