

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-30629
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> RECOMPLETION <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Yates Petroleum Corporation		7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR 105 South Fourth Street - Artesia, NM 88210		8. FARM OR LEASE NAME Eastern Shore QW Federal
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 2310' FSL and 660' FWL At proposed prod. zone Same		9. WELL NO. 2
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 11 miles southeast of Artesia, New Mexico		10. FIELD AND POOL, OR WILDCAT McMillan Upper Penn Gas
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'	16. NO. OF ACRES IN LEASE	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 8-T19S-R27E
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2000'	19. PROPOSED DEPTH 8100'	12. COUNTY OR PARISH Eddy
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3274' GR	20. ROTARY OR CABLE TOOLS Rotary	13. STATE NM
22. APPROX. DATE WORK WILL START* ASAP		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
20"	16"	75# K-55	Approx. 400'	500 sacks - circulate
14-3/4"	9-5/8"	36# K-55	" 2200'	1500 sacks - circulate
8-3/4"	7"	23# & 26# K-55 & S-95	8100'	250 sacks

We propose to drill and test the Penn and intermediate formations. Approximately 400' of surface casing will be set to shut off gravel and cavings. Intermediate casing will be run to approximately 2200'. If commercial, will run 7" casing with 600' of cement cover, will perforate and stimulate as needed for production.

MUD PROGRAM: FW gel/LCM to 2200', fresh water to 7500', starch/drispak/KCL/salt gel to TD

BOP PROGRAM: BOP's and hydril will be installed on 9-5/8" 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 Cy Covas TITLE Permit Agent DATE March 23, 1988
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 5/8/88
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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.

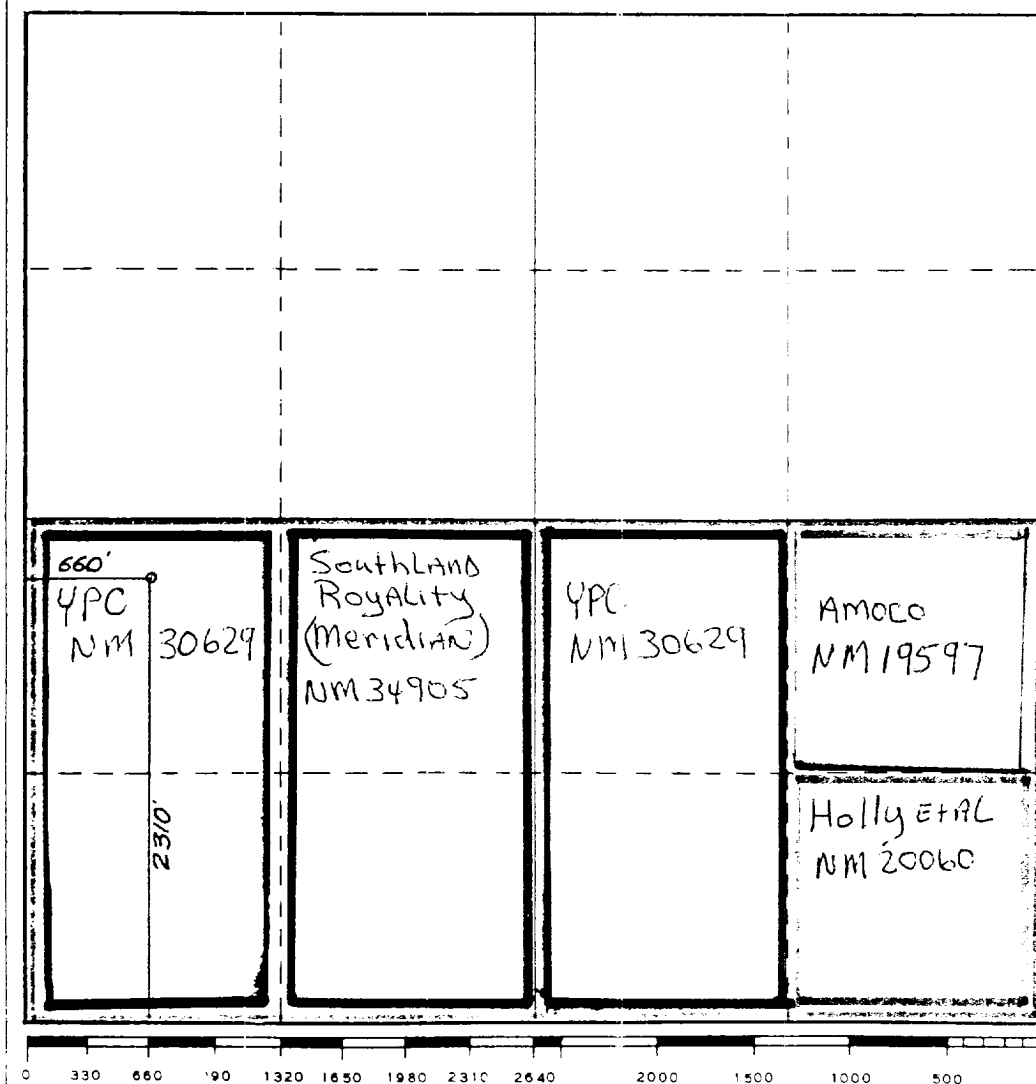
Operator YATES PETROLEUM CORPORATION		Lease Eastern Shore QW Federal		Well No. 2
Unit Letter L	Section 8	Township 19 South	Range 27 East	County Eddy County, N.M.
Actual Footage Location of Well: 2310 feet from the South line and 660 feet from the West line				
Ground Level Elev. 3274.	Producing Formation PENN	Pool McMillian Upper Penn GAS	Dedicated Acreage: 320 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 **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.

Cy Cowan

Name

Cy Cowan

Position

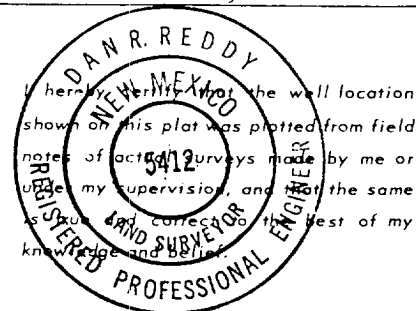
Permit Agent

Company

Yates Petroleum Corporation

Date

March 23, 1988



Date Surveyed

November 10, 1987

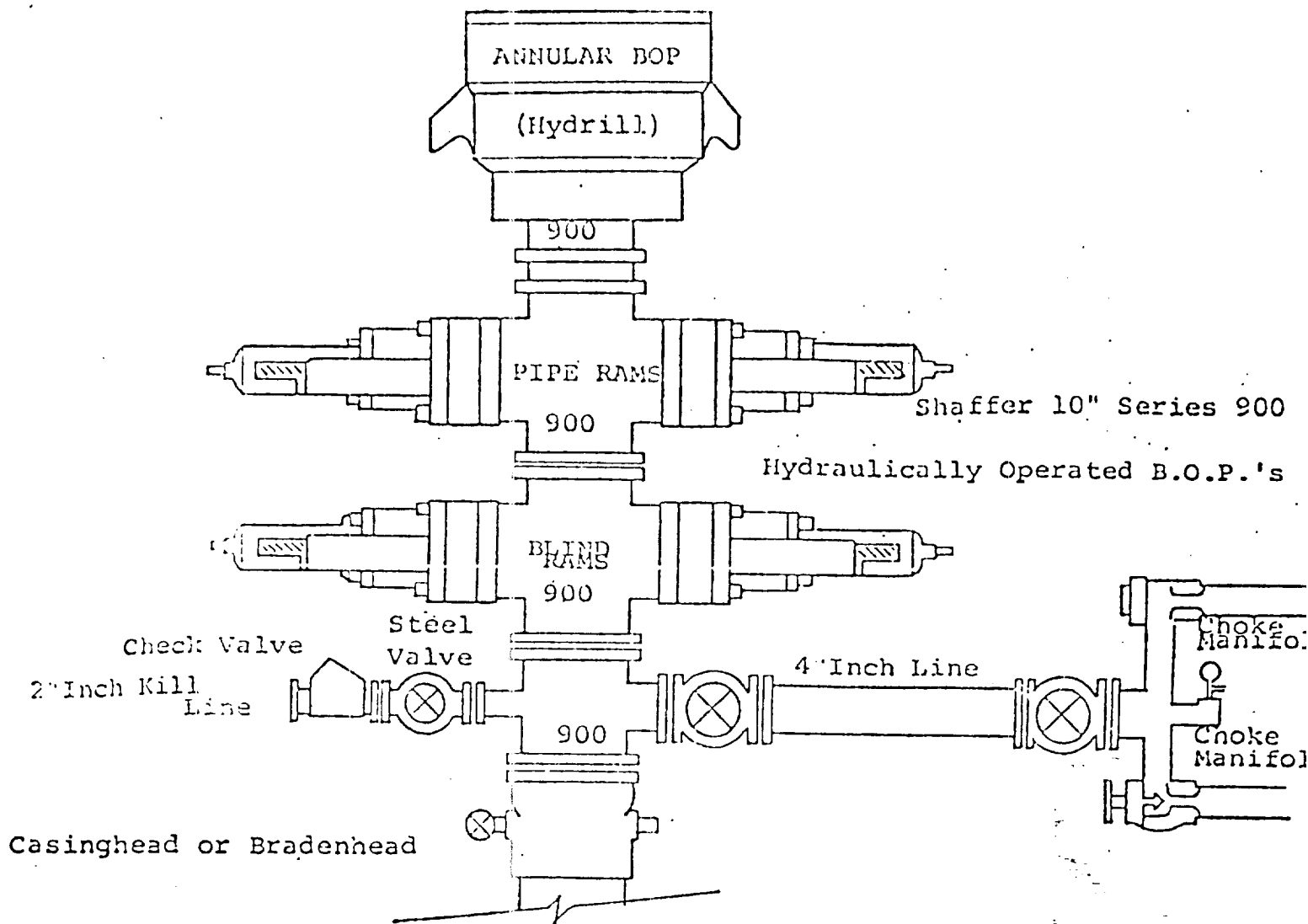
Registered Professional Engineer
and/or Land Surveyor

Dan R. Reddy

Certificate No.

NM PE&LS NO. 5412

Exhibit B



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual control installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 2" 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
Eastern Shore QW Federal #2
2310' FSL and 660' FWL of
Section 8-T19S-R27E
Eddy County, New Mexico

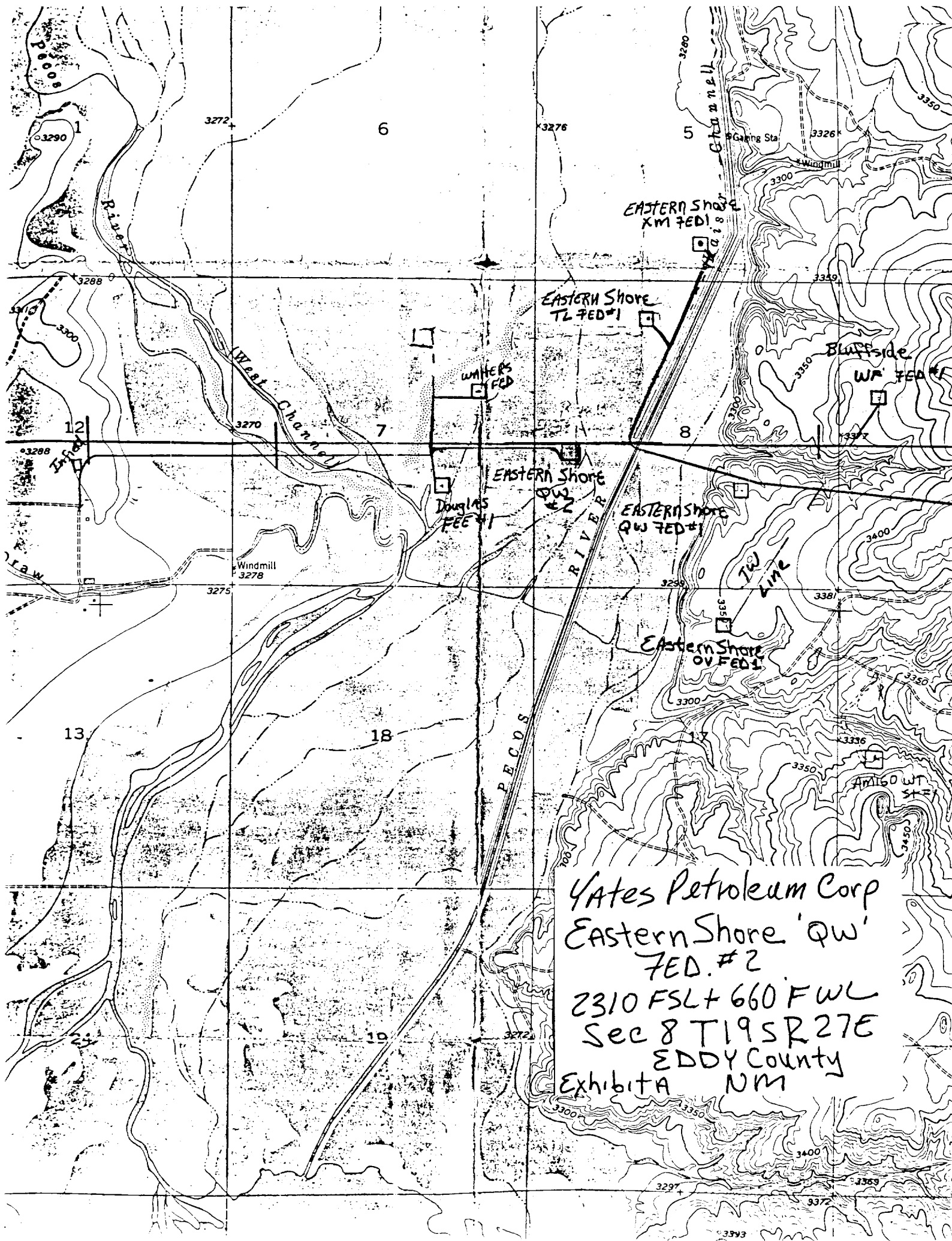
In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

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

Queen	801'	Wolfcamp Carbonate	7216'
San Andres	1545'	Upper Penn Dolomite Porosity	7670'
Bone Springs Lime	2515'	Gas & Water Contact	7906'
3rd Bone Springs Sand	6912'	TD	8000'
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approximately 120-200' and 1200-1800'
Oil or Gas: 7200'; 7670'
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:

DST's: As warranted
Logging: CNL/LDT from TD to casing with GR-CNL on to surface; DLL from TD to casing
Samples: 10' out from under surface casing to TD
Coring: None
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.



N



Scale: 1 inch = 50 feet



Scale: 1 inch = 50 Feet