

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

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

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

SEP 05 '90

API NO. (assigned by OCD on New Wells)

30-015-26468

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒

RE-ENTER ☐

DEEPEN ☐

PLUG BACK ☐

b. Type of Well:

OIL
WELL ☒

GAS
WELL ☐

OTHER ☐

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

7. Lease Name or Unit Agreement Name

John "AGU"

8. Well No.

2

9. Pool name or Wildcat

South Dagger Draw Upper Penn

4. Well Location

Unit Letter A : 660 Feet From The North Line and 660 Feet From The East Line

Section 14

Township 20S

Range 24E

NMPM

Eddy

County

10. Proposed Depth

8100'

11. Formation

Cisco Canyon

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

3609'

14. Kind & Status Plug. Bond

Blanket

15. Drilling Contractor

Undesignated

16. Approx. Date Work will start

ASAP

17.

PROPOSED CASING AND CEMENT PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP |
|--------------|----------------|-----------------|---------------|-----------------|------------|
| 14-3/4" | 9-5/8" | 36# J-55 | 1200' | 925 sx | Circulated |
| 8-3/4" | 7" | 26# & 23# | TD | 400 sx | |
| | | N-80 | | | |

We propose to drill and test the Cisco Canyon and intermediate formation. Approximately 1200' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

Mud Program: FW Gel/LCM to 1200'; FW to 3400'; cut brine to 7200';
SW Gel/Starch to TD.

Post ID-1
9-14-90
New Use & API

BOP Program: BOP's will be installed on the 9-5/8" casing and tested daily.

APPROVAL VALID FOR 180 DAYS

APPROVED BY 3/6/91

APPROVED BY 3/6/91

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.

SIGNATURE

Ken Beardemphl

TITLE Landman

DATE 9-5-90

TYPE OR PRINT NAME Ken Beardemphl

TELEPHONE NO.

ORIGINAL SIGNED BY

(This space for State Use)

MIKE WILLIAMS

SUPERVISOR, DISTRICT II

APPROVED BY

TITLE

DATE

SEP - 6 1990

CONDITIONS OF APPROVAL, IF ANY: Pending NSL Approval

NOTIFY N.M.O.C.D. IN SUFFICIENT
TIME TO WITNESS CEMENTING THE
95/8 CASING

EXICO OIL CONSERVATION COMMISS
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.

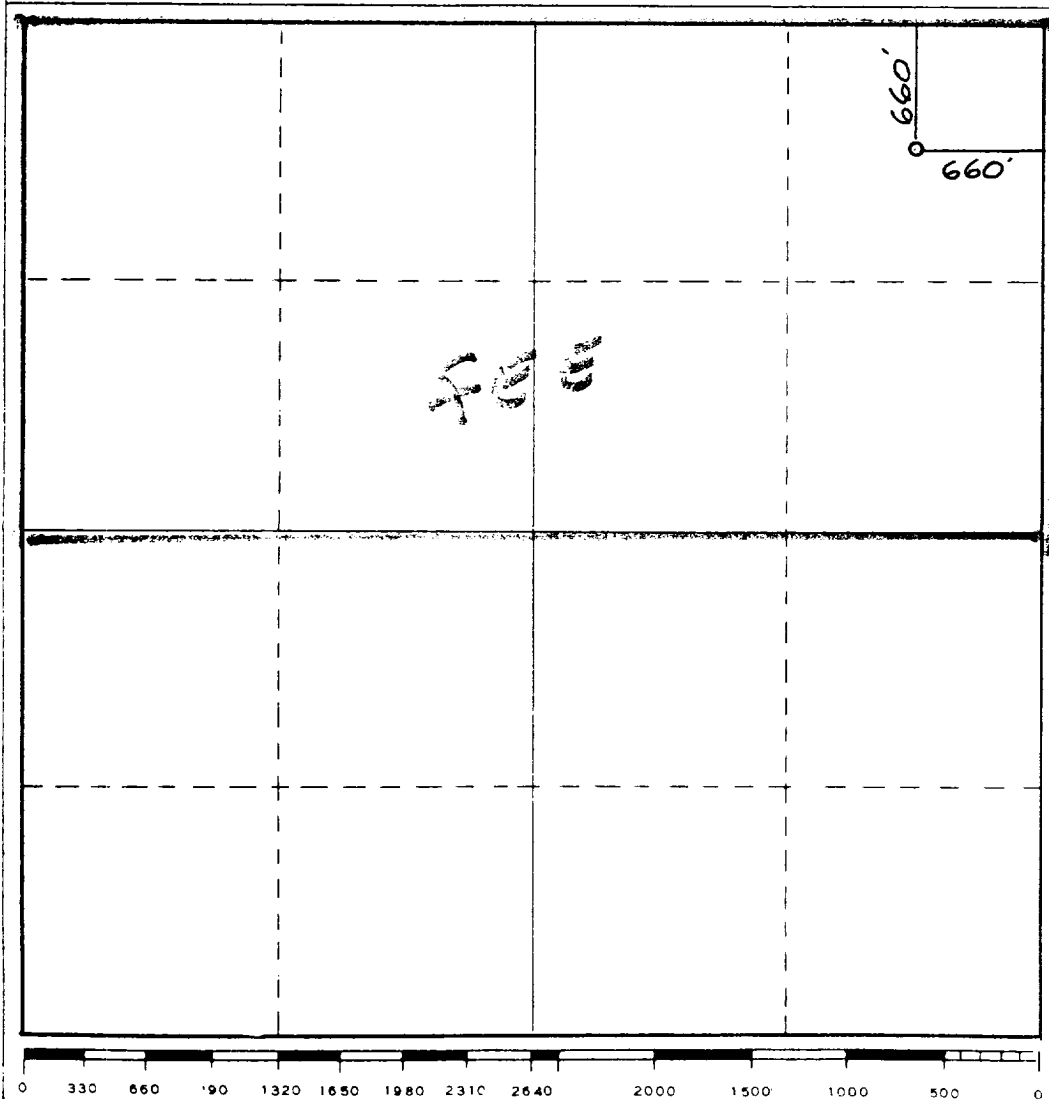
| | | | | | |
|--|--|---|--|------------------------------------|----------------------|
| Operator YATES PETROLEUM CORPORATION | | | Lease John AGU | | Well No. 2 |
| Unit Letter A | Section 14 | Township 20 South | Range 24 East | County Eddy County, N.M. | |
| Actual Footage Location of Well: 660 feet from the North line and 660 feet from the East line | | | | | |
| Ground Level Elev. 3609. | Producing Formation Cisco Canyon | Pool Assoc. South Dayer Draw Upper Penn | 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 _____

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.

Ken Beard

Name
KEN BEARD

Position
LANDMAN

Company
Yates Pet. Corp.

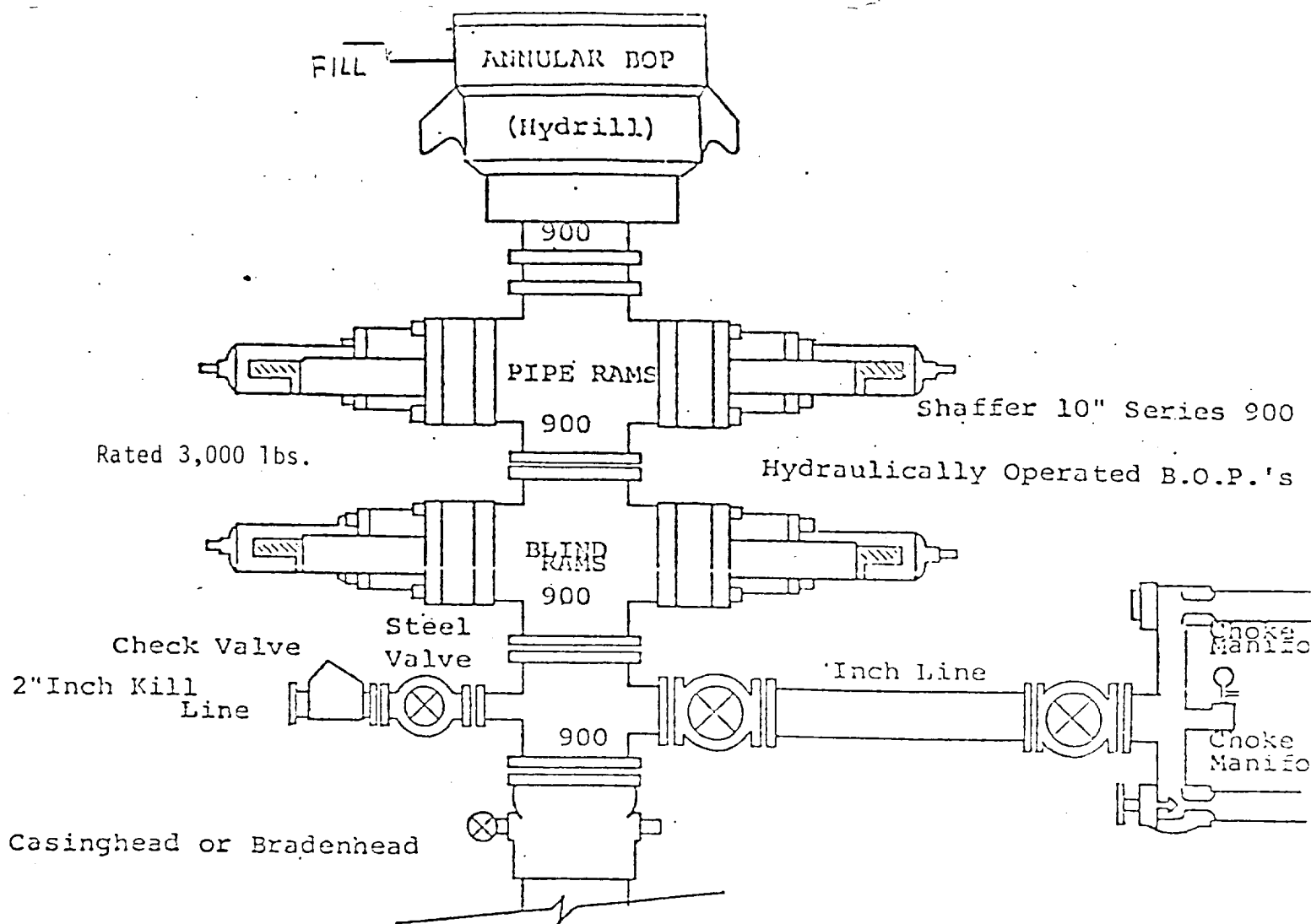
Date
9-5-90

Date Surveyed
September 4, 1990

Registered Professional Engineer
 and/or Land Surveyor

Dan R. Reddy

Certificate No.
NM PE&PS NO. 5412



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.

EXHIBIT
B