-- OLL COMMISSION Drawar DD Form 3160-3 SUBMIT I Form 3100-3 (November 1983) Artesia, NM 889 PTED STATES IPLICATE* (Other instructions on reverse side) Budget Bureau No. 1004-Expires August 31, 1985 DEPARTMENT OF THE INTERIOR 5. LEASE DESIGNATION AND SERIAL NO. BUREAU OF LAND MANAGEMENT NM-043625 APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK 6. IF INDIAN, ALLOTTEE OR TRIBE NAME 1a. TYPE OF WORK DRILL 🔽 DEEPEN [7. UNIT AGREEMENT NAME PLUG BACK b. TYPE OF WELL WELL SINGLE Zone WELL X MULTIPLE Zone OTHER 8. FARM OR LEASE NAME 2. NAME OF OPERATOR Saguaro AGS Fed. Com. Yates Petroleum Corporation 9. WELL NO. 3. ADDRESS OF OPERATOR 105 South Fourth Street, Artesia, NM 88210 10. FIELD AND POOL, OR WILDCAT 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements 1 Und. Morrow 660' FSL & 1980' FEL 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA At proposed prod. zone Same NOV - 2'90Sec. 12, T20S-R24E 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE. 12. COUNTY OR PARISH | 13. STATE Approximately 30 miles_SW of Artesia, NM O. C. Q. Eddy NM 15. DISTANCE FROM PROPOSED* 16. NO. OF ACRES ASSIGNED TO THIS WELL LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig, unit line, if any) 660' 320.00 18. DISTANCE FROM PROPOSED LOCATION® 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOOLS TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 9700 Rotary 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 22. APPROX. DATE WORK WILL START* ASAP 23. PROPOSED CASING AND CEMENTING PROGRAM SIZE OF HOLE SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT 14-3/4" 9-5/8" 36# K-55 1200' Sacks circulated 8-3/4" 26# K-55 TD Sacks (see stips) 400 23# S-95 Yates Petroleum Corporation proposes to drill and test the Morrow and intermediate formations. 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, will perforate and stimulate as needed for production. 11-9-20 FW/Gel to 1200'; FW to 3500'; cut brine to 7100'; S. Gel/St. to TD. MUD PROGRAM: BOP's and hydril will be installed on 9-5/8" casing and tested daily. BOP PROGRAM: APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND [7] SPECIAL STIPULATIONS < 2 ATTACHED VOUCT OPERATIONS THEREON 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 24 SIGNED Landman 9/12/90 (This space for Federal or State office

*See Instructions On Reverse Side

APPROVAL DATE

WALL MANAGER

VAPARARO BOSCUPCE AREA

PERMIT NO.

APPROVED BY _

CONDITIONS OF APPROVAL, IF ANY :

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EW MEXICO OIL CONSERVATION COMM ON 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		Le	ease 🛮 🗘	G C	Well No.						
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		dedicated to the well, o	outline each and ide	ntily the ownership the	ereof (both as to working						
interest ar	id royalty).										
3. If more tha	n one lease of o	different ownership is ded	licated to the well.	have the interests of a	all owners been consoli-						
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this form if	necessary.)										
No allowat	le will be assion	ned to the well until all in	terests have been	consolidated the comm	unitization unitization						
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YATES PETROLEUM CORPORATION

Saguaro "AGS" Federal Com. #7 660' FSL and 1980' FEL Section 12, T20S-R24E Eddy County, New Mexico

In conjunction with Form 3160-3, 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 geological surface formation is Alluvium.
- 2. The estimated tops of geologic markers are as follows:

San Andres	572 <i>'</i>
Glorieta	2,099'
Bone Spring Line	3,523'
3rd Bone Spring Sand	5,653'
Wolfcamp Lime	6,011'
Canyon Lime	7,641'
Canyon Dolomite	7,750′
Base Canyon Dolomite	7,800′
Strawn	8,203'
Atoka	8,820′
Morrow Clastics	9,228'
Chester Lime	9,550′
TD	9,700′

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

Water: 275' +/-

Oil or Gas: Canyon, Strawn, Atoka, Morrow

- 4. Proposed Casing Program: See Form 3160-3.
- 5. Pressure Control Equipment: See Form 3160-3 and Exhibit B.
- 6. Mud Program: See Form 3160-3.

- 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 foot samples from 500' depth to TD.

DST's: As warranted

Coring: None

Logging: CNL-LDT TD to Csg. with GR-CNL on up to surface including large scale;

DLL with RXO TD to Csg.; LSS TD to Csy.

- 9. No abnormal pressures or temperatures are anticipated.
- 10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN Yates Petroleum Corporation Saguaro ""AGS"" Federal Com. #7 660' FSL and 1980' FEL Section 12-T20S-R24E Eddy County, New Mexico

This plan is submitted with Form 3160-3, 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 operations.

1. EXISTING ROADS:

Exhibit A is a portion of BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 30 miles southwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

- A. Go approximately 15 miles south of Artesia on 285 to Rock Daisy Road.
- B. Turn west and go approximately 8.2 mils to Saw Bucks Road.
- C. Turn south for approximately 2.5 miles.
- D. Turn east on lease road for approximately 1 mile.
- E. New road starts here.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately 2000' in length from point of origin to the Southwest edge of the drilling pad. The road will lie in a southwest to northeast direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Some traffic turnouts will be built.
- D. The route of the road is visible.

Saguaro "AGS" Federal Com. #7 Page 2

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

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. No power will be required if the well is productive of gas.

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 will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Private pit located in Section 22-T20S-R24E

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.
- D. Oil produced during operations 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 of 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.

Saguaro "AGS" Federal Com. #7 Page 3

8. ANCILLARY FACILITIES:

A. None required.

9. WELLSITE LAYOUT:

- Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- В. The reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- Α. After finishing re-entry 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.
- Unguarded pits, if any, containing fluids will be fenced until В. they have dried and been levelled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.
- 11. SURFACE OWNERSHIP: Bureau of Land Management P. O. Box 1778

Carlsbad, New Mexico 88220

AND

Carl Foster--Grazee Artesia, NM 88210

12. OTHER INFORMATION:

- Topography: Refer to the existing archaeological report for a Α. description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- В. The primary surface use is for grazing.

iguaro "AGS" Federal Com. #7

3. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Ken Beardemphl, Landman Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505)748-1471 B. Through Drilling Operations, Completions and Production:

Mike Slater, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505)748-1471

CERTIFICATION:

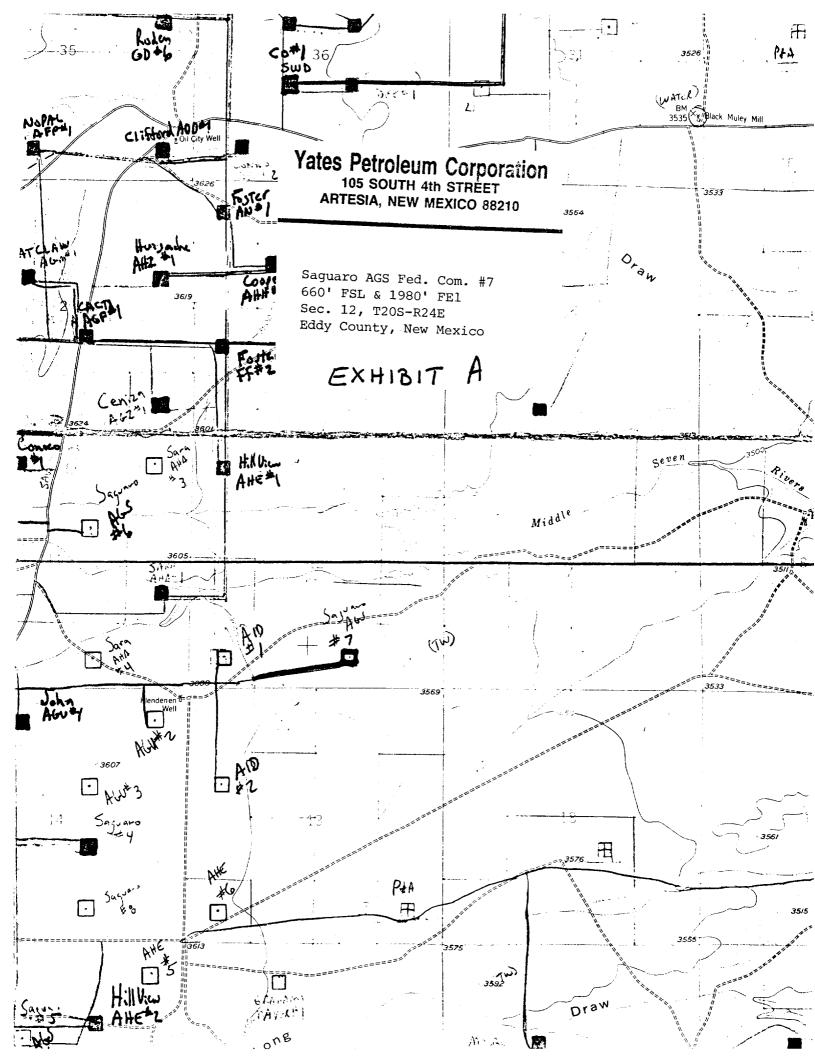
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation 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.

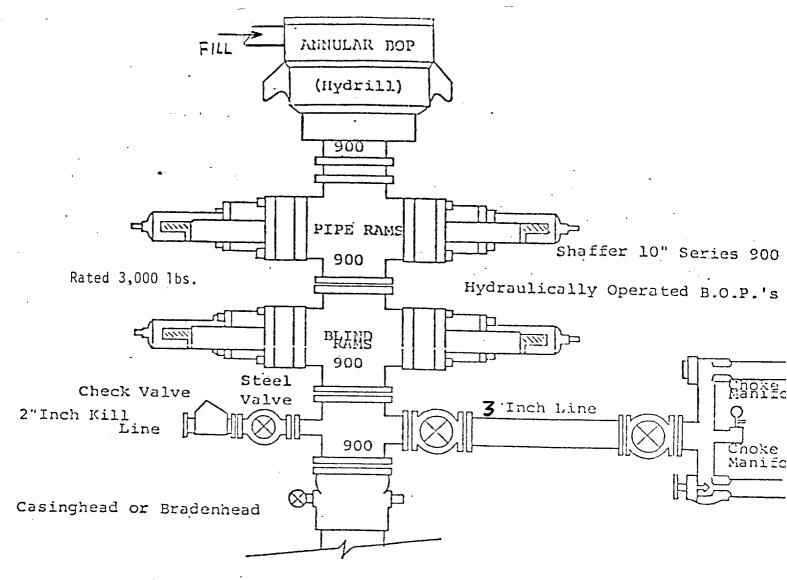
9-12-90

Date

Ken Beardemphl

Landman





THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- All preventers to be hydraulically operated with secondary manual contro installed prior to drilling out from under casing. 2.
- Choke outlet to be a minimum of 3" diameter.
- Kill line to be of all steel construction of 2" minimum diameter.
- All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
- The available closing pressure shall be at least 15% in excess of that 5. required with sufficient volume to operate the B.O.P.'s.
- All connections to and from preventer to have a pressure rating equivale to that of the B.O.P.'s.
- Inside blowout preventer to be available on rig floor. 7.
- 8. Operating controls located a safe distance from the rig floor
- Hole must be kept filled on trips below intermediate casing. 9.

YATES PETROLEUM CORPORATION

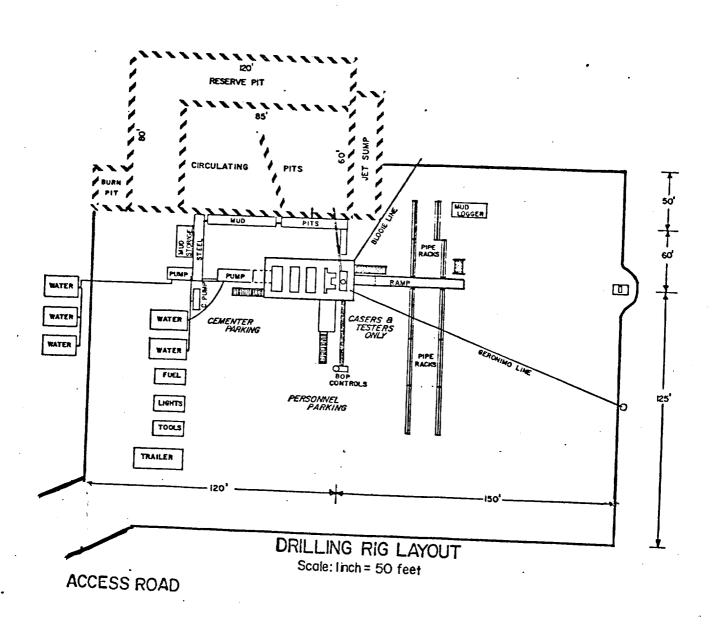


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