NM O'' CONS. COMMISSION
DRA ..R DD
ARTESIA, NM 88210

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-92742

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ OTHER — SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME, WELL NO.: 14840 Zingaro "ANG" Federal #1

2. NAME OF OPERATOR: YATES PETROLEUM CORPORATION ✓ 25575

RECEIVED

9. API WELL NO.: 30-015-27934

3. ADDRESS AND TELEPHONE NO.: 105 South Fourth Street, Artesia, New Mexico 88210

10. FIELD AND POOL, OR WILDCAT: Wildcat Canyon

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 2182' FNL and 872' FEL

APR 29 '94

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: 96036 Sec. 1-T22S-R23E

At proposed prod. zone: Same

MT. H ... C. D.
...TESIA, OFFICE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 37 miles SW of Artesia, New Mexico

12. COUNTY OR PARISH: Eddy

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
872'	1318.25	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
	8300'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3971

Carlsbad Controlled Water Basin

22. APPROX. DATE WORK WILL START*: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5	350	Circulated to surface
12 1/4"	9 5/8"	36	2300	Circulate
8 3/4"	7"	23 & 26	TD	As Warranted - SEE STIPS.

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formations. Approximately 350' of surface casing will be set and cement circulated to shut off gravel and cavings. Intermediate casing will be set to 2300' and circulated. If commercial, will perforate and stimulate as needed for production.

MUD PROGRAM: FW spud to 350'; FW to 2300'; cut brine to 7200'; SW Gel Starch Drispac to TD.

BOP PROGRAM: BOP's and hydril will be installed on 9 5/8" casing and tested daily.

Approval Subject to General Requirements and Special Stipulations Attached

Post ID-1
5-6-94
New Loc & API

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Ken Beardemphl TITLE LANDMAN DATE 4/8/94

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Scott Powers TITLE for AREA MANAGER DATE 4-26-94

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to ...

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102
Revised 1-1-89

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator			Lease		Well No.
YATES PETROLEUM CORPORATION			ZINGARO "ANG" FEDERAL		1
Unit Letter	Section	Township	Range		County
H	1	22 SOUTH	23 EAST NMPM		EDDY COUNTY, NM
Actual Footage Location of Well:					
2182 feet from the NORTH line and			872 feet from the EAST line		
Ground level Elev.	Producing Formation		Pool		Dedicated Acreage:
3971.	Cisco Canyon		Wildcat Cmyn		320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

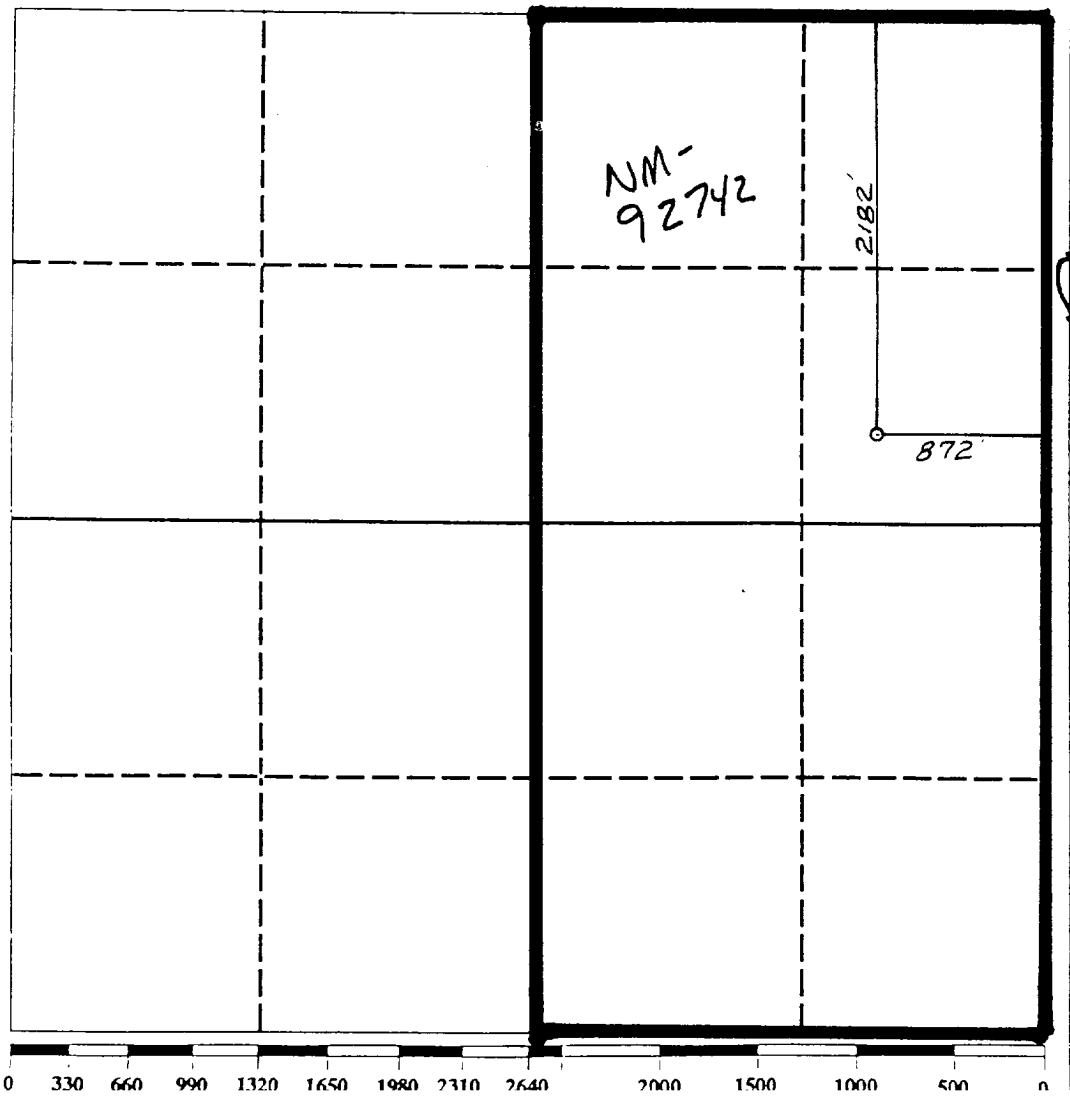
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest 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 neccessary. _____

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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature: Ken Beardemphl
Printed Name: Landman
Position: Ken Beardemphl
Company: Yates Pet. Corp.
Date: 4-5-94

SURVEYOR CERTIFICATION

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

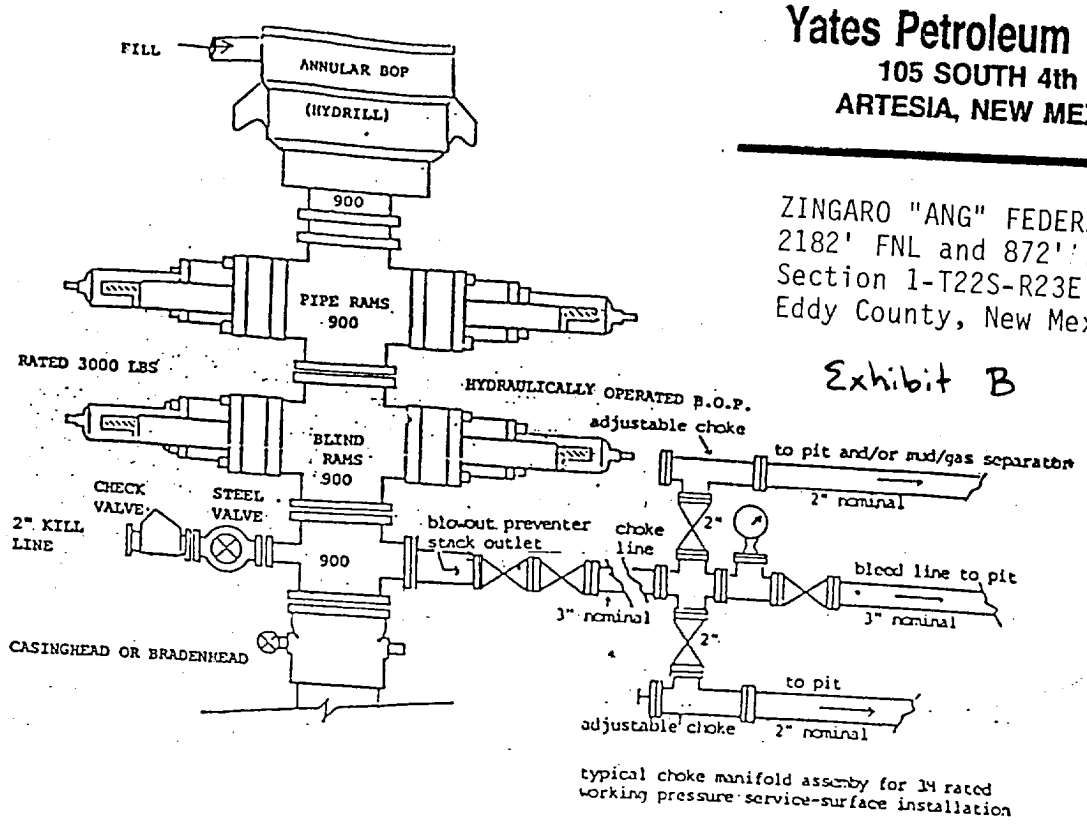
Date Surveyed: MARCH 9, 1994
Signature & Seal of Professional Surveyor: JOHN W. WEST, REGISTERED PROFESSIONAL ENGINEER, NEW MEXICO, 5412, REGISTERED LAND SURVEYOR
Certificate No.: NM PE&PS NO. 5412

YATES PETROLEUM CORPORATION

Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

ZINGARO "ANG" FEDERAL #1
2182' FNL and 872' FEL
Section 1-T22S-R23E
Eddy County, New Mexico

Exhibit B



typical choke manifold assembly for 3M rated working pressure service-surface installation

EXHIBIT B

THE FOLLOWING CONSTITUES THE MINIMUM BLOWOUT PREVENTER REQUIREMENTS FOR 3000 PSI WP SYSTEMS

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 3" diameter.
3. Kill line to be of all steel construction of 3" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. Hole or tube to be 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 to be located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing.