

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

YATES PETROLEUM CORPORATION

3. ADDRESS AND TELEPHONE NO.

105 South Fourth Street, Artesia, New Mexico 88210 (505) 748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1800' FNL and 1650' FEL

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

1650'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

16. NO. OF ACRES IN LEASE

320

19. PROPOSED DEPTH

8100'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

20. ROTARY OR CABLE TOOLS

Rotary

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

3986' GR

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
17 1/2"	13 3/8"	48#	350'
12 1/4"	9 5/8"	36#	2300'
8 3/4"	7"	23# & 26#	TD

ROSWELL CONTROLLED WATER BASIN

QUANTITY OF CEMENT

400 sx Circulate

950 sx Circulate

300 sx Circulate to 500' above top
of Wolfcamp or as warranted. (6700')

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. Approximately 2300' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production. *Witnessing of 9 5/8" casing is advised since deepest expected fresh water is at 1900'.

MUD PROGRAM: 0-350' FW Spud Mud; 350'-7100' FW; 7100'-7500' Cut Brine; 7500'-TD SW Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operational.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Post FD-1

2-27-98

APP & LOC

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give distance to productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface conditions and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE Landman

DATE January 30, 1998

(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

(ORIG Sgd.) ARMANDO A. LOPEZ

TITLE

ASST

ADM. MINERALS

DATE

2-12-98

*See Instructions On Reverse Side

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Canyon
Property Code	Property Name MALONE "ASA" FEDERAL COM.	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3986

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	12	22S	23E		1800	NORTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Ken Beardemphl</i> Signature</p> <p>Ken Beardemphl Printed Name</p> <p>Landman Title</p> <p>January 29, 1998 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>1/23/98 Date Surveyed</p> <p><i>HERSCHELL L. JONES</i> Signature</p> <p>Professional Surveyor</p> <p>HERSCHELL L. JONES 3640 RECEIVED JAN 29 1998 SUBREYOR</p> <p>Certified by: <i>HERSCHELL L. JONES</i> RLS 3640</p> <p>MALONE "ASA" FEDERAL COM. DISK #7 GENERAL SURVEYING COMPANY</p>

YATES PETROLEUM CORPORATION

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

Malone ASA Federal Com. #1
 1550' FNL and 1650' FEL
 Section 12, T22S-R23E
 Eddy County, New Mexico
 NM-0399448

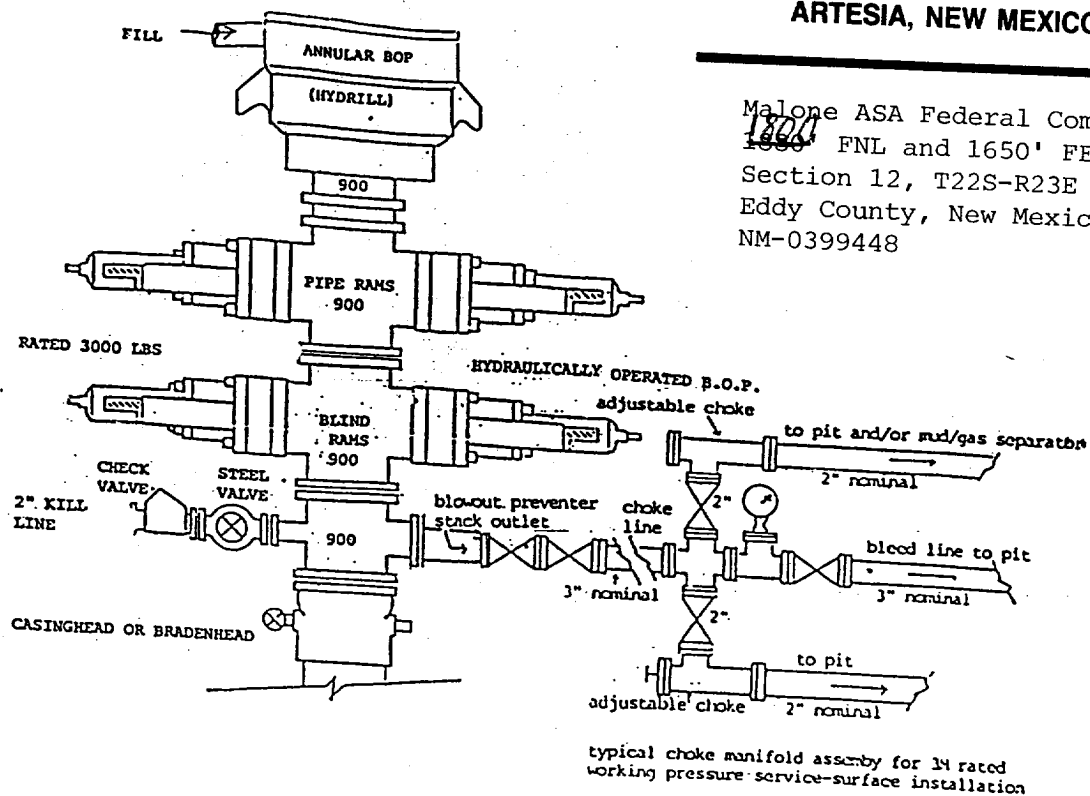


EXHIBIT B

THE FOLLOWING CONSTITUTES 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.