Form 3160-3
(November 1983)
(formerly 9-331C)

NEW MEX. OIL CONS. COMMISSION
Drawer DD
Artesia, NM 88210

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

30-015-26698

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-43556

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: ---

7. UNIT AGREEMENT NAME: ---

8. FARM OR LEASE NAME: Unocal "AHU" Fed.

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: Undes. Livingston Ridge

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 1-T22S-R31E

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

RECEIVED
APR - 1 1991
O. C. D.
ARTESIA, OFFICE

2. NAME OF OPERATOR: Yates Petroleum Corporation ✓

3. ADDRESS OF OPERATOR: 105 South Fourth Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: Unit B; 660'FNL & 1980'FEL
At proposed prod. zone: Unit B NWNE

Delaware

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 37 miles NE of Loving, NM

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): 660'

16. NO. OF ACRES IN LEASE: 160

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

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

19. PROPOSED DEPTH: 8500'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3574' GL

22. APPROX. DATE WORK WILL START*: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash / R-111-P Potash

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	850'	Circulate - 850 sacks
12 1/4"	8 5/8"	32.0#	4500'	Circulate - 2500 sacks
7 7/8"	5 1/2"	17 & 20#	TD	Adequate cover (tieback)

Part I D-1
4-5-91
New Loc & API

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' 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.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

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 Clifton R. May TITLE Permit Agent DATE 3-14-91

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY Orig. Signed by _____ TITLE _____ DATE 3-29-91

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

W MEXICO OIL CONSERVATION COMMIS N
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	Lease	Well No.
YATES PETROLEUM CORPORATION	Unocal AHU Federal	1

Unit Letter	Section	Township	Range	County
B	1	22 South	31 East	Eddy County, N.M.

Actual Footage Location of Well:
1980 feet from the East line and 660 feet from the North line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3574.	DELAWARE	UNDES. LIVINGSTON RIDGE DELAWARE	40 Acres

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

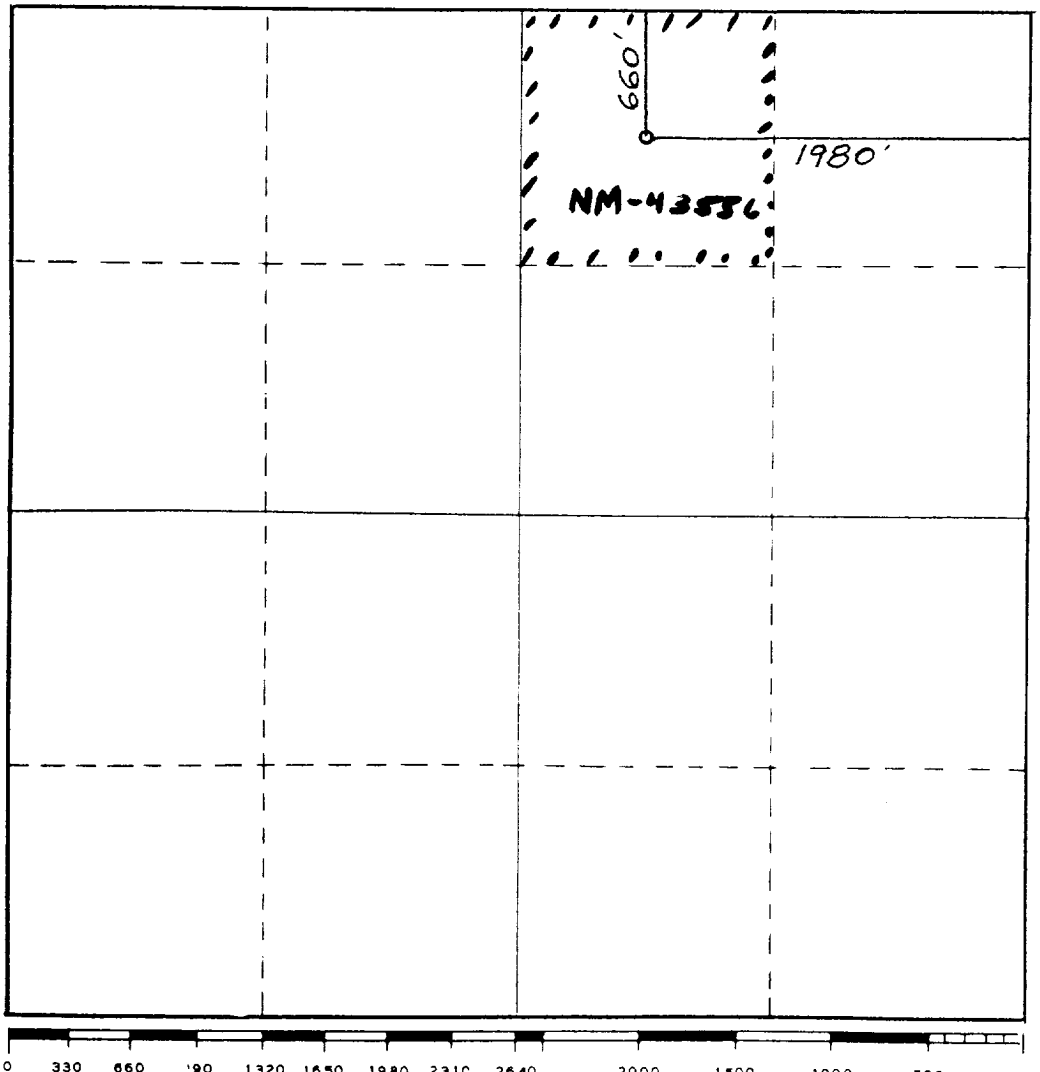
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.

Clifton R. May

Name: Clifton R. May

Position: Permit Agent

Company: Yates Petroleum Corporation

Date: 3-14-91

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 knowledge and belief.

DANIEL R. REDDY NEW MEXICO 5412 REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR

Date Surveyed: March 4, 1991

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No. NM PE&PS NO. 5412

YATES PETROLEUM CORPORATION

Unocal "AHU" Federal #1
660' FNL and 1980' FEL
Section 1-T22S-R31E
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 BLM requirements.

1. The geological surface formation is Sandy Alluvium.

2. The estimated tops of geologic markers are as follows:

Rustler	589'
Bell Canyon	4,469'
Cherry Canyon	5,499'
Brushy Canyon	7,224'
Bone Springs	8,369'
TD	8,500'

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

Water:	150'
Oil or Gas:	7224' and 8369'

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 connections.

8. Testing, Logging and Coring Program:

   Samples: Out from under surface casing to TD.

   DST's: As warranted.

   Coring: None anticipated.

   Logging: Dual Induction Laterolog, Gamma Ray/Litho Density, Gamma Ray/Compensated Neutron with Caliper Log.

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
Unocal "AHU" Federal #1
660' FNL and 1980' FEL
Section 1-T22S-R31E
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 the 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 37 miles northeast of Loving, New Mexico, and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go southeast out of Carlsbad, New Mexico on Highway 285 to 31. Go east on 31 to 128 (Jal Hwy). Go approximately 16 miles to Red Road (County Road 802). Turn north and go approximately 9 miles on the pavement. Will be a Lea County 29 sign. Follow pavement right for approximately 3 miles. Turn left thru cattleguard and go 1800'. New access will start here and go south.

2. PLANNED ACCESS ROAD

A. The proposed new access will be approximately 600' in length from the point of origin to the southeast edge of the drilling pad. The new road will lie in a southerly 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 both sides. No traffic turnout will be built.
D. The route of the road is visible.

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.
C. Will want to run flowline to the #1 well. See Exhibit A.

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:

Pit located E/2SW/4 of Section 12-T22S-R31E on BLM lands.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the reserve pits.
B. Drilling fluids will be allows 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.

8. ANCILLARY FACILITIES:

A. None required.

9. WELLSITE LAYOUT:

A. 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. A cross section of a drill pad with approximate cuts, fills and pad orientation is shown on Exhibit E.
B. The reserve pits will be plastic lined.
C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

A. After finishing drilling 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.
B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been levelled.
C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the BLM 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: Federal Surface administered by BLM (Carlsbad, NM)

12. OTHER INFORMATION:

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

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Clifton R. May, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations, Completions and Production:

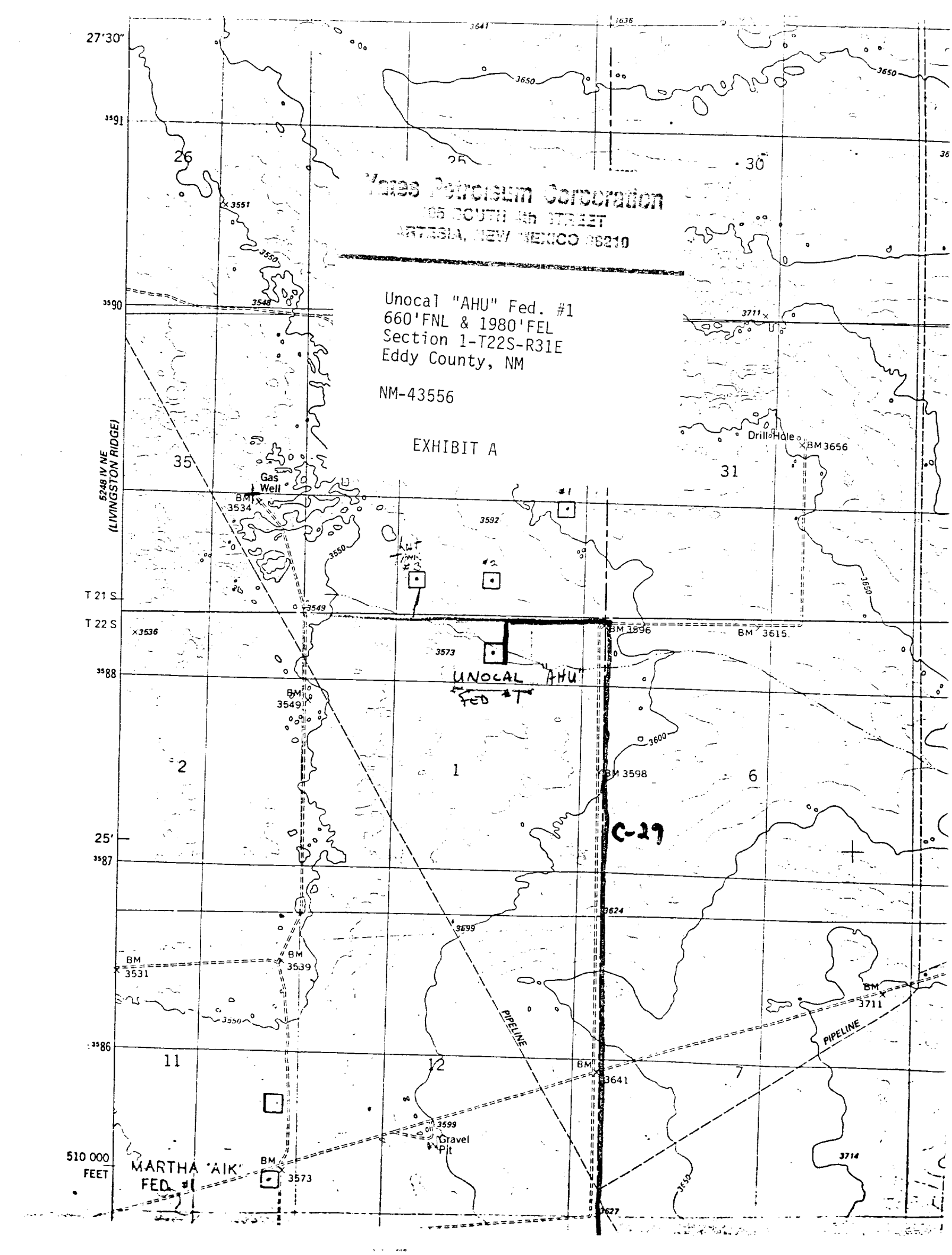
Mike Slater, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

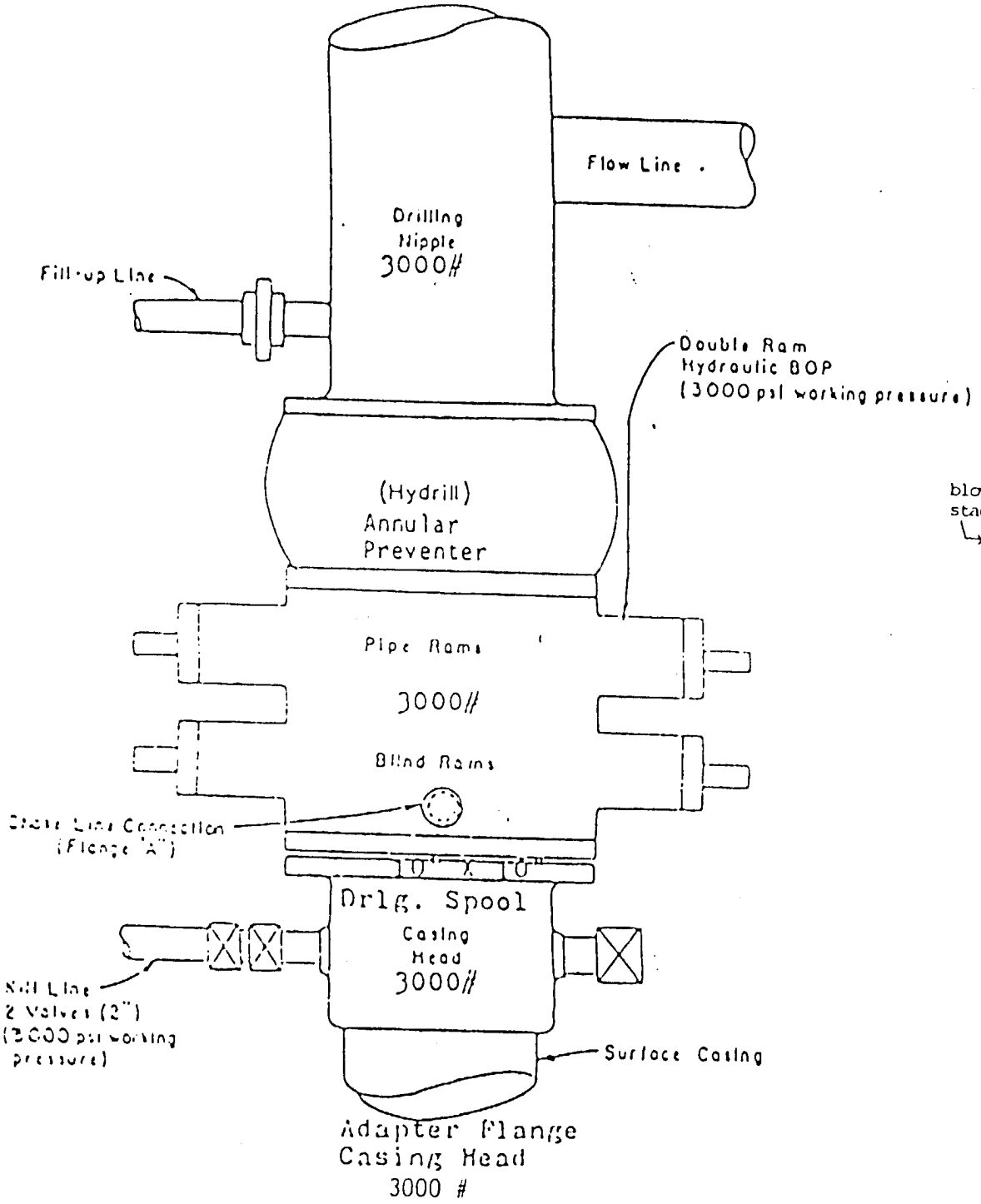
14. CERTIFICATION:

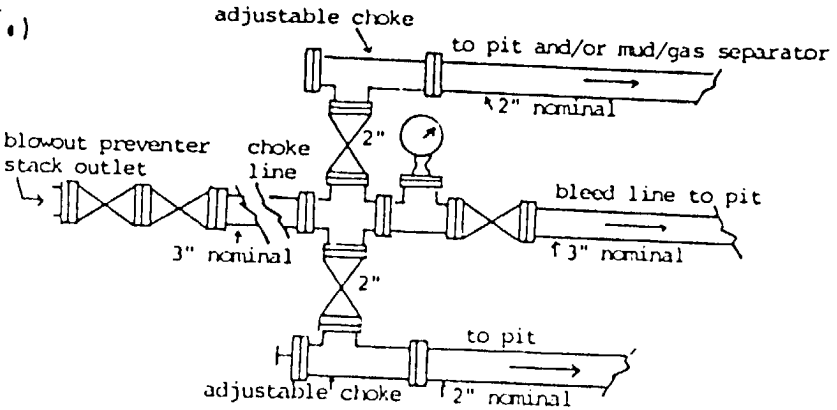
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated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

3-14-91
Date

Clifton R. May
Permit Agent


Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210
Unocal "AHU" Fed. #1
660'FNL & 1980'FEL
Section 1-T22S-R31E
Eddy County, NM
NM-43556
EXHIBIT A
UNOCAL AHU FED #1
C-29
PIPELINE
PIPELINE
MARTHA "AIK" FED. #1
Gas Well
Drill Hole
Gravel Pit
5248 IV NE (LIVINGSTON RIDGE)
T 21 S
T 22 S
510 000 FEET
25'
27'30"



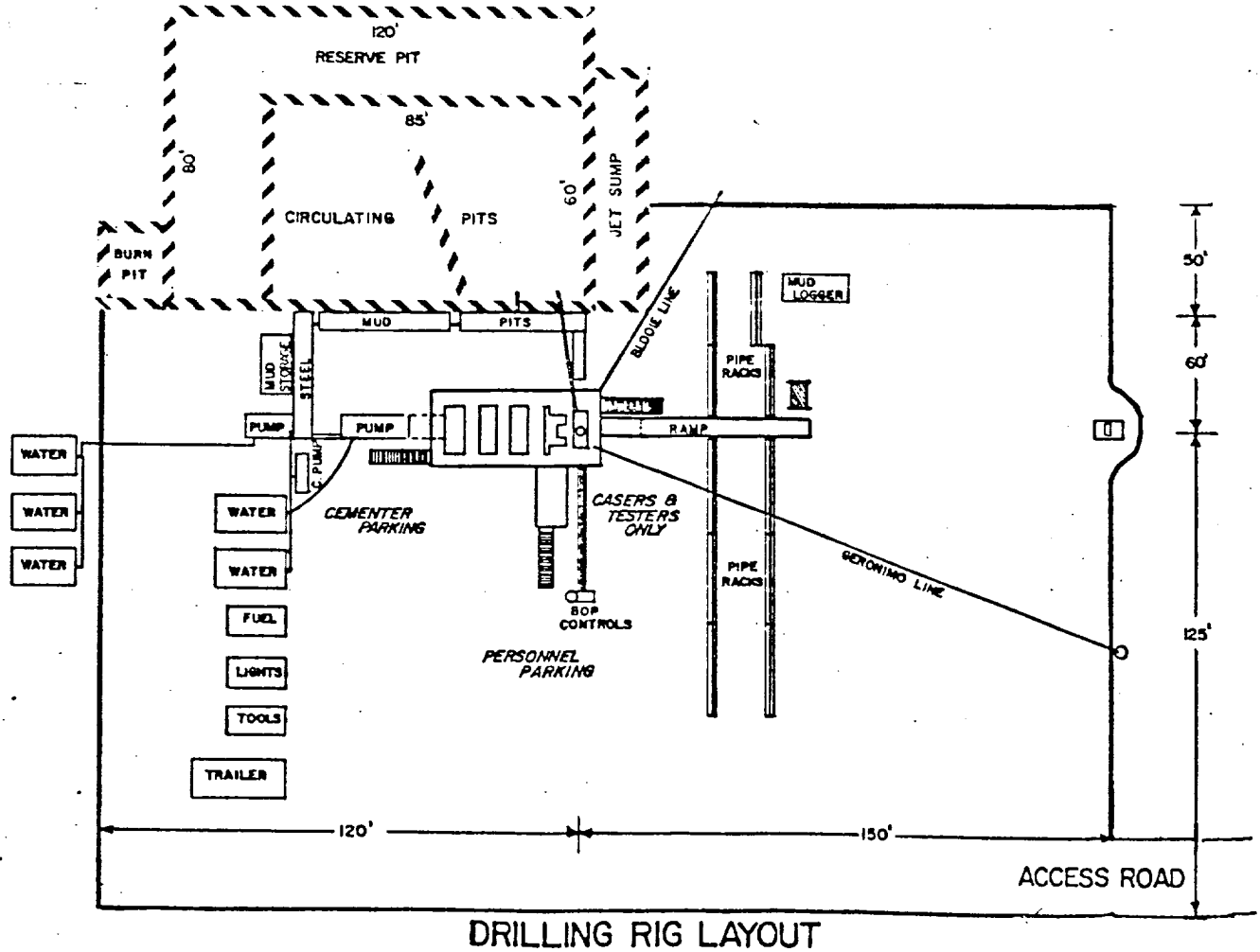


typical choke manifold assemby for 3M rated working pressure service-surface installation

EXHIBIT "B"
Blowout Preventer Diagram

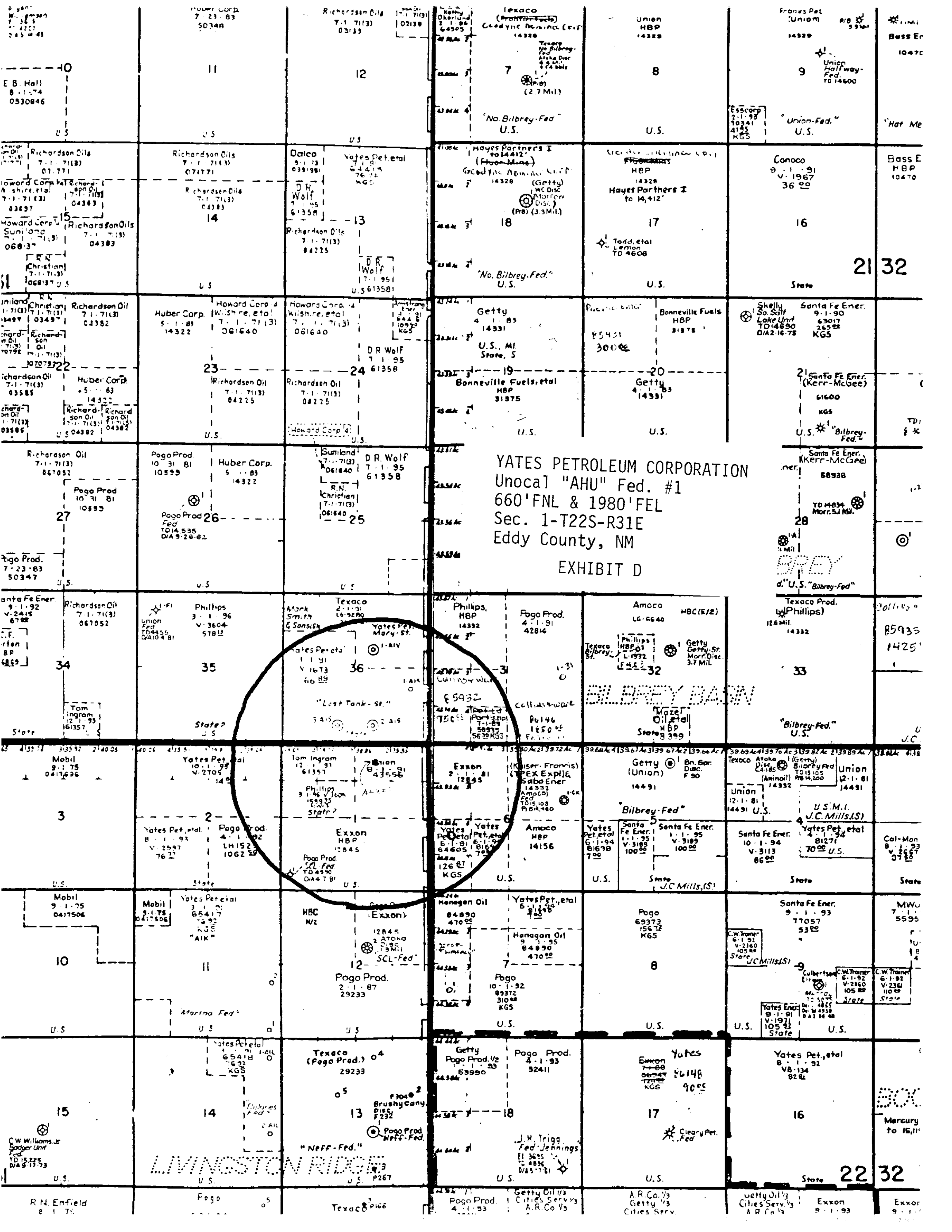
EXHIBIT C

YATES PETROLEUM CORPORATION



DRILLING RIG LAYOUT

Scale: 1 inch = 50 feet


YATES PETROLEUM CORPORATION
Unocal "AHU" Fed. #1
660'FNL & 1980'FEL
Sec. 1-T22S-R31E
Eddy County, NM
EXHIBIT D
LIVINGSTON RIDGE
"Lost Tank - St."
"No. Bilbrey Fed."
"Bilbrey-Fed."
"Neff - Fed."
"SCL-Fed"
21 32
22 32